Using Strategy Maps to Achieve Organizational & Personal Goals:

Strategies for a Successful Career & Life

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What is Strategy?

- Greek origin: Strategia (the art of war).
- It is the skill in management or planning.
- It is the means of reaching the focal objective.
- It is the direction and scope of an organization over the long term.
- It matches resources to the changing environment, and its markets, customers or clients so as to meet stakeholder expectations.

Strategy is about knowing :

- Where you are now,
- Where you are going, &
- How to get there.

Strategy implementation is about ensuring that you get there.

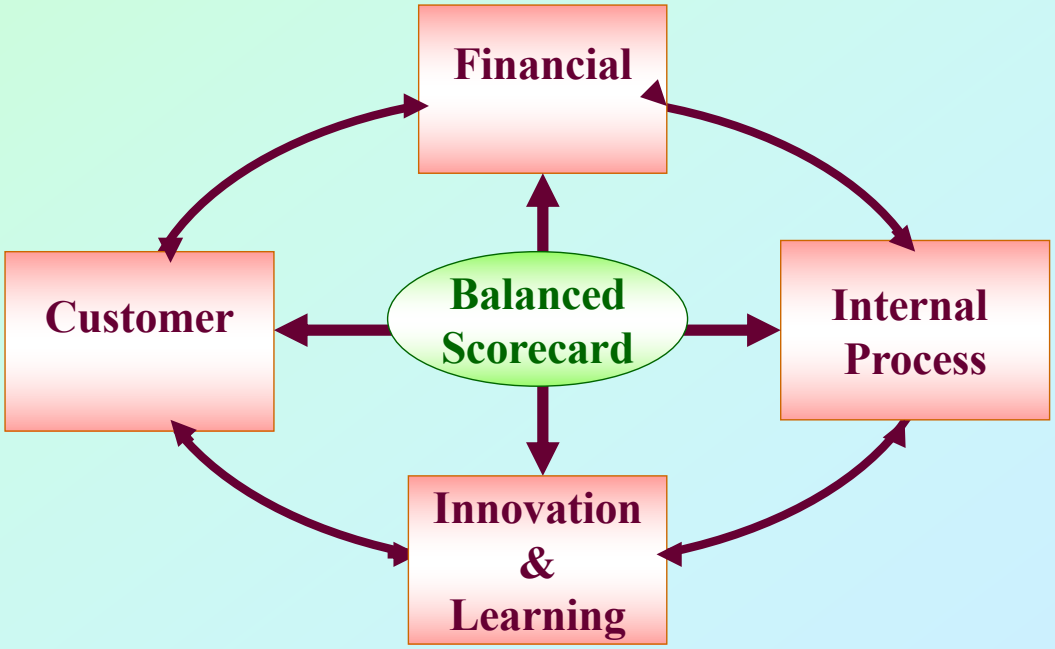
Balanced Scorecard

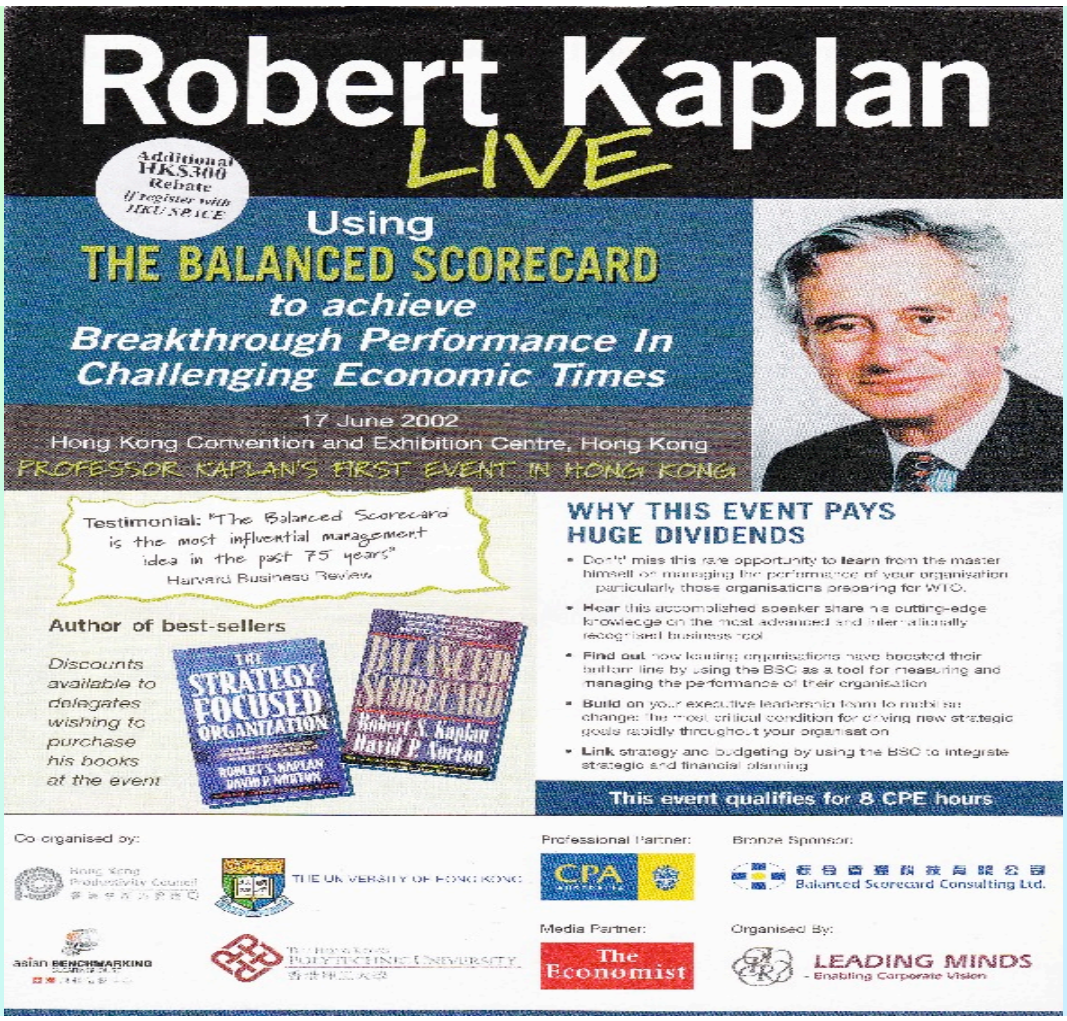
- **Balanced scorecard**
  a combination of performance measures directed toward the company's long- and short-term goals and used as the basis for awarding incentive pay.

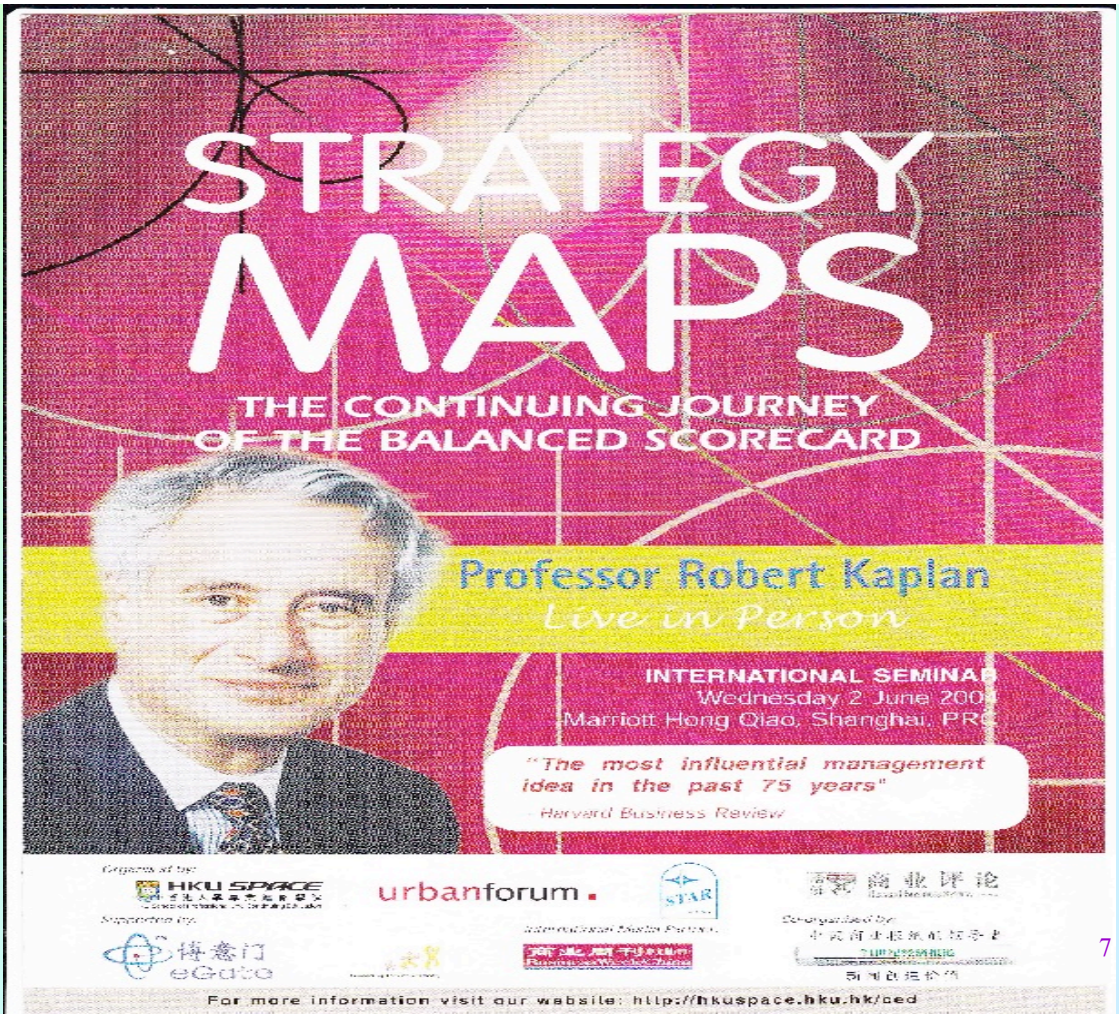
- The four categories of a balanced scorecard include:
  - financial
  - customer
  - internal
  - learning and growth

Balanced Scorecard – What?

The 4 perspectives






STRATEGY MAPS
THE CONTINUING JOURNEY OF THE BALANCED SCORECARD
Professor Robert Kaplan
Live in Person
INTERNATIONAL SEMINAR
Wednesday 2 June 200
Marriott Hong Qiao, Shanghai, PRC
"The most influential management idea in the past 75 years"
Harvard Business Review
HKU SPACE
urbanforum.
商业评论
博意门
eGate
For more information visit our website: http://hkuspace.hku.hk/ced

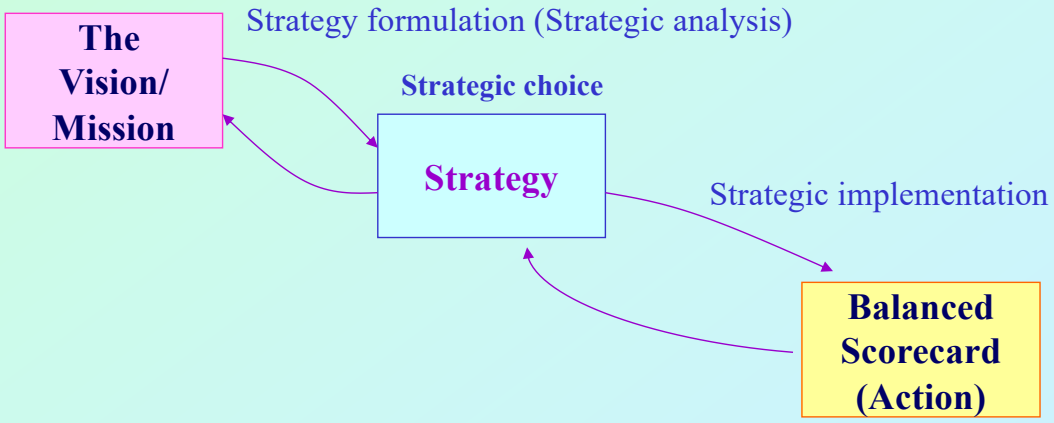
BALANCED SCORECARD
urbanforum.
DR DAVID P NORTON
DR ROBERT S KAPLAN
2006
ASIA PACIFIC BALANCED SCORECARD SUMMIT & HALL OF FAME
STRATEGY EXECUTION
USING BALANCED SCORECARD TO DRIVE BREAKTHROUGH RESULTS
5-7 SEPTEMBER 2006 GRAND HYATT JIN MAO TOWER, SHANGHAI, PRC
Palladium
urbanforum.
Microsoft
PECC
商业评论
CEIBS
HKU SPACE
WESLEYQUEST
KAS
Education

The Balanced Scorecard Development

The Balanced Scorecard - Measures that drive Performance	1992
Putting the Balanced Scorecard to work	1993
Devising a Balanced Scorecard Matched to Business Strategy	1994
Using the Balanced Scorecard to Translate Strategy into Action	1996 (a)
The Strategy Focused Organization	2001
Strategy Maps	2004
Alignment	2006
The Execution Premium	2008

Putting the Balance Scorecard to work

(Kaplan and Norton)

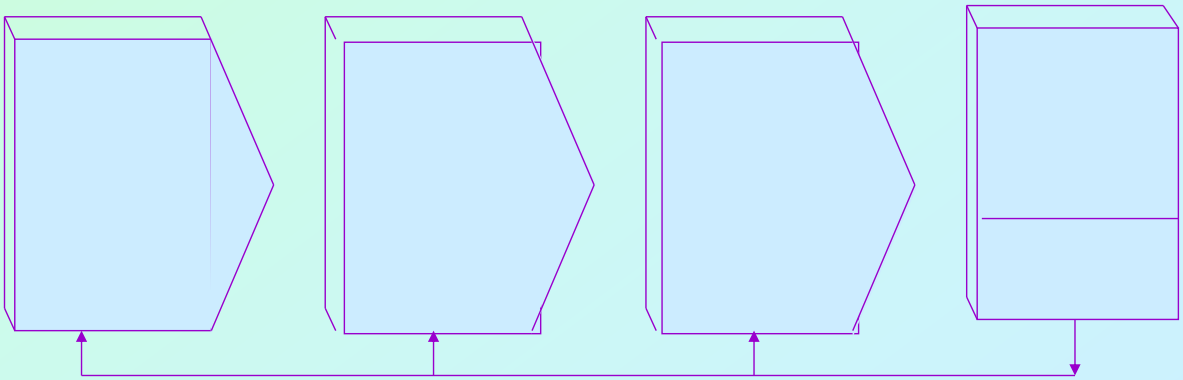


- **Translating Vision/Mission into strategic objectives in 4 perspectives.**

Balanced Scorecard

A Cause & Effect Chain

Driver — Result



- Competent staff
- Excellent morale

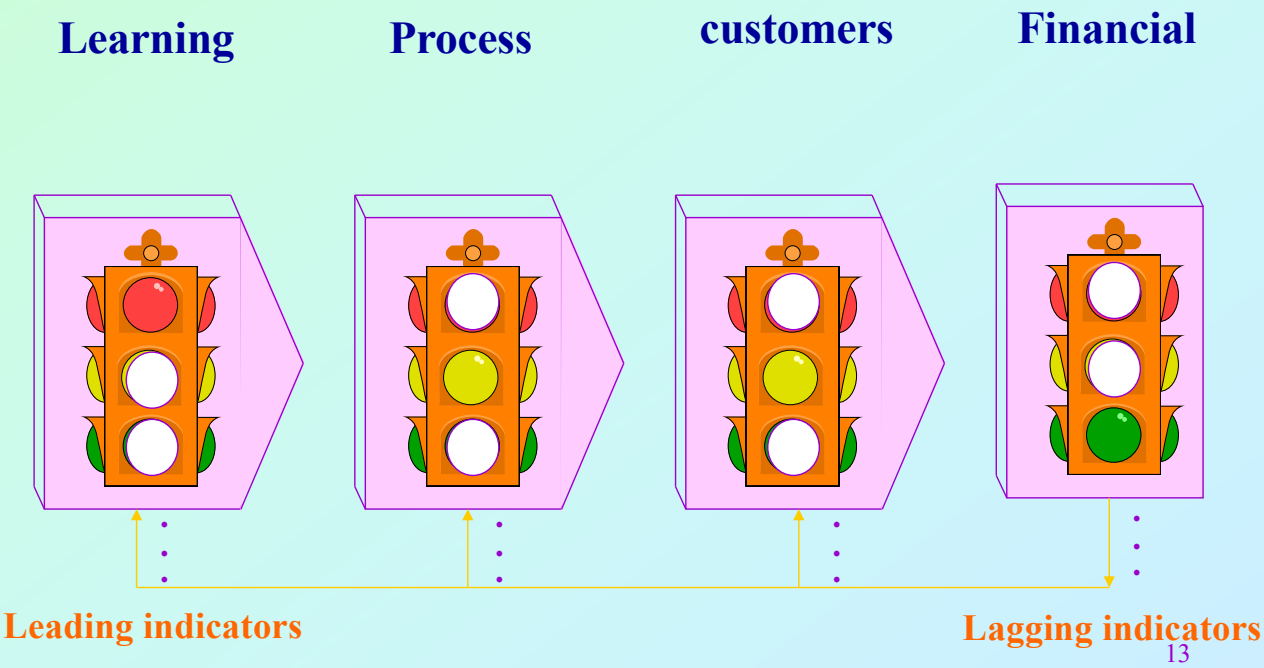
- Advanced technology
- Simple process

- Delighted

- Value growth

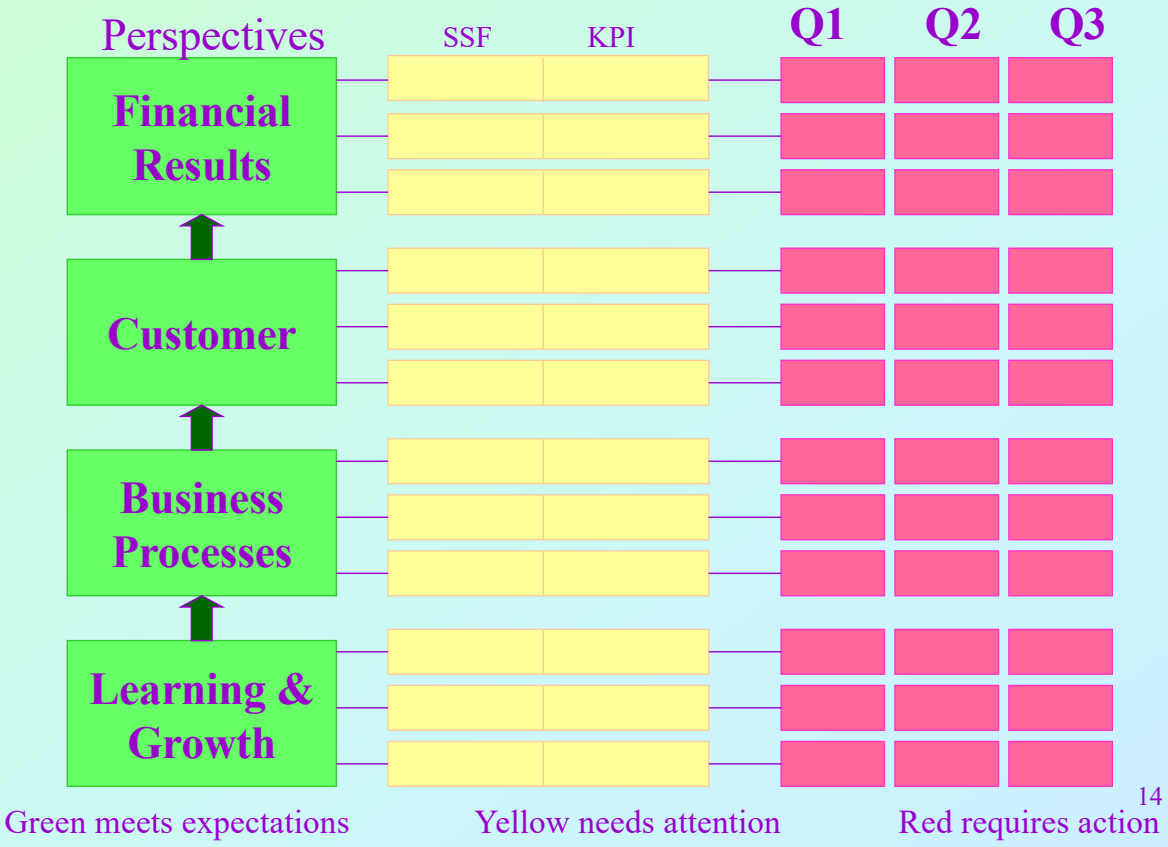
Balanced Scorecard

Top Level Cockpit View of an organization (KRA)



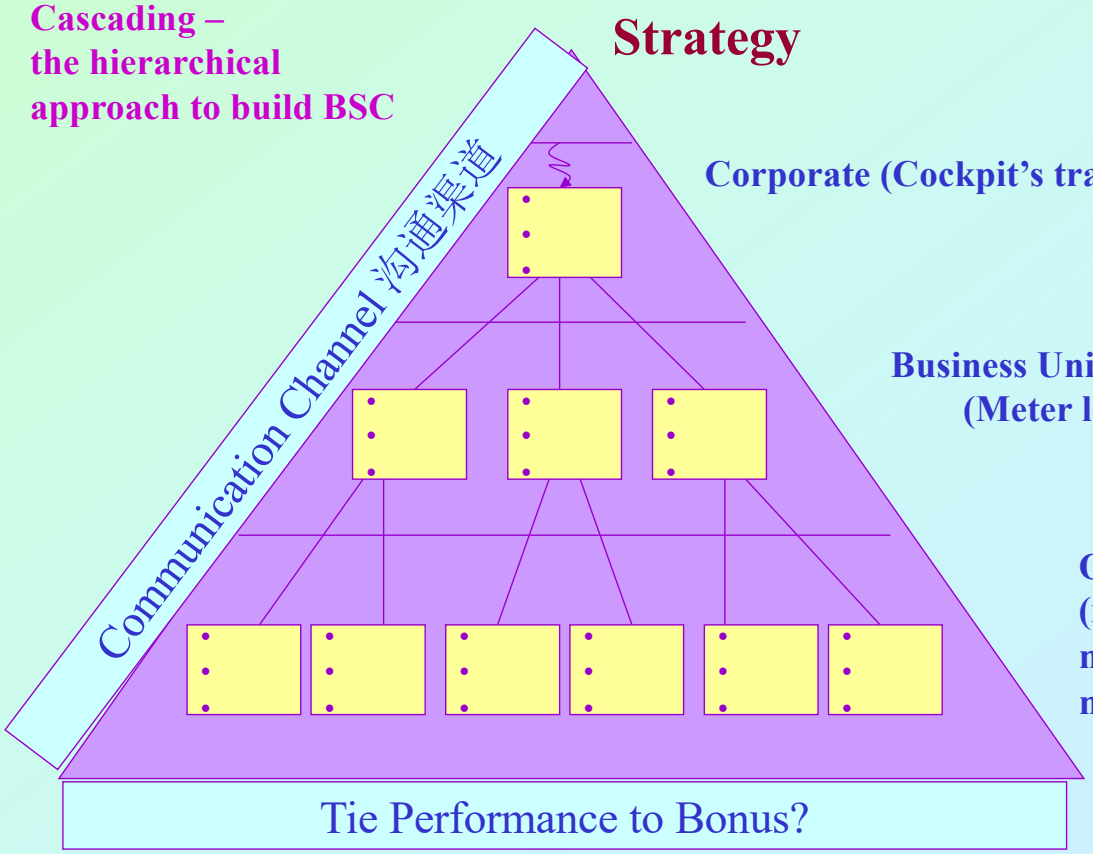
Balanced Scorecard

Detailed ‘ Traffic Light’ View



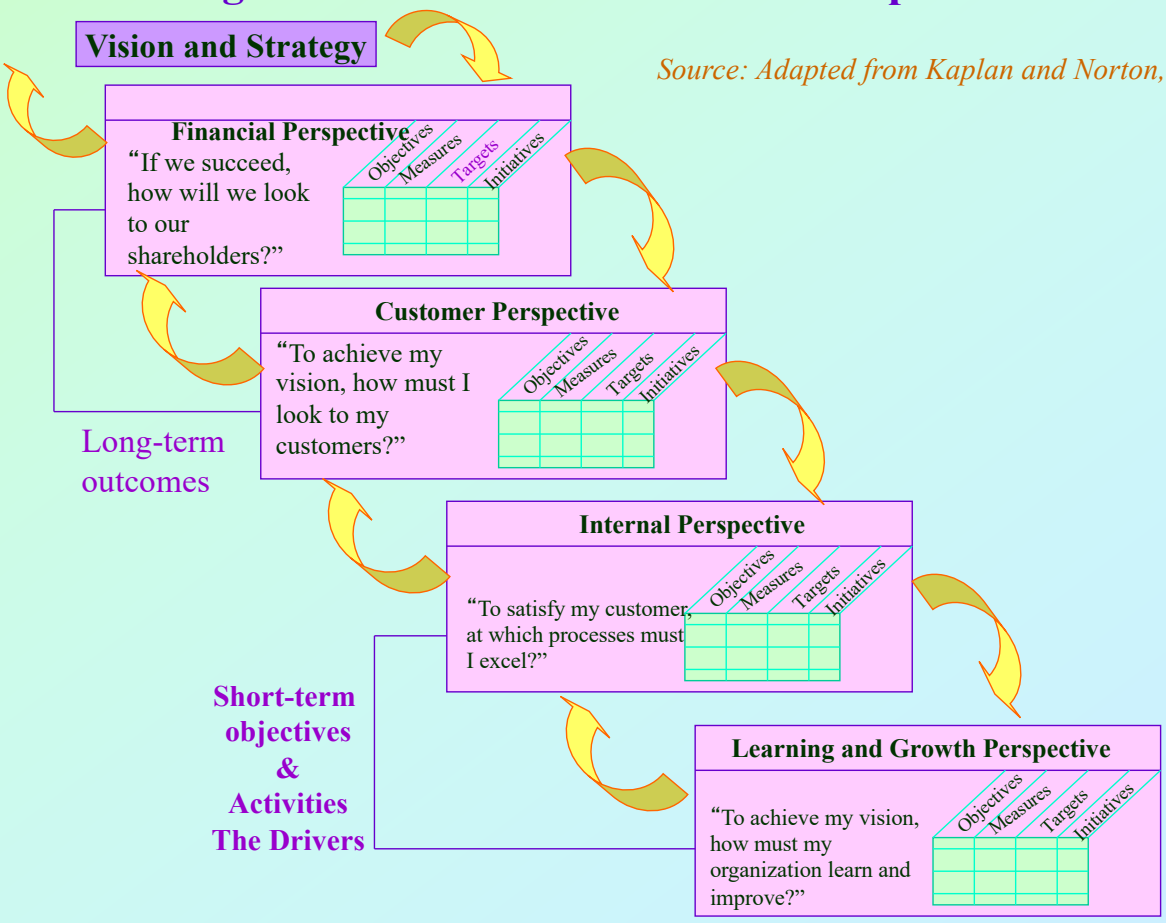
Balanced Scorecard

Cascading –
the hierarchical
approach to build BSC



Defining the Cause-and-Effect Relationships of the Strategy

Source: Adapted from Kaplan and Norton, 2001



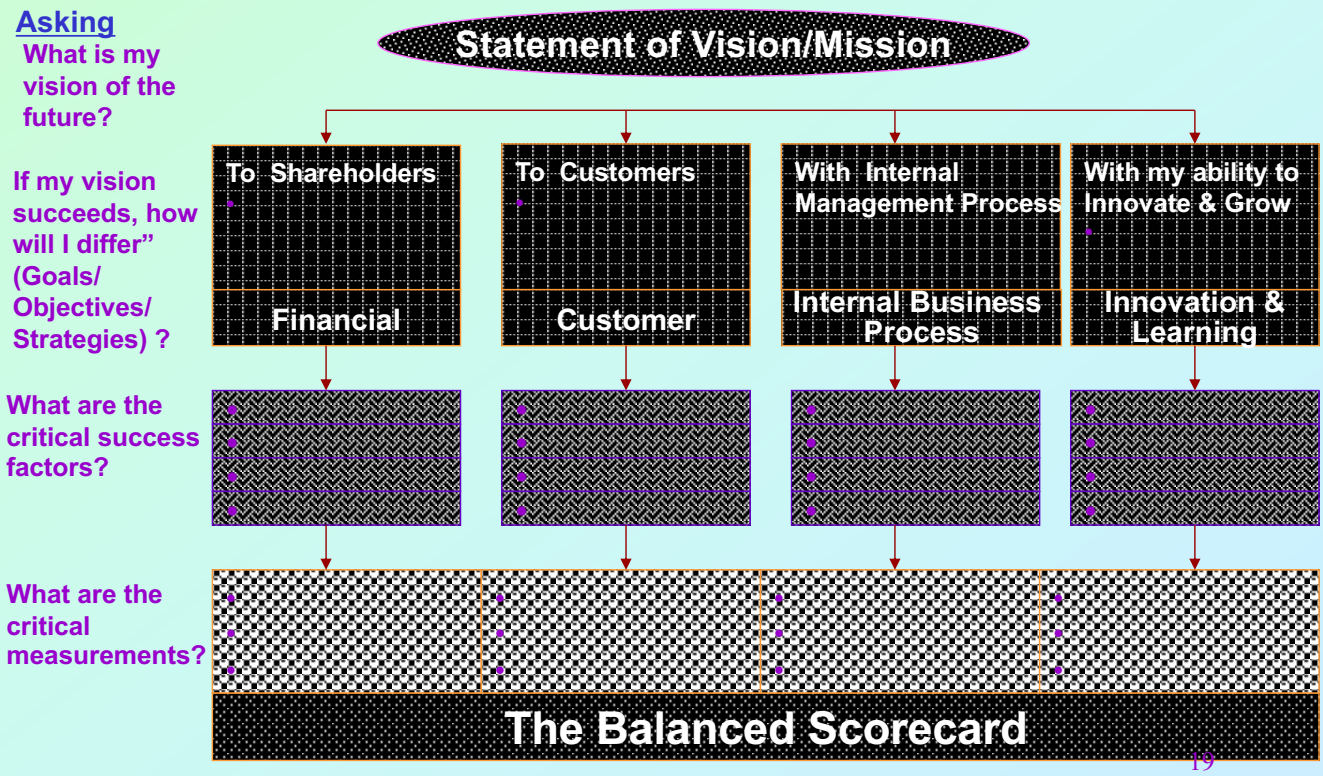
Balanced Scorecard : Summary

- It links up vision/mission, strategy (corporate, business and operation) to cause and effect measures.
- It involves senior (and middle) managers who have the most complete picture of the company's vision and priorities (KPIs)
- It can be used as a framework and tool for performance and reward management system.

Balanced Scorecard: Summary

- A vehicle for communicating the vision (top-down).
- A tool for adding "structure" to the Strategy Review meeting
- A tool for translating strategy into action
  - Provides clarity throughout the organization
  - Provides focus and prioritization
  - Enables all employees to understand their contribution

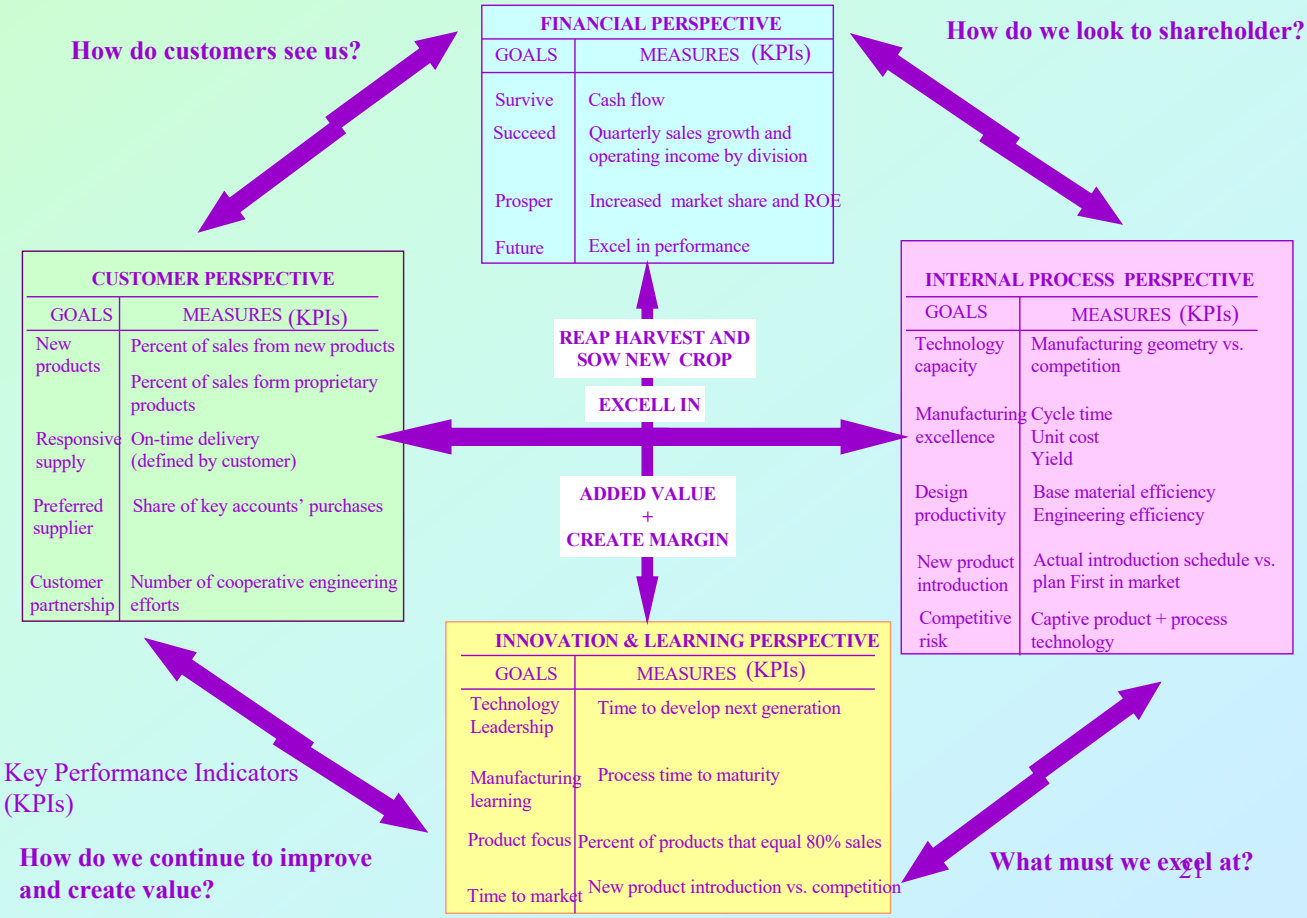
Linking Measures to Strategy



Translating Mission into Desired Outcomes

Adapted from Kaplan and Norton, 2001

The Balanced Scorecard Links Performance Measures



BGX HK Balanced Scorecard : Table View

Scorecard	Strategic Success Factor (S.S.F)	Performance Measures (KPIs)	Target 2018 2019 2020
Financial	•Shareholder Satisfaction •Profit Performance •Market Position •Cash flow •NOC	•RONA % •IFO % •Share % (OEM) •HK $Mil •Inv Turns	
Customer	•Number of quality complaints •Brand index •Relative Performance ICSL •Customer Satisfaction •Sales of New Products	•% of complaints/deliveries •Mkt share Val/Vol % •% Perfect Deliveries of Request •Survey: Rank Position on Services •% Sales To New Products	
Process	•Commercial Responsiveness •Product Mix •PCP (Product Creation Process) Hit Rate •Order Fulfillment Cycle Time •Manufacturing Yield •Implement ERP and BSC	•% Enquires > Target •% Products with IFO > 10% •% New Product Releases on Time •X Days •Material Lost % •Days per milestones	
Learning & Innovation	•Manufacturing Excellence •Purchasing Skills •Leader/Coaching Skills •Quality Improvement Teams (QIT)	•Performance to Plan i.e. NPD •Progress in Level 1 training •Maturity Assessment •% Managers Attending Course •QIT (Teams) registered pa	

The Widely Used Performance Measures

- Net profit
- Customer satisfaction
- Return on assets (ROA)
- Total sales
- Net Cash flow
- Profit growth
- Market Share
- Quality Improvement
- Price/Earnings ratio
- Asset size
- Asset growth
- Return on equity (ROE)
- Market share growth
- Shareholder rate of return
- Earnings per share (EPS)
- Increase in share price

Examples of Organizations Using Balanced Scorecard

***Companies use BSC*:**

- Mobil
- Siemens
- IBM
- Hilton
- UPS
- McDonalds
- Brisbane City Council
- City of Charlotte
- Canadian Police
- Port of Spain
- Boston Lyric Opera
- U.S. Army

Examples of Organizations Using Balanced Scorecard

Asia:

- Centrepoint Properties (Singapore)
- SOHO Group (Indonesia)
- Singapore Prison Service Department
- Tata Motors (India)
- Infosys Technologies (India)
- LG Philips LCD (Korea)

Examples of Organizations Using Balanced Scorecard

Hong Kong:

- MTRC
- Hong Kong Housing Society
- HSBC
- Modern Terminals
- HKPC
- HWL

Application of BSC:
City University of Macau (AIOU)

Staff learning & growth

- Hire high quality academic staff
- Conduct training for all teaching & administrative staff

Internal process

- Establish new organisation structure
- Publish dissertation guide for all professors & students
- Obtain ISO 9000 certification

***Customer**

- Provide free lectures for partner institutions & MBA students
- Develop new Doctoral programme for graduates

Financial

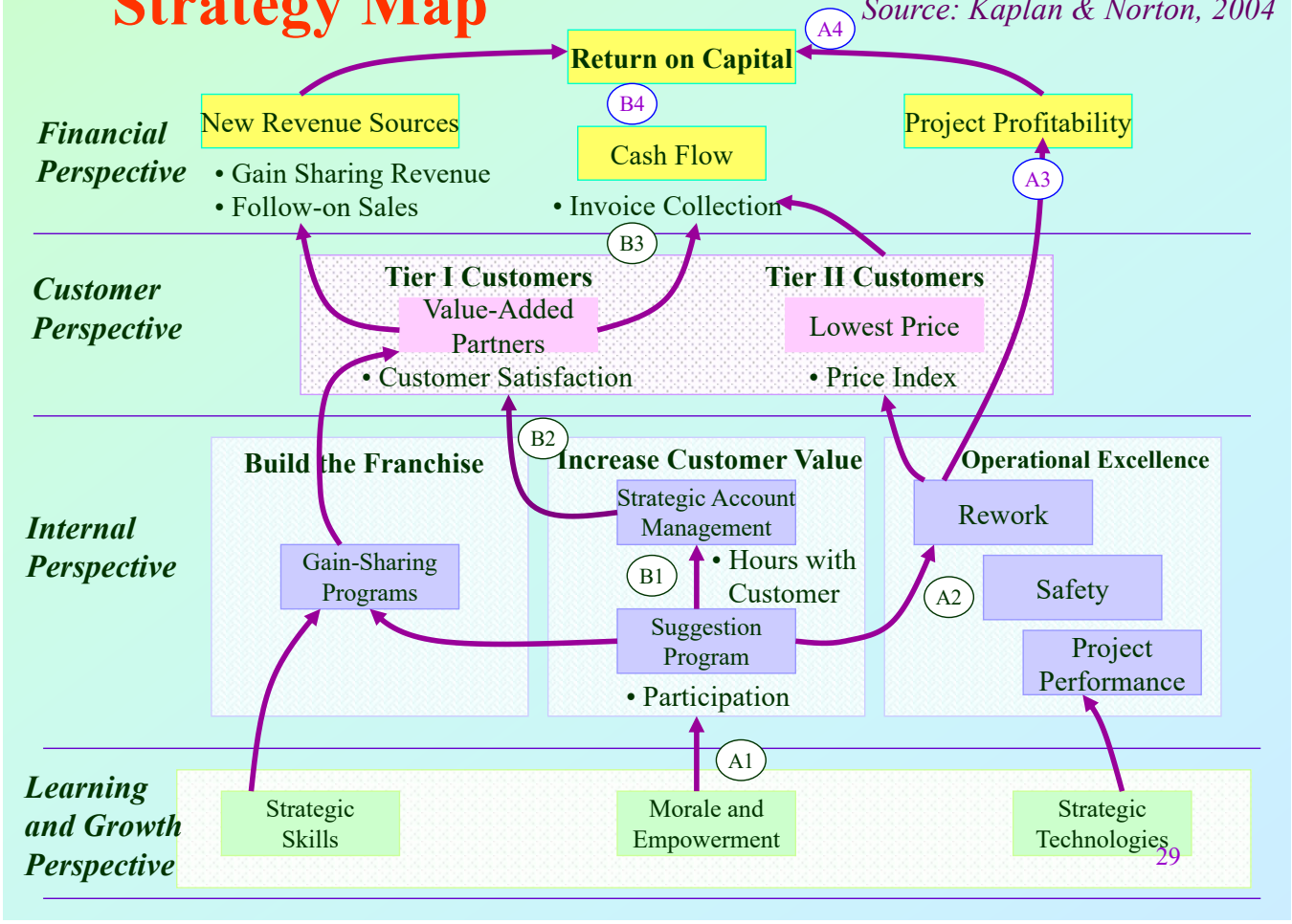
- Increase revenue from additional partners & students

What is strategy map?

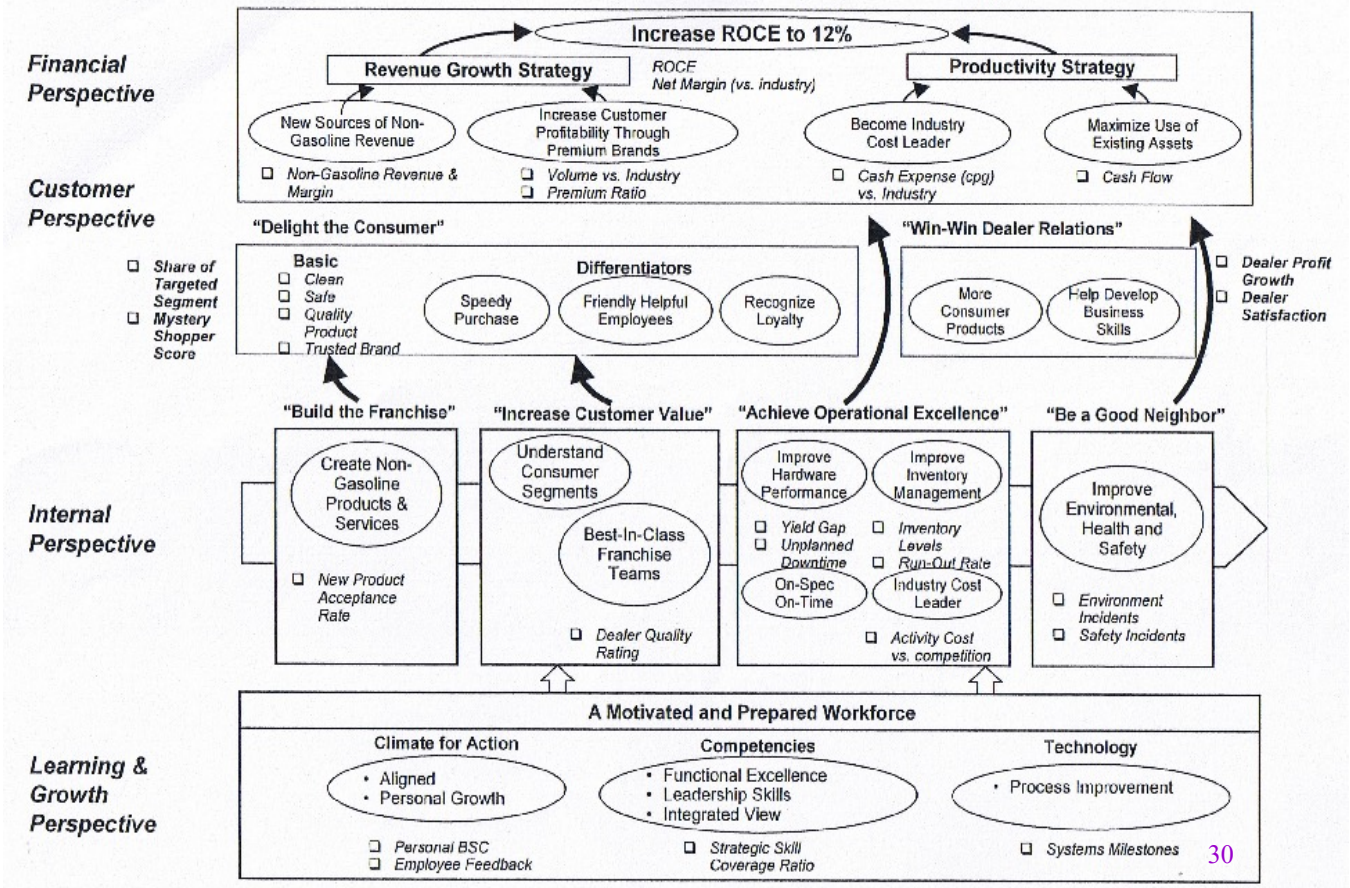
The road map by using Balanced Scorecard to achieve corporate strategic goals

Strategy Map

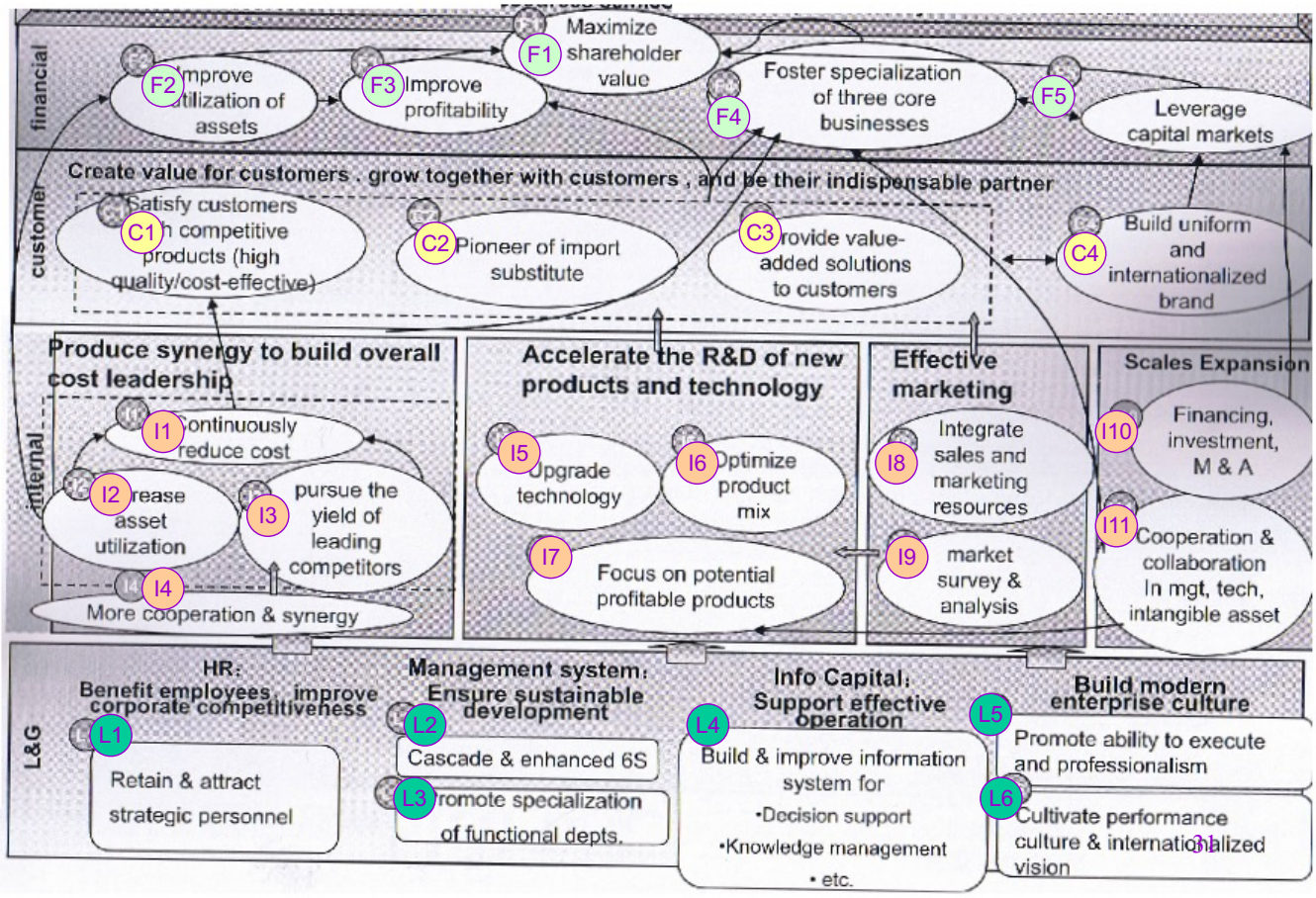
Source: Kaplan & Norton, 2004



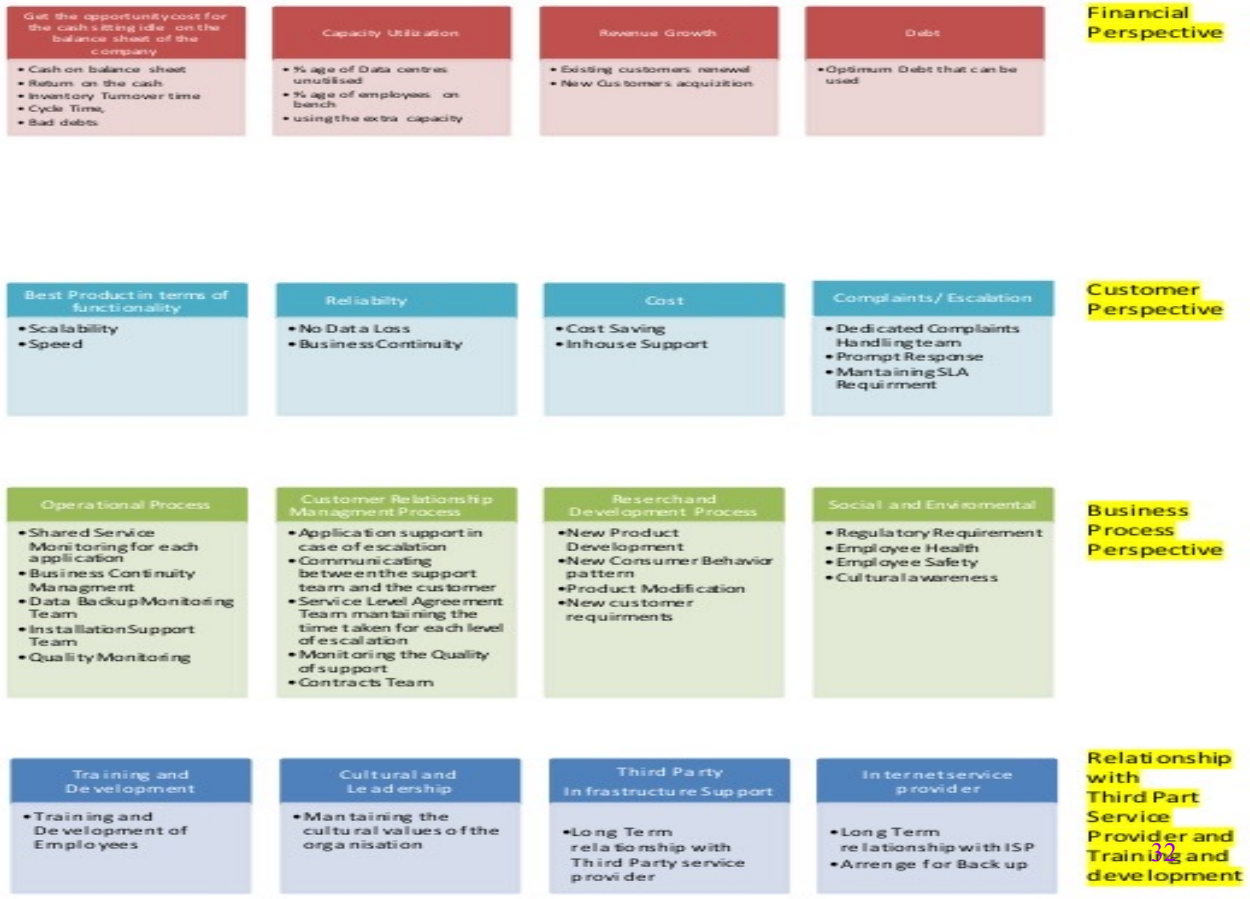
Mobil's Strategy Map



华潤微电子 - 战略地图 CRM Strategy Map

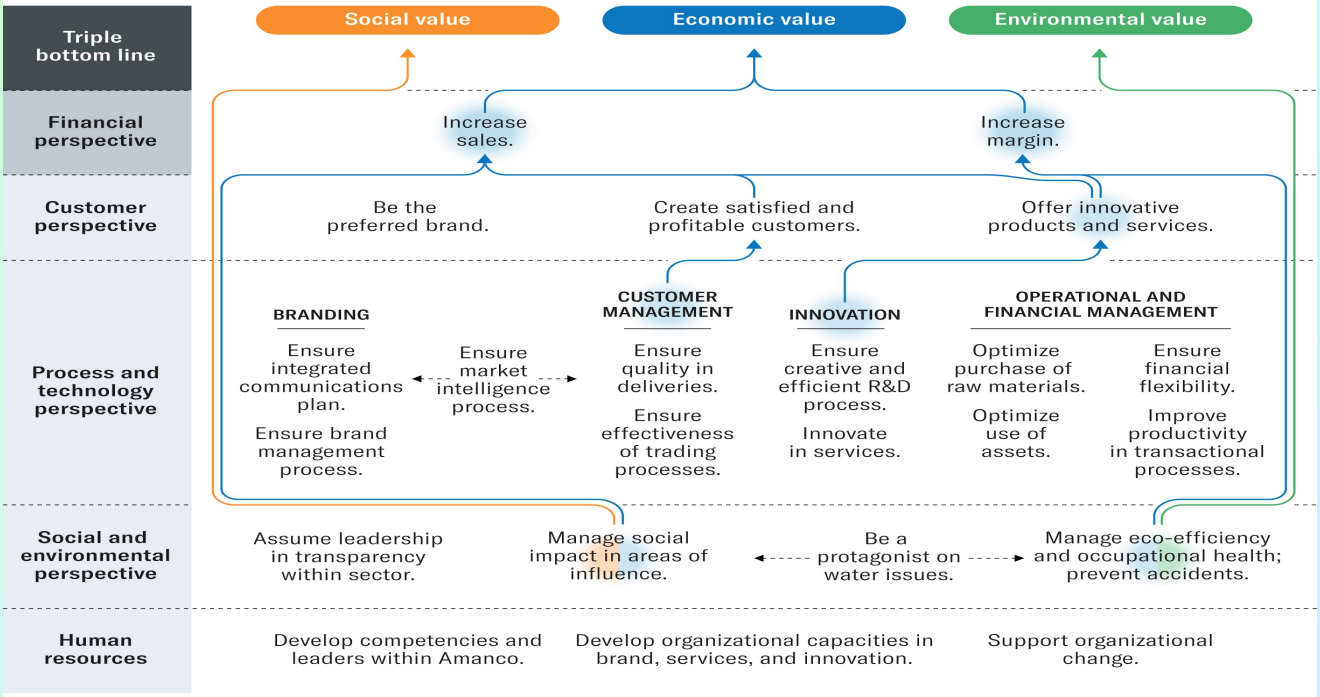


Strategy Map for Cloud Based Business (Example Amazon Web Services)



Amanco's Triple Bottom Line Strategy Map

The financial perspective (traditionally the final value output) now has a triple bottom line perspective superimposed on top of it. This new perspective highlights the organizational processes required to drive social and environmental objectives as well as economic value. The causal linkages shown below illustrate some of the connections between strategy map objectives.

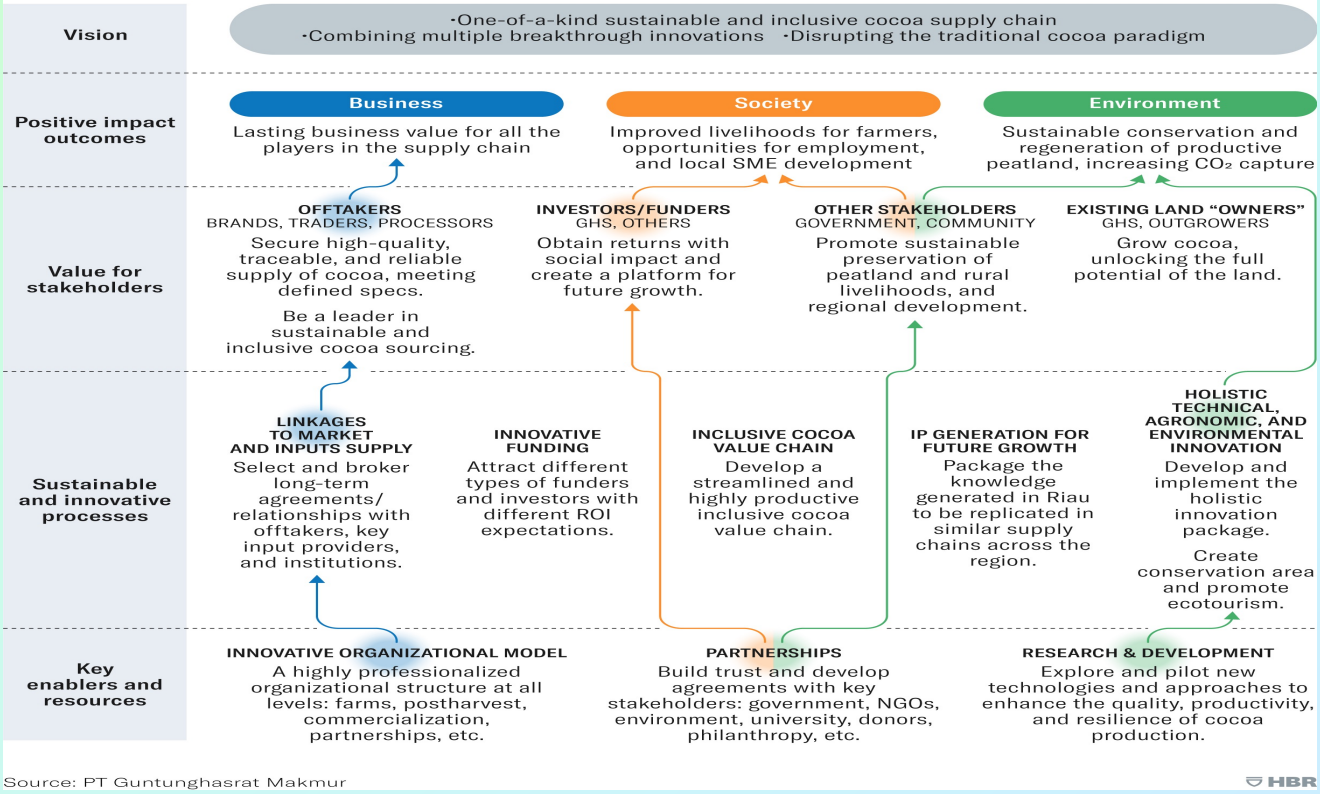


Source: "Amanco: Developing the Sustainability Scorecard," by Robert S. Kaplan and Ricardo Reisen de Pinho, January 2007 HBR

Robert S. Kaplan and David McMillan, *Reimagining the Balanced Scorecard for the ESG Era,* HBR, 3. 2. 2021.

Riau Cocoa Ecosystem Strategy Map

This strategy map portrays how stakeholders across the new cocoa production ecosystem envisioned by PT Guntunghasrat Makmur (GHS) would work collaboratively to create measurable value for businesses, the environment, and society. The causal linkages shown below illustrate some of the connections between strategy map objectives.



Source: PT Guntunghasrat Makmur HBR

Robert S. Kaplan and David McMillan, *Reimagining the Balanced Scorecard for the ESG Era,* HBR, 3. 2. 2021.

Case Study 1

Mass Transit Railway Corporation (MTRC): Balanced Scorecard and Strategy Map

MTRC's – Strategies and Measures

Efficiency

Strategies: - Competent staff; efficient organization; optimize manpower; entrepreneurial mindset

Measures: -Training ratio; efficiency index; direct job cost ratio

Process

Strategies: - Reliable system; fast recovery to minimize impact

- Service meets demand forecast; research & apply best practices; railway extension planning

Measures: Response & recovery; planning achievement; best practices

MTRC's - Balanced Scorecard - Strategies

Customer

Strategies: - Improve customer service; enhance value-added customer service

- Accessibility; foster relationship with community, political parties & academics

Measures: Service quality; customer complaint

Safety

Strategies: - Continuous improvement on safety performance; comply to law; involve in legislation consultation; security

Measures: Staff safety; passengers safety; risk index

MTRC's - Balanced Scorecard - Strategies

Financial

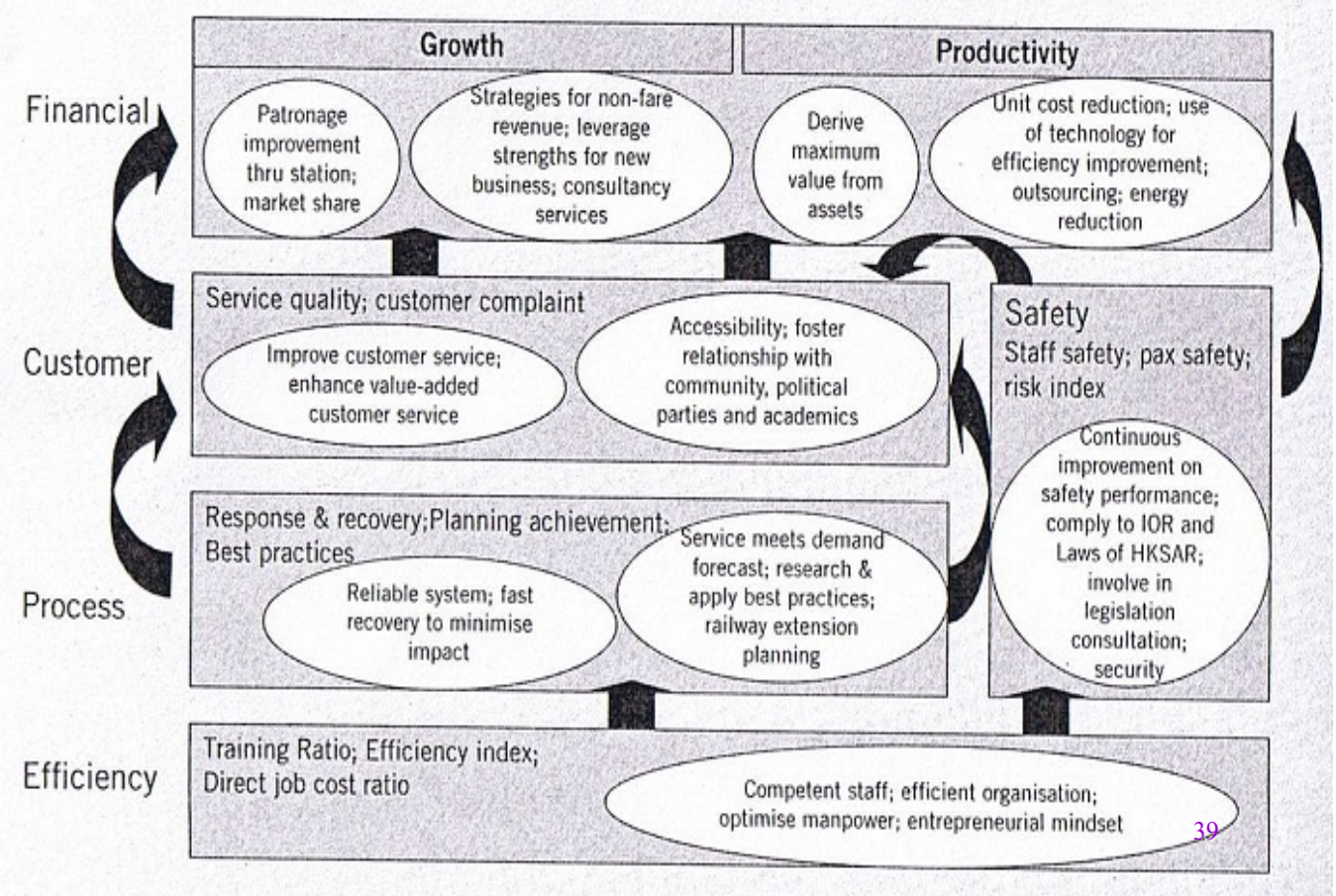
Growth strategies:

- Patronage increase through station improvement; market share
- Increase non-fare revenue; leverage strengths for new business; consultancy services

Productivity strategies:

- Derive maximum value from assets
- Unit cost reduction; use of technology for efficiency improvement; outsourcing; energy reduction

MTRC's Strategy Map



Case Study 2

How Hutchison Whampoa Ltd. (HWL) Group Developed its Balanced Scorecard & Strategy Maps

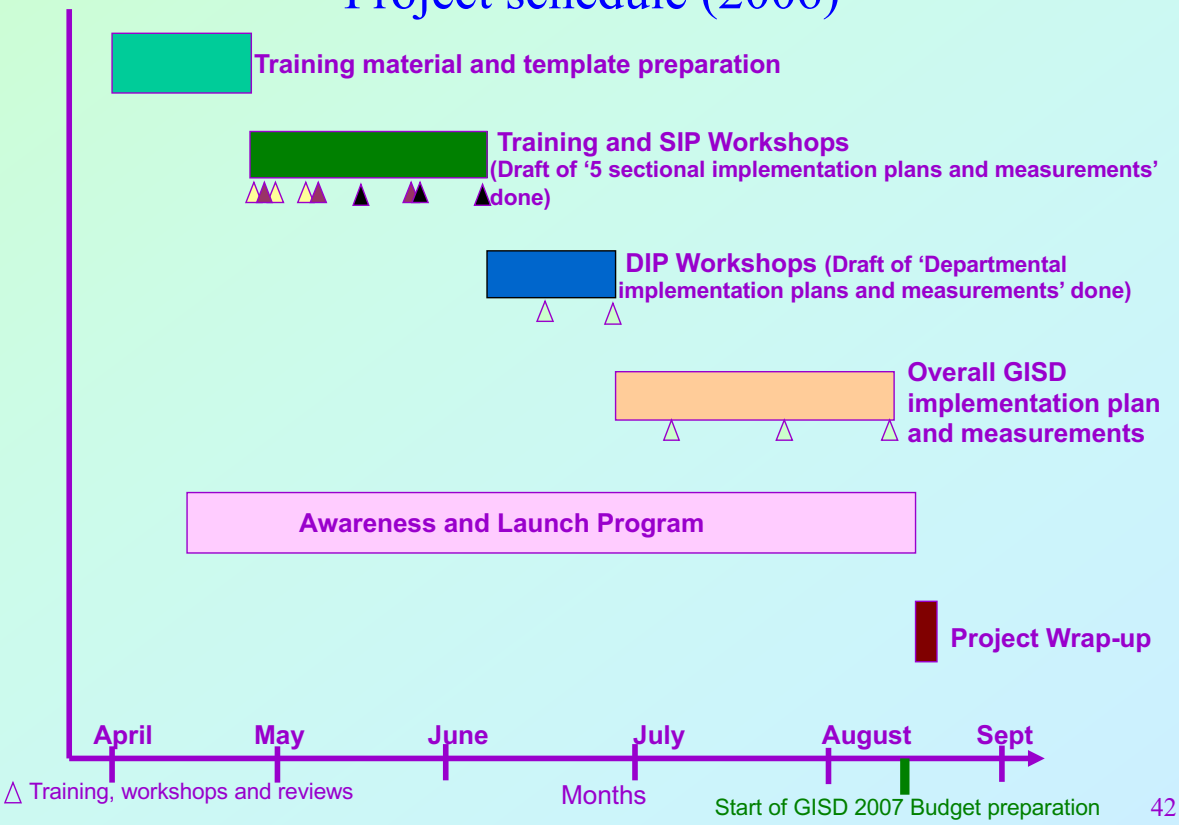
Group Information Services Department (GISD)

- Kick off meetings
- Videos 'GISD Managers talk about GISD Strategy Implementation Plan and Measurements' in GISD portal and LCD screen

❖ Project launch and awareness programme

Building a BSC & Strategy Map

– Project schedule (2006)



Building a BSC - Workshop Agenda

Time (pm)	Task	By	Duration (Mins)
2:00	Report 1: Report the strategic issues and SWOT analysis discussed in SIP workshop	HKU	20
2:20	Ex 1: To discuss the departmental level strategic issues	HG	40
3:00	Report 2: Report the methodologies for identifying departmental measures	HKU	45
3:30	Break		5
3:35	Ex 2: To discuss the approaches for formulating departmental measures and layout the principle(s) for defining the formulas (and amend new departmental measures if any)	HKU	40
4:30	Ex 3: To Review the relevancy of the Departmental Initiatives (and amend new departmental initiatives if any)	HG	30
5:00	Report 3: Report the sectional strategies and the measures and show how to evolve them to form the Departmental Strategy Map	HKU	30
5:30	Wrap Up	HKU	10

Mission

To provide the IT foundations to enable our HWL group of companies to grow quickly and effectively

Vision

GISD is the "one stop shop" providing high-value, reliable and excellent knowledge, direction and shared IT services for the HWL group's global business.

Strategy

Leadership & Inspiration

- Lead and inspire others to excel
- Selectively drive IT governance across our business
- Treat staff & customers as we want to be treated

Achievement & Excellence

- Achieve product excellence, service quality and process efficiency
- Strive for consistency, reusability, reliability, excellence and simplicity

Service & Synergy

- Drive inter-sector synergies & economies of scale
- Provide & grow high quality shared services

Empowerment & Innovation

- Innovation & creativity in use of technology while achieving meaningful ROI
- Empower, support and develop management and staff

Return & Value

- Generate business value in everything

Departmental Strategy

Leadership & Inspiration

- *Lead and inspire others to excel*
- *Selectively drive IT governance across our business*
- *Treat staff & customers as we want to be treated*

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- *Achieve product excellence, service quality and process efficiency*
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Section 1 ()

1. Selectively driving IT governance across HWL businesses
2. Drive common group IT strategies across HWL businesses
3. Exploration of Group IT Foundation Initiatives

Departmental Strategy

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Return & Value

- Generate business value in everything

Section 2 ()

1. To achieve synergies and economy of scale through promoting better adoption of shared contracts
2. To improve group communication and information sharing
3. To develop effective financial procedures and standards on IT Financial Management for GISD and across the group

Strategy – ALL together

Section 2

1. To achieve synergies and economy of scale through promoting better adoption of shared contracts
2. To improve group communication and information sharing
3. To develop effective financial procedures and standards on IT Financial Management for GISD and across the group

Section 1

1. Selectively driving IT governance across HWL businesses
2. Drive common group IT strategies across HWL businesses
3. Exploration of Group IT Foundation Initiatives

Section 3

1. To promote GISD as customer focused
2. To improve overall GISD service level through world class monitoring, management and reporting
3. Driving everyone in GISD to be customer focused

Section 5

1. Improve and expand group shared service through service quality, value for money and corporate policy understanding
2. Improve operational efficiency and performance through excellence in system management

Section 4

1. To provide adaptive infrastructure foundations to enable our HWL group of companies to grow quickly and effectively
2. To enhance customer satisfaction of HIL users through providing cost-effective infrastructure and desktop services

Departmental Measures

IT Value and Governance perspective

1. % of IT budget for new initiatives
2. % of initiatives aligned with group IT strategies
3. Benefits realization from key IT investments in HWL group companies
4. Benefits from adoption of group contracts in HWL group companies
5. Compliance rate to Group IT Policy/Standard
6. Delivery cost neutral

Customer perspective

1. % of services having a documented customer relationship management plan
2. Customer satisfaction level
3. Increase number of services
4. Existence of an IT steering committee with business participation
5. % of HWL group companies using the group shared services
6. % of applications and services meeting SLAs

Internal Process perspective

1. % of initiatives suggested by customer considered and responded
2. First response time to customer
3. Reduction in number of problems reported
4. Reduction of rework rate
5. % of vendors with SLAs in place
6. % of budget and schedule variance for projects

Innovation & Growth perspective

1. % of IT budget allocated to research, seminar & training
2. % of GISD staff who understand the IT organization's mission, vision and strategy
3. % of training days and days attending seminar
4. Turnover rate
5. % of staff with completed professional development plans
6. Satisfaction Level of GISD's Innovation

Departmental measures – accountable parties summary

Perspectives	David	Section 1 (Peter Li)	Section 2 (Stephen)	Section 3 (KC)	Section 4 (Raymond)	Section 5 (Peter Tay)	Existing measure? Who currently managed this measure?
IT value and governance	**0**	**4**	**1**	**0**	**0**	**1**	
% of IT budget for new initiatives		Y					New measure
% of initiatives aligned with group IT strategies		Y					New measure
Benefits realization from key IT investments in HWL group companies		Y					New measure
Benefits from adoption of group contracts in HWL group companies			Y				New measure
Compliance rate to Group IT Policy/Standard		Y					New measure
Delivery cost neutral						Y	Stanley
Customer	**0**	**1**	**2**	**3**	**2**	**2**	
% of services having a documented customer relationship management plan				Y			New measure
Customer satisfaction level				Y			New measure
Increase number of services			Y		Y	Y	New measure
Existence of an IT steering committee with business participation		Y					New measure
Increasing number of HWL group companies using the group shared services				Y			New measure
% of applications and services meeting SLAs			Y		Y	Y	New measure

Departmental measures – accountable parties summary

Perspectives	David	Section 1 (Peter Li)	Section 2 (Stephen)	Section 3 (KC)	Section 4 (Raymond)	Section 5 (Peter Tay)	Existing measure? Who currently managed this measure?
Internal Process	**0**	**1**	**5**	**2**	**5**	**4**	
% of initiatives suggested by customer considered and responded				Y			New measure
First response time to customer			Y		Y	Y	CS
Reduction in number of problems reported			Y		Y	Y	New measure
Reduction of rework rate			Y		Y	Y	New measure
% of projects exceeding budget or schedule		Y	Y	Y	Y	Y	Project Manager
% of vendors with SLAs in place			Y		Y		New measure
Innovation & Growth	**6**	**0**	**1**	**0**	**0**	**0**	
% of IT budget allocated to research, seminar & training	Y						New measure
% of GISD staff who understand the IT organization's mission, vision and strategy	Y						New measure
% of training days and days attending seminar	Y						New measure
Turnover rate	Y						Stanley
% of staff with completed personal development plans	Y						New measure
Satisfaction Level of GISD's Innovation	Y						New measure
Total	**6**	**7**	**9**	**5**	**8**	**9**	**9**

Four steps to create departmental strategy map

1. Decide the position and the relationship of our slogan – LASER
2. Decide the relationship between departmental strategy and
   1. the four perspectives in balanced scorecard with
   2. our slogan - LASER
3. Map each sectional strategy into the strategy map by using the decided information 'How this sectional strategy align with the departmental strategy'
4. Decide the relationship between departmental strategy

IT Value and Governance perspective

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6. % of staff with completed professional development plans

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Section 2 ()

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Section 5 ()

1. Improve and expand group shared service through service quality, value for money and corporate policy understanding
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HWL-GISD's Strategy Map

Mission: To provide the IT foundations to enable our HWL group of companies to grow quickly and effectively

Vision: GISD is the "one stop shop" providing high-value, reliable and excellent knowledge, direction and shared IT services for the HWL group's global business

IT Value and Governance

Customer

Internal Process

Innovation & Growth

Leadership & Inspiration

IT Governance, IT Strategy — Selectively drive IT governance across our business

IT Foundations, Financial Management, IT Strategy, Customer Focus — Lead and inspire others to excel

Customer Satisfaction, Customer Focus — Treat staff & customers as we want to be treated

Return & Value

Generate business value in everything

Service & Synergy

Shared Contracts, Shared Service, IT Strategy, Improved Communication, Adaptive Infrastructure — Drive inter-sector synergies & economies of scale

Customer Focus, Adaptive Infrastructure, Shared Service, Service Level — Provide and grow high quality shared services

Service Level, Efficient Operation, Shared Service, Financial Management — Achieve product excellent, service quality and process efficiency

Adaptive Infrastructure, Customer Satisfaction, IT Foundations — Strive for consistency, reusability, reliability, excellence and simplicity

Empowerment & Innovation

IT Foundations, Efficient Operation — Innovation and creativity in use of technology while achieving meaningful ROI

Shared Information, IT Governance — Empower, support and develop management and staff

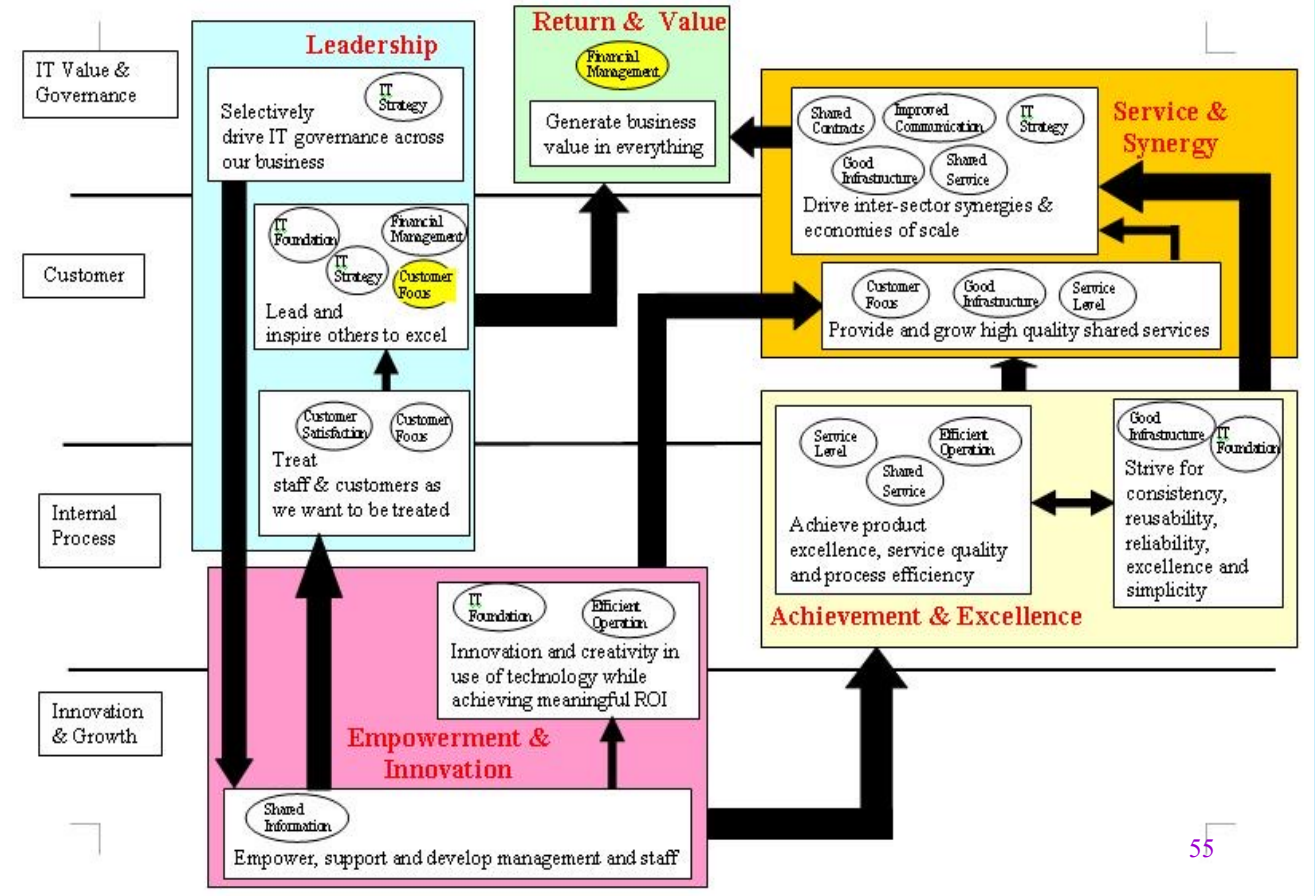
1) To provide adaptive infrastructure foundations to

2) To improve group communication and information sharing and across the group

Section 2

Section 3

Section 4

Section 5

HWL-GISD's Strategy Map