

TRANSLATING THE STRATEGY MAP INTO EXECUTION : FROM STRATEGY MAP TO DASHBOARD (CASE STUDY : ENGINEERING FACULTY UNIKA ATMA JAYA)

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ABSTRACT

The purpose of building strategy map is to describe the strategi goals and a guidance map for the entire organization in running business and perform their process. The Balance Scorecard framework (Kaplan) shaped the logical interconnectivity among the strategic objectives within the strategy map and defined the lead and lag indicators. Considered as a powerful tool in strategic management in defining the strategic path, the strategy map should transform into the more operational indicators that fit for operational process in the organization.

The aim of this paper is to share knowledge and give more understanding in developing the performance metrics for certain academic institution based on the balance scorecard framework. In designing strategic map , the academic institution should adopt the Tridharma Perguruan Tinggi and align the performance metrics to National Accreditation Board (BAN-PT).In the previous research that we have developed the refined strategy map and performance indicators that fit with evaluation criteria provided by BAN-PT and Internal Quality Assurance.

This paper would focus on endeavor in implementing the strategy map to execution in an educational institution. The author agreed with the works of McChasney et al conclude that an Initiatives (strategic initiatives / program) should be selected from a set of target in order to achieve high performance result. Defining the strategic target would be essential in implementing the strategy map.

Keywords : *Strategy Map, Balance Scorecard, Strategy Execution*

1. INTRODUCTION

The performance of educational organizations such as universities have been duly managed to produce the output as well. The environment of education industry in Indonesia – especially Jakarta - has been in competitive rivalry for last decade along with the high growth of universities and education institutions (Bachtiar,2013). Under the circumstances , the existence of strategy would be worthless without excellent execution in daily operation.

The strategy should be executed in order to achieve organizational goals and there are always major challenge in executing the strategy. According to a survey conducted by MArakon Associates and the Economist Intelligence Unit , respondents – senior executives – stated that the result only 63% from target of the strategic plans.(knowledge,Wharton.upenn.edu 2005)

One basic mistakes in executing the strategy is the shifting of company focus overtime. The lack of consistency in defining the focus within one period can lead to exhausted execution since there is no positive resultant from scaterred focus process. Another factor of esecution failure comes from poor-aligned execution. The synchronization among the strategy, resources (utilization) and time would support the achievement of execution

The obstacle in excuting strategy is people resistance to accept the new process, restructuring and other changes.

2. FORMULATING THE STRATEGY MAP – THE PREVIOUS WORK

Atma Jaya Catholic University Faculty of Engineering (FT) has 3 (three) Programs within the University that stood since 1965/

Currently, Dikti gives accredited recognition - A FT for Mechanical Engineering, B for Electrical Engineering and Industrial Engineering. Besides, the university has implemented ISO 9001:2008 quality assurance within the framework of the university (Bachtiar, 2013).

The root of Performance measurement by Unika Atma Jaya can traced to Tridharma Perguruan Tinggi i.e. : Teaching, Research and Community Service. This means that in Tridharma there are also indicators that reflect the performance of educational institutions as recognized by BAN-PT through its accreditation. (Bachtiar,2013)

Refer to prior research by the author to formulate the Strategy Map using the Balance Scorecard framework, it goes without saying that further the institution need the sophisticated and unbiased Performance Metrics to implement. There is a plenty of performance target that has root in BAN PT evaluation criteria and only a few of them can be considered as KPI (Key Performance Indicator).

The formulation of strategy map was constructed and designed using the Balance Scorecard methodology with four perspectives adjusted in order to align with academic environment i.e. Service Perspective, Customer Perspective, Business Process and Growth and Learning Perspective.

Based on the formulation of a strategy map constructed by author in previous research , the proposed strategy map as follows:

1. **Service Perspectives (Outcome):** The main objective is to increase the value of FT with the pillars of *Achieving High Qualifications* and *Increased Productivity*.
2. **Customer Perspective (Outcome) :** Quality and Graduate Student Profiles, and User Appreciation Satisfaction Index .Perspektif
3. **Business Process:** Planning, Teaching, Research, Community Service, Student Services, cooperation, Management and Quality Assurance.
4. **Growth and Learning Perspective:** Organizational Governance and Policy, Infrastructure, Human Resources and Information Systems.

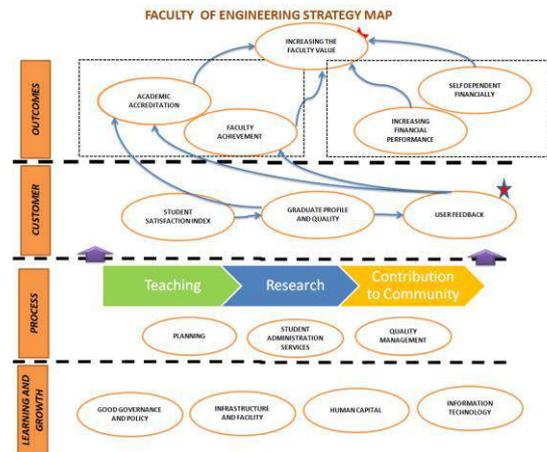


Figure 1. Strategy Map

The strategy map of Faculty of Engineering (FT) covers the aim of the faculty in the future and near future. Increasing the Faculty Value defines as the ultimate goal of this faculty. With its increasing value, FT will keep the sustainability within the university and in industry. The aim is supported by [F1] Academic Accreditation [F2] Faculty Achievement [F3] Increasing Financial Performance [F4] Self Dependent Financially.

The author proposed the strategy map as the ground level of the building blocks of strategy execution framework. The strategy map consists of 18 (eighteen) strategic objectives that were classofeed into four perspectives.

The Customer perspective consists of three strategic objectives (SO) i.e. [C1] Student Satisfactory Index ,[C2] Graduate Profile and Quality, and [C3] User Feedback. The customer perspective provide the costumer with our value proposition that distinguished form other institution. The author suggest diference terminology of student , graduate and user. The students are active customer who consume the faculty daily service and undergo the routine business process. The Graduate is “end product” of FT and completely pass the process. Finally the Users are companies and society that absorb FT’s output.

3. NEXT PHASE AFTER STRATEGY MAP

Regardless how sophisticated the strategy map, it needs to translate to operational map and performance metrics in order to implement. The sub-unit, managers and individuals within the organization might consider the strategy map as a brief map on which way to achieve the ultimate goal. In term of daily operation, the member of organization need performance goals that lead them to work.

The strategy map itself is a powerful tool to explain and trace the cause and effect factors, leading and lagging indicators and the logics that construct the interconnectivity among them. On the other hand, the strategy map can not be used as operating guidance and detail target. The essence of strategy map is rather a helicopter view map and does not cover the detail target and its scrutiny.



Figure 2. Building Blocks

Most of organizations tend to favor the Lag Indicators than the Lead Indicators. The Lag Indicators are easy to understand as they show result. The examples of (Refined) Lag Indicators within the FT Strategy Map are:

- FT Accreditation by BAN
- Ratio of Students for one Lecturer
- Satisfaction Index
- Number of Accredited Publication
- Increasing Cash Flow Surplus

The above result indicators are defined as lag indicators since it need lead indicators and driver to achieve. For instances the good ratio (Students : lecturer) is the product of effective plan and implementation in

lecturer recruitment. Furthermore, the organization should be smart in evaluating such indicators for some bias might occur in defining them.

The ideal ratio of Students : lecturer – with assumption of fix number of lecturer – tells the stagnan growth of students body. Depends on the organizational policy, the slow growth might be unfavorable for high growth strategy. The basic rule is the optimum number of students should apply in order to accommodate the growth while reaching the optimum number of lecturers.

The author follows the path of defining Startegt Map, defining The Performance Indicators , develop the Performance Metrics and construct the Dashboard to involve the member with visual and communicative scoreboard. (Figure 2)

4. THE DISCIPLINE OF EXECUTION

Translating the strategy map to execution needs the understanding of the proper performance target and consistent controlling.

Chesney, Covey and Huling proposed the rule of 4 Discipline execution in order to implement the strategy into the operation and achieve the result

1. Discipline 1 : Focus on Wildly Important . Organization consists of many goals and it should select one or two Wildly Important Goal (WIG) at one time instead of trying to achieve all target at one time. All the system has limitation and constrain in resources , therefore it is recommended to choose only one (or two) very important target which result significantly affect the whole organization.
2. Discipline 2: Act on the Lead Measure. The lead measure (indicator) predicts the achievement , and therefore it measure how far the ultimate goal will be achieve. While laf indicators tell the result , the lead indicators stated the predictive of achievement instead.
3. Discipline 3 : Keep a Compelling Scoreboard . According to McChesney et.al the Discipline 3 is the discipline of engagement which stated that the highest level of performance comes form people whore are emotionally engaged.

In order to keep communicating the score of performance, a scoreboard should be installed.

4. Discipline 4 : Create a Cadence of Accountability . The discipline 4 based on the principle of accountability: that unless we consistently hold each other accountable, the goal naturally disintegrates in the whirlwind (McChesney et.al,13)

The discipline of execution as stated above starts with Wildly Important Goal that yield significantly to the organization. The essence is similar to Strategic Initiative within the strategic plan. Human can only effectively focus in one or two goals in one time otherwise we will not perform for all the target. It follows the diminishing rule in achieving the good performance as the more number of focus target. It means that the more focus target we assigned , the limitation of resource and constrain of energy will lead to failure in achieving high performance target.

The Cristal clear goals will be more challenging and involved the employee and organization member emotionally. McChasney (2012) gave example of President Kennedy assignment (1961) to NASA to “land a man on the moon and return him safely to earth before this decade out” . This objective was clear in term of achievement, time and quality. The result was the first man landed in the moon by 1969.

The Expectancy Theory as proposed by Vroom (1964) supported the idea of involvement of employee in organization achievement. Vroom stated the three components Expectancy, Instrumentality and Valence. The Valence indicated how a person place the reward following his/her effort. Finally, the Motivational Force (MF) = Expectancy x Instrumentality x Valence . The higher the MF tends to strengthen the individual involvement with company/institutional goals as the benefit and result will motivated them to act.

5. THE DASHBOARD

From previous work (Bachtiar et.al, 2012), a performance dashboard was constructed in oder to visualize the performance

achievement in regular basis. It provides information and predictive measure on how the organization perform within one period. The prototype of dashboard will help the Faculty to make decision in order to achieve its goals.



Figure 3. Performance Dashboard

In previous work of Bachtiar et all (2012) refer to Eckerson (2005) stated that the company needs performance dashboard that translates the organization’s strategy into objectives, metrics, initiatives, and tasks customized to each group and individual in the organization. Eckerson states that performance dashboard is a performance management system which communicates strategic objectives and enables business people to measure, monitor, and manage the key activities and processes needed to achieve their goals.i.e.

1. Monitor critical business processes and activities using metrics of business performance that trigger alerts when potential problems arise.
2. Analyze the root cause of problems by exploring relevant and timely information from multiple perspectives and at various levels of detail.
3. Manage people and processes to improve decisions, optimize performance, and steer the organization in the right direction.

6. DISCUSSION AND CONCLUSION

1. Smart target should be defined to give clarity in target achievement and emotional involvement.
2. The system thinking approach should be taken into account as the complexity and non-linear parameters exists in

organization. The system thinking will avoid partial solution that tend to be bias.

3. Further research should be made in order to solve the inconsistency and ambiguity of the measurement problems. (Bachtiar, 2013). This is related to no 2 above since the measurement parameter should be carefully developed.
4. The Dashboard should cover the needs of simplicity and clarity. It does not always require high end programs to implement.
5. To achieve the common goals , the organization silos should be removed. The approach of Business Process Engineering as proposed by Hammer can be applied in conjunction with other approach

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