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The objective of this step is to create a draft Strategy Map for the agency level with a focus on purpose, public value and operational efficiency.

Kaplan and Norton's Strategy Map ⌄

Kaplan and Norton's Strategy Map is a visual representation of an organisation's critical objectives and strategies, and the relationships among these that drive performance. Strategy maps enable senior leaders to describe and illustrate the agency's outcome objectives (public value, operational efficiency), the enablers that will achieve these outcomes (strategic plans and priorities, organisational capabilities), and the linkages between these that form the foundation for strategic direction.

Three perspectives ⌄

Strategy maps feature three perspectives: outcomes (public value and operational efficiency) strategic plans and priorities, and organisational capabilities. The public value perspective articulates customer outcomes, and the operational efficiency perspective details how the customer outcomes will be delivered efficiently and effectively. Strategic plans and priorities and organisational capability provide the strategies that underpin delivery of the outcomes, and are linked with the outcomes to form a cause and effect relationship.

Collaborative and iterative ⌄

Strategy maps are created at the agency level in the first instance. The process of development should be collaborative and iterative working across senior leaders and using subsequent steps to validate test and refine. It is also possible to seek broad feedback across the organisation on key steps to do with purpose, customer and operational efficiency.

This step focuses on drafting the top three layers of the strategy map which will be iterated and tested in subsequent steps.
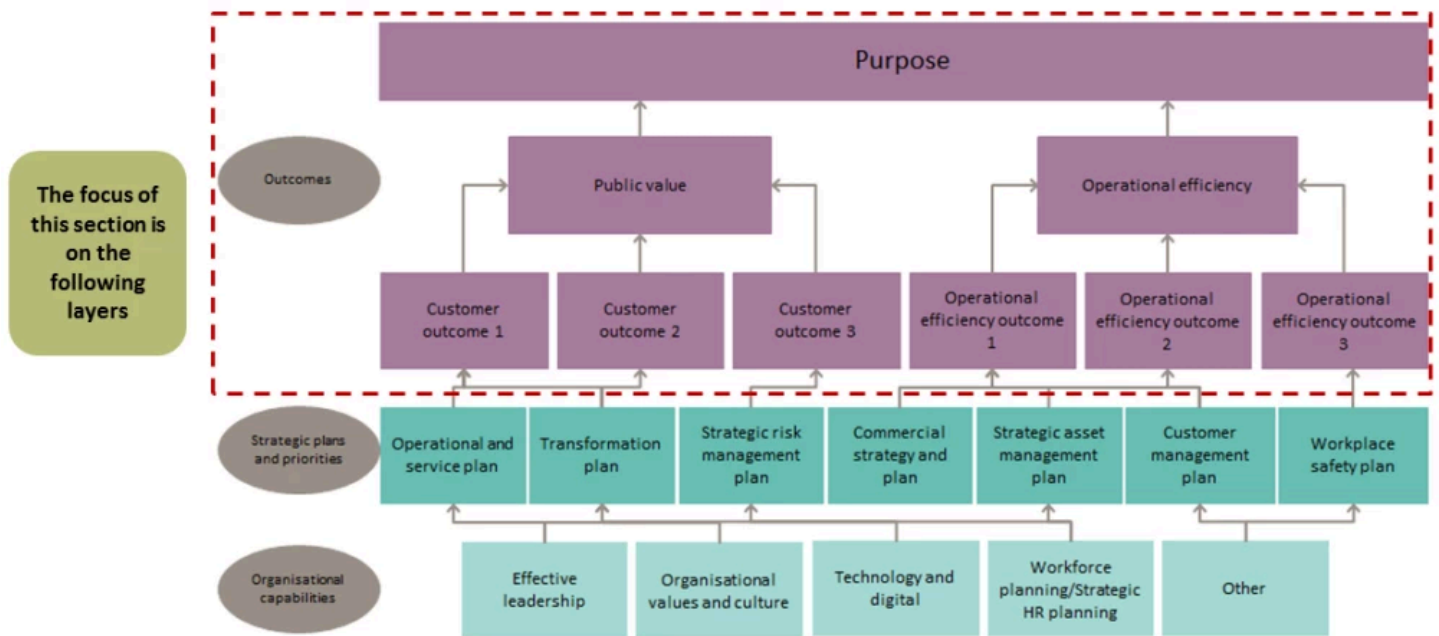
Define purpose of the agency

The objective of this step is to create clarity about the agency's reason for being – its purpose. Purpose is an overarching concept that defines and shapes the boundary and focus of the agency's strategy. Clarifying the agency's purpose is the first step to creating aligned strategy. Each element in the strategy map must contribute to the attainment of the agency's purpose, either directly through the outcome objectives, or indirectly through the strategic plans and priorities and organisational capability strategies.

The purpose is a succinct statement that summarises the rationale of the agency and why it exists, that is, the reality of what needs to be done. A clear purpose statement will set the direction of the agency and help staff to understand what they are working toward.

Agencies with mature mission, vision and values statements may opt to use these in place of the purpose. If these statements are unclear, proceed to articulating the agency's purpose.

To clarify the agency's purpose, consider:

- Relevant legislation, guidance provided in a Ministerial Statement of Intent or a Secretary's Charter Letter to the agency CEO. The agency's purpose may be expressly provided in one of these sources but it is important to assess whether the purpose remains relevant and achievable, and to distinguish between vision and hallucination.

- The agency's customer/s and how the agency can add value for them (see next step).

- Whether the agency has or may take on additional tasks through legislative or machinery of government change. In these circumstances, taking a step back to really understand the agency's core purpose is critical to develop strategy and gain a sense of the future direction.

Translate these inputs into a simple, relevant and actionable purpose statement that reflects the needs of the agency's customers and stakeholders. The key to defining purpose is to commence with the formula 'To be of service to the people of NSW by...'.

The purpose statement does not need to reflect the objectives of every role in the agency and should not become a wordsmithing exercise. Rather, it needs to be clear, provide a sense of shared purpose and be something that most people can contribute toward.

Define public value outcomes

Defining how the agency will provide public value sets the foundation for the customer outcomes. The public value perspective describes the outcomes the agency will deliver to the people of NSW. These outcomes are customer focused, and represent the overarching value the agency intends to provide to its end users, stakeholders and community groups. Defining how the agency will add value for its customers sets the foundation for the customer outcomes.

Public value is customer focused. It requires a deep understanding of the needs and requirements of the users of government services (business and consumers), the community being served and the stakeholders. As agencies can have multiple customers, it is important to understand different customer types and their needs.

To articulate public value, review the agency's customers and determine how the agency will add value for them.

Who is the customer? A vexed question but the simple answer is that every agency has a customer. Although, the customer base can be varied in terms of customer type and need. Accordingly, it is important to understand some of the different customer types and how their needs might vary:

- End users are those who use and receive direct value from the services provided by the agency

- Community groups are those who may be affected by the operations of the agency. For regulators, a key consideration is how to make it easy for community members to comply with regulations and achieve a positive outcome for the community/industry

- Key stakeholders are those who benefit from the delivery of successful outcomes, such as the legitimising authority (e.g. the minister), as well as those who interact with the agency
- In some cases, agencies might have other agencies or jurisdictions as their core customer. In these situations, the agency delivering a service to another agency should consider the customer base of that agency.

Where relevant, it may be appropriate to segment/differentiate customers and prioritise to ensure the agency adds value where required.

Customer outcomes drive public value

The needs and requirements of the agency's end users, community groups and key stakeholders are articulated in its customer outcomes. There should be between 3-5 customer outcomes which, when achieved, contribute to the agency delivering value for the people of NSW.

It is critical the agency understands the needs of its customers to ensure delivery of products and services that are useful. An agency should never assume understanding customer needs. Instead, it should take steps to engage with these groups directly to confirm understanding.

To articulate the customer outcomes, review the agency's customers and determine how the agency will add value for each group. Consider their needs, what they value and how the agency can deliver this value. Formulate strategies to ensure each customer group receives value from the agency. These strategies underpin the agency's ability to provide public value and will be included in the strategy map as customer outcomes. In articulating customer outcomes, consider:

- The agency's assets, including people, processes, systems and other enablers to ensure the agency can deliver the outcomes
- How a focus on one area may create an inherent weakness elsewhere and the potential impact (e.g. cost reduction may impact customer experience, a focus on innovation may require large increases in headcount or the technology budget)
- Timing and whether the value for the short or long term: assess any impacts from this (cost out as short term but may impact community in the long term).

The public value outcomes are the overarching goals of the perspective, and represent the common theme amongst the requirements of the agency's end user, stakeholder and community groups. The public value outcomes must align with and contribute to the agency's purpose statement. If there is divergence between the two, review both the purpose statement and the public value outcomes to ensure convergence.

Define operational efficiency outcomes

Operational efficiency is about delivering customer outcomes in the most efficient and effective way. The operational efficiency perspective describes how the agency will deliver its customer outcomes efficiently and effectively. Delivering the operational efficiency outcomes included in this perspective are critical to ensuring continued support from the agency's community groups and key stakeholders.

Operational efficiency is about doing things better. Strategies around identifying and implementing leading practice, streamlining operations and processes, and implementing continuous improvement intend to reduce cost and deliver services or products in the most efficient way. When combined with meeting requirements of end users, community groups and stakeholders, this contributes to delivering tangible value to the people of NSW.

Delivering efficiency requires rethinking and reprioritising the agency's activities and processes.

Once you have clarified the agency's purpose and customer outcomes, the focus shifts to how the agency will deliver the customer objectives in the most efficient and effective way. Be aware there may be legislative constraints that dictate how the agency may deliver services or products, in addition to constraints imposed by the agency's operating environment.

With these considerations in mind, start to outline those outcomes the agency will need to deliver. For example:

- Average cost of providing a service
- Time taken to deliver product/service
- Effective investments
- Engagement rate for the sector
- Financial sustainability.

As with the public value objective, the operational efficiency outcome is the overarching goal of the perspective (usually qualitative) and the 3-5 lower level outcomes form the key drivers that will enable the agency to deliver efficiently and effectively (usually quantitative).