



Best Practices For Aligning Strategy and Execution.

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Agenda

- Key questions
- Barriers to strategy execution
- Balanced Scorecard
- Key Challenges- Public Sector
- Implementation Steps
- Criteria for selecting performance measures
- Achieving Alignment
- Pitfalls to Avoid



Key Questions

Prerequisites

- Do you have a defined corporate strategy?
- Does the strategy include strategic objectives or other high-level goals and/or initiatives? If so, how many?
- How often is your strategy reviewed and/or revised?



Key Questions

Strategy Deployment

- How is your strategy communicated throughout the organization?
- Are the objectives/goals of your strategy “decomposed” into specifically actionable tasks, projects or initiatives?
- Do people throughout the organization know what it is and what role they play in it?



Key Questions

Strategy Deployment

- How is your strategy communicated across the organization?
- Are the outcomes of your business processes aligned with your strategy?
- Is there a linkage between your strategic, operational and budgetary planning processes?

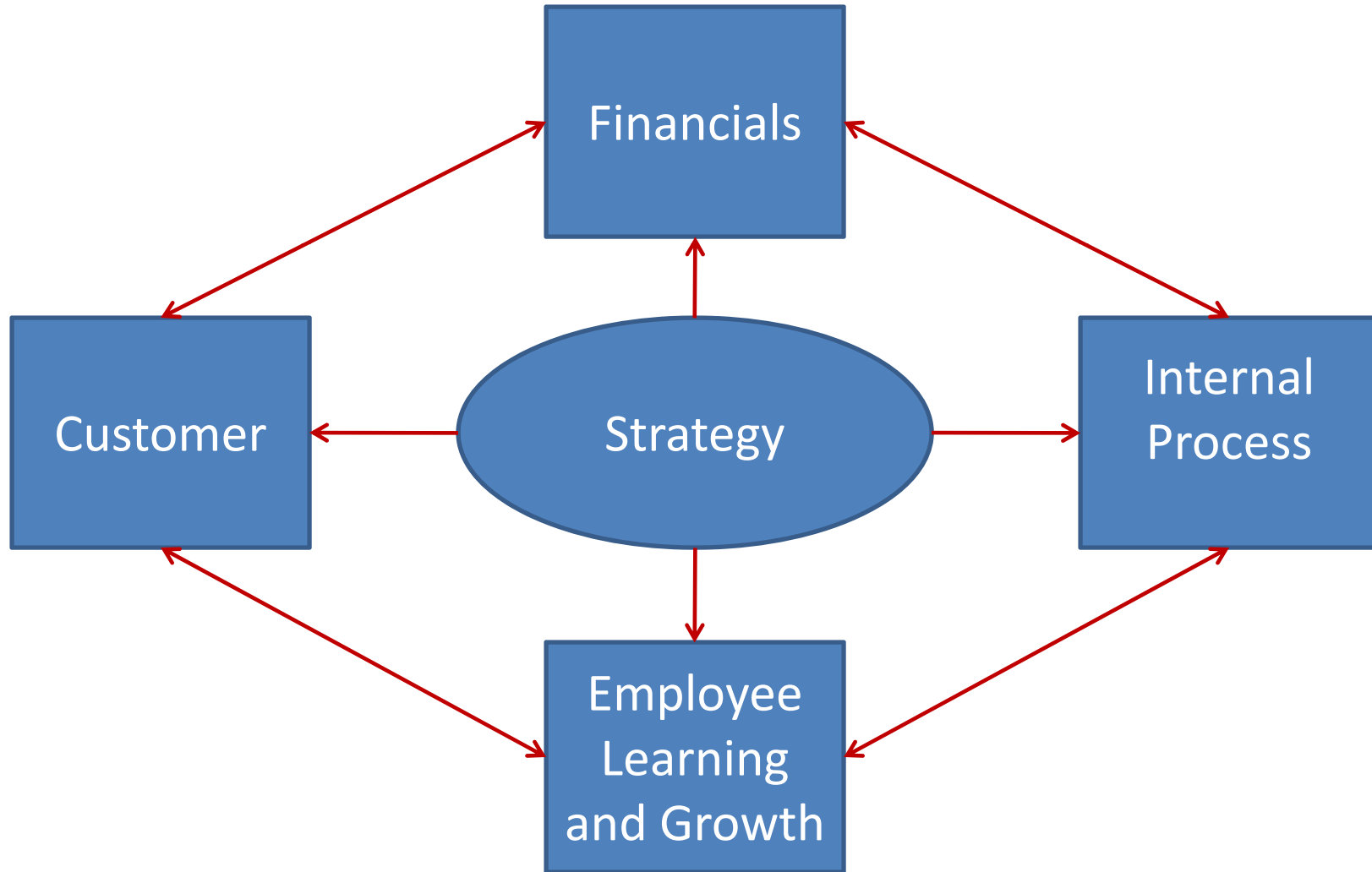


Barriers to Strategy Execution

Barriers	How to overcome barriers?
Vision Barrier	Translation of vision and mission and strategy
People Barrier	Unrelated goals
Resource Barrier	Strategic Resource Allocation
Management Barrier	Strategic Learning



Balanced Scorecard

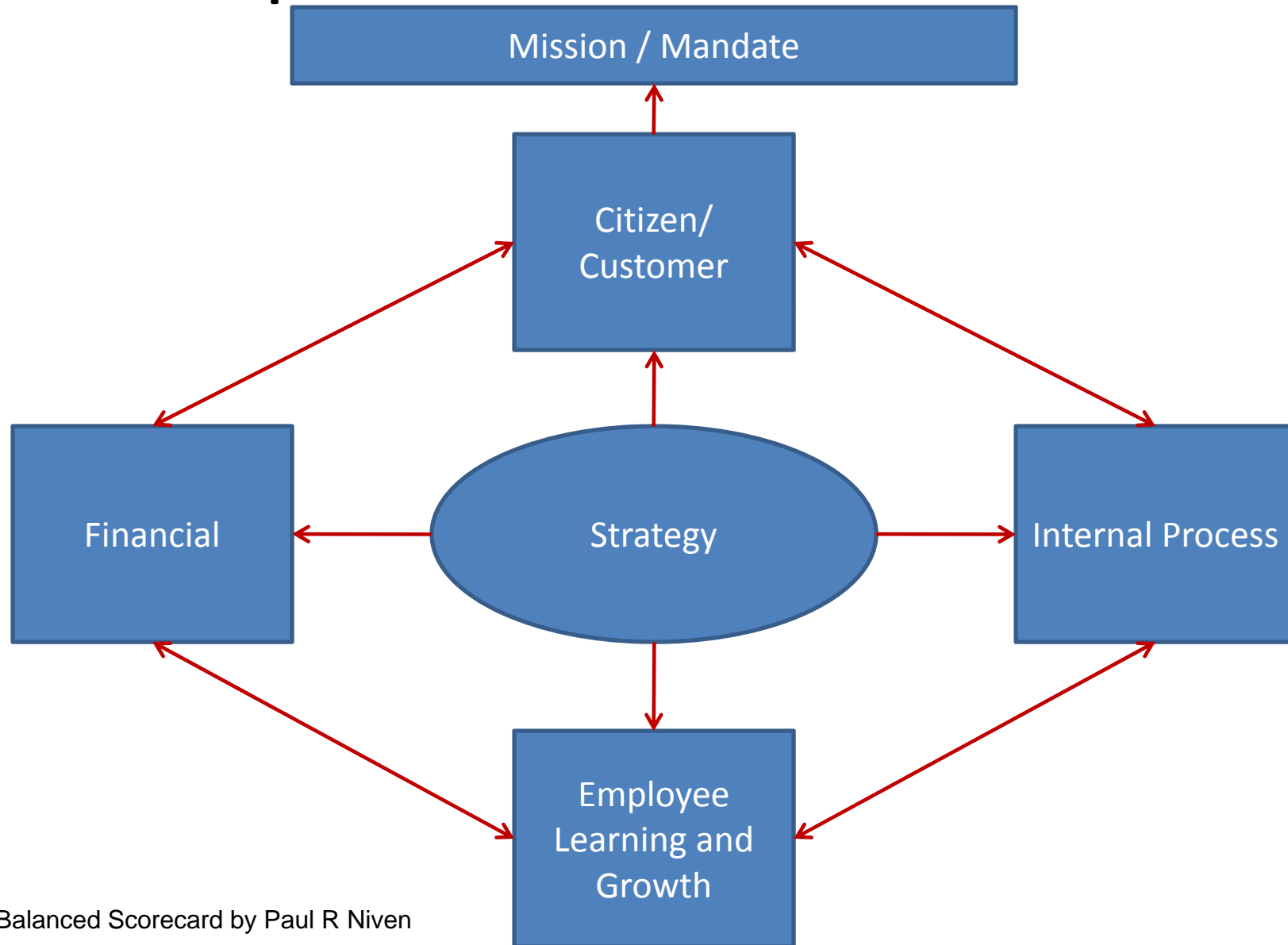




What is Balanced Scorecard?

- Communication Tool
- Strategy Management System
- Performance Measurement System
- Change Management Tool

Adaptation for Public Sector



Source: Balanced Scorecard by Paul R Niven



Key Challenges –Public Sector

- Multiple Agencies ,different mandates.
- Output Vs Outcomes.
- Difficulties in measuring efficiency.
- Reliability of data collection for results.
- Sustaining Success

Implementation Steps





Mission: What is the purpose of our existence?

Key attributes:

- Simple and Clear
- Inspire Change
- Easy to Understand
- Strategic in nature



Vision: Word picture of future

Key attributes:

- Concise
- Appeals to all stakeholders
- Consistent with mission and values
- Feasible



Strategic Themes: What are some strategic focus areas when organization would like concentrate?

Results: What are the end results which we want to achieve?



Goals and Objectives: What are our goals and objectives?
The goals and objective should strategic in nature and not diagnostic.

Strategy Maps: Graphical representation interaction of strategy elements. Helps communicating cause and effect.



Performance Measures and Targets: How do we know if we are achieving right results. How do we identify performance drivers which effect future performance

Strategic Initiatives: The specific programs, activities, projects, or actions an organization should take to meet performance targets.



Criteria for Selecting Measures

- Linked to strategy
- Easily understood
- Cause and effect
- Quantifiable



Citizen(Customer) Measures

- Citizen satisfaction with how the County provides opportunities for residents input
- Reduce crime rate by X%
- Improve Program outcomes by certain percentage amount
- Improve Program awareness.



Financial Measures

- Asset Utilization
- Maintenance Cost (e.g. per lane mile)
- Unit service delivery cost (Cost for delivery 1million gallons of water)
- Total Cost per employee/position
- % Project completion on time and budget.



Internal Process

- Service delivery measures (e.g. cycle time for meter installation)
- Service delivery effectiveness
- Workforce efficiency (Number of calls handled per agent)
- Grant Success rate
- Procurement Efficiency



Employee Learning and Growth

- Evaluate skill gaps
- Measuring employee training
- Recruitment effectiveness
- Retention effectiveness
- Technology usage index



Report Date: 10/5/06 Report Target: Target Hyperion System 9 Performance Scorecard Web Reports | admin

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Browser View Scorecard Report

Profitable Growth: 85.53% [Customize] [Edit]

General Scorecard Chart Trending Table Initiative Notes Annotation & Initiative

Measure	Notes	Status	Result	Data Confidence	Target	Benchmark	Unit	Frequency	Score(%)
Financial 85.53									
EVA		●	-95,000,000.00		3,702,121.97	12,340,406.56	Dollars (\$)	Quarterly on last day	-2566.38
Earnings per Share		●	0.82		0.87	1.20	Dollars (\$)	Quarterly on last day	94.25
Operating Margin		●	10.05		12.50	20.00	Percent (%)	Quarterly on last day	80.40
Growth in Net Profit		●	296,000,000.00		340,000,000.00	391,000,000.00	Dollars (\$)	Quarterly on last	87.06

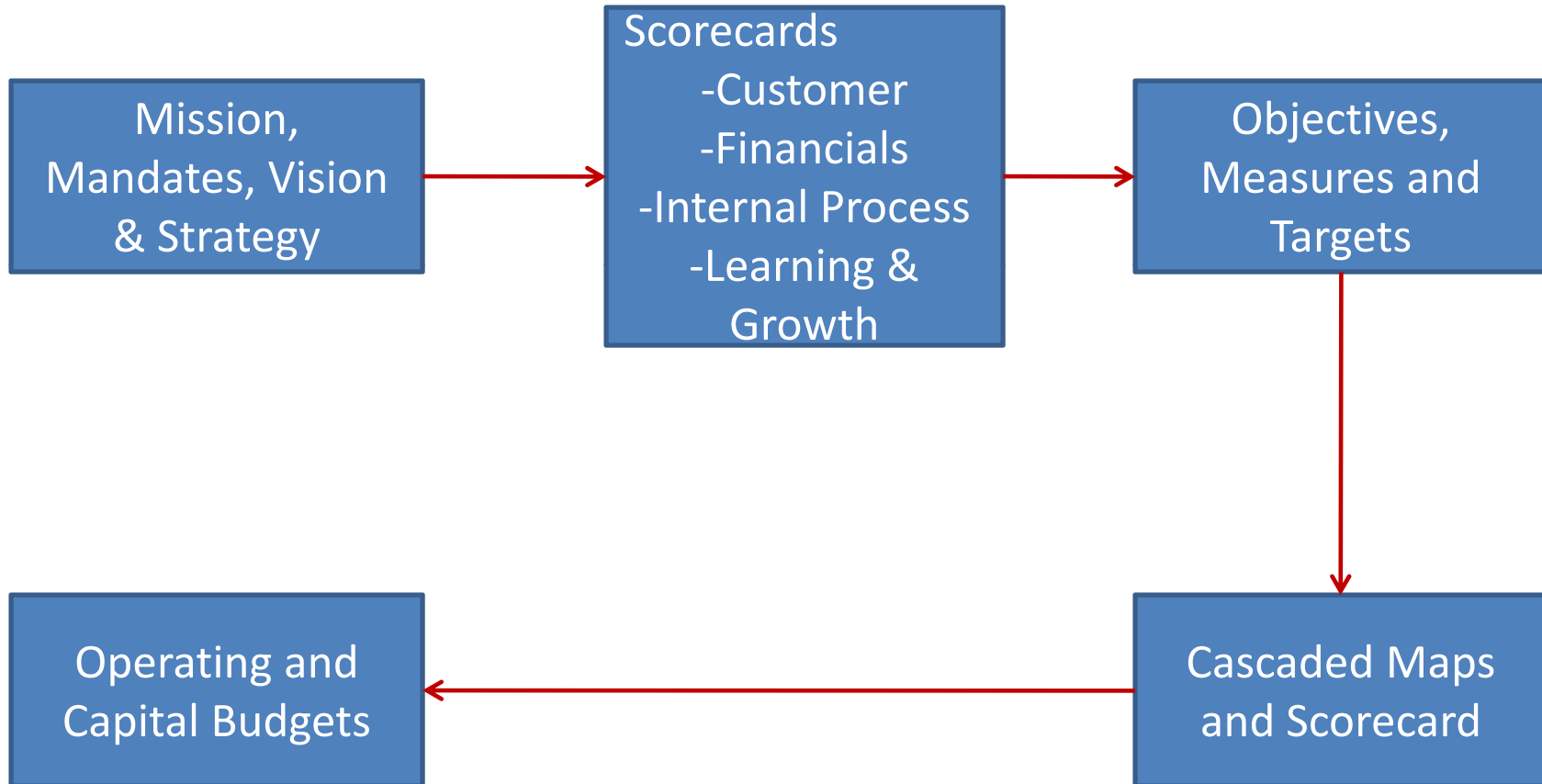
Name	Owners	Original ...	Revised	Start Date	% Comp	Status	Priority
Reduce bottom line...	Patel, Aruna	Aug 31, ...	Aug 31, ...	May 1, 2...	55.00	In Progr...	1
+ Cut travel costs	Chang, Sue		Aug 31, ...	May 1, 2...	66.00	In Progr...	1
Reduce cap ex f...	Foster, George	Aug 31, ...		May 1, 2...	22.00	In Progr...	1
- Increase top-line q...	Patel, Aruna	Jan 31, ...		Dec 1, 2...	90.00	Complete	1
Contact Marketing	Green, Joel	Feb 28, ...		Jan 2, 2...	11.00	In Progr...	1
+ Increase M&A activity	Patel, Aruna	Jun 5, 2...		May 5, 2...	0.00	Not Star...	1

Working on the plan to reduce expenses

Periods	Status	% Comp.
Oct 1, 2005	●	33.00
Mar 1, 2006	●	55.00



How to achieve alignment?





Best Practices- An Aligned Organization

Business Challenge

- Business goals and strategies are confined to the boardroom, and not translated into meaningful performance metrics for which managers can be held accountable.

Impact

- Wasted resources as different parts of the organization pull in different directions
- Lack of synergy
- Inability to adapt to changes as an organization



Best Practices- An Aligned Organization

Solution

- Balanced Scorecard –to set realistic goals and make managers accountable for their actions. Aligns the organization through proper communication of strategy, performance and actions.

Outcomes

- Managers see the big picture and understands how their activities impact the strategic plan
- An accountable organization



Pitfalls to Avoid

- Overemphasis on financial measures.
- Confusing diagnostic measures with strategic measures.
- Metrics is a symptom; don't fix symptom but underlying process.
- Improper linkage of cause and effect.
- Too complex metrics
- Unreliable data