# Strategy Management Maturity Deep Dive: Leadership

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The Strategic Management Maturity Assessments (SMMA) is structured such that all levels of the organization can indicate how they assess the organization on the five levels of Strategic Management Maturity. The Appendix page of this whitepaper contains the definitions of the eight dimensions of strategic management and the five levels of maturity.

For the Leadership Dimension, SMMA asks these questions, to be ranked on a Likert scale of 1 to 5, for the respondent to indicate how she or he has observed the actions of Leadership regarding Strategy Execution for the Leadership dimension from level 1 – 5.

| Dimensions | Level 1: Ad Hoc and Static | Level 2: Reactive | Level 3: Structured & Proactive | Level 4: Managed & Focused | Level 5: Continuous Improvement |
|---|---|---|---|---|---|
| Leadership | Leaders dictate/ command & control; otherwise disengaged | Leaders dictate and gather feedback sporadically | Leaders' mode desired behaviors and values but engage with direct reports only | Leaders empower many employees through ongoing engagement | Leaders & employees fully engage in a continuous dialog based on a team-based culture |

## Leadership Dimension

Effective strategic management starts with leadership. Ken Chenault, CEO and Chairman of American Express from 2001 until 2018 said "My role is to define reality and to give hope." Leaders question assumptions, look at problems in new ways, and articulate a vision for the future. In the context of strategic management leadership, strong leaders:

- Set a clear and consistent vision or "picture of the future"

- Are pro-active in preparing the organization for the future

- Are visible and engaged to help staff understand the shared vision and translate it into terms relevant to their roles

- "Walk the talk" in exemplifying the values, ethics, and policies of the organization

- Don't micromanage, but trust and encourage employees to contribute their ideas and grow

- "Walk around" and work alongside staff to encourage teamwork

Many employees are now considered "knowledge workers" – they are hired for their thinking skills. In this environment, employees want to know why they are being asked to do their assignments. Hence strategic management leads to increased employee empowerment and less "command and control" management. Of course, this improvement only happens when leaders work through the following observed speedbumps.

In the organization's leadership, leaders at all levels, must understand and accept that all leaders must stay engaged and actually "LEAD" the strategy execution at their respective level in the organizations. The Engaged Leadership Chemistry, adapted from Stone Yamashita Partners[1] (2001), as shown in Figure 1, outlines what is required of board of directors, executive leaders, managers, supervisors, team leaders, shift leaders and foremen (basically anyone tasked with the leadership of others at the organization) to exhibit high strategy engagement every day and to take every opportunity to discuss the state of the strategy.

**Vision/Mission and Strategy**

Everything starts with your aspirational Vision and Strategy. Leaders, at all levels, walk that talk...every day!!!

**Relentless Communications**

Once the Vision and Strategy are set, leaders, at all levels, communicate passionately, concretely and with clarity to all that must help to make it a reality!!!

**Engaged Leadership Chemistry**

**Change the Norms of the Culture**

Leaders, at all levels, must spark the kinds of change in the culture that will cause disruption, enable innovation and drive the organization's enablement and execution of the Vision, Mission and Strategy!!!

**Stakeholders and Customers Demand Your Brand**

Leaders, at all levels, and their workforce must deliver on the stakeholder, customer and employee experience!!!

*Figure 1: Engaged Leadership Chemistry*

Employees want to know from leadership if the strategy is working or why not and what are we all going to do about fixing it if the strategy is not working. Everyone, especially employees, what success, and to create an environment of success, all leaders need to be authentic, trusting, communicative and inspiring with their workforces at their respective levels in the organization. Analysis from organizations that backed off the leadership chemistry in any quadrant in Figure 1, reported a measurable drop on acceptance of the strategy. Leaders need to keep the chemistry mix balanced and vibrant.

Employees job satisfaction and effectiveness, as proposed by the authors of *Building the High-trust Organization*[2] (2010), consist of the following dimensions:

- Concern for Employees/Stakeholders: The concern for employees' dimension is squarely about communication and employment practices.

- Openness and Honesty: The openness and honesty dimension is reflected in how organizations communicate about problems, engage in constructive disagreements, and provide input into job - related decisions.

- Identification: The identification dimension is the connection between the organization and individual employees most often based on core values

- Reliability: The reliability dimension is about keeping commitments and basic follow-through. It is about doing what supervisors and managers say they are going to do. It is about telling all organizational members when something must change and why.

- Competence: The competence dimension is the ability of the organization through its leadership, strategy, decisions, quality, and capabilities to meet the challenges of its environment. Competence relates to the overall efficiency of the organization as well as to the quality of its products or services. Competence comes from the capabilities of employees at all organizational levels. Finally, competence is measured by an organization's ability to achieve its objectives.

A model around the above dimensions and researched for the reliability to project which dimension is the stronger for an organization was developed by the authors of Building the High-trust Organization[2] (2010) that is shown in Figure 2.
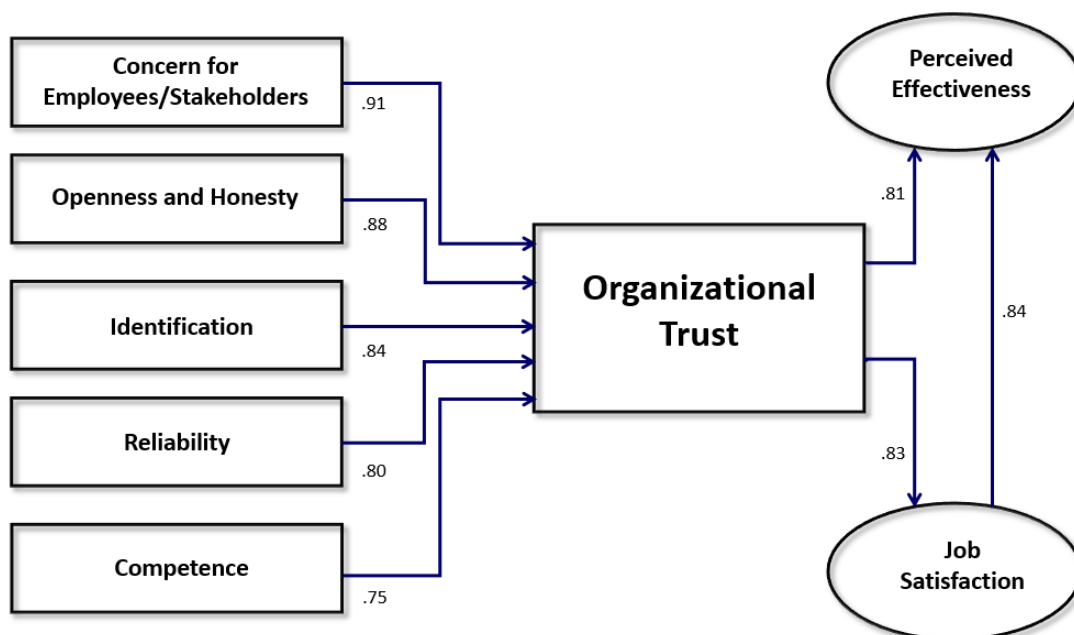


Numbers indicate statistical significance (p = <.01). Standardized path parameters range from 0 to 1.00.
The higher the number, the stronger the dimension is a predictor. Statistical significance at the .01 level means there is only a 1 in 100 chance that the findings were by chance.

Building the High-trust Organization (2010). Wiley & Sons; Jossey-Bass: San Francisco, CA

*Figure 2: Model of Organizational Trust, Job Satisfaction and Effectiveness[2]*

# Speedbump 3: Establishing a Systems Approach

Once the strategies at any level encompassing the strategic objectives, key performance indicators and initiatives/projects have been designed and implementation begins, some organizations keep their sight on the big picture but fail to grapple with the requirement to settle into the routines of closing and constantly reviewing the detail work needed to start and plan for sustainable strategy execution. The leaders at all levels are responsible for making sure all strategy detail work is completed and continuous process improvement is put in place to defend against complacency in strategy execution such as:

1) You have many Key Performance Indicators (KPIs) or measures with a Feasibility (Availability of Data) with an assessment score of 1 - 3, on a scale of 1 - 5:

   1. The organization does not currently collect and report this data and to do so would involve a tremendous cost or burden.

   2. The organization does not currently collect this data, but it would be relatively cost-effective to collect and report.

   3. The organization already collects this data and can easily convert it into performance information.

2) You have many KPIs without the Data Definition Table fully completed. Data Definition Table is fundamental to describing the KPI or measures, data, and outcome reporting operations against it as shown in Figure 3.

| Objective | Measure Description: | Periodic survey of a sampling of the local community, who are asked to quantify an "I am satisfied"-type response on a five-point Likert scale. |
|---|---|---|
| Improve Community Satisfaction | | |
| Objective Owner | Measurement Type: | Intermediate Outcome |
| Steve | Formula: | # indicating Agree or Strongly Agree / total |
| Intended Result(s) | Unit of Measure: | % |
| Community members tell us that they are happy with our services. | Measure Location: | Public Relations Office |
| | Measure Owner: | Fred |
| | Data Source: | Survey Monkey |
| | Collection Frequency: | Quarterly |
| | Reporting Frequency: | Quarterly |
| Measurement Name | Verified by: | Fred's IT Administrator (is data accurate?) |
| **Community Survey Score** | Validated by: | Fred's Boss (is measurement meaningful?) |
| | Presentation: | Line graph |
| | Target & Thresholds | 90%    95% |

*Figure 3: Data Definition Table*

3) You have Strategic Objectives without supporting Strategic Initiatives or Projects determined.

   a) Strategic Objectives have two streams of influence on its performance:

      i. The KPIs designed for the Strategic Objective

      ii. Projects or Initiatives determined to assist the Strategic Objective in achieving its Intended Results

4) More than 50% of your Strategic Objective Strategic Initiatives are un-scoped at the time of the rollout or implementation.

   a) If this is the case, it is clear you do not have a methodology standard in place for Project/Initiative management. Get One!

5) Your track record on completing initiatives/projects "on-time and on-budget" is poor.

   a) You know you need a Project Management Office (PMO) function but choose to get serious about managing and monitoring initiative/project execution in the absence of a PMO function.

6) You have not discussed the Tier 1 Strategy with the lower-level Tier 2 Directors/Managers and their Teams.

   a) While this sounds organizationally ludicrous, there have been organizations that think there is no relationship between Tier 1 Strategy (organization-wide) strategy and Tier 2 departments, support or shared servicer departments strategy.

7) The condition of your rewards and recognition system has a low detectable pulse.

   a) As the leaders, especially at the highest levels, you are asking employees at all levels to participate in a new way of managing strategy execution.

8) Tier 1 Strategic Objective Owners need to be assigned.

   a) Every Strategic Objective needs ownership for Monitoring and Evaluation for the information required in # 3.

9) Tier 1 Objective Owners are not prepared to have any skin-the-game regarding being held accountable for the Strategic Objective results. Is the organization as described in #3?

10) You will continue to monitor the results of the Strategic Objective KPIs and Initiatives/Projects with Excel for Tier 1. Once you have crossed the Strategy Execution line from Tier 1, organization-wide to Tier 2 departments, support, or shared services departments, you have too much data to support for monitoring, reporting and evaluation to continue with Excel. Performance analysis and reporting systems have matured into cloud-based services that are very cost effective and easy to operate.

11) All leaders from all levels are not prepared to expand their initial workload bandwidth and contend with the initial "heavy lifting" in the operation of a regularly repeatable strategy monitoring and evaluation cadence meetings/discussion face-to-face or virtual. Integrated Strategic Planning and Performance Management Systems are not that artificially mature… yet!

12) You anticipate no increase in the need to ramp up your requirement to increase Strategy Communications. The Leadership Chemistry covered above requires a Strategy Communication Plan Workflows repeatable from year to year. Strategy Communications never stops! An example of one follows in Figure 4.

| Communications Actions | | Quarter 1 | | | Quarter 2 | | | Quarter 3 | | | Quarter 4 | | | Reminders |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | |
| Tier 1 (Organization-wide) Continuous Strategy Communication Stream | Tier 1 Strategic Objectives: One (SO1) to (SOn) per Month | | | | | | | | | | | | → | Repeat Tier 1 SO Communications Cycle next year. Provides updates on SO Performance progress (Good or Bad) news. If bad news, what is the fix? Also a good way to recognize the Objective Owners and team members, publicly. |
| All Individual Tier 2 (Departments) - Continuous Strategy Communication | All Individual Tier 2 Departments Strategic Objectives: One (SO1) to (SOn) per Month per Department | | | | | | | | | | | | → | Repeat All Tier 2 Departments SO Communications Cycle next year. Provides updates on SO Performance progress (Good or Bad) news. If bad news, what is the fix? Also a good way to recognize the Objective Owners and Team Members, publicly. |
| All Tier 1 and Tier 2 Initiatives/Projects in Progress and Completed Continuous Communication | All Tier 1 and Individual Tier 2 Departments Strategic Objectives Initiatives and Projects. (SO1) to (SOn) per Month based on Number of Departments | | | | | | | | | | | | → | Repeat All Initiatives and Projects Continuous Communicaton Cycle next year. Good way to keep Initiatives and Projects the in front of employees which are attached to the Strategic Objectives of the organization and Departments. Note, reporting progress on the Strategic Initiative/Projects is important but also is an opportunity to continually recognize the Project Managers and Project Team Members, publicly. |
| All Hands Annual Kickoff, Board and External Stakeholders Updates | All Hands Annual Kickoff Meeting | | Brd. / Ext. Stakeholders Updates | | | Brd. / Ext. Stakeholders Updates | | | Brd. / Ext. Stakeholders Updates | | | Brd. / Ext. Stakeholders Updates | | Repeat Board / External Stakehoders Communications Cycle Next Year |
| Flash Updates | Random Sampling of Tier 1 and Tier 2 Employees and Objective Owners by Brief Interviews per Month | | | | | | | | | | | | → | Repeat Flash Updates in Communications Cycle in Next Year |

*Figure 4: Annual Strategy Communications Plan Workflows*

## Conclusion

Leadership is a key driver in successful strategy execution. Even after an organization completes the design of an organization-wide strategy and cascades it to departments, the real work, or as I refer to it as the "heavy-lifting" is yet to begin. The real work starts when Leadership begins the implementation and execution of those strategies, monitors the outcomes, and analyzes strategies to respond to the results. Leadership grounded in engagement, strong communications, and systems-based management work toward a Level 5 maturity in the future!

If you would like to learn more about strategy development, targets, KPIs and strategic objectives and Strategy Execution, reach out to the Balanced Scorecard Institute at info@strategymanage.com to speak with our consulting specialists in strategy development, implementation, and execution.

## References

1. Stone Yamashita Partners (2010). Chemistry and the Catalysts for Seismic Change. Stone Yamashita Partners – San Francisco

2. Shockley-Zalabak, P.; Morreale, S.; Hackman, M. (2010). Building the High-Trust Organization: Strategies for Supporting Five Key Dimensions of Trust. J-B International Association of Business Communicators). Wiley. Kindle Edition.

## About the author

**Joe DeCarlo** is the Senior Vice President, as well as a senior consulting associate, who has 50 years of extensive experience in business structuring, strategy formulation/implementation including balanced scorecard use, change management, and the design/execution of innovative operational business models/solutions in the private, public, and nonprofit sectors with first line and executive level management positions.

## About the Balanced Scorecard Institute (BSI)

BSI provides consulting, training, and professional certification services to organizations worldwide related to strategic planning, balanced scorecard, KPI/performance measurement, and strategic project management.

# Appendix

## Dimensions and Levels of Strategic Management Maturity

The SMMM contains assessments of performance along eight different dimensions of strategic management; (1) Leadership, (2) Culture and values, (3) Strategic thinking and planning, (4) Alignment, (5) Performance measurement, (6) Performance management, (7) Process improvement and (8) Sustainability of strategic management.

For each of these eight dimensions, there are five levels of strategic management maturity (see Figure 5): Level 1: Ad Hoc and Static, Level 2: Reactive, Level 3: Structured and Proactive, Level 4: Managed and Focused, Level 5: Continuous Improvement. You can evaluate your organization by scoring the level of performance on each of the five levels of strategic management maturity.



*Figure 5: Strategic Management Maturity Model™*

### Level 1: Ad Hoc and Static

It is characteristic of organizations at this level that they currently do not do any strategic planning or management in a formal sense, tending to plan only on the tactical or operational level in an ad hoc and uncontrolled manner, normally by senior management behind closed doors. Leaders spend a majority of their time addressing operational issues and "putting out fires" and never address long-term strategy.

### Level 2: Reactive

It is characteristic of organizations at this level that some elements of effective planning and strategic performance management are being applied, only in an inconsistent fashion and often with poor results. Planning discipline is unlikely to be rigorous, and only happens in reaction to events or to temporarily please an individual leader. These organizations might measure performance or even use it to punish underperformers, but often these activities are done by individuals to meet a routine policy need and are not taken seriously.

### Level 3: Structured & Proactive

It is characteristic of organizations at this level that there are formal structures and processes in place to comprehensively and proactively engage in strategic planning and management. These activities occur on a fairly regular basis and are subject to some degree of improvement over time. Measurements are somewhat aligned with strategy and employee accountability is taken seriously.

### Level 4: Managed & Focused

It is characteristic of organizations at this level that strategy drives focus and decision making for the organization. Organization-wide standards and methods are broadly implemented for strategy management. Leaders formally engage employees in the process and a measurement & accountability work culture help drive strategic success for the organization.

### Level 5: Continuous Improvement

It is a characteristic of organizations at this level that the strategic planning and management excellence are embedded within the culture of the organization and are continuously improved in a formal sense. This means that as performance is evaluated, the organization first analyzes how it is performing towards its strategic goals and then second studies how effective the strategic planning and management processes are and adapts as necessary. Excellence in strategic management drives the organization's competitive edge or performance success.

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