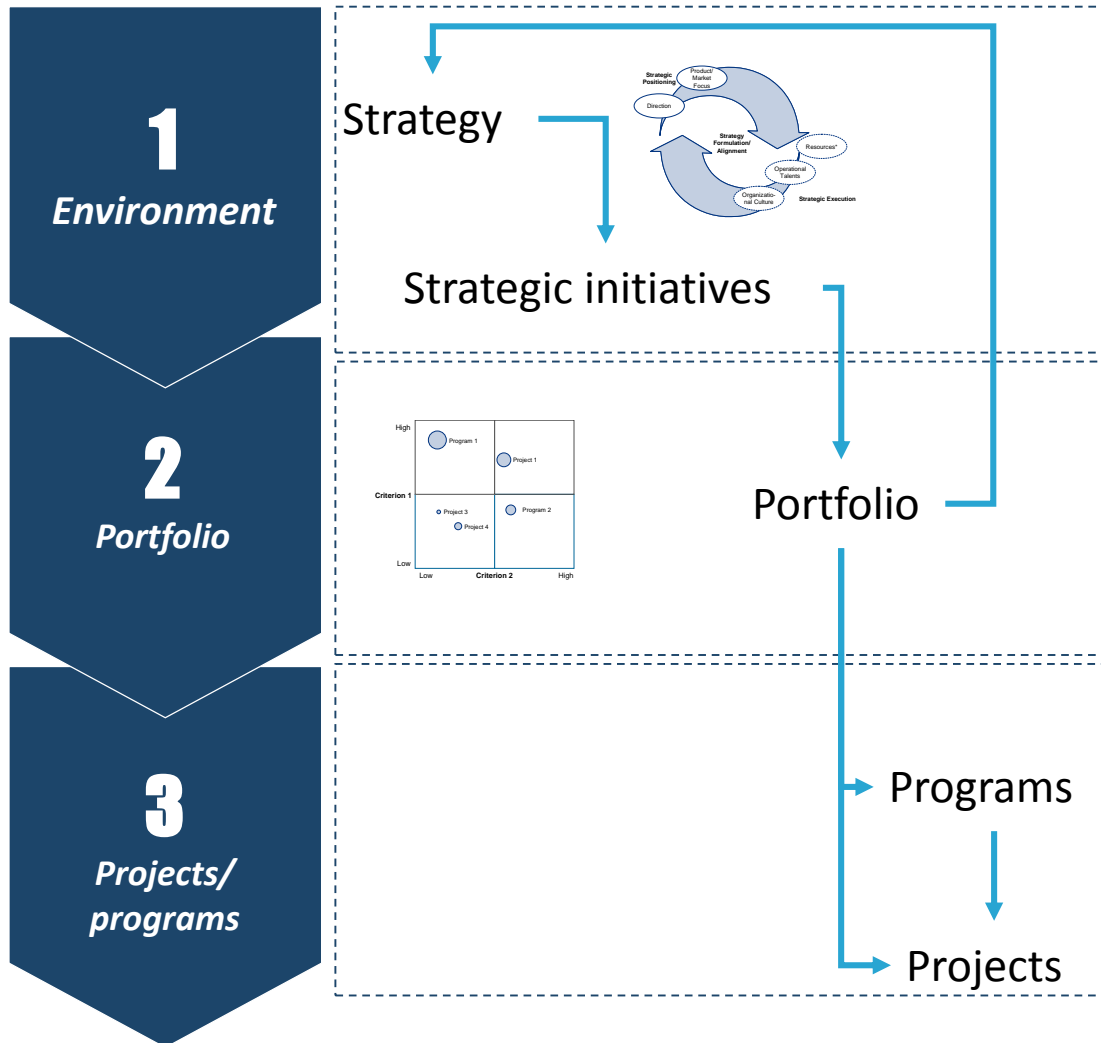


# Connecting Portfolio Management and Successful Strategy Execution

Executive Summary

**Context: Strategy execution is the implementation of a defined strategy. For execution it is cascaded into an actionable program/ project portfolio.**



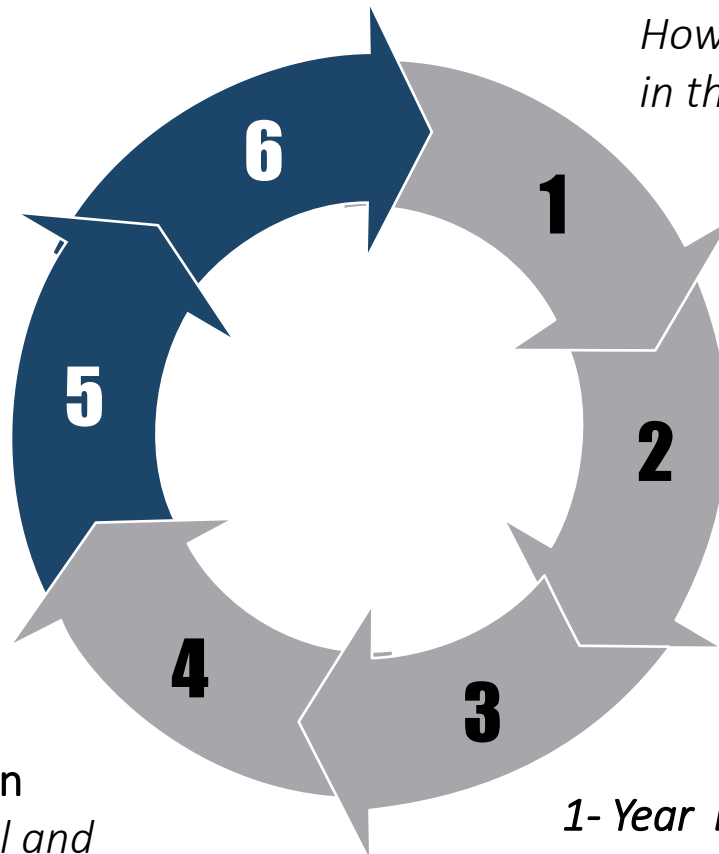
- Improve?
- Business goals?
  
- Initiative/portfolio goal?
- “Benefit”?
- Measure success?
  
- Actions/projects?
- Resources?
- Measure success?

## Context: Strategy execution covers the last two elements of the business management cycle.

---

### Performance Management

*How do I measure success?  
Have I been successful?*



### Execution Management

*How do I get things done,  
efficiently?*

### Resource Planning & Allocation

*How do I allocate my financial and  
human resources to succeed?*

### Strategy Development

*What do we want to achieve?  
How do I want to reach my targets  
in the long term?*

### Strategy and KPI Cascading

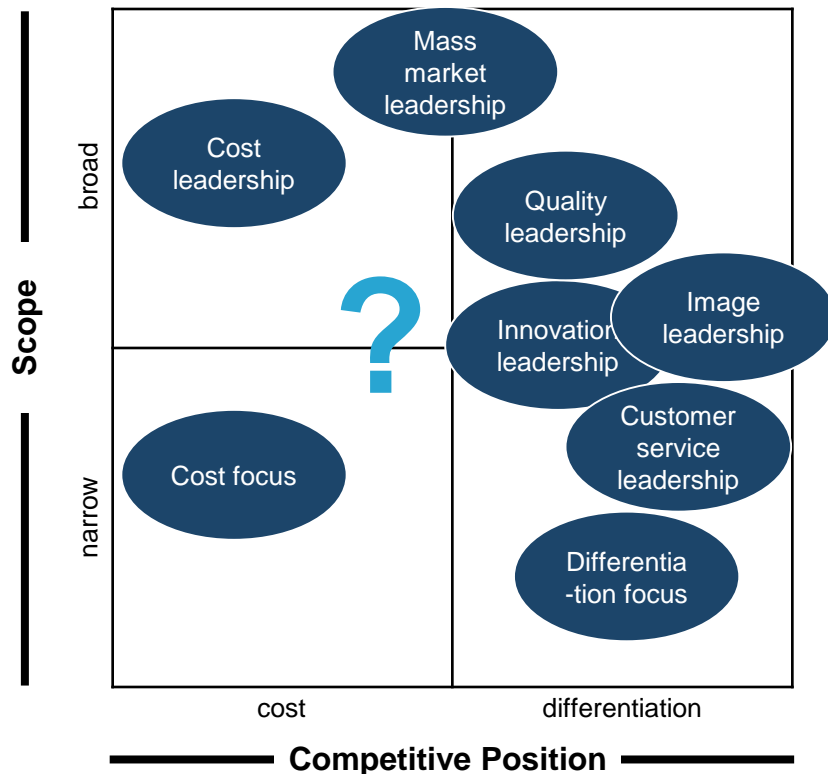
*What are my core KPIs?  
How do we ensure strategic  
alignment across all sectors?*

### 1-Year Business Planning

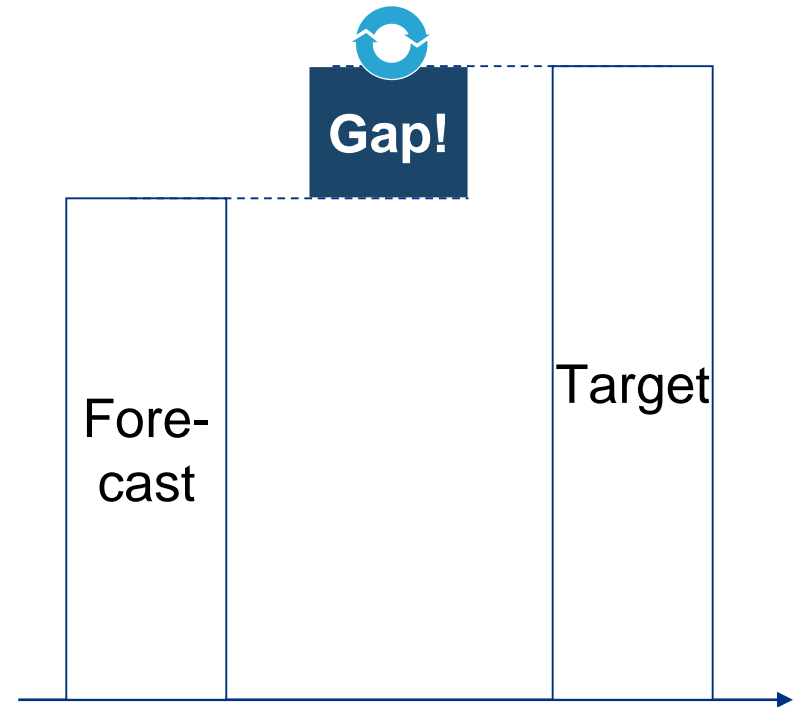
*What do I need to do to reach my  
targets in the short term?*

**Context: The size and shape of a strategy program depends on the gap and resulting “need for action”.**

## Strategic Positioning








## Need for Action



## In summary: What are the top five elements to unleash strategy execution performance?

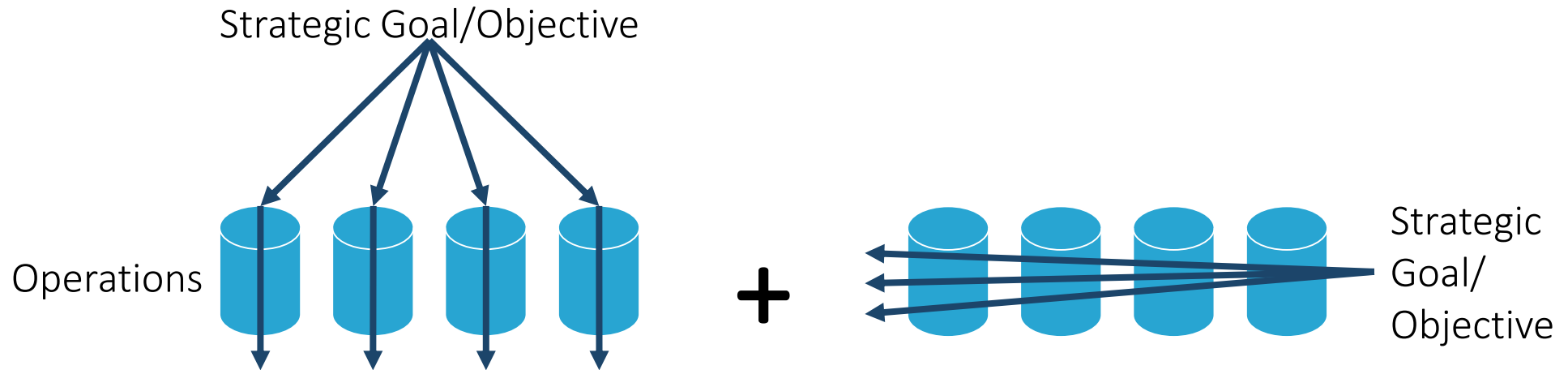
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-  1 Integration of strategy execution and regular operations
-  2 Clear objectives, concrete measures, clear consequences
-  3 Integrated impact and progress reporting
-  4 Benefit tracking for each portfolio
-  5 Planning integration and prioritization within portfolio

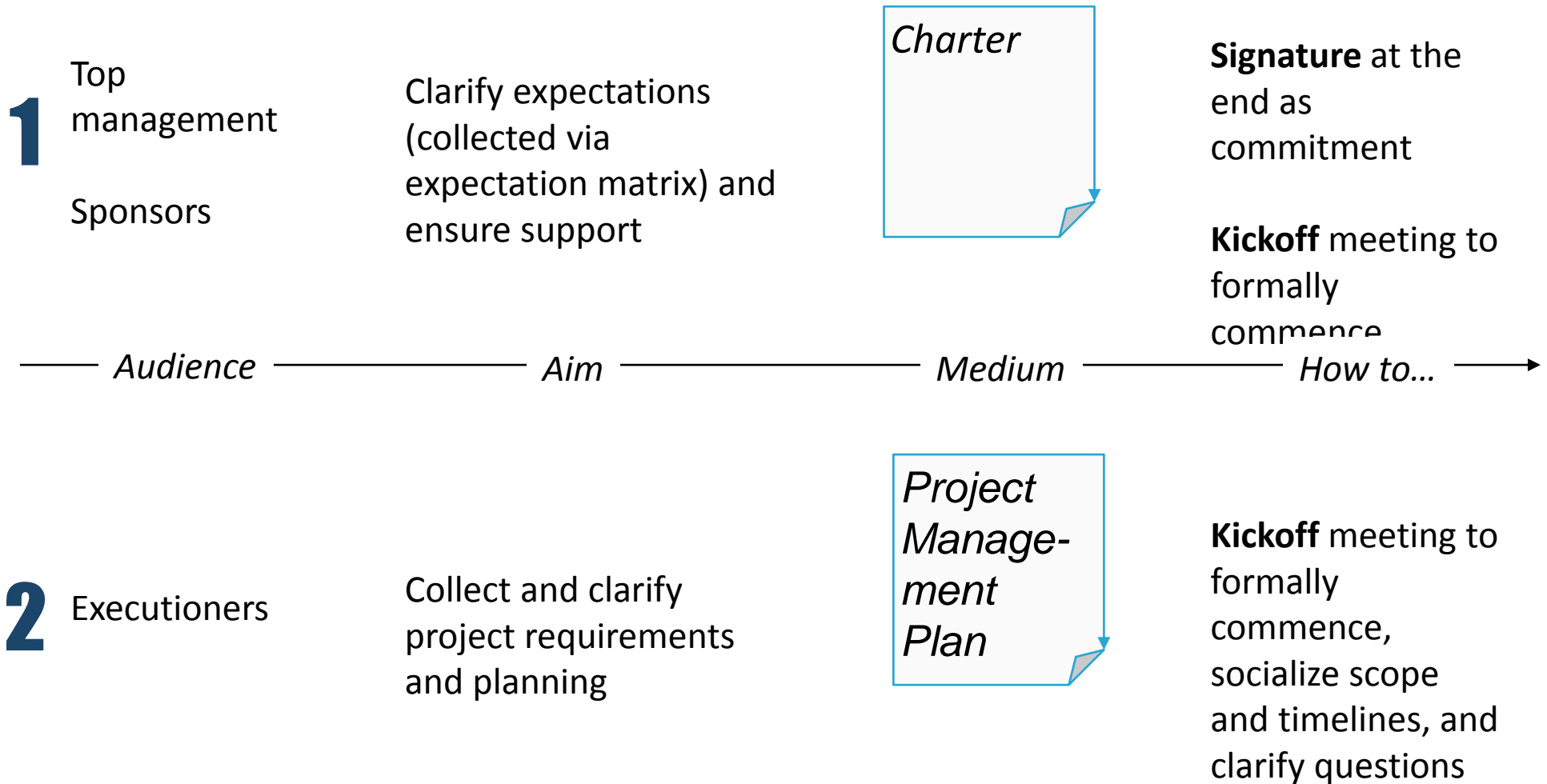
# 1 Cross-entity initiatives need to integrate with regular business.

## Regular Business Operations

## Cross-Entity Topics

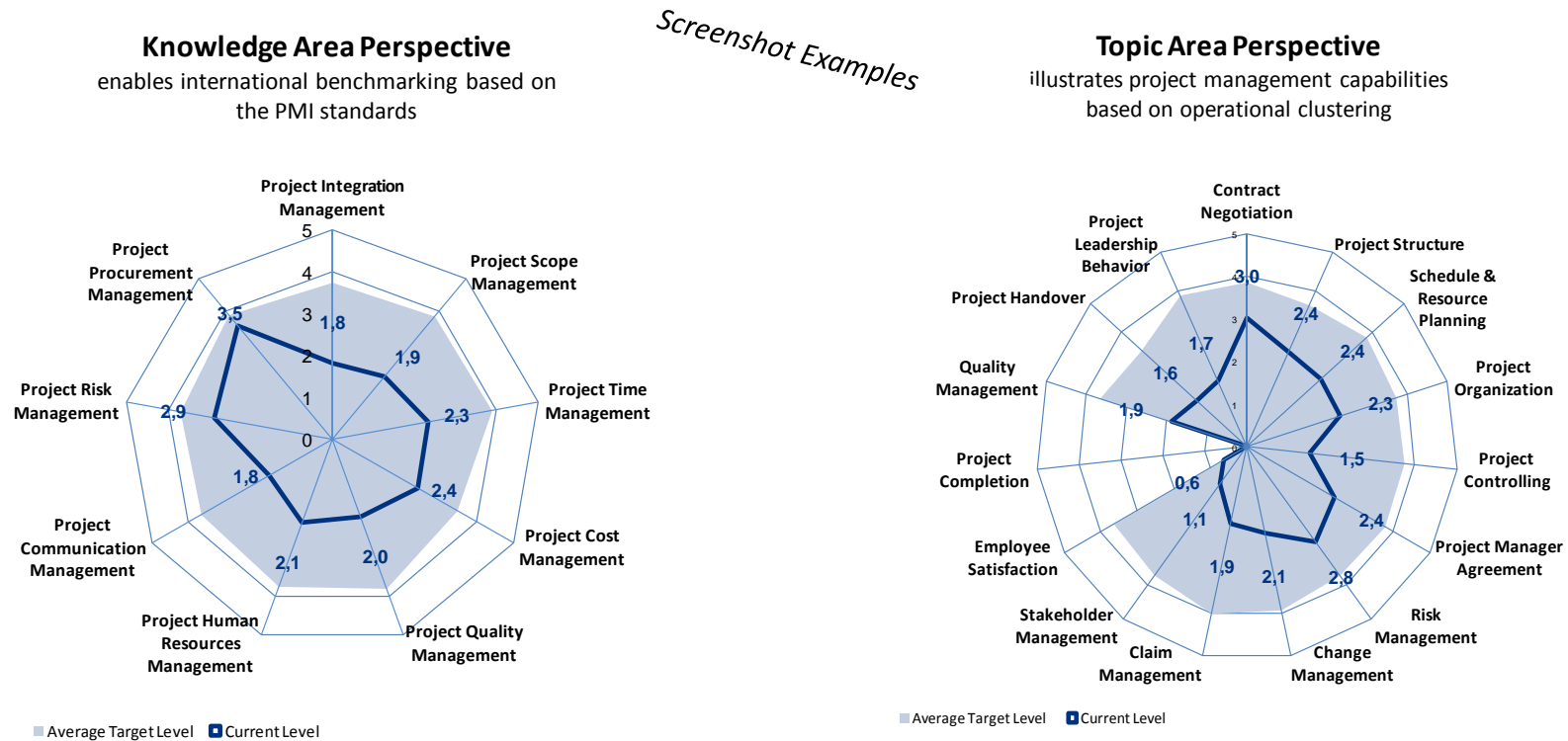


# 1 Alignment with day-to-day business structures relies on two processes: top stakeholder management and execution planning.



1

# To minimize risks and ensure seamless handover the “Program Health Check” identifies risks and areas of improvement within the portfolio.



- Objective and comprehensive 360°-project review to identify current strengths and weaknesses.
- Increase transparency and quality to reduce risks for current and future activities.
- Improve operational management in the identified gap areas.



## 2 To ensure business relevance follow three steps.

**1** Clear objectives!

Define improvement objective

Determine main problem areas

**2** Concrete measures!

Identify improvement levers

Define measures

**3** Clear consequences!

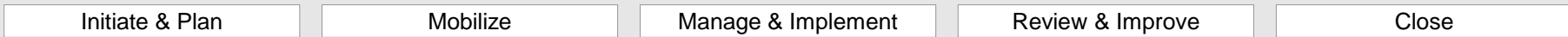
Implement measures

Monitor progress

2

# The “Strategy Execution Framework” ensures a systematic and comprehensive approach.

## Transformation Program Management



### Objectives

- Improvement Objectives
- Sponsor expectations

### Metrics

- Strategic KPIs
- Operational KPIs

### Baseline

- Capabilities
- Gaps
- Blueprint

### Measures

- Levers
- Measures
- Milestones

## Transparency Management



## Benefit Management

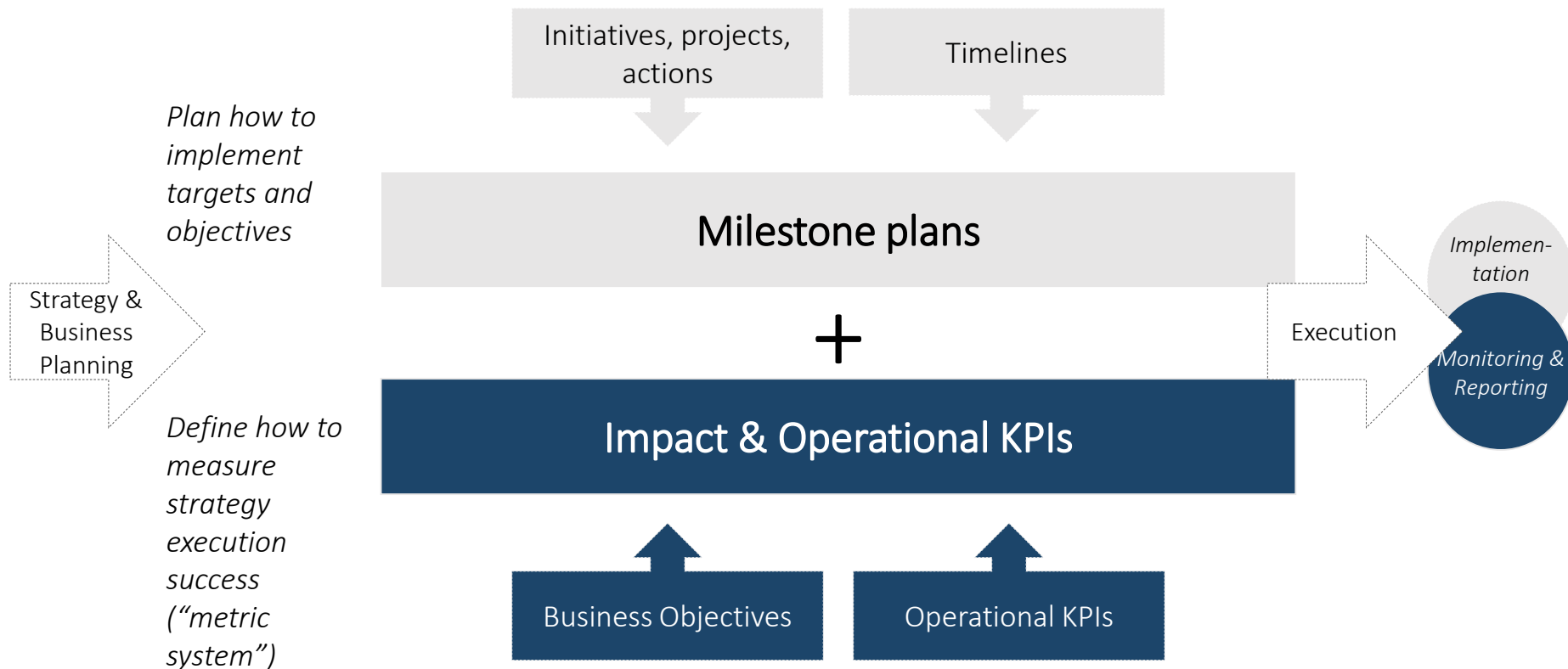


## Governance & Stakeholder Management



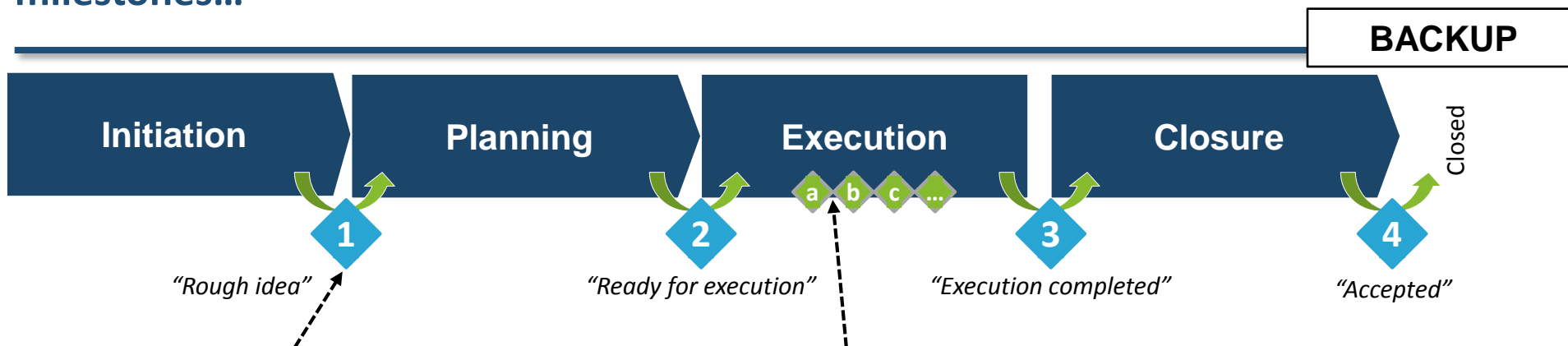
3

# Metrics/ Transparency: Integrated strategy management by tracking impact and progress.



# 3

## Track activity timelines against plan via standard (“stage gates”) and project-specific milestones...



### Generic standard milestones

### Project-specific milestones

- Generic “stage gate” milestones are valid for every project
  - Consistency on top level tracking
  - Comparability between projects
- At the end of every major project phase
- “Stage gates”:
  - Stage gate 1: Rough idea of project
  - Stage gate 2: Project completely planned and ready for execution
  - Project execution completed
  - Project accepted and officially completed

- For execution phase
- Depend on project or workpackage activities



3

...to ensure consistency and comparability across projects, programs in portfolio.

### Milestone achievement criteria:

BACKUP



"Rough idea"

"Ready for execution"

"Execution completed"

"Accepted"

#### Milestone achievement criteria

- Measure identified
- Rough timeplan and activities identified
- Rough quantification

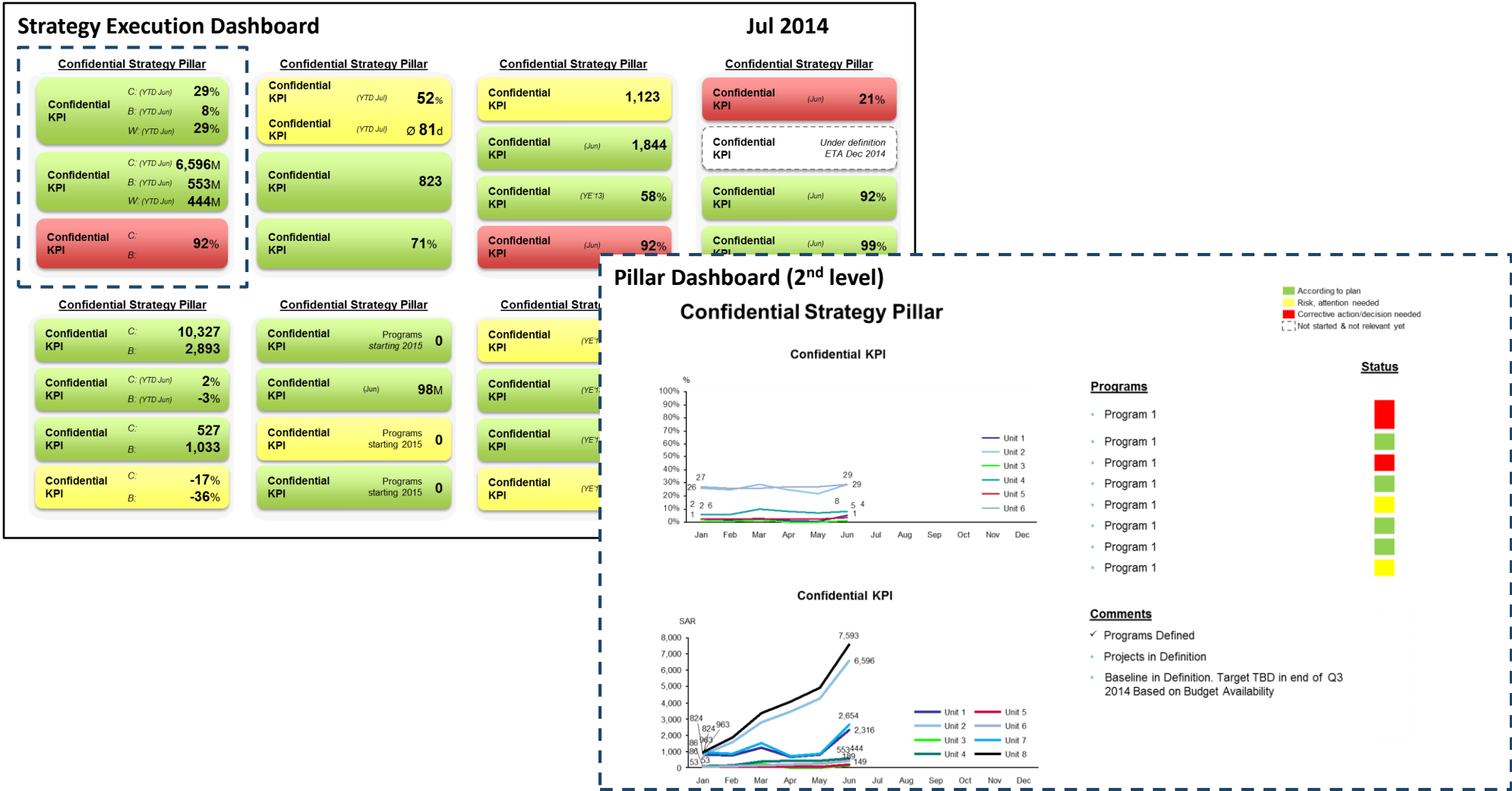
- Detailed milestone plan defined
- Detailed activities/work packages defined
- Detailed qualification and quantification of results
- Monitoring & reporting KPIs defined
- Project organization defined
- Project approved
- Responsibility assigned
- Project kicked off

- All project activities/ work packages fully implemented
- *Examples*
- *Software licenses cancelled, new contracts signed*
- *Contracts with external companies cancelled*
- *Platforms merged/ switched off*
- *Headcount reduction approved*

- Target realized (verifiable)
- Acceptance completed
- *Examples*
- *No license cash-out*
- *Platform OPEX reduced*
- *Headcount OPEX reduced*
- *BU deliverable acceptance documented*

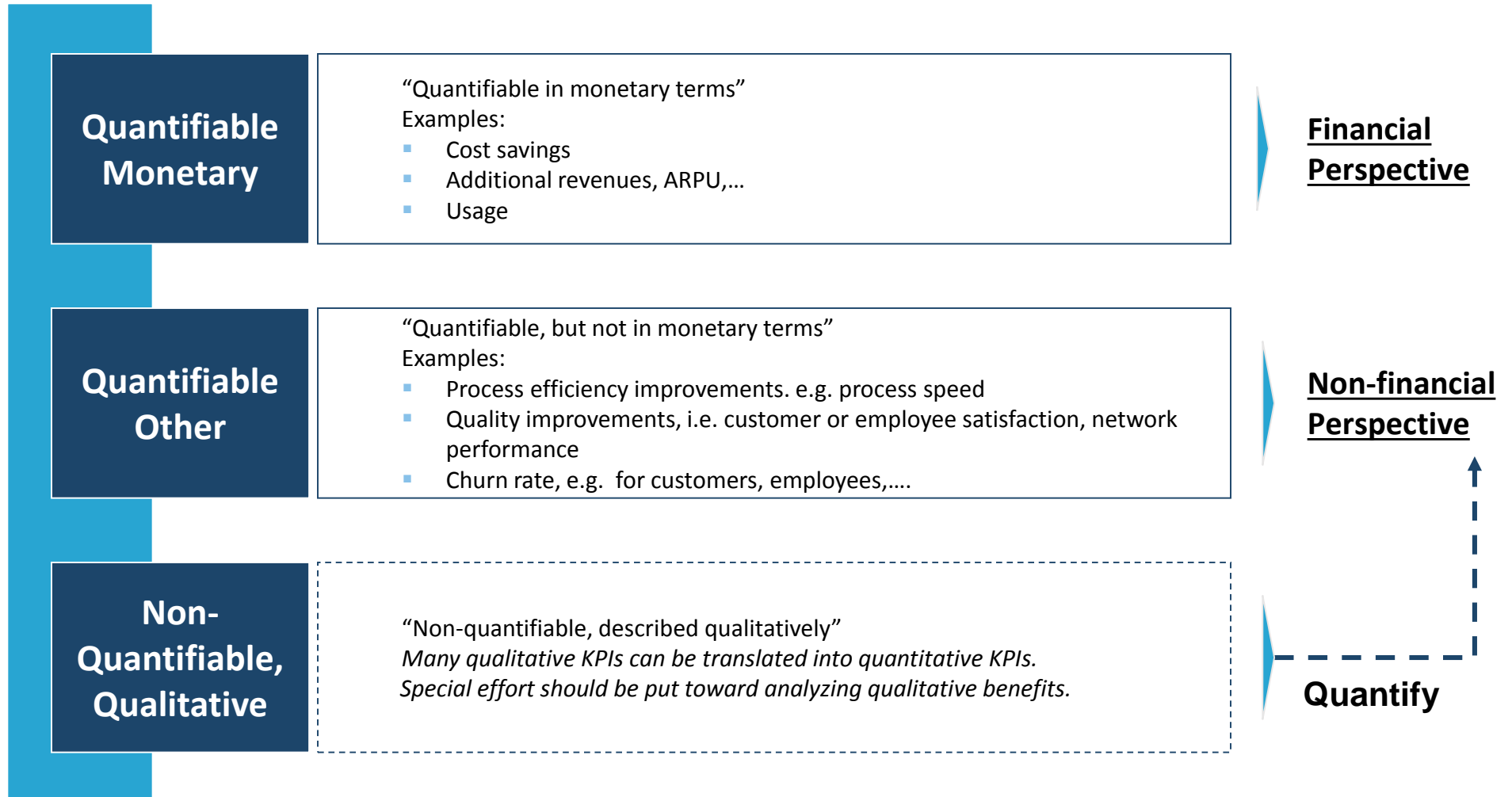
# 3

## Integrated dashboards create required transparency for decision making.



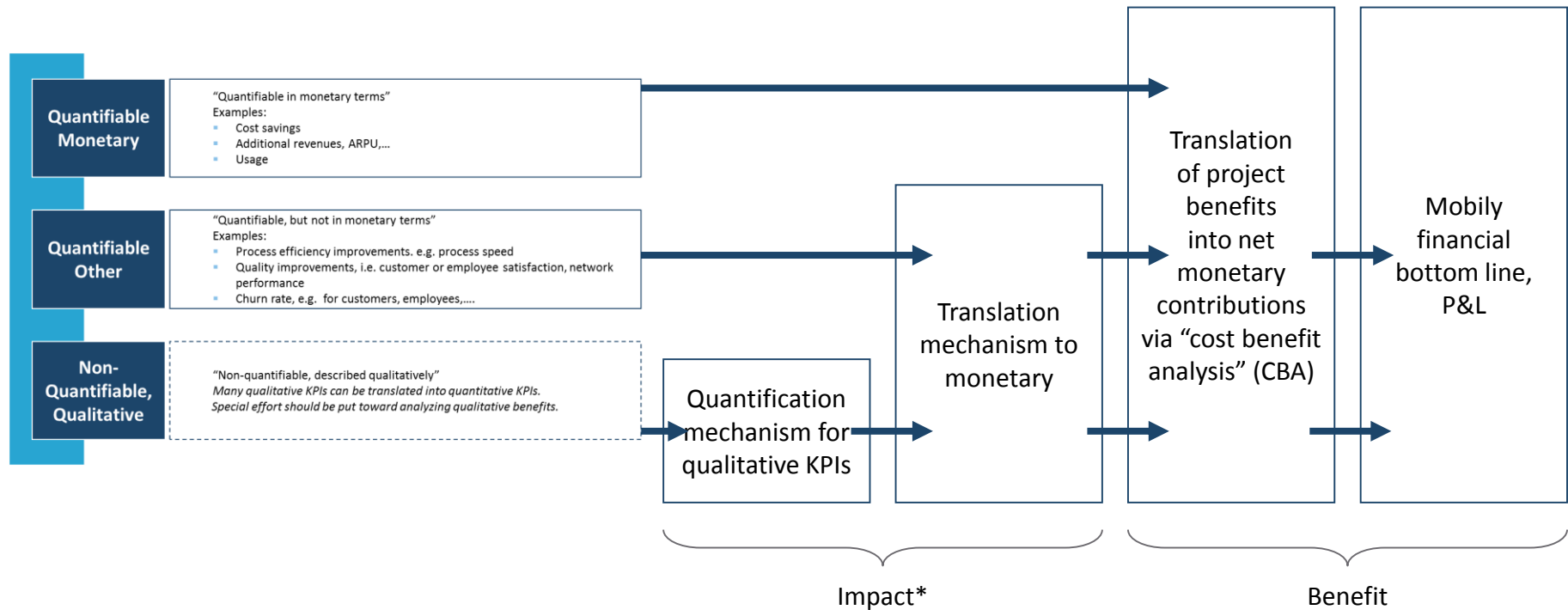
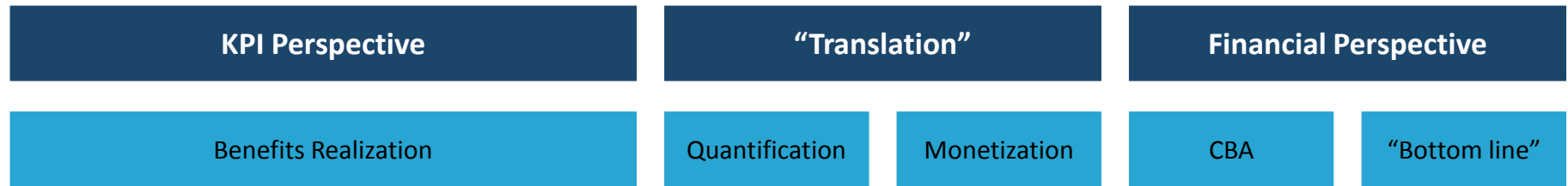
# 4 Metrics/ Benefit Management:

All efforts undertaken need to pay off financially.



# 4 Metrics/ Benefit Management:

Benefits are ultimately translated into a monetary “bottom-line”.



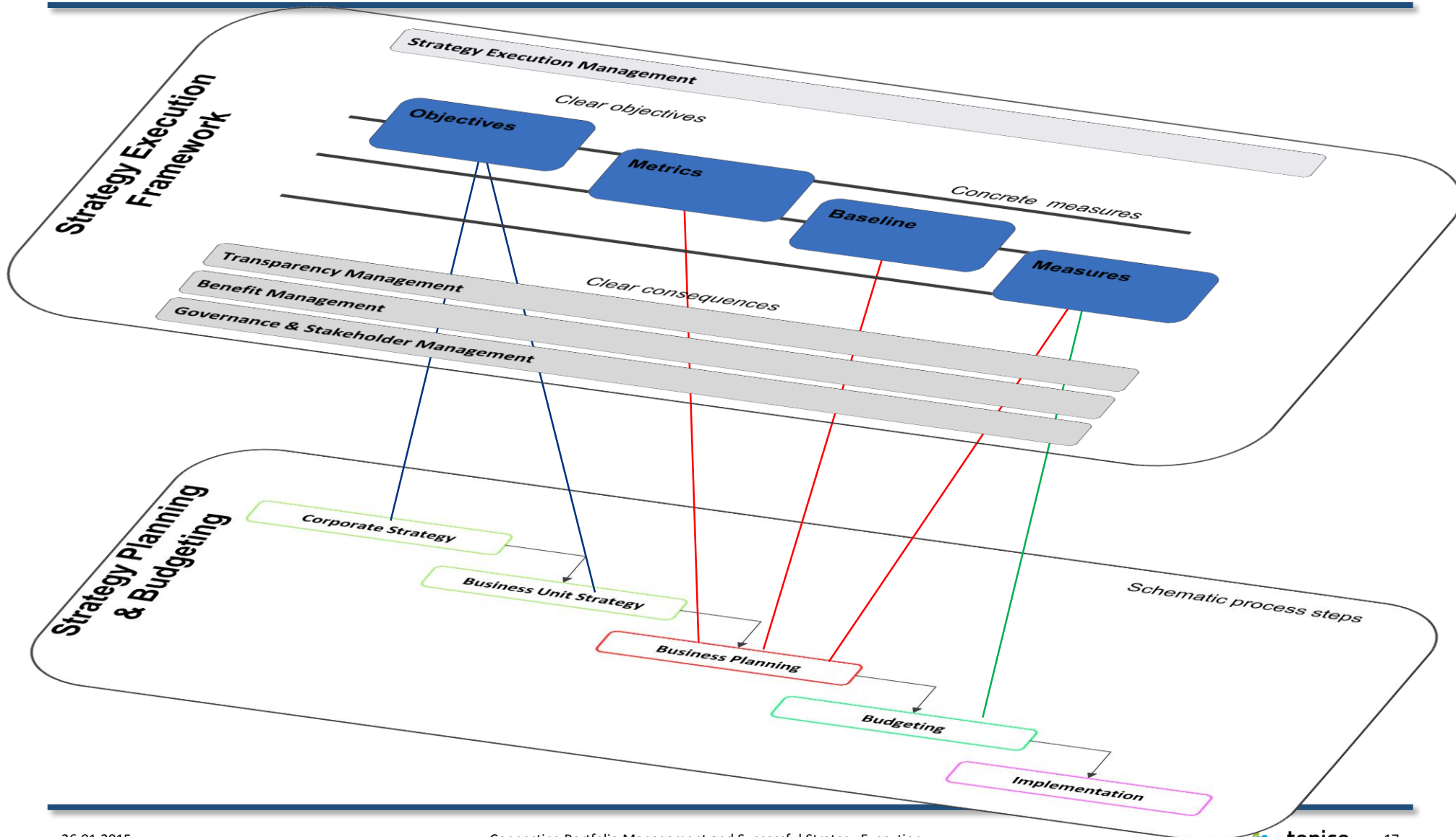
Note: CBA can be used for project selection in planning, and used for monitoring in execution.

\*until monetized



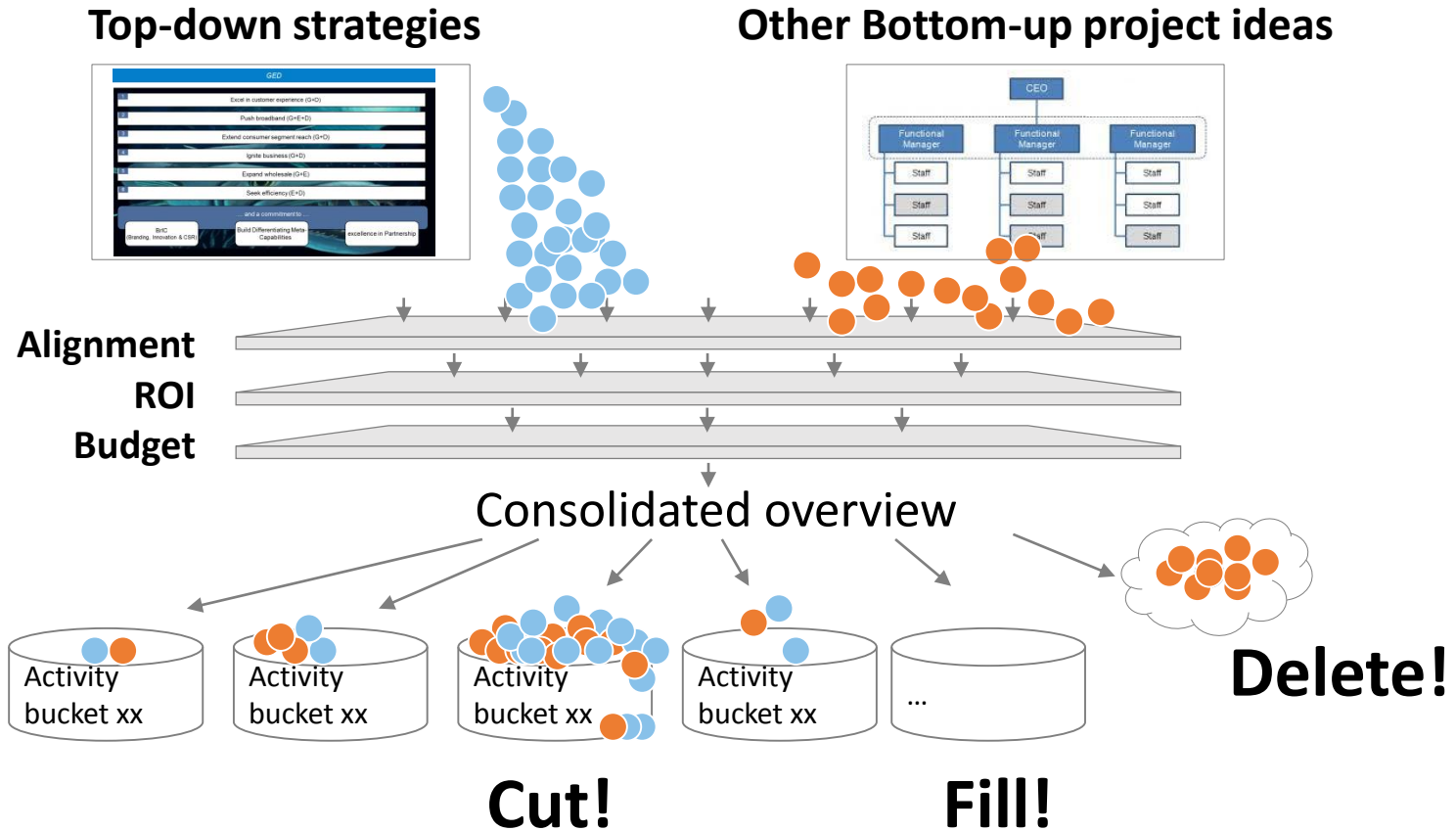
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# Strategy Planning and Execution are linked to ensure implementability.



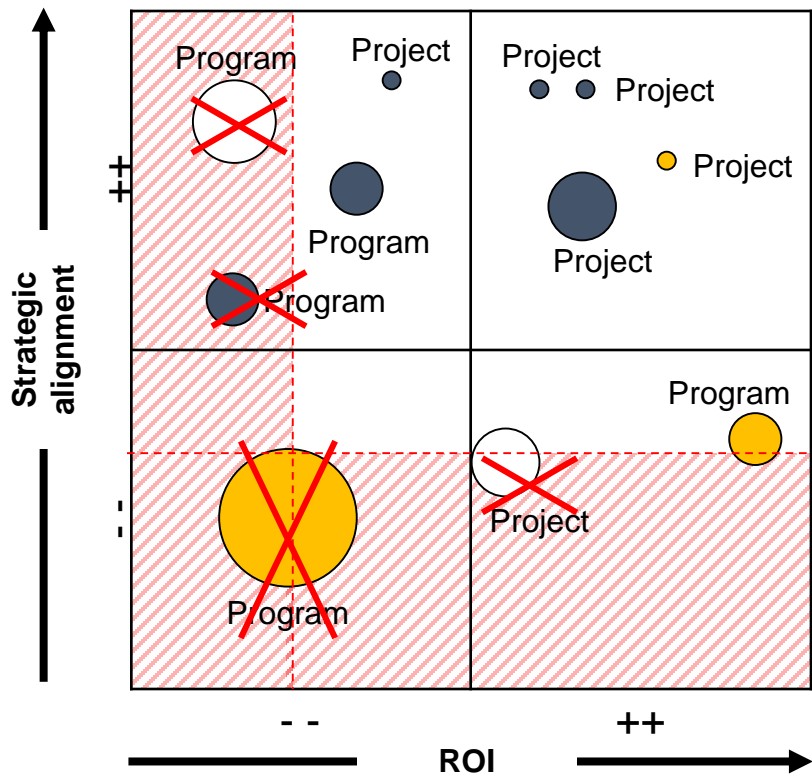
# 5

## Activity prioritization evaluates, ranks and balances portfolio activities for budgeting.



# 5 Evaluation: Projects have to comply with “minimum criteria”. They must be in line with goals and financially feasible.

**EXAMPLE**



Note: Strategic fit and ROI are often chosen as dimensions in the primary evaluation. However, other dimensions can be used as well.

## Evaluation Criteria

**Strategic alignment**

Pass/  
Fail

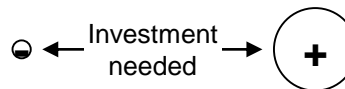


**Financial evaluation**

Define financial “hurdle note” (acceptable level) projects need to pass



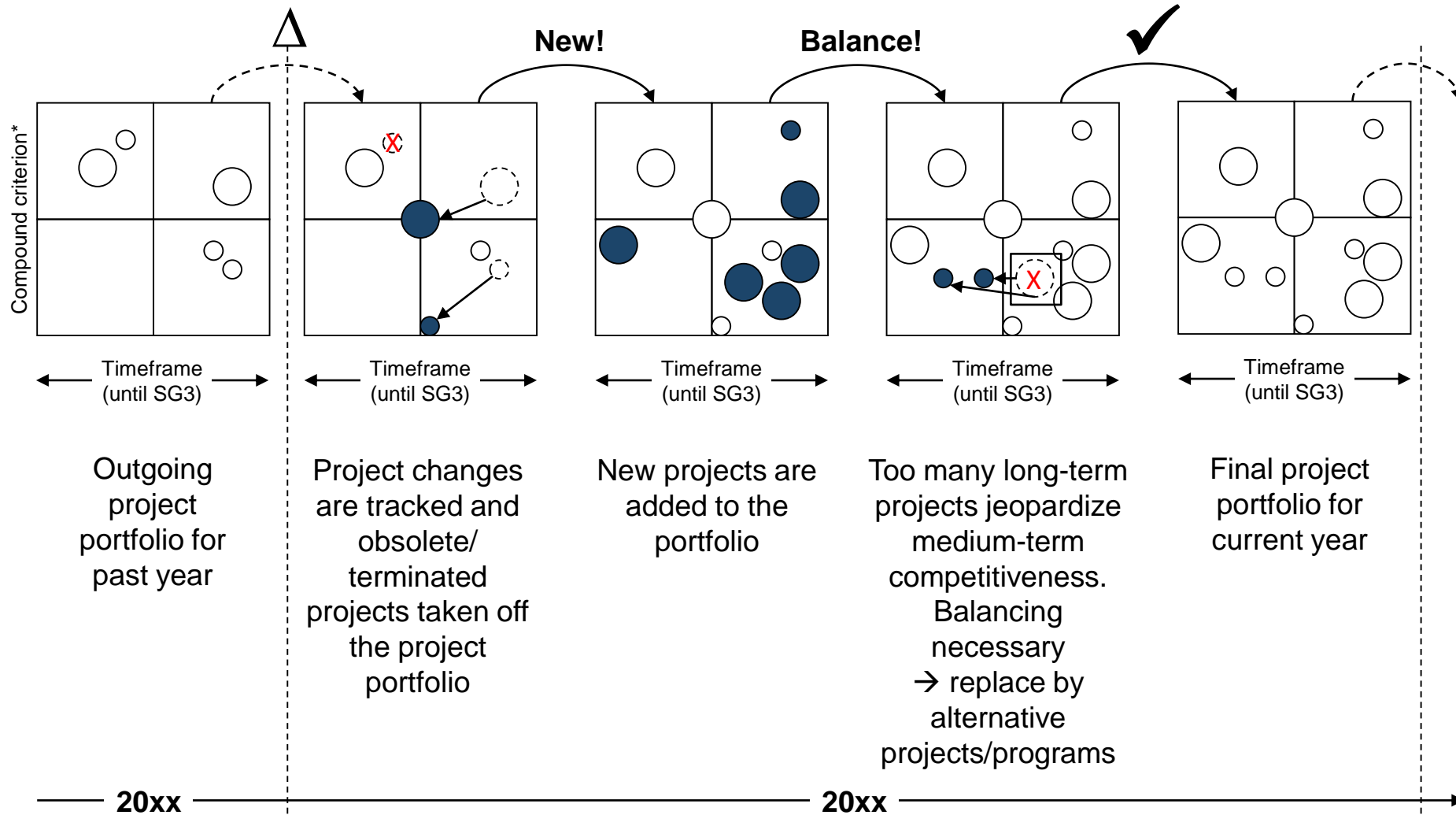
● Risk high ● Risk med ○ Risk low



\*A combination of a number of individual KPIs to rank impact \*\*SG3: Stagegate 3= All project activities completed, first benefits are “felt” in bottom line

# 5

## Balancing: The project portfolio has no limited duration and it continuously balances shifting project/investment opportunities.



\*A combination of a number of individual KPIs to rank impact    \*\*SG3: Stagegate 3= All project activities completed, first benefits are "felt" in bottom line

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