Strategic Performance Systems

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Presentation Questions

- What is a Strategic Management System?
- Why do organizations need one?
- How are these systems built and sustained?
- What are best practices applied to system design?
- What are the challenges and critical success factors?
Strategic Management Systems
What Is A Strategic Performance Management System?

A system that:

- Clarifies and communicates an organization’s vision, mission, and strategy to employees and other stakeholders
- Aligns day-to-day work to mission and strategy
- Prioritizes programs and projects
- Uses strategic performance measures and targets to measure results
- Provides strategic guidance for budget formulation, program planning, and operational planning
- Integrates strategic planning and management (strategy execution) into a holistic system
Strategic Performance Management System Benefits

• Provides a framework for addressing key strategic organization issues – alignment, accountability, focus, project prioritization, measuring what matters, and strategic input into budget and operational planning

• Incorporates other planning methodologies – BPR, CRM, Six Sigma -- into a single overarching planning and management framework

• Improves employee understanding of what the organization is trying to accomplish and how each employee contributes
**Strategic Thinking** - Primarily an analytic and decision-making process that ultimately results in a strategic plan for the organization.

**Strategic Planning** – A communications process of converting the results of strategic thinking into a set of actionable strategies and an integrated plan of action that can be implemented.

Source: Adapted from Randy Rollinson, LBL Strategies
Strategic Management System (SMS) Best Practices

- Based on observations from an international collection of consultants, coaches, trainers, and facilitators
- Approved by the Association for Strategic Planning (ASP) Board of Directors
- Part of the ASP Body of Knowledge
- Summarized into 10 Best Practice Attributes (handout)
ASP Best Practice Attributes

• Use a Systems Approach
• Incorporate Change Management and Leadership Development
• Provide Actionable Performance Information
• Incorporate Assessment-based External and Internal Analysis
• Include Strategic Initiatives
• Include a Supporting Toolkit
• Align Strategy and Culture
• Integrate Existing System and Align Around Strategy
• Be Simple to Administer
• Promote Continuous Long-term Improvement
About the ASP Certification Program and Exam

Association for Strategic Planning
SMP / SPP / SPA Certification

The ONLY Exam Preparation Guide Designed to Help You Achieve Strategic Management Professional (SMP), Strategic Planning Professional (SPP), or Strategic Planning Associate (SPA) Certification.

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System Development
System Development Phases

- Assess the organization
- Formulate strategy
- Communicate strategy
- Formulate the budget
- Develop the operating plan
- Execute strategy
- Measure performance
Strategic Management System

Assess the Organization
- External Analysis
- Internal Analysis

Formulate Strategy
- Vision
- Mission
- Core Values
- Policies & Governance
- Strategic Goals
- Business Strategy

Communicate Strategy
- Strategic Plan
- Vision, Mission, Values, Strategy plus:
  - Strategic Objectives & Strategy Map
  - Performance Measures & Targets
  - Strategic Initiatives
  - Change Management Plan

Develop Operating Plan
- Operating Plan
  - Department & Unit Plans
  - Resource Commitments
  - Operational Measures & Targets
  - Projects, Activities, Tasks

Execute Strategy & Measure Results
- Performance Analysis
- Benchmarking
- Follow-up
Assess the Organization

Understand the Organization’s Environment

Macro Environment
- Socio-cultural Forces
- Environmental Forces
- Technological Forces
- Economic Forces

Micro Environment
- Political/Legal/Regulatory Forces
- Customers
- Other Stakeholders
- Competitors
- Employees/Labor Unions
- Suppliers
- Associations
- Special Interest Groups

The Organization

Source: Randy Rollinson, LBL Strategies
Assess the Organization

Understand Your Customers

Customer: direct beneficiary of your organization’s products or services. Sometimes customers can be segmented into **Primary** and **Secondary** Customers

Stakeholder: anyone who has an interest in the outcome of the organization

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Develop Scenarios & Formulate Strategy

Economic, Socio-cultural, Technological, Political/Legal Forces

- Market Analysis
- Resource Analysis
- Competitor Analysis
- Industry Analysis
- Supplier Analysis
- Government Analysis
- Interest Group Analysis

Identification of Strategic Factors

Scenario 1
Scenario 2
Scenario 3

Strategy Selection Process
- Risks and returns
- Customer driven
- Fits with capacity & capabilities

Source: Adapted from Randy Rollinson, LBL Strategies

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Example: Strategy Map

**Financial**
- Grow Fees in Backlog
- Increase Earnings
- Increase Margins

**Customer**
- Improve "Hit Rate"
- Improve Customer Satisfaction
- Increase Sole Source Awards

**Process**
- Improve Internal Communication
- Improve Information Flow
- Improve Risk Management
- Improve Service to the Customer
- Improve Process Discipline
- Increase Alignment of Corporate Shared Services

**People & Tools**
- Increase Organizational Talent & Leadership
- Grow Superintendents
- Grow Project Managers
- Improve Rewards & Recognition
- Improve Talent Development
- Improve Succession Planning

**Become One Company** | **Bigger Footprint** | **Differentiate** | **Penetrate Deeper**

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Budget Formulation

Budget Formulation/Financial Planning

- Equipment
- Facilities
- Technology
- Inventory
- Other Capital Investments

Capital Dollars

Operating Dollars

- Programs
- Projects
- Services
- Operations Support

Operating Plan

- Strategic Initiatives
- Strategic Plan

Capital Plan

Strategic Dollars
Strategy Execution

STRATEGY EXECUTION is about:

- **Getting things done**, through team work, and by making decisions and following through on commitments
- **Breaking down strategy into operational plans and projects**, to make strategy actionable for everyone in the organization
- **Implementing the operating plan**, to execute the strategy
- **Using tools to operate efficiently, and measure and evaluate performance**, to identify what is working well and what needs to be improved or changed
- **Leading and innovating, and learning and growing**, to take corrective actions to improve and transform the organization to higher performance
- **Communication, change, and alignment**, to focus on the most important things and grow the organization
Measure Performance Against Targets

Input
- Examples: Capital Investment Dollars, Operating Dollars, FTE’s

Process
- Examples: Efficiency (output / input), Throughput, Bottlenecks, Quality, Cycle Time

Output
- Examples: Employees Trained, Production Counts, Transactions, Processed

Outcome
- Examples: Customer Success, Employee Satisfaction, Compliance, Program Effectiveness

Strategic Business Intelligence Value Increases

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Balanced Scorecard Strategic Planning & Management System

Nine Steps to Success™

1. Program Launch
   - Executive sponsorship
   - Resourcing
   - Program planning

2. Strategy

3. Objectives

4. Strategy Implementation

5. Performance Measures

6. Performance Analysis

7. Alignment

8. Alignment to Mission

9. Evaluation

Mission Vision

Financial/Stewardship

Internal Process

Organizational Capacity

Customer/Stakeholder

System Rollout

- Strategic plan and scorecard graphic
- Strategic inputs to budget planning
- Strategic inputs to annual operational planning
- Communication to all stakeholders
Balanced Scorecard Logic

Customer / Stakeholder / Market Needs

Mission
Purpose: “What we do”

Vision
Picture of the Future

Perspectives
Different views of organizational performance

Strategic Themes & Results
Main focus areas (“Pillars of Excellence”) driving key results

Strategic Objectives & Strategy Maps
Key strategy components connected to tell a cause-and-effect value creation story

Performance Measures & Targets
Captures whether an organization is performing at the desired level or not

Strategic Initiatives
Projects & Action Plans that drive results

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Critical Elements Of An Aligned, High-Performance Organization

- Mission, Vision, Core Values
- Strategy and Strategic Results
- Strategic Objectives and Strategy Map
- Outcome Measures and Targets
- Strategic Initiatives
- Change Management Plan
- Clear Communications
- Strategic Input to the Budget Process
- Strategic Input to the Operating Plan
Start Building Your System With Your Existing Strategic Elements

- ✔ Mission, Vision, Core Values
- ✔ Strategic Objectives and Strategy Map
- ✔ Outcome Measures and Targets
- ✔ Change Management Plan
- ✔ Strategic Input to the Budget Process
- ✔ Strategic Input to the Operating Plan

- ? Strategy and Strategic Results
- ? Strategic Initiatives
- ? Clear Communications
Challenges & Success Factors
Critical Success Factors For Long-Term Sustainability

- Engaged Leadership
- Change Management Incorporated
- Fact-based Decision Making
- Strong Project Management Discipline
- Long-term Commitment
- Incentivized Behaviors
Summary: Align Organization Operations and Employees to Mission, Vision and Strategy

- Vision
  - Customer Values & Needs
  - Political Priorities
  - Organizational Values
  - Stakeholder Considerations
  - Policies & Governance

- Mission

- Strategy
  - Strategic Goals/Themes
  - Strategic Results

- Strategic Objectives
  - Strategic Objectives/Map
  - Measures & Targets
  - Strategic Initiatives

- Actions
  - Programs, Products, Services
  - Projects, Activities & Tasks
  - Rewards, Recognition & Incentives
  - Schedule, Scope, Resources, Risk

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Questions?