Linking Strategy with Operations:

A Middle Manager’s Perspective on Government Organizations.

by

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Abstract

Linking strategy and operations is one of the key success factors of many organizations. Numerous techniques and frameworks have been used to facilitate the successful strategy execution, however the success of the implementations have varied significantly. Especially in government organizations, which typically lagged the corporations in making changes, it appears that the middle managers play a crucial role in the success of the strategy. The vision and leadership are important, however the key to success is in the hands of the people that have control of the operations; they need guidance and tools that will enable them to measure the success of their actions.

This research paper reviews the Balanced Scorecard, Lean Six Sigma, and the Strategic Execution Framework, to evaluate their congruence in the context of public sector organizations. Furthermore the literature review also focuses on measuring the results of strategy execution, and considers how criteria like Baldrige Criteria for Performance Excellence enables managers to measure their progress in achieving positive outcomes within their operations.

Change management is the key component which lies at the heart of strategy implementation. While change is driven by strategic planning and supported by senior management, middle managers are the critical link required to ensure the success of strategy implementation; in many government organization they are the most active force in generating innovation. The Strategic Execution Framework is a tool that organizations can use to clearly identify a project-driven path to link a defined strategy into the business transformation process and subsequently into the successful implementation of
the strategy. In a government organization it is critical to look at the customer focus and the operational execution aspects; these are key areas that can generate the best return on the strategic changes. Evaluation tools like Baldrige criteria provide a better perspective on the organization performance and have many advantages as a benchmarking tool. A well-proven structured report supported by various design methods and automation tools; the Balanced Scorecard can be used by managers to keep track of the execution of activities. It converts high level corporate strategy into meaningful, well understood goals.

Strategy is should be the focus on everybody in the organization, and the strategy execution must become an integral part of daily routine. The implementation of changes can help the organization realize the benefits even when smaller steps are taken. The important thing is to start with the information readily available. The implementation of changes can be done in any order that the organization can support from the financial and organizational point of view. Even the best organizations cannot be successful if they are staying still. Once the initial deployment of the tools and framework, the organization must continue the evolutionary change, based on both learnings and discoveries internal to the organization, and also based on external factors that may change the environment in which the organization operates. Strategy management is becoming much more proactive requiring a total business outlook with effective communication processes and proper business transformation capabilities built into the management style of the organization. The strategy can be achieved using project that are well executed; it is critical to choose the right ones. Middle managers are a key component of any
organization, and they must be supported to fully realize their potential. An argument can be made based on the review that the role of middle managers in not-for-profit organizations is similar with their counterparts in the corporate world. The role of the middle manager in strategy implementation is comparable, and the main functions of being two-way communicator, motivator and educator are common.

Any organization serious about executing strategy must ensure the people element of their execution system is given proper attention, and the middle managers are the key focus point, at the core of the organization. They need to be supported by the organization, trained in understanding the strategic execution process and at the same time equipped with the tools required to maintain the communication channels between senior management and the people on the front line. Concepts, frameworks and techniques are all very useful in formulating and executing strategies; however the human factor is what ensures the organization’s success.
I’d like to thank my coach, Dr. Rocky Dwyer, for his moral support and academic guidance through this applied project. I wrote this paper during a very difficult time of my life, and he kept me focused and helped me keep my head above the water! I’d like to thank my wife, Maria and my son, Andrei, for their love, understanding and support.

Alin.
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Introduction

Many of the strategic management techniques have been developed to support the for-profit organization and they were further extrapolated to non-profit and governmental organization. The proposed research paper will look to identify the current trends in the strategic management focused on the linking of strategic management with operational execution in the context of governmental organizations.

Background of the Problem

There are many definitions of the strategy in the context of the management of an organization. Nag, Hambrick and Chen (2007) suggest that “strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external environments” (p. 936). Strategic management as a discipline originated in the 1950s and 60s; although there were numerous early contributors to the literature, the most influential pioneers were Chandler, Selznick, Ansoff and Drucker.

“Small enterprises can operate successfully without an explicit strategy.[…] Larger companies, especially those with multiple businesses, have more systematic strategic planning processes, the outcome of which is a document corporate plan that integrates the business plans of the individual divisions” (Grant, 2005, p 212). In many organizations the Strategic Business Development is at the forefront of finding innovative solutions to bring the company success. For example 3M, a diversified technology company serving customers and communities with innovative products and services, has
a very structured process of developing a strategic plan. The process is under constant
development, and is tweaked every year to achieve better performance for the
organization. In the last few years it become obvious that the link between the strategic
plan and the execution was not well defined and new techniques and methodologies have
been brought forward to address this issue. Organizations like 3M are making an effort to
address this issue by putting an internal mechanism in place that would strongly link the
strategy to the operational effectiveness which has been at the core of the 3M successes
throughout the years.

While 3M is a large, for-profit organization, its vision is focused on *Achieving*  
*Breakthrough Performance for Our Customers, Employees and Shareholders* (3M, 2008)
indicates the similarities with one of the accepted purpose of any governmental
organization, which is providing services for the citizens. In many aspects, the structure
and processes used by large organizations like 3M are very much resembling government
organizations. Although governments are mostly guided by policies and less by strategic
management principles, it is crucial that the policies are implemented and executed in
order to achieve the success of the policies. For the last 10 years 3M has been
implementing Lean Six Sigma; despite their disparate roots, it is clear that Lean and Six
Sigma encompass many common features, such as an emphasis on customer satisfaction,
a culture of continuous improvement, the search for root causes, and comprehensive
employee involvement.

Although for many organizations strategy is a priority, there are many cases of
failures in the executions of strategy. Norton (2008) cited poor execution as the reason
for the failure of up to 90% of strategies. He defined the execution gap as the organizational leader’s inability in translation and alignment of the strategy with operational units, an inability to effectively measure progress toward the strategy, and a subsequent inability to manage the strategy.

Many of the strategic management techniques have been developed to support the for-profit organization and they were further extrapolated to non-profit and governmental organization. The proposed research paper will look to identify the current trends in the strategic management focused on the linking of strategic management with operational execution in the context of governmental organizations.

**Problem Statement**

Many scholars have looked at formal methodologies that would help the companies bridging the gap between strategy and execution. Grant (2005) states: “A strategy that is formulated without regard to its implementation is likely to be fatally flawed. These cannot be treated in isolation from one another. At the same time, it is through their implementations that strategies adapt and emerge” (p. xii). In a comprehensive presentation, Kaplan and Norton aim to make strategy a continual process. Their book, *The Execution Premium: Linking Strategy to Operations for Competitive Advantage* (Kaplan & Norton, 2008) shows managers how to introduce organizational principles into a more effective management system that respects the differences between strategy and operations yet integrates them in a powerful way. They include reviews of many organizations from various industries that have successfully implemented their strategy; the authors state that a common element to all these diverse
successful strategy implementers is exceptional and visionary leadership. In many of the examples, the Chief Executive Officer (CEO) led the case for change and understood the importance of communicating the vision and strategy to every employee. Without such strong leadership at the top, even the comprehensive management system we introduce in this book cannot deliver breakthrough performance.

However, leadership alone is not sufficient for success; the internal processes are a critical component of the long term capability of the organization to be competitive, and a key factor of the success of the strategy is to link it to execution to the day-to-day operations. Many companies today are practicing Total Quality Management, Six Sigma, or other continuous improvement activities. But in many cases these are done across the organization without establishing a clear set of priorities or measuring the impact resulted from process improvements. Consequently, much effort does not show up in tangible results. For an organization to be successful in the strategy execution, it needs to have an infrastructure (organizational structure and defined processes) which will support the implementation of those processes.

Building on their Balanced Scorecard approach, Kaplan and Norton have developed an impressive framework for the implementation of strategy in The Strategy-Focused Organization. They have identified more than 90% of strategic initiatives fail due not to formulation but to implementation difficulties (Kaplan & Norton, 2008). Successful implementation of strategy requires all parts of an organization to be aligned and linked to the strategy, while strategy itself must become a continual process in which everyone is involved. The Balanced Scorecard, originally seen by the authors as a
measurement tool, is now presented as a means for implementing strategy by creating alignment and focus.

Middle management is one of the key actors in strategy implementation. Although in management philosophies like lean management question the function of middle management, many authors argue for the importance of the middle managers' role (e.g. Nonaka & Takeuchi, 1995; Fenton-O'Creevy, 2000). Those who side with middle management state that middle managers have a key role in organizations, as they have both “the ability to combine strategic (context-free) and hands-on (context-specific) information” (Nonaka, 1988, p.12).

“Many companies embarking on Lean efforts find that their organization is too rigid and top-down to support the management principles of Lean and Six Sigma. How to create the needed flexibility? Start by redefining the role of middle managers, transforming them from enforcers to enablers and mentors of front-line workers. Not only does this new role help the organization succeed with its Lean Six Sigma efforts, it also strengthens the leadership pipeline” (Wyman, 2010, p. 1).

It is our belief that middle managers should be involved in the strategy implementation and those tools and techniques that have been devised for use by senior management should also be used by the middle managers. The focus of the paper is to summarize the methodologies and frameworks applicable to linking strategy to operations in the specific context of Federal and State governments in North America.
Purpose Statement

The proposed research will look at identifying papers written on the specific application of such methodologies (Balanced Scorecard, Lean Six Sigma and Strategic Execution Framework) in governments, and will compare this applications with similar papers focused on the for-profit organizations.

While looking at the overall strategic implications to the organization, the review will be done from the middle-manager perspective, with the intent of establishing a clear path between strategy and execution, while considering the particularities of governmental environments. The research will look at what are the typical changes to the internal processes required to support the implementation of a Balanced Scorecard or Lean Six Sigma methodologies, and also what cultural and organizational adjustments are needed to ensure the success of the process changes.

As an extension of the theoretical fundamentals, which are in most cases derived from real world experiences and experiments, the research paper will also look at the frameworks that are offered by Executive Consulting firms, and compare how the advertised practical solutions offered differ from the theoretical frameworks.

Nature of the Study

The goal of the research is to present the results as a thematic review of the literature, while keeping in mind the evolution in time of the materials. The best practices should be clearly established, while paying special attention to the most recent trends identified in the research.
Since the preliminary literature search shows that the governments and other similar not-for-profit organization are mostly looked as after thorough studies are performed on the for-profit organization it is important that the results identify the key differences between the two categories of organizations, thus allowing the reader to understand the limitations of the research and further opportunities to explore the suitability of the results to a particular application.

Literature Review

“Strategy without tactics is the long road to victory; tactics without strategy is the noise before defeat” (Sun Tzu, as cited in Finklestein, 2007, p. 258). This quote highlights the importance of integrating strategy and operations, a central theme in the strategy execution system.

There are many definitions of the strategic management. One definition that underlines many of its very important characteristics states: “Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment” (Lamb, 1984, p. ix).

Strategy development requires a good understanding of the five competitive forces that shape industry competition (Porter, 2008); entry of new competitors, threat of
substitutes, bargaining power of buyers, bargaining power of suppliers, and rivalry among existing competitors. Strategy implementation is the translation of strategic thought into strategic action, affecting all areas of the business while shifting responsibility from the leadership team to the management team (David, 2003).

In their book Kaplan and Norton (2008) propose a management system for integrating strategy planning and operational execution:

Figure 1: Integrating Strategy, Planning and Operational Execution
**Table 1: Integrated Strategy and Execution**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop</td>
<td>Managers develop the strategy using tools like Strategic Analysis, Porter 5 forces, Mission Values Vision framework, etc.</td>
</tr>
<tr>
<td>2</td>
<td>Plan strategy</td>
<td>The organization plans the strategy using tools like Balanced Scorecard or Strategy Maps.</td>
</tr>
<tr>
<td>3</td>
<td>Align</td>
<td>Managers align the organization by cascading linked strategy maps and balanced scorecards. Employees are aligned through communication and linking personal objective and incentives to the strategic initiatives</td>
</tr>
<tr>
<td>4</td>
<td>Plan Operations</td>
<td>Managers plan the operations using tools like quality and process management, reengineering, resource capacity planning.</td>
</tr>
<tr>
<td>5</td>
<td>Monitor and learn</td>
<td>The organization monitors and learns about problems, barriers and challenges.</td>
</tr>
<tr>
<td>6</td>
<td>Test and adapt</td>
<td>Managers use internal operational and external competitive data adapt the strategy and launch another loop around the integrated strategy planning.</td>
</tr>
</tbody>
</table>

Developing the strategy, or implementing a strategic planning process, is an integral part of many leadership systems used by corporations. The primary mechanism of strategic deployment is the use of a formal strategic planning process or model; however this process is not sufficient by itself to ensure the business competitiveness and the process must create additional value for the organization. New value is created when leaders align resources, human capital, and operational processes to the strategy (Norton & Russell, 2009).

**Six Sigma**

Many management frameworks suggest that the best approach to implement the change required in the organizations is using project management techniques. Choosing the right project portfolio is the key to achieving strategic business objectives. Six Sigma is a business management strategy originally developed by Motorola, USA in 1986. Six
Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes. Initially focused on manufacturing processes, where the output of a process was easier to measure, Six Sigma has become widely used in managing the general business operations and become an integral factor in achieving and sustaining operational and service excellence.

Six Sigma consists of a series of established steps that reveal how well products perform, and how well services are delivered, in a way that organizations improve their processes and maintain the gains they achieve. Six Sigma projects follow two project methodologies:

- DMAIC used for projects that target the improvement of business processes
  - Define the problem, understand the voice of the customer, and clearly state the specific project goals.
  - Measure key aspects of the current process and collect relevant data.
  - Analyze the data to investigate and verify cause-and-effect relationships. Identify the relationships, and ensure that all factors that can have an impact on the process have been considered. Perform root cause determination of the defect under investigation.
  - Improve or optimize the current process based upon data analysis using techniques such as design of experiments, poka yoke or mistake proofing. Engage in development work to create a new, future state process, and set up pilot runs to establish process capability.
• Control the defined future state process to ensure that any deviations from target are corrected before they result in defects. Implement control systems such as statistical process control, production boards, and visual workplaces, and continuously monitor the process.

- DFSS (or DMADV) used in projects that target the creation of new products or processes
  • Define design goals that are consistent with customer demands and fit in the tactical operations or long-term strategy of the organization.
  • Measure and identify product and process characteristics that are critical for the success development (Critical to Quality), product capabilities, production process capability, and risks.
  • Analyze the baseline requirements, and develop design alternatives, create a high-level design and evaluate design capability to select the best design.
  • Design details, optimize the design, and plan for design verification.
  • Verify the design, set up pilot runs, implement the production process and hand it over to the process owner(s).

For Six Sigma to succeed it must be supported at the middle management level of the organization. The Middle Managers acting as Champions to the project teams to ensure they are directionally correct, to remove barriers to the team’s success, and to provide encouragement and recognition for their work. With supportive leadership and middle manager direction and support Six Sigma teams can successfully take on the most
difficult problems of any type of organization. In their critical role as leaders of the
everyday of the operations, middle managers are very effective in gathering and
synthesizing information from the Six Sigma team and channel it to the upper
management, ensuring that the communication loop is thus complete and the feedback
mechanism that is at the core of Six Sigma principle is used properly.

Organizations must pay special attention to ensure the balancing of the efficiency
drivers that Six Sigma promotes do not negatively affect the creativity and innovation.
There is a potential that the very factors that make Six Sigma effective in one context can
make it extremely ineffective in another. Six Sigma uses rigorous statistical analysis to
produce unambiguous data that help produce better quality, lower costs, and more
efficiency; this works very well when the outcomes are known. But what about when
there are few facts to support the evaluation process, or the nature of the problem to be
solved is difficult to quantify or even worse, difficult to define. As an organization that
relies heavily on innovation, 3M has experienced first-hand the side effects of a
company-wide Six Sigma implementation, and from 2004 to 2007 the company moved
down from number 1 on the list of most innovative companies to number 7 (3M, p. 24).
3M CEO, George Buckley stated “You cannot create in that atmosphere of confinement
or sameness. Perhaps one of the mistakes that we made as a company—it's one of the
dangers of Six Sigma—is that when you value sameness more than you value creativity, I
think you potentially undermine the heart and soul of a company like 3M.”

Six Sigma can successfully be used in the public sector, with the goal of
improving the management of government and make public agencies more effective and
efficient. In his study *Improving Service Delivery in Governments with Six Sigma*, Malayeff, (2007) utilizes the classic tools and techniques identified in the Lean Six Sigma to evaluate their applicability to the government processes. As a critical step in this evaluation, the study establishes some unique characteristics of government processes: information is a critical component of the service, significant task variability, cross-functional process flows, many handoffs of information, numerous management or technical reviews, hidden benefits and costs, and no explicit motivation for urgency.

Table 2 summarizes these aspects in the context of implementing a Lean Six Sigma program.

**Table 2: Elements in Developing a Lean Six Sigma Program**

Source: Malayeff, 2007, p. 19

<table>
<thead>
<tr>
<th><strong>Infrastructure</strong></th>
<th><strong>Implementation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deploy a sound and robust methodology</td>
<td>Create a centralized focal point</td>
</tr>
<tr>
<td>• Consistent philosophical framework</td>
<td>• Need to maintain persistence</td>
</tr>
<tr>
<td>• Easily understood but no clichés</td>
<td>• Skilled, enthusiastic and impartial</td>
</tr>
<tr>
<td>• Consistent just-in-time training</td>
<td>• Best if temporary</td>
</tr>
<tr>
<td>• Flexibility to allow evolution</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Build trust by removing fear</strong></th>
<th><strong>Communicate with Stakeholders</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Employee involvement critical</td>
<td>• Early and continuing awareness</td>
</tr>
<tr>
<td>• No layoff guarantee</td>
<td>• Tangible benefits to be realized</td>
</tr>
<tr>
<td>• Celebration of success</td>
<td>• Progress documented visibly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Initiate culture change</strong></th>
<th><strong>Top leader involvement</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Gradual implementation</td>
<td>• Tangible benefits to all employees</td>
</tr>
<tr>
<td>• Focus on “process” not blame</td>
<td></td>
</tr>
<tr>
<td>• Priority to improving and doing work</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tangible benefits to all employees</strong></th>
<th><strong>Communicate with Stakeholders</strong></th>
</tr>
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<td>• Early and continuing awareness</td>
<td>• Progress documented visibly</td>
</tr>
<tr>
<td>• Tangible benefits to be realized</td>
<td>• Top leader involvement</td>
</tr>
</tbody>
</table>
Ensure departmental involvement

- Liaison or similar relationship
- Supports credibility and awareness
- Eliminates repeated use of personnel

Focus on basic toolbox

- Basic tools of Lean Six Sigma
- Understanding and transparency
- Enhanced employee motivation

Obtain externally and/or develop skilled project facilitators

- Critical to project success
- Assertive, competent and impartial
- Ensures project timelines met

Many government organizations in US have embraced Lean Six Sigma. Several examples are presented in Table 3 below:

**Table 3: Lean Six Sigma in Government**

<table>
<thead>
<tr>
<th>No</th>
<th>Example</th>
<th>Key notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Department of Defense</td>
<td>Like thousands of major corporations and businesses worldwide, the Defense Department is realizing many important benefits in better serving customers through the disciplined application of LSS. Because of LSS’s effectiveness in achieving cultural and organizational change, DoD Enterprise-level executives and managers will engage in comprehensive LSS training (US DoD, 2007, p.10)</td>
</tr>
<tr>
<td>2</td>
<td>State of Iowa</td>
<td>During the 81st General Assembly, legislation was passed that authorized the Department of Management to lead the expansion of Lean efforts in Iowa state government. The Office of Lean was created within the Department of Management to promote and facilitate continuous improvement through the use of a specific set of proven tools and methodologies collectively known as Lean.</td>
</tr>
<tr>
<td>3</td>
<td>City of Fort Wayne</td>
<td>Fort Wayne, under the guidance of mayor Graham Richard, was the leader of a vastly successful implementation of Six Sigma. The city kept taxes low and dramatically increased government efficiency with the implementation of Six Sigma, arriving at millions of dollars of savings and improving service level in the community.</td>
</tr>
</tbody>
</table>
In a radical measure, Department of Defense (DoD) has mandated the use of Lean Six Sigma within the department “CPI/LSS concepts and tools should be applied to benefit the full range of DoD organizations. These include combat, industrial, service, and office environments of headquarters, field, and operational organizations. The DoD Components should participate in defining, implementing, and sustaining CPI/LSS efforts. Each DoD Component should use CPI/LSS concepts and tools to improve the full range of processes and activities that comprise their operations, including decision-making processes and appropriate engagement with industrial base suppliers.” (p. 2). This is one of the largest government deployments of Lean Six Sigma. Because of the military structure and the mind-set that learning and training is a core component of being in the military, the program has been very successful. However, a major criticism of the methodology is that in most cases leads to a conclusion that a process can be improved; while this may be true, in a government organization it is also possible the best solution is to eliminate the process.” DoD has clearly become a champion for six sigma government adoption. DoD plans to have 5 percent of its workforce trained as Green Belts (entry level practitioners who apply Six Sigma practices and techniques to projects) and 1 percent of staff trained as Black Belts (dedicated full time Six Sigma practitioners and often provide project management or advisory roles on two to three projects at a time).

In creating a Lean Six Sigma infrastructure, leaders must be able to directly communicate the importance of the initiative and be willing to engage employees in the process before launching an initiative. By focusing on program improvement, managers begin to focus the organization on being more data-driven and results-oriented. The
former mayor of Fort Wayne, Graham Richard, was the leader of a vastly successful implementation of Six Sigma; the city kept taxes low and dramatically increased government efficiency with the implementation of Six Sigma, where millions of dollars have been saved and government jobs, such as filling potholes, have been reduced from 48 hours to three hours after the initial contact. Kamenski (2011, p. 1) reports some of the lessons learned from the implementation:

[he] found he wished he had better communicated efforts and successes both inside and outside the city government, and that he had started sooner in building a culture of learning for broader business skills. He created a leadership development roundtable to help managers be better sponsors and champions of initiatives, but wished he'd done it sooner. In applying the technical methods of Lean Six Sigma, Richard wished he had incorporated the Lean methods sooner and emphasized managerial-level use of data. If he had to do it again, he said he would have better tailored training to government employees. Deployment of the initiative was easier in some city functions than others. He also found that strategic oversight was critical.

It is important to understand that a few key areas will create additional challenges in the implementation of Six Sigma in government. Two most important aspects are the fact that government agencies are mandated to provide service to communities without real competition (as a result they have little incentive to meet the customer expectation) and that the change in internal culture of the organization may be hampered by the fact that in many cases the individual contributor reward is tied to seniority and not necessary to performance.

**Balanced Scorecard**

Using Balanced Scorecard framework within the strategic management process converts high level corporate strategy into meaningful, well understood goals and
objectives with a balanced set of financial and non-financial metrics for monitoring progress. A well-proven structured report supported by various design methods and automation tools, Balanced Scorecard can be used by managers to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions. Originally developed by Art Schneiderman, the Balanced Scorecard was brought into the strategic management mainstream by Kaplan and Norton.

Building on their Balanced Scorecard approach, Kaplan and Norton have developed an impressive framework for the implementation of strategy in *The Strategy-Focused Organization*. They have found that “many organizations have a mistaken belief that the right strategy is all that is needed to succeed, [but] with failure rates reported in the 70 to 90 percent range, we can appreciate why sophisticated investors have come to realize that execution is more important than good vision” (Kaplan & Norton, 2008, p. 1).

Successful implementation of strategy requires all parts of an organization to be aligned and linked to the strategy, while strategy itself must become a continual process in which everyone is involved. The Balanced Scorecard, originally seen by the authors as a measurement tool, is now presented as a means for implementing strategy by creating alignment and focus.

Financial measures report on lagging financial indicators. The Balanced Scorecard aims to report on the drivers of future value creation. The book shows in detail how this is done from four perspectives: Financial, customer, internal business perspective, and learning and. These four perspectives produce a highly detailed framework when combined with the five principles of a strategy-focused organization:
• Translate the strategy to operational terms.
• Align the organization to the strategy.
• Make strategy everyone’s everyday job.
• Make strategy a continual process.
• Mobilize change through executive leadership.

Ensuring alignment of the balanced scorecard with strategy enhances its usefulness (Thompson & Mathys, 2008). The authors identify two dimensions of alignment which must be considered:

• horizontal alignment of goals across organizational units
• vertical alignment, linking of downstream and upstream components that enable each business unit to contribute to higher level strategic objectives.

“An aligned balanced scorecard clarifies the interrelationship between internal business processes and the goals of the organization, creating synergies by focusing on the processes that drive performance” (Thompson & Mathys, 2008, p. 383).

The balanced scorecard can be used as an integration platform within an organization, ensuring a vertical connection at all level of management and operations. Kaplan and Norton (2008) argue that the balanced scorecard will link the work of organization thorough people and process to the financial outcomes; it is critical that the same approach is used at all levels in the organization, starting at the corporate level, through business unites, departments and individuals to ensure the creation of line-of-site alignment.
Many authors recognize that applying the balanced scorecard to a government organization has specific challenges. The original balanced scorecard had the financial perspective driving the hierarchy; in a government setting the customer pays for the service and they also receive the service. It has been suggested that a government agency should have an overarching objective at the top of the balanced scorecard.

![Figure 2: Typical Scorecard Structure](Source: Kaplan, 2004, p. 96)

A government organization may have three high-level objectives it needs to satisfy: create value, at a minimal cost, and develop support from its funding authority. However, both donors and service recipients are, in fact, closely linked together, and their needs and expectations from the two sides do not necessarily have to be in the same direction. Therefore, “meeting the needs of both the financial and customer stakeholders simultaneously is not just difficult, sometimes it is impossible” (Kaplan, 2004, p. 97).
Figure 3: Financial/Customer Perspective for Government Agencies
Source: Kaplan & Norton, 2004, p. 139

Mid-managers are always in competition for funding from the government sources. As a method to evaluate the need for funding, it is very common that “a cost-benefit analysis is frequently used to determine program viability. Return-on-investment (ROI) analysis is a more sophisticated version of cost–benefit analysis and takes into account a program’s costs and benefits and calculates the amount of return that the program produces. It also considers intangibles produced as a result of the program” (Schay, 2002, p. 337). From the manager’s perspective it is critical to understand the strong interdependency of the Cost, Value/Benefit and Legitimizing Support.

A key leveraged action for successful balanced scorecarding requires the integration of middle managers into cross-functional teams. Their role needs to shift from day-to-day operations, to being developmental facilitators and coaches of cross-
functional high performance teams. Oshry (1996) explores the organizational dynamics and conditions of three “spaces” in organizations: the top space (senior management), the middle space and the bottom space (front line workers). Oshry calls them the “torn middles” – because they are constantly being pulled in numerous directions by the many needs of their subordinates in the bottom space, and by the demands of their bosses in the top space. Ball et al. (2004, p. 19) suggest that:

… without significant investments of time, energy and resources in the learning and growth of managers, balanced scorecarding can become a frustrating, intrusive and even threatening process. […] In transformed organizations, middle managers are the system integrators who provide others with information, support and resources needed to achieve the outcomes in their BSC.

**Strategic Execution Framework**

Practical applicability of theoretical studies has always been a key to the success of much organization in implementing their strategy. Balanced Scorecard was successfully implemented in a large number of organizations; however this implementation was not always an easy process, nor was a guaranteed success. In his article Schneiderman (1999, p. 7) states

the difficulty in identifying scorecard metrics is compounded by the emerging requirements of non-owner stakeholders: employees, customers, suppliers, communities and even future generations. More and more organizations are adding social responsibility as a stakeholder requirement by including discretionary environmental initiatives, diversity and employee wellbeing in their list of strategic objectives. Unless these requirements are explicitly considered, a balanced scorecard can be at their expense.

The author argues “there is no deployment system that breaks high level goals down to the sub-process level where actual improvement activities reside” (p. 7).
A potential solution that formalizes the deployment system is the Strategic Execution Framework (SEF), a theoretical approach to implementing a major improvement opportunity for an organization involves designing a systematic process for aligning and creating linkage between key areas of an enterprise's business functions. The framework was developed by the consulting company IPS Associates and Stanford Center for Professional Development, and is thoroughly presented by Morgan, Levitt & Malek (2007) in their book *Executing Your Strategy: How to Break It Down and Get It Done*. The framework provides a useful six-part set of imperatives (p. 27):

- **Ideation**: Clarifying and communicating identity, purpose, and long-term intention;
- **Nature**: Aligning strategy with the organizational culture and structure;
- **Vision**: Translating long-term intentions into goals, metrics and strategy;
- **Engagement**: Engaging strategy via the project investments stream, following a thorough portfolio management process;
- **Synthesis**: Monitoring and continuously aligning project work with strategy;
- **Transition**: Transferring the results of projects and programs into the mainstream of operations.
Figure 4: The Strategic Execution Framework

The key points of the framework revolve around projects and metrics; identifying manageable tasks that can be grouped together and executed, in a measurable way is the key success factor in the strategy execution. “Performance management solutions help organizations through the process of defining their strategic plans, articulating their goals
and objectives and managing execution. This allows organizations to become more deliberate and accountable in their actions, and improve operational effectiveness. It also provides an effective medium by which organizations can effect cultural change. Finally, it helps promote accountability at every level of the organization and allows for proactive resolution of problems” (Whittaker, 2003, p. 4).

It is critical to the success of the organization to define the right goals, and associate with them the correct metrics. Morgan & al. (2007) underline that “in the presence of a clear and compelling desire, without the discipline of choosing SMART goals, little sustainable progress can take place” (p. 65). The strategic framework must have the ability to enable clear goals and metrics development within the organizational systems that are understood by everyone involved. This is a function of corporate business planning. The bigger the organization or project, the less apt it is to embrace a common framework and performance improvement system.

**Table 4: Six Imperatives of Strategic Execution.**
Source: Morgan & al., 2007, p. 17

<table>
<thead>
<tr>
<th>No</th>
<th>Domain</th>
<th>Imperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ideation</td>
<td>Clarify and communicate identity, purpose and long-range intention</td>
</tr>
<tr>
<td>2</td>
<td>Nature</td>
<td>Align the organization’s strategy, culture and structure</td>
</tr>
<tr>
<td>3</td>
<td>Vision</td>
<td>Translate long-range intentions into clear goals, metrics and strategy</td>
</tr>
<tr>
<td>4</td>
<td>Engagement</td>
<td>Engage the strategy via the project investment stream</td>
</tr>
<tr>
<td>5</td>
<td>Synthesis</td>
<td>Monitor and continuously align the project work with strategy</td>
</tr>
<tr>
<td>6</td>
<td>Transition</td>
<td>Transfer projects crisply to reap the benefits.</td>
</tr>
</tbody>
</table>
Morgan & al. (2007, p. 244) showcase the success of the Singapore National Library Board, demonstrating the applicability of the framework into a government agency. To lead strategic projects effectively, Singapore National Library Board invested in the planning, deployment and monitoring of a project portfolio; they included training for hundreds of people in project management methodology, providing coaching for program managers, and establishing discipline for technical change management. Thanks to its attention to the imperatives presented, this government agency effected substantive change relatively quickly and gained remarkable results—including increased loan rates, reduced queues, and a major jump in new memberships without addition of new staff.

The manager is a key Strategy Execution Framework actor: participates in all activities, including strategy communication, translating the strategy to department, division or team, setting personal objectives, defining objectives for the team, coaching for performance, and evaluating performance. The managers act as the link between organizational levels and between senior management level and their direct reports; they serve as a performance role models. It is also critical that the organization builds goals and metrics that can be used at all levels in the organizations. “When these metrics align with each other and with the strategic goals, people at all levels know exactly how their own successes contribute to the organization’s success” (Morgan & al., p. 76).

Role of Project Management

The engagement imperative identified in the Strategic Execution Framework is a key differentiator for many organizations. It is where the work required to achieve goals based on measurable metrics, and to transform structure and culture, meets the demand of
ongoing operations. “To state the imperative another way: get your investment
governance right, choose the right projects, and endow the projects with resources to be
done right[...] In large measure, the success or failure of strategic execution rests on how
an organization governs its project portfolio” (Morgan & al., 2007, p. 142).

The PMBOK (2007) defines project management as the application of
knowledge, skills, tools and techniques to project activities to meet project requirements.
In other words, it involves planning, organizing, monitoring and controlling the project
activities in order to accomplish the project requirements. Successfully completing
disparate project initiatives is most effectively achieved with good Project Management,
but the success of the projects does not necessary relate to the success of the organization.
Simultaneously achieving associate level accountability for timely completion of
disparate project tasks is achieved with good Strategy Execution. Project Management
and Strategy Execution used together will achieve the perfect balance between project
centric responsibility and performance centric accountability.

“Project management is the management of change, and corporate strategies
involve the introduction of change in organisations” (Crawford, 1998, p. 1). As a result
projects and their execution are key part of the strategy success.

Classic representations of a set of constraint that are faced by each project are
presented below:
However, it does not matter if a project is on time and on budget if the organization does not need it. All too often the intended strategic outcomes planned for a project are not fully achieved, or are just secondary outcomes of little strategic relevance. The key is to link project results to business strategy in a tangible and visible way that everyone understands. Norrie & Walker (2004) suggest a modified representation of the triangle:
... in a project setting, the “on-strategy” aspects of project management are clearly the responsibility of the project sponsor and project leaders/managers in tandem requiring that they wrestle with this issue and create a process to resolve any ambiguities whereas the traditional “on-budget”, “on-time” and “on-quality” aspects of project management (the commonly stated “triple constraint”) rest more clearly as the direct responsibility of the project manager and project team. The vexing problem of only providing project leaders with project-based tools and process to resolve gaps that really exist at the level of business strategy and goals is why we initially sought alternative methodologies that could resolve this” (Norrie & Walker, 2004, p. 47).

In their study Norrie & Walker have found that the scorecard itself is less significant than the process of developing it; using this tool increases the effectiveness of communication between the project sponsor, the project management team members, and other project stakeholders. It provides each party with a common communication channel and a common language to articulate project performance measures and results.
The project portfolio management should be a part of Strategic Planning.

Strategic goals drive project portfolio management. The methods and discipline offsetting these goals is far beyond the discipline of project management. We must also recognize that when we apply the term portfolio management to strategic planning, that portfolio will include far more that projects; it contain budgets for all the operations of the firm” (Verzuh, 2008, p. 365).

As a result the senior management team must be involved in the selection criteria of the projects. A key element of success of the projects is the establishment of a portfolio management system which includes a sponsorship element:

Sponsorship is one of the mist critical governance processes of strategic execution, and one of the most difficult to create […] Sponsorship is the element of portfolio supervision that keeps the process of portfolio management relevant, alive and functioning. (Morgan & al., 2007, p. 144).

Projects can require a significant investment of resources, and should be monitored to ensure they remain aligned with the corporate strategy. Projects must be evaluated on the basis of how they will contribute to the achievement of specific measurable strategic objectives, and such measurements are provided by the Balanced Scorecard. Some scorecard measures may have higher priorities than others, ant this might give more weight to projects that will contribute to achieving the desired results. Projects that have no contribution to the strategic objectives are normally at the bottom of the priority list; if such a project is deemed as critical by the operational or middle-management level this must be identified as a misalignment with the strategy, and the normal mechanism to correct this is to chance the strategy to ensure repositioning of the project in the right place in the portfolio.
Creating a strategic Project Management Office (PMO) is considered a key project management best practice that becomes the link between strategic objectives and individual projects (Crawford & Pennypacker, 2002). The Strategic PMO is a resource dedicated to providing high-level project management and support functions that include (Crawford & Pennypacker):

**Table 5: Strategic PMO Functions**
Source: Crawford & Pennypacker, 2002, p. 1

<table>
<thead>
<tr>
<th>No</th>
<th>Example</th>
<th>Key notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cultivate</td>
<td>Cultivate a project culture through the organization and ensure that the structural elements support the development of the projects</td>
</tr>
<tr>
<td>2</td>
<td>Select</td>
<td>Select, prioritize and terminate projects by connecting executive vision with the work to be performed</td>
</tr>
<tr>
<td>3</td>
<td>Resource allocation</td>
<td>Make resource allocation decisions based on priority and value to the company – key projects should not be delayed due to resource shortages</td>
</tr>
<tr>
<td>4</td>
<td>Educate</td>
<td>Train, mentor and provide guidance to project managers</td>
</tr>
<tr>
<td>5</td>
<td>Improve</td>
<td>Train, mentor and provide guidance to project managers</td>
</tr>
</tbody>
</table>

Gerald & Rollins (2003) claim that the probability of meeting strategic goal is linked to four major processes:

- Choosing the right project mix— a new way of strategic planning
- Linking the executive team’s strategies to current and planned project
- Managing the project portfolio correctly
- Measuring the PMO to tangibly improve project performance relative to the executives’ strategic goals
The PMO is also responsible for the development and continuous improvement of processes and methodologies related to the management of project, defining, implementing and where need enforcing those standards. It also incorporates the lessons and findings from the projects into the methodology, supporting the organizational learning and knowledge sharing; these elements can be a significant source of competitive advantage. Without closing the loop through learning, the organizations will repeat mistakes, or at best it will shift course based on the outcomes without understanding form within the root causes which need to be addressed to ensure the success of the strategy.

**Baldrige Criteria**

One of the targets that any organization has is to deliver products that are conforming with the requirements and of good quality. The American Society for Quality (2011) suggests that the term quality can have two meanings:

1. The characteristics of a product or service that bear on its ability to satisfy stated or implied needs;

2. A product or service free of deficiencies.

Both definitions of quality require companies to do measurements to understand how they perform; when the target off a measurement is a product of service, such measurements are a common practice, and Quality Management Systems like Total Quality Management or Statistical Process Control provide frameworks that are many organizations use.
One of the questions that are constantly asked by the senior management is *How are we doing?*, and one of the tools that are used to answer this question is benchmarking. Organizations evaluate various aspects of their processes in relation to best practice companies' processes, usually within a peer group defined for the purposes of comparison. Another approach is to perform the evaluation against a set of standard criteria.

In the absence of standards the concept of quality is meaningless. The Baldrige National Quality Award recognizes US organizations in different sectors for performance excellence. Although the award was originally focused on the for-profit organizations, in the last few years it has evolved to encompass six different sectors: Education, Health Care, Manufacturing, Nonprofit/Government Service and Small Business. The Baldrige Criteria for Operational Excellence are used to identify the recipients of the award, but at the same time they are intended to be a tool used by organizations for self-assessment purposes. The criteria used cover the major components of a management system, and the self-evaluation process is designed to reveal the areas of strength and to identify the opportunities for improvement. While continuous improvement and bottom line performance are Baldrige requirements, Baldrige does not prescribe how this is done beyond proof that there is an effective systematic approach to do so. It also provides a common language that can be used by organizations for communication related to best practices or benchmarking.
In a study done by NIST (1998) it was identified that “Significant majorities of the CEOs believe that the Baldrige criteria and awards are extremely or very valuable in stimulating both improvements in quality in US companies (79%) and improvements in the competitiveness of US business (67%).” This shows the importance of the criteria for the senior executives. Garvin (1991) indicates that “Baldrige Criteria […] provides companies with a comprehensive framework for assessing their progress toward the new paradigm of management and such commonly acknowledged goals as customer satisfaction and increased employee involvement” (p 81).

In our search we have found no studies or reference materials that focus specifically on the implications of the Baldrige Criteria at the middle manager level, or to help these managers understand their role in the implementation of the improvements
resulted from the organization evaluation. However the role of middle managers is essential in the success of the evaluation and improvement processes. Garvin (1991) argues that it is critical to have a “cascading of senior management’s vision and objectives down through the organization so that, at each succeeding level, activities are aligned with and derived from higher goals” (p. 86).

In 2007 two of the winners of the award were two government organizations, U.S. Army Armament Research, Development and Engineering Center (ARDEC) and City of Coral Springs.

City of Coral Springs is one of the municipalities that have declared that at the core of its strategy is to run the city government following a corporate management model. This approach reflects in the core organizational values:

- customer focus—demonstrate a passion for customer service;
- leadership—establish an inspiring vision that creates a government that works better and costs less;
- empowered employees—empower the people closest to the customer to continuously improve the organization’s quality and services;
- continuous improvement—commit every day, in every way to getting better and better. (City of Coral Springs (2007), p. xxiii).

ARDEC has a customer focused, team-based culture that is dedicated to achieving continuous improvement and innovation through integrated, best-in-class work system processes and practices. Leadership and employees are dedicated to our Purpose, Vision, Mission and Values. In addition, our leadership and employees are motivated by a deep sense of responsibility to the Warfighters, knowing that often their lives – and the security of our nation – depend upon the technology of the products we research, develop, and engineer (ARDEC, 2007, p. ii).
ARDEC adopted Enterprise Excellence, built around a Baldrige framework, which integrates best practices such as quality management, Voice of the Customer, Lean Six Sigma (LSS), CMMI and ISO. The strong deployment and integration of the organizational structure, work system processes and Enterprise Excellence have led to results that are world class.

Because of the success achieved in improving the operational results in many organizations, the Baldrige award has served as the model for other national quality awards, with varying degrees of local modification, in many countries around the world (DeBaylo, 1999). The Canadian Quality Criteria for the Public Sector is a comprehensive and practical framework for “improvement and achieving effective citizen/client-focused service or product delivery. It is founded on the Quality Principles and serves as the basis for adjudication of the public sector Quality Awards, under the banner of the Canada Awards for Excellence program” (NQI, 2007, p 2). The Canada Awards for Excellence are Canada’s own awards for recognizing outstanding achievement, similar in concept and sharing many of the principles and guidelines that are part of the Baldrige Criteria. More and more government, education, health care and other public sector organizations are putting the Criteria into action and discovering the power of continuous improvement.
The key to achieving desired results is to use the total “Framework” of Criteria as a roadmap for Quality Improvements, with Section Seven - Organizational Performance in the Criteria identifying outcomes from the efforts made to improve and sustain improvements in citizen/client-focused service delivery.

**Table 6: CAE Summary**  
Source: NQI, 2007

<table>
<thead>
<tr>
<th>Stage</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leadership</td>
<td>Creating the culture, values and overall direction for lasting success.</td>
</tr>
<tr>
<td>2</td>
<td>Planning</td>
<td>Business planning (which incorporates improvement plans), the linkage of planning to strategic direction/intent, the implementation and the measurement of performance to assess progress</td>
</tr>
<tr>
<td>3</td>
<td>Customer focus</td>
<td>The organization’s focus on the customer and the marketplace and on the achievement of customer satisfaction and loyalty</td>
</tr>
<tr>
<td></td>
<td>People focus</td>
<td>How people are encouraged, enabled, and involved to contribute to the achievement of the organization’s goals, while reaching their full potential</td>
</tr>
<tr>
<td>---</td>
<td>-------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>Process management</td>
<td>How processes are managed to support the organization’s strategic direction, with a specific focus on prevention (as against correction), as well as continuous improvement. Process management applies to all activities within the organization, in particular those that are critical (key) for success. Process improvement priorities are derived from goals established within other sections, notably Section Two (Planning) and Section Three (Customer Focus).</td>
</tr>
<tr>
<td>6</td>
<td>Supplier/Partner focus</td>
<td>The organization’s external relationships with other organizations, institutions and/or alliances which are critical to it meeting its strategic objectives. Such working relationships may include suppliers, partnerships, distributors/dealers, joint ventures, insourcing/outsourcing, regulatory bodies and franchises. Suppliers can be external or internal (i.e. units of the parent organization that provides goods/services).</td>
</tr>
<tr>
<td>7</td>
<td>Overall organization performance</td>
<td>The outcomes from overall organizational achievements</td>
</tr>
</tbody>
</table>

Since the inception of the program many organization from the public sector have received the award at either the Silver or Gold Level; through their achievement and the results, these organizations have made a significant contribution to the quality of life of Canadians. The Governor General of Canada is the Vice-Regal Patron of the Canada Awards for Excellence, making this the most prestigious awards program in Canada.

One important aspects of the benchmarking process, regardless of its geographical flavor, is that should be attainable by everyone that is willing to commit the energy to meet them, and they should be a floor and not a ceiling with respects to the performance. As a result the standards need to move this floor at a higher level to fuel the economic
growth and encourage continuous quality improvements. As the industries improve, the standards should also improve over time.

**Middle Manager’s Role**

Middle managers are actors in strategy implementation and in organizational change in general. However, in the literature their role has been widely discussed, and in some case highlighted and in some other cases questioned. Some authors have considered middle management redundant in the implementation of strategy: “The key functions for managers are to tie the supplier organizations to the assembler organization and to tie together geographically dispersed units of the company” (Womack, 1990, p. 205). Others argue that middle managers do have a significant role in strategy implementation as well. Wyman (2007) states: “The task of establishing continuity and ensuring that workers accomplish the strategic objectives defined by senior executives falls to middle managers. But using them in this manner—largely as enforcers rather than enablers—undermines their potential value to the organization” (p. 3). Ikävalko and Aaltonen (2001) argue that “Middle managers do have a role in strategy implementation as well. However, that role must accommodate to changing conditions of the organization” (p. 16).

Middle management’s responsibilities in this regard have three components:

- Setting achievable goals for their staff, rather than courting failure by setting unrealistic goals.

- Providing staff with the key tools and skills, whether physical equipment or mental training, to perform their jobs successfully.
• “Removing barriers that prevent people from having the power and free flow of ideas required to succeed and also links the senior executive suite to the front lines, which ensures that the entire organization is aligned” (Wyman, p.17).

Figure 9: The Strategy Deployment Hierarchy
Source: Wyman, 2007, p. 3

Kanter (2004) argues that middle managers are crucial to bringing in innovation and that successful implementation of changes in an organization is made more possible through the use of efficient middle managers.

…their importance in strategic formulation and implementation has largely been overlooked. They have been perceived as intermediaries that slow organizational efficiency without adding much measurable value. Some researchers have since challenged the accuracy of this assumption and the helpfulness of removing middle managers. They have reexamined the role of middle managers and discovered that they are key agents of change. Middle managers make significant contributions across the […] organization in their roles of entrepreneur, communicator, therapist, and stabilizer (Embertson, 2006, p. 223).
As part of the strategy implementation, the organizations are always going to be subject to change in structure or processes; these changes require full support of the middle management to achieve the desired results. Middle managers must recognize that change management is an integral, inescapable part of their role. Adebi (2007) states:

… constant change presents a unique opportunity for middle management to reinforce its value to the organization. Middle managers are extremely instrumental in creating the agility that enables an organization to swiftly respond to its environment. No matter how many times the business plan changes, they are to elicit the support, commitment, and optimal performance of operational supervisors and personnel requisite to maintain a forward momentum (p. 1).

Leading from the middle, these managers are closest to the front lines as well as the customers. Communication and knowledge transfer are an integral part of organizational coordination and collaboration, creating a decision support system that spans many layers in the functional hierarchy. With their understanding of the problems and challenges of change, they can communicate objectively with the upper levels of management and offer insight into how to solve problems. This ability to communicate across the organization is a major strength of the middle manager’s role, especially in times of change.

Burgelman (1983) emphasizes the importance of autonomous behavior initiated outside top management and therefore, middle managers have a crucial role in formulating new strategies and trying to convince the top management of them. Baruch also argues the essential role that a middle manager will play in an organization:

Strategy cannot drive an organization’s operations if it is a mystical, mountaintop concept known only to the top management team. For the vision to become reality, middle managers must play a critical strategic role. And to play that role
effectively, they need training. To play their role effectively, middle managers need training. They need training to help clarify their understanding of the organization’s strategy (a process that often helps top management clarify its own understanding); to help them define their job responsibilities and standards of performance in strategic terms; to learn to manage their daily activities in the context of the strategy; and to gather and provide strategic information and recommendations to top management. An organization’s success in carrying out its strategy depends to a great extent on the degree to which middle managers learn and practice these skills. (p. 3).

Summary

The literature review was focused on a few key areas:

- Overall business performance (Baldrige criteria for performance excellence)
- Strategic management planning and execution (Balanced Score Card)
- Connecting strategy to execution (Strategic Execution Framework)
- Quality management (Lean Six Sigma).
- Project selection and execution.

Each area was evaluated independently, and linkages (causal or complementary in nature) have been identified.
Figure 10: Link between Strategy and Operations

The research paper will create a final document that integrates the components, the information, the gaps, the resources and the timeline necessary to develop and implement a success strategic management initiative within the public sector environment based on the global trends and best practices experience.

Research Question

Many of the strategic management techniques have been developed to support the for-profit organization and they were further extrapolated to non-profit and governmental organization. Since such organizations usually take their current mission as a given and then try to work in a more efficient way, the strategic management tools must be adjusted to better fit the operational effectiveness. This increases the role of middle managers in the successful realization of the organization’s mission.
The primary research question is to determine how mid-level managers in government departments can better measure the success of implementing the strategic directions given to them. Three sub-questions will help focus the research:

- What are the specific roles that the middle managers will have to play in implementing the government strategies?
- What tools or frameworks (e.g. the Balanced Score Card and Lean Six Sigma tools) are best suited to help them measure their success and overcoming barriers?
- Can a self-evaluation framework like Baldrige Criteria for Performance Excellence be used as an objective measurement framework? Can it be applied to identify organizational strengths and opportunities for improvement and to establish goals and action plans?

**Research Methodology**

The research methodology utilized was exploratory in nature. An extensive literature review was conducted to collect qualitative and quantitative data. The primary and secondary data was organized into a collection of information that presents a well-defined collection of data. The design allows for the collection and identification of a range of relevant data leading to the development of documentation to achieve the research objectives and outcomes.

The research was broken into three components. The first component of the research included a review of published documentation. The sources of this
documentation included peer reviewed academic journals, periodicals, and internet sources to identify relevant material related to strategic management within an organizational context. This review enables the researcher to identify various considerations such as objectives, timelines, resources or gaps that must be considered by mid-level managers when implementing strategic management initiatives within their respective organizations; and when reporting on the success or failure of implementing such initiatives.

The second component of the research includes a comprehensive review of literature that identified and discussed various tools or frameworks which may be best suited to measuring public sector organizations success in overcoming barriers to implementation of strategic management initiatives. The literature should enable the researcher to identify trends, models and methodologies that reflect current public sector organizational practices.

The third component will be to create a final document that integrates the components, the information, the gaps, the resources and the timeline necessary to develop and implement a success strategic management initiative within the public sector environment based on the global trends and best practices experience.

The combination of the qualitative collection techniques should result in an effective process through which to develop, implement and maintain a model that supports public sector organizations to achieve a sustainable process which supports the successful implementation of strategic management initiatives.
Finding and Analysis

This section presents the critical analysis of the literature review, following the main research questions identified. The key finding of the review is that change management is the key component which lies at the heart of strategy implementation. The following analysis considers that in any successful organization one cannot exist without the other.

Middle Manager’s Role

What are the specific roles that the middle managers will have to play in implementing the government strategies?

It is clearly identified in the literature that the middle managers are the critical link required to ensure the success of the strategy implementation. While they not necessary have the authority to define the strategy, they are the ones leading the implementation of the strategy, and ensure the business transformation to meet the strategic objectives. They need to be part of the process, and many organizations that have been successful can clearly identify the middle managers as one of the critical contributing factors. Nonaka & Takeuchi emphasize that middle managers are the key to continuous innovation, and that they “serve as a bridge between the visionary ideals of the top and the often chaotic reality of those on the front line of business." In a government organization the role of the middle manager is similar to the for-profit organization, and there is no significant difference in their ability to act as transformations agent and while they may have even less authority, they do have the opportunity to exert their influence if the right environment is created. It is the
responsibility of the senior management to allow and encourage the development of leadership skills of middle managers, and help creating the right work environment in support of changes.

In many government organizations the middle management level is the most active force in generating innovation; they are in a very privileged position of understanding what the reality of the front line problems are, and they have the capacity of finding solutions for this problems within the given guidance provided by the senior managers or political levels of those organizations. They need not only to be equipped with the processes, procedures and tools to help them be successful, but they also require the proper training in gaining skills in the area of people management and achieving consistently high performance in the execution of strategy.

The literature review shows that strategy execution processes are ineffective if they do not propagate down to the front line of the operations, and the constant engagement of everybody in the organization will ensure attainment of the desired results. As Wyman says: “Senior executives […] came to realize that the realignment of the organization and the new prioritization of tasks will increase the effectiveness of middle management. They have been willing to make the necessary investment in middle management and give them (and the front line) the power, the systems, and the structures necessary to allow the organization to be successful (p. 6). Thorough understanding of the mechanics of execution enables managers to establish efficient processes, and make intelligent decisions, gradually building credibility with front line staff and ultimately achieving desired results.
Communication is one of the basic functions of management in any organization and its importance can hardly be overemphasized. This is the mechanism to transfer information, ideas, plans between various parts of an organization, or within the project teams. Good and effective communication is to achieve the desired results, avoid mistakes and waste. At their level in the organization the middle managers are the ones that have the role to interpret the messages and improve the clarity where required. To fully realize the benefits of engaged middle manager, the government organizations must ensure that middle managers must be equipped through leadership and communication training to be very efficient in performing this task.

To help others relate to a new task or activity that needs to be implemented as a result of the strategic design, or to sell ideas to top management, middle managers need to customize the message and link their communication language to representations that have meaning for the target of their communication in a way that typical managerial or strategy language does not do it. Middle managers also have the knowledge of who to contact, who to partner with and who to use to influence the organization; they cannot achieve anything by themselves, however they have the ability to mobilize others, to educate them and make them supporters, to enroll their peers and their subordinates in the process. Their competence in building alliances and coalitions is also exercised with their superiors, and the network of connections they build gives the managers new opportunities and provides them with legitimacy for acting as change agents.

Another aspect that needs to be emphasized is that while the middle managers can have a significant role at the core of each organization, they also have the capability of
hindering the progress since they can filter out tasks and projects they might see as impractical, and they also can filter requests sent upwards into the organization’s communication channels, thus controlling the drivers of change.

Tools and Framework

What tools or frameworks (e.g. the Balanced Score Card and Lean Six Sigma tools) are best suited to help them measure their success and overcoming barriers?

Middle managers have many tools that they can use to measure the performance, or to improve processes, systems or products. In most cases these tools are chosen by the senior management and they are being propagated throughout the organization. Although they may not have a say in what tools they use, the middle managers actions are very important when it comes to how the tools are being used. A tool like the Balanced Scorecard can be the vehicle used by the managers to communicate upwards when a certain strategy or process does not render the desired results.

The literature review has identified a clear distinction between defining and executing strategy; although in many organizations a senior management team can formulate a strategy in a matter of weeks, it requires the whole organization and the entire business cycle or longer to execute that strategy. A major element of strategy execution is the strategy execution process itself; this process is missing in many organizations, in most cases because the strategy execution is considered to be an outcome and not a process. Our review focused on one such process, the Strategic Execution Framework, which clearly identifies a project-driven path to link a defined strategy into the business transformation process and subsequently into the successful implementation of the
strategy. The framework works on the principle of breaking down the strategy into key projects; when these projects are executed their impact on the overall strategy is measured and adjustments are made to keep the overall direction in line with the overarching goals and objectives. There is a potential role for Six Sigma as a tool to manage such projects, and general project management techniques are essential supporting the change process; however all projects undertaken by an organization must meet a set of common criteria to ensure alignment with the strategic vision of the organization. Grizell (2004) underlines how the Balridge, Six Sigma and Balances Scorecard can be successfully aligned:

“The success of Six Sigma, Lean Thinking, and the Balanced Scorecard can be enhanced by a Culture of Excellence that is characterized by the Malcolm Baldrige Criteria for Performance Excellence. An integrated Baldrige management system is one of the best predictors of a successful Six Sigma initiative. […] The systematic method by which the Baldrige-based culture of excellence is established, waste is eliminated from processes through Lean Thinking, processes are moved toward perfection using Six Sigma, and progress is measured using a Balanced Scorecard to assess results. The goal of this effectively aligned process is to drive beyond incremental improvement to breakthrough improvement - and breakthrough improvement is where significant competitive advantage is gained.”

Self-evaluating tools

*Can a self-evaluation framework like Baldrige Criteria for Performance Excellence be used as an objective measurement framework? Can it be applied to identify organizational strengths and opportunities for improvement and to establish goals and action plans?*

Strategic planning is one of the evaluation factors in the Baldrige Criteria for performance excellence. The evaluation methodology looks at how the strategy is
defined, but also at how the strategy is executed. The key areas of evaluating the strategy execution are:

- Action plan development
- Action plan implementation
- Resource allocation
- Workforce allocation
- Performance measures
- Action plan modification

From the benchmarking perspective this structure allows an organization to identify internal processes that are used to allow the transformation of the business under strategic direction. However from the middle managers’ perspective this particular area may not necessary provide enough support for identification of areas of strength or weakness, and a look at the wider Baldrige criteria will provide a better perspective on the organization. As proven by the success of many commercial or not-for profit entities, a broad, honest self-evaluation will identify opportunities for improvement; in many cases a direct comparison with a for-profit organization will underline the areas where there is a need for total transformation of the organization. However in a government organization it is critical to look at the customer focus and the operational execution aspects; these are key areas that can generate the best return on the strategic changes.

Baldrige criteria have many advantages as a benchmarking tool. Being a standard, the work for defining the process and the measurement system is already done; organizations do not need to invent a comprehensive evaluation system. It also allows
people from outside the organization to evaluate the self-assessment results and eliminate the subjective factors from the evaluation. It also has a very important attribute: although it is a standard, it is not prescriptive in terms of how the processes should be executed and every organization has the freedom to design its own approaches.

When used in a cyclical fashion (annual evaluations are recommended), the Baldrige system offers the provision of a comprehensive framework for the assessment of an organization’s progress. Self-assessment provides a comprehensive portrait of the organization and helps a company develop short- to medium-term goals that link quality to the strategic planning process and focus attention on achieving better organizational performance. Using a third-party examiner can improve the accuracy of the evaluation, and the comments provided can be used as starting point in the strategy development process.

Winning a Balridge award should not be a goal in itself; comparing the organization against a standard serves primarily the purpose of understanding of where the organizations sits on a uniform and generally accepted scale, and where the opportunities for improvement are.

For the middle manager, the Baldridge cycle may not enough to measure the progress of the organization; a more dynamic perspective provided by the balanced score card is better suited to operate as the integrating performance measurement platform, linking people and process for balanced value creation. Kaplan and Norton (2008) advocated for the deployment of the Balanced Score Card from the corporate level to the business units, departments, and individuals for creation of line-of-sight alignment.
Recommendations

General Recommendation

The strategic management is a process for “improving decision making by encouraging systematic analysis and bringing together the knowledge from different parts of the company [...] It is a way of stimulating performance through building commitment around vision, mission and long-term targets.” (Grant, 2005, p 212). However for an organization to be successful it must have a commitment to execution and realization of results. The general recommendation addresses the problem of strategy execution and the applicability of Balridge Criteria for performance excellence, the Balanced Scorecard and supporting project execution methodologies in successful realization of the business transformation that accompanies strategic changes. The Strategic Execution Framework provides the support require to link senior management with specific action items in the form of selected programs and projects that will achieve the desired results, which can be measured throughout the organization using the Balanced Scorecard.

Strategy is Everybody’s Problem

Strategy execution must become an integral part of daily routine in each organization.

The senior management must create an environment that ensures that strategy implementation is everybody’s job. The corporate culture is a very important factor in achieving overarching support for the strategy execution in the organization. “A culture imbedded with values and behaviors that facilitate strategy execution promotes
strong employee commitment to the company’s vision, performance targets and strategy” (Thompson, Strickland & Gamble, 2007, p. 14). There is a tendency in each organization (for profit or not) that although the strategy is communicate throughout, the level of commitment to it decreases with the level of responsibility in the hierarchy. While communication and training can help with the level of understanding of strategy, it is critical to link the reward systems to the strategy realization. Balanced Scorecard can be a very efficient mechanism to provide this linkage; it can be used to cascade goals and objectives through the various business units and management levels to the individual employee, ensuring that individual goals and objectives are developed that support strategy.

Since a significant difficulty in strategy implementation is getting the strategies become a part of everyday life, the middle managers have an opportunity to embed the execution of changes in the daily operations of the business. “Middle managers are the ones who face the problems of resources but also the problem of really understanding strategies and adapting them to the daily actions.” (Ikävalko & Aaltonen, p. 17). In cases where the implementation of changes is slow, organizations must revise the policies to encourage middle managers to embrace the change, and when needed hire new managers that fit the desired cultural behavior and can also serve as role models for the front line employees.
Benefits Realization

*The implementation of changes can help the organization realize the benefits even when smaller steps are taken. The important thing is to start with the information readily available.*

Each organization must evaluate the benefits realization of any changes introduced as a result of strategic decisions. However this does not require a costly and lengthy initiative; the process can be started by focusing on areas where the organization thinks it can get best results, and a small number of projects can be executed to provide an opportunity for a better definition of the size of the benefits that can be realized. While Baldrige criteria can provide a comprehensive evaluation of the organization, there is always an internal knowledge of where the most difficulties can be found and these painpoints can be addressed first. It is important that the middle managers are part of the selection process for these projects since they are very close to the daily operations where these challenges are being identified. It is also important to monitor the business impact of the projects completed; although the traditional measurements of success of a project (scope, time and budget) are important, the organization must evaluate the impact on the business results.

Implementation Approach

*The implementation of changes can be done in any order that the organization can support from the financial and organizational point of view.*

The findings of the study recommend a set of tools and frameworks to be used by an organization; the tools are linked and there are certain levels of dependencies that have
been identified, however each one of the tools can be considered as a separate component. They can be implemented as a whole, however this will require significant changes that may present additional challenges to the operations of the organization and increase the risks associated with the implementations of changes. To mitigate those risks and organization may choose to look at a long term implementation plan, with defined stages at which each of the tools and techniques are being used. Morgan & al. (2007) state: “you and your organization may not need to address every imperative, nor is there a necessary order in which you should address the domains most in need of alignment” (p. 241). The components identified in our analysis can be gradually implemented, in any order, and the cumulative benefits will be seen as the organization learns how to better use the tools at their disposal. Incremental changes are also easier to be accepted and become engrain in the organizational culture, and will support the development of criteria for prioritizations in the project selection process. A gradual implementation will allow the vertical and lateral propagation of knowledge, and significantly reduce the impact on the business operations. It will also help the middle managers adjust to the new systems and frameworks, and spread the training required over a longer period of time.

However, the use of the tools in isolation without an overarching perspective from the management systems will not render the optimal results or optimal performance results for an organization. The use of these tools as part of an integrated approach to maximizing performance is the best way to drive toward better results. “When the domains are aligned and working together, they unleash tremendous energy for the
organization. Alignment is the most important message of the overall Strategic Execution Framework.” (Morgan & al., 2007, p. 240).

**Dynamic Nature of Strategy Implementation**

*Even the best organizations cannot be successful if they are staying still.*

Once the initial deployment of the tools and framework, the organization must continue the evolutionary change, based on both learnings and discoveries internal to the organization, and also based on external factors that may change the environment in which the organization operates. The strategic planning process will benefit from the feedback loop between the strategic execution and the next cycle of planning, however the feedback process should not be only executed at the scheduled time; the process is not linear, and there are overlaps and on-the-fly corrections that are required to maintain the organization on the path to success. The involvement of more employees in the process will also increase their level of support for the strategy implementation and potentially generate new valuable ideas that can be used for further improvements or strategic direction corrections. It is also important that the learning process is open and sincere, and the organization cultivates this a core value; once a decision is made it should not be second guessed based on subjective criteria, and instead formal measurement process should be used to measure the results of the decision, and the feedback mechanism should provide the corrections that may be necessary. Since the conditions in which the business operates are under continuous change, the project portfolio will change; the organization must have the discipline to follow the process and constantly balance the projects to ensure the organization remains focus on the chosen strategic path.
The Baldrige Criteria for Performance Excellence have evolved over time, moving from a manufacturing quality model to a performance excellence model that is relevant for any industry or business sector. It is expected that they will continue to evolve, and new criteria may be added to the evaluation framework. With Balridge Criteria being continuously reevaluated and improved, cyclical self-evaluation processes will give the organizations an indication of the areas where further improvements are going to be most beneficial, while at the same time providing the up-to-date scale for benchmarking.

The strategy execution process adopted by an organization is also subject to improvements, and the process itself should become a component that is discussed during the strategy planning sessions within each organization.

**Project Selection**

_The strategy can be achieved using project that are well executed; it is critical to choose the right ones._

Strategy management is becoming much more proactive requiring a total business outlook with effective communication processes and proper business transformation capabilities built into the management style of the organization. “It has not been enough for individual project managers, executives, and team members to learn and practice project management. Truly increasing the capability of the organization to deliver projects successfully requires the use of consistent processes and tools among projects” (Verzuh, 2008, p.5). However, the process by itself does not ensure the success, and a proper selection of the projects is a critical component of the strategy implementation.
“Portfolio management is best implemented in a scaled fashion, starting with the level of information available and working overtime to improve it” (Morgan & al, 2007, p. 168). The Strategic Execution Framework underlines this as the core mechanism to make decisions around what the business needs to do to stay on the path of achieving the strategic vision. The Project Management Office must become involved in the strategy execution and definition; it must ensure that the projects are chosen in line with the strategy, while keeping in mind the availability of resources and time. The role of the Project Management Office must also cover the process of dealing with an overload of qualified projects; while an organization that has an innovation driven must ensure that enough additional resources are made available, it is also clear that such resources are still limited and not everything can be done. The project portfolio must be continually monitored and its composition should be adjusted to achieve a balanced distribution of projects aligned with the achievement of measurable business goals. When the circumstances are changing, the project portfolio must be reshaped, based on measurable criteria linked to the portfolio and the business results.

**Middle Manager’s Role**

*Middle managers are a key component of any organization, and they must be supported to fully realize their potential.*

An argument can be made based on the review that the role of middle managers in not-for-profit organizations is similar with their counterparts in the corporate world. The role of the middle manager in strategy implementation is comparable, and the main functions of being two-way communicator, motivator and educator are common. Where
some significant differences can be found is the area of influencing upwards in an organization. While in general managers act as facilitators for change, it appears that in government settings is more difficult to communicate effectively with the upper management and to significantly impact the vision of the organization. This area must be addressed by the senior management and the middle managers must be empowered to remove obstacles and become engage in the continuous innovation process linked to strategy execution. This will allow the organization to fully realize the benefits of the middle managers as active champions of change.

**Conclusion**

As stated by Collins (2001), “no grand program, no one killer innovation can be responsible for the companies’ breakthrough from good to great” (p. 23). There is always a combination of processes and resources that will contribute to the success of the organization. “Not only is strategy implementation inseparable from strategy formulation, but issues of structure and systems are central to the fundamental issues of competitive advantage and strategy choice – the existence of organizational capability in particular.” (Grant, p. 245). The senior management can use Baldrige criteria as a benchmark tool and to develop an overall performance map to identify areas that need improvement. Once these areas are identified, a strategy can be defined and then put into execution using the Strategic Execution Framework (SEF). The SEF defines Programs which support the strategy execution, and Project Management and Lean Six Sigma are then used to redesign or improve processes. This approach leads to a transformation of the operational
level in the organization. To tie everything together, the Balanced Score Card is used in every business unit, subunit, and individual should have a set of clearly defined goals in support of strategic direction.

![Strategic execution - Tools and Frameworks](image)

**Figure 11: Strategic Executions - tools and frameworks**

The most important component of a strategy execution system is the people element, which are the ones executing strategy. Any organization serious about executing strategy must ensure the people element of their execution system is given proper attention, and the middle managers are the key focus point, at the core of the organization. They need to be supported by the organization, trained in understanding the strategic execution process and at the same time equipped with the tools required to maintain the communication channels between senior management and the people on the
front line. Concepts, frameworks and techniques are all very useful in formulating and executing strategies, however the human factor is what ensure the organization meets its ultimate goal: winning.

“When strategy makers and project leaders truly work together to convert strategy into action, they create organizations that outperform others and are attractive places for people to invest their productive energy.” (Morgan, Hewitt & Malek, p. 260).
References


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