

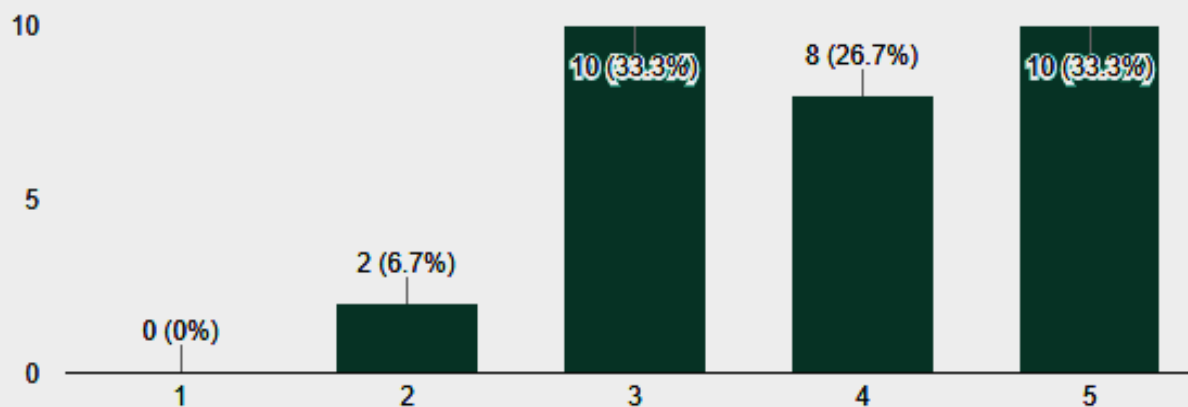
STRATEGY MANAGEMENT RESEARCH STUDY

STRATEGY PERFORMANCE MANAGEMENT SUMMIT 2017

Fort Lauderdale, Florida, USA

1. Our leadership team has a strong focus on strategy and execution. They live the strategic plan and try to fit all conversations and meetings into that framework. We constantly talk about our goals and look to improve our performance compared to others. Many people are excited about our plan because leadership is heavily involved. It is easy to ask people to work on strategic projects because they know it is a focus of leadership.

(30 responses)



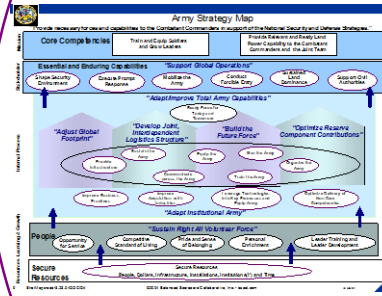
EXECUTIVE CONSENSUS AND ACCOUNTABILITY

Building the strategy map eliminates ambiguity and clarifies responsibility.

EDUCATE AND COMMUNICATE

Communicate and educate the workforce about the strategy.

STRATEGY



MAP

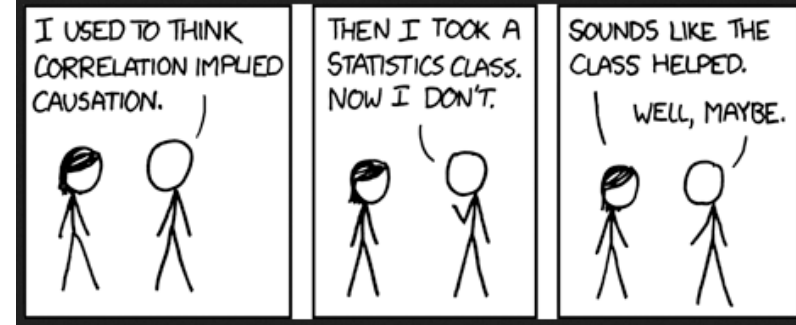
CREATE ALIGNMENT

Each part of the organization and each individual link their objectives to the strategy map.

FEEDBACK AND LEARNING

Monitor and guide the strategy

Correlations between selected best practices



➤ The active engagement of internal stakeholder groups are key for sustainable project success

Only 37 projects (out of 155) enjoyed the favorite condition to be equally supported by all 3 critical stakeholder groups: Leadership, OSM/Project team and Middle Management.

However 90% of these projects achieved superior results!

➤ Disposition for and competencies in 'Change Management' (Org. Culture) is an important precondition for efficient project implementation

Almost 90% of projects being executed in Organizations with readiness and enthusiasm for 'Change' are efficient in project execution and successful in achieving the expected results!

➤ A strong and visionary leadership is the main driver for the formulation of **challenging** Strategies/Visions

From the 14 projects which defined a strong change Strategy/Vision most (12) had been supported by an patronizing and engaged leadership

SUCCESSFUL EXAMPLES

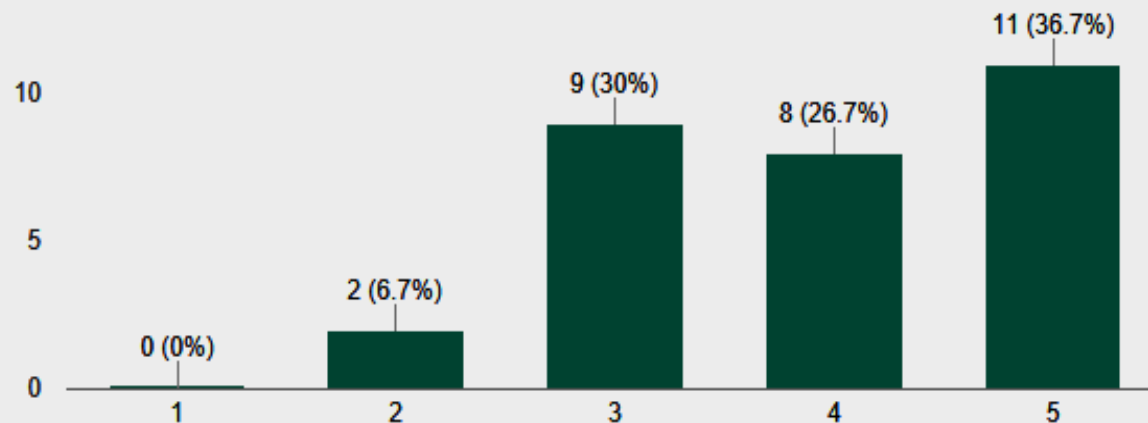


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2. We have an organized way to view our strategy. We have a clear set of goals or objectives and a common set of measures. We may or may not use a strategy map, but there is no doubt what our top 5 priorities are in our organization, and we know if we are making progress in achieving these because we have a scorecard that we communicate out across the organization and to our external stakeholders.

(30 responses)



The Strategy Map and Balanced Scorecard translate the strategy statement into action

Southwest Airlines: "To remain the most profitable US-based airline by offering price-sensitive travelers who value convenient flights the speed of airline travel at the price, frequency, and reliability of cars, buses and trains."

Strategy Map		Balanced Scorecard		Action Plan	
Theme: Operating Efficiency	Objective	Measurement	Target	Initiative	Budget
	<ul style="list-style-type: none"> Profitability Grow revenues Fewer planes 	<ul style="list-style-type: none"> Market Value Seat Revenue Plane Lease Cost 	<ul style="list-style-type: none"> 30% CAGR 20% CAGR 5% CAGR 		
	<ul style="list-style-type: none"> Flight is on-time Lowest prices Attract and retain more customers 	<ul style="list-style-type: none"> FAA On-Time Arrival Rating Customer Ranking # Repeat Customers # Customers 	<ul style="list-style-type: none"> #1 #1 70% Increase 12% annual 	<ul style="list-style-type: none"> Customer Loyalty Program 	<ul style="list-style-type: none"> \$XXX
	<ul style="list-style-type: none"> Fast ground turnaround 	<ul style="list-style-type: none"> On Ground Time On-Time Departure 	<ul style="list-style-type: none"> 30 Minutes 90% 	<ul style="list-style-type: none"> Ground Cycle Time Project Quality Management 	<ul style="list-style-type: none"> \$XXX \$XXX
	<ul style="list-style-type: none"> Ground crew aligned with strategy Develop the necessary skills Develop the support system 	<ul style="list-style-type: none"> % Ground Crew Stockholders Strategic Awareness Strategic Job Readiness Info System Availability 	<ul style="list-style-type: none"> 100% 100% Yr 1 - 0% Yr 3 - 90% Yr 5 - 100% 100% 	<ul style="list-style-type: none"> ESOP Ground Crew Training Crew Scheduling System Rollout CRM System 	<ul style="list-style-type: none"> \$XXX \$XXX \$XXX \$XXX
				Total Budget	\$XXXX

Communicate

Measure

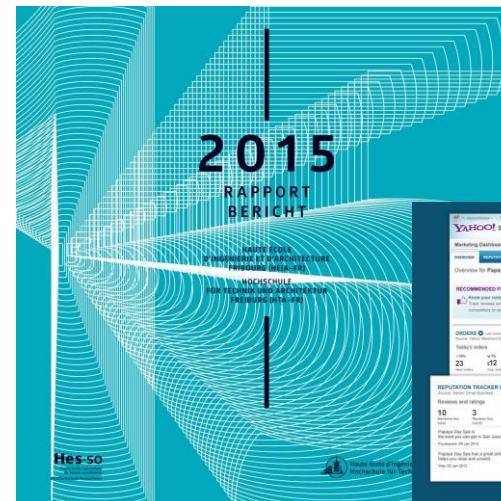
Execute

SUCCESSFUL EXAMPLES

المجلس التنفيذي
THE EXECUTIVE COUNCIL

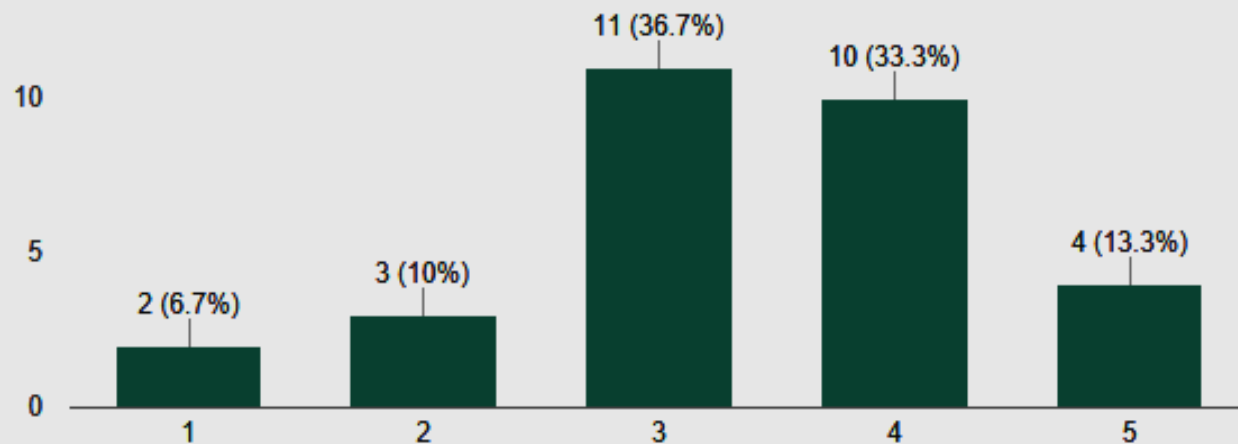


simply 
MUNICH

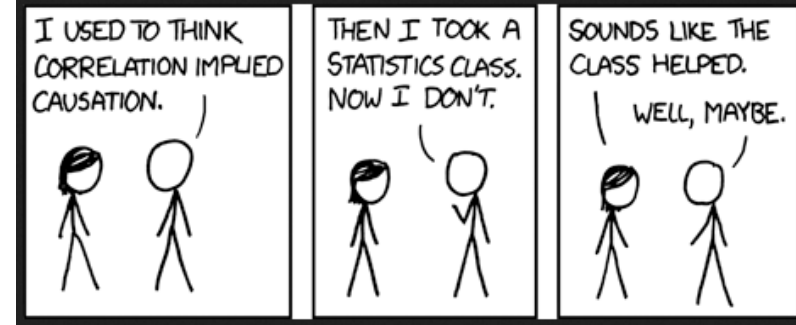


3. Our organization, while complex, is completely aligned. We can see how our department links to the enterprise goals, and we know how other, unrelated departments contribute as well. We share resources when the needs are presented, and we work together to contribute to the overall strategy.

(30 responses)



Correlations between selected best practices



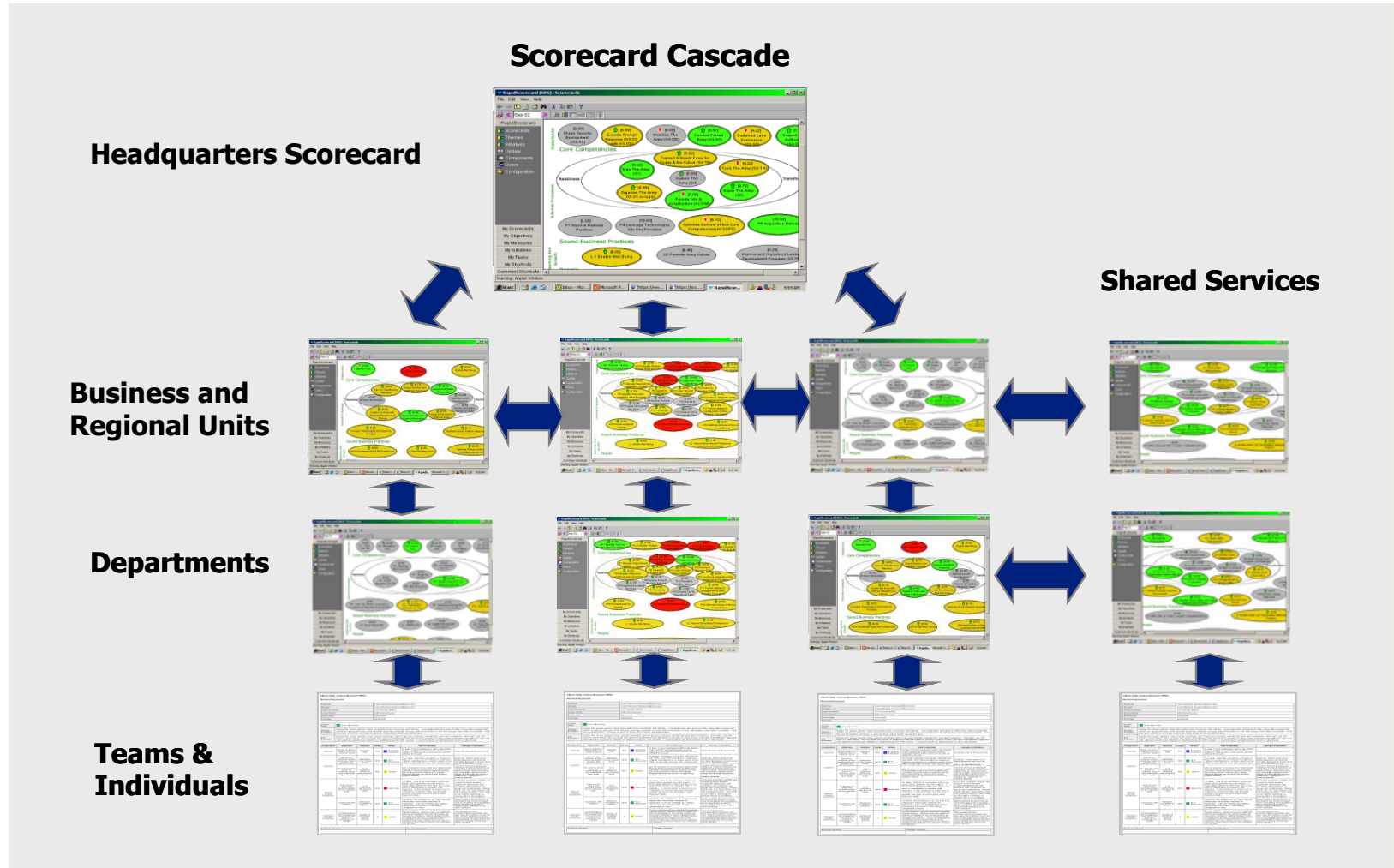
- Effective strategy communication increases the chance to engage Middle Management in the implementation process

The vast majority (> 80%) of projects which enjoyed intensive communication efforts had no problems with lacking capabilities or motivation of its Middle Management (the most cited implementation barrier!)

- Without an engaged Middle Management positive project results will be hardly achieved

If Middle Management does not have the necessary discipline/motivation or capacitation less than 20% of projects in such organizations are delivering the expected results

Enterprises Require Vertical and Horizontal Alignment

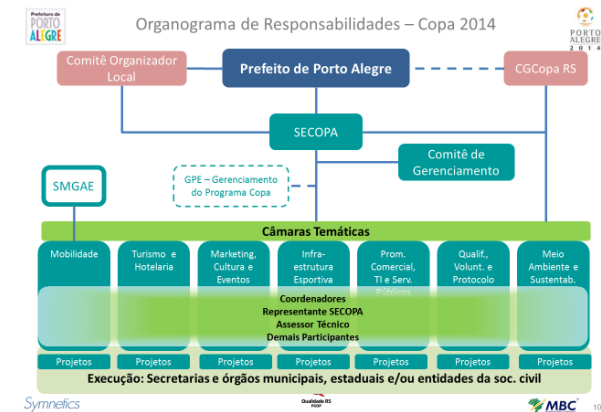
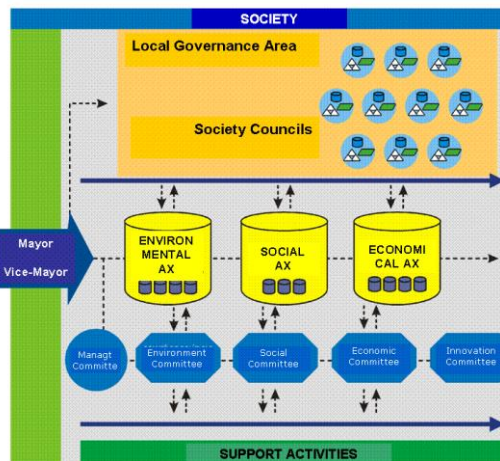


SUCCESSFUL EXAMPLES



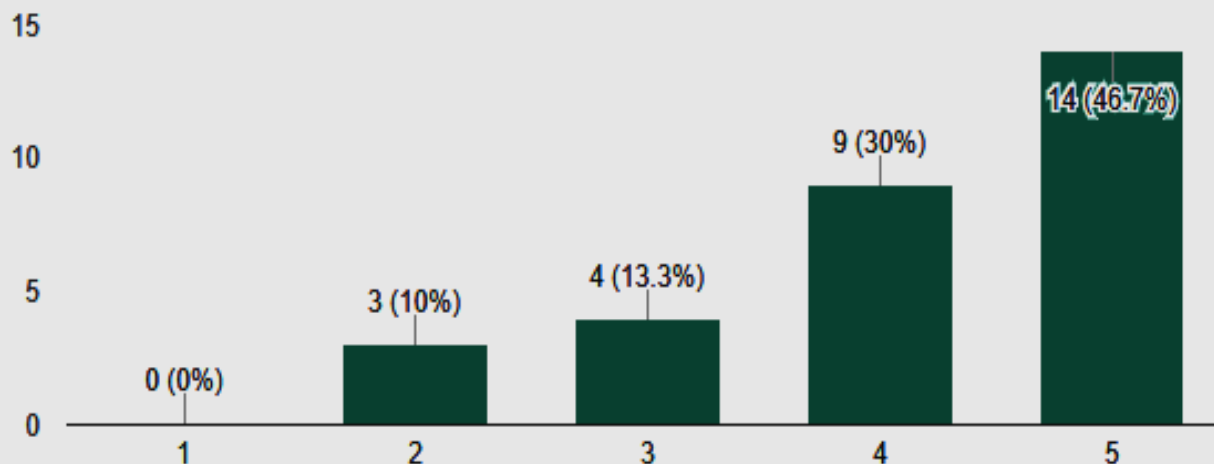
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GOVERNMENT SYSTEMIC VISION



4. I know my role, and can see how my actions contribute to the overall strategy. What I do on a daily basis clearly helps my division and contributes to the overall success of our organization. My performance review reflects my contribution to the overall performance of the organization.

(30 responses)



Personal Scorecards

Scorecard Targets

	June 07	2006 YE	07 Target	Year End
People				
OSHA Index	1.70	1.24	1.76	●
MVA	33	85	68	●
Availability-Illness	96.1%	96.3%	96.5%	●
Customer				
CAIDI	70.88	66.44	70.00	●
BPU/Exec Inquiries	98	350	266	●
Operations				
SAIFI	.34	.69	0.70	●

Above Target ● At Target ● Below Target ●

Income



Payout

Bargaining unit employees "own" key measures and are mindful of the "results"

Note: Illustrative data only

SUCCESSFUL EXAMPLES

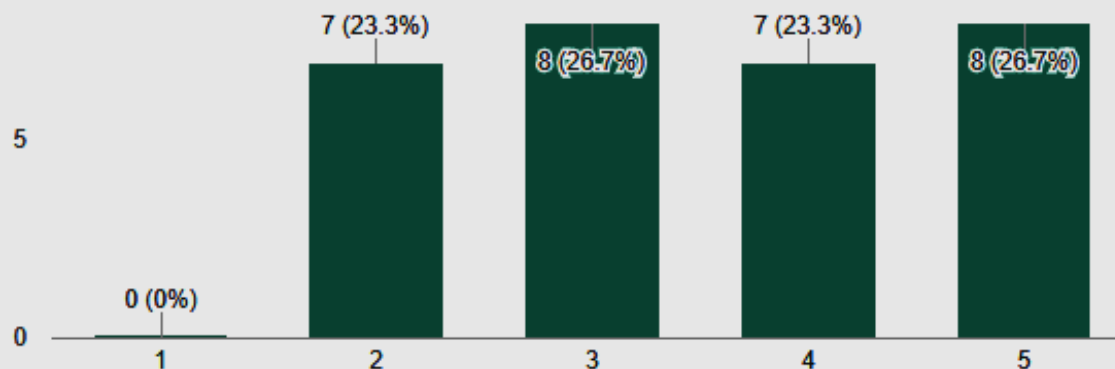


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5. We manage our strategy extremely well. We have clear accountability and have leadership meetings on a monthly and quarterly basis to review our progress in executing our strategic plan. The meeting is well attended (mandatory) by our leadership, and results from these meetings are talked about throughout the organization. We make adjustments to projects and our budget throughout the year. We rarely have to stop projects or accelerate spending based on budget dates, but we do stop or accelerate projects based on strategic opportunity.

(30 responses)



The leadership team uses the BSC to review performance, examine strategic initiatives, make informed decisions, and assign accountability.

Use of a BSC Report in Strategy Review Meetings

1

Agency Strategy Map

How will you use these for budget development by affecting our customers' World Class Services to ensure the safe operation of their places?

Stakeholders: Be involved in an effective, efficient, safety-oriented agency.

Business: Advance Safety Policy, Increase Safe Road Operations, Safety Training Results

Internal: Environmental Results, Regulatory, Identify Adverse Trends, Increase Safety Score, Monitor Field of Negligence, Increase Customer Satisfaction, Increase Customer Retention

Learning & Growth: Assess the Impact, Increase Business Development

2

I03 Identify Adverse Trends

Owner: Stefan Lanfer

Service Related Complaints

Performance Analysis: Without a quality assurance program our customer service has been below average. Customer satisfaction is very poor because we have not monitored quality or implemented a customer service tracking service.

Recommendations: Implement customer service tracking program. This will ensure a quick response time and guarantee that customers are treated properly. Customers are number one, without them we have no business.

4

K01. Implement CRM Program

Initiative Owner: John Stein

Duration: 11 Months

Objectives Impacted: I01. Continually analyze customer profitability, I03. Continually improve customer service

Comments: Overall, we're on track here. There have been some delays in getting a final recommendation, which pushed funding allocation back, due to the fact that we're still waiting to see two solutions, but this is expected to be resolved this week, and not affect the implementation timeline overall.

6

Table with 5 columns: Milestone / Task, % Complete, Start, End, Respons.

Milestone / Task	% Complete	Start	End	Respons.
Compile Requirements Document	100	01-01-2006	02-15-2006	Chevy Ref
Evaluate Solutions and Make Recommendation	95	02-15-2006	04-01-2006	CRM Te
Budget and Pay for system	85	04-01-2006	04-15-2006	
Implement System and Launch Pilot Program	15	05-01-2006	07-01-2006	Jill

7

Form with fields: Objective, Discussion/Update, Recommendations/Required Actions, Person(s) Responsible, Due Date, Priority (A, B, C), Action Item Detail

Objective:

Discussion/Update:

Recommendations/Required Actions:

Person(s) Responsible: Due Date: Priority (A, B, C):

Action Item Detail:

- Identify Performance Issues:
- 1 Focus on the performance of objectives NOT measures.
- Analyze Objective Performance:
- 2 What are the measures telling us? Are the measures driving change and adding focus?
- 3 What are the root causes of what's occurring? What are the expectations for the future? And, are current initiatives sufficient to close the performance gap?
- 4 Are initiative on track to deliver expected value? If not, why and what can be done to remedy issues?
- 5 What action steps – including additional or different initiatives - are required to improve performance going forward?
- Take Action:
- 6 Discuss and agree on how to remedy issues.
- 7 Assign accountability to ensure decisions are implemented.

ILLUSTRATIVE

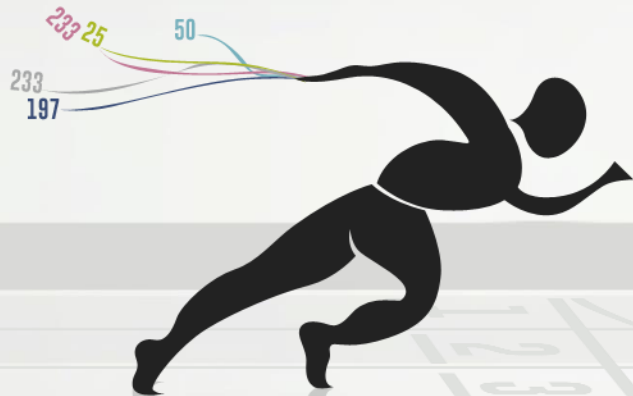
SUCCESSFUL EXAMPLES



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30:21 30:18 30:12



IF ALL GOES WELL....



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strategy&results



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IF ALL GOES WELL...?

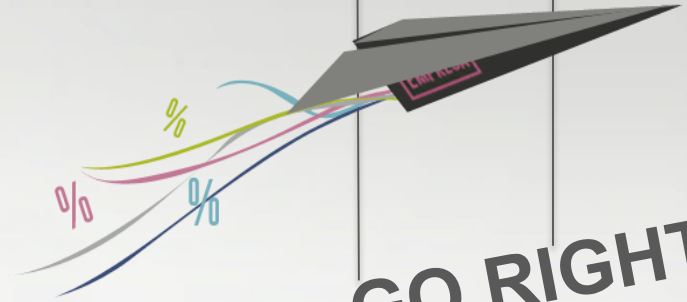




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EXECUTION





GO RIGHT

**WE WOULD LIKE TO BE BY YOUR SIDE
FOR EVERYTHING TO GO RIGHT**

BEING BY YOUR SIDE



DNA



STEPS



VALUE

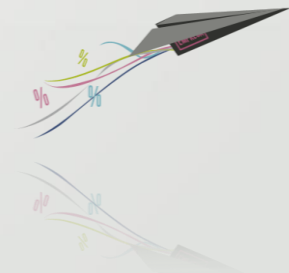
VALUE



EVOLVE



SUSTAIN



WHAT TO DO

HOW TO DO IT

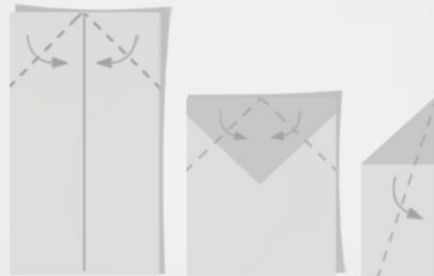
DO IT

STEPS

STRATEGY FORMULATION



EXECUTION MANAGEMENT



SUPPORT OPERATIONS



DELIVERABLES

- Future Scenarios
- Vision & Strategic Directions
- Strategic Positioning
- Growth, Development, Innovation & Operational Excellency Strategies
- Strategic Design of Initiatives on Business Models, New Products, Services, Channels, Platforms, etc..

- Strategic Alignment
- Strategy Governance
- Management of Strategic Risk
- Project Execution

- New Operational Performance Maturity Level
- Incubation and Accelerated Innovation Projects
- Planning and Management of Strategic Projects
- Cultural Transformation & Change Management

AND YOU?



POSSIBLE CHALLENGES

New Business
Entry or Exit

Positive Social
Contribution

Channel
Development

Optimization of
the Public
Resource
Allocation

Alignment of the
Business Units ,
and the Support
Units (IT; FI; HR..)

Supply Chain
Integration

Align Human
Capita with
the Strategy

To Reach Fiscal
Balance



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700

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