

Strategy Mapping in Public Sector Organizations

How much time does the senior management of your organization spend thinking about strategy?

If your answer is "Not enough" your organization is among the majority. Many organizations are new to strategic planning, and those that have experience with it have had varying degrees of success. Often, plans are created and ignored until it is time to start planning again. Other plans are created in multiple offices and cobbled together. These are, in fact,

no more than a compilation of independent to-do lists, and do little toward strengthening the organization as a whole.

Focusing on strategy is a challenge for any organization. However, there are several reasons why the public sector might find strategic focus particularly difficult. For example, reporting to elected officials can create a revolving door effect among leadership that results in frequent changes of direction. External factors often force budget constraints without regard for the impact on the mission and vision of the organization. Media interpretation and sensationalism can lead to short-term focus to solve perceived problems. Most of these problems cannot be completely solved, so the key is learning how to manage them better. This can be done effectively through strategy mapping.



Developing and Implementing Strategy in the Public Sector

A three-part series of articles explaining the strategic process from inception to conclusion.

This first article in the series, **Strategy Mapping in Public Sector Organizations**, uses a case study to explain how public sector organizations can successfully develop a strategy map. Once the strategy map is completed, the organization's primary objective and the drivers for success will naturally rise to the top, catalyzing the strategic process. The version that appears in this newsletter is slightly abridged.

The second article in the series, **Balanced Scorecard for Public Sector Organizations** explores how to develop a Balanced Scorecard, which identifies the organization's critical strategic issues and gives necessary feedback on how effectively progress is being made toward improvement.

The third article, **Executing Strategy in Public Sector Organizations** explains the day-to-day implementation of the strategic plan developed in the first two articles. After all, the best strategic plan will be ineffectual if not acted upon or implemented faultily.

Altogether, these articles will provide decision-makers in the public sector with solution-driven knowledge which will allow them to take steps toward effective strategic planning in their organizations. The full-length version of each of the articles is available on the Orion website at www.odgroup.com/articles.html.

What is a Strategy Map?

A strategy map articulates an organization's strategy through a series of cross-functional cause-and-effect relationships. Building a strategy map typically involves understanding the key strategic themes in four general perspectives: financial; customer; process; and learning/growth. These four perspectives were developed by Dr. Robert Kaplan and Dr. David Norton in the early 1990's as part of their Balanced Scorecard methodology. The theory holds for both private and public sector organizations, though the model is modified for optimal public sector use. Consider the models in Figure 1 shown on page 2.

The Michigan Department of Treasury is an excellent example of how strategy maps can be used to articulate organizational direction. In the summer of 2002, the strategic process was initiated by conducting a month-long assessment corresponding to the four strategy map perspectives. Each office analyzed its relationship with its various citizen segments and how it would change in the future. Financial analysis on incoming revenue and expense management was performed. Key processes that hindered productivity were identified, as were the key process strengths that needed to be leveraged. Employee focus groups were conducted to determine

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Navigating Your Organization's Future

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workforce strengths and weaknesses, satisfaction levels, and how well-connected employees felt to organizational strategy. Recent surveys on manager/employee relationships, customer perceptions of service, and other factors were reviewed. The output of the assessment work was a comprehensive list of Strengths, Weaknesses, Opportunities, and Threats (SWOTs) that illustrated the difference between the current and future states articulated by the mission and vision.

The assessment was followed by a two-day session in which the executive team used the SWOTs gathered to develop the strategy map shown in Figure 2. The map should be read as a series of IF/THEN statements. For example, note that the *Develop Positive Culture* objective in the LEARNING & GROWTH perspective has two arrows going into it. This should be read as "IF we *Provide Customer-Friendly HR Service* and *Improve Internal Communication*, THEN we will be able to *Develop a Positive Culture*." The arrows articulate the causal relationships among the objectives.

Interpretation of the strategy map should start at the top. The Treasury selected *Increase Stakeholder Satisfaction* as their ultimate objective. The term *stakeholders* was chosen to express the fact that the Treasury serves several diverse customer groups with markedly different sets of needs, and that all of these needs must be met in order to achieve increased overall satisfaction with service. The taxpayers were, of course, a key customer segment, as were the families applying for educational financial assistance, the governor's office, the legislature, etc. After much discussion, the term *Stakeholder Satisfaction* was proposed by the Treasurer to account for these various groups.

Five things then emerged as instrumental to achieving this ultimate objective. One was *Maintain Financial Integrity*, since the Treasury's main charge was to collect taxes and fund state programs. *Develop Positive Culture* was also thought to be a key driver of stakeholder satisfaction, due to the widely held maxim that employees treat customers the same way an organization treats employees. *Enhance Customer Communication* was critical because customers need to know about process improvement changes to utilize them properly. *Promote Positive Image* gave the public confidence that their tax money was being handled properly, and *Improve Security* (the fifth connecting arrow, coming in from the right and illustrating a general connection to every objective) ensured that both tax money and confidential information were being handled responsibly.

The relationships across the map shown in Figure 2 were developed after a great deal of productive discussion among managers from across the organization regarding *what drives what*. *Improve Security* is positioned on the far right with a connection to everything because the group felt that security impacted everything they did, and if it were not maintained an effective strategy could not possibly be executed.

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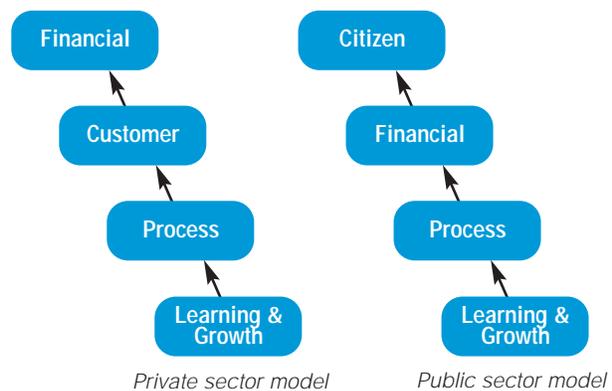


Figure 1

Did You Know?

Process Improvement Can Ease Budget Woes

In today's public sector climate, pressure is greater than ever to do more with less tax revenue. For many, process improvement has been the answer. Process improvement projects free up hidden resources that enable public organizations to maintain services and address new challenges in the face of dwindling budgets. Types of process improvement projects include:

- **Process mapping** — to reveal inefficiencies you can eliminate immediately.
- **Process value analysis** — to ensure you are investing money in activities with maximum impact.
- **Process redesign** — to create new capabilities without new capital investment.
- **Process measurement (Six Sigma tools)** — to maintain the gains.

*Hundreds of organizations at the federal, state and local levels benefit from process improvement. For example, the **State of Michigan Office of Retirement Services** has used process redesign to effectively meet an increased workload with 30 percent less staff. Likewise, the **California State University** system has reduced costs by implementing scores of process improvements at its 23 campuses.*

Other government agencies benefiting from process improvement include: Fairfax County, Virginia; Dakota County, Minnesota; Orange County, California; the Florida Department of Revenue, Denver International Airport, the Public Service Company of New Mexico, and several departments within the U.S. Navy.

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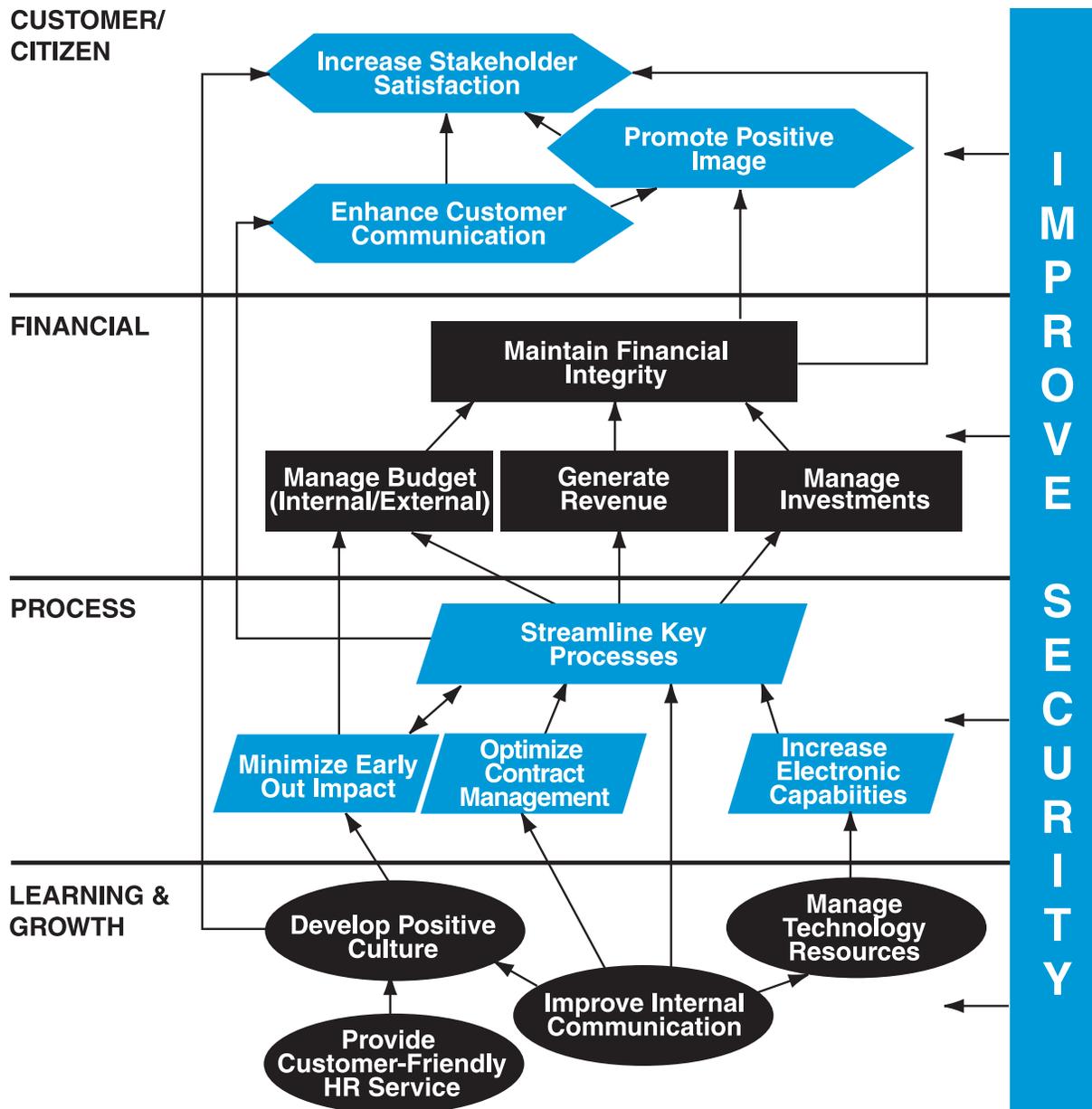


Figure 2



Orion Development Group's extensive series of university-sponsored and on-site seminars and workshops have helped hundreds of organizations and thousands of individuals improve performance by making process excellence (quality and efficiency) a strategic asset.

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- Process-Oriented Strategic Planning
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The development of the map was a success. As Deputy Treasurer Julie Croll said, "Although the Department had been through a series of 'reengineering projects' and 'quality initiatives,' the strategy mapping session of the Balanced Scorecard development process was the first time I had witnessed managers from all parts of the Department really understand what it meant to identify the core mission and functions of the Department. I think it made us all realize that strategic planning for the big picture isn't scary once you understand that the big picture is made up of a lot of little pictures that fit together logically."

Benefits of Strategy Mapping

There are several benefits to be gained from strategy mapping, one of the most important being the focus on cross-functionality. Organizational problems of today are often too complex to be solved on a function-by-function basis. The strategy map forces the organization to think about how the various functions interact with and support each other. In the Treasury example above, instead of having an IT department focused on becoming a world-class technology organization with all the latest technological toys, the strategy map clarified precisely how IT was expected to support the business of government — to increase electronic process capabilities in targeted areas.

Another benefit of strategy mapping is improvement in organizational communication. A common disconnect in public sector organizations is often an employee does not see the connection between his/her job and the strategy of the organization. The strategy map can help close this gap. A clear picture of what the ultimate objective of the organization is, and how each employee can help to meet the objective can go a long way toward illustrating the *fit* of the different employee groups.

Conclusion

The strategy map provides a good start to your strategic process. It will serve to develop a common sense of purpose and direction for your multiple offices with multiple missions. It also can provide the framework to determine what initiatives are critical to facilitating strategic plan execution, and what measures would be best to assess strategic performance.

The full-length version of this Strategy Mapping article and the next two articles in the series are available on the Orion website at www.odgroup.com/articles.html.

In the next issue of the *Orion Constellation...*

- Process Measurement and Improvement in R&D
- A Six Sigma success story

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