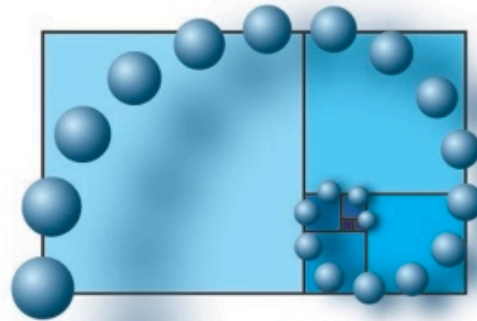


The Total Strategy Execution Platform

Seeing the System of Capabilities



Strategy **2** Reality

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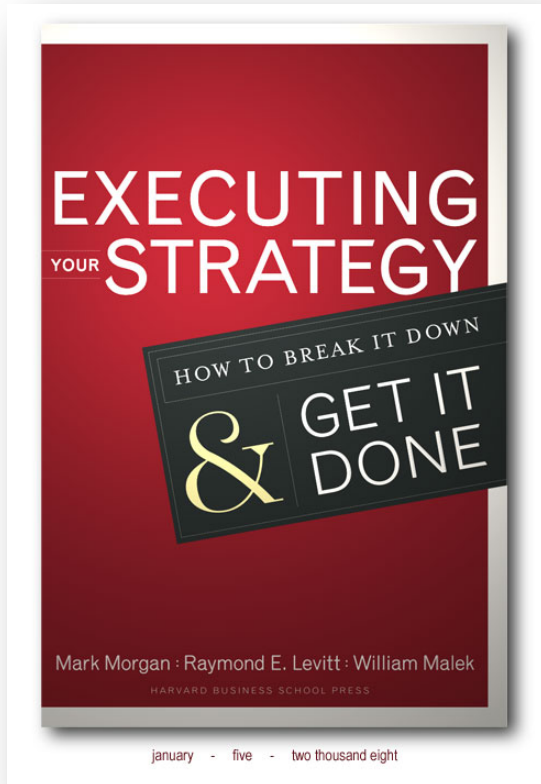


Overview

- **Leaders are pressured these days to sustain high-performing organizations in times of unprecedented change. Unfortunately most of us have learned to manage an organization by managing its separate pieces but this way always causes sub-optimization.**
- **Organizations are systems that people work in. Leaders must explore a “systems thinking” perspective on how people can be motivated to perform when the systems are designed well and what happens when they are not. Only changing the thinking can solve the problem.**
- **Getting the desired employee mindset means viewing our organizations as adaptive systems in which goals are aligned with the reality of the organization's super-system, processes are aligned to meet customer expectations and organizational goals, and roles are aligned to perform the required tasks of the processes. Most importantly people are aligned and leadership is doing the aligning.**

The Strategic Execution Framework

A book written about how strategy is executed in an organization.



Based on an Executive Education Program at Stanford University called Advanced Project Management and published by Harvard Business School Press.

I will have some BIG words today!

- I will help you place some of these key words into an organizational context
- We will not get into the details on how you do this!
- Many sessions here to explore more details!

Management Systems Defined

Management systems:

The integrated and coherent system of people, processes, tools, policies, information and beliefs leveraged by the organization to enable the achievement of its goals.

An Integrated System of Systems

**Marketing
Systems**

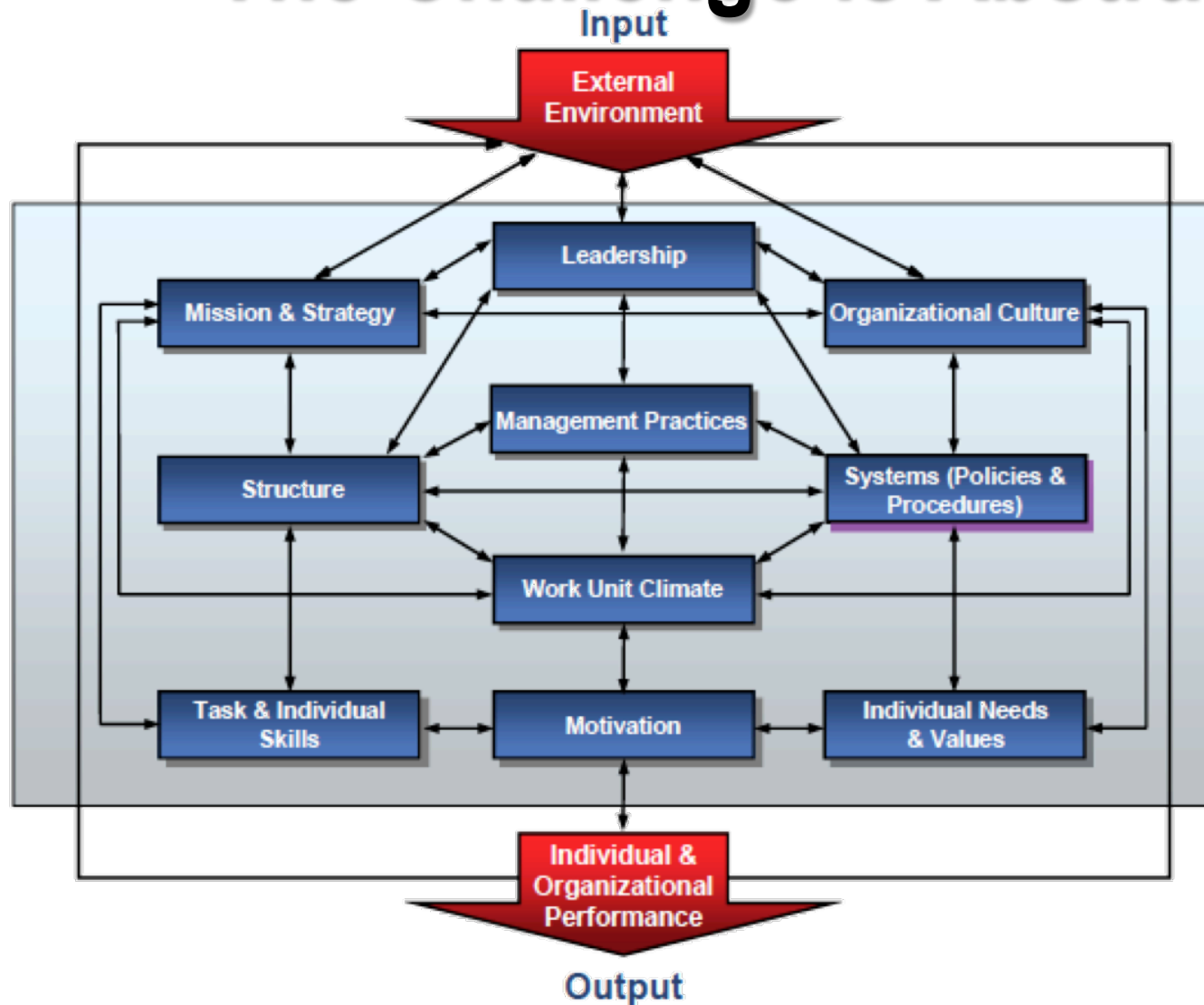
**Strategy
Systems**

**Portfolio
Systems**

**Performance
Systems**

**Process
Systems**

The Challenge is Abstraction



- Most organizational change is driven by environmental impact.
- Boxes indicate primary variables affecting organizational performance.
- Arrows indicate critical linkages.
- A change in any variable will ultimately affect every other variable.
- Higher level variables have greater weight in effecting organizational change.

An Organization is like a Bridge

- http://www.youtube.com/watch?v=ESTJCQpGW3Q&feature=youtube_gdata_player

A System of Systems

**Marketing
Systems**

**Strategy
Systems**

**Portfolio
Systems**

**Performance
Systems**

**Process
Systems**

Marketing Systems

Market View

Customer

Product/
Service Vision

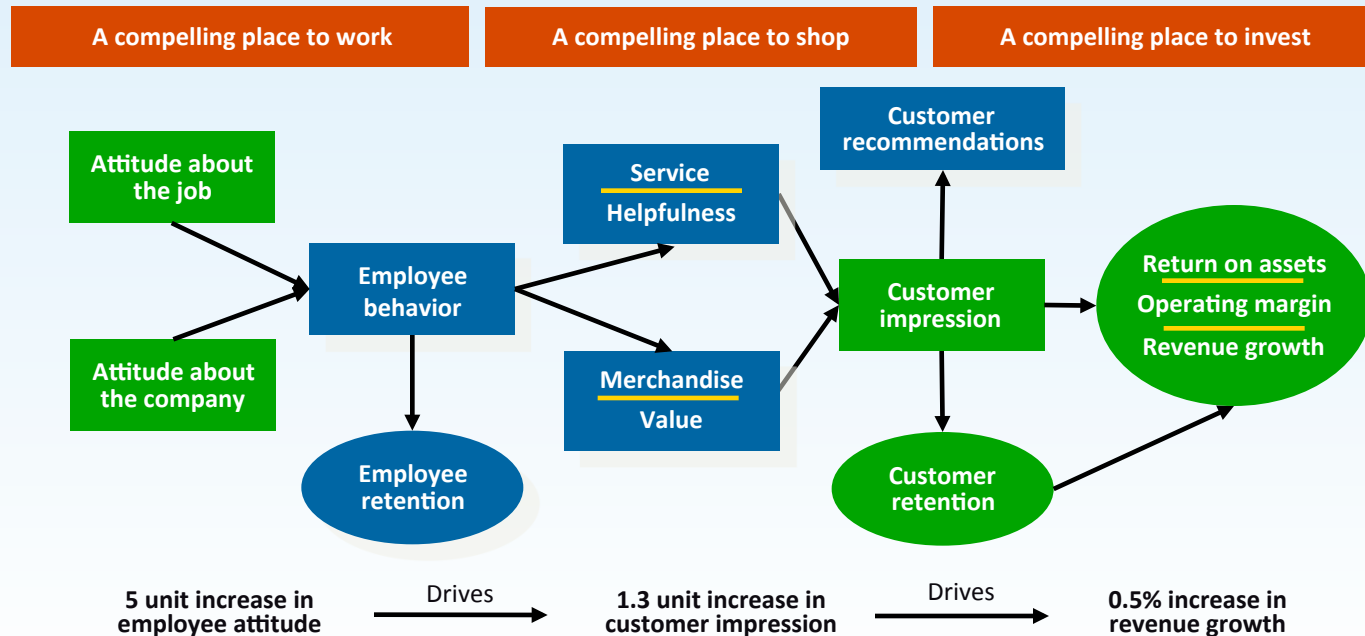
Product Line/
Service

Product/
Services

Market View

- **Key System Capabilities**
 - Linking Market Research and Customer Feedback to R&D and Strategy Development
 - Value Chain Visualization and Mapping
 - Product/Service Development and Improvement
- **Enablers**
 - Performance Data (internal and external)

Sears Roebuck's Employee-Customer Profit Chain



Source: Adapted from *Harvard Business Review*, Jan.–Feb. 1998

Strategy Systems

Strategy View

Mission
(why)

Vision
(where)

Goal-Metric
(what, target)

Strategy
(how)

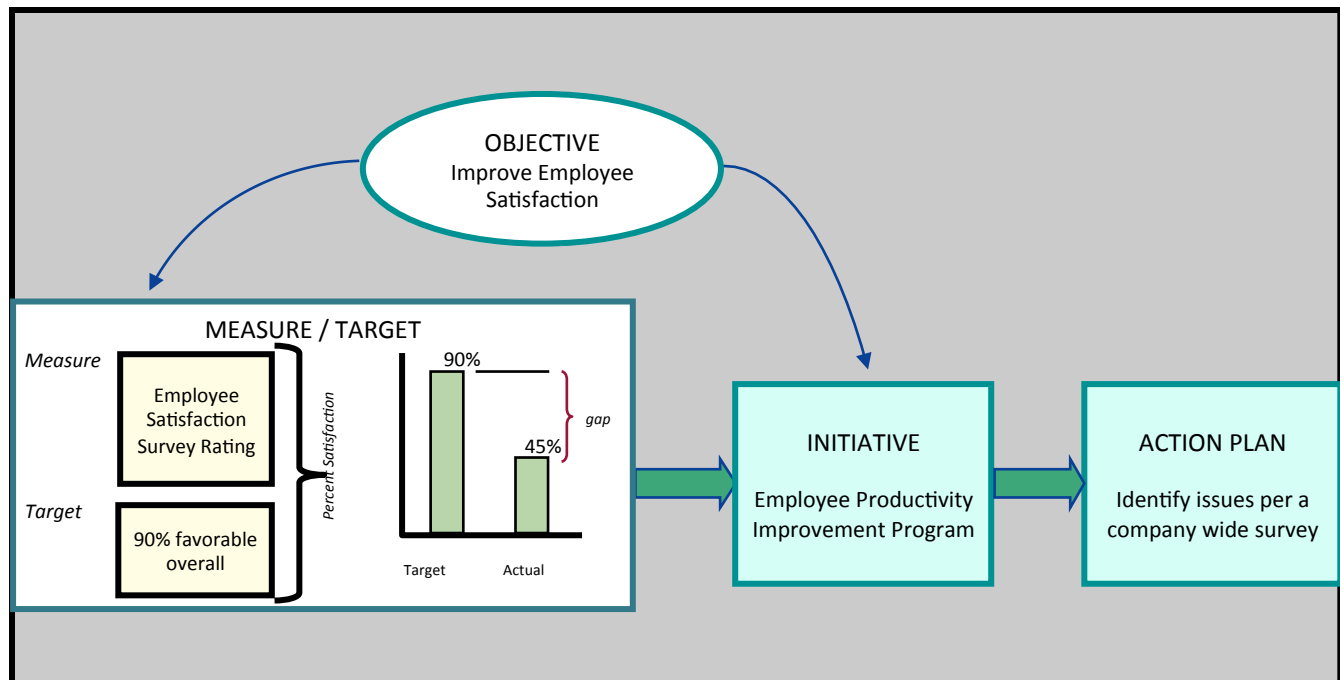
Program
Portfolio
(projects)

Strategy View

- **Key System Capabilities**
 - Goal Setting and Cascading (Expectation Management)
 - Goal/Performance Management
 - Strategy Translation to Initiatives/Projects
- **Enablers**
 - Strategic Leadership
 - Performance Data
 - HR Systems (Recruitment, Workforce Planning)

Sanity Check . . .

Make sure everything is linked and connected for a tight end-to-end model for driving strategic execution.



Portfolio Systems

Portfolio View

Guiding
Principles
(values)

Defined
Stakeholders
Outcomes

Value Creating
Processes/
Activities

Execution
Capabilities

Critical Issues &
Assumptions

Decision Quality

Policy

Strategy
Execution
Office (who)

Portfolio View

- **Key System Capabilities**
 - Resource Planning and Allocation
 - Project Portfolio Prioritization
 - Risk Management
 - Financial Management
 - Decision Processes
- **Enablers**
 - Strategic Leadership
 - Project Execution Performance Data (Actual and Targets)

Decision Rights - RACI

Decision-Governance Level	Type of Decisions Addressed	Decision Roles	Strategy Execution Decision Governance														
			Short-Term Program														
			Initial Phase (Biz Commit)					Interim Phase (Concept Commit)					Final Phase (Execution Commit)				
			Decision A	Decision B	Decision C	Decision D	Decision E	Decision A	Decision B	Decision C	Decision D	Decision E	Decision A	Decision B	Decision C	Decision D	Decision E
Executive Leadership - Managing Directors	- Cross-Bio Unit Impacts - Resource (\$ and people) allocation at Biz Unit Level - Change In strategy - Major change in scope - Changes in Strategic Risk - Escalation from the Regional Managing Sponsor - Organizational change	- Identify and recruit Regional Managing Sponsor - Appoint additional leadership as required - Approve major capital expenditures - Provide Enterprise-level strategy and direction	I	A	A	I	I										
Regional Managing Sponsor - Senior staff person to be identified and appointed	- Scope change within current strategic direction - Resource allocation within Program - Strategic program level issues and risks - Escalation from Senior Managing Leader(s)	- Recommend organizational change - Champion the initiative across Biz Units - Load collaboration across Biz Units - Plan appropriate resources for the program - Implement and support policies - Load implementation of the Strategic Plan	A	R	C	I	I										

Process Systems

Process View

Business
Area Goals

Process

Sub-Process

Tasks
(how, when)

Work
(outputs)

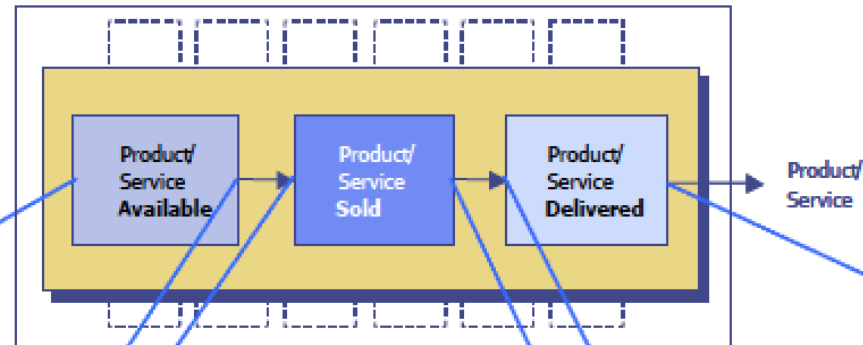
Process View

- **Key System Capabilities**
 - Process Design and Mapping
 - Process Performance Criteria
 - Continuous Process Improvement
- **Enablers**
 - Job Design

Primary Core Processes

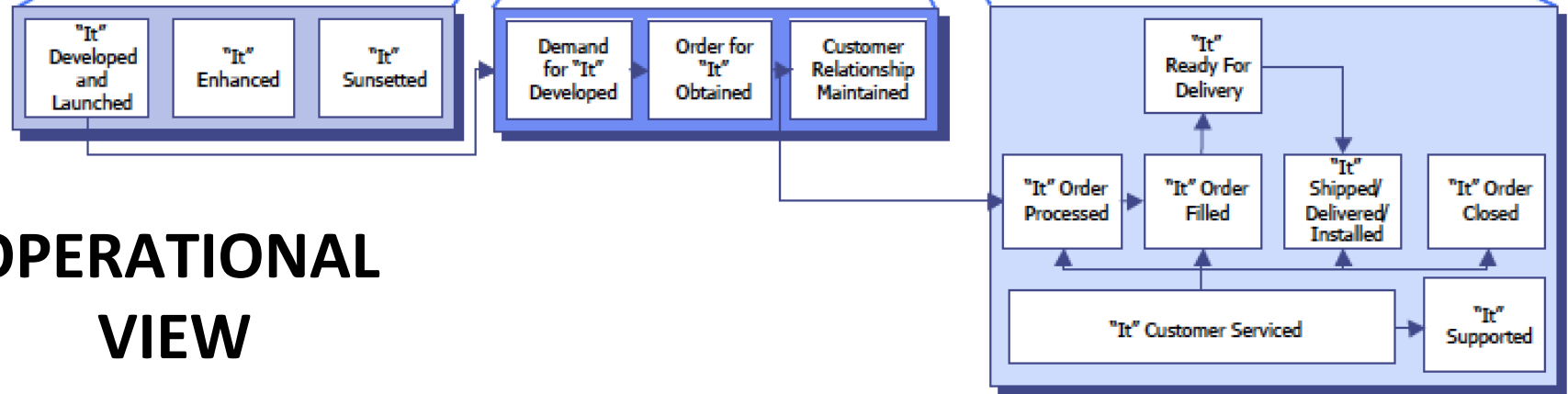
Value Creation System

STRATEGY VIEW



Level 1 – Primary Processes
(3-8 Step Process)

OPERATIONAL VIEW



Performance Systems

Performance
View

Outcomes

Objectives
for In and On

Metrics &
KPIs

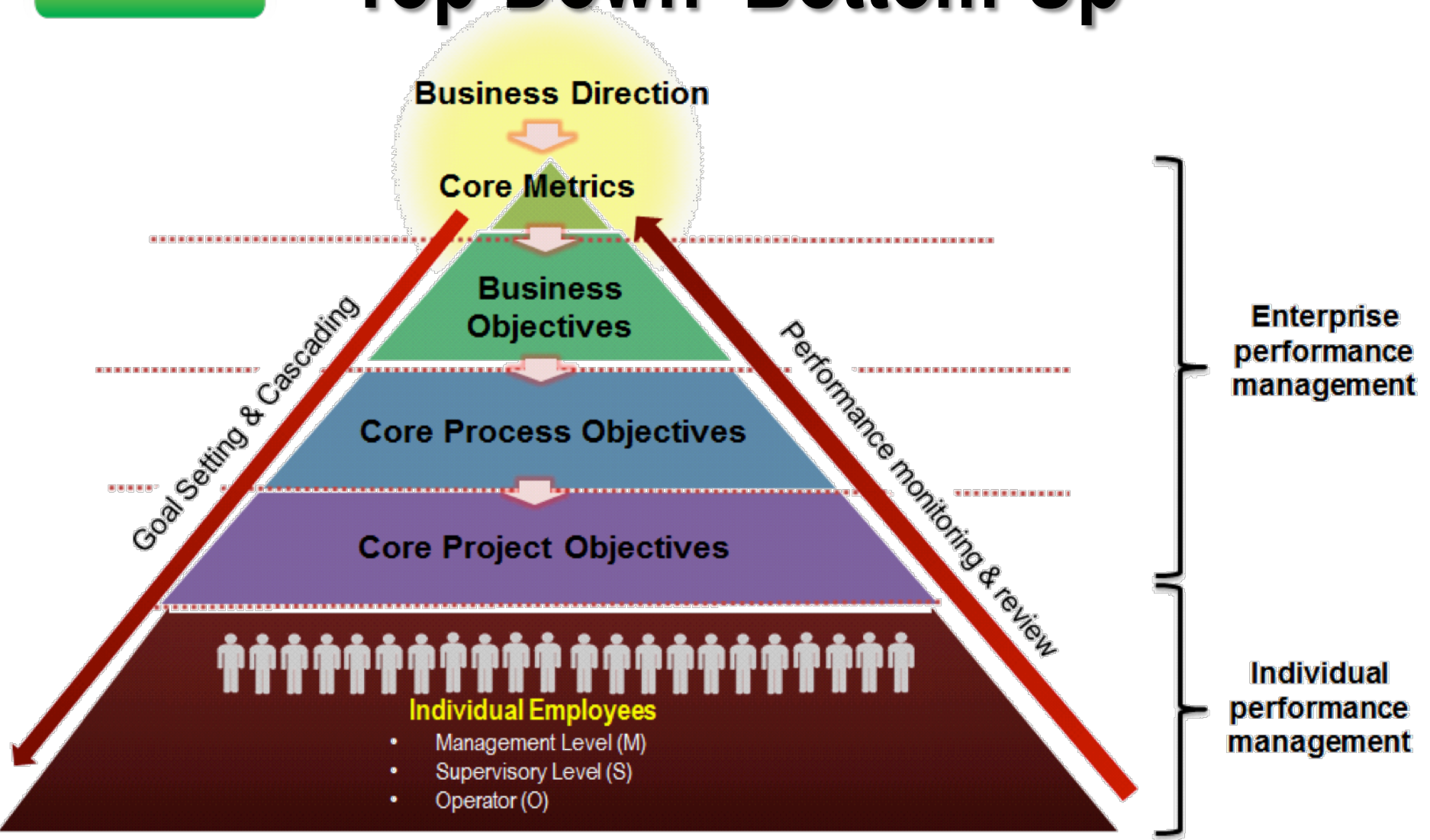
IDPs & Dash

Performance View

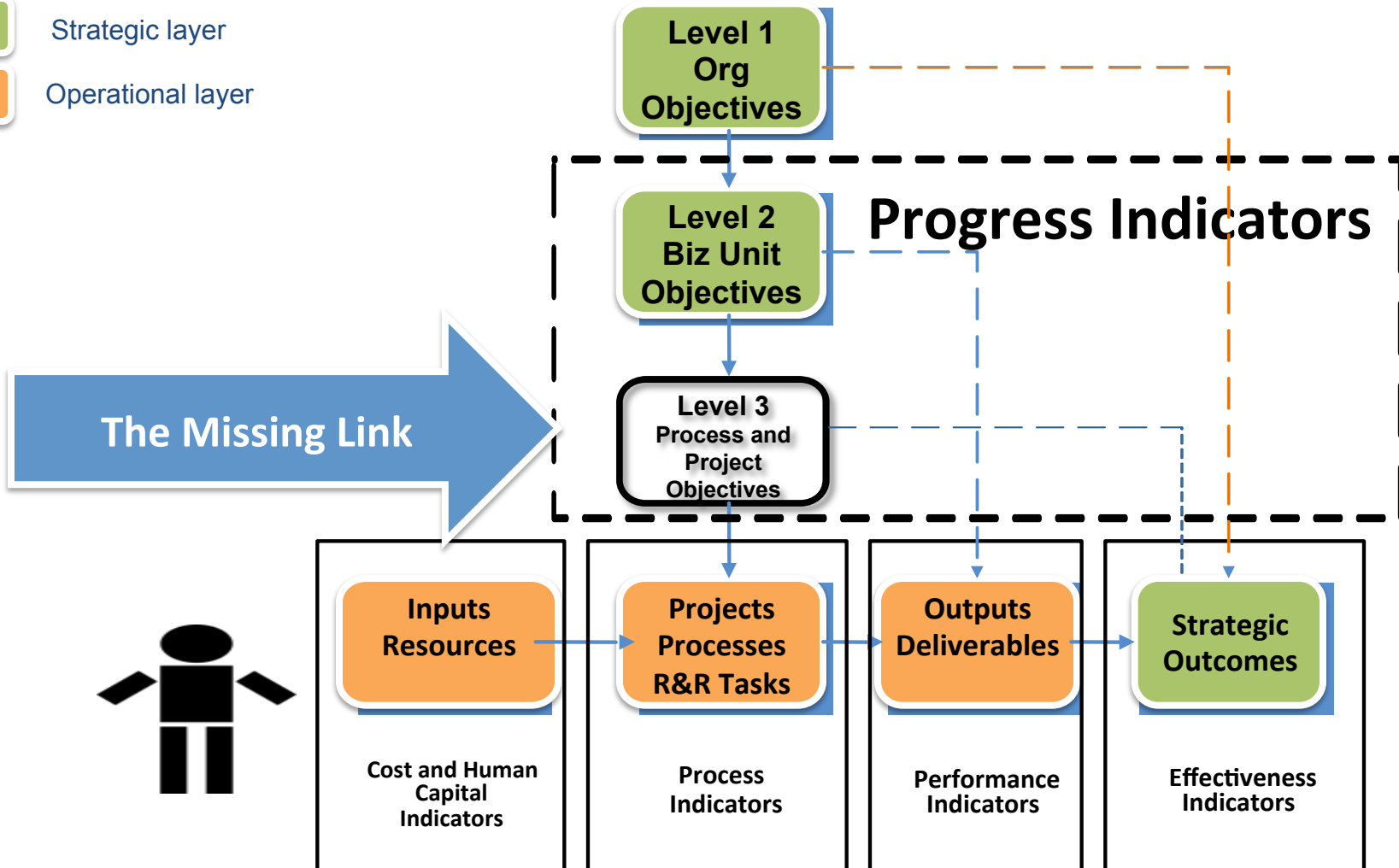
- **Key System Capabilities**
 - Performance KPI Design/Goal Cascading
 - Performance Management Tracking and Feedback
 - Information Management Systems
- **Enablers**
 - Leadership and Management Dashboards
 - Process Performance Data
 - Individual Career Development Plans
 - Learning and Development

Performance
View

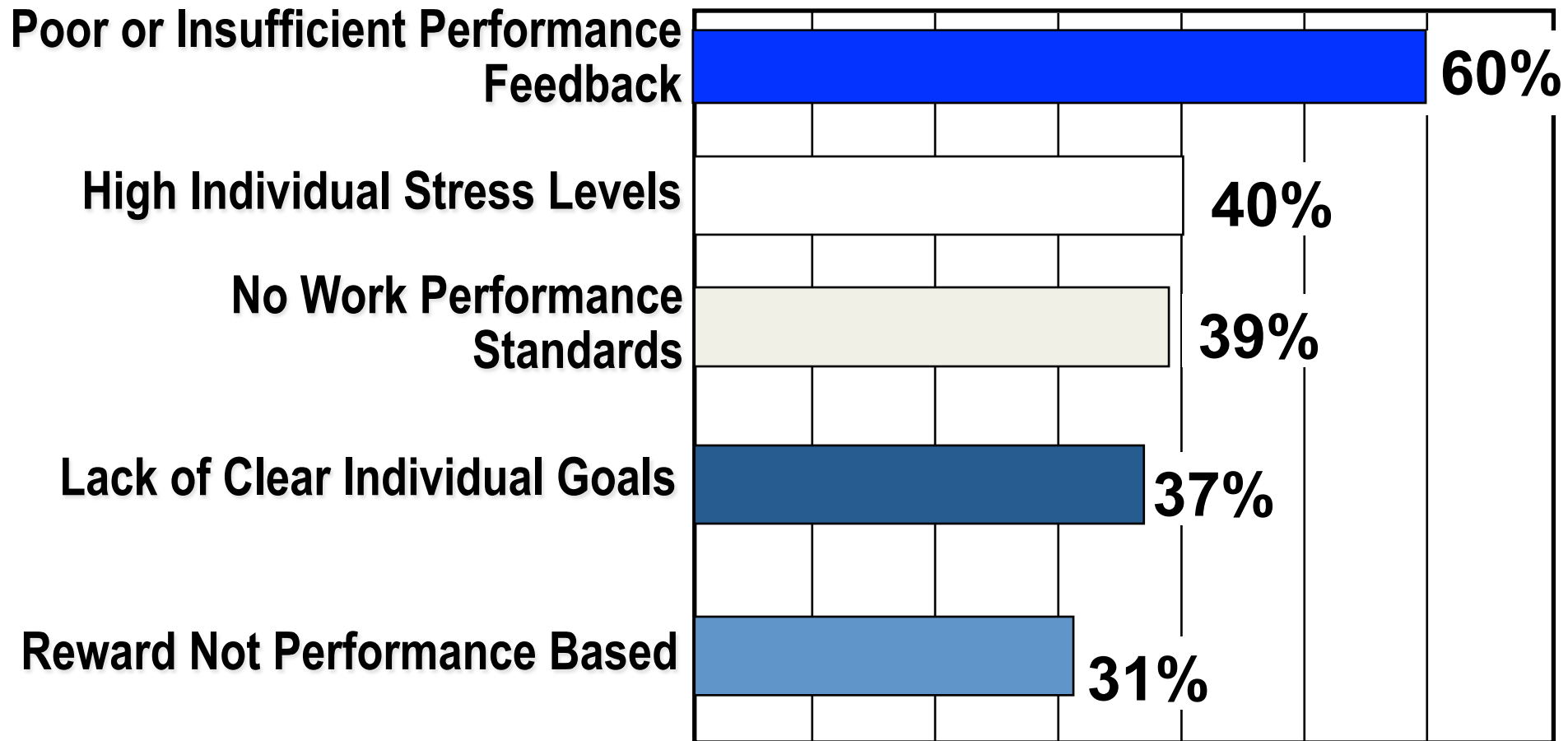
Top-Down Bottom-Up



Cascading Objectives/KPIs



Primary Causes for Low Performance



A System of Systems

**Marketing
Systems**

**Strategy
Systems**

**Portfolio
Systems**

**Performance
Systems**

**Process
Systems**

The Total Execution Platform

(Strategic) Performance Management System
(Financial, Customer, Operations, People)

**Marketing
Systems**

**Strategy
Systems**

**Portfolio
Systems**

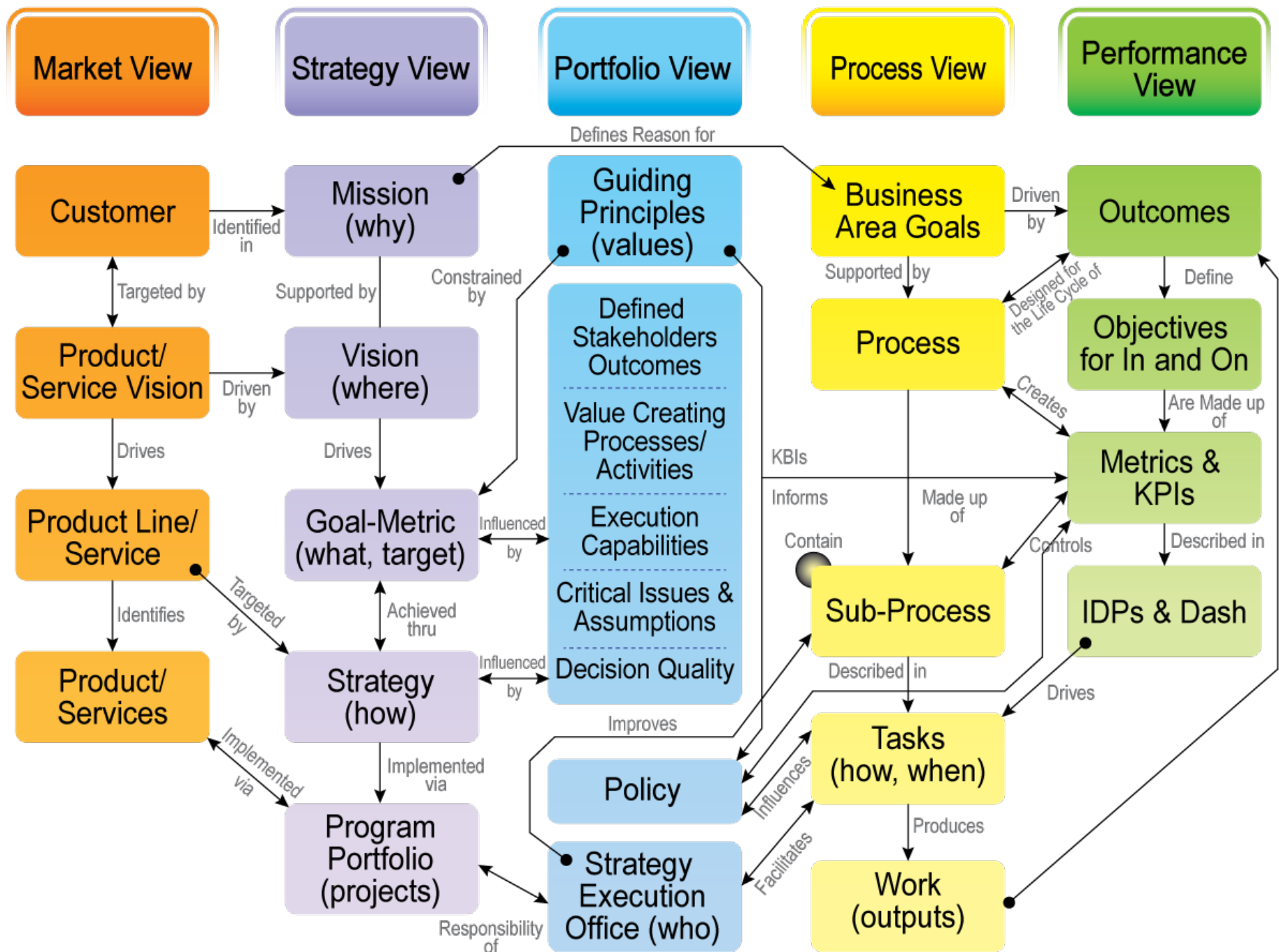
**Process
Systems**

People

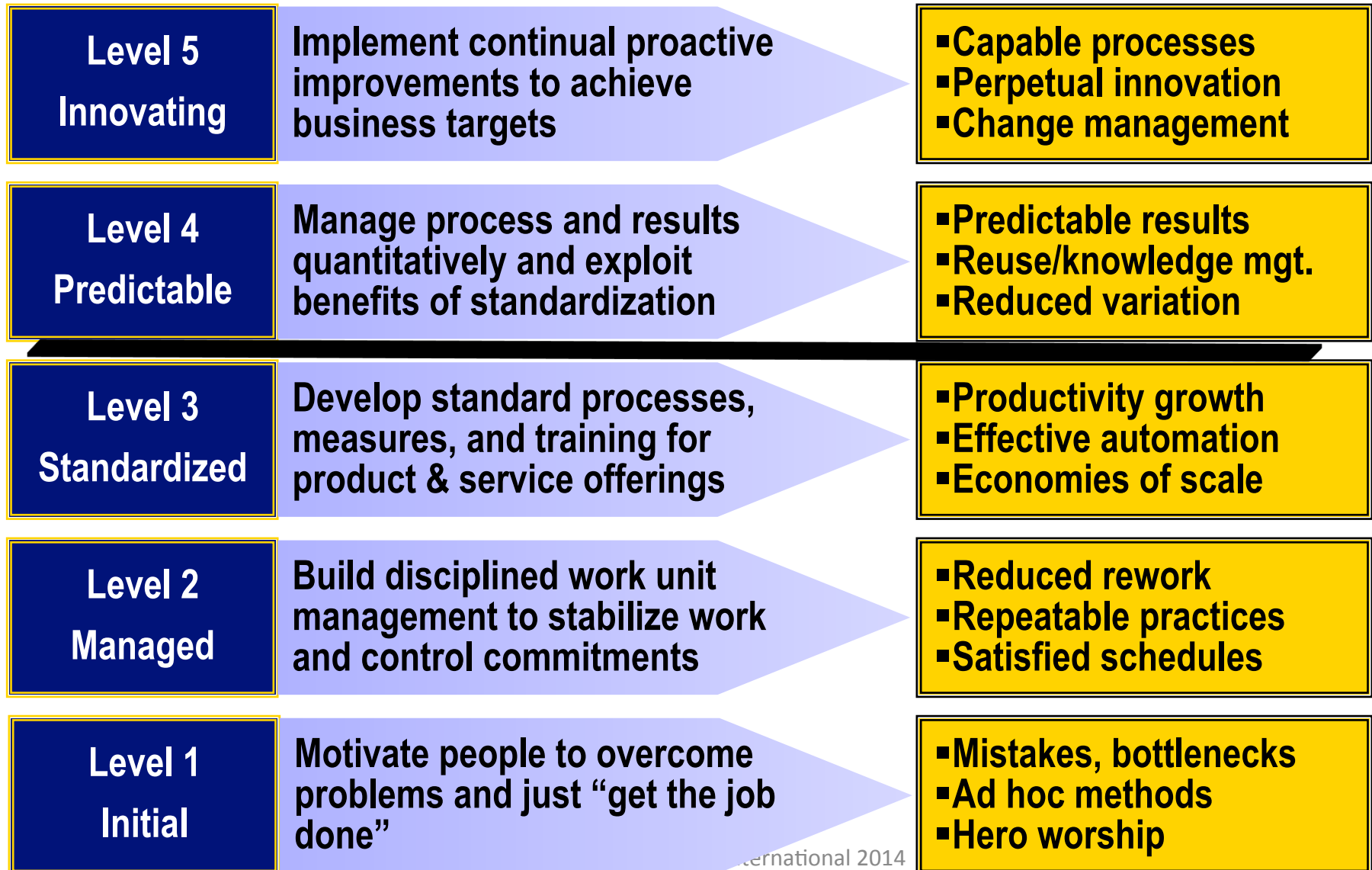
Process

Tools/Technology

Total Execution Platform



Building Systems Capabilities



The Linkage Process

1. Define Market Metrics with Brand by Product Line
2. Translate to Organizational Goals
3. Define Functional Objectives Required to Achieve Goals
4. Determine Projects Required Along with Project Objectives
5. Link Project Objectives to Process Performance Criteria
6. Design the Process Metrics to Achieve Strategic Outcomes
7. Reconcile Functional Objectives and Process Metrics
8. Cascade Laterally to Set Individual R&R Performance Criteria

What are a couple steps you can take?

- Define and Measure Your Total System Capabilities
 - Do a Quick Self-Assessment using Malcolm Baldrige Criteria for Performance Excellence (see Handout)
 - http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm
 - Partner with S2R International to do a Capabilities Performance Assessment
 - Discover and Define your Pain Points with a Strategy Execution Capabilities Assessment (SECA)
 - Design an Intervention to Impact Performance Directly



**Dream what you dare to dream.
Go where you want to go.
Be what you want to be.**

Ralph Waldo Emerson