

# MONITORING YOUR STRATEGIC PLAN

Board stiff? Well, that could be because you haven't been limber enough to drive successful strategy execution via management. **Robyn Fitzroy** reports.



**A**s a director, you have endeavoured to think and act strategically throughout the year. You have engaged in your board planning sessions with enthusiasm and now you have a visionary Strategic Plan on your desk. Once you have worked out the final version from all those drafts, how is performance going to be monitored against this important plan?

The old adage that a well-thumbed strategic plan is a good plan may well be true but directors don't generally carry their plan around and refer to it constantly. They rely instead on scheduled updates, dashboards, reports and presentations. But is this enough?

Boards have a key role in not only monitoring the strategic plan, but also in driving successful strategy execution via management. Best practice dictates that the board has agreed milestones and performance indicators when the plan was prepared. The milestones will represent key stages in implementation of the strategies and the performance

indicators (both qualitative and quantitative) will focus on outputs or outcomes resulting from the strategies. Be wary of adopting more than a modest number of KPIs, at least at the strategic level. The number should be no more than directors can almost recite from memory.

If your board has a desire to improve and the willingness to make an ongoing commitment to excellence, it will ensure a thorough strategic planning process that can include all or most of the following elements:

## MUST DASH

The world of financial services shifts rapidly and requires agility and flexibility, while also staying true to course. Tracking progress against the strategy is too important to wait for a quarterly report. Modern boards usually have a permanent agenda item on strategy upfront at the start of the meeting for about an hour. This is so management can also be present,

reporting and updating, and the directors can engage in the discussion. A more formal review of the Strategic Plan, which takes in all the aims and objectives, can occur quarterly.

Further monitoring will occur while reviewing the monthly report on KPIs and dashboards. Any monthly data reported on should not be especially for the board, but part of the organisation's regular data gathering and reporting. For example, the board-reported KPIs are rolled-up versions of individual divisions/team's KPIs or dashboards. Dashboards are often based around Six Sigma, a disciplined, "http://www.isixsigma.com/st/data/" data-driven approach and methodology for eliminating defects in any process – from manufacturing to transactional and from product to service. In other words, a measure of quality that strives for perfection. The "http://www.isixsigma.com/library/content/c010101a.asp" statistical representation of Six Sigma describes quantitatively how a process is performing.

## GRID AND BEAR IT

KPI reporting in simple grid form provides a clear indication of progress or otherwise and can be a good discussion starter. Do not skim, but rather spend time on each KPI, even if it is positive. Could it be more positive? What about the negative ones? Are you monitoring outcomes as well as outputs? Outputs describe the amount of work your organisation does (such as the number of clients served). But the board should mainly be focused on measuring outcomes that relate directly to your mission and keep you oriented towards the market you are trying to serve. This is because you will be regularly considering what effect your work has had on your clients and customers. Outcomes are about the difference you have made.

From time to time, your CEO and management will recommend alterations to the Strategic Plan or certain pragmatic implementations that are slightly different from the recorded plan. There are bound to be adjustments: key staff may leave; budgets will change; and other emerging opportunities or difficulties will demand that resourcing and priorities will shift. Now where are we on that plan? Variations can be debated and agreed or otherwise, but it is critical to decide where they fit in the plan and have them recorded and appended to the main plan, and preferably linked across to the new edition of the game plan – the A3 Strategy Map.

## SUMMARY

- Prioritise the Strategic Plan and strategy generally
- Ensure it is a permanent agenda item
- Champion the A3 one-page portable map of the plan
- Set indicators wisely and sparsely to ensure focus
- Once strategy is set, board should become expert at monitoring execution, using indicators, reports and referring to the strategy map
- Measure both outputs (work) and outcomes (results and effects)
- Ensure variations to plan are recorded on the plan and the A3 map ■

Balanced Scorecard Strategy Map (Insert Vision/Mission here)	
Financial	<p><b>Insert:</b> Your financial leading strategic aim e.g. Achieve Financial Sustainability.</p> <p>e.g. Optimise financial performance*</p> <p>*(Insert projects/initiatives under each financial strategy)</p>
Customers & growth	<p><b>Insert:</b> Your main strategy around current and potential customers &amp; new business opportunities.</p> <p>e.g. Promote brand recognition*</p> <p>*(Insert various brand initiatives)</p>
Internal, IT, Operations	<p><b>Insert:</b> Your leading strategy around efficient systems and processes to support the business.</p> <p>e.g. Effectively manage our risks*</p> <p>*(Insert various brand initiatives)</p>
People, Culture	<p><b>Insert:</b> Your main strategy for developing your team, leadership, culture.</p> <p>e.g. Drive staff engagement*</p> <p>*(Insert projects &amp; activities)</p>



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ISSUE 27

# CONNEXUS

WEB 2.0: THINK  
OUTSIDE THE INBOX  
RETENTION BEATS  
RECRUITMENT  
BIG SKY TARGETS GEN Y  
RETAIL BANKING  
TRENDS

## 1<sup>ST</sup> HOME OWNER SAVINGS ACCOUNT: OPPORTUNITY?



**Abacus**  
Australian Mutuals







# 1<sup>ST</sup> HOME OWNER SAVINGS ACCOUNT

Will the new First Home Saver Accounts be a boon or burden for financial institutions?

# 04

## 7 NEWS

### BROKER RELATIONSHIP ENDS

CUA has stopped its mortgage origination activities with its broker network due to conditions in the global mortgage securitisation market.

### BEATING BENDIGO BANK

Facing competition to establish a community bank in WA, Big Sky Credit Union took on Bendigo Bank and won.

### MUTUALS ON THE AGENDA

The Federal Treasurer, Wayne Swan, responded to *Connexus* on a wide range of topics from First Home Saver Accounts to regulation.

## 12 STRATEGY

### RETAIL BANKING TRENDS

Amid the rapidly changing retail banking landscape, several trends look set to prevail in coming years.

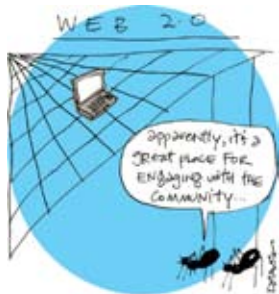
### REGIONALS UNDER REVIEW

As competition and funding issues sharpen the competitive landscape, *Connexus* reviews two regional banking competitors to mutual ADIs.

## 16 TECHNOLOGY

### THINK OUTSIDE THE INBOX

There's a whole world of ways Web 2.0 technology can be used to improve the workplace.



## 18 GOVERNANCE

### MONITORING YOUR STRATEGIC PLAN

Board stiff? Well, that could be because you haven't been limber enough to drive successful strategy execution via management.

### GOVERNANCE ROADMAP

Follow the right roadmap and you will enhance your board's performance.

## 22 REGULATION

### ENHANCED PERFORMERS

Employers need to ensure they have the edge when it comes to managing poor performance at work.

### ATM DIRECT CHARGING

New regulation will trigger a raft of changes in the ATM market.

### EXCEPTION FEES

UK High Court test case hands down verdict as exception fees continue to draw regulatory and media attention.

## 25 LEGISLATION

### E-CONVEYANCING

Hopes for progress towards a national electronic conveyancing system have been raised after the establishment of a project team.

### CODE OF PRACTICE

Final text of the new mutual ADI code has been released by Abacus.

### ACCOUNT SWITCHING

New account portability requirements will commence from 1 November 2008.

### MAKING MUTUALS MATTER

Abacus has been walking the corridors in Canberra to introduce members of the class of 2007 to the mutual ADI sector.

### DISCLOSURE MADE SIMPLE

Disclosure shouldn't be written in double Dutch. So how is the government going in its quest to simplify financial service disclosure?

## 28-30 SOCIAL RESPONSIBILITY

### RECONCILIATION ACTION PLAN

CUFA is working to improve life opportunities of indigenous Australians through financial literacy and related skill development.

### TRADITIONAL CREDIT UNION

When most of your members live in remote Aboriginal communities in the Top End, helping them out can be a difficult task.

### PACIFIC CONGRESS

Emerging credit union movement will gather in Fiji this September.

## 31 PEOPLE

### YOUR BEST ASSETS

Like all businesses, recruiting and retaining the best people can make or break any mutual ADI.

### RETENTION BEATS RECRUITMENT

The tight labour market in Australia has meant that it is becoming increasingly important to retain good staff.

## 35-43 INDUSTRY PRODUCT NEWS

- Cuscal services
- Pen or PIN
- QTCU cert III provider
- Kaplan education and training
- Hologram AML solution
- Sandstone mobile banking

## 45 GRASSROOTS

### COMMUNITY PARTNERSHIPS

Holiday Coast Credit Union is taking a more strategic approach to community funding that is paying off for all stakeholders.

### TOWARDS GREENER PRODUCTS

Savings & Loans is on a mission to provide members with green and affordable choices.

### TARGETING GEN Y

When Big Sky credit union discovered it was performing below par in the youth market, management decided to act.

### 'HOME AND PROPERTY'

Sutherland Credit Union has boosted its portfolio by launching a community-based marketing program that pretty much sells itself.

## 50 EVENTS

### AMINSTITUTE REPORT

National Conference & Expo in Canberra launches the AMInstitute's professional development program for 2008.

### CALENDAR

An industry calendar for all conferences, forums, professional development events and industry meetings.

## 52 BACKPAGE

Coverage includes: Mergers, moves and changes; 'Different marketing?'; and Moodys takes a negative view.