Strategic planning:
Strategy Map & Balanced Scorecard

Costas Troulos
Technology Transfer Consultant
Praxi Network
Session Agenda

• Purpose:
  • introduce the use and key concepts of strategic planning
  • Discuss the value of the strategy map and the balanced scorecard
  • make sure that everyone understands how these tools work

• What is the strategic plan
• What is the strategy map and how it is used
• What is the balanced scorecard and how it is used
• Connections/links between the strategy map and the balanced scorecard
• Examples
• Exercise – work in groups
Strategic planning

- Strategic planning is about selecting the best options – choices can be about a) resources, b) what work gets done and c) who should do the work.
  - It is a systematic process

- A well-developed and well-communicated strategic plan can increase the likelihood that employees will respect the goals and will work together to achieve the desired objectives

- Strategic planning is driven by data – the data provide information and insight that is needed by the management to make the strategic choices (or make adjustments)

- As soon as data are gathered (from external stakeholders, internal sources, market/industry/competition analysis) the next step is to draft the strategic plan [tool: Strategy Map]

- After the strategic plan is defined we need to start execution, delegate authority and execution/ownership rights to people and groups

- To do that strategic goals are not enough. They have to be broken down to smaller more manageable objectives and actions [tool: Balanced Scorecard]

- During the execution of the strategy, organizations measure performance, evaluate and communicate results and based on findings make the necessary adjustments
Mapping the strategy

- Strategy map is a tool/diagram that helps document strategy in four clearly distinct perspectives. It was introduced by Drs. Robert S. Kaplan and David P. Norton in 1996.
- Every goal in an upper level is/should be the product or combination of goals in the lower levels.
- Strategy should be described as a series of cause and effect relationships.
  - this is not mandatory but highly desirable.

Financial perspective
Customer perspective
Internal process perspective
Learning and growth perspective

Alternative option for non-profit/government

Stakeholders perspective
Internal process perspective
Learning and growth perspective
Investment, financing perspective

Financial perspective as resource and not as outcome (e.g. costs, asset use)
Breaking down the strategy into actionable items with the balanced scorecard

• The implementation of the strategy requires that actions and initiatives are in-line with organizational strategy – so that we know what we are doing and why.

• Essentially, we have to break down the overall, strategic goals developed in the strategy map into more manageable objectives and realistic actions.

• The Balanced Scorecard is the framework that links your mission statement to the execution of your strategy.
  
  • *It was introduced in 1992, by Drs. Robert Kaplan and David Norton*
The Balanced scorecard

- “Is a performance measurement system that translates an organization’s strategy into clear objectives, measures, targets, and initiatives.” (Kaplan and Norton, Harvard Business Review, 1996)

- It provides a clear link between strategic plan and operations / tactics

- It balances actions, initiatives and performance measurement across the 4 perspectives present in the strategy map

- It provides greatest focus on strategic objectives and tactics used to realize those objectives

- It allows a standard and objective definition of strategy and actions related. Thus it can be better communicated in an objective fashion
A unified view
Important notes

- Make sure that the actions/initiatives are directly linked to the objectives of your organization, then the objectives should exhibit direct relationships to your goals and your goals have direct relationship to your mission and values

- Any vague objective has to be broken down to more precise, measurable objectives

- In a government organization, the mission statement and overall grand scheme of operation is typically provided by the government or funding authority. This needs work to develop into an actionable strategic plan.

- New institutions are typically created by existing organizational structures with their own goals, culture and performance metrics and expectations
  - integration to a greater organizational scheme is an important task
Exercise

• We are going to develop a strategy map and a simple balanced scorecard for an Innovation Center of Excellence

• Split into two groups

• Develop the strategy map first

• After we agree on the map we will start working on the balanced scorecard
Thank you

Costas Troulos
troulos@praxinetwork.gr
+30 210 36 07 690