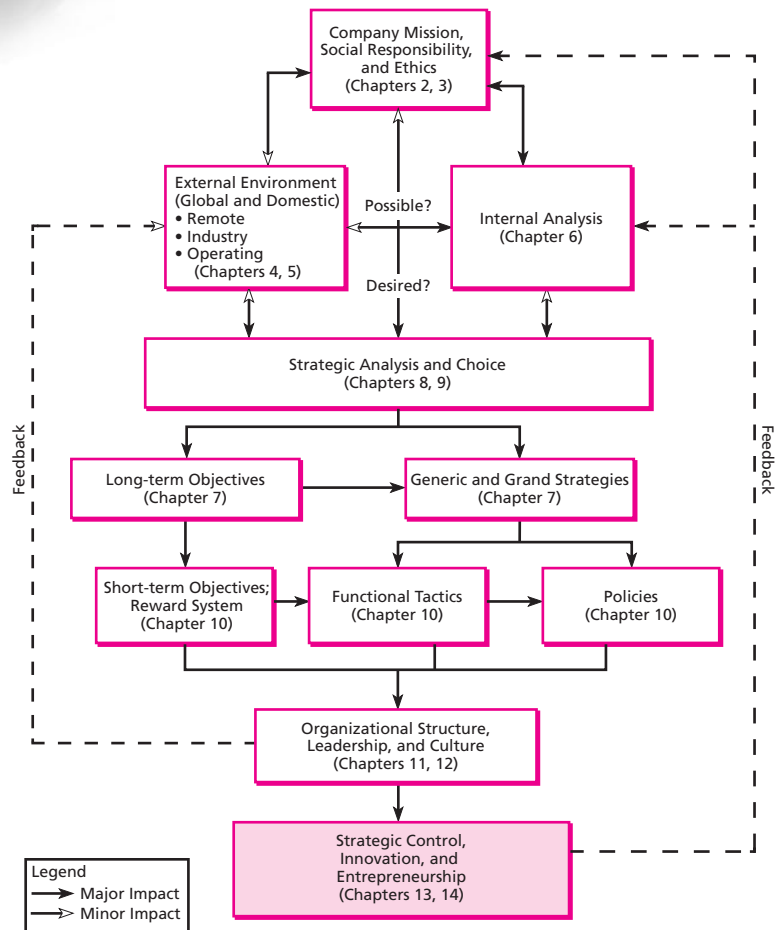


Chapter Thirteen

Strategic Control

After reading and studying this chapter, you should be able to

1. Describe and illustrate four types of strategic control.
2. Summarize the balanced scorecard approach and how it integrates strategic and operational control.
3. Illustrate the use of controls to guide and monitor strategy implementation.



STRATEGIC CONTROL

Strategies are forward looking, designed to be accomplished several years into the future. They are based on management assumptions about numerous events that have not yet occurred. How should executives “control” a strategy, and its execution?

Consider the recent experiences of Motorola and Dell Computer. Motorola’s CEO Ed Zander looked like a genius in early 2007, executing his strategy of cranking out “wow” products like the Razr phone and delivering them via an even-more-efficient supply chain. Then, quickly, Motorola ran into a cell-phone price war, and its profit margins sank dramatically, revealing an outsourced manufacturing process that was much less efficient and more costly than rival Nokia’s in-house operations were steadily delivering. Motorola’s stock quickly dropped almost 50 percent in value, and CEO Zander faced some serious challenges to his leadership and the efficacy of the Motorola strategy.

Dell Computer saw its rival Hewlett-Packard struggle with a poorly integrated acquisition of Compaq and a confusing reorganization of HP a few years ago. IBM sold its PC business to China’s Lenovo, admitting it couldn’t compete with the Dell approach. Dell was a world leader in PCs and was broadening its offerings into printers and other electronic devices. But within two years, HP’s new CEO Mark Hurd had HP much more focused, and it soon eclipsed Dell as the world’s largest seller of PCs. Lenovo was gaining strength in the Asia-Pacific area. And Dell found itself losing market share and experiencing declining profitability, excess inventory, and problems with its outsourced customer service. Founder Michael Dell has recently returned to the CEO role after firing his handpicked former successor, Ken Rollins, and is attempting to rebuild Dell and its strategy.

So we see two great companies with seemingly solid strategies that deteriorated very quickly. What could they have done or done better? How could Motorola and Dell have adjusted their strategies and actions when key premises, technology, competitors, or sudden events changed everything for them? How could they have established better “strategic control” and reduced the impact of negative events or taken advantage of new opportunities?

Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments. In contrast to postaction control, strategic control is concerned with guiding action on behalf of the strategy as that action is taking place and when the end result is still several years off. Managers responsible for the success of a strategy typically are concerned with two sets of questions:

1. Are we moving in the proper direction? Are key things falling into place? Are our assumptions about major trends and changes correct? Are we doing the critical things that need to be done? Should we adjust or abort the strategy?
2. How are we performing? Are objectives and schedules being met? Are costs, revenues, and cash flows matching projections? Do we need to make operational changes?

The rapidly accelerating level of change in the global marketplace has made the need for strategic control key in managing a company. This chapter examines strategic control.

ESTABLISHING STRATEGIC CONTROLS

The control of strategy can be characterized as a form of “steering control.” As time elapses between the initial implementation of a strategy and achievement of its intended results, investments are made and numerous projects and actions are undertaken to implement the strategy. Also, during that time, changes are taking place in both the environmental situation and the firm’s internal situation. Strategic controls are necessary to steer the firm through

strategic control
Management efforts to track a strategy as it is being implemented, detect problems or changes in its underlying premises, and make necessary adjustments.

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these events. They must provide the basis for adapting the firm's strategic actions and directions in response to these developments and changes. The four basic types of strategic control summarized in Exhibit 13.1 are

1. Premise control.
2. Strategic surveillance.
3. Special alert control.
4. Implementation control.

Premise Control

premise control

Management process of systematically and continuously checking to determine whether premises upon which the strategy is based are still valid.

Every strategy is based on certain planning premises—assumptions or predictions. **Premise control** is designed to check systematically and continuously whether the premises on which the strategy is based are still valid. If a vital premise is no longer valid, the strategy may have to be changed. The sooner an invalid premise can be recognized and rejected, the better are the chances that an acceptable shift in the strategy can be devised. Planning premises are primarily concerned with environmental and industry factors.

Environmental Factors

Although a firm has little or no control over environmental factors, these factors exercise considerable influence over the success of its strategy, and strategies usually are based on key premises about them. Inflation, technology, interest rates, regulation, and demographic/social changes are examples of such factors.

The second generation Internet, known as Web 2.0, and its intersection with rapid globalization, is spawning a global youth culture that presents both a challenge to the old ways of doing business and an opportunity to gain tremendous leverage via the right goods and services. “Flying blind” is how some executives describe their effort to adapt to it: the tens of millions of digital elite who are the vanguard of a fast-emerging global culture based on smartphones, blogs, instant messaging, Flickr, MySpace, Skype, YouTube, dig, and delicious, to mention a few. These highly influential young people are sharing ideas and information across borders that will drive products, employment, services, food, fashion, and ideas—rapidly. Savvy companies are recognizing this phenomenon as perhaps the most critical environmental factor/phenomenon they need to monitor and understand.¹

Industry Factors

The performance of the firms in a given industry is affected by industry factors. Competitors, suppliers, product substitutes, and barriers to entry are a few of the industry factors about which strategic assumptions are made.

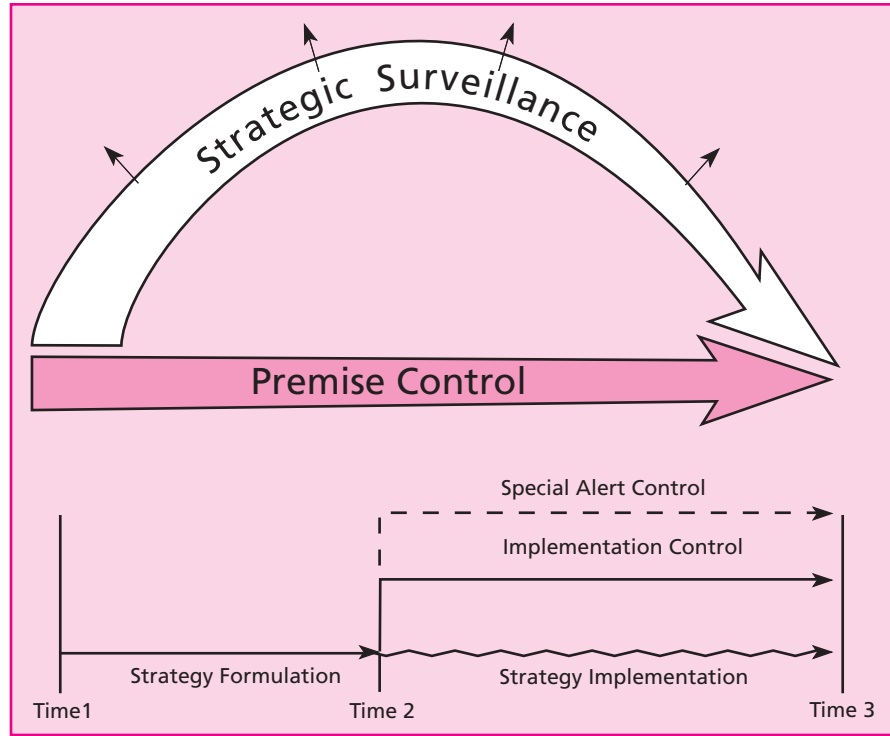
Rubbermaid has long been held up as a model of predictable growth, creative management, and rapid innovation in the plastic housewares and toy industry. Its premise in its most recent strategic plan was that large retail chains would continue to prefer its products over competitors' because of this core competence. This premise included continued receptivity to regular price increases when necessitated by raw materials costs. Retailers, most notably Wal-Mart, recently balked at Rubbermaid's attempt to raise prices to offset the doubling of petroleum-based resin costs. Furthermore, traditionally overlooked competitors have begun to make inroads with computerized stocking services. Rubbermaid is moving aggressively to adjust its strategy because of the response of Wal-Mart and other key retailers.

Strategies are often based on numerous premises, some major and some minor, about environmental and industry variables. Tracking all of these premises is unnecessarily

¹ Steve Hamm, “Children of the Web,” *BusinessWeek*, July 2, 2007.

EXHIBIT 13.1 Four Types of Strategic Control

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Characteristics of the Four Types of Strategic Control

Basic Characteristics	Types of Strategic Control			
	Premise Control	Implementation Control	Strategic Surveillance	Special Alert Control
Objects of control	Planning premises and projections	Key strategic thrusts and milestones	Potential threats and opportunities related to the strategy	Occurrence of recognizable but unlikely events
Degree of focusing	High	High	Low	High
Data acquisition:				
Formalization	Medium	High	Low	High
Centralization	Low	Medium	Low	High
Use with:				
Environmental factors	Yes	Seldom	Yes	Yes
Industry factors	Yes	Seldom	Yes	Yes
Strategy-specific factors	No	Yes	Seldom	Yes
Company-specific factors	No	Yes	Seldom	Seldom

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expensive and time consuming. Managers must select premises whose change (1) is likely and (2) would have a major impact on the firm and its strategy.

Strategic Surveillance

By their nature, premise controls are focused controls; strategic surveillance, however, is unfocused. **Strategic surveillance** is designed to monitor a broad range of events inside and outside the firm that are likely to affect the course of its strategy.² The basic idea behind strategic surveillance is that important yet unanticipated information may be uncovered by a general monitoring of multiple information sources.

Strategic surveillance must be kept as unfocused as possible. It should be a loose “environmental scanning” activity. Trade magazines, *The Wall Street Journal*, trade conferences, conversations, and intended and unintended observations are all subjects of strategic surveillance. Despite its looseness, strategic surveillance provides an ongoing, broad-based vigilance in all daily operations that may uncover information relevant to the firm’s strategy. P&G has used strategic surveillance of Europe’s private label trend to shape an aggressive response minimizing any effect on its European sales compared with the dramatically negative effect the trend has had by blindsiding many European consumer products giants like Nestlé, Unilever, and L’Oreal, as discussed in Exhibit 13.2, Strategy in Action.

Special Alert Control

Another type of strategic control, really a subset of the other three, is special alert control. A **special alert control** is the thorough, and often rapid, reconsideration of the firm’s strategy because of a sudden, unexpected event. The tragic events of September 11, 2001; an outside firm’s sudden acquisition of a leading competitor; an unexpected product difficulty, like the fingertip in a bowl of Wendy’s chili—events of these kinds can drastically alter the firm’s strategy.

Such an event should trigger an immediate and intense reassessment of the firm’s strategy and its current strategic situation. In many firms, crisis teams handle the firm’s initial response to unforeseen events that may have an immediate effect on its strategy. IBM’s shock at the precipitous decline in the sales growth and profitability of its core IT services business in 2005 resulted in a special alert and ongoing focus on this business’s strategy as summarized in Exhibit 13.2. Increasingly, firms have developed contingency plans along with crisis teams to respond to circumstances such as United Airlines did on September 11, 2001, and JetBlue did after its snow-storm fiasco at New York’s JFK International Airport in the winter of 2007.

Implementation Control

Strategy implementation takes place as a series of steps, programs, investments, and moves that occur over an extended time. Special programs are undertaken. Functional areas initiate strategy-related activities. Key people are added or reassigned. Resources are mobilized. In other words, managers implement strategy by converting broad plans into the concrete, incremental actions and results of specific units and individuals.

Implementation control is the type of strategic control that must be exercised as those events unfold. **Implementation control** is designed to assess whether the overall strategy should be changed in light of the results associated with the incremental actions that implement the overall strategy. The two basic types of implementation control are (1) monitoring strategic thrusts and (2) milestone reviews.

strategic surveillance

Management efforts to monitor a broad range of events inside and more often outside the firm that are likely to affect the course of its strategy over time.

special alert control

Management actions undertaken to thoroughly, and often very rapidly, reconsider a firm’s strategy because of a sudden, unexpected event.

implementation control

Management efforts designed to assess whether the overall strategy should be changed in light of results associated with the incremental actions that implement the overall strategy. These are usually associated with specific strategic thrusts or projects and with predetermined milestone reviews.

²G. Schreyogg and H. Steinmann, “Strategic Control: A New Perspective,” *Academy of Management Review* 12, no. 1 (1987), p. 101.

Strategy in Action

Exhibit 13.2

Examples of Strategic Control



PREMISE CONTROL AT BANK OF AMERICA

Bank of America, and other financial service companies, recently lobbied aggressively in Washington, D.C., opposing Wal-Mart's application for a bank charter. Most were surprised and somewhat blindsided by Wal-Mart's sudden attempt to add financial services—and particularly, banking—for its retail customers at its thousands of locations throughout the U.S.

Wal-Mart has come back with an announcement that it will not be a bank but that it will offer a host of financial services at more than 1,000 stores by 2008, which will include check cashing, bill payments, international money transfers, and a pre-paid Wal-Mart Money Card. Bank of America is examining Wal-Mart's move into limited financial services and reworking key premises that underlie its current strategic plan. One key premise is whether or not there is a whole generation of consumers—Gen Y in particular—who are going to form their opinions of what bank to use based on where they shop now. Some experts argue that banks have focused on longstanding customers, “seniors and boomers,” and not so much on younger patrons or potential patrons. So Bank of America is much more closely monitoring its premises based on Wal-Mart's moves.

IMPLEMENTATION CONTROL AT BOEING

All eyes are on Boeing as it begins the final assembly of the first 787 Dreamliner. Rollout for the first jet is slated for July 8, 2007, and the first flight is scheduled for mid-August, provided the plane is ready to fly. Boeing's first customer, All Nippon Airways, should receive its first Dreamliner in May 2008. Meeting those deadlines is key, as delivery is when Boeing collects most of its money, and faces penalties if delayed. “Today, we begin assembling the first airplane of a new generation, and a new way of building airplanes,” boasted Scott Strode, 787 VP of airline production. The actual snapping together of enormous composite parts built by different companies in Asia, Europe, and North America is the first milestone of this new airplane, and Boeing's strategy that is built on the concept of outsourcing components and even sections of the fuselage worldwide—a revolutionary new approach to building airplanes.

STRATEGIC SURVEILLANCE AT P&G

It was not long ago that big global brands among consumer products companies did not lose sleep over private labels. Indeed retail's worst-kept secret is that house brands in many grocery stores are often produced by Nestlé, Cadbury Schweppes, and H. J. Heinz. But over

the last few years, Europe's private-label business has taken off due to the rapid growth of discounters such as Germany's Aldi and France's Leader Price. Their no-frills stores, which stock almost entirely private labels that usually cost consumers up to 40 percent less than comparable global brands, have lured customers away from established retailers. Some of Europe's big names—Nestlé, L'Oreal, and Unilever—have been getting clobbered. Not Procter & Gamble. It picked up on this trend in the course of its ongoing strategic surveillance in the European publications looking at consumer lifestyles. As a result, P&G says sales are growing as planned. P&G flexed its pricing muscle causing a British private-label competitor to write off a \$1.5 billion invested in Ontex, a disposable diaper, after P&G clobbered Ontex by slashing prices on Pampers in selected markets. P&G's European CEO said, “We have surveyed this general trend in Europe for some time and concluded that discounters don't need to be a threat, rather, they can be an opportunity!”

SPECIAL ALERT CONTROL AT IBM

The \$48-billion-a-year information technology services business that saved IBM from ruin in the 1990s is becoming a slow-growing, low-margin drag on the rest of the company. The special alert control attention to the IT services business and its strategy started in 2005, when IBM was shocked by the poor profit results in the first quarter of that year. IBM's growth and profit margin both declined substantially during that time, due in large part to the accelerated growth and success of India's Tata Consultancy Services and Infosys, which have seen steady 30 percent growth with profit margins three to four times what IBM achieves. IBM's reaction was to cut 15,000 jobs in Europe and the United States in a matter of months of that first shocking result. Even though IBM remains the No. 1 tech services company in the world, with 7.2 percent market share in 2007, it has a regular special alert review of its sales growth and profit levels in the IT services business each quarter, which has resulted in the elimination of approximately 700 to 1,500 jobs in North America and Europe each quarter since that initial shock as it attempts to reorganize this business and the nature of the way it does work around the globe.

Sources: Reprinted with special permission from Steve Hamm, “Big Blue Wields the Knife Again,” *BusinessWeek*, May 30, 2007; Stanley Holmes, “Crunch Time for Boeing,” *BusinessWeek*, May 22, 2007; “How P&G Skips the Middle Man,” *BusinessWeek*, January 8, 2007; and Pallavi Gogoi, “Why Wal-Mart Will Help Finance Customers,” *BusinessWeek*, June 20, 2007. Copyright © 2007 The McGraw-Hill Companies.

strategic thrusts or projects

Special efforts that are early steps in executing a broader strategy, usually involving significant resource commitments yet where predetermined feedback will help management determine whether continuing to pursue the strategy is appropriate or whether it needs adjustment or major change.

milestone reviews

Points in time, or at the completion of major parts of a bigger strategy, where managers have predetermined they will undertake a go–no go type of review regarding the underlying strategy associated with the bigger strategy.

Monitoring Strategic Thrusts or Projects

As a means of implementing broad strategies, narrow strategic projects often are undertaken—projects that represent part of what needs to be done if the overall strategy is to be accomplished. These **strategic thrusts** provide managers with information that helps them determine whether the overall strategy is progressing as planned or needs to be adjusted.

Although the utility of strategic thrusts seems readily apparent, it is not always easy to use them for control purposes. It may be difficult to interpret early experience or to evaluate the overall strategy in light of such experience. One approach is to agree early in the planning process on which thrusts or which phases of thrusts are critical factors in the success of the strategy. Managers responsible for these implementation controls will single them out from other activities and observe them frequently. Another approach is to use stop/go assessments that are linked to a series of meaningful thresholds (time, costs, research and development, success, and so forth) associated with particular thrusts. Exhibit 13.2 describes Boeing's current effort to do this as it coordinates globally diverse outsourcing partners' production of various parts of the revolutionary new 787 Dreamliner fuselage and its components.

Milestone Reviews

Managers often attempt to identify significant milestones that will be reached during strategy implementation. These milestones may be critical events, major resource allocations, or simply the passage of a certain amount of time. The **milestone reviews** that then take place usually involve a full-scale reassessment of the strategy and of the advisability of continuing or refocusing the firm's direction.

A useful example of implementation control based on milestone review is offered by an earlier Boeing's product-development strategy of entering the supersonic transport (SST) airplane market. Boeing had invested millions of dollars and years of scarce engineering talent during the first phase of its SST venture, and competition from the British/French Concorde effort was intense. Because the next phase represented a billion-dollar decision, Boeing's management established the initiation of the phase as a milestone. The milestone reviews greatly increased the estimates of production costs; predicted relatively few passengers and rising fuel costs, thus raising the estimated operating costs; and noted that the Concorde, unlike Boeing, had the benefit of massive government subsidies. These factors led Boeing's management to scrap its SST strategy in spite of high sunk costs, pride, and patriotism. Only an objective, full-scale strategy reassessment could have led to such a decision. A similar decision by Boeing regarding its current strategic "bet" on the new 787 Dreamliner is very unlikely as it nears final assembly and initial test flights of this revolutionary, next-generation, composite airplane (see Exhibit 13.2).

In the SST example, a milestone review occurred at a major resource allocation decision point. Milestone reviews may also occur concurrently when a major step in a strategy's implementation is being taken or when a key uncertainty is resolved. Managers even may set an arbitrary period, say, two years, as a milestone review point. Whatever the basis for selecting that point, the critical purpose of a milestone review is to thoroughly scrutinize the firm's strategy so as to control the strategy's future.

Implementation control is also enabled through operational control systems like budgets, schedules, and key success factors. While strategic controls attempt to steer the company over an extended period (usually five years or more), operational controls provide postaction evaluation and control over short periods—usually from one month to one year. To be effective, operational control systems must take four steps common to all postaction controls:

1. Set standards of performance.
2. Measure actual performance.

EXHIBIT 13.3 Monitoring and Evaluating Performance Deviations

Key Success Factors	Objective, Assumption, or Budget	Forecast Performance at This Time	Current Performance	Current Deviation	Analysis
Cost control: Ratio of indirect overhead cost to direct field and labor costs	10%	15%	12%	+3 (ahead)	Are we moving too fast, or is there more unnecessary overhead than was originally thought?
Gross profit	39%	40%	40%	0%	
Customer service: Installation cycle in days	2.5 days	3.2 days	2.7 days	+0.5 (ahead)	Can this progress be maintained?
Ratio of service to sales personnel	3.2	2.7	2.1	-0.6 (behind)	Why are we behind here? How can we maintain the installation-cycle progress?
Product quality: Percentage of products returned	1.0%	2.0%	2.1%	-0.1% (behind)	Why are we behind here? What are the ramifications for other operations?
Product performance versus specification	100%	92%	80%	-12% (behind)	
Marketing: Monthly sales per employee	\$12,500	\$11,500	\$12,100	+\$600 (ahead)	Good progress. Is it creating any problems to support?
Expansion of product line	6	3	5	+2 products (ahead)	Are the products ready? Are the perfect standards met?
Employee morale in service area: Absenteeism rate	2.5%	3.0%	3.0%	(on target)	Looks like a problem!
Turnover rate	5%	10 %	15%	-8% (behind)	Why are we so far behind?
Competition: New-product introductions (average number)	6	3	6	-3 (behind)	Did we underestimate timing? What are the implications for our basic assumptions?

3. Identify deviations from standards set.
4. Initiate corrective action.

Exhibit 13.3 illustrates a typical operational control system. These indicators represent progress after two years of a five-year strategy intended to differentiate the firm as a customer-service-oriented provider of high-quality products. Management’s concern is to compare *progress to date* with *expected progress*. The *current deviation* is of particular interest because it provides a basis for examining *suggested actions* (usually suggested by subordinate managers) and for finalizing decisions on changes or adjustments in the firm’s operations.

From Exhibit 13.3, it appears that the firm is maintaining control of its cost structure. Indeed, it is ahead of schedule on reducing overhead. The firm is well ahead of its delivery cycle target, while slightly below its target service-to-sales personnel ratio.

Its product returns look OK, although product performance versus specification is below standard. Sales per employee and expansion of the product line are ahead of schedule. The absenteeism rate in the service area is on target, but the turnover rate is higher than that targeted. Competitors appear to be introducing products more rapidly than expected.

After deviations and their causes have been identified, the implications of the deviations for the ultimate success of the strategy must be considered. For example, the rapid product-line expansion indicated in Exhibit 13.3 may have been a response to the increased rate of competitors' product expansion. At the same time, product performance is still low, and, while the installation cycle is slightly above standard (improving customer service), the ratio of service to sales personnel is below the targeted ratio. Contributing to this substandard ratio (and perhaps reflecting a lack of organizational commitment to customer service) is the exceptionally high turnover in customer service personnel. The rapid reduction in indirect overhead costs might mean that administrative integration of customer service and product development requirements have been cut back too quickly.

This information presents operations managers with several options. They may attribute the deviations primarily to internal discrepancies. In that case, they can scale priorities up or down. For example, they might place more emphasis on retaining customer service personnel and less emphasis on overhead reduction and new-product development. On the other hand, they might decide to continue as planned in the face of increasing competition and to accept or gradually improve the customer service situation. Another possibility is reformulating the strategy or a component of the strategy in the face of rapidly increasing competition. For example, the firm might decide to emphasize more standardized or lower-priced products to overcome customer service problems and take advantage of an apparently ambitious salesforce.

This is but one of many possible interpretations of Exhibit 13.3. The important point here is the critical need to monitor progress against standards and to give serious in-depth attention to both the causes of observed deviations and the most appropriate responses to them. After the deviations have been evaluated, slight adjustments may be made to keep progress, expenditure, or other factors in line with the strategy's programmed needs. In the unusual event of extreme deviations—generally because of unforeseen changes—management is alerted to the possible need for revising the budget, reconsidering certain functional plans related to budgeted expenditures, or examining the units concerned and the effectiveness of their managers.

balanced scorecard

A management control system that enables companies to clarify their strategies, translate them into action, and provide quantitative feedback as to whether the strategy is creating value, leveraging core competencies, satisfying the company's customers, and generating a financial reward to its shareholders.

The Balanced Scorecard Methodology

An alternative approach linking operational and strategic control, developed by Harvard Business School professors Robert Kaplan and David Norton, is a system they named the **balanced scorecard**. Recognizing some of the weaknesses and vagueness of previous implementation and control approaches, the balanced scorecard approach was intended to provide a clear prescription as to what companies should measure in order to “balance” the financial perspective in implementation and control of strategic plans.³

The balanced scorecard is a management system (not only a measurement system) that enables companies to clarify their strategies, translate them into action, and provide

³ This methodology is covered in great detail in a number of books and articles by R. S. Kaplan and D. P. Norton. It is also the subject of frequent special publications by the *Harvard Business Review* that provided updated treatment of uses and improvements in the balanced scorecard methodology. Some useful books include *Balanced Scorecard: Translating Strategies into Action* (Boston: Harvard Business School Press, 1996); *The Strategy-Focused Organization* (Boston: Harvard Business School Press, 2001). HBR offers “Using the Balanced Scorecard as a Strategic Management System,” *Harvard Business Review*, January–February 1996. Numerous useful Web sites also exist such as www.bscol.com.

meaningful feedback. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard is intended to transform strategic planning from a separate top management exercise into the nerve center of an enterprise. Kaplan and Norton describe the innovation of the balanced scorecard as follows:

The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation.⁴

The balanced scorecard methodology adapts the total quality management (TQM) ideas of customer-defined quality, continuous improvement, employee empowerment, and measurement-based management/feedback into an expanded methodology that includes traditional financial data and results. The balanced scorecard incorporates feedback around internal business process *outputs*, as in TQM, but also adds a feedback loop around the *outcomes* of business strategies. This creates a “double-loop feedback” process in the balanced scorecard. In doing so, it links together two areas of concern in strategy execution—quality operations and financial outcomes—that are typically addressed separately yet are obviously critically intertwined as any company executes its strategy. A system that links shareholder interests in return on capital with a system of performance management that is linked to ongoing, operational activities and processes within the company is what the balanced scorecard attempts to achieve.

Exhibit 13.4 illustrates the balanced scorecard approach drawing on the traditional Du Pont formula discussed in Chapter 5 and historically used to examine drivers of stockholder-related financial performance across different company activities. The balanced scorecard seeks to “balance” shareholder goals with customer goals and operational performance goals, and Exhibit 13.4 shows that they are interconnected: shareholder value creation is linked to divisional concerns for return on capital employed, which, in turn, is driven by functional outcomes in sales, inventory, capacity utilization, that, in turn, come about through the results of departments’ and teams’ daily activities throughout the company. The balanced scorecard suggests that we view the organization from four perspectives and to develop metrics, collect data, and analyze it relative to each of these perspectives:

1. *The learning and growth perspective: How well are we continuously improving and creating value?* The scorecard insists on measures related to innovation and organizational learning to gauge performance on this dimension—technological leadership, product development cycle times, operational process improvement, and so on.

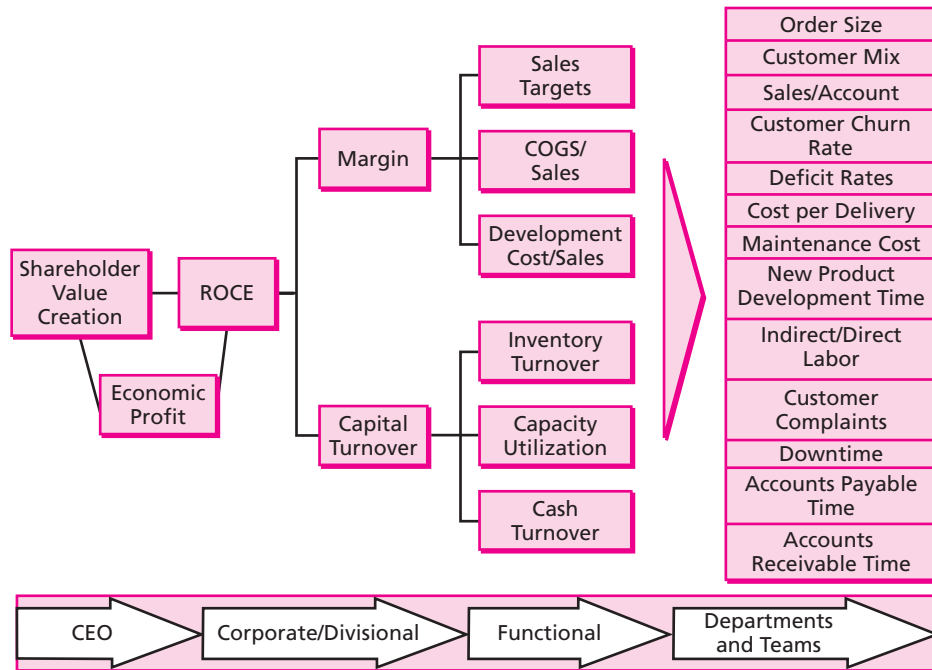
2. *The business process perspective: What are our core competencies and areas of operational excellence?* Internal business processes and their effective execution as measured by productivity, cycle time, quality measures, downtime, and various cost measures, among others, provide scorecard input here.

3. *The customer perspective: How satisfied are our customers?* A customer satisfaction perspective typically adds measures related to defect levels, on-time delivery, warranty

⁴ Another useful treatment of various aspects of the balanced scoreboard that includes further learning opportunities you may wish to explore, especially with regard to the use of this approach with governmental organizations, may be found at www.balancedscorecard.org. Chapter 7 in this book describes how the balanced scorecard approach is used to help create measurable objectives linked directly to the company’s strategy.

EXHIBIT 13.4
**Integrating
Shareholder Value
and Organizational
Activities across
Organizational
Levels**

Source: From R. M. Grant,
*Contemporary Strategy
Analysis*, 2001, p. 56.
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support and product development, among others, that come from direct customer input and are linked to specific company activities.

4. *The financial perspective: How are we doing for our shareholders?* A financial perspective typically uses measures like cash flow, return on equity, sales, and income growth.

Through the integration of goals from each of these four perspectives, the balanced scorecard approach enables the strategy of the business to be linked with shareholder value creation while providing several measurable short-term outcomes that guide and monitor strategy implementation. The integrating power of the balanced scorecard can be seen at Mobil Corporation’s North American Marketing and Refining business (NAM&R). NAM&R’s scorecard is shown in Exhibit 13.5. Assisted by Kaplan and Norton, an unprofitable NAM&R adopted the scorecard methodology to better link its strategy with financial objectives and to translate these into operating performance targets tailored to outcomes in each business unit, functional departments and operating process within them. They included measures developed with key customers from their perspective. The result was an integrated system in which scorecards provided measurable outcomes through which the performance of each department and operating unit, team, or activity within NAM&R was monitored, adjusted, and used to determine performance-related pay bonuses.⁵

dashboard

A user interface that organizes and presents information from multiple digital sources simultaneously in a user-designed format on the computer screen.

Executives and CEOs are increasingly monitoring specific measurable outcomes related to the execution of their strategies. Now, thanks to the Internet and new Web-based software tools known as **dashboards**, accessing this type of specific information is as easy as clicking a mouse. Exhibit 13.6, Top Strategists, shows how a few well-known CEOs embrace the dashboard as a key management tool for timely strategic and operational control. So, for example, an executive at Mobil Corporation might now use a dashboard to monitor updated information on where the company stands on some of the key measures

⁵ “How Mobil Became a Strategy-Focused Organization,” Chapter 2 in R. Kaplan and D. Norton, *The Strategy-Focused Organization* (Boston: Harvard Business School Press, 2001). For an online version of the Mobil NAM&R case study, see www.bscol.com.

EXHIBIT 13.5
Balanced Scorecard
for Mobil
Corporation’s
NAM&R

Source: Reprinted by permission of *Harvard Business Review*. Exhibit from “Putting the Balanced Scorecard to Work,” by R. Kaplan and D. Norton, September–October 1993. Copyright © 1993 by the Harvard Business School Publishing Corporation; all rights reserved.

		Strategic Objectives	Strategic Measures
Financially Strong	Financial	F1 Return on Capital Employed F2 Cash Flow F3 Profitability F4 Lowest Cost F5 Profitable Growth F6 Manage Risk	<ul style="list-style-type: none"> • ROCE • Cash Flow • Net Margin • Full cost per gallon delivered to customer • Volume growth rate vs. industry • Risk index
		Delight the Consumer	<ul style="list-style-type: none"> • Share of segment in key markets • Mystery shopper rating
Win–Win Relationship	Customer	C2 Improve dealer/distributor profitability	<ul style="list-style-type: none"> • Dealer/distributor margin on gasoline • Dealer/distributor survey
Safe and Reliable	Internal	I1 Marketing 1. Innovative products and services 2. Dealer/distributor quality	<ul style="list-style-type: none"> • Non-gasoline revenue and margin per square foot • Dealer/distributor acceptance rate of new programs • Dealer/distributor quality ratings
Competitive Supplier		I2 Manufacturing 1. Lower manufacturing costs 2. Improve hardware and performance	<ul style="list-style-type: none"> • ROCE on refinery • Total expenses (per gallon) vs. competition • Profitability index • Yield index
Good Neighbor		I3 Supply, Trading, Logistics 1. Reducing delivered cost 2. Trading organization 3. Inventory management	<ul style="list-style-type: none"> • Delivered cost per gallon vs. competitors • Trading margin • Inventory level compared to plan and to output rate
On Spec On Time		I4 Improve health, safety, and environmental performance I5 Quality	<ul style="list-style-type: none"> • Number of incidents • Days away from work • Quality index
Motivated and Prepared	Learning and growth	L1 Organization involvement L2 Core competencies and skills L3 Access to strategic information	<ul style="list-style-type: none"> • Employee survey • Strategic competitive availability • Strategic information availability

generated through their balanced scorecard process as shown in Exhibit 13.5. The opportunity to react, take action, ask questions, and so forth approaches real time with the advent of the dashboard software options. That is, of course, when there is a high level of confidence in the reliability of the data that appear—both for the CEO and the managers who might expect a question or expression of concern. The variety of ways the four executives in Exhibit 13.6 report they use their dashboards gives an interesting look at the different

Top Strategists

Using a Dashboard for Strategic Control

Exhibit 13.6



STEVE BALLMER, MICROSOFT

Ballmer requires his top officers to bring their dashboards with them into one-on-one meetings. Ballmer zeroes in on such metrics as sales, customer satisfaction, and status of key products under development.



JEFF IMMELT, GENERAL ELECTRIC

Many GE executives use dashboards to run their day-to-day operations, monitoring profits per product line and fill rates for orders. Immelt occasionally looks at a dashboard. But he relies on his managers to run the businesses so he can focus on the big picture.



IVAN SEIDENBERG, VERIZON

Seidenberg and others can choose from more than 300 metrics to put on their dashboards, from broadband sales to wireless defections. Managers pick the metrics they want to track, and the dashboard flips the pages 24 hours a day.



LARRY ELLISON, ORACLE

A fan of dashboards, Ellison uses them to track sales activity at the end of a quarter, the ratio of sales divided by customer service requests, and the number of hours that technicians spend on the phone solving customer problems.

Source: Reprinted with special permission from “What’s on Your Dashboard?” *BusinessWeek*, February 13, 2006. Copyright © 2007 The McGraw-Hill Companies.

ways they might use them, and the different types of information they would choose as key indicators about the unfolding success of their strategies.

Strategic controls and comprehensive control programs like the balanced scorecard bring the entire management task into focus. Organizational leaders can adjust or radically change their firm’s strategy based on feedback from a balanced scorecard approach as well as other strategic controls. Other, similar approaches like Six Sigma, which is described in Chapter 14, can also be sources of information and specific measurable outcomes useful in strategic and operational control efforts. The overriding goal is to enable the survival and long-term success of the business. In addition to using controls, leaders are increasingly embracing innovation and entrepreneurship as a way to accomplish this overriding goal in rapidly changing environments. They look to young business graduates, like you, to bring a fresh sense of innovativeness and entrepreneurship with you as you join their companies. We will examine innovation and entrepreneurship in the next chapter.

Summary

Strategies are forward looking, usually designed to be accomplished over several years into the future. They are often based in part on management assumptions about numerous events and factors that have not yet occurred. Strategic controls are intended to steer a company toward its long-term strategic goals under uncertain, often changing, circumstances.

Premise controls, strategic surveillance, special alert controls, and implementation controls are four types of strategic controls. All four types are designed to meet top management's needs to track a strategy as it is being implemented; to detect underlying problems, circumstances, or assumptions surrounding that strategy; and to make necessary adjustments. These strategic controls are linked to environmental assumptions and the key operating requirements necessary for successful strategy implementation. Ever-present forces of change fuel the need for and focus of strategic control.

Operational control systems require systematic evaluation of performance against pre-determined standards and targets. A critical concern here is identification and evaluation of performance deviations, with careful attention paid to determining the underlying reasons for and strategic implications of observed deviations before management reacts. Approaches like the balanced scorecard and Six Sigma (discussed in the next chapter) have emerged as comprehensive control systems that integrate strategic goals, operating outcomes, customer satisfaction, and continuous improvement into an ongoing strategic management system.

The emergence of the Internet has led to innovative software that further assists executives in more closely and carefully monitoring outcomes in real time as a strategy is being implemented. This allows executives and managers to have *dashboards* on their computers, laptops, or mobile devices that further enhance their ability to control and adjust strategies as they are being executed.

A central goal with any strategy is the survival, growth, and improved competitive position of the company in the face of ever-accelerating rates of change. Executives, as they seek to control the execution of their strategy, are also increasingly aware of the need for innovation and entrepreneurial thinking as a companion to their emphasis on control as a means to accomplish these key goals in the face of rapid global change. The next chapter will examine innovation and entrepreneurship.

Key Terms

balanced scorecard, *p. 416*

dashboard, *p. 418*

implementation control, *p. 412*

milestone reviews, *p. 414*

premise control, *p. 410*

special alert control, *p. 412*

strategic control, *p. 409*

strategic surveillance, *p. 412*

strategic thrusts or projects, *p. 414*

Questions for Discussion

1. Distinguish between strategic control and operating control. Give an example of each.
2. Select a business whose strategy is familiar to you. Identify what you think are the key premises of the strategy. Then select the key indicators that you would use to monitor each of these premises.
3. Explain the differences between implementation controls, strategic surveillance, and special alert controls. Give an example of each.
4. Why are budgets, schedules, and key success factors essential to operations control and evaluation?
5. What are the key considerations in monitoring deviations from performance standards?
6. How is the balanced scorecard related to strategic and operational control?
7. Read the first chapter discussion case. How would strategic controls be used to help those three situations?
8. What is a dashboard?

Chapter 13 Discussion Cases

BusinessWeek

Case 13-1: Big Blue Wields the Knife Again: *To Wrest Profits from Its Ailing IT Services Business, IBM Is Slashing Its North American Workforce and Finding Efficiencies Overseas*

- 1 On the surface, IBM seems to be cruising. Its stock is trading near a six-year high, at almost \$106, and its overall financial performance has been improving steadily for more than a year. The company raised this year's per-share earnings forecast after stepping up a stock repurchase plan.
- 2 Yet the company is battling a bugbear that keeps it from breaking out and prevents the stock from really soaring. Ironically, its problem is with the \$48 billion-a-year business that saved it from ruin in the 1990s: IT services. What was once IBM's growth engine seems to be turning into a chronically slow-growing, low-margin drag on the rest of the company.
- 3 Fresh evidence of IBM's trouble with services came May 30, when the company revealed that it had just eliminated 1,573 services jobs, mostly in North America, bringing to 3,023 the total jobs cut in the high-cost region this quarter alone. That's a small percentage of the company's total workforce of more than 355,000. Yet when weighed against rapid growth in low-cost India, where the staff topped 53,000 at the beginning of the year, the cuts underscore the biggest challenge facing Big Blue: the Indian tech industry.

INDIAN RIVALS FORCE CHANGE

- 4 IBM remains the No. 1 tech services company in the world, with 7.2 percent of the market last year, but its share slipped from 7.5 percent in 2005. India's tech services exports grew 32 percent, to \$31 billion last fiscal year, ended in March, and are expected by analysts to top \$60 billion by 2010. With a combination of low labor costs, high quality, and efficiency in how it handles jobs, the Indian companies have forced IBM and other Western services giants to fundamentally restructure the way they do business and massively shift work offshore. "The Indians are doing to the world's IT processes what the Japanese did to manufacturing," says analyst John McCarthy of Forrester Research.
- 5 IBM's answer isn't as simple as moving more jobs offshore. The company has developed a system that lets it shift work to the areas with available skills at the lowest available costs. The goal is to deliver higher-quality services at competitive prices. "Clearly one opportunity associated with globalization is costs," IBM chief executive Samuel Palmisano told a gathering of stock analysts on May 17, 2007. "You have access to expertise wherever it is in the world—if you have the infrastructure and the relationships to take advantage of it."

CONTINUING TREND

- 6 Job reductions are nothing new for IBM's huge global-services workforce, which has been under the knife continuously in

the past two years. The cuts started when IBM, shocked by very poor results for the first quarter of 2005, began a major restructuring in Europe and the United States that eliminated 15,000 jobs in a matter of months. Ever since then, every few months, a new batch of jobs is trimmed from high-cost countries, including 700 in the first quarter of this year.

The trend is likely to continue. In the first quarter, the largest chunk of the services business, called Global Technology Services, grew a relatively healthy 7 percent, but its operating margin narrowed, shrinking by 2.5 points to just 7.8 percent. In comparison, the top Indian services outfits have operating profits of between 25 and 30 percent.

And their quarterly revenues are growing 30 to 40 percent year over year. IBM "is in a transition," says S. Padmanabhan, an executive vice president at Tata Consultancy Services, India's largest IT services firm. "We have been doing this for over 35 years, and it has taken a lot of intellectual capital to fine-tune the process. It's taking these companies time to reach our level of maturity."

LEANER AND LEANER

Meanwhile, the Indians are taking on larger and larger contracts and doing evermore sophisticated work. Even IBM's seemingly most solid relationships can become unstuck. For instance, when China's Lenovo Group bought IBM's personal computer business two years ago, IBM became a major supplier of services for Lenovo's operations. Yet Lenovo is now undertaking a massive cost-cutting campaign, and, according to a source familiar with the situation, the company has opened up bidding on its effort to integrate all of its operations using run-the-business software from SAP.

Why are the Indian companies able to underprice IBM and still make a much better profit? Partly—geography. The Indians typically employ about 80 percent of their staffs in low-cost countries and place the remaining 20 percent near their clients in the United States and Europe.

To improve its efficiency, IBM has adopted the so-called Lean Operations discipline developed by Toyota Motor for manufacturing cars. It's adapting Lean so it applies to a global service organization, something the top Indian companies began two years ago. The basic principle of Lean Operations is that a company should be making continuous, incremental improvements in its business processes. That's one of the ways IBM figures out where it can eliminate work. The company also keeps a master database, nicknamed "Blue Monster," of all of its services employees. Supervisors use

the information to track who is working on what project and when they'll be available for another assignment. In this way, the company hopes to minimize the amount of time people are between assignments.

MOFFAT'S MISSION

- 12 All of this cost-cutting is the task of Robert Moffat, senior vice president for integrated operations. His goal is to make the Global Technology Services workforce 10 to 15 percent more efficient each year. The key for him is to take costs out of the equation through a combination of workforce globalization, process improvements, and replacing manual labor with software. In a little more than six months, Moffat said at the May 17, 2007, analysts' meeting, he has rolled out the new formula for 22 of IBM's largest clients in seven countries. In some cases, he said, the clients have seen up to a 50 percent

improvement in productivity. Now, Moffat is extending the new system to 600 more accounts.

All of this huffing and puffing over efficiency won't calm the frazzled nerves of IBM's 155,000-strong services workforce. True, there are still abundant employment opportunities in the company. About 30 percent of the people whose jobs are eliminated find other jobs within the behemoth, and, in the first four months of this year alone, IBM hired more than 19,000 people. But a lot of those hires were made in India. For the U.S. workforce, there is always fear that jobs will be lost to foreigners.

For investors, the fear is just the opposite—that IBM won't make the shift quickly enough. Only then will its massive services business be healthy again.

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CASE 13-2: Crunch Time for Boeing: *As an August Deadline Looms for the 787 Dreamliner, Company Executives Insist It's on Target, Despite Supplier Delays*

- 1 All eyes are on Boeing as it begins the final assembly of the first 787 Dreamliner.
- 2 Even Washington Governor Christine Gregoire joined the official ceremony that kicked off the process on May 21, 2007, at the company's sprawling new state-of-the-art aircraft plant in Everett, Washington. A lot is at stake, of course, for all interested parties, including the state. The Dreamliner has notched 568 firm orders from 44 airlines, making it the fastest selling new airplane in aviation history, and it is partly responsible for reviving the once fading fortunes of Boeing's commercial airplane division.
- 3 But now Boeing actually has to begin building the complicated composite jets and still faces the crucial test: seeing if it can make the plane fly. "If there are going to be problems—and every new airplane program has some—it's going to start appearing now and over the next 9 to 12 months," says Richard Aboulafia, aerospace analyst for the Teal Group. "So far, so good. But you can bet that few senior Boeing executives are going to be sleeping well over the next few months."

EXECUTIVE ENTHUSIASM

- 4 Rollout for the first jet is slated for July 8, 2007, and the first flight is scheduled for mid-August, provided the airplane is ready to fly. Boeing's first customer, All Nippon Airways, should receive its first Dreamliner in May 2008. Meeting those deadlines is key, as delivery is when Boeing collects most of its money.
- 5 Boeing executives, as expected, put on a brave face May 21, 2007, and gushed enthusiastically about progress so

far. The large composite fuselage sections, the first set of carbon-fiber wings, and the horizontal stabilizer have all been delivered safely to the staging area at Boeing's stripped-down assembly space. Boeing is transporting the big airplane component parts to Everett on modified 747s, called Dreamlifters, from factories in Japan, Italy, South Carolina, and Kansas.

"Today, we begin assembling the first airplane of a new generation," boasted Scott Strode, 787 vice president of airplane production. "The 787 not only will revolutionize air travel, it represents a new way of building airplanes."

CONTINGENCY PLAN

As final assembly has drawn closer, people inside Boeing say some challenges are emerging. The actual snapping together of enormous composite parts built by different companies in Asia, Europe, and North America is the first test of this new system. Boeing's supplier partners did not install many of the electronic and hydraulic systems into their respective fuselage sections as planned. Boeing is shifting workers—known as "travelers" in airplane production argot—from other airplane programs, such as the 777 Jetliner, to make up for the unfinished work. That is sure to boost overtime pay, push workers harder, and create havoc as employees frantically try to catch up on the unfinished work.

But on May 21, Strode downplayed some of the production challenges, saying they were typical of a new airplane program. He said suppliers did not integrate the systems in the first fuselage sections as they focused on producing their first composite structures. He said the company has it under

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control. In the future, however, fuselage sections will come stuffed with the electronics and hydraulic systems, so that Boeing workers will just have to connect the wiring and piping to the other sections and then snap the plane together.

- 9 Strobe said one challenge is that fuselage sections are currently being held together by temporary fasteners. The cause, he said, is a global shortage of fasteners—the bolts that hold the airplane together—as a result of the boost in jet production at Boeing and Airbus. Mike Bair, Boeing vice president of the 787, had said earlier during a conference call with reporters that “the fastener industry is stretched tighter than a rubber band.”

SUPPLIER DELAYS

- 10 The other continuing challenge has been production delays from Italy. Alenia Aeronautica, which builds the 62-foot composite horizontal stabilizer and the center fuselage, had fallen behind on creating its first barrel section. This caused concern for people in the 787 program. Although Alenia Aeronautica delivered its horizontal stabilizer early, the quality of the part had many defects that Strobe said were caused by the early manufacturing challenges Alenia faced. He says the Italians now have a handle on the production issue and expects to see much improved stabilizers in the near future. But such design and manufacturing fixes cost more money.
- 11 In an earlier quarterly financial call with analysts, Boeing executives said the company is spending an additional \$1 billion to cover contingencies that could occur as production of the 787 gears up. Some of that money is earmarked for the development of the 747-8 Intercontinental.
- 12 Still, the making of the 787 represents a new way to produce commercial jetliners, and the changes could be positive for Boeing, if not the entire industry.

PRODUCTION LINE

The biggest change is the outsourcing of much of the manufacturing work to global suppliers. The Japanese are making the composite wings and wing box. Dallas-based Vought Aircraft Industries and Spirit AeroSystems of Wichita, Kansas, are making fuselage and nose sections. Italy’s Alenia is making the center fuselage and the horizontal stabilizer.

The 787 production system has been designed using lean manufacturing techniques honed on other Boeing airplane programs, resulting in a simplified final assembly process. A huge advantage of using composites on the airframe is that Boeing and its suppliers build the wing or the nose section in just one unified piece. This means the final assembly workers will only have to fasten together six major items—the forward, center, and aft fuselage sections, the wings, the horizontal stabilizer, and the vertical fin, Boeing officials say. That drastically cuts production time compared to other current programs, where workers have to attach many more component parts to the different aircraft sections.

Portable tools, designed with ergonomics in mind, move the assemblies into place. No overhead cranes are used to move the different airplane structures. Although the first airplane will take about seven weeks to assemble, executives say production flow time will increase to where mechanics in final assembly are producing a Dreamliner in six days. Ultimately, the goal is to roll out a 787 every three days.

Source: Reprinted with special permission from Stanley Holmes, “Crunch Time for Boeing,” *BusinessWeek*, May 22, 2007. Copyright © 2007 The McGraw-Hill Companies.

Case 13-3: Unproductive Uncle Sam: To Boost Performance, Government Needs to Measure and Set Targets for Its Programs

- 1 The past decade has been one of America’s finest in terms of productivity growth. Yet a crucial 20 percent of our economy appears to have been left behind: government. Despite numerous attempts at management reform and a panoply of opportunities to transfer best practices between the private and public sectors, government seems to have missed out on the productivity boom seen in the private sector. That’s a shame, because while there are important differences between the public and private sectors, government does an abundance of grant making, procurement, property management, customer service, and other jobs ripe for productivity improvement.
- 2 So just how far behind is government? We can’t say with any certainty because the Bureau of Labor Statistics, which used to measure its productivity, stopped in 1996. Our analysis shows that government kept up with the private sector until

1987, when a gap emerged. It went on widening until 1994, when the data ran out. We believe it has widened further still.

This public productivity deficit couldn’t come at a worse moment. Americans today say they want to limit the cost of government, but they also want more homeland security, better-managed borders, more disaster readiness, extra help in the face of global trade, cheaper health care, and better public schools. These demands sit uncomfortably with our budget deficit and our natural desire not to pay more taxes. In short, we are stuck in a productivity bind: we want more output but no more input.

In a white paper our firm, McKinsey & Co., published this week, “How Can American Government Meet Its Productivity Challenge?”, we map out an agenda inspired by lessons from the private sector. Having studied productivity growth around the world for more than 15 years, the McKinsey Global

Institute has shown that competitive intensity at the industry sector level is the prime catalyst for productivity growth. It forces managers to improve performance and allows innovation to diffuse quickly across the sector.

- 5 Make no mistake, government is a sector—structured and regulated in ways that can foster or stunt productivity growth at its “firms” (agencies). And while it may not be possible to use competition in government to exert pressure to perform, Congress and the White House or state legislators and governors have plenty of tools to improve public agencies.
- 6 The most natural tool is the budget process, but the reality in Washington and many state capitals is that performance remains a secondary factor in budget decision making. Congressmen fight for their district or their passions, and accordingly, agencies privately admit that you budget for what you can get, not what you need or deserve. Yet when government performance, or the lack thereof, is highly visible (witness the response after Katrina), everyone takes action.
- 7 That’s why we think a radical new approach to transparency of how government programs are performing is required. Only this will push Congress to exert performance pressure on government agencies. First, government should measure public productivity again and set national targets for productivity growth against which everyone can be held accountable. Next, political leaders should create a body we call “Gov-Star,” modeled after fund-rating agency Morningstar Inc., to provide completely independent measurement of government program performance; to develop comparable program data over time—between programs, between governments, and with the private sector; and to make the data and their implications clear to appropriators and citizens.
- 8 But in government, pressure without support can yield demoralization and underperformance. So we also need to adopt key transformation initiatives: incentives that allow agencies to reinvest savings to the top line of programs; the introduction of chief operating officers at public agencies, to be appointed based on management experience in government or leading corporations; and a SWAT team of management experts at the Office of Management and Budget to help lagging agencies.

It’s a long list. But if we want our government to do more and do better, we must take public management and productivity more seriously. Otherwise, citizen demands for effective government in the future will go unheeded. **9**

Source: Reprinted with special permission from Nancy Killefer and Lenny Mendonca, “Unproductive Uncle Sam,” *BusinessWeek*, August 14, 2007. Copyright © 2007 The McGraw-Hill Companies. Nancy Killefer, a senior partner at McKinsey & Co., is former Assistant Treasury Secretary for Management. Lenny Mendonca is a senior partner and chairman of the McKinsey Global Institute.

Questions for Discussion

Case 13-1: IBM

1. What is the strategy IBM is monitoring and controlling within its IT business?
2. What implementation controls (measures) and industry comparison measures does IBM appear to be using to evaluate and control its ongoing implementation and execution?

Case 13-2: Boeing

1. How is Boeing using milestones and other implementation measures to gauge its 787 Dreamliner strategy’s successful implementation?
2. How could a dashboard approach help the vice president for Dreamliner production control strategy execution?
3. What complications do so many outsourced partners create for Boeing?

Case 13-3: Uncle Sam

1. How might strategic and operational controls help increase implementation effectiveness among government programs?
2. Is it realistic to expect that doing so is feasible?
3. How would you apply strategic control or operational control to a specific government program?