

Delivering on Strategy – Benchmarking your way to better performance

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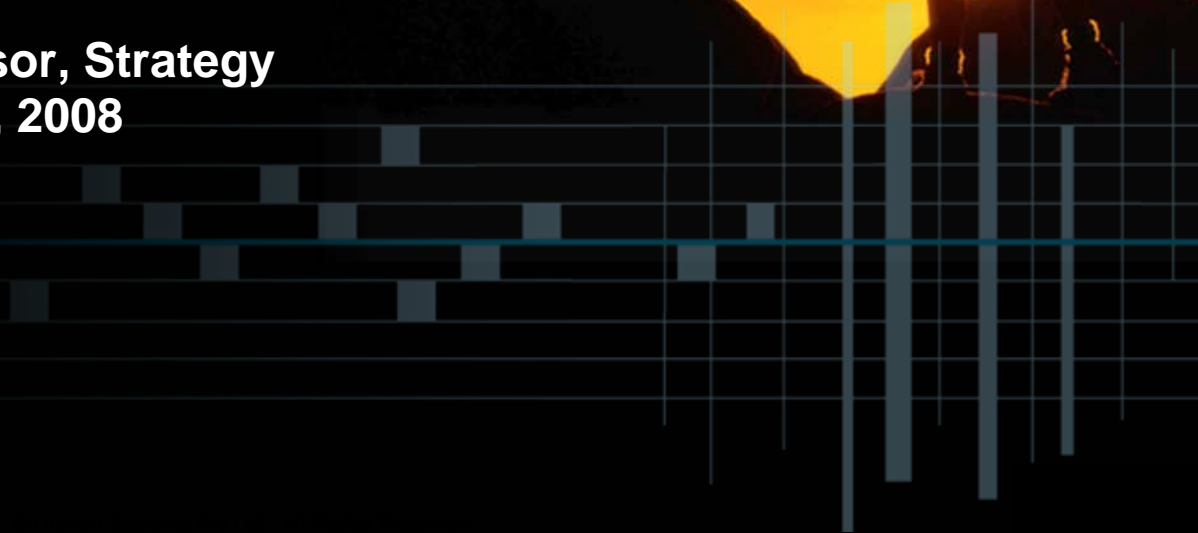
Outline

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- Strategic delivery capability and corporate value
- Using benchmarking to drive improvement of delivery capability
- Three case studies
- Conclusions

“Formulating strategy is a difficult taskexecuting & implementing it...is even more difficult...”

Lawrence Hrebiniak, Professor, Strategy Group, The Wharton School, 2008

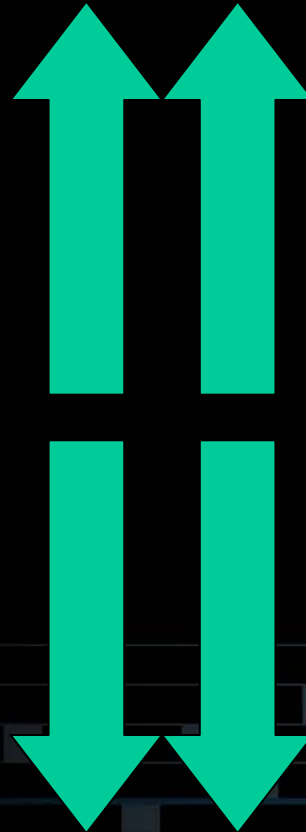




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Yet Strategic Execution Capability is crucial to corporate value

**Demonstrable
ability to
Execute
Strategy**



**Share
Value**



Poor execution drives value down

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● Lend Lease:

- *“...failed in execution and delivery..”* of strategy
- Share value dropped significantly
 - *The Age, 4 February 2004*
- *Despite “a solid run The risk remains execution. Once we see signs of delivery” market analysts would put a higher value on the shares*
 - *SMH 24 June 2005*

● And others:

- *“..execution...remains critical to performance”*
- *“historical deliveryhas not been strong”*
- *“poor execution of their strategy”*



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...and the government sector...

- *“is great at planning projects, but poor at execution”*
 - KPMG, 2006



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Ability to deliver strategy maintains and increases value

CEO of AMP

- *“uncompromising execution of our strategy delivered sustained growth and momentum...”*

Woolworths

- *“ability to execute strategy without an apparent glitch”*

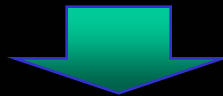
Competitive edge at Rio Tinto

- *“we have the people, execution capability and resources to work smarter, faster and better than our competitors”*

Corporate Success & Survival



Value Creation and Change



**Strategy
Formulation**



*Project & Program
Management
Capability*





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Problems of Strategy Delivery

- Delivery time longer than planned
- Problems not identified early enough
- Ineffective coordination of implementation activities
- Distraction by competing activities
- Key implementation tasks not sufficiently defined
- Inadequate information systems

Al-Ghamdi, 1998



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Corporate governance driving delivery capability

- Stakeholders demanding
 - Value
 - Transparency
 - Accountability
 - Dependability
 - Predictability
 - Demonstrated delivery capability
 - Evidence of how delivery capability compares with that of peers



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Using benchmarking to build delivery capability

- Benchmarking through assessment
 - AIPM's Project Managed Organisation framework
 - IPMA's Project Excellence Model
 - PMI's OPM3®
 - OGC's P3M3
 - Human System's Corporate Practices Assessment
 - Over 15 years of benchmarking data
 - Covers all aspects of PM including
 - Project, Program & Portfolio Practices
 - Business Processes
 - Support Processes
 - Business Results
- Provides a baseline for performance improvement initiatives



Setting a baselineand driving improvement

- Baselines for:
 - Approach – what we say we do
 - Deployment – what we actually do
- Baselines against which to:
 - Design and implement improvement initiatives
 - Measure and demonstrate performance and improvement
 - Maintain good performance
- Evidence to demonstrate strategic delivery capability



Benchmarking through Networking

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Comparing assessment results....

- With peers, within sector, and cross industry to identify opportunities to
 - Improve practices and processes based on comparators
 - Improve execution through consistent deployment
 - Highlight competitive advantages and disadvantages in ability to execute
- Sharing rich experiences across organisations
 - What works....what doesn't
 - Identifying emergent promising practices

Impact of Strategic Execution Capability on Corporate Value and Stakeholder Perception

Case Studies





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Three Case Studies

- Market reward for delivery capability
 - AXA Australia
- Local and global – Embedding PM benchmarking in corporate processes
 - Ericsson
- Building PM professionalism
 - UK Department of Works and Pensions



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AXA Australia Today

- A leader in project management
- Recognised by AIPM as a Project Managed Organisation
- Winner of excellence awards for their projects
- Seen as an employer of choice amongst PMs



AXA Australia.....10 years ago

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- An “*underperforming financial services company*”
 - The Australian, September 1999
- Incoming CEO signalled change in “*implementation and execution*” of strategy
- Focused plan to benchmark, baseline and develop PM capability
- Embedded continuous improvement plan and annual assessments of PM capability



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AXA Australia – Demonstrated ability to execute strategy

- 2003
 - Successful delivery of K5 Strategy Plan
 - Tripling of previous year's profit
- 2004
 - New CEO stresses role of AXA's *"execution capability and delivery reputation"* in lifting performance
- 2006
 - Successful delivery of AXA6 Strategy – 65% increase in enterprise value – a year ahead of target
- 2007
 - Announcing new strategic plan: *"We have established a reputation as a company that sets clear and challenging targets, communicates them transparently and holds ourselves accountable for their delivery"*
 - CEO, Andy Penn – The Australian 22 November 2007



Local & Global: Embedding PM Benchmarking in Corporate Processes

- Ericsson Australia joined Human Systems Asia Pacific Network in 1998
- Impressed with Ericsson Australia's benefit from Human Systems knowledge sharing networks and benchmarking diagnostics, Ericsson AB joined the network
 - To achieve excellence in project and program management across 165 Ericsson companies, in 140 countries
- Bought licence to use customised Human Systems' PM assessment tool internally as Ericsson PEMA (Project Environment Maturity Assessment)



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PM Benchmarking at Ericsson: Internally

- Measuring local improvement in specific areas
 - eg Risk Management and project office support
- Highlighting areas where local offices and teams are falling short of corporate baseline
- Comparing strengths and weaknesses of teams internally – identifying pockets of excellence
- Identifying where direct support is needed
- Leading to better practices across the group



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PM Benchmarking at Ericsson: Externally

- Comparing corporate performance with other companies to help define targets
- *Immediate access to global knowledge base and people who “know what good looks like”*
- Direct access to current research, powerful statistical analysis of benchmark data
- *Benchmarking tools and improvement methods an essential element in continuing customer order delivery success*
- Firm metrics to prove to management and shareholders that extra value has been achieved



Building PM Professionalism in Government: Improved Performance

- UK Department of Works & Pensions (DWP) - members of Human Systems Networks since 2000
- Record of steadily improving assessment scores
- Active involvement in Human System workshops and networking with other member organisations
- Consistent delivery of increased project and program management efficiency
- Recognised by series of awards for PM excellence from OGC, APM and other professional associations



Building PM Professionalism in Government: Building Community

- New challenge
 - Aim: to ensure all DWP projects achieve highest standards for
 - Value, Governance, Change Management, Professionalism
 - By
 - Embedding 'learning from experience' within the organisational culture at all levels – from PM and team to Executive Sponsor
 - Solution
 - Working with Human Systems to establish internal benchmarking and workshop program



Conclusions

- Demonstrated ability to deliver strategy is expected and rewarded by stakeholders
- Enlightened leaders recognise that project and program management are the strategic delivery capability of their organisation
- Global cross industry benchmarking and knowledge sharing enable organisations to baseline, continuously improve and demonstrate their capability to execute strategy

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