Plan to execute strategy

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The objective of this step is to articulate measures relating to each objective included in the strategy map, and cascade strategy accountability to group and individual levels.

Kaplan and Norton's Balanced Scorecard ⌄

Kaplan and Norton's Balanced Scorecard (BSC) is a performance management tool that enables senior leaders to bridge the gap between developing and formulating strategy and implementing it. The BSC encompasses measures relating to the Strategy map perspectives: outcomes (public value and operational efficiency), strategic plans and priorities and organisational capabilities.

Identify measures ⌄

The BSC depicts measures, targets and initiatives for each element included in the Strategy map. This helps the agency to implement the strategy, monitor the effectiveness of its strategy, determine the gap between actual and targeted performance and determine organisation effectiveness and operational efficiency. BSCs retain the 'plan on a page' feel of the Strategy map but provide more detail regarding each objective.

Cascade to group and individual levels ⌄

BSCs are created at the agency level and are then cascaded to group and individual levels. Cascading strategy accountability from agency level to group and individual levels creates a line of sight between the work people do and the agency's high-level strategic objectives. The end result should be focus across all levels of the organisation that is consistent and aligns with the overarching organisational objectives.

Prioritise, measure and act

The balanced scorecard is a key tool for articulating measures and targets for objectives. The BSC helps senior executives to implement strategy. Creating a BSC requires the executive team to translate the elements included in the strategy map into actionable programs of work. This is achieved through articulating measures and targets where appropriate, and initiatives for each component of the agency's strategy. These metrics help the senior executive to translate complex concepts into a precise course of action, which articulates how the agency will implement its strategy and the results required.

Measures and targets are used to drive improvements and help agencies focus their people and resources on the priorities of the organisation. Good metrics are measurable and controllable, and demonstrate progress and goals, help to signal problems and verify when the agency reaches its targets.

To articulate measures and targets for the elements included in the strategy map, refer to the appropriate terminology below:

- A measure is a standard used to evaluate and communicate performance against expected results. Measures are normally quantitative in nature capturing numbers, dollars, percentages, etc. Reporting and monitoring measures helps to gauge progress toward effective implementation of strategy.
- A target represents the desired result of a performance measure. Targets make meaningful the results derived from measurement and provide agencies with feedback regarding performance.

It is also critical that senior leaders select a range of performance indicators:

- KPIs provide measures for the coming year (i.e. up to one year ahead)
- Strategic priorities provide mid-long term goals, which work best when they are multiyear and/or transformational.

Making your measures and targets more meaningful

Well-defined indicators will help senior leaders to measure progress towards achieving the agency's objectives, provide an early warning signal if the agency is not tracking to achieve a goal/s, and provide a logical link between individual performance agreements and the agency's overarching metrics. Once identified, each measure and target developed should be validated.

Where possible, include the high level measures and targets on the completed strategy map. This will help senior leaders to communicate the agency's strategic vision and highlight the metrics that will be used to measure progress towards the goal/s.

Measures and targets should only be set where meaningful data is available. Ambiguous measures obscure underlying metrics and will not help to measure performance. When articulating metrics for each objective, it is advisable to utilise meaningful metrics that are SMART (specific, measurable, achievable, relevant, time-based). Measures and targets should contain a mixture of lag and lead indicators:

- Leading Indicator - indicators which are presumed to precede achievement of the objective
- Lagging Indicator - indicators of actual performance.

Lastly, the measures and targets selected need to have relevance as these are cascaded to group and individual levels. Find the few metrics that resonate throughout the agency and implement to measure the agency's performance.

Once the measures and targets have been identified, they should be validated.

Populate balanced scorecard

When the measures and targets have been identified and validated, senior leaders should articulate the initiatives that will implement and embed the strategy throughout the agency.

Defining the initiatives at the senior level creates consensus for how the agency will implement its strategy, and facilitates accountability for programs of work being assigned to specific senior leaders.

An initiative is the specific programs, activities, projects or actions the agency will undertake in an effort to meet performance targets. Initiatives should be prioritised (e.g. quick win, high priority, medium priority, low priority) to establish direction for the agency. Senior leaders also need to claim accountability for specific initiatives or parts of initiatives to ensure each project/activity is actioned, and to remove potential duplication of effort.
Initiatives need more time and focus, and should align with the strategic plans and priorities and organisational capabilities, such as transformation planning.

To articulate initiatives, consider the key drivers that will enable the agency to achieve the outcomes and strategies included in the strategy map. For example, for the customer outcomes, think about the programs, activities, projects or actions that will help the agency to meet/exceed the needs of the its customer segments. What actions and solutions are required to exceed customer expectations? What systems and resources are needed? Defining an initiative requires detailed planning of actions, timeframes and resources.
Prioritise the key drivers and translate these into initiatives to implement each component of the strategy map.

Deciding on initiatives also includes designing a complete program of change or transformation that may merge several of the initiatives into something more aligned which makes best use of resources. There would also be a need for a Transformation, Change or Program Office to govern and manage the program and to determine the priorities and any changes to the timeline.

Initiatives do not exist in a vacuum. Ensure you work with other parts of the agency in planning implementation to ensure a coordinated approach, as some initiatives may be transformational and drive at the top levels of the agency. Regularly discussing the progress of initiatives and any outstanding actions will ensure everyone is informed of the status of each initiative.

Cascade to group levels

The strategy map and balanced scorecard can be cascaded to facilitate understanding of top-level goals. Cascading the agency's strategy map and balanced scorecard to group (branch/divisional) levels supports the senior leader team to communicate the top-level goals to the next level down, ensuring alignment of organisational goals and business unit functions. The overarching objectives and performance measures become more operational and tactical as they are cascaded through the organisation, and accountability follows as ownership is defined at each level. An emphasis on results and the strategies needed to produce results is communicated throughout the organisation.

To create this clear line of sight between all units, organisational alignment must be clearly visible throughout the strategy. Cascading the strategy map and balanced scorecard brings added benefit of developing bench strength in senior and middle management for using strategy mapping methodology, and communicating strategic direction.

The head of each group should work with senior staff to create strategy maps and balanced scorecards for each group, e.g. Finance group, IT group, HR group, Regulatory Service group, Service Delivery Group. Group level strategy maps and balanced scorecards must:

- Reflect the themes and objectives established in the top-level scorecard
- Describe how each group does its job to contribute to the top-level agency objectives
- Include measures and targets for middle managers to use to manage their sections and execute strategy in alignment with the agency's direction
- Link initiatives to work being done in the branch to demonstrate how it will support attainment of branch and organisational objectives.

Once the group plan is complete, strategy and measurement needs to cascade to middle management and their teams to ensure the plans for frontline employees are aligned with the overarching agency strategy.

Cascade to individual level

The balanced scorecard can be cascaded to individual performance agreements. The final linkage occurs when the balanced scorecard is cascaded to every person in the agency. Clear linkages between the agency's overarching strategy and individual performance agreements helps each employee understand how their work fits into the bigger picture and the performance outcomes expected, and allows alignment of day-to day actions with the agency's strategic objectives.

Cascading the balanced scorecard to the individual level means translating agency-level objectives to relevant and meaningful individual performance measures. The end result is focus across all levels of the organisation that is consistent and creates a line of sight between the work people do and high level desired results.

Developing individual performance agreements is a collaborative process between employees and people managers, who work together to establish performance standards and shared expectations on the frequency and ways in which feedback will be provided.

Following establishment of KPIs and priorities for the group level, senior leaders should work with their direct reports to translate group measures to section, team and individual performance indicators.

Middle managers and team leaders can then work collaboratively with their direct reports to ensure team objectives and measures are reflected in individual performance agreements.

All performance agreements should be a subset of the goals from the level above, and all must relate back to the top level strategic goals. Ultimately, every employee in the agency needs a performance agreement that includes clear links to the agency's overarching strategy. That way each member of the agency can strive to achieve personal objectives based on measurements directly linked to the agency strategy.

If there are gaps, these should be reported up the line.