



# Executing Strategy: Closing the Gap Between the Strategic Plan and Operational Performance

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Strategy Management Group Inc./Balanced Scorecard Institute

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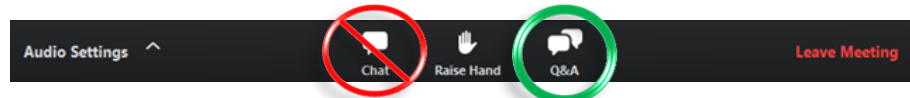
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## A Few Notes...



- Recording
  - We are recording this webinar and will email you the link to view the replay within 48 hours.
- Handout of the Webinar
  - We will provide a PDF copy of this webinar when we email the link for the replay.
- Questions during the webinar
  - Please use the Q&A box that is located on the bottom menu and type your question in the pop-up box. **Do not use the Chat box for questions.**
  - We will answer as many questions as time permits at the end of the webinar.



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## Your Presenters



2022 Hall of Fame recipient and former Board member, International Association for Strategy Professionals (IASP)

Co-author, IASP Body of Knowledge and Certification Exams

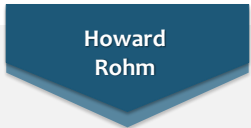
Business Owner, Founder and President: U.S. Foundation for Performance Measurement, the Balanced Scorecard Institute, and the Strategy Management Group, Inc.

Consultant, Booz Allen & Hamilton

U.S. government executive in Nuclear Energy R&D

Creator, Nine Steps to Success™ Balanced Scorecard framework and Co-author, The Institute Way

B.S and Masters degrees in Engineering, Iowa State and George Washington Universities



**Co-founder & President Strategy Management Group / Balanced Scorecard Institute**



**BSI Africa Partner  
Founder and Managing Director, Coach Consult  
Consultant, Trainer, Facilitator, Executive Coach**

Founder, Coach Consult Ltd

Consulting Director, Balanced Scorecard Eastern Africa

Associate Director, Deloitte East Africa

Consultant, Chemonics International, Executive Coach

Academy of Executive Coaching, UK, Practitioner Diploma in Executive Coaching

MBA, Corporate Strategy & Economic Policy, The Maastricht School of Management, The Netherlands

Bachelor of Arts, Business Administration Mount Vernon College, Washington DC

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## Selected Clients



### Our experience:

- 25 years training and consulting
- 40+ Countries
- 300+ private sector, government, and mission-driven organizations
- 10,000+ delegates trained/certified
- Seven languages



Uganda Revenue Authority

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## Poor strategy... poor implementation... or good strategy/poor implementation... or...?

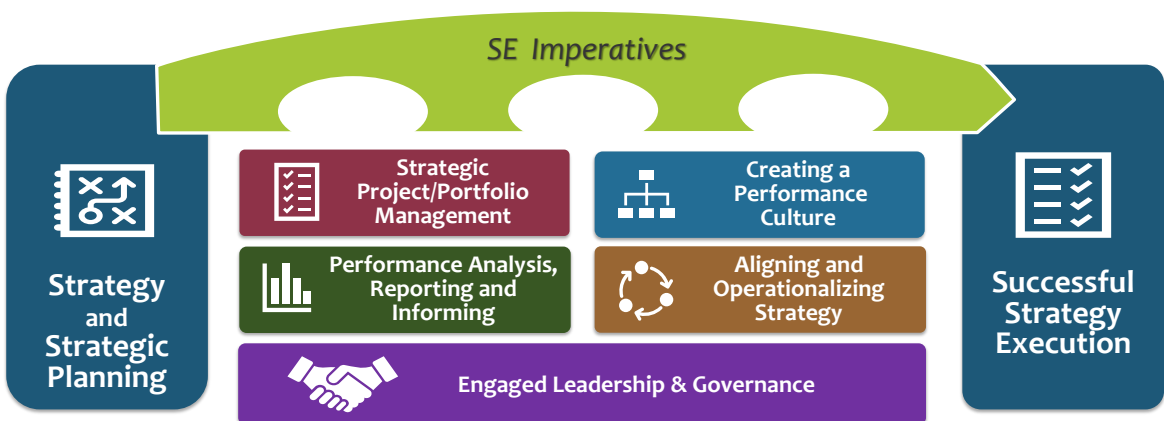
- Too much emphasis on planning – too little focus on execution
- Strategic plans with outputs, projects and activities – but don't talk to goals, and the strategy for achieving them
- Poor communication of goals and strategy below the executive level
- A Vision statement that sounds nice but is open to many different, yet plausible, interpretations, with no clear Goals
- Poor alignment between corporate strategy and operational business units and support units
- Too many projects, not connected to strategy

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**Strategy Execution:** The systematic implementation of strategy through employee activities and processes that are aligned with the organization's mission and vision.



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## Strategy Execution as Process – Strategy is the Common Link



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## Start Strategy Execution Early

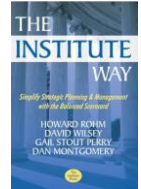


Some Strategy Execution Tools and Techniques to Build a Strong Foundation

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## Strategy Elements Inventory Provide a Baseline for Improvements

BSC Component	Reviewed	Acceptable	Revision Suggested	Comments
Mission	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Mission statement is old; revisit
Vision	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Developed & validated last year
Core Values	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Finished; revalidated existing
Overarching Strategic Result tied to Vision	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Communications & Change Management Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Enablers / Pains	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Have SWOT from a few years ago
Customer Needs and Value Proposition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Started; more discussion req'd
Strategic Themes and Results Perspectives	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Strategic Objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Done
Strategic Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Strategic altitude is wrong
Organization Strategy Map	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Performance Measures & Targets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	First pass done; too operational
Strategic Initiatives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	First pass done
Balanced Scorecard System Graphic	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Strategic Plan & Story	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Partially done
Automation Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Cascading Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Evaluation Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet



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## Facilitated Strategy Workshops Build Buy-in and Accountability

Lecture, large group discussion, small group work, advising and coaching



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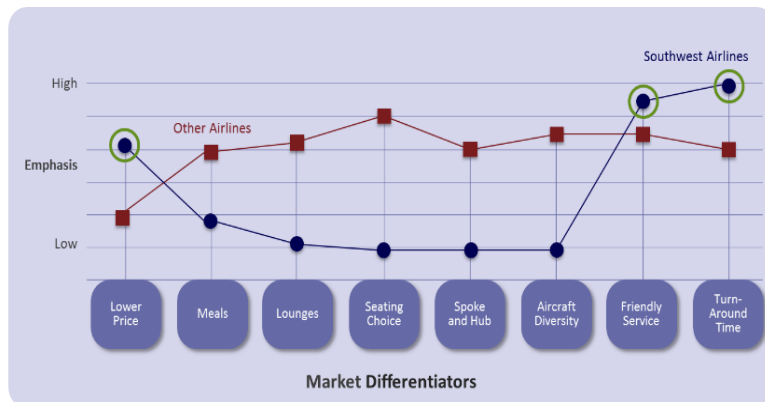
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## A Strategy Profile Helps Visualize Important Strategic Elements of the Customer Value Proposition

Use a Strategy Profile to:

- Develop your organization's competitive business strategy
- Evaluate how well you implemented your strategy compared to competitors
- Identify the most strategic areas to focus on in the future



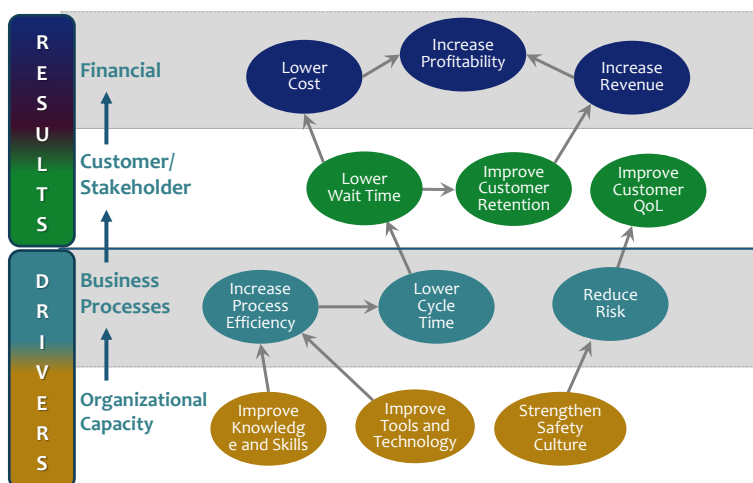
Source: Adapted from Charting Your Company's Future, W. Chan Kim and Renée Mauborgne, HBR, June 2002.

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## A Strategy Map Communicates How Customer and Organization Value are Created



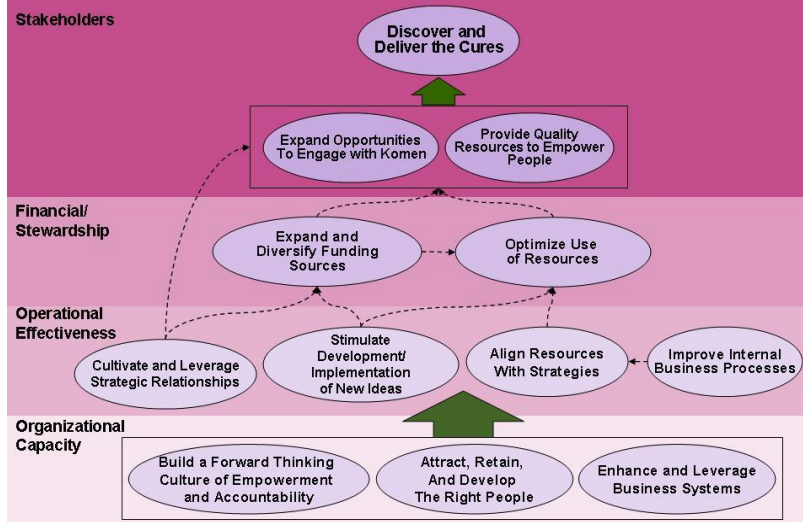
The Strategy Map Facilitates Strategic Conversations

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## Example: The Promise Map



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## Balanced Strategic Planning "Connects the Dots"



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## A One-Page Balanced Strategic Plan Communicates Strategy to Everyone

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**Communicate Strategic Context**

Vision: Be a world-revolutionizing provider of energy products

Mission: Efficiently deliver the highest standard of service providing energy products and expertise to our customers

Strategic Themes: **International Growth**      **Operational Excellence**      **Energy Leadership**

Strategic Results: Increase in size and shareholder value through acquisitions, organic growth and asset optimization.      Process and services are executed in a timely, accurate, value-added and cost-effective manner that exceeds stakeholder expectations.      Worldwide recognition for thought leadership and energy services expertise.

**Measure Strategic Progress**

Strategic Objectives and Strategy Map	Measures	Targets	Initiatives
<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>Reduce Costs</li> <li>Increase Profits</li> <li>Increase Revenue in Targeted Markets</li> </ul>	<ul style="list-style-type: none"> <li>Profit</li> <li>Operating costs</li> <li>Revenue in targeted markets</li> </ul>	<ul style="list-style-type: none"> <li>↑15% per year</li> <li>↓7% per year</li> <li>↑5% per year</li> </ul>	<ul style="list-style-type: none"> <li>Implemented new financial system and benchmark results</li> </ul>
<p><b>Customer</b></p> <ul style="list-style-type: none"> <li>Improve Customized Customer Experience</li> <li>Increase Awareness as Industry Leader</li> </ul>	<ul style="list-style-type: none"> <li>Customer experience score</li> <li>% of customers with CX charter</li> <li>Awareness and leadership score</li> <li>References in media</li> </ul>	<ul style="list-style-type: none"> <li>↑5% next period</li> <li>87% next period</li> <li>98% next period</li> <li>15 new references</li> </ul>	<ul style="list-style-type: none"> <li>Marketing campaign in new target markets</li> <li>Develop customer knowledge (CK) charter</li> </ul>
<p><b>Internal Process</b></p> <ul style="list-style-type: none"> <li>Improve Internal Efficiency</li> <li>Increase Acquisitions</li> <li>Increase Consulting Knowledge Sharing</li> <li>Improve Product/Service Offerings</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency index</li> <li>EBIT from acquisitions</li> <li>Time to post</li> <li>% of transactions in CRM</li> <li>New products/SVCs as % of sales</li> </ul>	<ul style="list-style-type: none"> <li>↑15% per year</li> <li>\$15M this year</li> <li>5 business days</li> <li>65% next period</li> <li>14% this year</li> </ul>	<ul style="list-style-type: none"> <li>Establish acquisition integration team</li> <li>Establish Business Process Reengineering (BPR) team</li> <li>Formalize new product development cycle</li> <li>Formalize CRM qualification process</li> </ul>
<p><b>Organizational Capacity</b></p> <ul style="list-style-type: none"> <li>Increase Employee Expertise</li> <li>Optimize Technology</li> <li>Optimize Human Capital</li> <li>Improve Thought Leadership</li> </ul>	<ul style="list-style-type: none"> <li>% employee development plans in place</li> <li>% systems automated</li> <li>Operating cost/FTE</li> <li>Articles published</li> </ul>	<ul style="list-style-type: none"> <li>70% this year</li> <li>72% this year</li> <li>\$3,350/FTE</li> <li>125 this year</li> </ul>	<ul style="list-style-type: none"> <li>CRM system training</li> <li>Redesign employee certification process</li> <li>Establish thought leadership committee</li> <li>Formalize research expertise strategy</li> </ul>

**Visualize Strategy**

**Prioritize Initiatives/Projects**

Core Values: Integrity • Commitment to Excellence • Customer Focused • Diversity of Knowledge • Honesty • Teamwork/Collaboration • Entrepreneurial • Thirst for Knowledge

Source: Balanced Scorecard Institute Nine Steps to Success<sup>TM</sup>      ©1997-2024 Strategy Management Group.

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## Strategy Informs the Budget Process

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The diagram illustrates the flow of budgeting from strategy to operations. On the left, the **Capital Plan** (Equipment, Facilities, Technology, Inventory, Other Capital) and **Strategic Initiatives** (from the Strategic Plan) feed into **Strategic Dollars**. **Strategic Dollars** are then converted into **Operating Dollars**, which are used for **OPEX** (Operating Plan: Programs, Projects, Services, Operations). A central pie chart with a dollar sign represents the total budget, divided into **CAPEX** (Capital Dollars) and **OPEX** (Operating Dollars). A callout box defines **STRATEX** as Strategic Initiative budgeted expenditures, showing the relationship between OPEX and CAPEX.

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*Some Strategy Execution Tools and Techniques to Close the Gap*

### Senior leadership should:

- Maintain a clear strategic focus
- Engage everyone in developing and executing strategy
- Provide high visibility and active personal engagement
- Assume personal accountability and ownership for the execution of strategy
- Eliminate obstacles
- Operate regularly and effectively as a team
- Make positive use of measurement in managing strategy



**INTENDED RESULT:** *The Senior Leadership team and its members provide active, personal and visible leadership for the strategy and its execution.*

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- Consistency in leadership commitment is a critical factor
  - Employees have to understand that change is inevitable
  - Leaders must “Walk the talk”
- Employees must understand the WHY and the HOW (the business case)
  - Find the “WIIFM” (What’s in it for Me?) for all employees
- Ensure that employees have the training and infrastructure they need to implement the change

***Change is enabled when employees are involved and equipped, and they see visible commitment to the change!***



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Source: Developed from material by Pam Wepler

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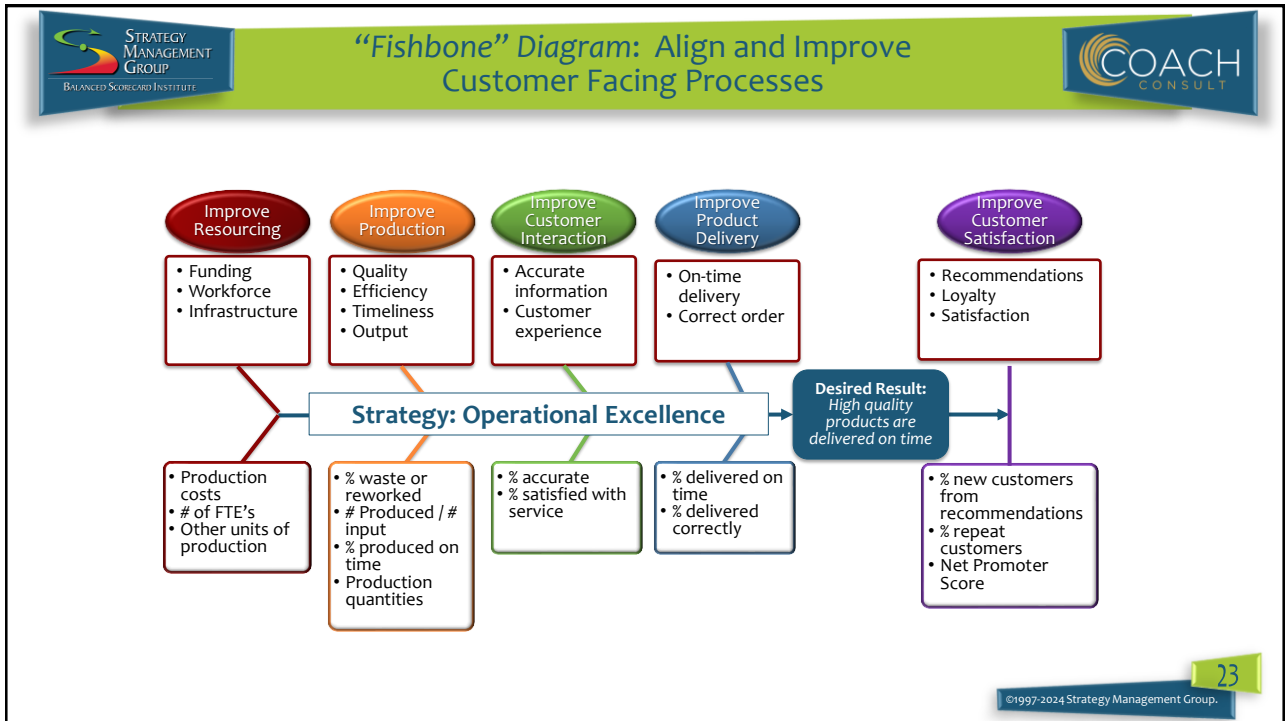
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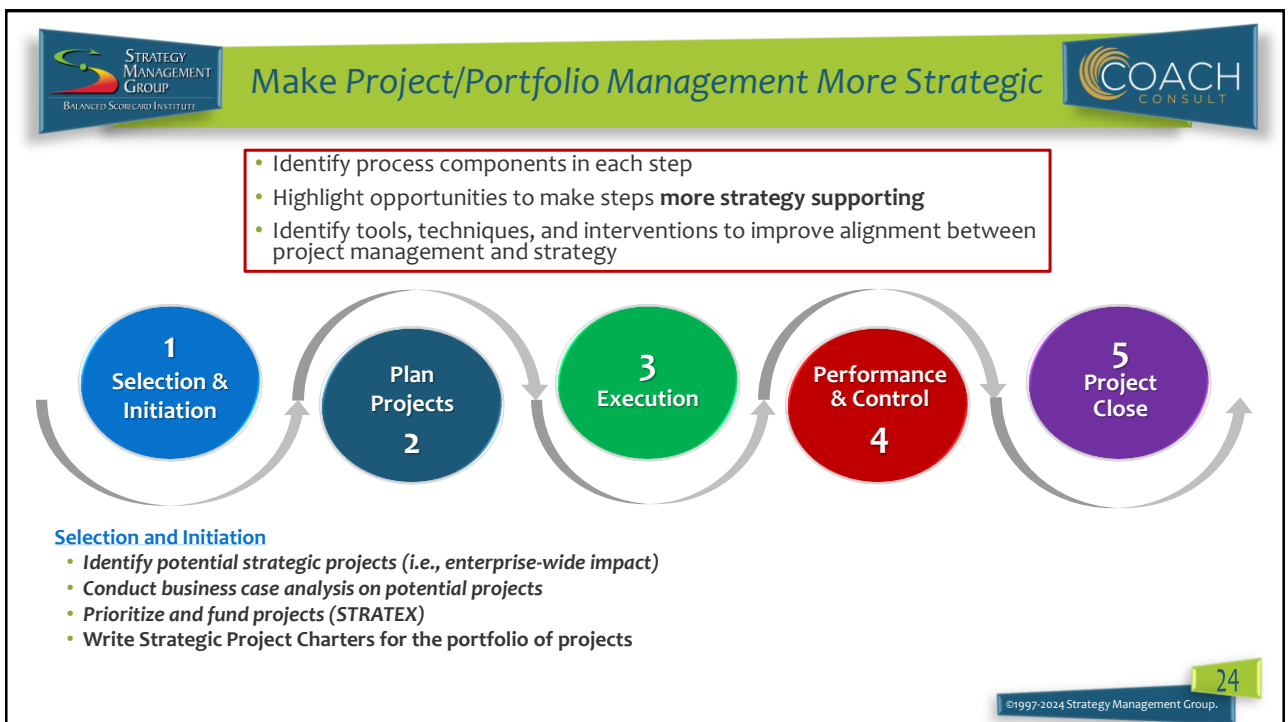
“What if, and I know this sounds kooky, we communicated with the employees.”

- Ensure explicit **ownership** of the strategy communication process
- Ensure **consistency of message**
- Make strategy communication is a **regular process**, not a one-off event, using a range of appropriate communication media, messengers, and timing
- Involve mid-level management to **translate** enterprise-level messages into local relevance
- Never forget **“WIIFM”** – What’s In It For Me – “Why are you telling me this stuff?”





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A Family of Performance Measures Informs Decision Making

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~~“Ask AI!!”~~

~~THE BOOK OF MEASURES~~

~~Google~~

~~“What should we measure?”~~

Performance Questions:

- “What are we trying to accomplish?”
- “How will we know success when we see it?”
- “How will we monitor and report performance using simple, easy to understand information that informs decision making?”

**Operational Measurements**

**Inputs** (e.g., FTE's, program budget) → **Process** (e.g., cycle time to process a disaster relief application) → **Outputs** (e.g., no. people served)

**Project Measures** (e.g., schedule, resources, scope, risk) → **Operational Measurements**

**Strategic (Impact) Measurements**

**Intermediate Outcomes** (e.g., relief is provided in a timely manner) → **End Outcomes** (e.g., people's lives improve)

**Reporting**

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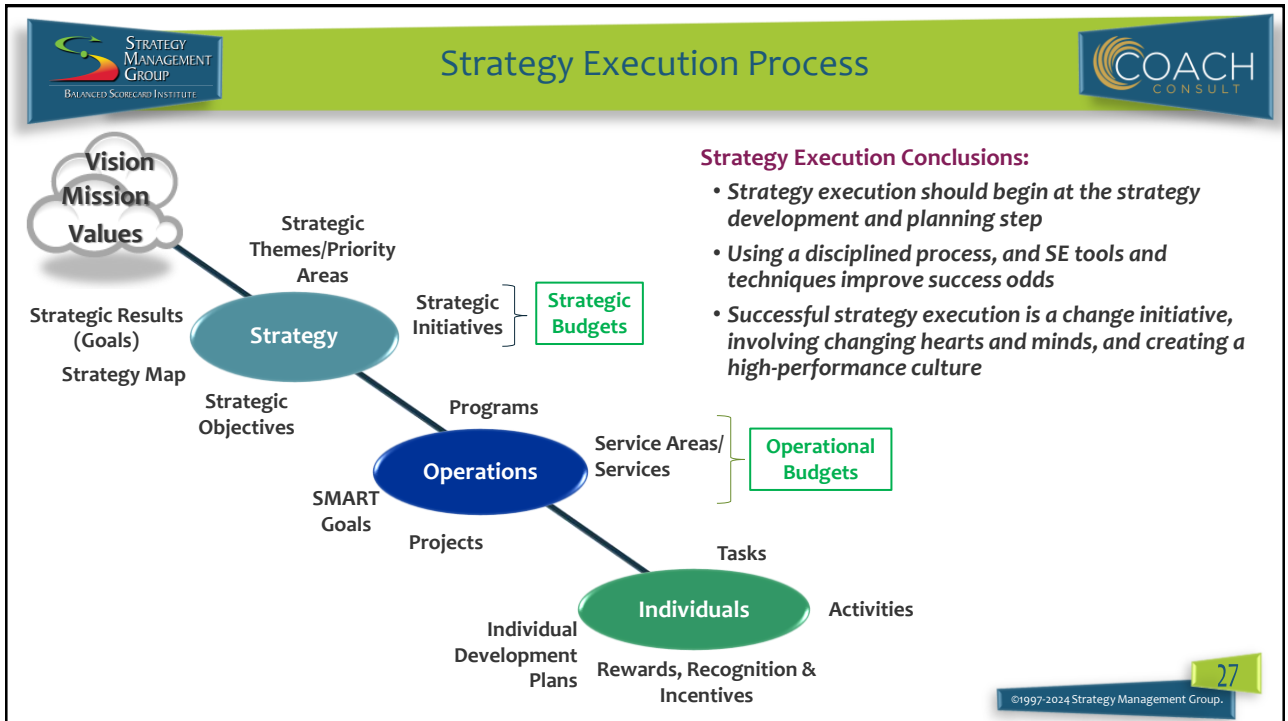
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Conclusion

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**Example: Strategy Execution RoadMap**

STRATEGY EXECUTION ROADMAP						
Imperative 1: Leadership & Governance						
Component	Desired Outcome	Current Status	Underlying Challenges	Proposed Improvements	Owner	Priority (H/M/L)
Leadership and Governance	Boards and leaders know and execute their roles and responsibilities effectively	Good relationship between Board and leadership; some communications issues between leaders and managers	No formal communications structure	Leadership workshop	CEO	Med
Leadership and Management	Differences between leadership and management are reflected in our organization's work	Mixed roles – some leaders act like managers, some managers act like leaders	No clear understanding of different roles	Leaders versus managers training workshop	HR	High
Leadership Roles	Leadership roles and responsibilities are clear and unambiguous	Four out of five leaders have clear roles and responsibilities	Obvious "turf overlap" with two leaders	Clarify roles and responsibilities	CEO	High
Setting Organizational Goals	Overall organization goals are developed and communicated, and translated into other level goals	Goals are clear at corporate level but could be better connected to our vision; goals not translated well below the executive level	No disciplined process of goal translation	Leaders and managers meet on goal translation	Executive Team	High
Communicating with Clarity	Consistent messaging is apparent, and messages are in the appropriate "language"	Our public information office is on top of this—good messaging	No obvious flaws	None	—	—
Additional factors - if appropriate						

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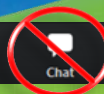
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## Questions?

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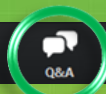
Audio Settings ^



Chat



Raise Hand



Q&A

Leave Meeting

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