

Empowering Everyone to Win



Climbing the Maturity Curve – Optimizing Value from your Actuate Solution



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Robert Angel – Combining Marketing, Performance, Organization, and Finance

- Subject matter expert in branding and hospitality strategies
 - Performance and culture change business cases
 - Individual-customer strategies, behavioral event methodologies, and customer knowledge
- Schulich School of Business – Strategic Market Planning
- Previously, Marketing Manager for 2 large technology companies, and VP Finance for 3 multi-nationals

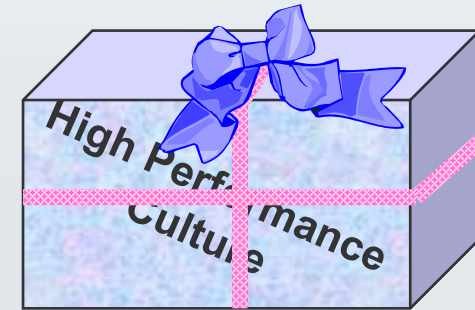
Robert Angel – Combining Marketing, Performance, Organization, and Finance

Customer experience is variable – the product push mindset prevails

- ❖ Strategy tends to be more about objectives – and less about actions
- ❖ Internal goals trump everything – the MBO syndrome persists
- ❖ Front line staff don't support the brand – it is *not* about the customers
- ❖ It's more about cutting costs than growth – a culture hard to change

Today's Agenda

- 1. Linking organization/employee goals –
*the performance management survey***
- 2. Connecting strategy with actions –
*climbing the maturity curve***
- 3. Aligning organizational outcomes –
*optimizing value from your Actuate solution***



1. Linking Organization/Employee Goals

To what extent do performance managers participate in performance and innovation strategies? How widely adopted are scorecards? Are performance efforts actually translating into performance results?

CFO Performance Management Survey



“Just Do It”

August 2007

ca magazine

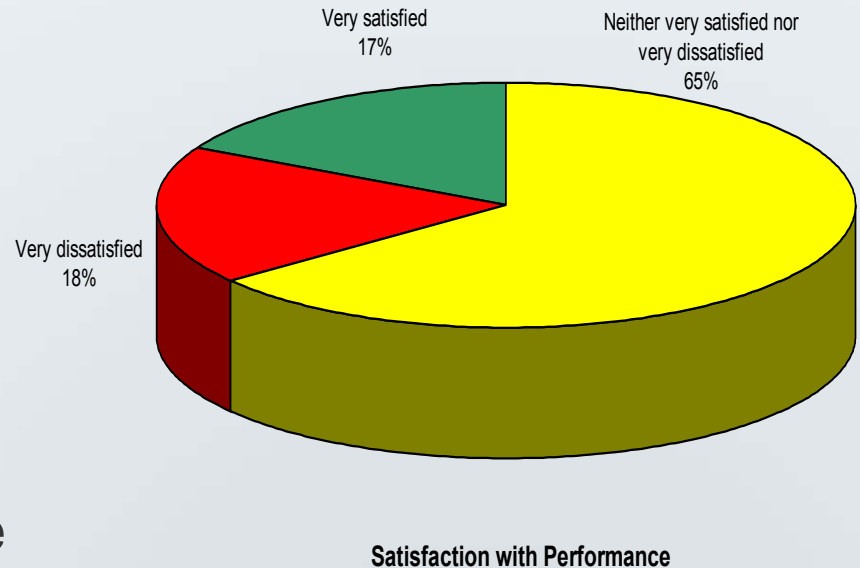
1. Linking Organization/Employee Goals

To what extent do performance managers participate in performance and innovation strategies? How widely adopted are scorecards? Are performance efforts actually translating into performance results?

- ❖ Performance management is still rudimentary
- ❖ Scorecards have low penetration
- ❖ Many organizations see mediocre results
- ❖ Knowledge & learning gaps are widespread
- ❖ Innovation and strategy point to performance

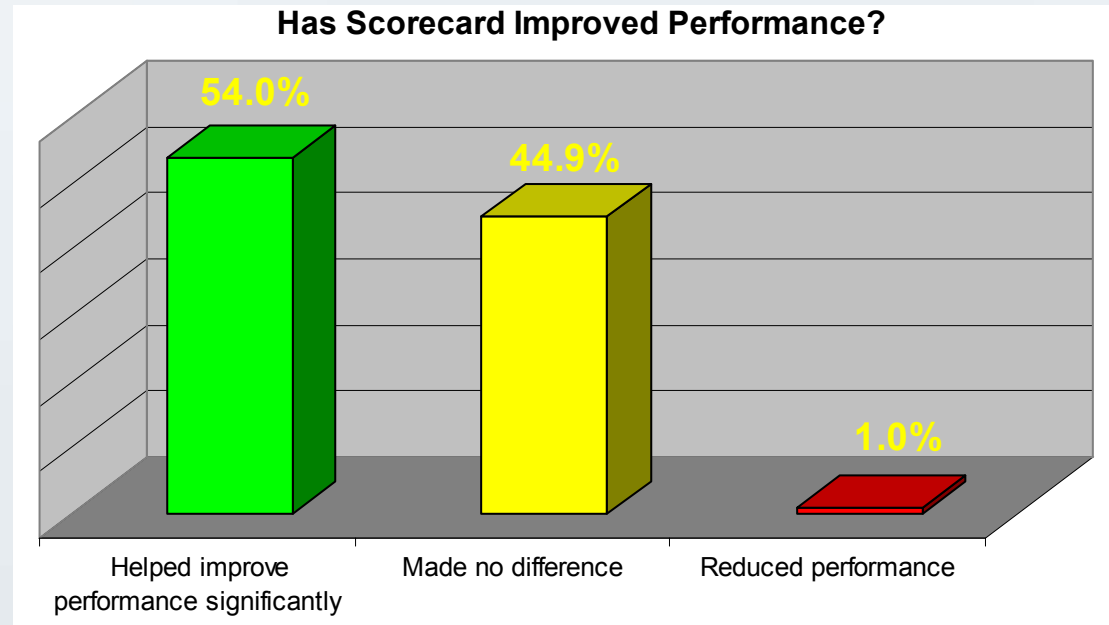
Satisfaction with Performance

- **33% have implemented balanced scorecards**
- Half scorecard users say their scorecard has helped improve performance significantly – **but half say their scorecard has made no difference to results**
- Many organizations are seeing mediocre results – only 17% are very satisfied with performance management effectiveness

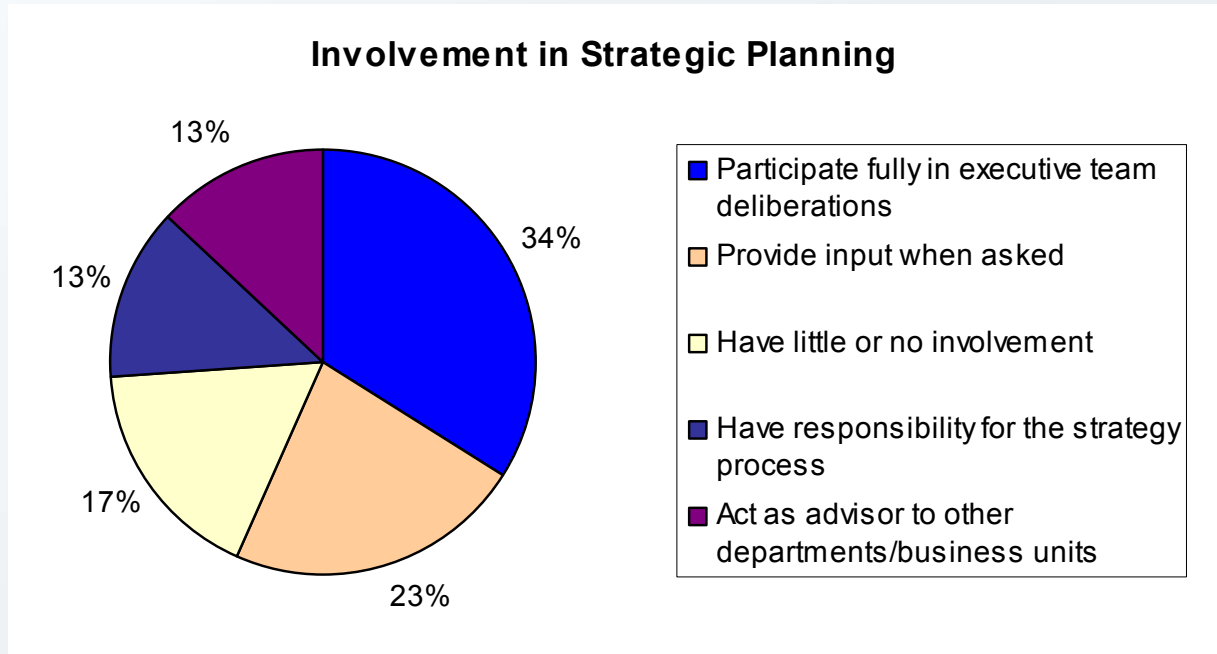


Performance Results

- It might be expected that larger companies are better performers
- However, large *performing* companies are in about the same proportion as in the overall survey, indicating that performance satisfaction is not a question of size



Involvement in Strategy

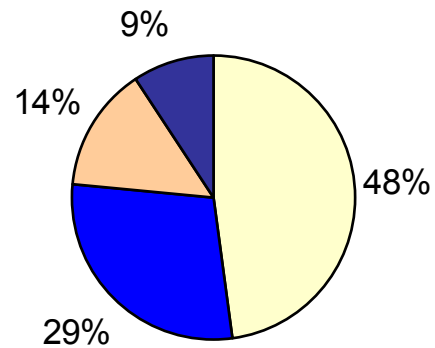


- 60% are significantly involved in strategic planning.....

Involvement in Innovation

....but twice as many performance managers *contribute* to innovation plans as only *review* plans submitted to them – 38% are deeply involved in innovation planning

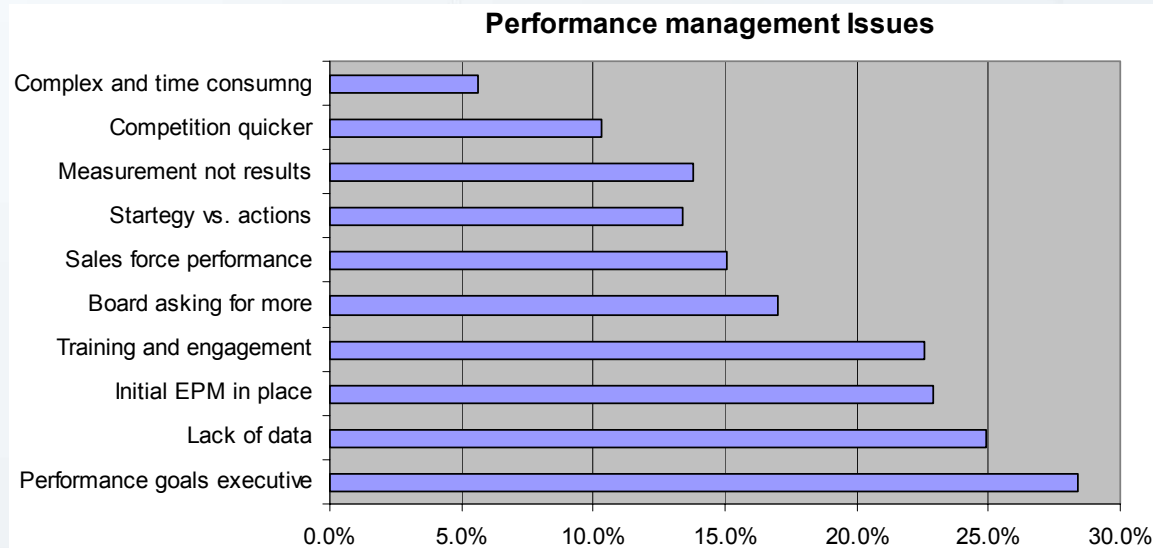
Involvement in Innovation Plans



- Have little or no involvement
- Contribute to innovation plan development
- Only review innovation plans submitted
- Have responsibility for innovation strategy return on investment

Performance managers are becoming more proactive, less typical 'naysayers' and more strategy/business plan collaborators

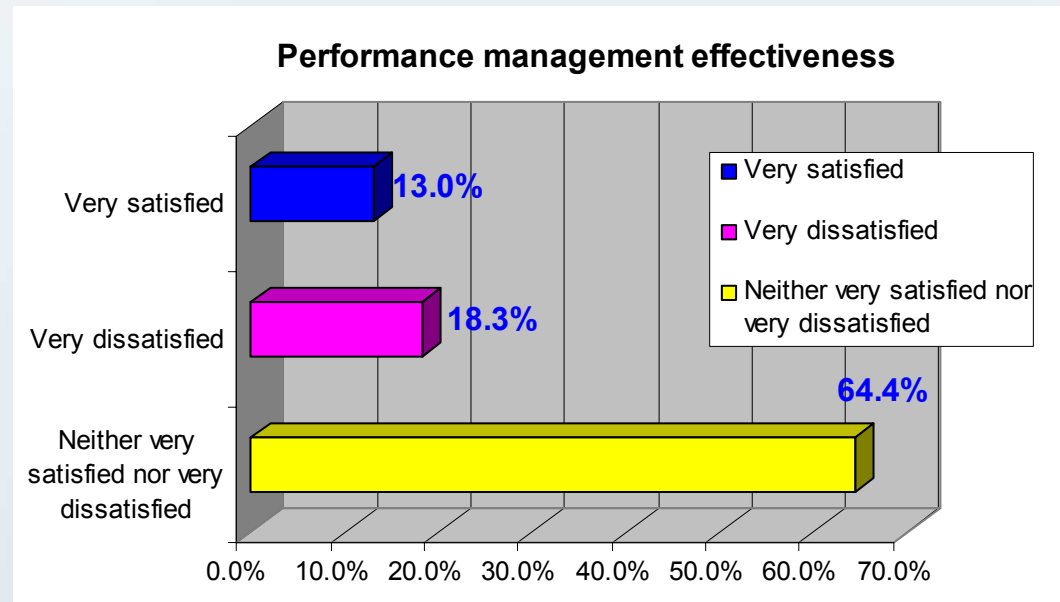
Performance Implementation Challenges



- They struggle with implementation mechanics and organizational readiness to accommodate change
- Many play active performance management roles but their staff do not – the PM role is changing faster than the PM *department*

Performance Management Effectiveness

- Satisfaction with business performance and how performance is managed is higher the more involved in you are in innovation planning
- The opposite is true – the less strategy and innovation involvement, the less satisfaction with performance results



Climbing the Performance Maturity Curve

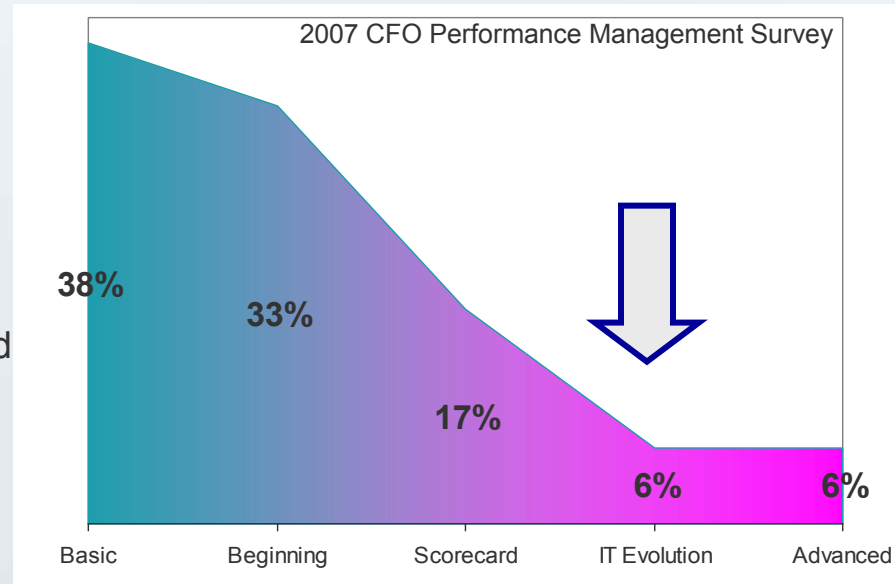
Basic: Using traditional financial reporting and operating budgets with mainly financial indicators, but without a formal mechanism to link activities to strategy drivers/strategic results and to bridge the gap between long-term strategies and day-to-day actions.

Beginning: Starting to transform business needs into actionable plans by defining key metrics and assigning ownership to them to increase accountability; ensuring employees are focusing on tasks essential to strategy and aligned with day-to-day tasks.

Scorecard: Using a spreadsheet-based Performance Management framework (e.g. Balanced Scorecard, Malcolm Baldrige, Six Sigma) to track performance against key performance metrics; aligning performance measures with critical organization perspectives; tracking cause-and-effect of under-/over-performance.

IT evolution: Using a commercial application to manage the scorecards or other framework with IT helping to improve scorecard execution e.g. with automated data integration and on-line drill-down; systematically communicating results periodically.

Advanced: Improving accountability enterprise-wide with a formal performance culture change program; assigning ownership of individual measures across organizational boundaries into the extended enterprise; taking a collaborative approach to bring about sustained high performance culture.



Constructive Response

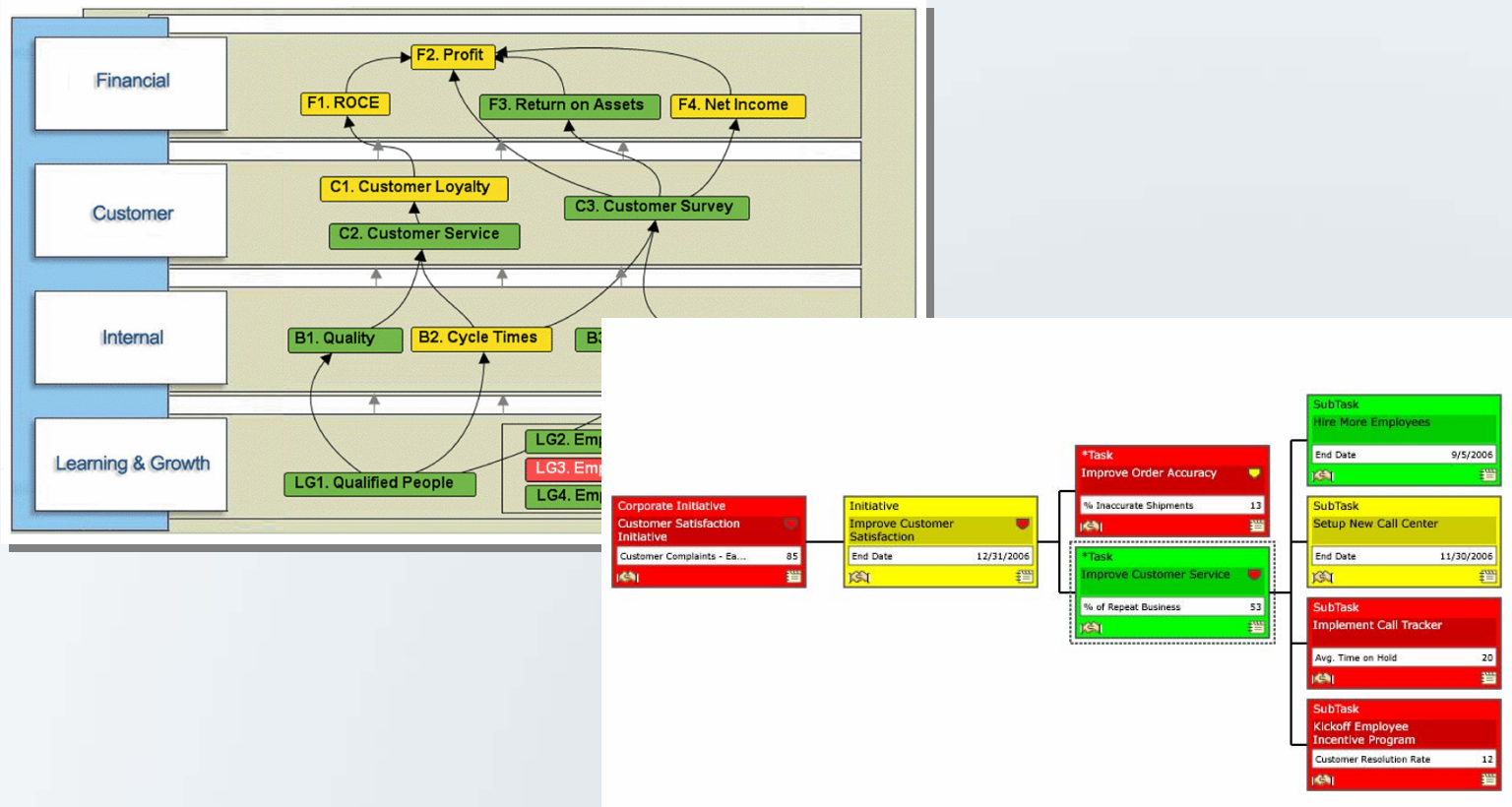
“..... hybrid adaptations of performance management methodologies are increasingly popular and inherently more successful. We support a bunch of different performance paradigms and most people don't use a pure balanced scorecard, they use a sort of hybrid strategy scorecard or an unbalanced scorecard.....”

“The balanced scorecard can seem very prescriptive to a lot of organizations, almost force fed. It's better to have a strategy management system and a good strategy that's well designed, planned, executed and change managed than it is to have a balanced scorecard.”

Daniel Kube, VP marketing and alliances, Actuate performance management division

2. Connecting Strategy with Actions

Climbing the Maturity Curve



The Performance Culture Continuum

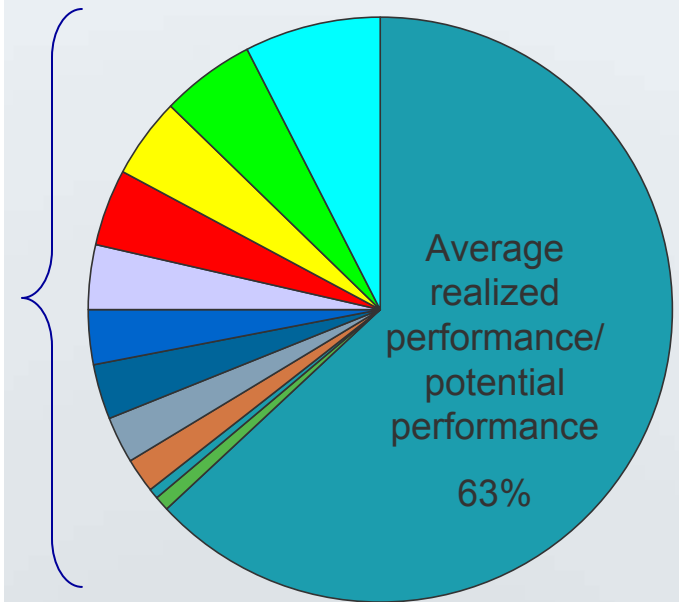
Foundation	Advanced	Breakthrough	
Hierarchical Command and Control	Departmental	Self-directed Virtual Teams	Management
Transactional and Aggregated	Integration across the Enterprise	Learning & Service Delivery Architecture	Information
Cost and Risk Reduction	Productivity & ROI Improvement	Collaborative Improvement	Operations
Service/Product Oriented	Segmented View	Customers' Individual Needs and Value	Customers
Growth & Maintenance	Growth & Performance	Innovation	Strategy

- Bob Angel, "Putting an Innovation Culture into Practice", Ivey Business Journal, Jan-Feb 2006

Where the Performance Actually Goes

Average performance loss 37%

Inadequate or unavailable resources	7.5%
Poorly communicated strategy	5.2%
Actions required to execute not clearly defined	4.5%
Unclear accountabilities for execution	4.1%
Organization silos and culture blocking execution	3.7%
Inadequate performance monitoring	3.0%
Inadequate consequences or rewards for failure/success	3.0%
Poor senior leadership	2.6%
Uncommitted leadership	1.9%
Unapproved strategy	0.7%
Other obstacles (e.g. inadequate skills and capabilities)	0.7%



Marakon Associates and The Economist, September 2004
Senior executives from 197 companies world wide with a market capitalization of >\$1 Billion

One Organization....Many Perspectives



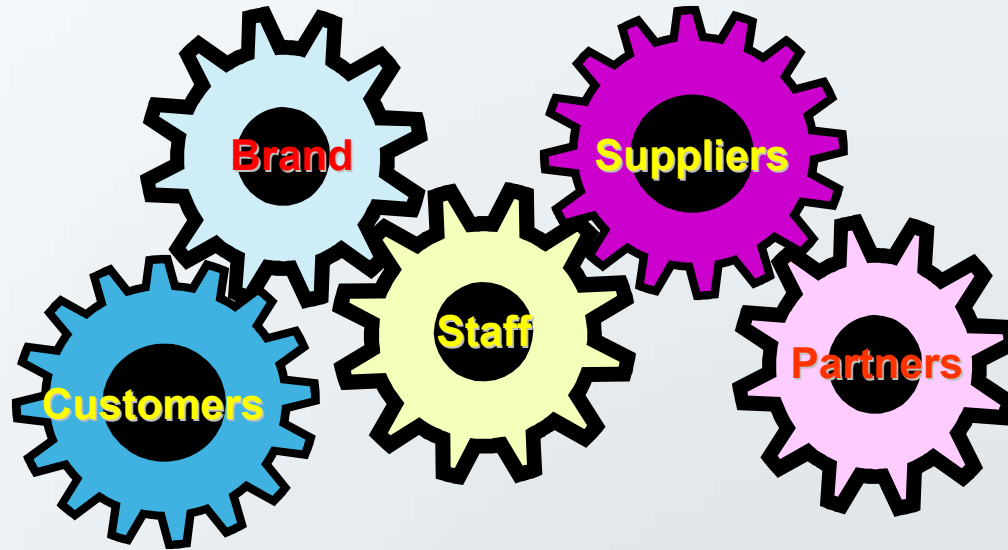
- **CEO:** strategy, customers, competition, style, business plan
- **Operations:** sales growth, cost effectiveness, performance
- **HR:** competencies, compensation, retention, skills
- **Finance:** measurement, financial reporting, planning
- **Staff:** career, work/life, engagement, supervision, money

3. Aligning Organizational Outcomes

Optimizing value from your Actuate solution



Getting More from Your Performance Management System



1. Prioritized, qualitative and actionable service metrics
2. Customer relationships that support the brand
3. Market-competitive leadership – differentiation by performance culture

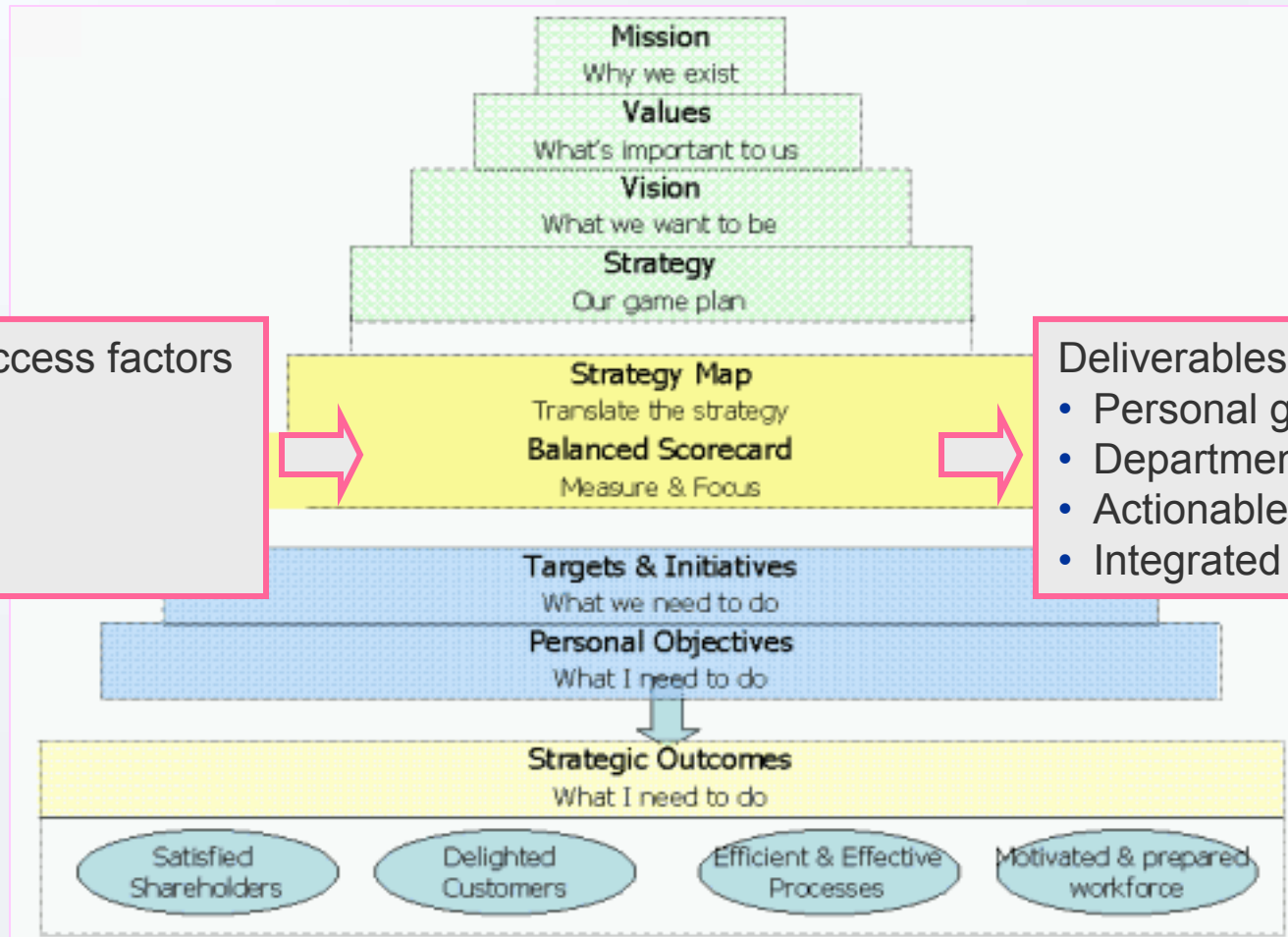
Knowledge & Learning Readiness

How well is performance culture and knowledge & learning embedded in your group?

- Strategic Vision
- Working style
- Climate and support
- Internal knowledge and learning processes
- Customer-oriented culture and capabilities
- Satisfaction and loyalty

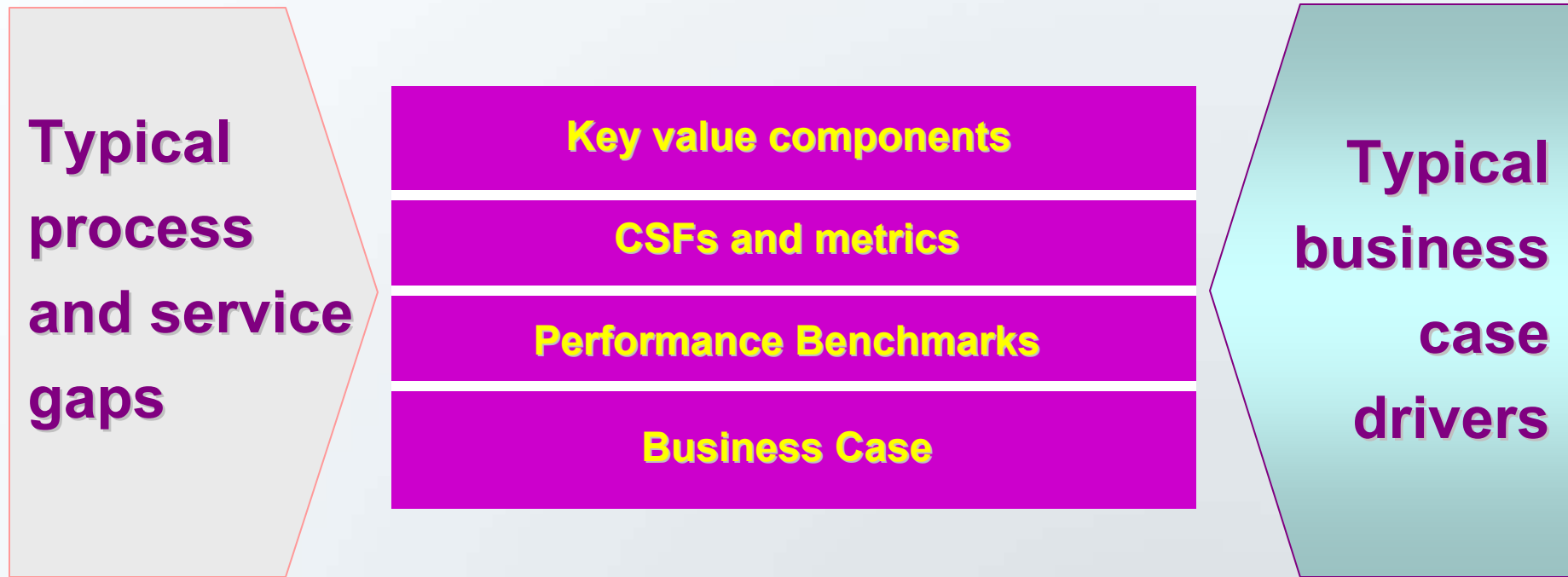
Note: group session will provide survey feedback, answer expectations raised

The Scorecard as a Tool – Not an Outcome



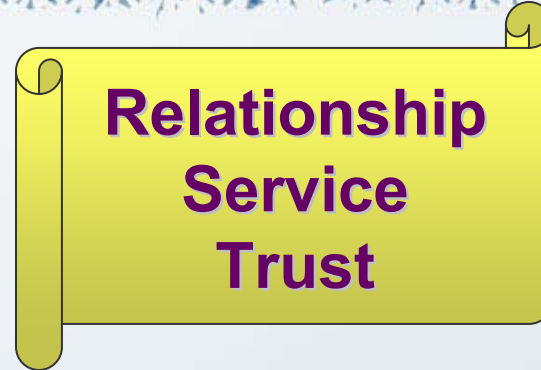
– Towards the “*Strategy Focused Organization*”, Kaplan & Norton, Balanced Scorecard Collaborative

Critical Step – Business Impact Models



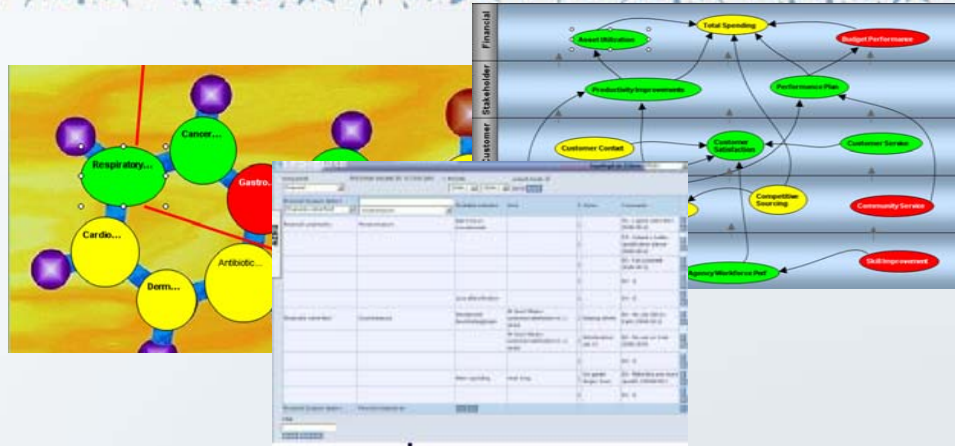
Business case tools: metrics inventory, model template, facilitation methodology – coupled with financial planning experience and knowledge

Desired Outcome: Brand Effectiveness



1. **Streamlined customer experience** integrated across the enterprise
2. **'Next practices' performance outcomes** – customer knowledge, innovation, sales effectiveness, brand support, etc.
3. **Granular performance indicators** tracked for continuous performance improvement
4. **Demonstrated ROI** to support investment in processes and Actuate systems

Desired Outcome: Strategic Performance



“Knowledge and Learning organizations thrive on innovation and complexity They continually assess value to the customer....

*They see **customers and employees as individuals** whose shifting needs and behaviors determine how the brand actually works.”*

Questions?



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