

# The **STRATEGY EXECUTION TOOLKIT**



*ClearPoint Strategy*

How I Learned To Stop Worrying and Love  
The Balanced Scorecard

# TABLE OF CONTENTS

Discover your tools.

1. Why You Should Care

2. Purpose Statement

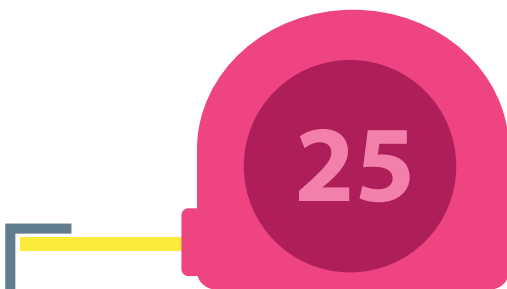
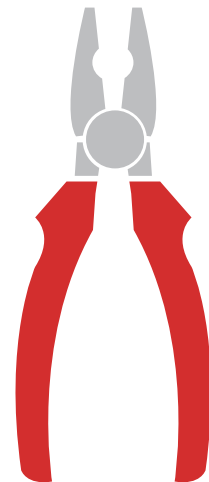
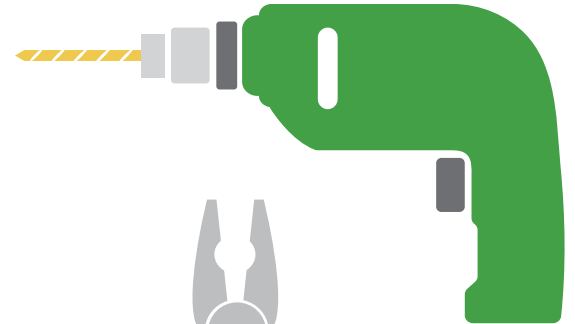
3. Change Agenda

4. Strategy Map

5. Measures

6. Initiatives

7. Conclusion



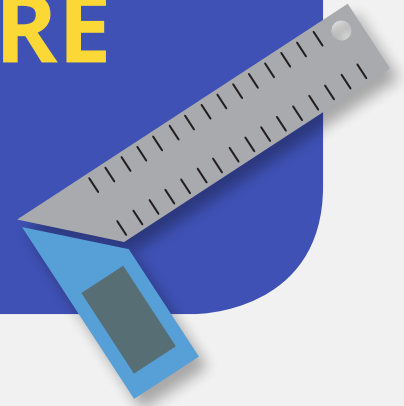


PART 1

# WHY YOU SHOULD CARE

# WHY YOU SHOULD CARE

About Strategy



**Nine out of 10 organizations fail to execute strategy.**

**But why?**

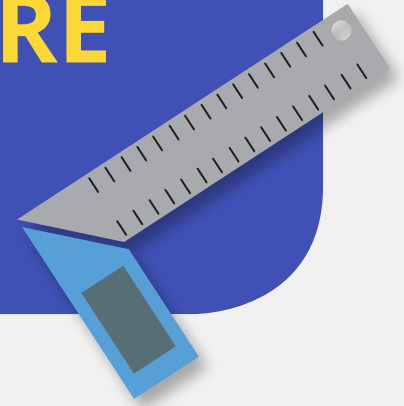
Managers never ask themselves the two fundamental questions that drive a company's strategy:

- **Who** are we going to serve?
- **How** are we going to serve them?

**Don't worry, we have a structured way to answer those questions...**

# WHY YOU SHOULD CARE

## About The Balanced Scorecard



The Balanced Scorecard is the framework that links your purpose statement to the execution of your strategy. It helps you become part of the 10% that actually executes strategy instead of just talking about it.



**It all starts at the beginning of time...**

(Actually, just at the beginning of the scorecard.)

**PART 2**

# **THE PURPOSE STATEMENT**

# THE PURPOSE STATEMENT

## What It's All About



A purpose statement tells how you will be different than your competitors. (And different is good.) If you don't think you have competitors, take some time to do some serious Google searching, and then join us again.

### What goes into it?

O

Objective

#### **What's your goal?**

This should be something numerical, like doubling your revenue every year for the next five years. It could also describe why you are in business, like to become the premier fruit stand franchise.

A

Advantage

#### **What will you do differently than your competition?**

Perhaps you will be the best at delivering organic fruits and vegetables.

S

Scope

#### **What won't you do?**

You can't do everything, and if you try to do so, you'll fail. This is where you draw the line (and it's super important.)

# THE PURPOSE STATEMENT

An Example: Kosmo's Fruit Stand



## What goes into it?

O  
Objective

What's your goal?

*We will double revenue every year for the next three years.*

+

A  
Advantage

What will you do differently than your competition?

*We sell locally-sourced, organic fruits and vegetables.*

+

S  
Scope

What won't you do?

*We sell exclusively in the downtown Manhattan market.*

=

**Purpose Statement:** We will double revenue every year for the next three years by selling locally-sourced, organic fruits and vegetables in downtown Manhattan.

# THE PURPOSE STATEMENT

Your Turn



## What goes into it?

O

Objective

What's your goal?

+

A

Advantage

What will you do differently than your competition?

+

S

Scope

What won't you do?

=

**Purpose Statement:**

# THE PURPOSE STATEMENT

Your Turn



**Nice work! You have a purpose statement.  
Don't keep it to yourself, though.**

**How should you share it?**

- **Share it** with your friends and family (and buy them a beer?)
- **Share it** with your colleagues (and buy them lunch?)
- **Share it** with your boss, and ask if she'd like to share it with the rest of the team

Get lots of input at each round and make it better.

**Now, sit back and enjoy your genius.  
(Oh! And post it on the wall.)**

**So you have an amazing purpose, but  
you may need to change...**

(Actually, as they say, change is inevitable.)

**PART 3**  
**THE CHANGE AGENDA**



# THE CHANGE AGENDA

## What It's All About



A change agenda is a simple list of what needs to change in order to carry out your purpose. Think nothing needs to change? Then you are free to go. If you're still with me, let's keep going...

### What goes into it?

#### Perspectives

**What part of the organization do you want to change?**

Don't worry, we have some suggestions coming up.

#### Present

**What are you currently doing that needs to change?**

Keep it simple and be direct. You'll definitely need some outside input here.

#### Future

**What would you rather be doing in the future?**

Again, make sure it is direct and actually feasible. You'll have to hit this to be considered successful.

# THE CHANGE AGENDA

## An Example: Kosmo's Fruit Stand



Kosmo's Fruit Stand's leaders realize they need to change. They're bleeding money, the fruits are rotting, and their stand is in a back alley.

### What must you do differently?

#### Present

#### Future

<i>Inconsistent cash flow</i>	Financial	<i>Consistently making money</i>
<i>Random foot traffic</i>	Customers	<i>Hipsters and baristas</i>
<i>Daily special of a single fruit</i>	Product	<i>Diverse mix of organic and local fruits</i>
<i>2 carts on inexpensive side street</i>	Locations	<i>10+ carts in high-traffic areas</i>
<i>High turnover, no experience required</i>	Employees	<i>Career path to cart owner</i>
<i>"I think this is better than not working."</i>	Culture	<i>"I'm proud to work at Kosmo's."</i>

# THE CHANGE AGENDA

## An Example: Kosmo's Fruit Stand



Kosmo's came up with some good ideas for change. Now it's time to organize them by group:

### How are your change items organized?

	Present	Future
Financial	<i>Inconsistent cash flow</i>	<i>Consistently making money</i>
Customer	<i>Random foot traffic</i>	<i>Hipsters and baristas</i>
Product Service Process	<i>Daily special of a single fruit</i>	<i>Diverse mix of organic and local fruits</i>
	<i>2 carts on inexpensive side street</i>	<i>10+ carts in high-traffic areas</i>
People & Process	<i>High turnover, no experience required</i>	<i>Career path to cart owner</i>
	<i>"I think this is better than not working."</i>	<i>"I'm proud to work at Kosmo's."</i>

# THE CHANGE AGENDA

Your Turn



What must you do differently?

Present

Future

<div></div>	<div></div>	<div></div>
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<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>

**Want some other ideas for areas of change?**

Try these: Finances (sources of revenue), Ideal Customers, Key Operations (what are we good at or need to be good at), Employee Skills, Partnerships, Fundraising Approach.

# THE CHANGE AGENDA

## Your Turn



Now organize your ideas by group. (We color-coded the fruit stand's change agenda, if you're looking for some suggestions.)

## How are your change items organized?

		Present	Future
WHAT WE'RE GETTING	Financial		
	Customer		
WHAT WE'RE DOING	Product Service Process		
	People & Process		

# THE CHANGE AGENDA

Celebrate good times, c'mon.



**Nice work! Now you have a solid change agenda.  
You know the drill...**

**How should you share it?**

**Share it** with your friends, colleagues and especially your boss.

Get lots of input at each round and make it better.

**You've isolated the key issues facing your company.  
You're a genius *and* a superhero in our book.**

**Superheroes still need coffee, though.  
Take a quick break...**

(We're getting to the good stuff.)

**PART 4**  
**THE STRATEGY MAP**



# THE STRATEGY MAP

## Perspectives



A strategy map shows the path to success. The map is made up of four perspectives (as they're known in Balanced Scorecard lingo). Feel free to call them what you'd like.

### What are the four perspectives?

#### **FINANCIAL PERSPECTIVE**

If we succeed, how will we look to our stakeholders?

#### **CUSTOMER PERSPECTIVE**

What do our customers expect from us?

#### **PRODUCT, SERVICE, OR PROCESS PERSPECTIVE**

To satisfy our customers, at which processes must we excel?

#### **PEOPLE & CULTURE PERSPECTIVE**

To be successful, how must our organization learn and improve?

# THE STRATEGY MAP

## Perspectives



### **Did those perspectives look familiar?**

(Those four perspectives are the same categories from the change agenda.)

### **Take back out your change agenda.**

### **You'll need it for this next part.**

# THE STRATEGY MAP

## Strategic Objectives



Remember how you wanted to change from the present state to a future one in your change agenda? Now we need to add objectives for each. What are you going to do to make that change happen?

### How do you create strategic objectives?

Here's a typical format:



# THE STRATEGY MAP

## Objectives Example



Here's an example from our friend Kosmo.

Remember this change they wanted to make to their product offering?



Here's how they created a strategic objective in order to make that change a reality:



### Strategic Objective

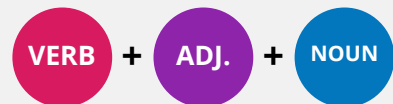
Partner with local and organic produce suppliers.

# THE STRATEGY MAP

Your Turn



What will you do to make the change?



		Present	Future	Objective
WHAT WE'RE GETTING	Financial			
	Customer			
WHAT WE'RE DOING	Product Service Process			
	People & Process			

# THE STRATEGY MAP



**Ready to tie this together?**

Let's get back to the strategy map.

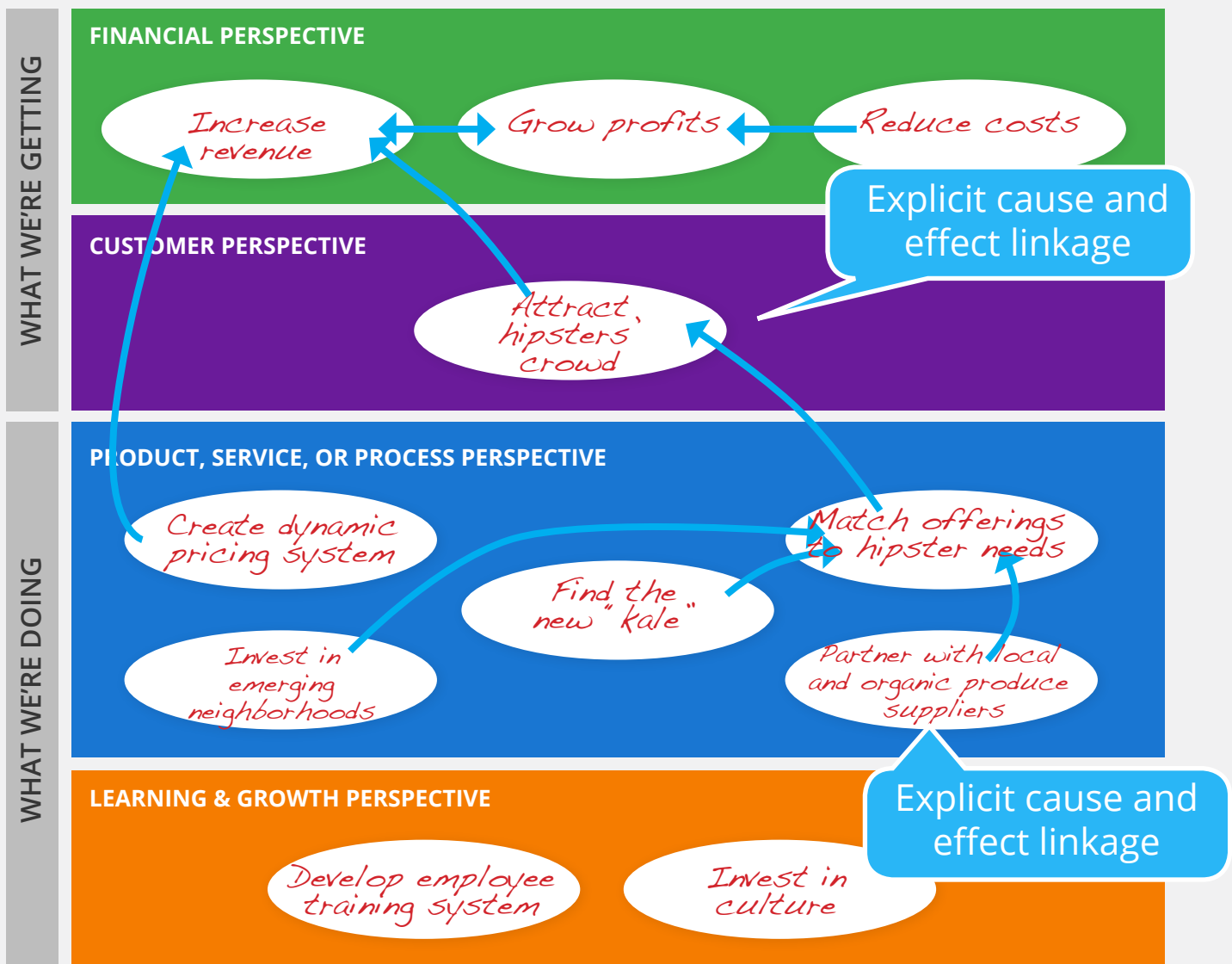
**We'll start back at Kosmo's Fruit Stand.**

# THE STRATEGY MAP

An Example: Kosmo's Fruit Stand



We will double revenue every year for the next three years by selling locally-sourced, organic fruits and vegetables in the downtown Manhattan market.



# THE STRATEGY MAP

An Example: Kosmo's Fruit Stand



So, what's the story here? You can put the map into a story by reading from the bottom up.

## Here's how Kosmo's strategy map reads:

*Kosmo's Fruit Stand will invest in culture and build an employee training program in order to partner with local and organic produce suppliers to "find the new kale."*

*This will help match our offerings to hipsters' needs and attract the hipster crowd. We'll also invest in emerging neighborhoods and create a dynamic pricing system that will drive revenue.*



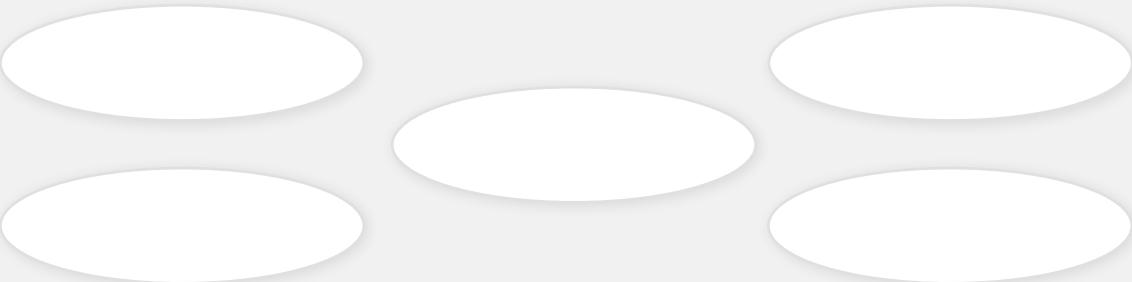

*By carefully managing costs, we'll drive overall profitability.*

# THE STRATEGY MAP

Your Turn



## Your Strategy Map

WHAT WE'RE GETTING	<b>FINANCIAL PERSPECTIVE</b> 
	<b>CUSTOMER PERSPECTIVE</b> 
WHAT WE'RE DOING	<b>PRODUCT, SERVICE, OR PROCESS PERSPECTIVE</b> 
	<b>LEARNING &amp; GROWTH PERSPECTIVE</b> 

# THE STRATEGY MAP



**Boom! You have a strategy map. Congratulations. But wait...it's sharing time, again.**

**How should you share it?**

**Share it** with your friends (if you have any left), your colleagues, and your boss. Your boss will surely share your work now, since it makes them look good.

Get lots of input at each round and make it better.

**You've mapped the way to success. You're a genius, a superhero, *and* the new Magellan.**

# How's the view from the executive floor?

(You're probably spending quite a bit of time up there by now. Let's make sure nothing gets in the way.)

## PART 5 STRATEGIC MEASURES



# STRATEGIC MEASURES

What They're All About



As Sir Winston Churchill put it, “However beautiful the strategy, you should occasionally look at the results.”

**Measures help you understand if you're executing your strategy.**

## What makes a good measure?

- **Specific** – It clearly and precisely states what will be measured.
- **Measureable** – It is numerical and can be graphed.
- **Actionable** – Results can be easily interpreted and you know what actions to take to affect the measure.
- **Repeatable** – You can consistently gather information over time.
- **Timely** – You can measure it at an appropriate frequency.

Have you ever heard of a **SMART** measure? (Now you have.)

# STRATEGIC MEASURES

What They're All About



## What makes a good measure?

There's a bit more that goes into creating measures. Keep this in mind:

- You should not have more than 1-2 measures per strategic objective.
- You'll have two types of measures: "outcome measures" and "driver measures."

### **Outcome measures answer, "How would I know?"**

They are the measures tied to your Financial and Customer objectives.

### **Driver measures describe, "What we need to do well."**

They are the measures tied to your Product, Service, or Process and Learning & Growth perspectives.

# STRATEGIC MEASURES

Your Turn



## How will we measure success?

		Present	Future	Objective	Measure
WHAT WE'RE GETTING	Financial	<i>Inconsistent Cash Flow</i>	<i>Consistently making money</i>	<i>Increase revenue</i>	<input type="checkbox"/> Total Revenue <input type="checkbox"/> The % of revenue from top 10 products
WHAT WE'RE GETTING	Customer				
WHAT WE'RE DOING	Product Service Process	<i>Daily special of a single fruit</i>	<i>Diverse mix of organic and local fruits</i>	<i>Partner with local and organic produce suppliers</i>	<input type="checkbox"/> The number of organic farmers signed up
WHAT WE'RE DOING	People & Process				

# STRATEGIC MEASURES

Your Turn



You have all your measures in place for each objective. That's amazing! Now it's time to set targets. For example, if your measure is annual revenue, your target would be \$450,000 over three years.

## What kind of targets should you set?

Derived From Overall Mission	Benchmark Industry Leaders	Historical Performance	New Baselines
Based on revenue targets	Established standards	Process improvement	New Measures
Customer adoption assumptions	Published or industry studies	Customer/ Employee satisfaction	Innovative or pioneering work

Set a stretch target for 3 – 5 years into the future, then create annual and quarterly targets to match.

# STRATEGIC MEASURES

25

Document each measure and target (one objective per sheet.)

**Objective Name**

*Insert selected measure from measure worksheet:*

**Measure Name**

*Brief description (if needed) of the measure and what it should reveal:*

**Description**

*Is there a calculation required to report the measure?*

**Formula**

*How frequently should this measure be reported (monthly, quarterly)?*

**Periodicity**

*Who is the person or department to report on the measure and performance?*

**Owner**

*What level of performance do you expect?*

**Target(s)**

# STRATEGIC MEASURES

Your Turn



**You're done with four of the five parts, and you're steering this ship in the right direction.**

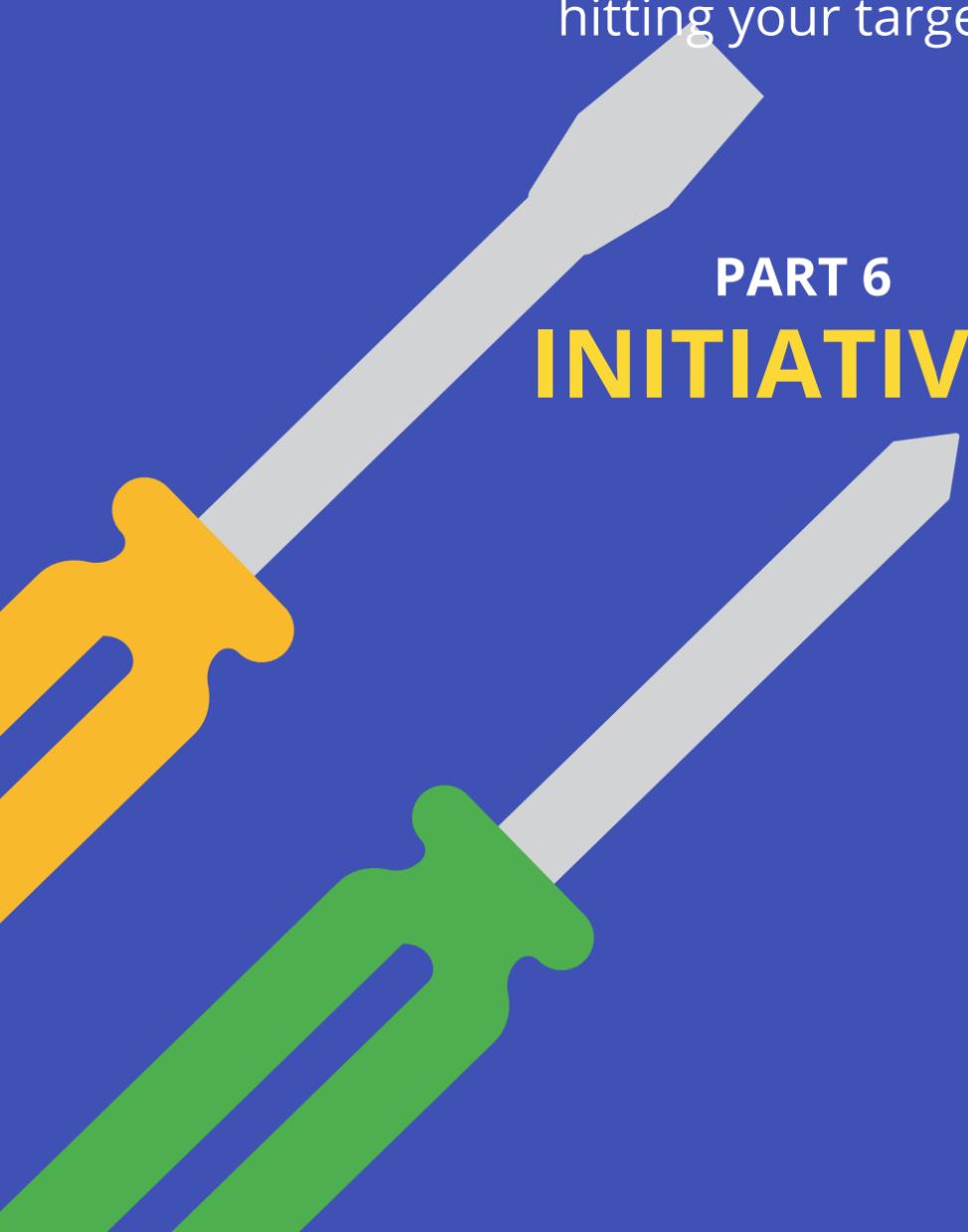
Here's a quick, friendly reminder to share it with your team and boss! (You can leave the friends out of this part).

If they don't like the measures, ask them to recommend a better measure, and make sure to look at all of the measures as a group (one measure alone won't explain your entire strategy).

**Carry on, you genius, superhero, Magellan-y captain.**

**You know where this ship is  
headed, Captain.**

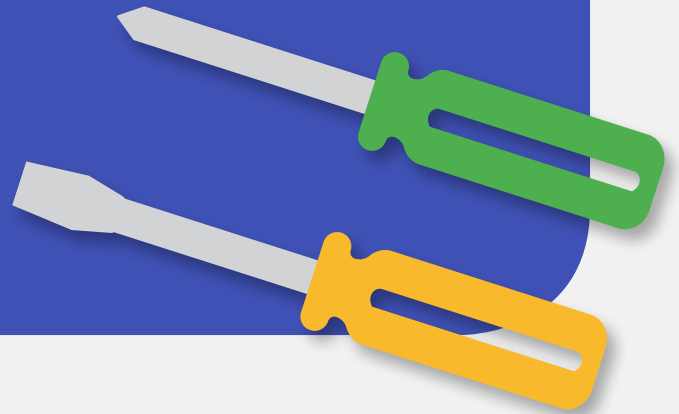
(But just in case, let's figure out what to do if you're not  
hitting your targets.)



**PART 6**  
**INITIATIVES**

# INITIATIVES

## What They're All About



Whereas objectives tell us what we're going to do to achieve our strategy, and measures tell us if we're on track, **initiatives tell us *how we will accomplish our objectives.***

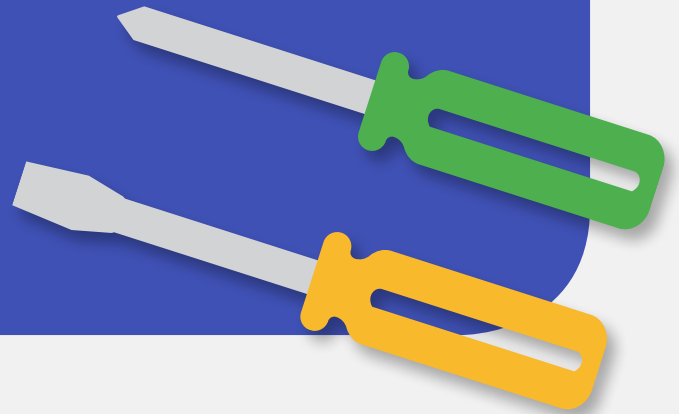
Subtle? Yes. Important? Oh yeah. "Measures vs. Initiatives" is one of the most confusing elements of the scorecard. Here's some clarity:

### You might be an initiative if (with apologies to Jeff Foxworthy):

- You have accountability at the leadership team level
- You have clearly defined start and stop dates
- You have progress milestones
- You have a budget
- You have real people working on tasks
- You're not "business as usual"
- You answer the question, "How will I get this done?"

# INITIATIVES

## What They're All About



It's time to welcome back Kosmo's! Let's check out what they've set up as an initiative.

### Change Agenda



What are we doing?

**Objective:** Partner with local and organic produce suppliers

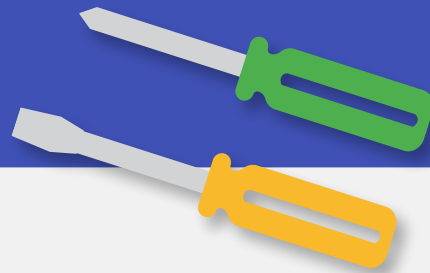
Are we doing well?

**Measure:** Number of organic farmers signed up

How are we going to close the gap?

**Initiative:** Local Hudson Valley farmer outreach and education program

# INITIATIVES



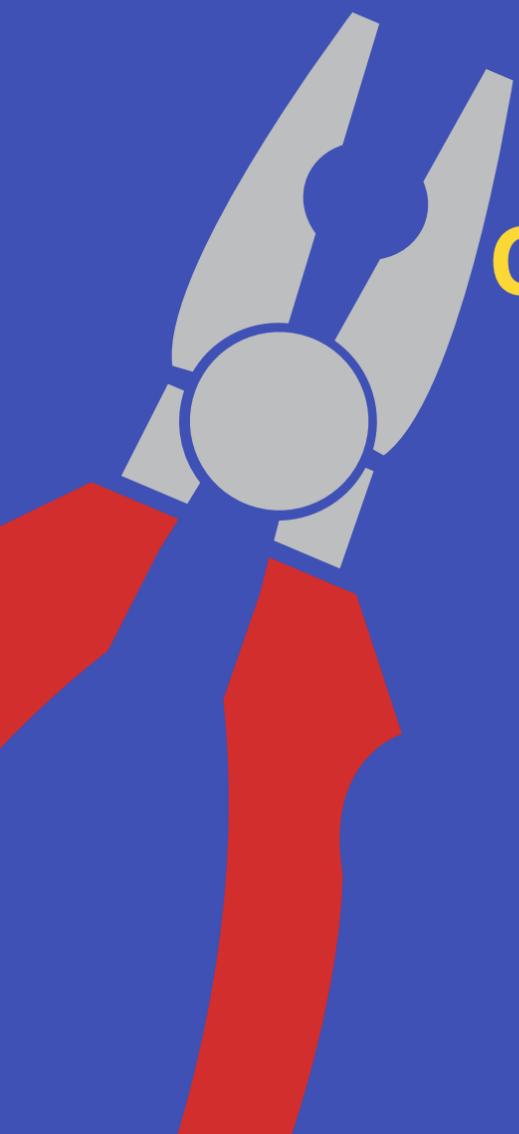
## How will we close the gap if we're falling behind?

Initiatives are typically tied to objectives at the bottom of the map.

	Present	Future	Objective	Measure	Initiatives
Product Service Process	Daily special of a single fruit	Diverse mix of organic and local fruits	Partner with local and organic produce suppliers	<input type="checkbox"/> The number of organic farmers signed up	Local Hudson Valley outreach program
People & Process					

**You are now the proud owner of a  
Balanced Scorecard.**

(It's up to you to stay humble, though. Your colleagues may start to bow. Let's wrap this up, shall we?)



**PART 7**  
**CONCLUSION**

# CONCLUSION

## And Your New Beginning

That was a lot of work, and we want to congratulate you for making it. You're about to take over the organization—in a good way, of course.

But, keep in mind that the Balanced Scorecard is the starting point, not the end. Now it's time to get to work on your initiatives, track your progress, and communicate the results around the organization. Good luck! We believe in you. If you ever need help, just reach out to us at [info@clearpointstrategy.com](mailto:info@clearpointstrategy.com).

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