

*“However beautiful the strategy, you should occasionally look at the result.”*

*Winston Churchill*



## Strategy Execution and the Balanced Scorecard: *The Three Imperatives of Strategy Execution*

Howard Rohm, Co-Founder and CEO  
Balanced Scorecard Institute,  
*the Strategy Management Group*

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*Strategy Execution:* Leading and Communicating Effectively to Get Important Things Done in a Climate of Teamwork, Continuous Improvement, and Change

“Only 9% of companies are rated excellent at execution.”

*(PMI Pulse of the Profession: The High Cost of Low Performance, February 2014)*



## Topics

- 
- BALANCED  
SCORECARD  
INSTITUTE**  
Strategy Management Group

***[www.balancedscorecard.org](http://www.balancedscorecard.org)***

# “Strategy Management” Includes Strategy Execution as a Distinct Phase That is Part of a Continuous Process



# The Balanced Scorecard Has Evolved From a Performance Measurement Tool to a Complete Strategic Management System

21<sup>st</sup> Century Strategic Balanced Scorecard Management System (*BSI 2010*)

**“Strategy Formulation, Strategic Alignment, and Strategy Execution”**

Integrated Strategic Planning & Management System (*BSI 1997*)

**“Holistically align an organization for high performance”**

Strategy Measurement/Management (*K&N 1995*)

**“Strategy focus, measurement & execution”**

KPI (Key Performance Indicator) Scorecard (*Kaplan & Norton 1992*)

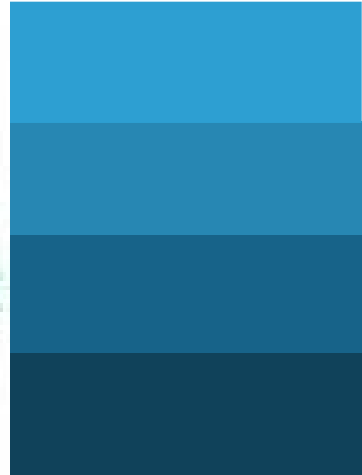
**“A balanced set of measures”**



# The BSC Has Characteristics That Support Strategy Execution

- *The discipline associated with using an integrated framework for managing strategy*
- *Consistent definitions of terms that mean the same thing throughout the organization*
- *The use of cross-functional teams to develop and implement the scorecard system*
- *Individual and collective accountability for results built into the process*
- *Transformation and change management built into the process*
- *Performance information shared and widely available to better inform decision making*
- *Team and individual empowerment to continuously improve processes*
- *Prioritization of strategic initiatives to focus on the most important things*
- *A heavy emphasis on outcomes, results and accomplishments*
- *Creation of a performance culture*
- *Deeper conversations, leading to more encompassing discussions of situations and options*





- **Leadership intent, clearly communicated and acted upon**
- **Aligned people, processes and systems**
- **A Performance Culture focused on continuous improvement and results**



## Three Strategy Execution Imperatives

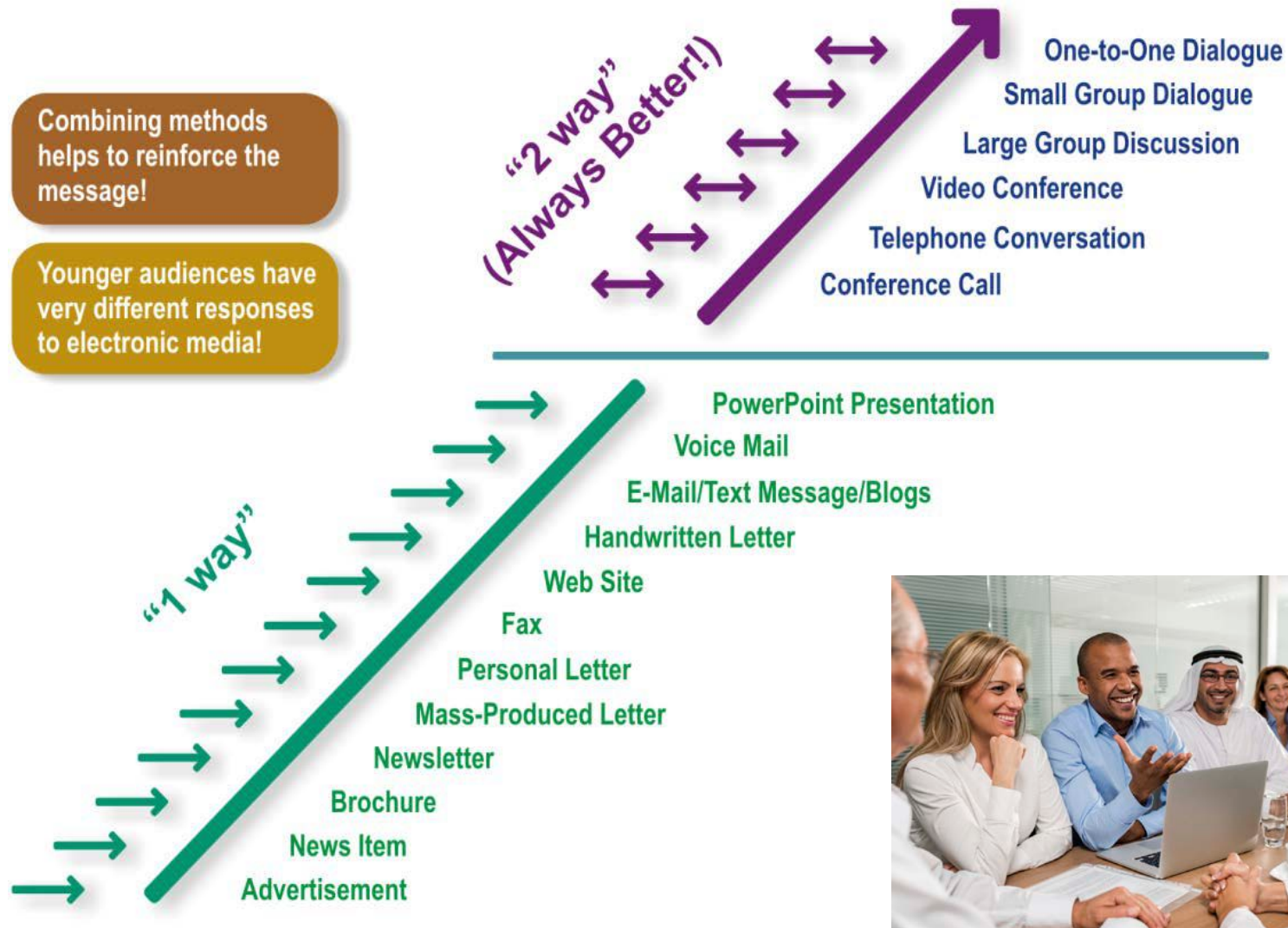
- **Leadership intent, clearly communicated and acted upon**

Leadership challenges affecting strategy execution include:

- Strategy doesn't seem very important to some leaders...they seem more concerned with operations and projects
- Leaders are not engaged in the strategy leadership process
- Responsibility for strategy is delegated to a strategic planning office—typically this is a support office without direct line responsibility for results
- Poor communications and poor channels for communication lead to strategy being poorly understood below the senior management team level



# Leadership Intent Clearly Communicated and Acted Upon



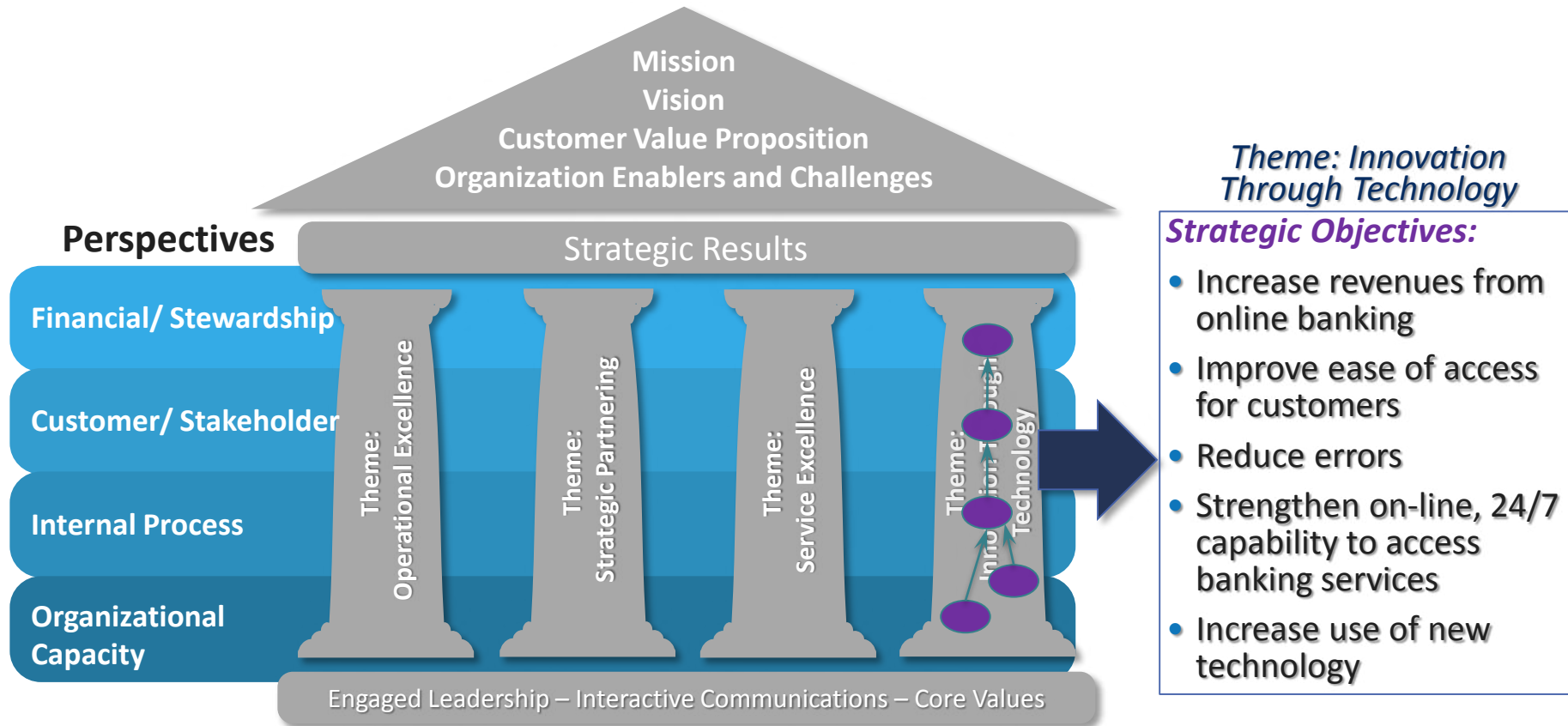
Source: Adapted from "Ladder of Communication Effectiveness", HAINES CENTRE for STRATEGIC MANAGEMENT, 2005

# Leader Behaviors



- “Walk the talk”
- Get the right people in the right jobs
- Communicate the change journey and removing obstacles
- Build a “coalition of the willing” to achieve the organization’s shared vision of the future
- Communicate and translate vision into strategy and action—the “why” and “how” of the business case
- Build employee buy-in and support for the change journey
- Align employees and processes to strategy

# Example: Clearly Communicating Strategy at an Internet Bank



# The BSC Enables Strategy Execution Through Leadership Discipline and Communication Clarity



## Three Strategy Execution Imperatives

- **Aligned people, processes, and systems**

Alignment challenges affecting strategy execution include :

- Lack of employee involvement
- Complaints about not knowing what is going on
- Unstructured, poorly run meetings
- Quality problems and missed deadlines
- Little teamwork and collaboration
- Too many initiatives being pursued
- Processes that might be aligned within departments, but are misaligned when looking across multiple departments





## Aligned People...

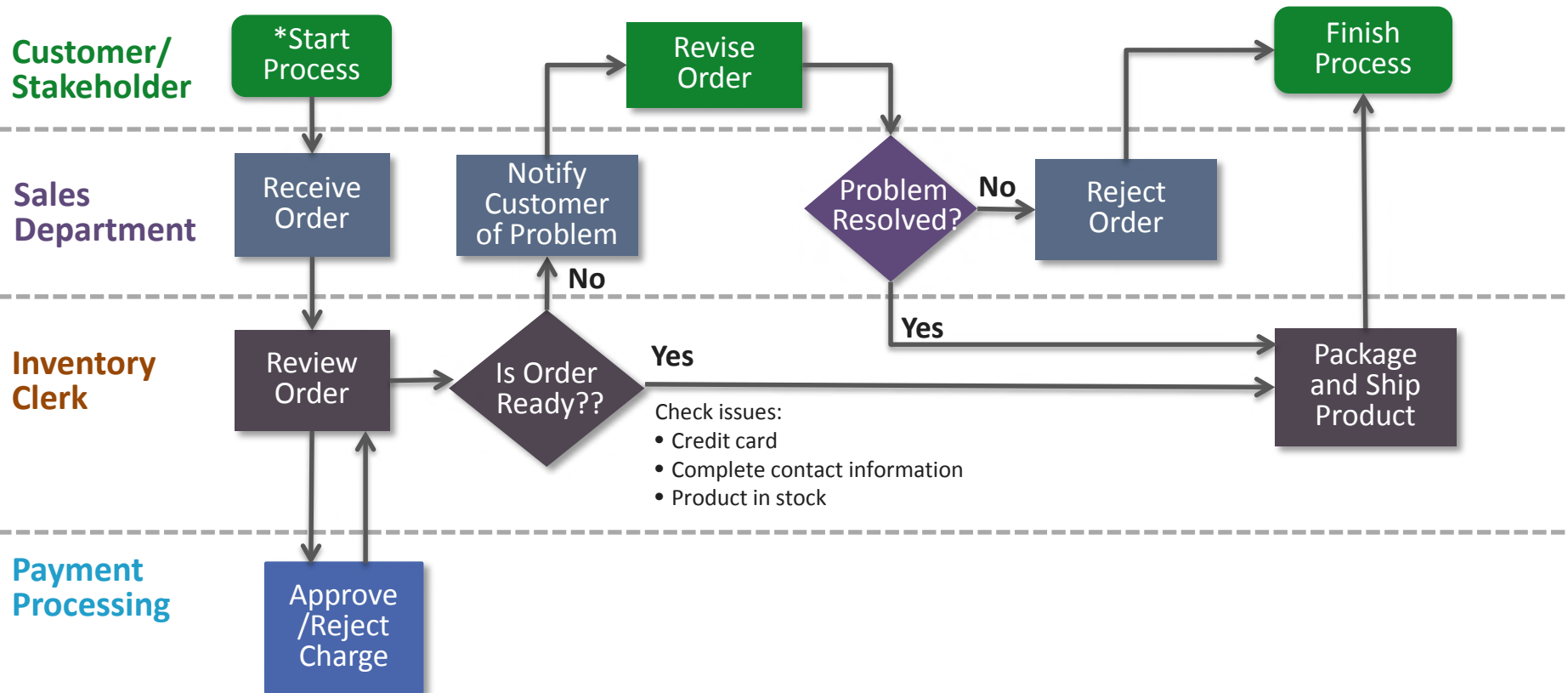


“30% of managers cite failure to coordinate across units as their greatest challenge to executing their company's strategy.”

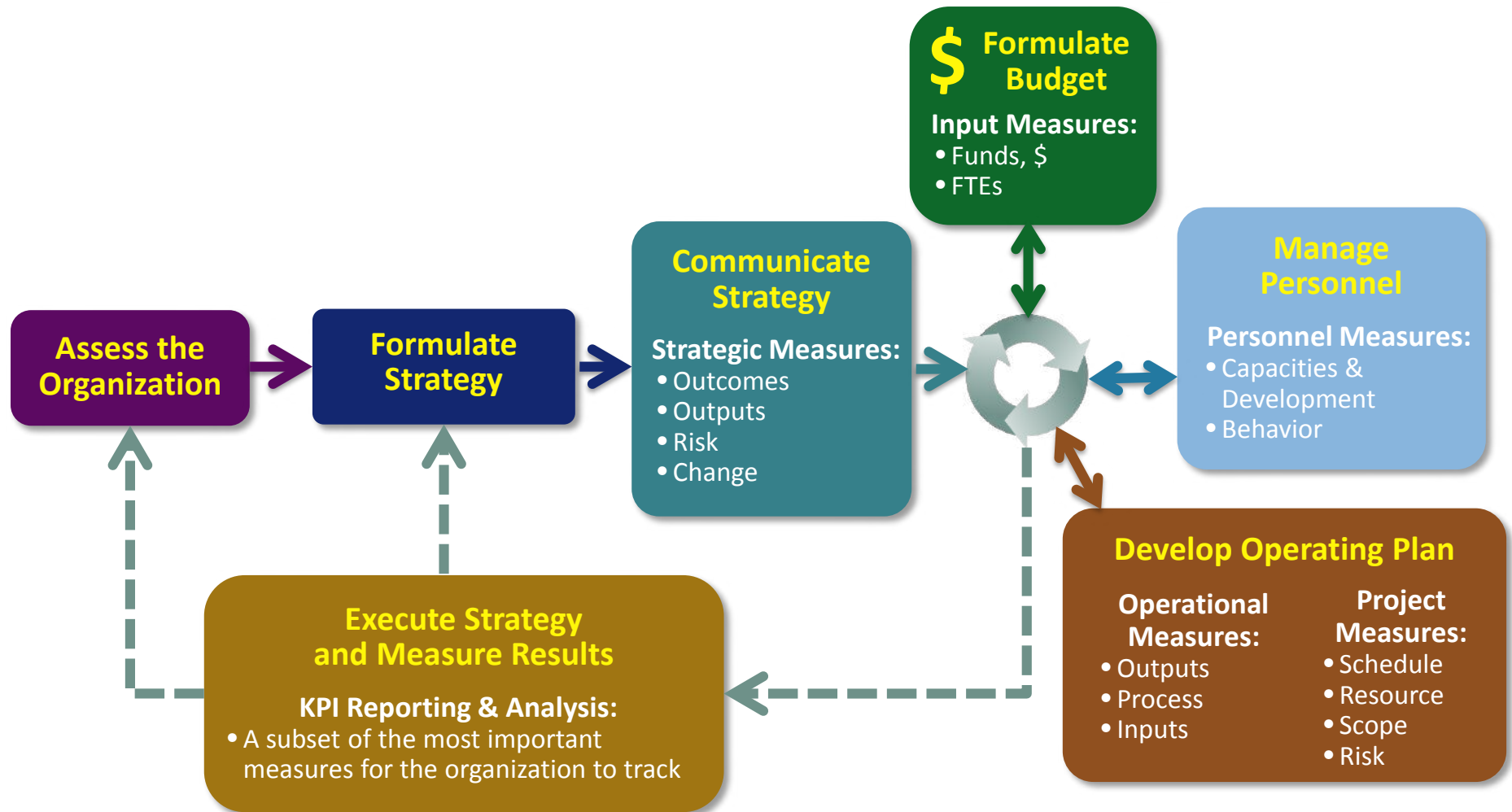
*(Harvard Business Review. Why Strategy Execution Unravels - and What to Do About It, by Donald Sull, Rebecca Homkes and Charles Sull, March 2015)*



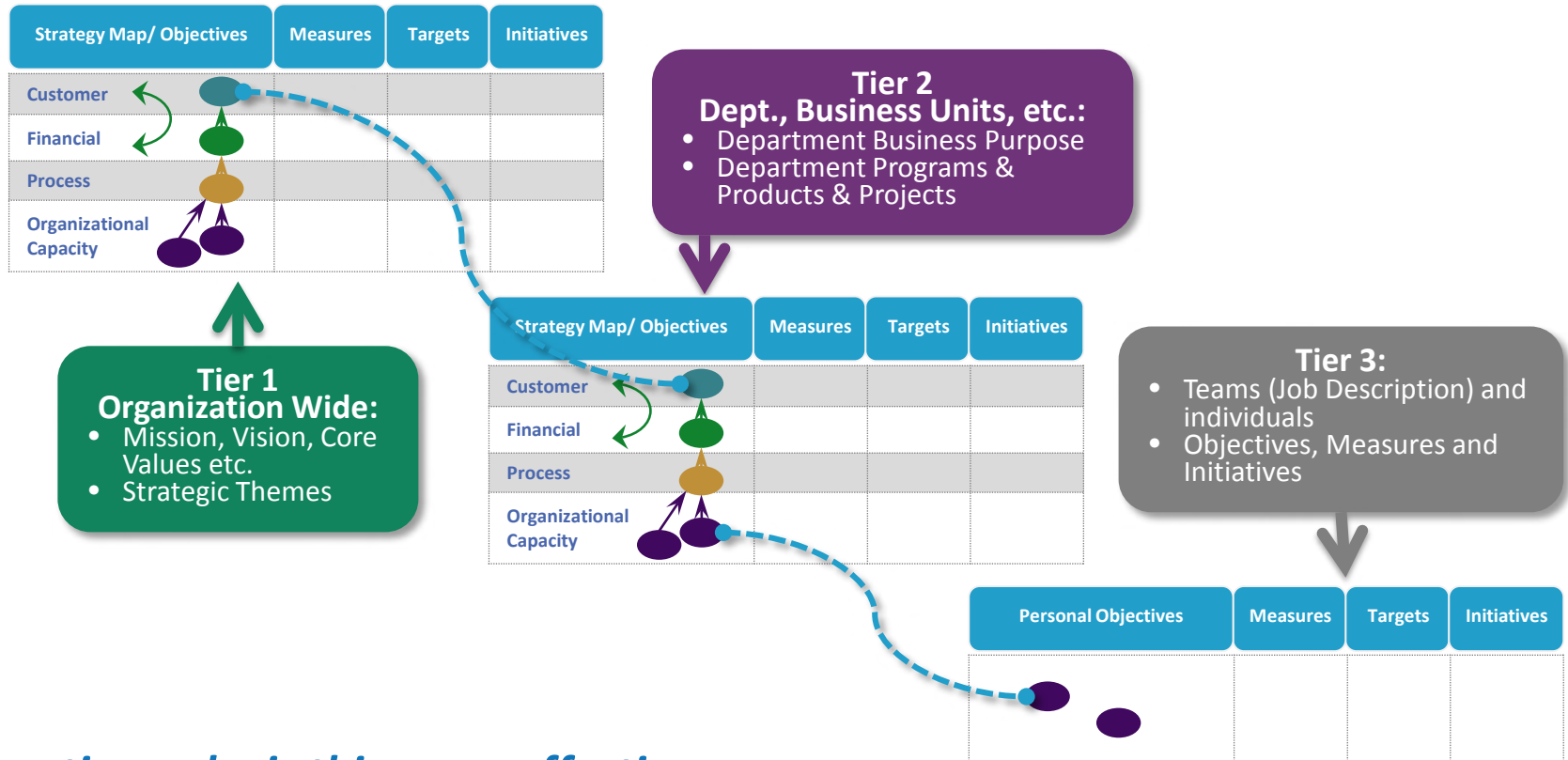
## ...and Processes...



## ...and Systems...

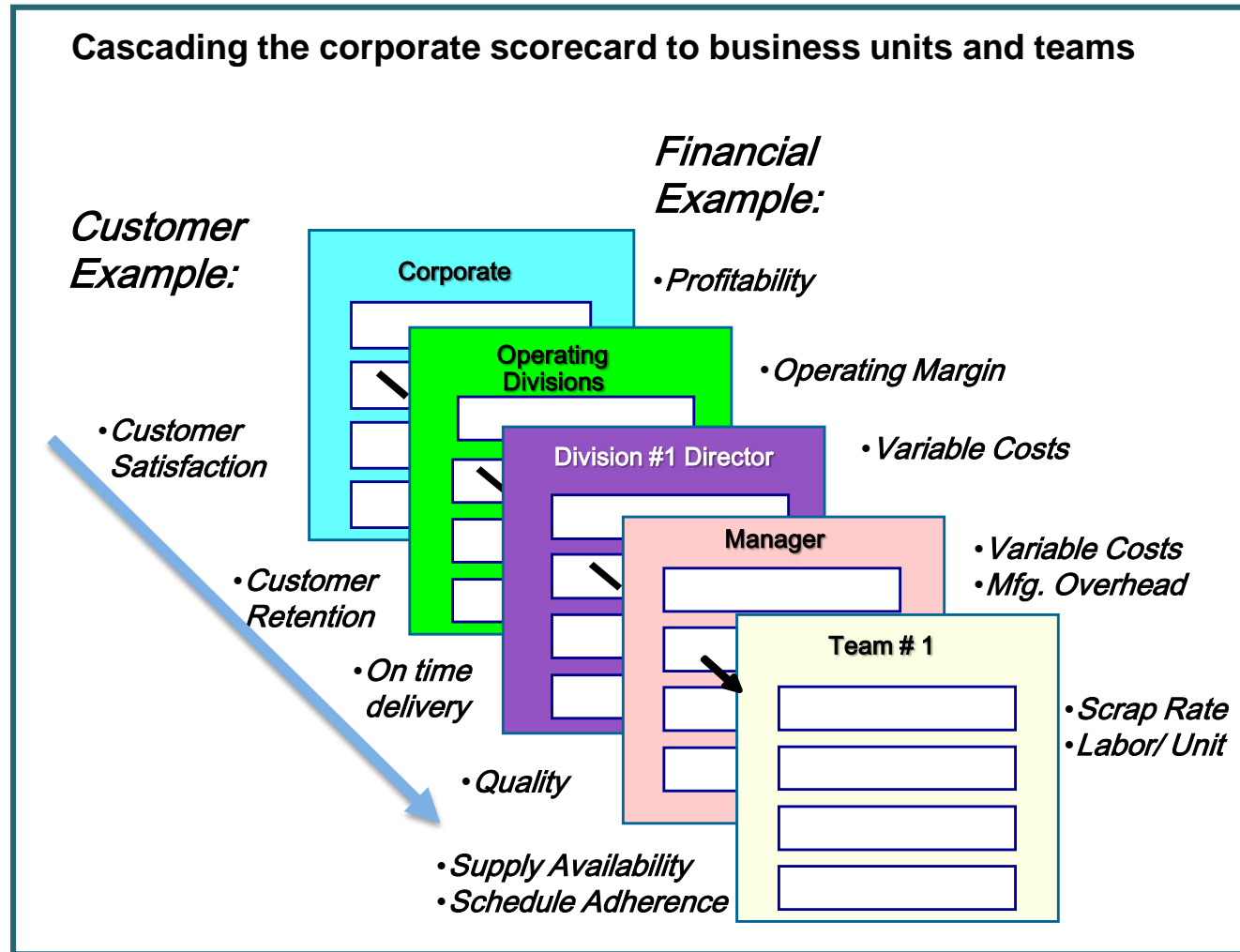


## ...To Strategy

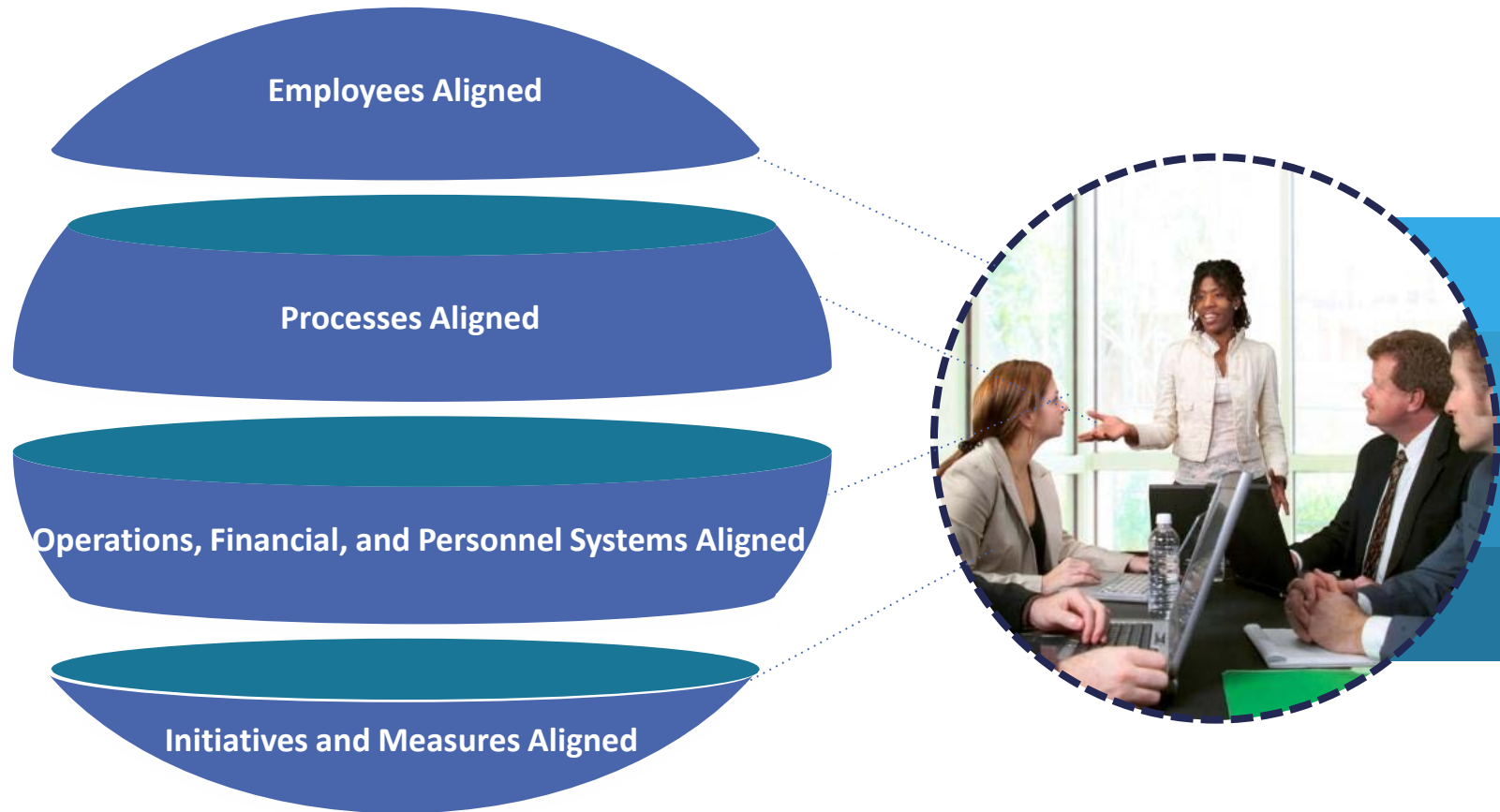


*Question: why is this more effective than cascading measures or initiatives?*

# Example: Aligned Strategy And Operations in a Manufacturing Plant



# The BSC Enables Strategy Execution Through Alignment



## Three Strategy Execution Imperatives

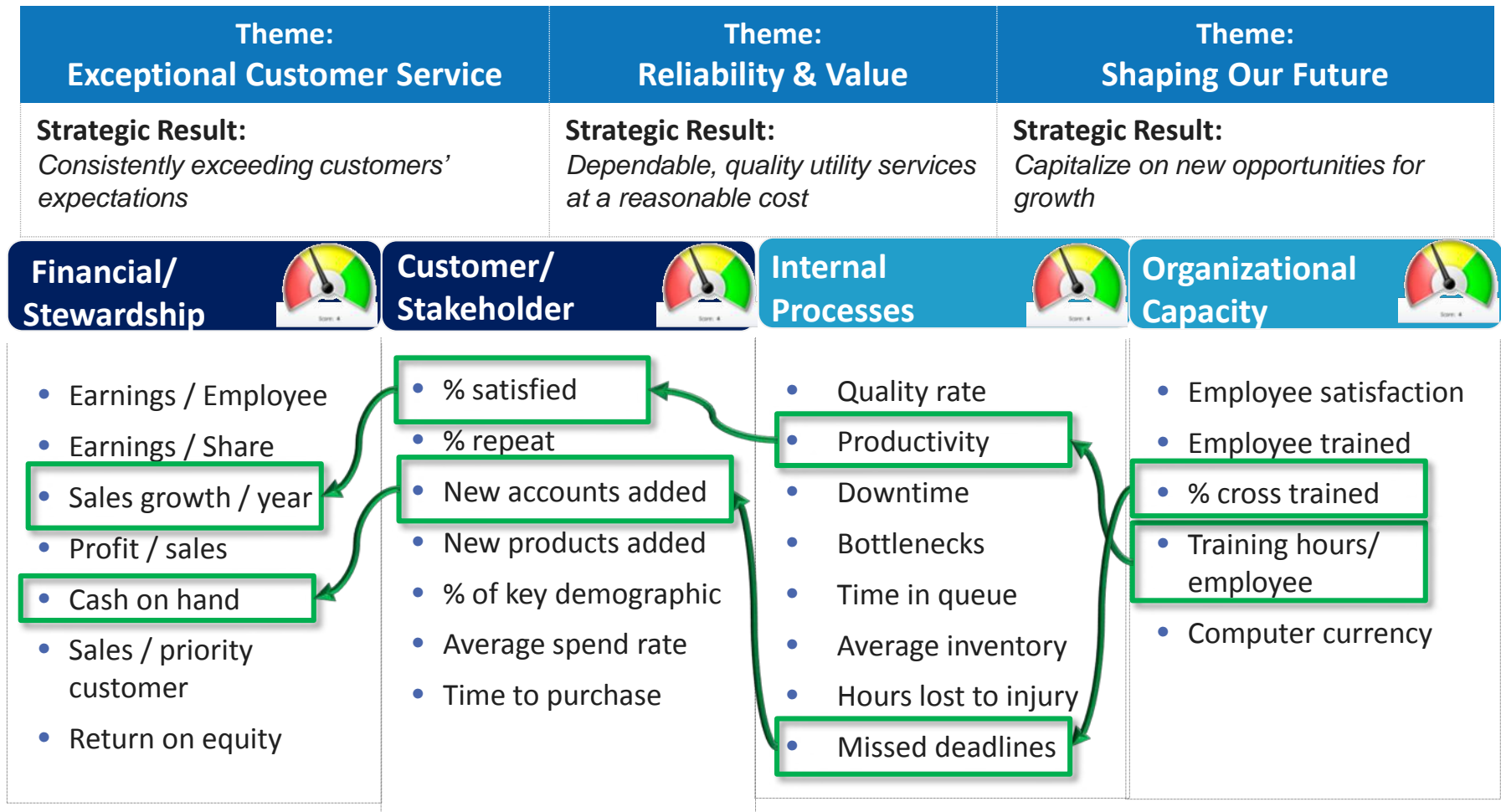
- **A Performance Culture focused on continuous improvement and results**

Culture challenges affecting strategy execution include :

- Lack of teamwork and coordination across departments
- Leaders seem only interested in what happens in their own functional areas
- Lack of incentives for performance and desired behaviors
- Ineffective use of performance information to improve processes and results
- Failure to consider resistance to change and take steps to mitigate it



# A Performance Culture Uses Performance Information...



**Understand How Organization Capacity and Business Processes “Drive” Customer and Financial Results**



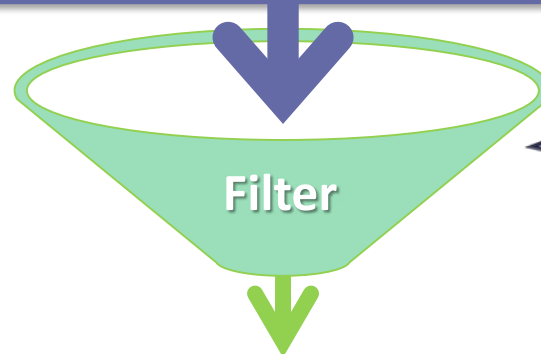
## ...and Project Management Information

“Only 56% of strategic initiatives are successful.”

(PMI Pulse of the Profession: The High Cost of Low Performance, February 2014)

### Candidate Initiatives (example)

- Marketing campaign
- Pre-promotion studies
- Business Process Reengineering
- Process improvement
- TQM proposals
- Training Course
- Policy analysis
- R & D efforts
- Branding studies
- Workflow improvements

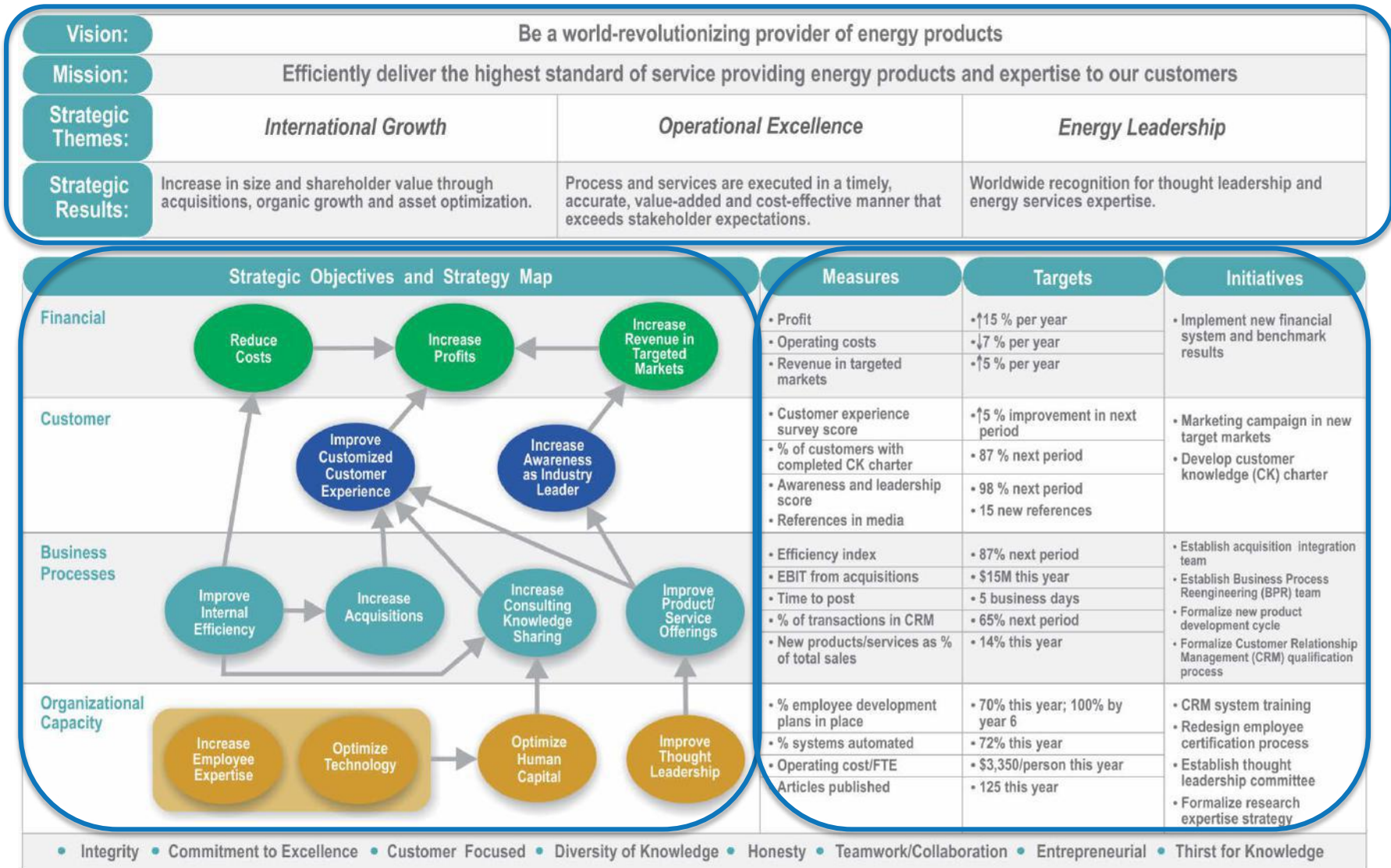


- Scoring Criteria
  - Budget required
  - Results anticipated
  - # objectives covered
  - Time needed
- Simple Voting
- 2 x 2 Matrix
- Paired Comparison
- Other

### Prioritized Funded Initiatives (example)

1. Branding Studies
2. Workflow improvements
3. Marketing campaign
4. Training Course, etc.

# Example: “Connecting the Dots” at an Energy Company



# The BSC Enables Strategy Execution by Creating a Performance Culture





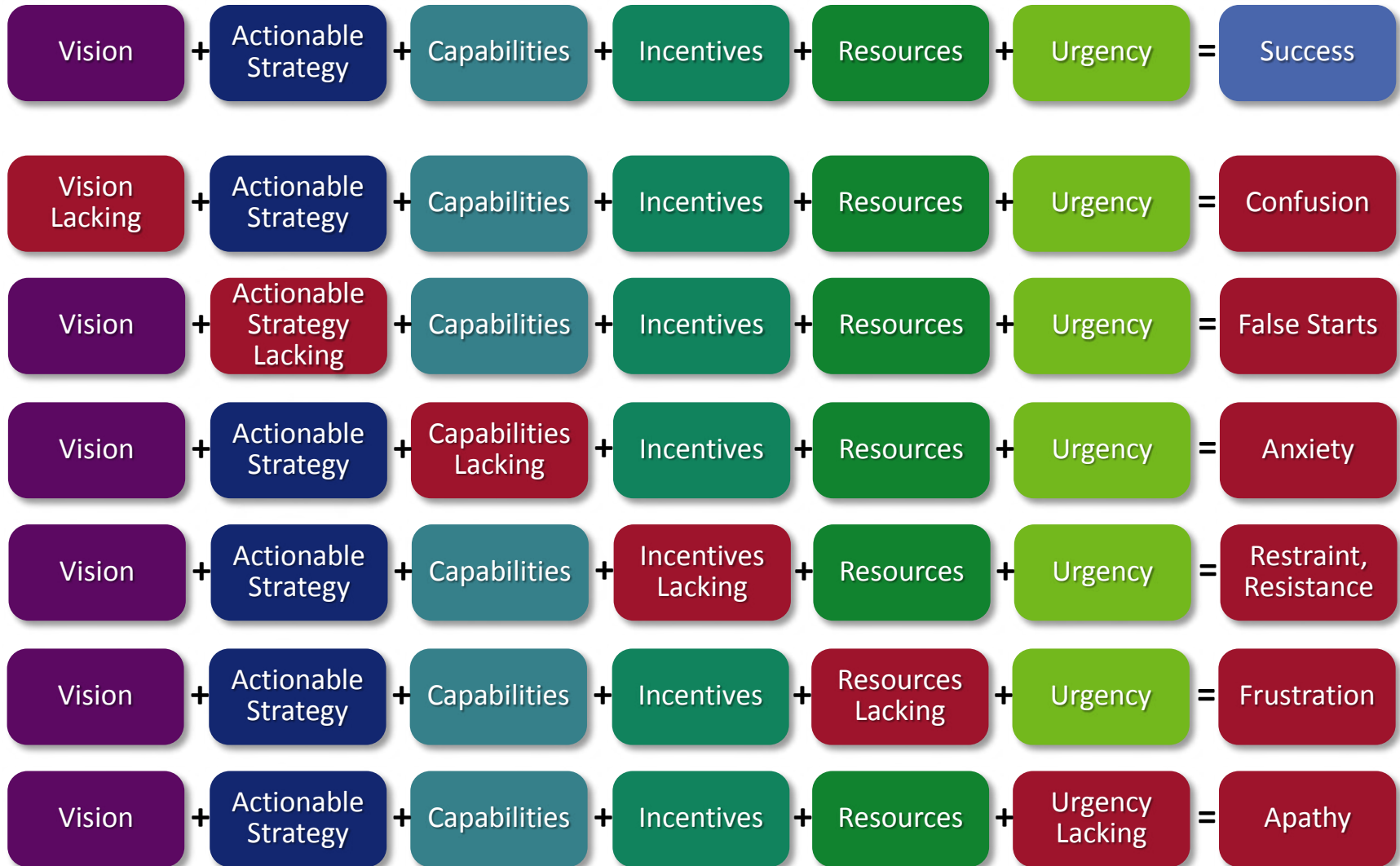
## Summary

## Summary — Some Practical Tips to Improve Strategy Execution

- *Define governance, and leadership roles and responsibilities for the strategy effort at all levels of the organization*
- *Prioritize and down-select initiatives to get to the few that matter*
- *Communicate the strategy throughout the organization*
- *Structure periodic review meetings to focus more on strategy and results, and less on projects and tactics*
- *Empower cross-functional teams to continuously improve processes*
- *Continue to refine KPIs to get to the most meaningful measures, and to define and measure the drivers of results*
- *Incorporate change management early*
- *Adopt a project management mentality to get things done*



# Managing Change—the Levers of Change



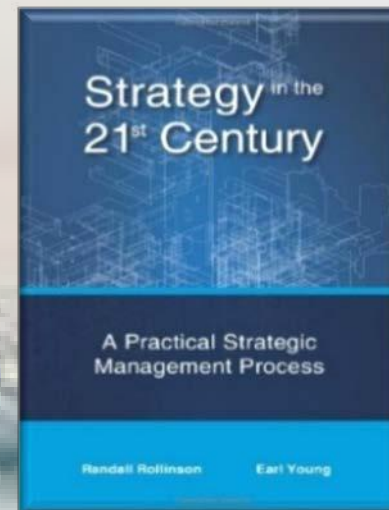
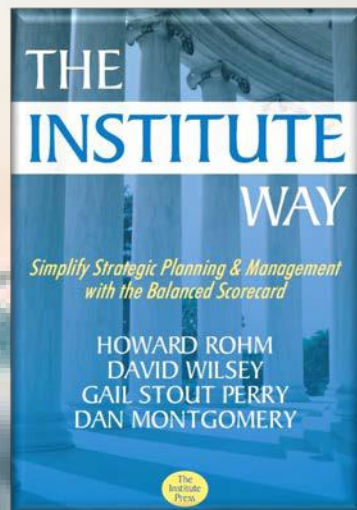
Source: Adapted from Performance Breakthroughs, Inc.

# References



Advance the practice of strategy to achieve superior organizational performance.

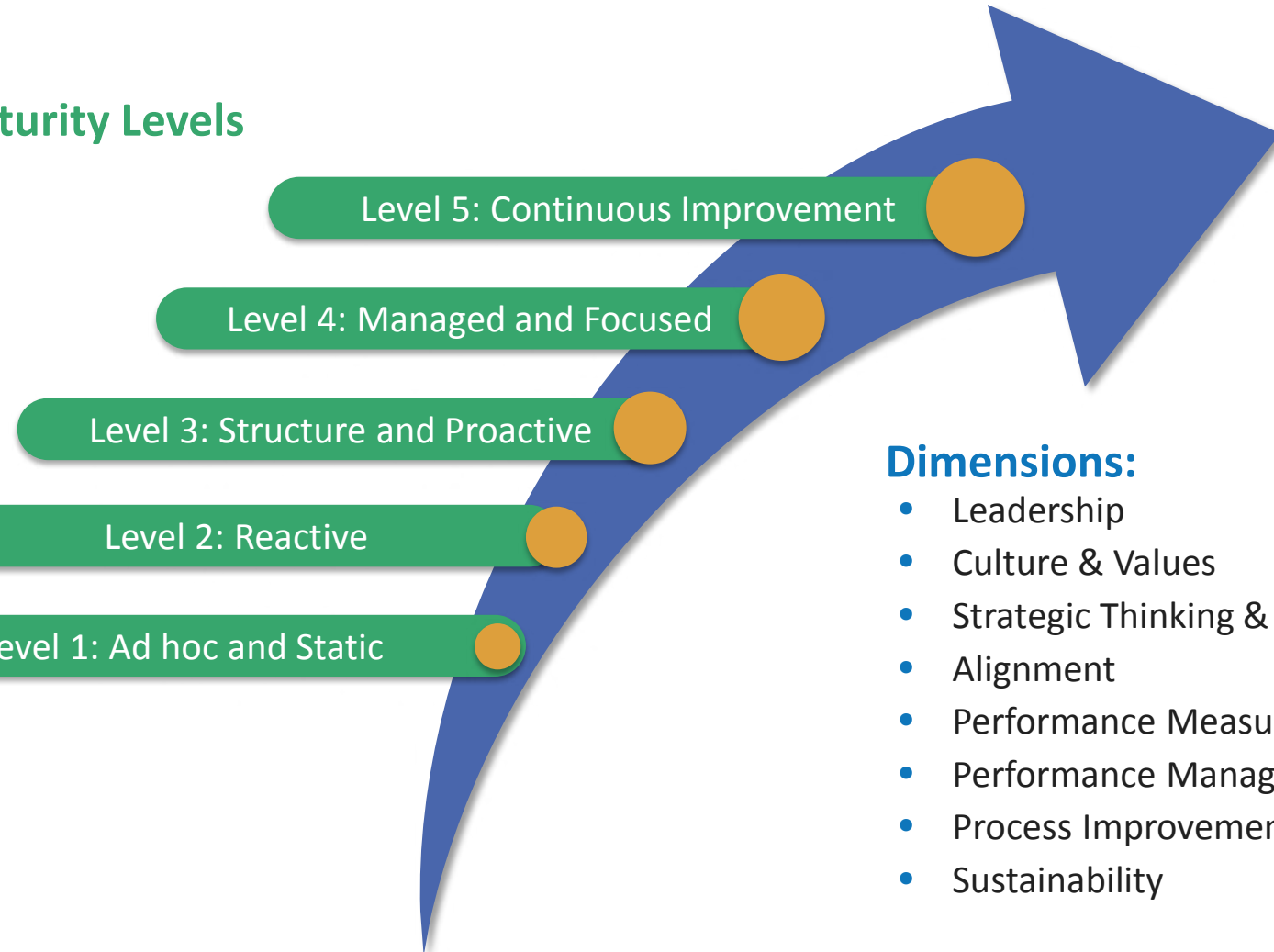
*ASP is a non-profit professional society whose mission is to help people and organizations succeed through improved strategic thinking, planning, and action. ASP is the only certification program in the world offering credentials for strategic planning and management professionals based on a robust Body of Knowledge.*





# Use the Strategic Management Maturity Model to Baseline Your Performance

## Maturity Levels



## Dimensions:

- Leadership
- Culture & Values
- Strategic Thinking & Planning
- Alignment
- Performance Measurement
- Performance Management
- Process Improvement
- Sustainability

# Your Presenter



**Howard Rohm**

*SMP, BSMP, CPT*  
*Co-Founder and President*  
*Balanced Scorecard Institute*



- 40 years experience as an international speaker, trainer, college professor, facilitator, author, and consultant
- *ASP Board of Directors and Certification Program Pioneer*
- Developer, *Nine Steps to Success™* Balanced Scorecard framework and Balanced Scorecard Institute *Professional Certification Program*
- *Executive Director*, U.S. Foundation for Performance Measurement
- *Director of Performance Information Systems*, Highland Technologies
- *Executive Director*, Advanced Nuclear R&D Program, U.S. Department of Energy
- *Management Consultant*, Booz Allen & Hamilton
- *Operations Research Analyst*, U.S. Atomic Energy Commission
- Bachelor and Master degrees in Engineering -- Iowa State and George Washington University



***“It’s a journey...not a project.”***



*Download this presentation here:*  
[www.balancedscorecard.org/stratex](http://www.balancedscorecard.org/stratex)

## Some Balanced Scorecard Feedback

*"[The Balanced Scorecard methodology] is like having a playbook on what we should be doing."*

*--Maureen Lavan, GIS Manager, Greenville Utilities Commission*

*"We have been growing business and developing new products and services that our clients value ever since we started working with the Balanced Scorecard! We now run our entire organization around our GREAT strategy maps—every meeting involves a discussion around objectives and initiatives"*

*—Joan Wade, Administrator, CESA 6*

*"We decided to take a look at research of the management system and I am convinced this is a methodology for linking mission, vision with objectives for the benefits of our clients and stakeholders. In other words, it is a tool that will allow us to assess where we are and how we can move forward and where we want to go in the future.*

*-- Israel Hernandez, Assistant Secretary, U.S. Department of Commerce*

*"... a structured, consistent and well directed program on strategy development and implementation. This will definitely have a big positive impact on our management process henceforth.*

*--Kalyebbi B. Magoola—Uganda Revenue Authority*

*"On several occasion we recognized that we were having discussions that would not have been possible in the past. We have a very diverse organization and the organizational alignment that is being created is one of the many benefits we are beginning to see. With shrinking revenue we have hard decision to make on where to allocating limited funding. [The Balanced Scorecard Institute] will provide us with the information necessary to prioritize requests and provide funding were it can give us the most benefit toward achieving our long term strategies and improving our organizational performance."*

*--David M. Schmit, Director, Arapahoe County Public Works and Development*

*"The process has been invaluable in helping us think strategically about our work, our goals and priorities, and our office culture"*

*--MaryAnn Monroe, Program director, National Cancer Institute*