

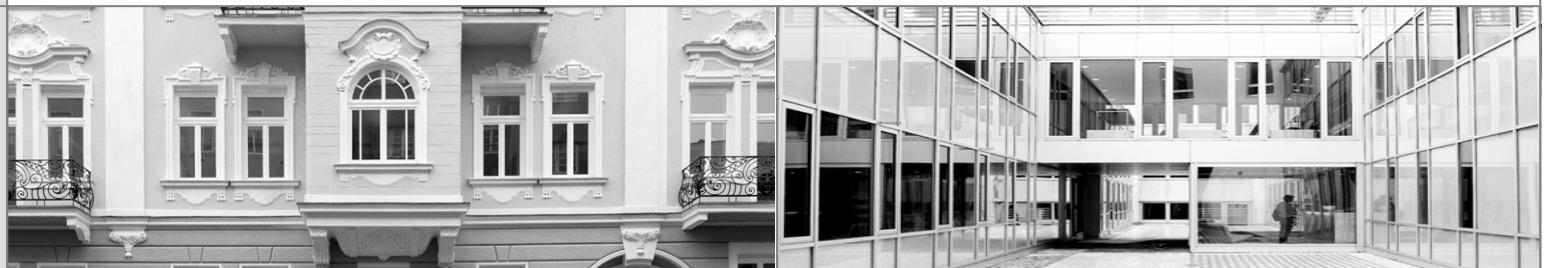


Corporate Performance Management - How Committed Leaders Drive Results

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Clients (selection)



lebensministerium.at



gorenje



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Schirrhofer – der steirische Feinkost-Spezialist.

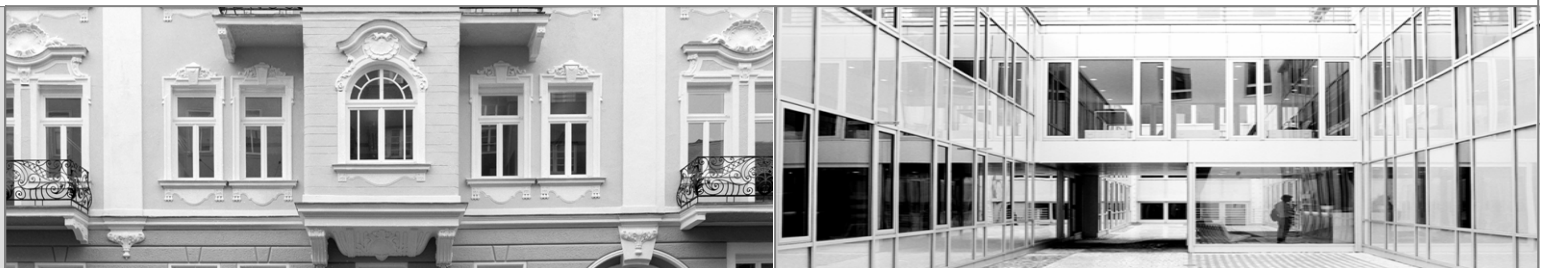


ÖSTERREICHISCHES ROTES KREUZ

- ▲ Leading Austrian management consultant with more than 90 employees
- ▲ Specialist for strategy, organisation and controlling
- ▲ Consulting partner for domestic and international top companies and organisations
- ▲ Strong links to Central and Eastern Europe (CEE)
- ▲ Implementation-oriented consulting approach through the combination of expert consulting and change management
- ▲ Affiliated with the Austrian Controllers' Institute (ÖCI) and the Vienna University of Economics

Management Consulting that works!

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MANAGEMENT - CONSULTING



Agenda

1. Flaws in Strategy Implementation

2. Success Requirements: Commitment and Communication

3. Interconnectedness of Strategy and Finance

4. Programme Management with Ample Scope for Action

5. Strategy Implementation in the Ongoing Management Process

6. Conclusion

Strategy Implementation – Facts & Figures

Empirical Studies on Strategy Implementation

“The percentage of companies that successfully implement strategy is between 10 and 30%.“
Raps (2004)

“Only 63% of enterprises manage to really utilise the potential of their strategy.“
Mankins/Steele (2005)

“71% of all companies state that the key tasks of implementation were defined inadequately.“
Al-Ghamdi (1998)

“A current study by The Economist says that 57% of enterprises have not successfully implemented their strategic initiatives in the past three years.“
Allio (2005)

“Studies show that 70% of all strategies fail in implementation.“
Corboy/O’Corrbui (1999)

Flaws in Strategy Implementation

Typical Flaws in Strategy Implementation

Lack of commitment of top management

Unclear strategy and contradictory priorities

No balanced description of the strategy

Poor strategy communication

No breakdown of strategy into specific measures

Synchronisation deficits between divisions

Flawed strategy controlling

Inconsistent target agreement process

Lacking fit between strategy, organisation and culture

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Communication and Commitment

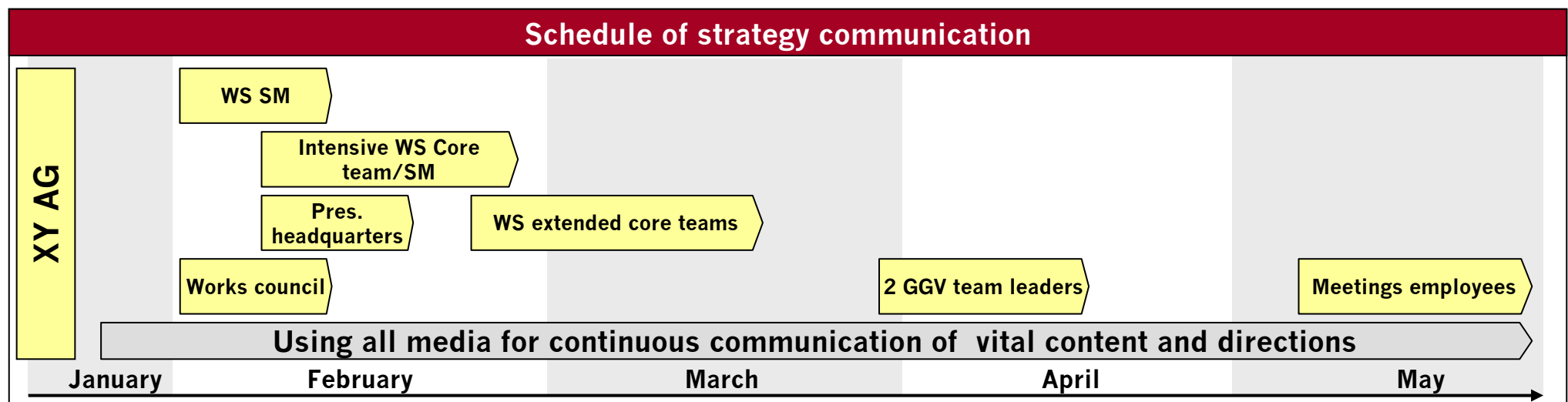
- ▲ **Communication starts already with the strategy development process.**
- ▲ **Achieving commitment to strategic change amongst the owners and the top management is a basic requirement.**
- ▲ **Commitment is also required on all middle-management levels.**
- ▲ **Employees must be “fetched” from where they are.**
- ▲ **The one-page-strategy provides an overview as well as the necessary grounding.**

Efficient strategy communication is individually tailored to the various target groups within the company.

Strategy Communication and Schedule – Example

Ex.

strategy communication			
Target group	Type of communication	Objective	
XY AG	Management board	▲ Intensive workshops	Multipliers
	Core team	▲ Intensive workshops	Multipliers
	Extended core team	▲ Presentation/workshop	Understanding
		▲ Intensive/advanced workshops (according to target group)	Acquiring
	Sales manager	▲ Presentation/workshop	Multipliers
		▲ Intensive workshop	
	Team leader	▲ Large-scale event	Understanding
	Employees	▲ Meeting with team leaders and short presentation	Knowing
▲ Using existing media & adapting systems/structures			
Works council	▲ Meeting and large-scale event	Understanding	



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Strategy and Operations: two parallel worlds

“Strategy World“ and “Finance World“ – Initial Situation and Challenge

- ▲ Inadequate quantification of strategic objectives and strategies
- ▲ Focus of performance measurement solely on operational financial indicators (“success symptoms”)
- ▲ Often a lack of clear understanding among market managers for value and cost drivers

- ▲ Inadequate integration of market-oriented and financial planning and control systems
- ▲ Inadequate specification of strategic objectives and strategies
- ▲ Inadequate coordination of measures to optimise market performance and financial performance

Quantification

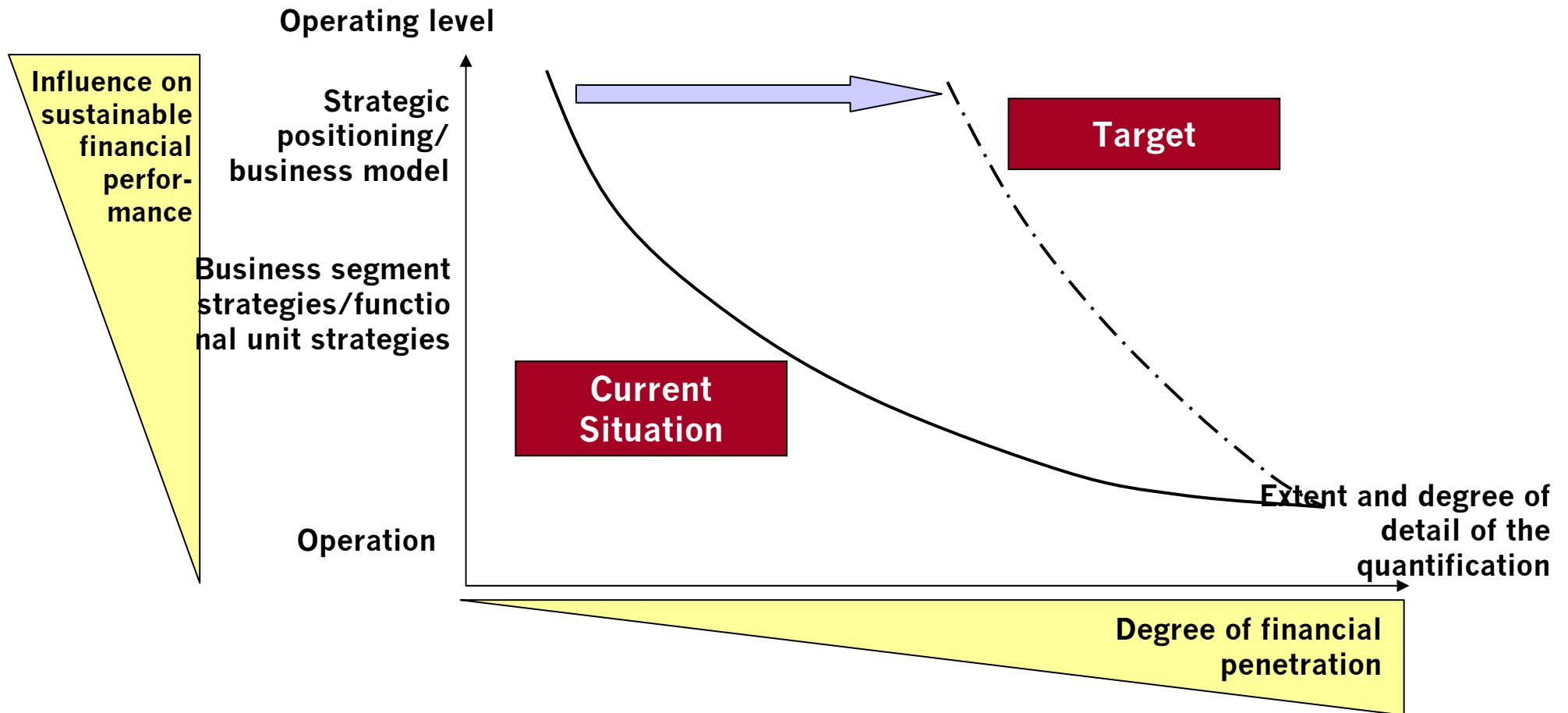
- ▲ Making specific and quantifying strategic objectives and strategies
- ▲ Preparing the company for financial performance objectives

Integration

- ▲ Integration of market-oriented and financial planning and control systems
- ▲ Expanding performance measurements through strategic control quantities

The degree of financial penetration of strategic decisions is often too small.

Objective I: Quantifying the Strategy



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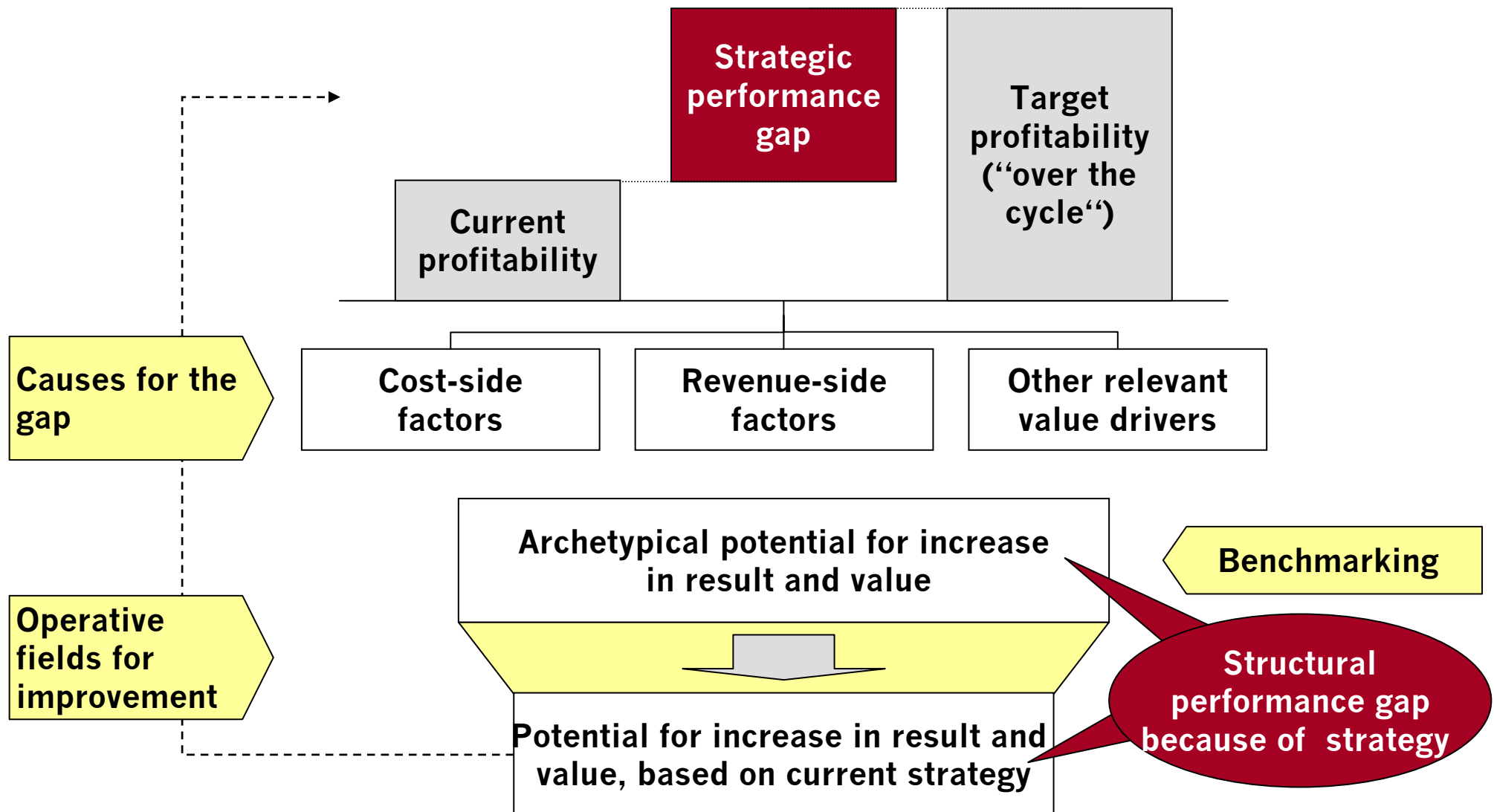
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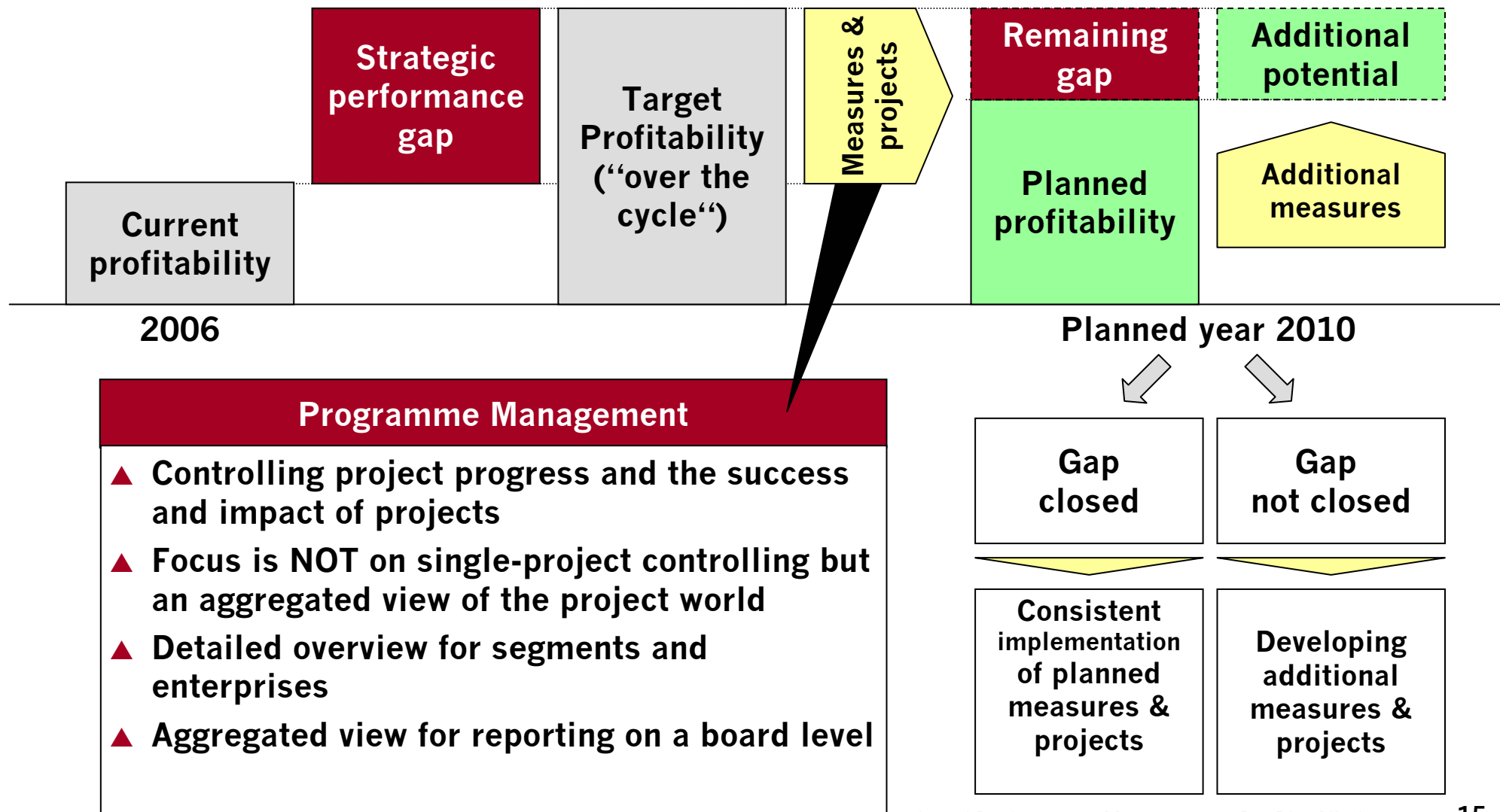
Benchmarks are also used in the strategic area for the necessary identification of improvement potentials.

Strategic Gap Analysis

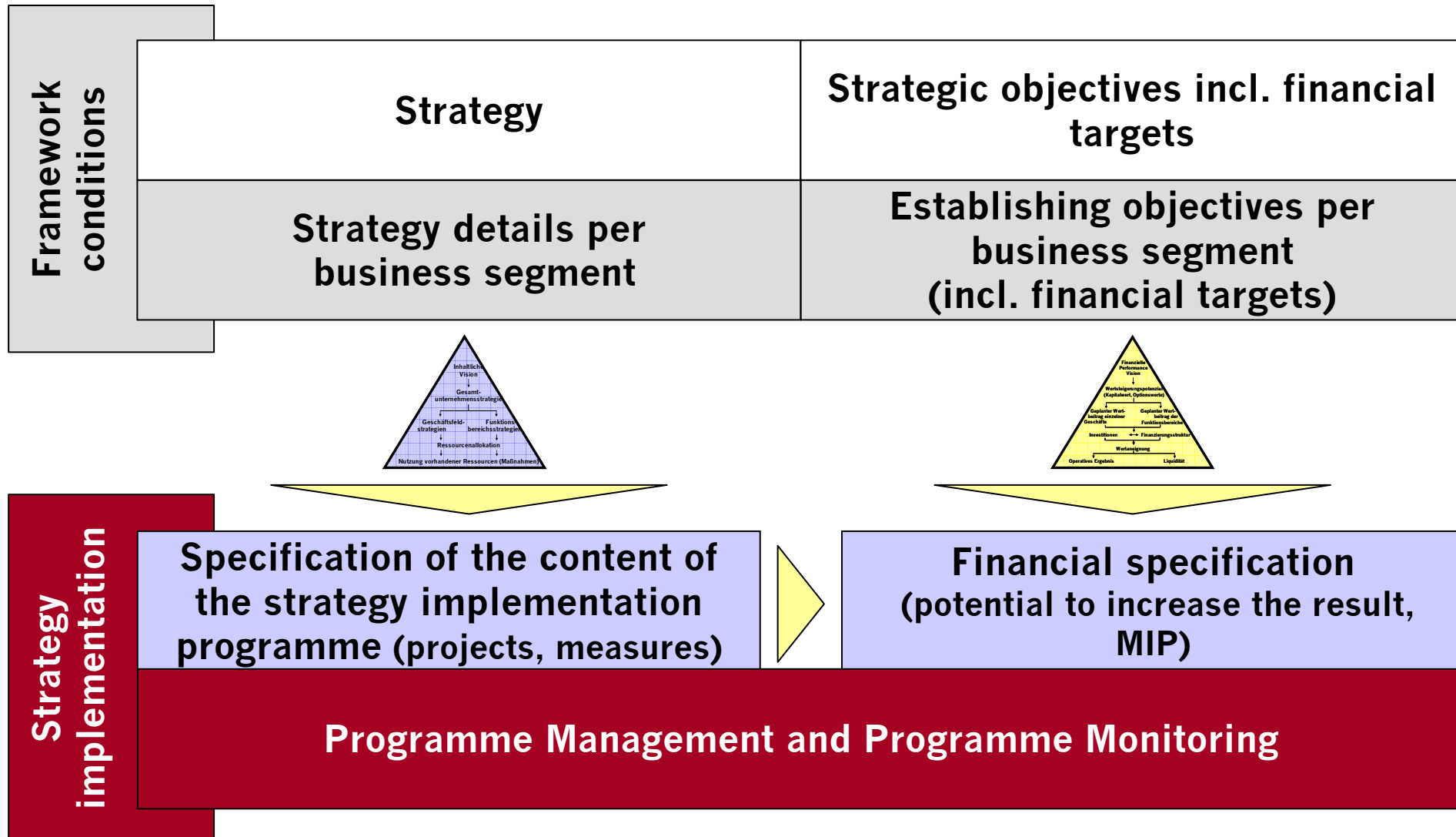


Programme Management fulfils the tasks of project controlling and creates a link to medium-term planning.

Programme Management for Closing the Gap

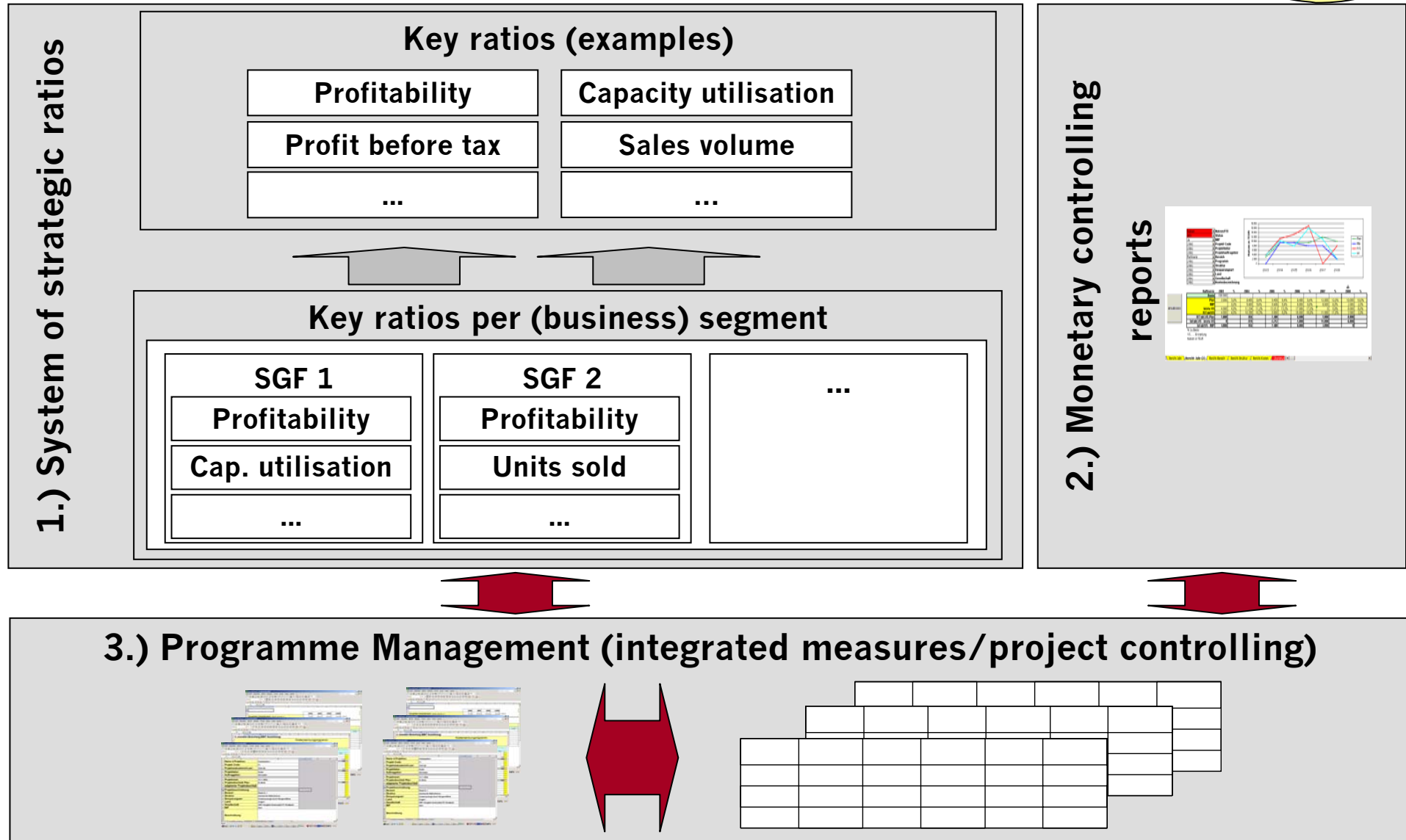


Integrated Control System



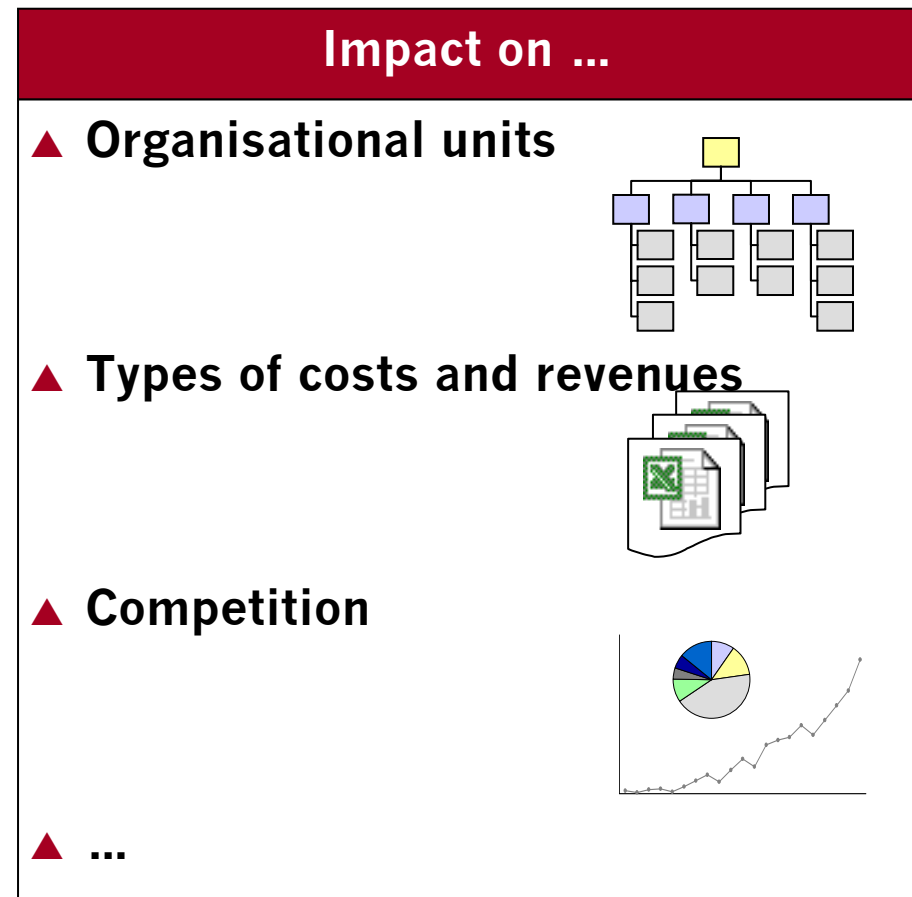
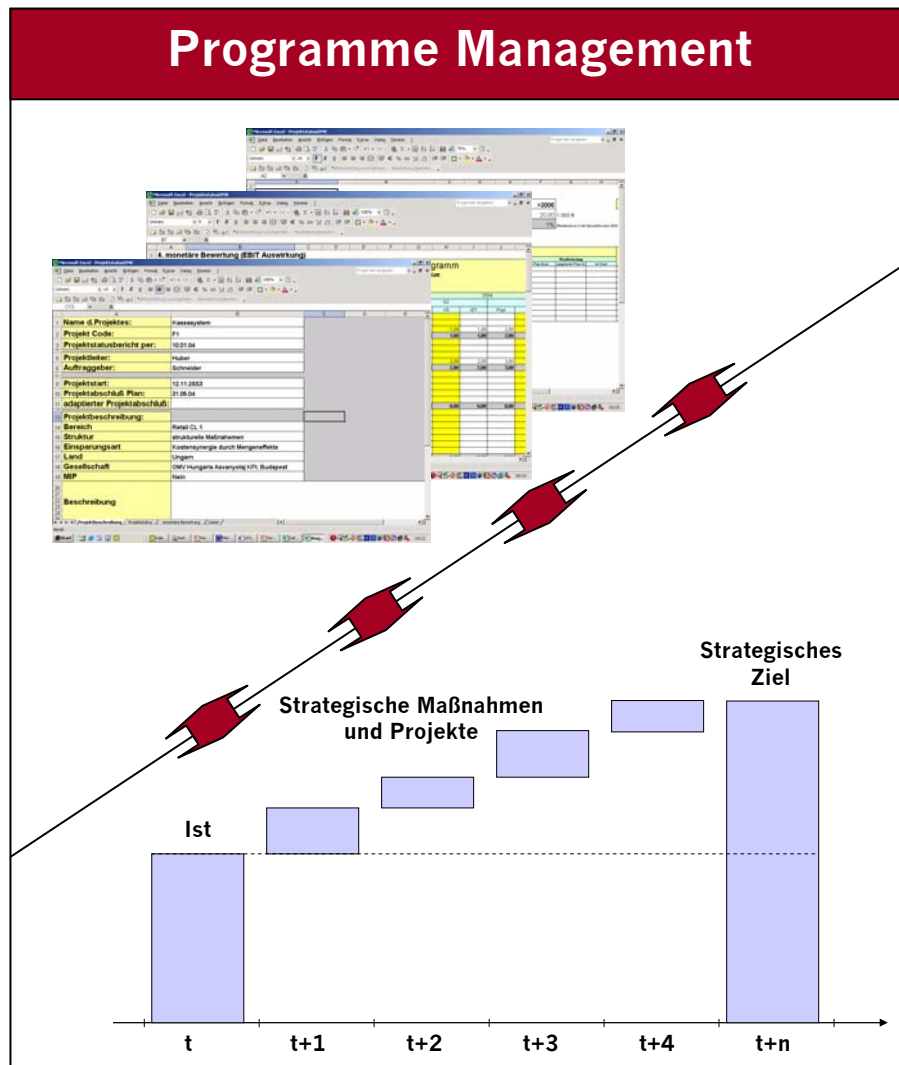
Ex.

Control System – Details



From Programme Management the parameters for MIP are determined and thus the financial grounding of the strategy is safeguarded.

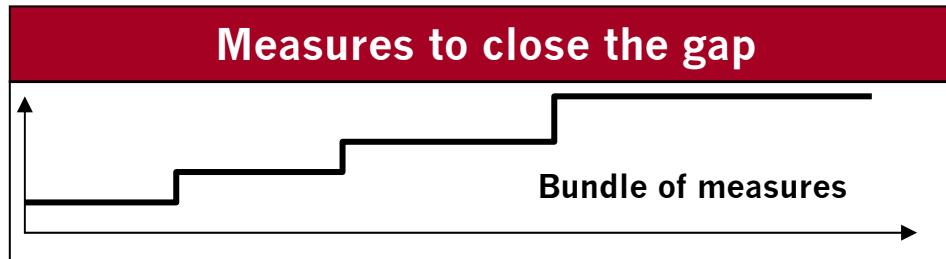
From Programme Management to Medium-term Planning



Basis for medium-term planning

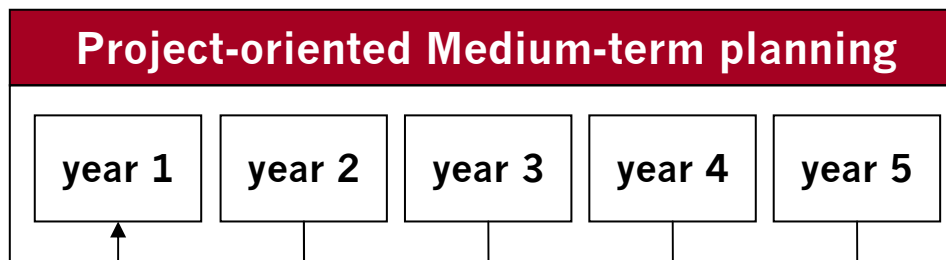
Corporate Planning – Design Proposal

Strategic and financial gap analysis



- ▲ Definition and quantification of measures
- ▲ Commitment of the management

Quantification of the strategy



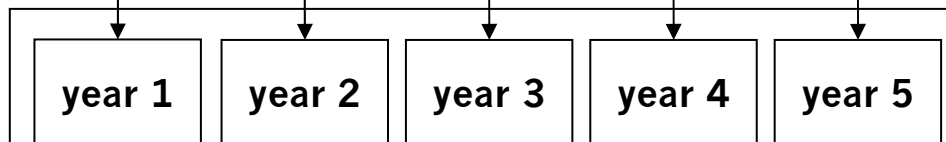
- ▲ Strategic planning with quantified result (Integrated planning on a high level of aggregation)
- ▲ Restricted depth of planning (no detailed breakdown in the operative units)
- ▲ Models can provide support

“Logical“ transfer from year 1

+/-

Transfer of years 2 to 5

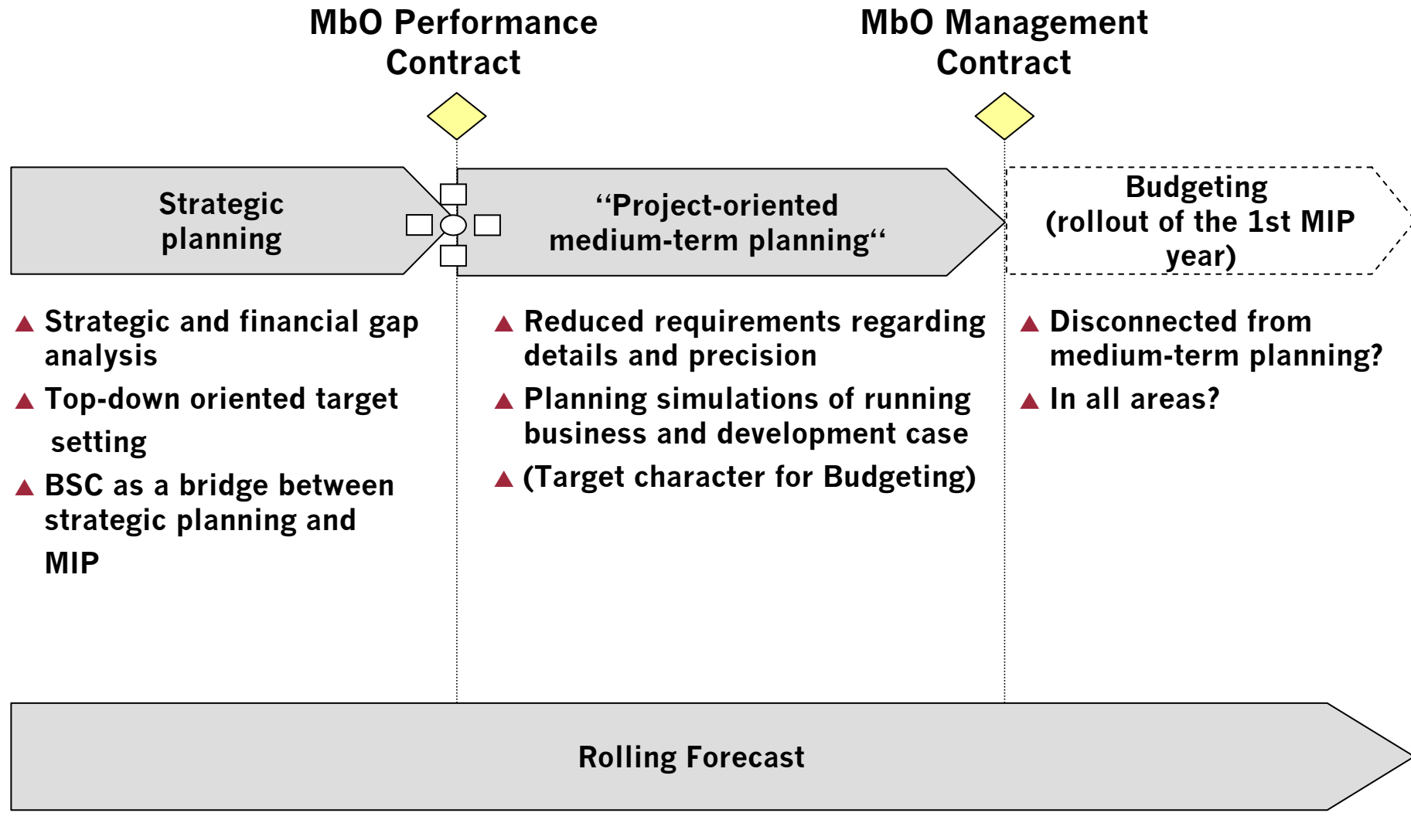
Target character of the strategy



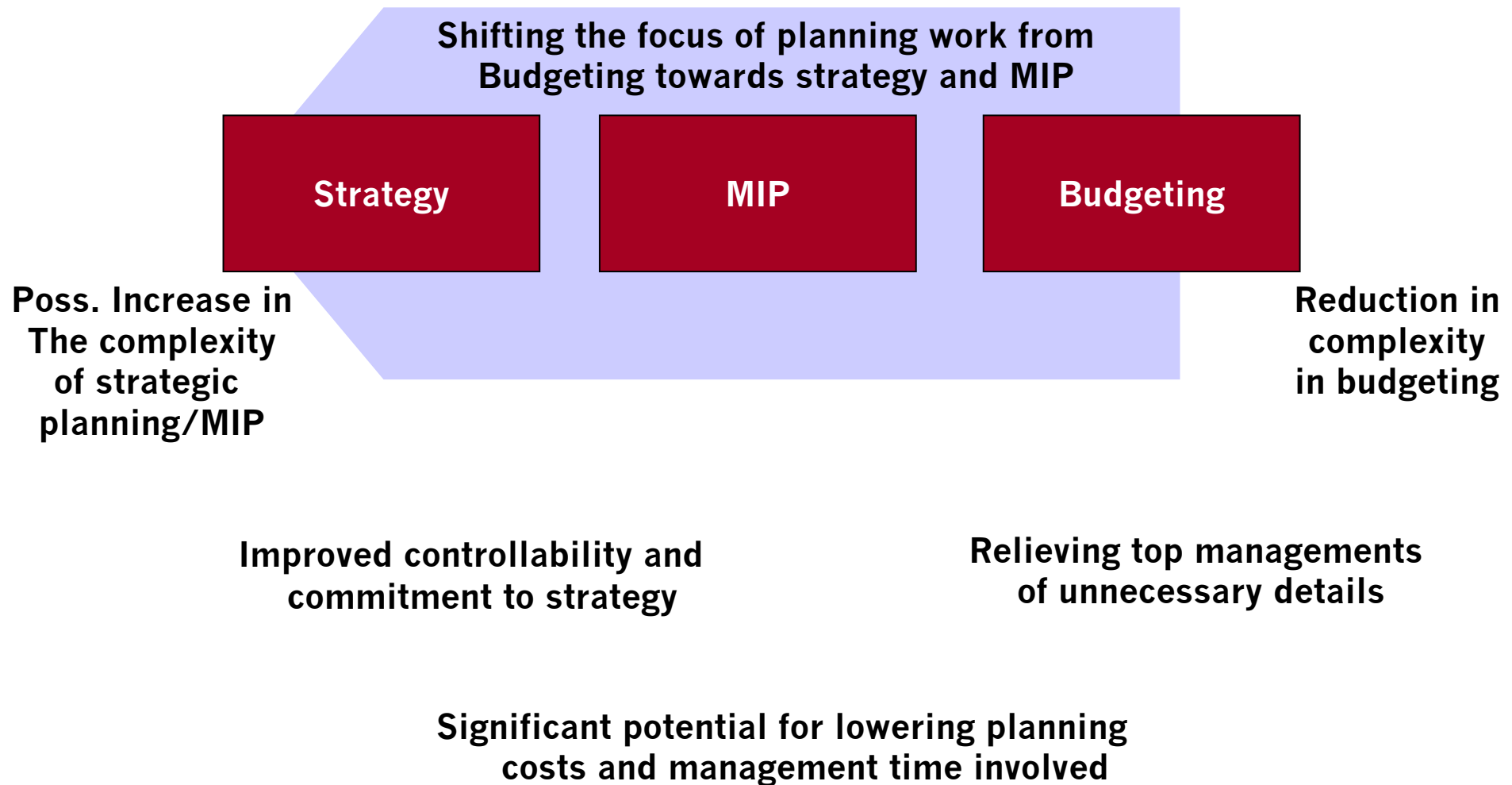
- ▲ Breakdown of strategic planning to cost centre/type where necessary
- ▲ Use of simplifying procedures (e.g. inflating) where sensible

Budgeting

Archetypical Planning Process



Qualitative Improvement in Planning



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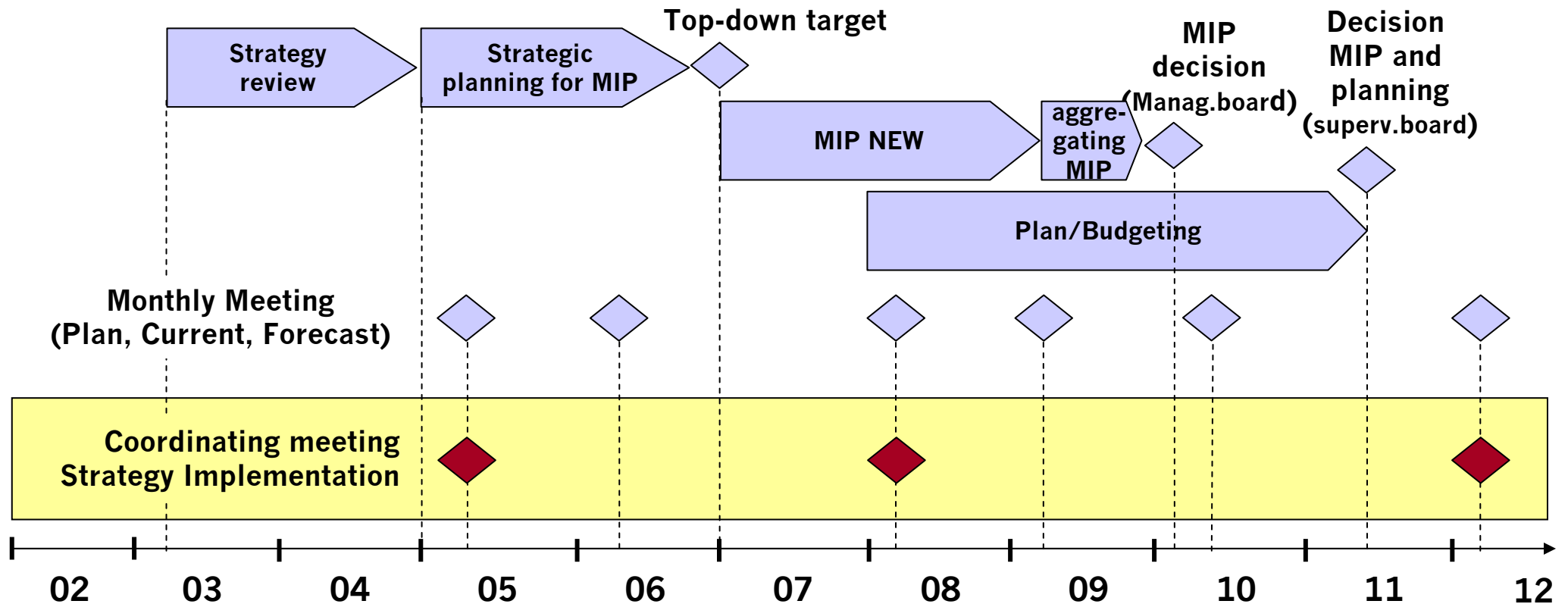
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Strategy Implementation in the Management Process



Conclusion

1. A well thought-out and documented strategy is the requirement for successful strategy implementation.

2. Communication and establishing commitment build on this and are the first step towards successful strategy implementation.

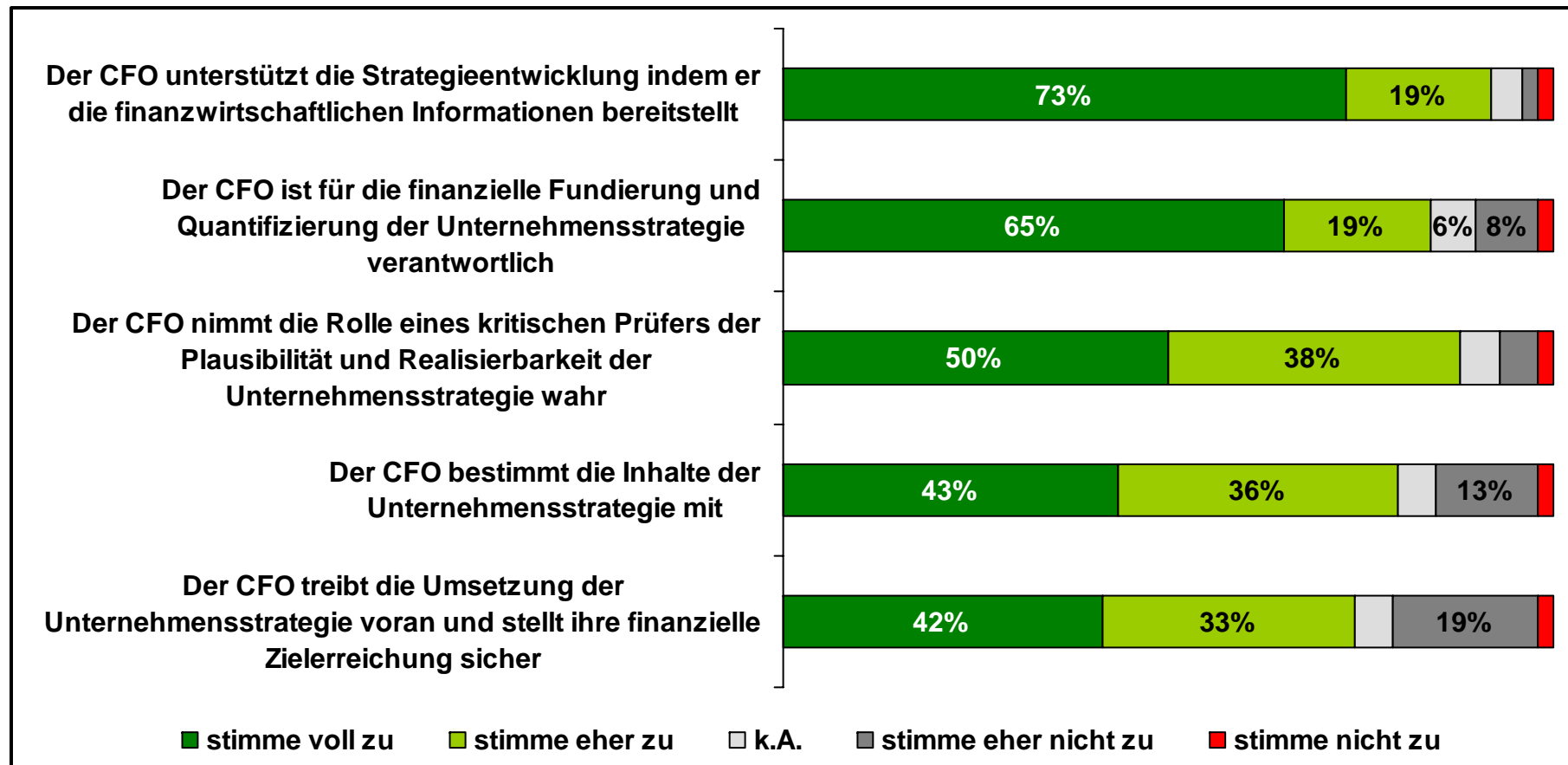
3. Linking the content and financial “worlds“ is the key for reaching the strategic financial goals.

4. The balance between tight implementation programme and discretionary creative freedom enables the flexibility needed in the change process.

5. Focusing the management processes on strategy implementation reduces complexity and guarantees success.

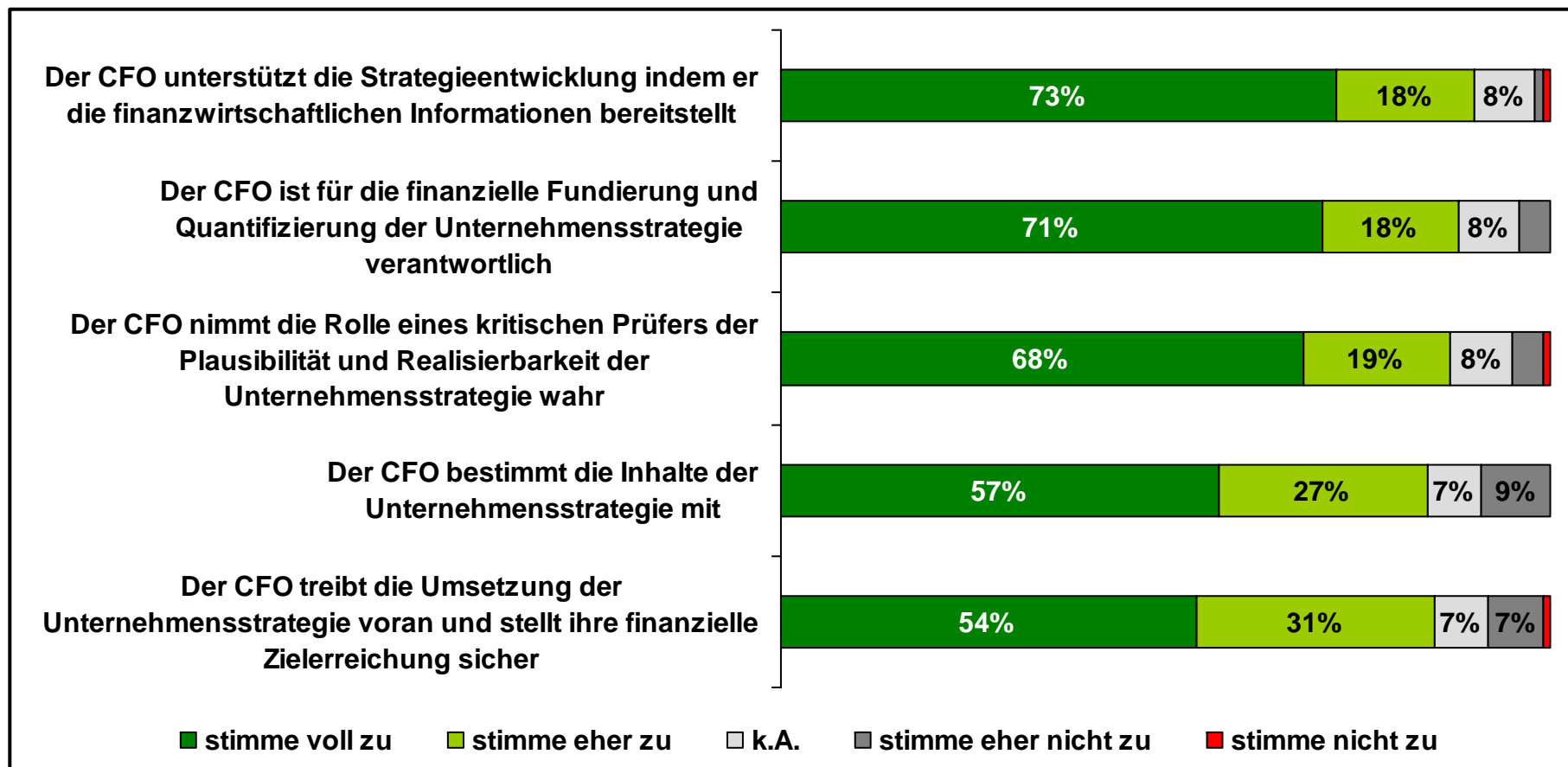
The current Role of the CFO

Inwieweit stimmen Sie den folgenden Aussagen zur gegenwärtigen Rolle des CFO im Strategieprozess zu?



The future Role of the CFO

Inwieweit stimmen Sie den folgenden Aussagen zur zukünftigen, idealen Rolle des CFO im Strategieprozess zu?



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