

Strategy Mechanics Webinar Series...

# “What is your Strategic Management Maturity?”

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[www.balancedscorecard.org](http://www.balancedscorecard.org)



## Welcome



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- 45 years experience in business structuring, strategy formulation/implementation, change management, design/execution of innovative operational business models and performance management systems solutions in the private, public, government and nonprofit sectors through first-line and executive level management positions
- Profit and loss responsibilities:
  - Senior executive university management and instructor positions at the Milwaukee School of Engineering
  - Manager and Systems Engineer in marketing, hardware and software engineering, product development and management, consulting, education, and publishing with the IBM Corporation
  - Member of inaugural executive-in-residence team for technology start-ups at the Plug and Play Technology incubator in Sunnyvale, CA
- Bachelor in Industrial Management, MBA – Technology Management and Doctoral candidate



**Charles Odoch**  
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- Charles is the BSI Senior Strategic Partner and Board Advisor – Africa and is a member of the Association for Strategic Planning
- 25 years experience working at management level on strategy development and management in private and public sector institutions.
- He has facilitated Balanced Scorecard training and development in several private and public institutions in the Federal State of Micronesia, Puerto Rico, Ethiopia, Ghana, Uganda, Tanzania, Kenya and Egypt
- Charles holds a Masters Degree in Management Sciences

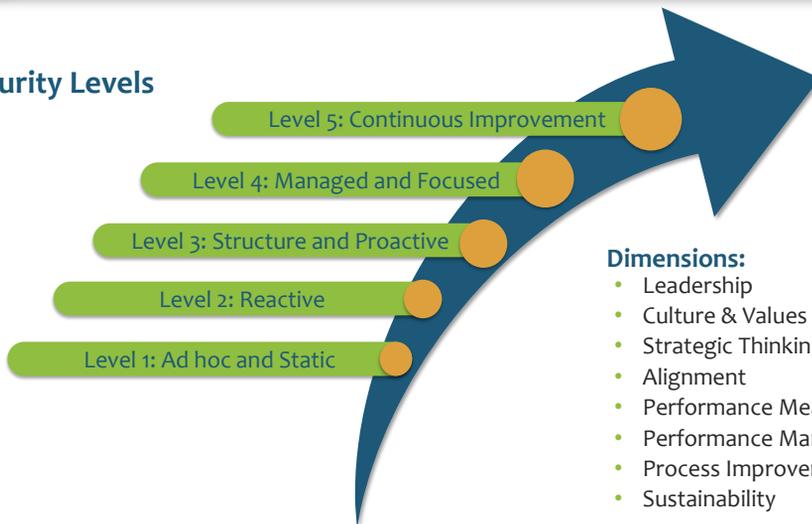
- The various dimensions of Strategic Management Maturity Model™ (SMMM) and understand why they are important
- How to conduct an assessment of those dimensions in order to determine your organizations strategic management maturity
- How you can use the assessment information results to correct gaps in your dimensions and levels of strategic management maturity
- Review an example of the success gained by using the continuous improvement of Strategic Management Maturity Model™

## Do Any of These Scenarios Sound Familiar?

- As you kick off your strategic planning effort are you unsure how far behind the curve of strategy planning and development your organization is - where do you stand compared to best practice organizations? Are you addressing all the elements of strategic management adequately to give the strategic plan a chance of success?
- Do you sense that the current strategic planning efforts are not fully supported at all levels of the organization?
- Is there a disconnect between how your leadership team would grade your strategic management maturity relative to that of executives, managers, supervisors, team leaders and shop floor/field personnel?

## Strategic Management Maturity Model™ (SMMM)

### Maturity Levels



### Dimensions:

- Leadership
- Culture & Values
- Strategic Thinking & Planning
- Alignment
- Performance Measurement
- Performance Management
- Process Improvement
- Sustainability

## Maturity Level 1: Ad Hoc and Static



- Currently do not do any strategic planning or management in a formal sense
- Tend to plan only on the tactical or operational level in an ad hoc and uncontrolled manner
- Strategically planning normally by senior management behind closed doors
- Leaders spend a majority of their time addressing operational issues
- “Fire fighting” is the norm
- Never seem to ever find time to address long-term strategy

## Maturity Level 2: Reactive



- Some elements of effective planning and strategic performance management are being applied
- Erratically, inconsistent 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
- Often these activities are done by individuals to meet a routine policy need and are not taken seriously

## Maturity Level 3: Structured and Proactive



- 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
- Employee accountability is taken seriously

## Maturity Level 4: Managed and Focused



- 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
- A measurement and accountability work culture help drive strategic success for the organization



Embedded in



- Strategic planning and management excellence are embedded within the culture of the organization and are continuously improved in a formal sense
- First the organization analyzes how it is performing towards its strategic goals
- Second the organization then 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



- Sets a clear and consistent vision or “picture of the future” of the organization
- Pro-active in preparing the organization for the future
- Visible and engaged
- “Walk-the-Talk” in exemplifying the values, ethics and policies
- Trusts and encourages employees to contribute their ideas and grow in their careers
- “Walks Around” and works alongside staff to encourage teamwork

## Dimension: Culture and Values



- Leaders' and employees' shared understanding and agreement with the values
- What distinguishes maturity is the degree to which those values are communicated, understood, and practiced – by the leader as well as by all employees
- Evidences of mature workforce culture and values include:
  - Applications of change management principles and practices by the leadership
  - Degree of ownership that employees feel for the vision and values of the organization
  - Degree of participation in shaping the organization's culture and ways of working
  - Level of trust, transparency and freedom to communicate with candor, as opposed to a culture of fear and denial
  - Degree of flexibility and willingness to change to align to new strategic priorities
  - Level of awareness and consistency of adherence to stated values and policies

## Dimension: Strategic Thinking and Planning



- Strategic thinking involves several traits:
  - Ability to use consistent definitions of planning terms and to understand their distinctions
  - Awareness of the distinctions between project planning and strategic planning
  - Ability to discuss and describe items in plans at the appropriate “strategic altitude”
  - Awareness of the dynamic system effects in organizations, such as delays and feedback
  - Openness to new ideas and encouragement of creativity and innovation
  - Openness of the planning process to a team of employees of various ranks and functions
  - Ability to write and speak with clarity and simplicity evidenced by the degree of strategic thinking found in strategic planning documents
  - Degree to which alternative strategies and scenarios are considered
  - Linkage of strategic planning to budgeting

## Dimension: Alignment



- Strategic alignment...
- Degree to which the organization's people and resources are focused on the strategy
- Opposite of alignment is “chaos”
- Alignment measures:
  - People at all levels are motivated by a common vision and strategy
  - People understand that supporting the strategy is their job
  - People are self-motivated, not merely by compliance to rules

## Dimension: Performance Measurement



- Key Performance Indicators (KPI) are aligned to the strategic plan and carry these features:
  - Are not just “KPI’s” for operations
  - Focus on outcomes and results, not just money spent, tasks accomplished, or outputs delivered
  - Use appropriate ratios, sample sizes and other features in order to be more meaningful
  - Are measured and reported frequently enough to drive decision making
  - Measure “Team” and “Organization” performance, not only individual performance
  - Structured as a balanced set of KPIs that cover a range of different dimensions including not only financial data but also customer satisfaction, internal process performance and capacities of the organization

## Dimension: Performance Management



- Performance management is the degree to which performance metrics are use in decision making
- Degree to which leaders and managers feel they have the information they need to make decisions defines the level of performance management. Feature/functions to look for are, but not limited to:
  - Recognition of the organization as a dynamic system
  - Use of feedback loops – so managers get to see the results of their decisions
  - Managers are able to change things based on timely reporting
  - Strategic performance measures are available to test the strategy
  - Leaders have placed the entire organization into a “learning loop” so that they can validate their vision
  - Organization is learning what works to satisfy customers and improve the organization

## Dimension: Process Improvement



- Process improvement includes an assessment of:
  - Organization's knowledge about its strategically important work processes
  - How well these processes are being improved updated and documented
  - How efficiently these processes perform compared to industry benchmarks
  - Skills, practices and technologies used to improve process quality and efficiency
  - Knowledge of core competencies and capacities of the organization and how well they are employed in running the processes
  - Level of employee awareness of customers and their expectations
  - Existence of contingency plans for future risks, such as disasters, funding shortages, and leadership succession

## Dimension: Sustainability of Strategic Management



- Sustainability of the strategic management of the organization is defined by:
  - How well the organization is maintaining its focus on its strategic vision, plans and initiatives
  - People, systems, and communication activities are in place to maintain the momentum of desired change
  - A sense of urgency in the staff and workforce
  - Reward and recognition systems that support efforts to motivate employees to do the right things
  - Presence of “champions” to keep the workforce informed about the strategic priorities and levels of performance that are desired
  - Presence of an “Office of Strategic Management” to deploy the strategy and track performance
  - Degree to which strategic management has been institutionalized, so that “strategy is everyone’s job”



## Continuous Improvement of Strategic Management Maturity

Strategic Management Maturity Model Results (SMMM) - 2013 to 2017

SMMM Average Score by Year: (2.31) (2.29) (2.83) (3.19) (3.57) Perfect World

	2013	2014	2015	2016	2017	Perfect World
Leadership	2.40	2.10	2.80	2.90	3.10	5.00
Culture & Values	2.40	2.80	3.20	3.50	4.00	5.00
Strategic Thinking & Planning	2.50	3.10	3.30	3.50	3.75	5.00
Alignment	2.00	2.10	2.80	3.50	4.00	5.00
Performance Measurement	2.00	2.10	2.50	3.20	3.80	5.00
Performance Management	2.00	2.20	3.00	2.90	3.00	5.00
Process Improvement	2.40	1.80	1.90	3.00	3.20	5.00
Sustainability	2.80	2.10	3.10	3.00	3.70	5.00
<b>Average Score</b>	<b>2.31</b>	<b>2.29</b>	<b>2.83</b>	<b>3.19</b>	<b>3.57</b>	<b>5.00</b>



	Level 1: Ad hoc & Static	Level 2: Reactive	Level 3: Structured & Proactive	Level 4: Managed & Focused	Level 5: Continuous Improvement
<b>Leadership</b>	Leaders dictate / command & control; otherwise disengaged	Leaders dictate but gather feedback sporadically	Leaders model desired behaviors and values but engage with direct reports only	Leaders empower many employees through on going engagement	Leaders & employees fully engage in a continuous dialog based on a team-based culture
<b>Culture &amp; Values</b>	Vision & values undefined or not shared	Vision & Values published, but not lived	Vision & Values communicated & understood	Vision & Values collaboratively developed	Vision & Values fully integrated into organization culture
<b>Strategic Thinking &amp; Planning</b>	No strategic planning occurs within the organization; no goals defined	Strategic planning is the responsibility of a small team and dictated to the organization	A structured and open planning process involves people throughout the organization every couple of years	Plans are developed and revised regularly by trained, cross-functional planning teams	Strategy drives critical organizational decisions and a continuous improvement planning process is maintained
<b>Alignment</b>	Work is narrowly focused based on organization structure, with little customer input	Customer needs and feedback start to influence more aligned decision making	Employees know their customers and align strategy to those needs	Vision, Customer Needs, Strategy, and employee reward and recognition systems are cascaded and aligned	All structures and systems are aligned with strategy, and organizational alignment is continuously improved
<b>Performance Measurement</b>	No data, or only ad hoc performance measures are collected	Performance data collected routinely, but are mostly operationally focused	Strategic performance measures are collected, covering most strategic objectives	Strategic measures are broadly used to improve focus & performance and inform budget decisions	Measurements comprehensively used and routinely revised based on continuous improvement
<b>Performance Management</b>	No emphasis on using performance as a criterion to manage the organization	Performance reviews required but not taken seriously; no accountability for performance exists	Measures are assigned owners and performance is managed at the organizational and employee level	Measurement owners are held accountable and performance is managed at all levels	Organizational culture is measurement and accountability focused; decisions are evidence-based
<b>Process Improvement</b>	Processes are undocumented and ad hoc with evident duplication and delays	A few key processes documented, and process improvement models (TQM, Lean Six Sigma, etc) introduced	All key processes are identified and documented, and strategy guides successful process improvement initiative and improvements	All key processes are tracked and improved on a continuous basis and new process improvement ideas are accepted	Employees are empowered and trained, and a formal process exists for improving process management
<b>Sustainability</b>	Lack of structure and champions lead to short-term focus on tasks	Strategy "champions" identified	Formal organization structure in place to maintain focus on strategy	Organization has an "Office of Strategy Management" or equivalent	Strategic thinking and management are embedded in the culture of the organization



Strategy and Execution ▾ Key Performance Indicators ▾

## The Strategic Management Maturity Model Interactive Assessment

Many clients ask a similar question as they work to improve their strategic management at their organizations: where do we stand compared with other high performing organizations? Until now, there was no clear method for answering that question. This recognition of a need for organizations to assess the quality of their strategic management led the Strategy Management Group to develop the *Strategic Management Maturity Model™ (SMMM)*.



Where do you stand against other high performing organizations? Use the Strategic Management Maturity Model™ to assess your performance.

Begin the Assessment

[View the Full Article](#)

[For a whitepaper on the SMMM, press "View the Full Article"]

- Go to this link: [www.strategymanage.com/strategic-management-maturity-model/](http://www.strategymanage.com/strategic-management-maturity-model/)
- Press: Begin the Assessment
- Enter registration information
- Press: Begin the Assessment
- Complete the assessment (typically 5-10 minutes to complete)
- Your results will be emailed to you

**Approach 1:** Conduct a baseline assessment followed by an annual assessment from the following organization populations:

- Executive and Managers

**Approach 2:** Conduct a baseline assessment followed by an annual assessment from the following organizations segmented populations:

- Executive Suite
- C-Suite (Lines of Business)
- Managers
- Supervisors
- Team Leaders
- Shop Floor/Field Personnel

**Approach 3:** Conduct a baseline assessment followed by an annual assessment from the organizations segmented populations in Approach 2 by contacting the Balanced Scorecard Institute (BSI). The BSI conducts this type of SMMM project work, routinely, which includes the data collection, data analysis and final report with insights from our collective experiences across worldwide businesses, governments and non-profit organizations.

# Thank You !

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