

Effective Strategic Initiative (SI) Management: A Must for a World-Class Performing Organization

Presented: April 2008



Balanced Scorecard Framework

The identification, prioritization, definition and management of strategic initiatives is a critical component of the Balanced Scorecard framework.

Within each perspective:

- What are the few essential objectives that must be met to achieve our strategy (12-15) ?
- How do we define success in the attainment of our objectives (1-1.5 per objective) ?
- How far and how fast do we need to go in attaining our objectives (3-5 years) ?
- What are the few critical things we need to do to realize our targets (10-15) ?





Strategic Initiatives

Strategic Initiatives should represent the most significant line of business or cross line of business projects that are planned to improve performance.

- The use of Strategic Initiatives will help to:
 - Bring discipline and rigour to planning and execution
 - Ensure that the timing and achievement of milestones and deliverables are agreed upon and managed
 - Tie investment of CAPEX and OPEX to specific and measurable outcomes
 - Enable issues to be addressed and resolved proactively, before they jeopardize outcomes

- Characteristics of effective Strategic Initiatives
 - Few Not Many - the “right” number will depend on organizational maturity and purpose
 - Strategic Impact - Linked to corporate BSC Measure / Objective
 - “Organization wide” - visibility of CEO and senior management team
 - 6 - 15 month duration
 - Formally Documented using a standard template
 - Accountability Clear
 - Reported on and discussed Monthly by Leadership Team
 - Resources Allocated (Capital or Operating \$\$, FTE)



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Balanced Scorecard Framework

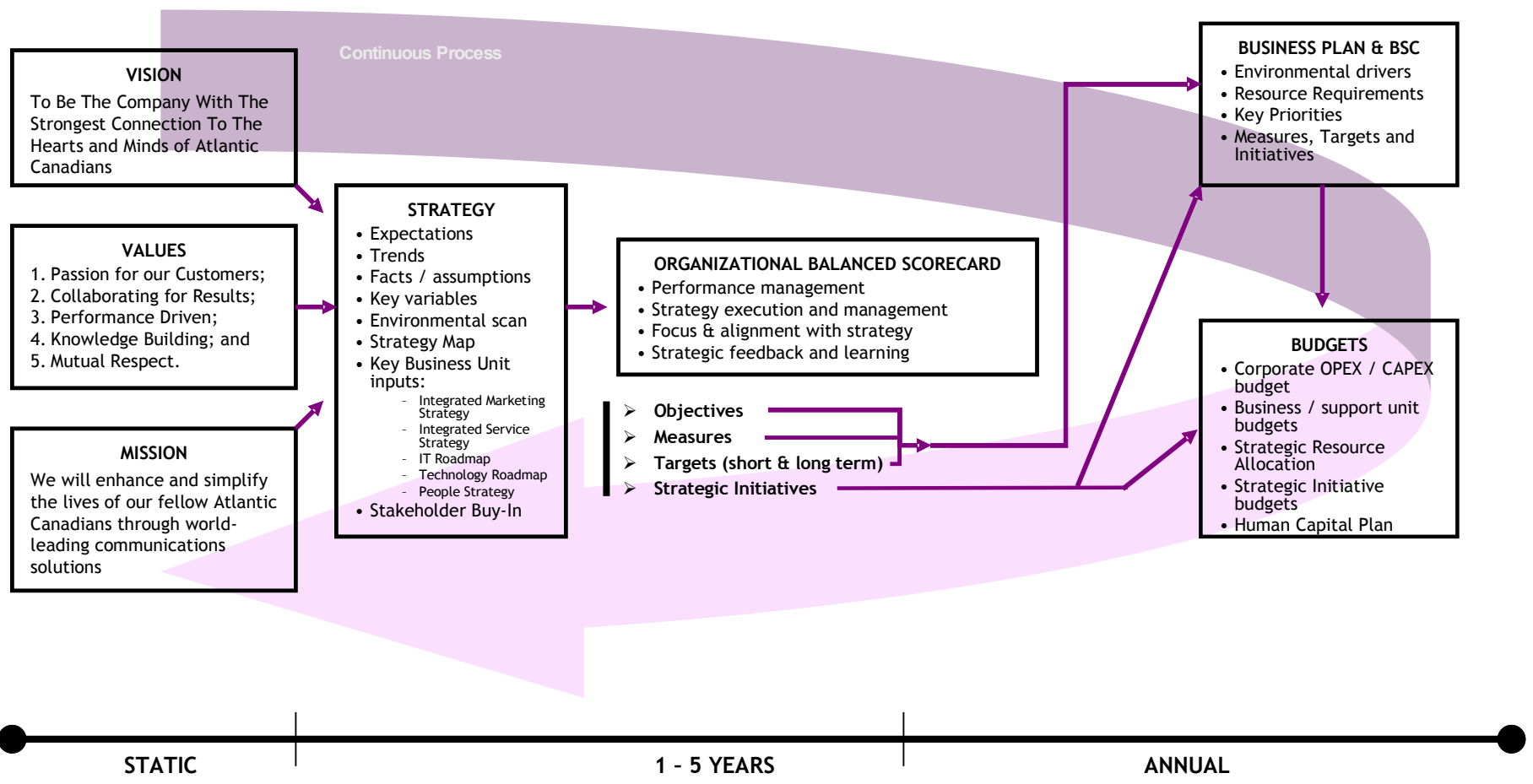
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1. Strategic Initiative Development Process

SI Development Process needs to be incorporated into Business Planning Process, including allocation of “strategic” vs “run the business” budgets





2. Strategic Initiative ID & Prioritization

In the context of the planning process, organizations must identify Strategic Initiative candidates and prioritize based on strategic impact

- There will be numerous initiatives competing for funding. A Best Practice is to use a workshop approach to initially prioritize the key strategic initiatives
- This represents the first round of initiative selection
- In advance of the workshop, qualitative and quantitative information on each potential initiative is distributed to enable informative discussions and decision making at the workshop
- Good descriptions of the impacts of the initiatives will assist in understanding the trade-offs in the initiative prioritization process



2. Strategic Initiative ID & Prioritization

In order to ensure everyone has an understanding of each of the initiatives, each VP provides an overview of their proposed initiatives

Strategic Initiative Prioritization and Selection Workshop															
Initiative Number	Initiative Name	Executive Sponsor	VP Group	Multiple BUs Involved? (Y/N)	BSC Objectives	BSC Measures	Start Date	End Date	CAPEX REQUIRED	OPEX REQUIRED	REVENUE IMPACT	OPEX Savings	Corp or VP	Priority (A,B,C,D,E)	Comments

- Brief description of the initiative
- Comment on how it supports strategic agenda
- Briefly describe the expected impact or outcome (link to BSC objectives, measures and targets)
- Describe what commitments have been made
- Capital and OpEx requirements
- Capacity and Capability Requirements - people and skills
- Revenue impact
- Expense impact
- Assign a Priority (A,B,C,D)
 - A = Committed
 - B = High Strategic Impact
 - C = Medium Strategic Impact
 - D = Low Strategic Impact

VP Area	# of Init	Time__
• IT	11	55 min
• Client Services	1	5 min
• Billing	3	15 min
• Customer Service	5	25 min
• Sales & Marketing	8	40 min
• Human Resources	4	20 min
• Communications	3	15 min
• Finance	4	20 min
Total	39	3 hr 15



3. SI Definition and Approval

After the key initiatives are approved “in principle”, Strategic Initiative candidates re more clearly defined before obtain final approval from Executive

January-06

g	Title of the Strategic Initiative	SI# 00
Executive Owner:		Initiative Primes:
Anticipated Start Date:		Anticipated End Date:
Initiative Status :	Update the status of the initiative for the current month	

g	Related BSC Measure:	Measure	YTD Target:	YTD Actual:
g	Budget Status:	Give status on original budget plan		

Milestones, Deliverables, Due Dates					
Status	Milestones	Deliverables	Due Date	Status	
g	Milestone One	Deliverable One	Sep-06	Completed	bl
		Deliverable Two	Sep-06	Will not Complete or Cancelled	r
		Deliverable Three	Sep-06	On track	g
		Deliverable Four	Sep-06	In Jeopardy/Delayed	y
	Milestone Status:	Measure of Success (YTD):	Target:	Actual:	g
		Overall status of the milestone			
g	Milestone Two	Deliverable One	Sep-06	Completed	bl
		Deliverable Two	Sep-06	Will not Complete or	r
		Deliverable Three	Sep-06	On track	g
		Deliverable Four	Sep-06	In Jeopardy/Delayed	y
	Milestone Status:	Measure of Success (YTD):	Target:	Actual:	g
		Overall status of the milestone			
g	Milestone Three	Deliverable One	Sep-06	Completed	bl
		Deliverable Two	Sep-06	Will not Complete or	r
		Deliverable Three	Sep-06	On track	g
		Deliverable Four	Sep-06	In Jeopardy/Delayed	y
	Milestone Status:	Measure of Success (YTD):	Target:	Actual:	g
		Overall status of the milestone			

Upcoming Major/Significant Milestones : Explain any near term milestones (next month) that will be occuring and whether they are on track



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Title of the Strategic Initiative

SI# 00

Executive Owner:
Anticipated Start Date:

Initiative Primes:
Anticipated End Date:

Description

Initiative Description / Scope and the associated BSC Objective and Measure it is intended to influence:

Related Initiatives

Milestone Measures of Success

Key Risks to Successful Implementation and Mitigation Activities

Describe Internal Impact (employees / processes) of this Initiative

Describe External Impact (customers / suppliers / shareholders) of this Initiative

Resource Allocation Requirements

Capital & Operating Budget (\$000)	2006	2007	2008	Bdgtd
Capital Spending Profile (Incremental \$)	0 K	0 K	0 K	Y
Operating Budget Spending (Incremental \$)	0 K	0 K	0 K	Y
Operating Budget Savings (Incremental \$)	0 K	0 K	0 K	Y

Investment Summary (\$000)	2006	2007	2008
Revenue (incremental)	0 K	0 K	0 K
Revenue (retained)	0 K	0 K	0 K

Key Initiative Resources (Top 3 Involvement)	%	Explanation of Time Allocation
1		
2		
3		



4. SI Reporting & Process Management

A process must be established to document and manage the Strategic Initiative Reporting and Management Process

- Assign single senior leader accountability/ownership for each initiative
- Manage development and reporting process through OSM or similar function
- Establish Change Control (governance) process to deal with changes or revisions
- Provide training and resource materials to SI owners and primes
- Educate stakeholders on purpose of monthly reporting
- Promote “pro-active” identification of issues / assumptions
- Communicate initiatives and progress updates throughout the organization
- Ensure a post-mortem on each initiative to confirm outcomes



4. SI Reporting & Process Management

Set-up monthly reporting routine and establish key dates and primes for reporting and updates

Results Month	Workday 6 SI Templates Updated	Workday 8 Strategic Initiative Review Call	Workday 13 All Scorecards Due (Corp, VP, Dir)	Scheduled MCM Scorecard Review
December	n/a	n/a	18-Jan	24-Jan
January	10-Feb	12-Feb	19-Feb	27-Feb
February	8-Mar	12-Mar	19-Mar	20-Mar
March	8-Apr	10-Apr	17-Apr	24-Apr
April	8-May	12-May	19-May	22-May
May	9-Jun	11-Jun	18-Jun	19-Jun
June	9-Jul	11-Jul	18-Jul	24-Jul
July	11-Aug	13-Aug	20-Aug	21-Aug
August	9-Sep	11-Sep	18-Sep	18-Sep
September	8-Oct	10-Oct	20-Oct	23-Oct
October	10-Nov	13-Nov	19-Nov	20-Nov
November	8-Dec	10-Dec	17-Dec	18-Dec
December	12-Jan	14-Jan	21-Jan	22-Jan

Time	Duration	Objective	Initiative Reporters
1:00	20 min	Review Initiatives: 1, 2	John Fagner
1:20	20 min	Review Initiatives: 3, 7	Nancy Vautour-Niles
1:40	10 min	Review Initiatives: 4	John Hand
1:50	10 min	Review Initiatives: 5	Tim Reid
2:00	10 min	Review Initiatives: 6	Andrew Smith
2:10	10 min	Review Initiatives: 8	Cynthia Kelly
2:20	10 min	Review Initiatives: 9	Don MacKay
2:30	10 min	Review Initiatives: 10	John Pitt
2:40	10 min	Review Initiatives: 11	Dan Nordqvist
2:50	10 min	Review Initiatives: 12	Barb King
3:00	10 Min	Review Initiatives: 13	Joan Power-Bannister
3:10	Adjourn		



4. SI Reporting & Process Management

Incorporate SI Status updates into monthly Executive Meeting agenda's

Senior Executive Team Monthly Performance Review Meeting Agenda		
Agenda Item	Prime	Description
1. Balanced Scorecard Review	D. Smith	Review of past month and YTD performance against BSC measures and projection of YEF trending. Highlight potential problem areas. Review progress on Action Plan and identify any new actions necessary to bring performance on track.
2. Financial Overview	R. Henderson	Review of past month and YTD performance against target, and YEF for: revenue growth, gross profit growth, expense growth, EBITDA, operating margin, net income growth, capital intensity, EPS, cashflow and ROIC/EP.
3. Segment Analysis		
3A. <i>Consumer</i>		Review of past month and YTD performance against target for overall consumer segment and for each product line below. In addition, provide a brief marketplace assessment to provide context for discussion
Strategic Initiative #1	D. Pond	Provide update on progress against Strategic Initiative #1: Own the broadband home to capture new growth, and maximize the bundle to defend existing revenues
3B. <i>SMB</i>	L. Watson	Review of past month and YTD performance against target for overall SMB segment. Provide a brief discussion of churn and pipeline for key initiatives (what's in the pipeline, estimated probability of success, estimated size, past month's success rate)
Strategic Initiative #2	L. Watson	Provide update on progress against Strategic Initiative #2: Become the trusted ICT advisor to the SMB market with integrated solutions driven through enhanced channels
3C. <i>Enterprise</i>	H. Cain	Review of past month and YTD performance against target for overall Enterprise segment. Provide breakdown of % retention, new customer wins (who, annual estimated spend), lost customers (who, why, estimated annual spend), and average revenue per enterprise customer (reprice implications). Provide update on pipeline.
Strategic Initiative #3	H. Cain	Provide update on progress against Strategic Initiative #3: Serve the enterprise market in key ICT verticals by innovating with our customers and outperforming competitors
3D. Strategic Initiative #4	R. Dryden	Provide update on progress against Strategic Initiative #4: Non-Organic Growth
4. Expense Management Analysis		
Expense Variance by Area	R. Henderson	Review of past month and YTD performance against target for each major cost area
Strategic Initiative #5	G. Toner	Provide update on progress against Strategic Initiative #5: Redefine the way we work to reduce costs and safeguard our future
5. Capital Investment Program		
Budget Analysis	R. Henderson	Provide brief overview of past month and YTD spending against target
Strategic Initiative #6	G. Lund	Provide update on progress against Strategic Initiative #6: Accelerate the IP revolution to transform our business model
6. Investment in New Skills	D. Rathbun	Provide update on progress against Strategic Initiative #7: Invest in the new skills required to grow and transform our business.



4. SI Reporting & Process Management

Utilize standard reporting template and colour coding to ensure quality and consistency of updates

Strategic Initiative (SI) Overview

February-08

g	RuralNet Commercialization	SI# 03
Executive Owner:	Greg Smith	Initiative Primes: Bob Watson
Anticipated Start Date:	November-07	Anticipated End Date: December-08
Initiative Status :	Progress to YE Rev targets continues to be on track. Analysis for Service Corp on \$10M in revenue opportunities has been shared with Phil Smiths and we are told it was well received - further discussion to occur at March Steering Committee meeting. Further progress has been made with Altern to develop secondary service (alternate access) and resiliency services. However, there are concerns about delays at new Smith Road Data Center and our readiness to offer NHS services.	

r	Related BSC Measure:	RuralNet Revenue	YTD Target:	\$1.4M YTD Actual: \$1.14M
g	Budget Status:	On Target		

Milestones, Deliverables, Due Dates					
Status	Milestones	Deliverables	Due Date	Status	
g	Expand use of RuralNet	Deliver Exiting services over Ruralnet (physical link, processes in place to provision)	(Mar-08) Feb-08	Delayed	y
		Upgrade RuralNet to Carrier Network (NPI)	Oct-08	On Track	g
	Milestone Status:	Measure of Success (YTD): # of NHS services offered to GLHLM	Target: 0	Actual: 0	g
		Ability to deliver NHS services now exists and process work is largely completed. However, delays in fully completing Data Center build could impact ability to provision services.			
g	Increase number of users on RuralNet	Turn-up RuralNet services to remaining 500 locations	Jun-08	On Track	g
		Deliver RuralNet to new medical locations - e.g doctors offices, pharmacies, labs, medi-centres, etc.	Dec-08	On Track	g
		Deliver RuralNet to new commercial customers - e.g oil & gas, etc.	Dec-08	On Track	g
	Milestone Status:	Measure of Success (YTD): Number of users	YTD Target: 0	Actual: 0	g
		Opportunities to generate >\$10M in RuralNet revenue from public sector have been identified and shared with Phil Smiths. Further discussion pending at March RuralNet Steering Committee meeting.			
g	Increase bandwidth used by existing users of the RuralNet	Deliver applications to increase bandwidth to registry offices (e.g. Autodesk), libraries (e.g. video conf), schools (e.g security, hosting, VoIP), etc.	Dec-08	On Track	g
		Present "close the gap" plan to Governor and other appropriate Governor	Mar-08	On Track	g
		Deliver VoIP services to increase bandwidth	Jun-08	On Track	g
		IncreaseRuralNet usage through Additional funding	Mar-08	On Track	g
		Commercialize offering through standard Product Solutions	Sep-08	On Track	g
	Milestone Status:	Measure of Success (YTD): Annualized revenue generated	YTD Target: 0	Actual: 0	g
		Opportunities to generate >\$10M in RuralNet revenue from public sector have been identified and shared with Barry Gold. Further discussion pending at March RuralNet Executive meeting. Futher discussions held with EPSB on delivery of VoIP over RuralNet. Options to deliver VoIP are under investigation.			

Upcoming Major/Significant Milestones : Process work to order and provision services at Smith Road will be finalized in March and investigation done into site delays. First opportunity to present "close the gap" analysis is on Wed Mar 12 with Dave Gannon and Dennis Zaplinski.



Best Practices

Consider the following best practices in the development of your Strategic Initiative Management Process:

- Incorporate SI Identification, Prioritization, Definition, Selection and Approval into Business Planning Process and incorporate into budgets
- Ensure ownership for each SI is clear
- Take a “staged” approach to SI Selection
- Clearly identify what will not be done
- Ensure managers and employees understand how performance on a metric can be improved
- Standardize and simplify templates and reports, provide training and education and establish a governance process - leverage what is working well already
- Build predictability and discipline into SI management process
- Incorporate SI Updates into monthly meeting agenda’s and communicate progress broadly