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Welcome and Topics

Topics

- 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 examples of the success gained by using the continuous improvement of Strategic Management Maturity Assessments

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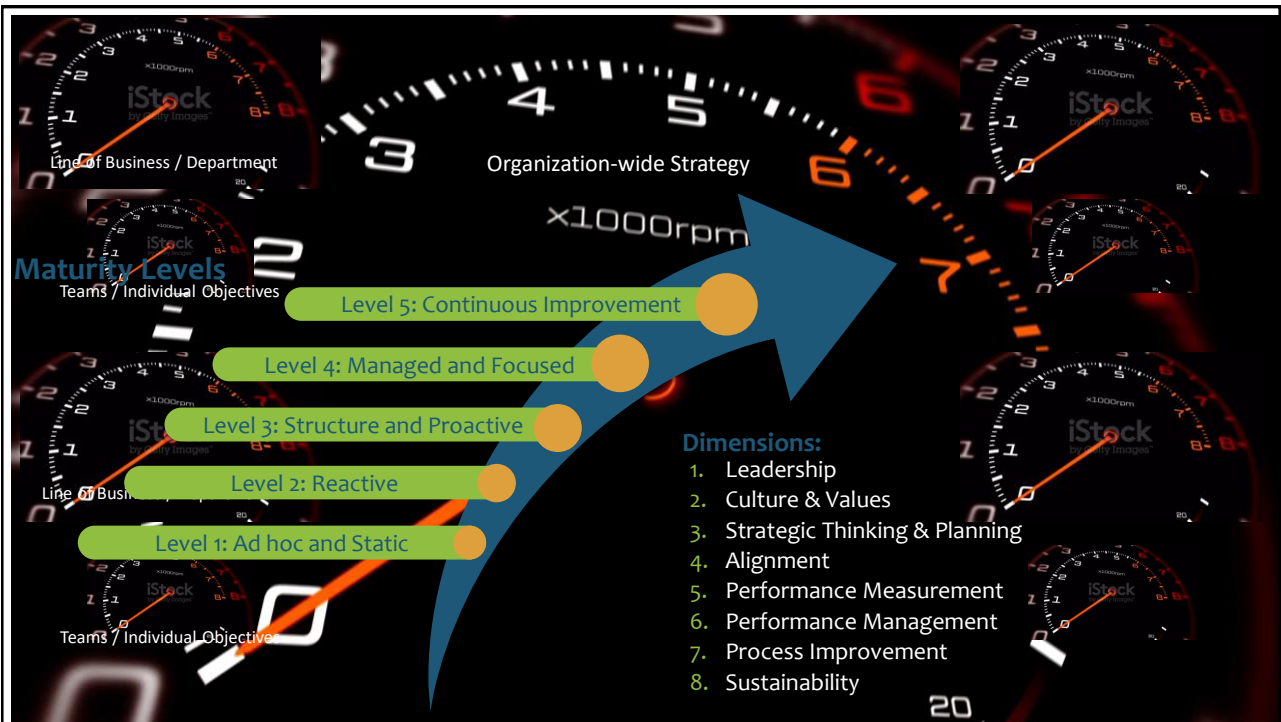
Strategic Management Maturity Levels

Dimensions	Level 1: Ad hoc and Static	Level 2: Reactive	Level 3: Structured and Proactive	Level 4: Managed and Focused	Level 5: Continuous Improvement
Leadership	Leaders dictate / command and 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
Culture and Values	Vision & values undefined or not shared	Vision and Values published, but not lived	Vision & Values communicated and understood	Vision & Values collaboratively developed	Vision & Values fully integrated into organization culture
Strategic Thinking and Planning	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
Alignment	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
Performance Measurement	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 and performance and inform budget decisions	Measurements comprehensively used and routinely revised based on continuous improvement
Performance Management	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
Process Improvement	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
Sustainability	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

	Level 1: Ad hoc & Static	Level 2: Reactive	Level 3: Structured & Proactive	Level 4: Managed & Focused	Level 5: Continuous Improvement
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Progression of Annual SMMA Results
(Client Example)

	Year 1	Year 2	Year 3	Year 4	Year 5	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
Average Score	2.31	2.29	2.83	3.19	3.57	5.00

Strategic Management Maturity Assessment Results
Year 1 — Year 2 — Year 3 — Year 4 — Year 5 — Perfect World
SMMM Average Score by Year: (2.31) (2.29) (2.83) (3.19) (3.57)

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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 most of their time addressing operational issues
- "Fire fighting" is the norm
- Never seem to ever find time to address long-term strategy

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Maturity Level 2: Reactive

- <mark>Some elements of effective planning and strategic performance management are being applied</mark>
- 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

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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 regular basis and are subject to some degree of improvement over time
- <mark>Measurements are somewhat aligned with strategy (Strategic Objectives)</mark>
- <mark>Employee accountability is taken seriously</mark>

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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
- A high level of trust of management exists among the employee population

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Maturity Level 5: Continuous Improvement

- 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 objectives
- 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

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Dimension: Leadership

- 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
- "Remember, there are no bad teams; Only bad leaders!"

  Adapted from: G.I Jane (1997): "Remember, there are no bad crews; Only bad leaders!"

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Course of Action: Leadership

Start with this question: "Who are the leaders when it comes to building and executing strategy?"

Why Should Anyone Be Led by You?

"Everyone agrees that leaders need vision, energy, authority, and strategic direction. That goes without saying. But we've discovered that inspirational leaders also share four unexpected qualities:

- They selectively show their weaknesses. By exposing some vulnerability, they reveal their approachability and humanity.
- They rely heavily on intuition to gauge the appropriate timing and course of their actions. Their ability to collect and interpret soft data helps them know just when and how to act.
- They manage employees with something we call tough empathy. Inspirational leaders empathize passionately—and realistically—with people, and they care intensely about the work employees do.
- They reveal their differences. They capitalize on what's unique about themselves.

You may find yourself in a top position without these qualities, but few people will want to be led by you.

Reference: Robert Goffee and Gareth Jones; Harvard Business Review – September 2000

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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

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Course of Action: Culture and Values

- **Employee Satisfaction Survey/Focus Groups**
- **Culture Assessment**
- **Strategy Rollout Production Planning**
- **Strategy Communications Programs**
- **Values Development Programs**

Eight Errors that Consistently Contribute to Failed Change Initiatives	Eight-step Process to Implement Change
"Allowing too much complacency"	"Establishing a sense of urgency"
"Failing to create a sufficiently powerful guiding coalition"	"Creating the guiding coalition"
"Understanding the power of vision"	"Developing a vision and strategy"
"Under communicating the vision by a factor of 10 (or 100 or even 1,000)"	"Communicating the change vision"
"Permitting obstacles to block the new vision"	"Empowering employees for broad-based action"
"Failing to create short-term wins"	"Generating short-term wins"
"Declaring victory too soon"	"Consolidating gains and producing more change"
"Neglecting to anchor change firmly in the corporate culture"	"Anchoring new approaches in the culture"

Reference: Leading Change, Kotter, John P. (1996-08-07), (Book Summary) Perseus Books Group. Kindle Edition

CHANGE MANAGEMENT

Culture Is Not the Culprit

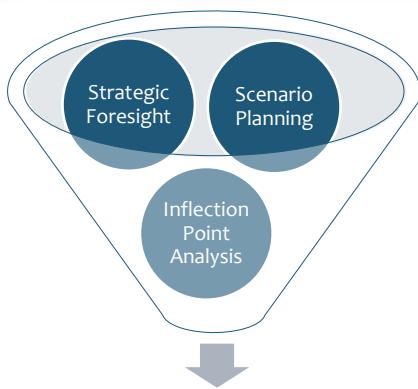by Jay W. Lorsch and Emily McTague

From the April 2016 Issue

"But the corporate leaders we have interviewed—current and former CEOs who have successfully led major transformations—say that culture isn't something you "fix." Rather, in their experience, cultural change is what you get after you've put new processes or structures in place to tackle tough business challenges like reworking an outdated strategy or business model. The culture evolves as you do that important work." (Harvard Business Review – April 2016

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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

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Course of Action: Strategic Thinking and Planning

Possible Alternative Strategies

Strategic Management Maturity Model™ Assessment (by Organization Structure)

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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

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Course of Action: Alignment

Tier 1: Organization-wide

Tier 2: Departments

Tier 2: Business Units

Tier 2: Support Units

Tier 3: Teams and Individuals

Mission/Vision/Values/Strategic Themes/Results

| Strategy Map/ Objectives | Measures | Targets | Initiatives |

Financial / Customer / Process / Organizational Capacity

Tier 1 Scorecard: Strategy defined in a top-level strategy map and scorecard

Tier 2 Scorecards: Aligned strategy defined in business and support unit scorecards

Personal Objectives | Measures | Targets | Initiatives

Tier 3 Scorecard: Aligned personal objectives defined by job descriptions and work assignments

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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

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Course of Action: Performance Measurement
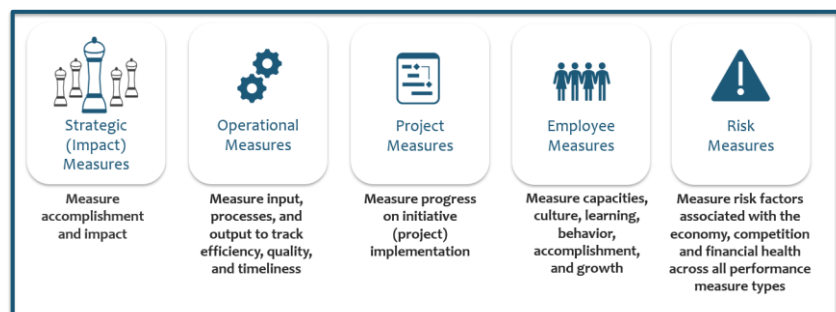
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Dimension: Performance Management

- **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 can 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

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Course of Action: Performance Management

Understand your impact

Help everyone in your organization understand their role in your strategy and success.

Understand strategic roles and contribution
Spider Impact communicates your strategy to everyone in your organization. Every employee is then able to see how their role contributes toward those big-picture goals.

Visualize dependencies to ensure you meet your goals
Achieving your objectives may involve coordinating many people and tasks. If one person doesn't complete a task, performance is at risk. With Spider Impact, you can view initiative dependencies across objectives, departments, and teams, and take action to get back on track.

Create accountability

Let your team know how they'll contribute to meeting performance objectives.

Assign ownership
When Spider Impact is rolled out across entire teams, departments or organizations, you can use it to assign ownership and accountability to each team member.

Never miss a chance to improve performance
Choose to be alerted when any KPI turns red. Or, set alerts for specific items, like when a KPI falls below a certain value.

Facilitate collaboration

Improve team interaction and communication to drive better results through collaboration.

Improve communication
Communicate within Spider Impact about performance, initiatives, strategy achievement, and more.

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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

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Course of Action: Process Improvement

American Productivity and Quality Center (APQC)

1 Strategic Alignment
Strategic alignment refers to the ability of the organization to focus its efforts on the processes and capabilities that are most critical to achieving long-term goals.

Best-practice organizations align their processes with organizational priorities and integrate responsibility into the business role.

2 Governance
Governance is the structure of people, process and technology that supports the attainment of business objectives around process management.

Best-practice organizations centralize governance of their process management activities, but ensure ownership and accountability lay within the business units.

3 Change Management
Change management is all about engagement, training, two-way communications, and providing consistent explanations and directives.

Best-practice organizations motivate employees by focusing on the people and culture; ultimately helping people adopt new behaviors.

SEVEN TENETS OF PROCESS MANAGEMENT

4 Process Models
Process models capture the organization's knowledge about its processes and serve to visually represent the complex relationships between organizations and the work they do.

Best-practice organizations create a common language and process framework to fuel widespread adoption of process management capabilities.

5 Performance and Maturity
Performance and maturity refer to the capability of an organization to measure the performance of processes and , at a high conceptual level, measure the maturity of the processes in meeting needs and process management activities.

Best-practice organizations not only measure processes, they tie their measures into critical decision points and process controls to drive performance.

6 Process Improvements
Process improvement is divided into continuous and breakthrough improvements. Continuous improvement focuses on executing the existing processes more effectively. Breakthrough improvement looks at how to change the process for higher performance by asking "why do we do this"?

Best-practice organizations align process improvement efforts with their strategic objectives and transparency across the organization.

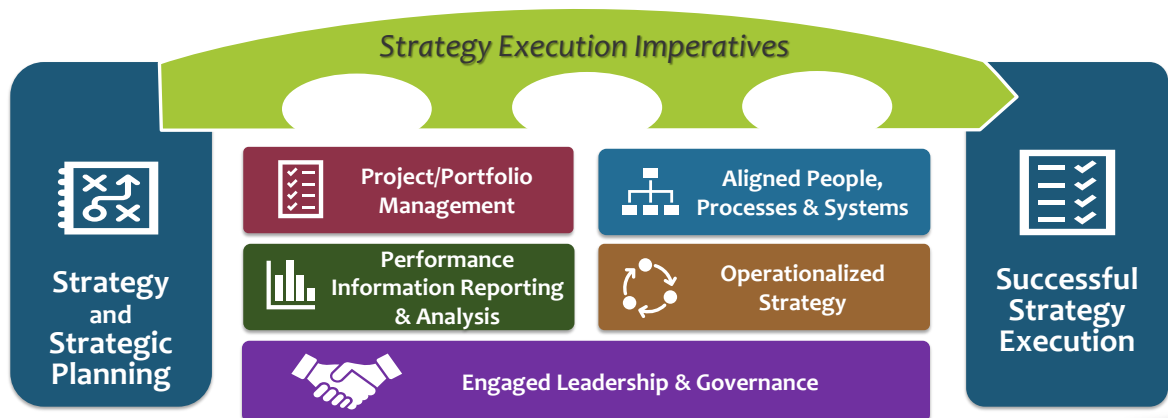**7 Tools and Technology**
Tools and technology enable successful processes through automation and can provide breakthrough capabilities in process models, change management, and governance.

Best-practice organizations focus on the business needs of the organization and then putting the tools and technology into place to support them.

Reference: https://www.apqc.org/search?keys=seven+tenets

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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"

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Course of Action: Sustainability of Strategic Management

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

Strategy Execution Imperatives

Strategy and Strategic Planning

Project/Portfolio Management

Aligned People, Processes & Systems

Performance Information Reporting & Analysis

Operationalized Strategy

Engaged Leadership & Governance

Successful Strategy Execution

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2022 Annual Caribbean Strategy Summit

Register at: https://www.strategyplusconsulting.org/events-2-1

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