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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Beyond Vision and Mission — Reaching Operational and Financial Goals in Governments and NPOs

How to Actually Implement Organizational Strategy

Lynda M. Dennis, CPA

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How to Actually Implement Organizational Strategy

Lynda M. Dennis, CPA

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DEDICATION

For the hours of neglect, brusque phone conversations, and peanut butter-and-a-spoon dinners, I dedicate this book to my husband, David, and our almost grown children, Sean and Kirsten.

About the Author

Lynda M. Dennis, CPA, Ph.D., received her Ph.D. in Public Affairs and her masters degree in Public Administration from the University of Central Florida and her undergraduate degree in accounting and finance from the University of West Florida. She is a Florida CPA and Certified Government Finance Officer and teaches full time at the University of Central Florida in the Public Administration Department. Lynda also serves as a CPE discussion leader for the AICPA in the areas of accounting and reporting for governmental and not-for-profit organizations.

Her experience includes serving in a financial capacity, including chief financial officer, in governmental and not-for-profit organizations primarily in Florida. Her experience also includes working as an auditor for local and Big 4 firms with an emphasis in the insurance, government, and not-for-profit sectors. Lynda also worked as the Special Projects Manager for the Dallas County Community College District and as a grader of CPA exams for the AICPA.

Lynda actively participates in committee and other volunteer work for the AICPA and FICPA and is a frequent speaker at governmental accounting conferences. She has previously published a CPE course on fraud in governmental and not-for-profit organizations for the AICPA and a public finance primer for the American Public Works Association.

The opinions expressed in this book are those of the author and do not reflect the positions of the AICPA or the University of Central Florida.

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INTRODUCTION

Finally, there is a definitive strategy implementation and management resource designed specifically for the CPA advising governmental and not-for-profit organizations. Now, more than ever, it is imperative that CPAs use their business acumen and professional objectivity to help governments and not-for-profits succeed in this era of shrinking resources and escalating customer demands. One of the biggest challenges for the management of these organizations is moving from the strategic plan to the implementation of the strategies in the plan.

Strategy implementation is a strategic process as well as a useful management tool that identifies specific tactics designed to achieve the mission and vision of the organization—whether for the entire organization, department, agency, or program. The guidance and tools in *Beyond Vision and Mission—Reaching Operational and Financial Goals in Governments and NPOs* help to ensure the correct mix of strategic decisions are prioritized, initiated, and managed.

This is a true resource—a wealth of information, combined with distinctive tools that show CPAs how to:

- Use the mission focus to help governments and not-for-profits set realizable goals and impartially resolve priority issues.
- Direct the formulation of sensible strategies for governments and not-for-profits to accomplish their objectives and achieve their goals.
- Develop user-friendly performance measures that actually monitor progress toward goals instead of simply chasing outputs.
- Create easy-to-use tools for governments and not-for-profits to use at each step in the strategy implementation process.

HOW TO USE THIS BOOK

This book was written with the CPA in mind. Specifically, this book is written for CPAs who work for governmental entities or not-for-profit organizations (NPOs) and are assisting their employers with the strategy implementation process. Some governments and NPOs may engage an external CPA firm to assist them on a consulting basis instead. This book is also useful to those firms.

There may be situations in which governments or NPOs wish to engage the CPA firm that performs their financial statement audit to assist with strategic implementation services. Those firms should consider the services they are being asked to perform to ensure that performance of those services will not impair the firm's independence on the financial statement audit. A thorough review of the AICPA's independence requirements under the AICPA Code of Professional Conduct, including Ethics Interpretation 101-3, "Performance of Nonattest Services," under Rule 101, *Independence* (AICPA, *Professional Standards*, vol. 2, ET sec. 101.05), should be performed by the firm. Further, because many governmental and NPO audits are required to be performed under *Government Auditing Standards*, firms should also carefully review the Government Accountability Office's independence requirements in those standards. The GAO's requirements also address the effect on independence of the performance of nonaudit services. Information about Ethics Interpretation 101-3 can be found on the AICPA Web site at <http://www.aicpa.org/members/div/ethics/index.htm>. The GAO's independence requirements (included in *Government Auditing Standards*) and a detailed question and answer document on independence can be found at www.gao.gov/govaud/ybk01.htm.

Each chapter in the book is a step in the strategy implementation process and includes completed worksheets and questionnaires, for illustration purposes. Accompanying the book is a CD-ROM containing the same worksheets and questionnaires, left blank for you to customize.

- Chapter 1 provides an overview of the benefits of strategy implementation and describes how CPAs (internal or external) serving governmental and not-for-profit organizations can assist these organizations in developing workable solutions to implement strategies and to achieve the goals and objectives established in their strategic plans. Also explored are ways in which these entities benefit from strategy implementation and the opportunities for the CPA in the strategy implementation process.
- Chapter 2 (conduct preliminary planning) focuses on planning the strategy implementation process, including selecting team members, developing timelines, spotlighting critical events, documenting progress, and preparing a communication plan.
- Chapter 3 (identify mandates; review mission and values) describes the impact of formal and informal mandates, past performance, stakeholder expectations and relative priorities.
- Chapter 4 (perform environmental scanning) covers the planning horizon, internal and external environment, and critical trends and events.
- Chapter 5 (set goals and establish objectives) describes an impartial approach to reviewing and revising goals for priority issues and translating those goals into quantifiable objects.
- Chapter 6 (review operations/budget and develop strategies) illustrates how to formulate specific strategies that will not overload existing personnel or tax available resources, and describes how to link the budget format with the strategy implementation process.
- Chapter 7 (create scorecard) describes the balanced scorecard approach and how to incorporate strategies to ensure that strategy implementation can be measured. This chapter also lays out a step-by-step process the CPA and the organization can use to integrate the balanced scorecard into the strategy implementation plan.
- Chapter 8 (develop indicators/measures) provides an extensive discussion of benchmarking and how to report and measure service efforts and evaluate accomplishments using efficient measurement techniques supported by objective and accurate data.
- Chapter 9 (implement/integrate plan and scorecard) covers the actual implementation phase, including tracking, monitoring, and keeping team members motivated.
- Chapter 10 (evaluate and modify plan) describes the ways to evaluate the strategic implementation plan, when a redesign is appropriate, and how to proceed with creating strategic alliances.

The appendixes serve as supplemental resources:

- Appendix A: The CPA's Field Guide to Strategy Implementation
- Appendix B: Developing the Mission Statement
- Appendix C: Example Strategy Implementation Plans
- Appendix D: Strategy Implementation in Governmental and Not-for-Profit Organizations (text and PowerPoint Presentation)
- Appendix E: Associations, Organizations, Agencies, and Other Resources
- Appendix F: Glossary

Whether you are an internal or external CPA, your objectiveness and understanding of the economic and operational environment make you uniquely qualified to successfully assist these organizations implement strategies derived from their strategic plans. *Beyond Vision and Mission—Reaching Operational and Financial Goals in Governments and NPOs* presents the guidelines and numerous tools you need to do just that.

CHAPTER 1:

Using Strategy Implementation as a Leadership and Management Tool in Governmental and Not-for-Profit Organizations

Governmental and not-for-profit organizations constantly face increasing demands for services when already limited resources are inadequate to address existing needs. The altruistic nature of governmental and not-for-profit organizations leads them to give serious consideration to funding, or in some other way addressing, requests for additional goods and services that may be inconsistent with their organization's mission.

A shared vision of the organization's place in the community and a long-term plan to realize it can focus elected officials and community leaders on lasting solutions rather than immediate concerns. Linking the immediate challenge of meeting constituent demands with a vision of the organization in the future is critical to the continued success and viability of governmental and not-for-profit organizations. To this end, a number of governmental and not-for-profit organizations have developed strategic plans to identify decisions and actions to guide them in fulfilling their mission.

This chapter describes how CPAs (internal or external) serving governmental and not-for-profit organizations can assist these organizations in developing workable solutions to implement strategies and to achieve the goals and objectives established in their strategic plans. Also explored are ways in which these entities benefit from strategy implementation and the opportunities for the CPA in the strategy implementation process. Internal CPAs are well aware of how past decisions affect the current condition of the governmental and not-for-profit organizations they serve. Likewise, they are able to discern the prospective impact of prior and current decisions on the future operations in these organizations. In many cases, external CPAs are also aware of past actions and their effect on current operations of the governmental or not-for-profit organizations they serve. This knowledge is critical to the development and implementation of successful strategies in governmental and not-for-profit organizations.

Generally accepted auditing standards related to independence promulgated by the AICPA and Government Accountability Office (GAO) may prohibit external CPAs from assisting their governmental and not-for-profit audit clients in strategy implementation. Additionally, these independence standards may prohibit the internal CPA acting in an internal audit capacity from assisting in strategy implementation efforts. Before accepting strategy implementation engagements, the external CPA and the internal CPA in an internal audit capacity must carefully consider the independence rules of both the AICPA and the GAO.

Exhibits at the End of This Chapter

Exhibit 1.1 Strategy Implementation for a Governmental Organization: Patrol Division of a Municipal Police Department

Exhibit 1.2 Strategy Implementation for a Not-for-Profit Organization: Social Services—AIDS/HIV Prevention

JUST WHAT IS MEANT BY STRATEGY IMPLEMENTATION?

This book focuses on the CPA's role in the strategy implementation process in governmental and not-for-profit organizations. *Strategy implementation should not be confused with strategic planning.* In strategic planning, organizations gather information to develop and explore strategic alternatives to achieve their mission. The end result of this process is a strategic plan that often sits on a shelf collecting dust. This is especially true in governmental and not-for-profit organizations, where staff may be limited and focused on delivering quality services with inadequate resources. Simply stated, strategic planning is a process that results in decisions and actions to guide an organization. As such, strategic planning encompasses:

- A set of concepts.
- Procedures.
- Tools.

Strategy implementation is a strategic process as well as a useful management tool when properly implemented, executed, and evaluated. As a strategic process, strategy implementation is the “action plan” to achieve an organization's mission and vision that typically result from strategic planning initiatives. Strategy implementation identifies specific tactics designed to achieve the mission and vision of the governmental or not-for-profit organization. It also establishes targeted time frames in which the related strategies will be accomplished and identifying individuals to be responsible for the various tactics. Therefore, as a management tool, strategy implementation helps improve day-to-day operations as well as the overall efficacy of the governmental or not-for-profit organization.

Strategy implementation involves developing, measuring, and evaluating action plans. These action plans usually incorporate decisions developed in the strategic planning process. Strategy implementation occurs in the following phases:

- Formulation.
- Implementation.
- Evaluation.

Strategy implementation contemplates not only the development of action plans, but also the design and integration of effective performance measures. As such, strategy implementation is a tool for leadership and management of governmental and not-for-profit organizations to better manage their organizations. Using strategy implementation, governmental and not-for-profit organizations better position themselves to achieve their goals, objectives, and mission and to do so more efficiently and effectively.

According to a survey in *Fortune* magazine, less than 10 percent of strategies are effectively executed. Simply developing effective strategies does not ensure long-term success, however. To create real value for an organization, strategy implementation necessitates *involving individuals* at all organizational levels as well as *identifying specific tactics* to achieve the organization's mission.

Strategy implementation ensures the correct mix of strategic decisions is prioritized, initiated, funded, and managed to achieve the strategic vision and mission of the organization. For example, a not-for-profit organization whose mission is to improve the quality of life for hearing-impaired individuals might have a strategy to enlist the cooperation of area agencies to provide training for these individuals. These strategies may or may not have been discussed and developed along with other goals and objectives in the organization's strategic planning process.

Strategy implementation involves developing the action plan to achieve agreed-upon goals and objectives. A typical strategy implementation plan would:

- State the specific actions to be taken and programs to be implemented.
- Identify the persons responsible for the actions and programs.
- Indicate a funding plan or source for the identified actions and programs.
- Establish a time frame for the actions and programs to be completed.
- Develop measures of performance to determine the success and efficacy of the actions and programs.
- Determine a framework to evaluate the success and efficacy of the actions and programs and timing thereof.

There is, however, a *clear link* between strategic planning and strategy implementation. The internal CPA working in and the external CPA advising governmental and not-for-profit organizations can help them differentiate between planning and implementation. In addition, the CPA can work with these organizations to help them develop effective strategy implementation programs. The example in Exhibit 1.1, "Strategy Implementation for a Governmental Organization: Patrol Division of a Municipal Police Department," and Exhibit 1.2, "Strategy Implementation for a Not-for-Profit Organization: Social Services—AIDS/HIV Prevention," illustrate strategy implementation and its relationship to strategic planning for governmental and not-for-profit organizations. As can be seen from these examples, specific components of the strategic plan (that is, mission, goals, and objectives) drive the development of specific strategies. Developing, implementing, and evaluating these strategies provide the framework for the strategy implementation process.



- **Exhibit 1.1 Strategy Implementation for a Governmental Organization: Patrol Division of a Municipal Police Department**
- **Exhibit 1.2 Strategy Implementation for a Not-for-Profit Organization: Social Services—AIDS/HIV Prevention**

(see accompanying CD-ROM)

Another example of a strategic plan that also delineates the relationship between strategic planning and strategy implementation is from the Bureau of Human Resources for the City of Portland, Oregon (see www.portlandonline.com/).

HOW WILL GOVERNMENTAL AND NOT-FOR-PROFIT ORGANIZATIONS BENEFIT?

In strategy implementation, the governmental or not-for-profit organization puts its various strategies into action. These strategies are typically developed in a strategic planning process and assist the governmental or not-for-profit organization in achieving its goals, objectives, and mission.

Ways in which governmental and not-for-profit organizations benefit from strategy implementation are:

- Identification and understanding of the organization's specific strengths, weaknesses, threats, and opportunities.
- Increased focus on mission and vision using specific goal-oriented strategies and tactics resulting in increased effectiveness within the communities they serve.
- Enhanced operational efficiency by focusing on specific strategic objectives.
- Improved day-to-day operations because staff are focused on specific strategic objectives and because specific individuals have been assigned responsibility for certain strategies and tactics.
- Realistic measures to assess performance and progress toward strategic goals and objectives.
- Effective monitoring of service efforts and objective measurement of how these efforts are achieving the mission of the organization.
- Timely adjustment of strategies and tactics using predetermined measures of performance and goal attainment.
- Sense of accomplishment regarding shared vision and mission.

Governmental and not-for-profit organizations are dramatically different from private sector enterprise entities. Numerous elected officials, citizens, tax watch organizations, and special interest groups urge governments to operate more like a business. Funding agencies and the community at large encourage not-for-profit organizations to think outside the box when seeking program funding and to pursue nontraditional services as additional revenue sources.

Generally, governmental and not-for-profit organizations operate within a strict legal environment regulated primarily by the Internal Revenue Code, state statutes, and local charter. In addition, public interest groups pressure elected officials to keep campaign promises, and term limits often create a "short term" mentality in elected officials, making it difficult for the organization to remain focused on a long-term vision. Not-for-profit organizations sometimes focus more on mission than profitability and many times find themselves offering community services without sufficient human, capital, or financial resources.

Mission Dictates

In reality, the mission of public sector organizations is dictated by law, custom, or experience. In the case of not-for-profit organizations, mission is further limited by that which the Internal Revenue Service has approved. Complex laws, rules, and regulations limit not only what goods and services are allowed to be provided by governmental and not-for-profit organizations, but also often prescribe how those goods and services are to be provided. In many cases, limited financial resources force governmental and not-for-profit organizations to seek grant funds to fully or partially offset the costs of providing services. Onerous grant provisions further restrict governmental and not-for-profit organizations (that is, primary grant recipients) concerning services provided, service delivery mechanisms, and target populations.

Operating in View of the Public

Adding to the legally controlled environment is the requirement for most governmental agencies to conduct all or most of their business in “the sunshine” or “full view of the public.” Private sector organizations would not stay in business long if they were required to open their boardroom doors when discussing preferred pricing structures. Nor would customers be publicly notified of a private sector meeting where discussion of the elimination of unprofitable product or service lines is on the agenda. It is the requirement of open government that creates the largest difference in how public and private sector organizations operate. For this requirement alone, it will never be possible for public sector entities to conduct themselves entirely “like a business.”

Public Goods and Services

Unlike the private sector, governmental and not-for-profit organizations are in the business of providing public goods and services. By their very definition, public goods and services are those that the private sector does not or will not provide and that usually affect the health, safety, or welfare of all of society or those most in need. Governmental and not-for-profit organizations provide goods and services to all persons equally without regard to their ability to pay and often ignore accepted principles of cost containment and recovery.

Lack of a Profit Motive and Resource Providers

The private sector is focused on the bottom line and as such is not often willing to provide goods and services for less than the cost to construct or render them. It is left to the public sector to provide those goods and services from which the private sector is unable to generate an acceptable profit margin. Because of the nature of public organizations and public goods, governmental and not-for-profit organizations are authorized to levy taxes, solicit contributions, or to receive grants from other governmental or not-for-profit organizations. As such, the community at large is an “involuntary resource provider” and often unwilling to provide any more resources than deemed absolutely necessary for the minimum amount of public sector interference in their lives. This forces public organizations to do without equipment, staff, and other resources that if available increase efficiency and effectiveness in the delivery of public goods and services.

Because the differences between the private sector and the public sector are fundamentally different in a number of key areas, it is naïve to believe governmental and not-for-profit organizations can run themselves “like a business.” Even when involved in enterprise-type activities, governmental organizations sometimes price the goods and services at amounts lower than those commanded by the private sector. Governmental and not-for-profit organizations many times use public revenues (for example, taxes, grants, or contributions) to subsidize rates or prices; this also results in goods and services priced lower than those provided by the private sector. Therefore, the application of the primarily private sector-driven strategic planning and implementation processes require modification if they are to be successful in governmental and not-for-profit organizations.

FACTORS PREVENTING STRATEGIC PLANNING

In many governmental and not-for-profit organizations, administrative functions do not have enough staff because mission-critical or publicly demanded programs of service receive the majority of the limited financial resources. Smaller public organizations often have little or no paid professional staff or full-time executive leadership, leaving the initiation of policy to part-time elected officials or volunteer board members.

For these governmental and not-for-profit organizations, strategic planning is considered a luxury that they do not have the resources to address. Board members, elected officials, leadership, or staff may also have previous experiences with strategic planning that affect their current attitudes about the process. Sometimes officials, leadership, and staff of public organizations are not thoroughly familiar with strategic planning or are unaware of how it can increase efficiency and effectiveness in service delivery. These factors are only a few that prevent governmental and not-for-profit organizations from undertaking strategic planning.

WHY STRATEGIC PLANS FAIL

Identifying mission, and establishing goals, objectives, and strategies to achieve it and to realize a long-range vision are cornerstones of strategic planning. Therefore, if mission and service delivery are legally mandated or publicly expected, and if due to fundamental structure certain actions are prohibited, can the strategic planning process be the same for public sector organizations as it is for private sector organizations? Is it reasonable to expect public officials facing only a few years in public office to focus on a multiyear plan to achieve long-term goals or to achieve a long-range vision for the organizations they serve? When governmental and not-for-profit organizations do not consider these issues and the other fundamental differences between public and private organizations in their strategic planning efforts, they increase the likelihood of failure. Governmental and not-for-profit organizations sometimes use a private sector approach to strategic planning, not understanding that such an approach is inappropriate for public sector organizations.

A number of governmental and not-for-profit organizations have strategic plans taking up space on a shelf in the file room because the strategic planning process was lengthy, acrimonious, or numbing. Other public organizations abandon their strategic plans because they contain too many measures of performance or require too much time to collect and report the data.

HOW ELECTED OFFICIALS AND VOLUNTEERS AFFECT THE PROCESS

Unique to governmental and not-for-profit organizations is the political and volunteer influence in the policy environment. In governmental organizations the number of elected officials, their duties, and terms of office are dictated by some higher level of government charter, local charter, or both. Public officials are elected to serve for a short time and the number of terms they serve may or may not be subject to term limits. The constant concern with re-election leads many public officials to make short-term policy decisions and to ignore the long-term impacts. As such, officials may not be interested in the benefits of strategy implementation.

Fortunately, not-for-profit organizations are not subject to the political uncertainties of their governmental counterparts. Not-for-profit organizations typically use a volunteer board of directors to initiate or adopt policy. In many not-for-profit organizations the executive director or the board of directors is able to select new or replacement members for the board. Board members in many not-for-profit organizations represent past, present, and future leaders of the communities they serve. However, some board members may not be as productive or as progressive as other board members or volunteers within the not-for-profit organization. Executive directors and newer board members may be uncomfortable suggesting replacement of veteran board members with more mission-driven or performance-oriented individuals.

OPPORTUNITIES FOR CPAs IN STRATEGY IMPLEMENTATION

Governmental and not-for-profit organizations increase the chance for successful strategy implementation when someone outside the organization facilitates the general implementation process. An individual or entity unrelated to the governmental or not-for-profit organization has no vested interest in the process and therefore provides objectivity. External CPAs, or internal CPAs serving in an independent capacity, are the ideal candidates to provide advice in strategy implementation because:

- They are impartial and objective with respect to organizational mission, goals, objectives, and politics.
- They understand the economic and operational environment in which the governmental or not-for-profit organization operates.
- Most governmental and not-for-profit organizations trust their CPAs and acknowledge their business acumen.
- In cases of a long-term professional relationship with the governmental or not-for-profit organization, they have a substantial institutional memory that may prove beneficial in the strategy implementation process.

As previously stated, CPAs should review AICPA and GAO independence standards to determine if involvement in strategy implementation would impair their independence. A number of specific opportunities exist for external or internal CPAs to provide advice to the governmental and not-for-profit organizations they serve, such as:

- Reviewing existing strategic planning efforts or documents to:
 - Provide comments and suggestions.

- Evaluate status of existing strategic plan.
- Recommend specific strategy implementation processes and procedures.
- Reviewing mission and vision statements for consistency with current operations and conditions.
- Using knowledge of the control environment, historical results, and operations to assist the organization in the development and prioritization of strategies and tactics.
- Using the understanding of the internal control system to:
 - Identify internal processes or procedures that could benefit from strategy implementation efforts.
 - Determine existing internal processes or procedures that could contribute to strategy implementation efforts.
- Recommending best practices and other professional resources useful in developing meaningful performance measures.
- Providing tools, templates, and other elements to assist the governmental or not-for-profit organization in its strategy implementation initiative.
- Developing realistic funding sources or identifying existing revenues and other resources to finance strategies to be implemented.
- Conducting market research, including demographic and economic information, as needed for identified strategies.
- Assisting in assigning responsibility for various strategies and tactics to appropriate personnel in the governmental or not-for-profit organization.
- Establishing realistic time frames for completion of identified strategies and tactics.
- Developing appropriate performance indicators to measure the progress the governmental or not-for-profit organization is making toward its mission and vision.
- Creating tools to evaluate the progress of the strategy implementation process.
- Monitoring implementation efforts and providing periodic reports to affected stakeholders.
- Evaluating the overall effectiveness of the various strategies and tactics as well as the overall strategy implementation initiative.

EXHIBIT 1.1

STRATEGY IMPLEMENTATION FOR A GOVERNMENTAL ORGANIZATION:

Patrol Division of a Municipal Police Department

Mission Statement:

To maintain a safe environment for all community residents, business owners, and visitors.

Strategy (1)		Goal (1)		Objective (1)		Tactics	Completion Date	Staff	Status/Notes
1	Develop a plan to provide patrol services to all areas.	1	Provide high-level police protection to all citizens.	1	Increase citizen feelings of safety at all times.	1.1 Identify high-risk areas.	June 200X	Sgt. Jones	Worked with county sheriff to identify.
						1.2 Determine number of patrol hours needed based on risk level.	June 200X	Sgt. Jones	In process this report date.
						1.3 Develop patrol plan for all areas.	July 200X	Sgt. Jones	
2	Assign officers to patrol all areas each shift.	1	Provide high quality of life for all citizens.	1	Increase citizen feelings of safety at all times.	2.1 Determine number of patrol officers needed per shift to provide identified patrol hours.	July 200X	Sgt. Smith	
						2.2 Develop budget proposal to request additional staff, equipment, and other items.	July 200X	Asst. Chief Taylor	
						2.3 Assign available officers to patrol areas.	August 200X	Lt. Adams	

Notes:

- (1) This information should be available in the existing strategic plan. In the strategy implementation process, it should only be necessary to review this information for relevance and consistency with the scope of the strategy implementation process and for current emerging issues.

EXHIBIT 1.2

STRATEGY IMPLEMENTATION FOR A NOT-FOR-PROFIT ORGANIZATION:

Social Services—AIDS/HIV Prevention

Mission Statement:

To reduce the incidence of AIDS/HIV in our community and improve the quality of life for individuals and families affected by AIDS/HIV.

Strategy (1)	Goal (1)	Objective (1)	Tactics	Completion Date	Staff	Status/ Notes
1 Develop a plan to identify at-risk populations in the community.	1 Disease-free at-risk populations in our community.	1 Decrease incidence of AIDS/HIV in targeted at-risk populations by 5% per year.	1.1 Obtain demographic information for the community (U.S. Census, etc.).	July 200X	Program director	Obtained via Internet search.
			1.2 Obtain community disease statistics from Centers for Disease Control (CDC).	July 200X	Program director	Obtained in electronic form from CDC.
			1.3 Review data for overlap, risk prioritization, and other factors.	August 200X	Program director	Done July, 200X.
2 Develop and disseminate educational materials to at-risk populations in the community.	1 Disease-free at-risk populations in our community.	1 Decrease incidence of AIDS/HIV in targeted at-risk populations by 5% per year.	2.1 Identify effective media formats for individual at-risk populations.	July 200X	Program director and marketing director	
			2.2 Develop materials in identified formats.	August 200X	Program director and marketing director	
			2.3 Mail materials to appropriate at-risk individuals.	October 200X	Program coordinators	
			2.4 Conduct educational workshops in identified at-risk communities.	Nov. 200X to May 200Y	Program directors and coordinators	
			2.5 Conduct educational workshops for identified at-risk populations.	Dec. 200X to June 200Y	Program directors and coordinators	

Strategy (1)	Goal (1)	Objective (1)	Tactics	Completion Date	Staff	Status/ Notes
3 Collaborate with similar organizations in the community to maximize impact and minimize use of resources.	2 Enhance long-term financial and operational capacity.	2 Increase number of community collaborations by at least five each year for the next 10 years.	3.1 Attend community council meetings each month.	July 200X to June 200Y	Exec. director	Attended July meeting.
			3.2 Identify organizations for potential collaborations.	July to Sept. 200X	Exec. director	Identified two organizations present at July community council meeting.
			3.3 Approach identified organizations for potential collaborations.	Oct. 200X to Feb. 200Y	Exec. director	
			3.4 Finalize at least two collaborations.	March to May 200Y	Exec. director	

Notes:

- (1) This information should be available in the existing strategic plan. In the strategy implementation process it should only be necessary to review this information for relevance and consistency with the scope of the strategy implementation process and for current emerging issues.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 2:

Jump-Starting the Strategy Implementation Planning Process

The scope of the strategy implementation process should be considered when applying the guidance in this book. In some cases (that is, smaller governmental or not-for-profit organizations), the strategy implementation plan may include the entire organization. For other situations, the strategy implementation plan may encompass one or more departments, agencies, or programs of a governmental or not-for-profit organization. The involvement of the CPA as consultant, while dictated by AICPA and Government Accountability Office (GAO) independence standards, will be further defined based on the scope of the strategy implementation process. For example, organizations lacking funding for a consultant might choose to develop and implement a strategy implementation plan using internal staff. Regardless of organization size, organizations with adequate and available funds might elect to use a consultant in the strategy implementation process. Other possibilities include organizations using a consultant for selected portions of the strategy implementation process and internal staff for other portions. The scope of the strategy implementation process and the involvement of consultants in the effort will vary from one organization to another. CPAs involved in the strategy implementation process need to clarify and understand the role they will play and how AICPA and GAO independence standards affect that involvement.

To ensure success, it is crucial to clarify the role leadership expects the CPA to play in the strategy implementation process. As mentioned previously, the role of the external CPA as consultant will need to be determined within the independence standards of the AICPA and GAO. In addition to role clarification for the CPA, top leaders of the governmental or not-for-profit organization should openly commit and clearly express their expectations with respect to the overall strategy implementation plan before further planning occurs.

It is especially important in the role clarification process to also establish the scope of the strategy implementation process. At this phase of the preliminary planning process, it should be determined if the strategy implementation process will encompass the entire governmental or not-for-profit organization or only a department, agency, or program. If the strategy implementation process encompasses less than the entire organization, the

guidance in this and following chapters should be considered, for the most part, within the parameters of the department, agency, or program involved in strategy implementation.

Role clarification, leadership commitment, and specification of expectations are the very first steps in the preliminary phase of planning for strategy implementation. Next, the actual strategy implementation plan can be developed. This chapter provides the guidelines and tools the CPA may use to facilitate and perform tasks associated with the preliminary planning phase. Specific tasks associated with the preliminary planning process are:

- Clarify with the organization’s top leadership the role the CPA will play in the strategy implementation process.
- Obtain commitment of top leadership to the overall strategy implementation process.
- Define specific top leadership’s expectations for the overall strategy implementation process, including a general timeline.
- Select appropriate members for the strategy implementation planning, implementation, and evaluation teams.
- Establish a timeline for the strategy implementation process and tasks to be performed by the strategy implementation team.
- Ensure communication during the entire strategy implementation process (including developing the communication plan and identifying a key communication contact).
- Establish the ground rules at the first organizational meeting of all strategy implementation teams.

Exhibits at the End of This Chapter

Exhibit 2.1 Strategy Implementation Timeline

Exhibit 2.2 Tips to Keep Strategy Implementation on Track

Exhibit 2.3 Checklist of Typical Tasks of the Strategy Implementation Teams

Exhibit 2.4 Sample Job Description for Planning Team Members

Exhibit 2.5 Sample Job Description for Implementation Team Members

Exhibit 2.6 Sample Job Description for Evaluation Team Members

Exhibit 2.7 Questionnaire—Potential Strategy Implementation Team Members

Exhibit 2.8 Summary of Strategy Implementation Team Applicants

Exhibit 2.9 Communication Plan

HOW TO ESTABLISH A TIMELINE TO KEEP THE PROCESS ON TRACK

Once begun, it is imperative the strategy implementation process stay on task and on deadline. Items related to staying on track should be discussed at the first meeting of all involved in the strategy implementation process. Participants should reach consensus on:

- Expected contributions of each team.
- Expected contributions of each team member.

- Time by which leadership and management expect the planning process to be completed.

In these discussions, the strategy implementation team members establish a timeline with definite dates by which they can complete their assigned responsibilities and meet their expected objectives. Timelines should be realistic and take into account holidays, vacations, times of peak workload, and seasonality of service delivery demands.

Additionally, timelines should consider the availability of personnel in light of scheduled retirements, planned family/medical leave, and criticality of normal work load. Exhibit 2.1, “Strategy Implementation Timeline,” provides a form that can be used by the CPA to document the established timeline and to monitor the progress of the various strategy implementation teams. Proper use of this form will indicate when the actual planning phase is potentially out of sync with the overall established timeline, and adjustments in the planning phase process can be made accordingly.



- **Exhibit 2.1 Strategy Implementation Timeline**
(see accompanying CD-ROM)

The strategy implementation process can derail through lack of enthusiasm and resistance to the process. This can occur in strategy implementation team members but most often arises outside the team environment in the general workplace of the governmental or not-for-profit organization. Successful strategy implementation teams recognize this as a potential issue in advance and jointly develop creative solutions to inspire participation in and commitment to the strategy implementation planning process. Exhibit 2.2, “Tips to Keep Strategy Implementation on Track,” contains a list of ideas the CPA may find useful in helping to keep the strategy implementation process on track.



- **Exhibit 2.2 Tips to Keep Strategy Implementation on Track**
(see accompanying CD-ROM)

HOW TO SELECT THE STRATEGY IMPLEMENTATION TEAMS

An effective strategy implementation process typically includes the following teams:

- Planning team.
- Implementation team.
- Evaluation team.

The selection process is the same for each of these teams, and the tools in this chapter can be used generically to determine individuals for all strategy implementation teams. Exhibit 2.3, “Checklist of Typical Tasks of the Strategy Implementation Teams,” provides a description of the typical tasks assigned to the planning, implementation, and evaluation teams involved in the strategy implementation process. When evaluating individuals for inclusion on the various strategy implementation teams, the CPA should try to match personalities and expertise to the tasks associated with each of the teams. CPAs can learn about personality types and leadership styles useful in evaluating individuals for inclusion in any of the strategy implementation teams

(see, for example, two books on the subject: *Please Understand Me II: Temperament, Character, and Intelligence*¹ and *Organizational Behavior: An Experiential Approach*, seventh edition²).



• **Exhibit 2.3 Checklist of Typical Tasks of the Strategy Implementation Teams** (see accompanying CD-ROM)

All individuals are a mixture of basic common personality traits; some traits are more dominant in certain individuals than others. In the strategy implementation process, personality traits should be carefully considered in light of the tasks to be performed. The four basic components of an individual's personality can be grouped as:

- Extrovert or introvert.
- Intuitive or sensation.
- Thinking or feeling.
- Judging or perceiving.

Extroverts are very social individuals and are lonely when not with others, whereas introverts are private and lonely when they are surrounded by people. The extrovert thrives on talking, playing, and working with people, while the introvert pursues solitary activities to recharge.

Intuitive individuals are innovative and highly interested in the future. As such, intuitive individuals tend to be bothered by reality and often look to change or improve the present circumstances. They often act on hunches and are not too interested in following through on assignments or activities. Sensation individuals are almost the exact opposite. They are practical, remember facts, and are deeply grounded in reality. As such, the sensation individual is very accurate in observing details and focuses on actual events rather than what might have been.

Thinking individuals are emotional but do not outwardly show what they are feeling, which causes some people to think they are cold or uncaring. Most often, this personality trait is associated with men. On the other hand, the feeling individual more visibly expresses their emotions, which leads some to think they are caring and warm and others to see them as weak and soft-hearted. Most often this personality trait is associated with women.

Judging individuals prefer closure and often feel a sense of urgency until decisions are made. Because of this they are sometimes seen as jumping to conclusions. They establish deadlines, take them seriously, and expect others to do the same, which leads some to see them as driven or pressured. With these individuals, work comes before all else and they will do whatever it takes to get a job done. In contrast, the perceiving individual does not rush into decisions; they often wait for additional information or for other options. They view deadlines as a "snooze alarm" or a catalyst to start a project rather than complete it. As such, they are sometimes perceived as procrastinators, resistant, or critical.

¹ David West Keirsey, *Please Understand Me II: Temperament, Character, and Intelligence* (Del Mar, Calif.: Prometheus Nemesis Book Company, Inc., 1998).

² Joyce S. Osland, David A. Kolb, and Irwin M. Rubin, *Organizational Behavior: An Experiential Approach* (Upper Saddle River, N.J.: Prentice Hall, 2000).

It is very important that leadership styles be considered when selecting strategy implementation team leaders and assigning individuals to teams. In the strategy implementation process, leadership styles should be carefully considered in light of the tasks to be performed. Leadership styles may be closely aligned with a particular style, demonstrate a combination of leadership styles, or vary with the situation. Basic leadership styles are discussed in the following list:

- *Directive.* This leadership style is control oriented and such leaders “do everything.” They inform subordinates what is expected of them and provide specific guidance regarding what to do and how to do it. To this end, they set performance standards and schedule activities.
- *Supportive.* These leaders are friendly and approachable. They treat subordinates as equals and show concern for their needs and well-being.
- *Participative.* This leadership style is the opposite of the directive style. These leaders include subordinates in decision making by consulting with them and soliciting their suggestions. Subordinate suggestions are taken into consideration by these leaders when making decisions.
- *Achievement-oriented.* These leaders expect subordinates to work to their full potential, and the leaders exhibit a high degree of confidence in subordinates’ abilities. They set challenging goals and emphasize excellence and quality. They also are constantly seeking ways to improve performance.
- *Transformational.* Arising from contingency theory, these leaders are change agents. As such, they make their subordinates more aware of the importance of outcomes. They motivate subordinates to look beyond their own needs to the overall good of the organization.
- *Charismatic.* Also arising from contingency theory, these leaders instill high levels of performance and loyalty in their subordinates. Additionally, they encourage sacrifice and enthusiasm in them. These leaders are strongly committed to their vision for the organization, which stirs the emotions of their subordinates.

Individuals may be selected to participate in either, all, or some of the strategy implementation teams. The CPA should keep the following in mind when considering individuals for inclusion in the strategy implementation teams.

- Members of the *planning team* may also be on the *implementation team* if the number of individuals available to participate in the strategy implementation process is limited.
- The purposes of the *implementation and planning teams* differ, and different personalities and leadership styles are desirable.
- To be able to have objectivity and independence, individuals selected for the *evaluation team* should not also be participants in either the *planning or implementation teams*.

In the strategy implementation process, the *planning team* concerns itself with the “big picture” and linking actions to results throughout most of the planning phase. It is only at the end of the planning phase, when the *planning team* develops specific strategies, that they focus on more detailed aspects of the planning phase. Exhibit 2.4, “Sample Job Description for Planning Team Members,” includes a list of expected tasks and ideal personality traits for the planning team members.



- **Exhibit 2.4 Sample Job Description for Planning Team Members**
(see accompanying CD-ROM)

On the other hand, *implementation team* members are responsible for getting the plan implemented. As such they are more “doers” than “dreamers” and therefore task and results oriented. Exhibit 2.5, “Sample Job Description for Implementation Team Members,” includes expected tasks and ideal personality traits. Some *implementation team* members are also “cheerleaders” to help celebrate implementation and integration successes. Still other *implementation team* members are “troubleshooters” and able to think on their feet when things are unable to be implemented as planned. Individuals on the *implementation team* represent a variety of professional backgrounds and stakeholder interests. Diversity within the *implementation team* is not typically as pervasive as it is in the *planning team* because the focus of the *implementation team* is more limited than that of the *planning team*.



- **Exhibit 2.5 Sample Job Description for Implementation Team Members** (see accompanying CD-ROM)

The *evaluation team* is the “judge” adding value to the entire strategy implementation process. Exhibit 2.6, “Sample Job Description for Evaluation Team Members,” includes expected tasks and ideal personality traits. It is essential for the validity of the evaluation process that the objectivity, professionalism, and technical expertise of *evaluation team* members be of the highest caliber and obvious to all. Individuals on the *evaluation team* should represent a variety of professional backgrounds and stakeholder interests. Diversity within the *evaluation team* with respect to the technical areas represented by performance measures is highly desired due to the nature of the evaluation function. However, because of their objectivity and organizational insight, CPAs serving governmental or not-for-profit organizations may often be the logical choice to conduct or oversee the evaluation process. If the external CPA as consultant is responsible for this portion of the strategy implementation process, independence standards of the AICPA and GAO should be consulted to avoid potential independence issues.



- **Exhibit 2.6 Sample Job Description for Evaluation Team Members** (see accompanying CD-ROM)

In addition to the different focus of the planning, implementation, and evaluation teams, group dynamics are also different. (To read about work group characteristics and behaviors, see *Organizational Behavior: An Experiential Approach*.³)

Working with leadership and management of the governmental or not-for-profit organization, the CPA:

- Provides insight into and objective evaluation of potential members of the various strategy implementation teams.
- Works with leadership and management of the governmental or not-for-profit organization to establish the number of individuals to assign to each of the strategy implementation teams.

³ See footnote 2.

Other Strategy Implementation Team Issues

As part of the preliminary planning, it is appropriate to consider whether a contingency plan to replace strategy implementation team members is needed. In some cases, circumstances unexpectedly change and strategy implementation team members may be unable to continue to participate in their phase of the strategy implementation process. A decision should be made during the preliminary planning phase about whether team members will be replaced if their circumstances change in the future and they are no longer able to complete their phase of the strategy implementation plan. In some cases, replacing team members may not be appropriate, for example:

- The phase of the strategy implementation process for which they are selected to serve is near completion.
- An extensive knowledge of the past progress of the team is necessary for the replacement team member to make informed decisions going forward.
- The progress of the team is disrupted while a replacement team member is sought.

Management should clearly outline duties, lines of reporting, and expectations and communicate them to the staff team leader when asking him or her to serve in the position. If staff team leaders are not part of the organization's management team, particular consideration should be given to whether they should be a voting member of the strategy implementation team. Others selected to serve as strategy implementation team members should be informed of their role as well as the role of the staff team leader when they are asked to serve. The decision of the governmental or not-for-profit organization to use staff as team leaders will depend on the:

- Type and nature of the organization.
- Attitudes of elected officials or board members.
- Expertise, experience, and availability of staff.

In addition to the number of individuals for each strategy implementation team, the CPA can assist the governmental or not-for-profit organization in identifying which stakeholder groups to include on the various teams. The governmental organization should ascertain if the composition of the stakeholder groups in the strategy implementation teams will qualify team meetings as "public meetings" under the appropriate state statute. If so, team meetings will require proper notice to the public and will be open to the public; the public must be allowed to comment in these public meetings (depending on the state's statutory requirements). After determining the number of individuals and stakeholder representation, the CPA can guide the governmental or not-for-profit organization in identifying the types of personalities and leadership styles needed to balance the strategy implementation teams and to increase their potential for success.

Once the composition of the strategy implementation teams is established, the CPA and the governmental or not-for-profit organization next decide how the pool of interested individuals will be created. The CPA can help the governmental or not-for-profit organization determine whether (1) individuals will apply for strategy implementation teams or leadership or (2) management of the organization will target specific individuals for consideration. Voluntary application often increases the chances of or ensures a successful strategy implementation process.

Regardless of the selection process (voluntary application or management targeting), the qualities sought and the timing for the selection process should be communicated to all

levels of the organization. At a minimum, the qualities considered in targeting the specific individuals should be communicated to the staff, officials, and volunteers before the selection process. Communicating the ultimate process and the rationale used to actually select the strategy implementation team members also minimizes the potential for later discontent among employees, officials, or volunteers.

An effective strategy implementation process involves:

- A number of individuals at all levels within the organization.
- Individuals external to the governmental or not-for-profit organization.

Team members selected from within the governmental or not-for-profit organization should represent the various employee stakeholder groups. To further enhance process effectiveness, individuals involved in the strategy implementation teams should represent a variety of professional backgrounds and stakeholder interests. While this diversity and widespread involvement are critical to the success and effectiveness of the strategy implementation process, they can also derail the entire process.

Diversity within the strategy implementation teams:

- Brings about individual opinions and conclusions.
- Provides a comprehensive perspective of the organization's operations.
- Promotes acceptance of the strategy implementation process.
- Encourages enthusiasm in the implementation phase of the process.

Maximizing diversity and involvement of strategy implementation team members while minimizing the potential for failure will help to keep the strategy implementation process on course. To do this, it is necessary to understand personality traits and leadership styles and to use this knowledge when evaluating potential strategy implementation team members. For example, if most of the potential team members prefer to meet in the morning, when they are rested, it might be disastrous to put someone on the team who doesn't speak until he or she has had several cups of coffee.

The most effective strategy implementation teams are those that balance knowledge, enthusiasm, and commitment while ignoring organizational hierarchy. While it might be tempting to staff the *planning team* with movers and shakers, the resulting ideas might have broader appeal and a better chance for implementation success if the team includes doers as well as dreamers.

In addition to personality types and leadership styles, it is necessary to consider the availability of the individuals under consideration for the strategy implementation teams. Being involved in the process may necessitate that some team members work overtime or weekends to complete their normal work assignments. Therefore, the CPA as facilitator should consider:

- The financial impact of overtime.
- The family and other outside personal commitments.

Exhibit 2.7, "Questionnaire—Potential Strategy Implementation Team Members," is a form that should be completed by individuals interested in serving on a strategy implementation team. When all interested individuals have completed the questionnaire (that is, Exhibit 2.7), the CPA can then use Exhibit 2.8, "Summary of Strategy Implementation Team Applicants," to determine who the final strategy implementation team members will be.

The CPA can use the personality types and leadership styles agreed to by the governmental or not-for-profit organization to evaluate potential members of the various strategy implementation teams. Exhibit 2.8 is also useful in linking applicants or targeted individuals to the desired personality types and leadership styles and indicating differences between the desired personality types and those of the applicants or targeted individuals. Where such differences exist, the CPA can determine if the desired balance of the strategy implementation teams will be significantly altered based on the individuals under consideration for selection as team members.

In the event desired personality types and leadership styles are significantly over- or underrepresented, the CPA should work with the governmental or not-for-profit organization to modify the profile of the ideal team member. Then, additional applicants should be solicited and different individuals targeted for consideration as strategy implementation team members.



- **Exhibit 2.7 Questionnaire—Potential Strategy Implementation Team Members** (*see accompanying CD-ROM*)



- **Exhibit 2.8 Summary of Strategy Implementation Team Applicants** (*see accompanying CD-ROM*)

DEVELOPING THE COMMUNICATION PLAN

Designation of a credible and well-respected individual to lead the communication efforts should occur very early in the strategy implementation process. Regular and reliable communication to all levels of the governmental or not-for-profit organization about the progress of the strategy implementation process is critical to its success. Honest and timely communication also increases the effectiveness of the efforts of the strategy implementation teams.

During this phase, leadership of the governmental or not-for-profit organization identifies the methods and frequency of the communications they wish to receive throughout the entire strategy implementation process. If not identified in this phase, the communication methods and frequency to be used with management and employees should be established by the respective strategy implementation teams (that is, planning, implementation, and evaluation). Exhibit 2.9, “Communication Plan,” can be used for designing an effective communication network for all levels of the governmental or not-for-profit organization throughout the strategy implementation process.



- **Exhibit 2.9 Communication Plan** (*see accompanying CD-ROM*)

ESTABLISHING THE GROUND RULES FOR THE STRATEGY IMPLEMENTATION PROCESS

Before the strategy implementation process formally begins, all strategy implementation team members must meet to:

- Discuss the overall process.
- Understand the expectations of organizational leadership.
- Develop ground rules for both meetings and work efforts.
- Establish realistic time frames for the entire strategy implementation process.

During this meeting, the CPA should point out that ground rules apply to everyone and that timelines are to be strictly followed. If leadership or management of the governmental or not-for-profit organization did not identify particular individuals as the staff team leaders, the strategy implementation team will need to first select team leaders and team clerks (or scribes). In governmental organizations, a staff member or a legal representative of the organization should attend the first meeting to inform members of their obligations and limitations under any applicable “sunshine” or “open government” statutory provisions.

Ground rules discussed at this first meeting and reaching consensus on them should not require a significant amount of time. The purpose of the initial planning meeting is to allow team members a chance to get to know each other and to emphasize the cooperative and time-sensitive nature of the strategy implementation planning process. The end result of establishing ground rules is a flexible, somewhat comprehensive, and mutually agreeable set of guidelines for use in conducting the *planning, implementation, and evaluation team* meetings. However, meetings of governmental organizations subject to sunshine or open government laws should be conducted in the manner adopted by the governmental organization or prescribed through laws governing public meetings in their respective jurisdictions.

At a minimum, the following ground rules should be agreed upon:

- Formal minutes should be taken at all meetings. (This will help avoid confusion or misunderstanding.)
- A team member may be absent a certain number of times before a replacement team member is requested. (This will help to establish continuity.)
- Meetings will be no longer than X hours. (This will help keep team members focused on the agenda.)
- There is a limit to the amount of time and the number of times an individual team member may address the same issue. (This will help to keep meetings within the allotted time.)
- Team members will receive a draft agenda and supporting materials at least three days before a meeting. (This will enable team members to be prepared to address the issues at hand.)
- The agenda will be used to conduct each meeting. (This will keep the format and order of business consistent for all meetings.)
- All team members and guests will be treated with professionalism, courtesy, and respect.
- The team leader will have the discretion and authority to ask unruly or abusive guests or team members to leave a meeting.

As discussed in the section of this chapter titled “How to Establish a Timeline to Keep the Process on Track,” expected contributions of team members are also to be discussed at the initial planning meeting. In addition, the timelines and a definite date for the completion of the various strategy implementation projects are discussed and consensus is reached at this meeting.

EXHIBIT 2.1
STRATEGY IMPLEMENTATION TIMELINE

Task #	Task Description	Project Team	Targeted		Actual	
			Start Date	Finish Date	Start Date	Finish Date
I	Preliminary Phase					
1	Obtain leadership buy-in	Preliminary	6/01/X5	6/10/X5	6/01/X5	6/05/X5
2	Solicit team member volunteers	Preliminary	6/12/X5	6/26/X5	6/07/X5	6/23/X5
3	Select team members	Preliminary	6/27/X5	7/06/X5	6/24/X5	6/30/X5
4						
5						
6						
7						
8						
II	Planning Phase					
1	Identify & evaluate mandates	Planning	7/13/X5	7/13/X5	7/07/X5	7/07/X5
2	Evaluate existing programs	Planning	7/13/X5	7/13/X5	7/07/X5	7/14/X5
3	Identify & understand stakeholder expectations	Planning	7/13/X5	7/13/X5	7/21/X5	7/21/X5
4						
5						
6						
7						
8						
III	Implementation Phase					
1	Roll out to Fire Department	Implementation	10/01/X5	11/30/X5	10/01/X5	11/15/X5
2	Roll out to Police Department	Implementation	1/02/X6	03/15/X6	1/02/X6	3/03/X6
3	Roll out to Public Works Department	Implementation	3/17/X6	04/15/X6	3/17/X6	4/15/X6
4	Roll out to Finance Department	Implementation	3/17/X6	04/15/X6	2/15/X6	3/15/X6
5						

6						
7						
8						
IV	Evaluation Phase					
1	Evaluate all strategies implemented—Public Works	Evaluation	11/01/X6	11/30/X6	11/01/X6	12/05/X6
2	Prepare Evaluation Report—Public Works	Evaluation	12/01/X6	12/07/X6	12/07/X6	12/17/X6
3	Present Evaluation Report implemented—Public Works	Evaluation	12/14/X6	12/14/X6	1/07/X7	1/07/X7
4	Evaluate all strategies implemented—Finance	Evaluation	4/01/X7	4/30/X7	3/01/X7	3/31/X7
5	Prepare Evaluation Report—Finance	Evaluation	5/01/X7	05/07/X7	4/01/X7	4/05/X7
6	Present Evaluation Report—Finance	Evaluation	5/15/X7	05/15/X7	4/22/X7	4/22/X7
7	Evaluate all strategies implemented—Fire	Evaluation	5/01/X7	05/31/X7	12/01/X6	1/15/X7
8						

Notes: See Appendix A for steps within each component of the strategy implementation plan.

The number of tasks will vary depending on the size of the organization, the overall time frame identified by top leadership, and the extent of the strategy implementation plan.

Exhibit 2.1 is a dynamic tool and should be reviewed and updated during all phases of the strategy implementation process.

EXHIBIT 2.2
TIPS TO KEEP STRATEGY IMPLEMENTATION ON TRACK

1. Obtain commitment from the top of the organization to make the strategy implementation process successful.
2. Make sure key decision makers understand the nature and purpose of the strategy implementation process.
3. Ensure that everyone in the organization is aware that strategy implementation can be a lengthy process (anywhere from one month to more than one year, depending on the size of the organization and the extent of the strategy implementation plan).
4. Consider using a qualified individual from outside the organization as the facilitator (if not using the CPA).
5. Involve people from all levels of the organization to the extent possible in all phases of the strategy implementation process.
6. Communicate well and often with all levels of the organization and throughout all phases of the strategy implementation process.
7. Enlist the help of several key and highly enthusiastic individuals throughout the organization as either team or project leaders.
8. Carefully select individuals to serve on the strategy implementation teams to make certain their personalities are consistent with others and with the tasks to be performed.
9. Make sure team members are generally familiar with the entire strategy implementation process.
10. See that team members are knowledgeable of the detailed steps involved in the phase to which they have been assigned.
11. Encourage all team members to be creative while thinking critically and pragmatically.
12. Keep meetings short, focused, and upbeat.
13. Minimize the number of meetings to avoid burnout among team members.
14. Assign tasks at the end of each meeting to be completed before the next meeting.
15. Ensure that the facilitator regularly follows the progress of assignments to keep them on target for completion before the next meeting.
16. Celebrate successes both large and small.

EXHIBIT 2.3

CHECKLIST OF TYPICAL TASKS OF THE STRATEGY IMPLEMENTATION TEAMS

Preliminary Planning Team (This typically includes key leadership and management as well as the CPA/facilitator.)

1. Meet with key leadership/management to:
 - Define expectations for the strategy implementation process.
 - Establish general framework for the strategy implementation process.
 - Create time line for the strategy implementation process.
 - Develop a communication plan for all phases of the strategy implementation process.
 - Identify key communication contact within the organization.
2. Select members for the planning, implementation, and evaluation teams.
3. Plan and conduct initial meeting of all strategy implementation teams, including establishing ground rules.
4. Communicate frequently to all stakeholders as appropriate.

Planning Team (Number of members will depend on the size and expectations of the organization.) If strategy implementation is organization-wide, success may be ensured if each department/major agency has a representative on the planning team. In smaller organizations, it may better deploy personnel if only major departments/agencies/programs are represented on the planning team.

1. Participate in all aspects of the planning phase including:
 - Identifying and evaluating formal and informal mandates.
 - Evaluating existing programs.
 - Identifying and understanding stakeholder expectations.
 - Reviewing/revising the mission statement.
 - Developing a vision statement.
 - Establishing the planning horizon.
 - Assessing the internal and external environments using environmental scanning techniques (strengths, weaknesses, opportunities, challenges (SWOC) analysis).
 - Recognizing critical trends, events, and emerging issues.
 - Identifying significant and likely priority issues.
 - Reviewing/revising existing goals/objectives for relevance to current issues.
 - Developing new goals and objectives.
 - Linking goals with priority issues.
 - Aligning objectives with stakeholder expectations.
 - Formulating strategies to achieve goals, objectives, and mission.

- Assigning responsibility for executing strategies.
 - Establishing funding priorities when strategies exceed available resources.
 - Integrating the budget process and format with strategies.
2. Work with the implementation team to:
 - Develop the balanced scorecard at appropriate levels of the organization.
 - Create performance measures linking service efforts to goals, mission, and vision.
 - Evaluate existing performance measurement system capabilities and determine new/additional system requirements.
 - Determine appropriate performance indicators for each strategy.
 - Agree on appropriate industry benchmarks and customize them where indicated.
 - Ascertain feasibility of implementing activity-based costing.
 3. Communicate frequently to all stakeholders as appropriate.

Implementation Team (Number of members will depend on the size and expectations of the organization.) Each department or major agency targeted in the strategy implementation plan should have a representative on the implementation team. In smaller organizations or in single departments, agencies, and programs, individuals on the implementation team should represent, at a minimum, the departments, agencies, and programs under common control or supervision that are targeted in the strategy implementation plan.

1. Work with the planning team to:
 - Develop the balanced scorecard at appropriate levels of the organization.
 - Create performance measures linking service efforts to goals, mission, and vision.
 - Evaluate existing performance measurement system capabilities and determine new/additional system requirements.
 - Determine appropriate performance indicators for each strategy.
 - Agree on appropriate industry benchmarks and customize them where indicated.
 - Ascertain feasibility of implementing activity-based costing.
2. Participate in all aspects of the implementation and integration phase including:
 - Identifying key success factors.
 - Reviewing strategies in light of time frames and responsible individuals.
 - Developing job responsibilities for implementation team members.
 - Creating implementation project teams.
 - Developing action plans and realistic time frames.
 - Re-evaluating goals, objectives, and strategies when indicated.
 - Reorganizing processes, departments, agencies, and programs as indicated to effectively integrate the strategy implementation plan.

3. Communicate frequently to all stakeholders as appropriate.

Evaluation Team (Number of members will depend on the size and expectations of the organization.) The Evaluation Team may have significantly less members than the Planning or Implementation Team. Evaluation Team members may be assigned a number of departments/agencies/programs for evaluation, providing they have the requisite expertise and objectivity to conduct the evaluation.

1. Participate in all aspects of the evaluation phase including:

- Developing job responsibilities for evaluation team members.
- Creating evaluation project teams.
- Determining most effective evaluation methods.
- Selecting appropriate evaluation tools and techniques.
- Reaching appropriate conclusions as to the effectiveness of the strategy implementation plan.
- Recommending programs be eliminated or redesigned when they no longer accomplish the goals or mission of the organization.
- Reviewing strategies when related programs are deemed ineffective.
- Recognizing opportunities to create strategic alliances with other similar organizations.

2. Communicate frequently to all stakeholders as appropriate.

EXHIBIT 2.4 SAMPLE JOB DESCRIPTION FOR PLANNING TEAM MEMBERS

Expected Tasks

1. Participate in all aspects of the planning phase, including:
 - Identifying and evaluating formal and informal mandates.
 - Evaluating existing programs.
 - Identifying and understanding stakeholder expectations.
 - Reviewing and revising the mission statement.
 - Developing a vision statement.
 - Establishing the planning horizon.
 - Assessing the internal and external environments using environmental scanning techniques (strengths, weaknesses, opportunities, and challenges (SWOC) analysis).
 - Recognizing critical trends, events, and emerging issues.
 - Identifying significant and likely priority issues.
 - Reviewing and revising existing goals and objectives for relevance to current issues.
 - Developing new goals and objectives.
 - Linking goals with priority issues.
 - Aligning objectives with stakeholder expectations.
 - Formulating strategies to achieve goals, objectives, and mission.
 - Assigning responsibility for executing strategies.
 - Establishing funding priorities when strategies exceed available resources.
 - Integrating the budget process and format with strategies.
2. Work with the implementation team to:
 - Create performance measures linking service efforts to goals, mission, and vision.
 - Evaluate existing performance measurement system capabilities and determine new or additional system requirements.
 - Determine appropriate performance indicators for each strategy.
 - Agree on appropriate industry benchmarks and customize them where indicated.
 - Ascertain feasibility of implementing activity based costing.
3. Communicate frequently to all stakeholders as appropriate.

Ideal Personality Traits

1. Extrovert rather than introvert.
2. Intuitive rather than sensation.
3. Thinking or feeling.
4. Judging or perceiving.

EXHIBIT 2.5
SAMPLE JOB DESCRIPTION FOR IMPLEMENTATION TEAM MEMBERS

Expected Tasks

1. Work with the planning team to:
 - Create performance measures linking service efforts to goals, mission, and vision.
 - Evaluate existing performance measurement system capabilities and determine new or additional system requirements.
 - Determine appropriate performance indicators for each strategy.
 - Agree on appropriate industry benchmarks and customize them where indicated..
 - Ascertain feasibility of implementing activity based costing.
2. Participate in all aspects of the implementation and integration phase including:
 - Identifying key success factors.
 - Reviewing strategies in light of time frames and responsible individuals.
 - Developing job responsibilities for implementation team members.
 - Creating implementation project teams.
 - Developing action plans and realistic time frames.
 - Reevaluating goals, objectives, and strategies when indicated.
 - Reorganizing processes, departments, and agencies as indicated to effectively integrate the strategy implementation plan.
3. Communicate frequently to all stakeholders as appropriate.

Ideal Personality Traits

1. Extrovert and introvert.
2. Sensation rather than intuitive.
3. Thinking or feeling.
4. Judging or perceiving.

EXHIBIT 2.6
SAMPLE JOB DESCRIPTION FOR EVALUATION TEAM MEMBERS

Expected Tasks

1. Participate in all aspects of the evaluation phase, including:
 - Developing job responsibilities for evaluation team members.
 - Creating evaluation project teams.
 - Determining most effective evaluation methods.
 - Selecting appropriate evaluation tools and techniques.
 - Reaching appropriate conclusions about the effectiveness of the strategy implementation plan.
 - Recommending programs be eliminated or redesigned when they no longer accomplish the goals or mission of the organization.
 - Reviewing strategies when related programs are deemed ineffective.
 - Recognizing opportunities to create strategic alliances with other similar organizations.
2. Communicate frequently to all stakeholders as appropriate.

Ideal Personality Traits

1. Extrovert and introvert.
2. Sensation rather than intuitive.
3. Thinking rather than feeling.
4. Judging and perceiving.

EXHIBIT 2.7
QUESTIONNAIRE—POTENTIAL STRATEGY IMPLEMENTATION TEAM MEMBERS

Name Joe Smith

Position/title Maintenance Supervisor

Department/division Public Works/Streets & Roads

Supervisor Tom Johnson

Normal work week Mon-Fri Normal work hours 6AM-3PM

Preferred Strategy Implementation Team (indicate first, second, and third choice using 1, 2, or 3)

2 Planning 1 Implementation and Integration 3 Evaluation

1. Is someone cross-trained to perform your normal daily duties? ___ Yes X No
2. Are you able to attend meetings after normal work hours? X Yes ___ No
3. Are you able to attend meetings outside the normal work week? X Yes ___ No
4. Do you anticipate staying in your current position for the next year? X Yes ___ No
5. Are you compensated for overtime hours (pay or time off) X Yes ___ No

Answers to the following questions will help determine which strategy implementation team best suits your talents and capabilities.

Would you describe yourself as an extrovert or an introvert? Extrovert

Would you describe yourself as innovative or practical? Practical

Would you describe yourself as outwardly emotional? ___ Yes X No

Do you take deadlines seriously and expect others to do the same? X Yes ___ No

Do you make decisions after learning all the facts regardless of deadlines? X Yes ___ No

**EXHIBIT 2.9
COMMUNICATION PLAN**

Phase	Communication			Relevant Stakeholder Groups	Targeted			Actual		
	Format	Frequency	Distribution Method		Date to Complete	Date to Distribute	Number to Distribute	Date Completed	Date Distributed	Number Distributed
Preliminary	Internal Memo	Completion	Mail	Board	11/1/X4	11/5/X4	10	11/1/x4	11/5/x4	10
	Internal Memo	Weekly	E-mail	Leadership	10/15/X4	10/16/X4	15	10/15/x4	10/16/x4	15
	Internal Memo	Weekly	E-mail	Leadership	10/22/X4	10/22/X4	15	10/22/x4	10/22/x4	15
	Internal Memo	Weekly	E-mail	Leadership	10/29/X4	10/23/X4	15	10/29/x4	10/23/x4	15
	Internal Memo	Completion	E-mail	All employees	11/1/X4	11/2/X4	300	11/1/x4	11/2/x4	350
	Internal Memo	Completion	Break rooms & division offices	All employees	11/1/X4	11/2/X4	25	11/1/x4	11/2/x4	25
Planning	Internal Memo	Monthly	Monthly meeting	Board	11/25/X4	12/1/X4	10	11/25/x4	12/1/x4	10
	Internal Memo	Monthly	E-mail	All employees	11/25/X4	12/1/X4	300	11/25/x4	12/1/x4	350
	Internal Memo	Monthly	Break rooms & division offices	All employees	11/25/X4	12/2/X4	25	11/25/x4	12/2/x4	25
	Internal Memo	Weekly	E-mail	Leadership	11/5/X4	11/6/X4	15	11/5/x4	11/6/x4	15
	Work Group Report	Weekly	E-mail	All work groups	11/5/X4	11/6/X4	4	11/5/x4	11/6/x4	4
	Internal Memo	Weekly	E-mail	Leadership	11/12/X4	11/13/X4	15	11/12/x4	11/13/x4	15
	Work Group Report	Weekly	E-mail	All work groups	11/12/X4	11/13/X4	4	11/12/x4	11/13/x4	4
	Internal Memo	Weekly	E-mail	Leadership	11/19/X4	11/20/X4	15	11/19/x4	11/20/x4	15
	Work Group Report	Weekly	E-mail	All work groups	11/19/X4	11/20/X4	4	11/19/x4	11/20/x4	4
Implementa-tion	Internal Memo	Monthly	Monthly meeting	Board	1/25/X5	2/1/X5	10	1/25/x5	2/1/x5	10
	Internal Memo	Monthly	E-mail	All employees	1/25/X5	2/1/X5	300	1/25/x5	2/1/x5	350
	Internal Memo	Monthly	Break rooms & division offices	All employees	1/25/X5	2/2/X5	25	1/25/x5	2/2/x5	25

Chapter 2: Jump-Starting the Strategy Implementation Planning Process

Phase	Communication			Relevant Stakeholder Groups	Targeted			Actual		
	Format	Frequency	Distribution Method		Date to Complete	Date to Distribute	Number to Distribute	Date Completed	Date Distributed	Number Distributed
	Internal Memo	Weekly	E-mail	Leadership	1/7/X5	1/8/X5	15	1/7/x5	1/8/x5	15
	Work Group Report	Weekly	E-mail	All work groups	1/7/X5	1/8/X5	12	1/7/x5	1/8/x5	12
	Internal Memo	Weekly	E-mail	Leadership	1/14/X5	1/15/X5	15	1/14/x5	1/15/x5	15
	Work Group Report	Weekly	E-mail	All work groups	1/14/X5	1/15/X5	12	1/14/x5	1/15/x5	12
	Internal Memo	Weekly	E-mail	Leadership	1/21/X5	1/22/X5	15	1/21/x5	1/22/x5	15
	Work Group Report	Weekly	E-mail	All work groups	1/21/X5	1/22/X5	12	1/21/x5	1/22/x5	12
	Internal Memo	Weekly	E-mail	Leadership	1/28/X5	1/29/X5	15	1/28/x5	1/29/x5	15
	Work Group Report	Weekly	E-mail	All work groups	1/28/X5	1/29/X5	12	1/28/x5	1/29/x5	12
	Formal Report	Completion	Mail	Board	2/5/X5	2/20/X5	10	2/5/x5	2/20/x5	10
	Formal Report	Completion	Office Mail	Leadership	2/5/x5	2/20/x5	15	2/5/x5	2/20/x5	15
	Formal Report	Completion	Office Mail	All work groups	2/5/X5	2/20/X5	12	2/5/x5	2/20/x5	12
Evaluation	Formal Report	Completion	Mail	Board	2/15/X6	3/1/X6	10	2/15/x6	3/1/x6	10
	Internal Memo	Completion	E-mail	All employees	2/15/X6	3/1/X6	300	2/15/x6	3/1/x6	350
	Internal Memo	Completion	Break rooms & division offices	All employees	2/15/X6	3/1/X6	25	2/15/x6	3/1/x6	25
	Formal Report	Completion	Office mail	Leadership	2/15/X6	3/1/X6	15	2/15/x6	3/1/x6	15
	Internal Memo	Weekly	E-mail	Leadership	1/15/X6	1/16/X6	15	1/15/x6	1/16/x6	15
	Internal Memo	Weekly	E-mail	Leadership	1/22/X6	1/23/X6	15	1/22/x6	1/23/x6	15
	Internal Memo	Weekly	E-mail	Leadership	1/29/X6	1/24/X6	15	1/29/x6	1/24/x6	15
Prepared by:	Jane Smith									
Date	10/1/X4									

Note: Use Appendix A for steps within each component.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- **IDENTIFY MANDATES, REVIEW MISSION AND VALUES**
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 3:

Mandates, Mission, and Values in Strategy Implementation

Formal and informal mandates play a major role in the strategy implementation process because they place legal and operational constraints on the governmental or not-for-profit organization. For example, the existence of an external formal mandate may prohibit certain strategies or severely limit the strategies the organization could execute. On the other hand, informal mandates may hinder implementation of selected strategies due to institutional resistance, which may increase the time needed to actually implement the strategy. Because they may inherently prohibit, limit, or negatively affect actual implementation of specific strategies, mandates should be understood and then considered in the planning phase of the strategy implementation process.

The CPA should consider the guidance in this chapter in light of the scope of the strategy implementation process. That is, if the strategy implementation process encompasses the entire governmental or not-for-profit organization, mandates and values should be considered in the same context. On the other hand, if only a department, agency, or program is within the scope of the strategy implementation process, only mandates and values specific to the department, agency, or program should be considered. Mission permeates the entire governmental or not-for-profit organization and is therefore in the background throughout the strategy implementation process, regardless of scope.

In the first portion of the planning phase of the strategy implementation process, the CPA works with the governmental or not-for-profit organization primarily as a facilitator to:

- Identify and evaluate formal and informal mandates and how they:
 - Influence the mission and vision of the organization.
 - Affect organizational operations.
- Review existing programs for sufficiency and relevance in light of:
 - Current mandates.
 - Potential for mission attainment.

- How they interface with the current vision for the organization.
- Identify and understand stakeholder expectations to determine:
 - Whether stakeholders are general or specific in nature and if external or internal to the governmental or not-for-profit organization.
 - Highly significant stakeholders and to match their needs with existing programs or specific strategies.
 - Priorities to be given to stakeholders in the actual implementation of specific strategies.

This chapter provides implementation tools and shows how to:

- Identify and differentiate between formal and informal mandates and how they influence the mission and values of the governmental and not-for-profit organization.
- Evaluate existing programs in light of formal and informal mandates.
- Ascertain expectations of external and internal stakeholders regarding programs or services provided by the governmental or not-for-profit organization.
- Determine the relative priorities of external and internal stakeholders.

Exhibits at the End of This Chapter

Exhibit 3.1 Checklist—Formal Legal Mandates Typical of Governmental and Not-for-Profit Organizations

Exhibit 3.2 Checklist—Critical Informal Mandates

Exhibit 3.3 Worksheet—Services and Programs Provided

Exhibit 3.4 Summary Form—Services and Programs Provided

Exhibit 3.5 Checklist—External and Internal Stakeholders

Exhibit 3.6 Stakeholder Need and Impact Analysis

MANDATES AND STRATEGY IMPLEMENTATION

Mandates and mission provide the purpose of and social justification for the governmental or not-for-profit organization. A number of laws, rules, and regulations mandate or specify what governmental and not-for-profit organizations *must* do and thereby direct such organizations to provide certain goods and services to specified populations or constituents. The limitations of these laws, rules, and regulations and how they affect the operations of the governmental or not-for-profit organization should be reflected in their mission statements. An understanding of the mission of the governmental or not-for-profit organization is needed to develop effective strategies and tactics in the strategy implementation process.

It is highly unlikely that every individual in any governmental or not-for-profit organization is familiar with all of what he or she is legally required to do or prohibited from doing (formal mandates). However, the CPA is likely to be more aware of and familiar with the general laws, rules, and regulations under which the governmental or

not-for-profit organization operates. This knowledge and understanding makes the CPA the source to which governmental and not-for-profit organizations should turn for assistance with:

- Identifying formal external mandates.
- Distinguishing relevant informal internal mandates.

Formal legal mandates defining the governmental or not-for-profit organization and what it does should have been identified before developing a mission statement. Additionally, informal mandates prescribing how and when governmental and not-for-profit organizations conduct business should also have been identified. If not, it may be necessary for the CPA to advise the governmental or not-for-profit organization about applicable formal and informal mandates. In either case, during this portion of the strategy implementation planning phase, the CPA assists the governmental or not-for-profit organization in reviewing formal and informal mandates in light of potential strategies.

Identifying Formal External Mandates

Because of their legal nature, external legal mandates are usually easily identified, and most often delineated in the:

- Internal Revenue Code.
- United States Constitution.
- Applicable state charter and statutes.
- Charter and code of ordinances of local governments.
- Articles of incorporation and bylaws of not-for-profit organizations.
- Interlocal agreements.
- Contracts.
- Long-term debt provisions contained in:
 - Bond indentures.
 - Loan agreements.
 - Lease agreements.

For the planning phase of the strategy implementation process, it is necessary to recognize the limitations external formal mandates impose on the operations of and the uncertainty they represent to the governmental or not-for-profit organization with respect to strategy implementation. Such limitations may significantly affect the strategies selected or the time needed to achieve the organization's mission and long-term vision. Exhibit 3.1, "Checklist—Formal Legal Mandates Typical of Governmental and Not-for-Profit Organizations," represents a partial list of formal legal organizational mandates typical of governmental and not-for-profit organizations.



- **Exhibit 3.1 Checklist—Formal Legal Mandates Typical of Governmental and Not-for-Profit Organizations**
(see accompanying CD-ROM)

Distinguishing Relevant Informal Mandates

In the process of identifying formal legal mandates, policies and procedures come to light that do not have legal authority but still exert significant influence on the daily operations of the governmental or not-for-profit organization. These policies and procedures typically encompass, for example, organization charts, job descriptions, and policy manuals. Most often it is these internal and informal mandates that help or hinder the governmental or not-for-profit organization as it seeks to accomplish its mission. As such, it is crucial to the success of the strategy implementation process that the CPA understand how informal mandates may undermine the strategy implementation process. Informal mandates are usually *internal in nature* and may be *written or unwritten*. Because they are informal, a certain amount of flexibility and latitude exist, and exercise of professional judgment is possible in application and integration of these informal mandates. Therefore, proper identification of the more flexible applicable informal mandates may contribute to the ultimate success of the strategy implementation process.

Typically, informal mandates in the form of internal policies and procedures delineate what the governmental or not-for-profit organization and its members may or may not do and how it may or may not be done. In some governmental organizations, informal mandates may be formally adopted by the governing body, which gives them the appearance of formal mandate status. However, approval by a governing body is a formality internal to the governmental organization, which makes such policies and procedures informal mandates.

Often informal mandates require clarification to clearly establish the boundaries of discretion or the limits of professional judgment. Clarification is often verbal or informally communicated in written form through memorandum or letter. At other times, written clarification is formally incorporated into the written policies and procedures that may or may not be formally adopted by the governing body of the governmental organization or the board of directors of the not-for-profit organization.

From the perspective of strategy implementation, the governmental or not-for-profit organization is concerned with informal mandates to the extent they require resources (inputs) and processing (throughputs) to produce public goods or provide public services (outputs). Usually deeply rooted in routine and tradition, informal mandates are seldom subject to comprehensive review and rarely revised without at least some organizational resistance. Therefore changing informal mandates represented by organizational policies and procedures is a considerable challenge for most governmental and not-for-profit organizations, and change may be necessary to ensure success of the strategy implementation process.

Many of the informal mandates relating to the internal control structure or the control environment of governmental or not-for-profit organizations are known to the CPA (internal as well as external) serving them. Documentation related to the external (or internal serving in an independent capacity) CPA's review of internal controls and assessment of the control environment done in conjunction with the financial statement audit provides insight into a number of policies and procedures. However, the CPA acting as a consultant should determine what impact AICPA and Government Accountability Office (GAO) independence standards may have on this aspect of their involvement in the strategy implementation process. Exhibit 3.2, "Checklist—Critical Informal Mandates," identifies informal mandates that may be included in the organization's policies, procedures, or corporate (for not-for-profit organizations) resolutions. In some cases, sources of internal

mandates represent the actual informal mandates in full or part. For example, personnel manuals are a source of numerous informal mandates and may be informal mandates in and of themselves. The informal mandates specific to the scope of the strategy implementation process are often found in these documents. Typical sources of internal mandates most applicable in the strategy implementation process include:

- Organizational charts.
- Job descriptions or job manuals.
- Personnel manuals and employee handbooks.
- Formal or adopted policies, for example, related to purchasing, investments, debt management, risk management, personnel, and records retention.
- Codes of conduct and organizational and departmental codes of ethics.
- Operations manuals related to service delivery, which may include establishing minimum service delivery standards.
- Procedural memos.
- Previous strategic plans.



- **Exhibit 3.2 Checklist—Critical Informal Mandates**
(see accompanying CD-ROM)

MANDATES AND THE MISSION STATEMENT

Organizations' mission statements affirm who they are and what they do, but more importantly, clarify why they do it. How an organization applies its philosophy, values, and culture in responding to key stakeholders is inherent in the "why" of its mission statement. Not all governmental or not-for-profit organizations have a written or implicit mission statement either by choice, priority, or ignorance. Even though most governmental and not-for-profit organizations have some sense of purpose, it is no substitute for a clear definition of the principles underlying that sense of purpose. Regardless of form, the mission of governmental and not-for-profit organizations should be consistent with external formally mandated conditions and reflective of internal informal mandates.

In this portion of the preliminary phase of a strategy implementation process, the CPA serves governmental and not-for-profit organizations by:

- Reviewing the existing mission statement in light of past performance, current mandates, and future expectations.
- Facilitating development of a new or revised mission statement when necessary.
- Determining the adequacy of the organization's existing statements of purpose and values.

For the CPA and governmental and not-for-profit organizations involved in a strategy implementation effort, clarifying and agreeing on the organization's mission, in light of applicable external mandates, are critical steps done early in the first portion of the process. A mission statement focuses the organization on what is truly important by

clarifying its organizational purpose through an exploration of the philosophies, values, and sense of culture shared by members of the organization.

Strategy implementation requires the governmental or not-for-profit organization to review its mission statement in light of past performance and then establish a direction for the future in light of its existing mandates, current conditions, and future expectations. An existing mission statement may remain appropriate for the governmental or not-for-profit organization involved in the strategy implementation process. This is especially true if the mission statement is not more than a few years old or if leadership and management of the organization are stable. Whether an existing mission statement is retained, it still must be evaluated against current stakeholder perceptions, existing and anticipated mandates, and recent business and economic trends. Appendix B, “Developing the Mission Statement,” outlines the process the CPA can use with the governmental or not-for-profit organization when a new mission statement is needed in order to better reflect current and future mandates and expectations.

The Statement of Purpose

Often a governmental or not-for-profit organization will establish a statement of purpose to clarify its mission statement. In some organizations, particular departments, agencies, or programs may have established their own mission statement or statement of purpose to define their specific responsibility under the organization’s mission statement. The organization-wide or department- or agency-specific statement of purpose may be a separate document or a separate section of the mission statement document. If the organizational mission statement is developed properly, there is no real need for an additional statement of purpose. In many cases, a separate organization-wide statement of purpose may be the result of compromise between the parties involved in the original strategic planning process.

Some organizations, or subunits, either choose or find it necessary to also develop a statement of values. Again, if properly crafted, the mission statement not only will clearly indicate the organization’s purpose but also will adequately reflect the organization’s values. Governmental or not-for-profit organizations and the CPA serving them should review any separate statements of purpose and values in light of current circumstances, anticipated future events, and potential strategies.

HOW TO REVIEW EXISTING PROGRAMS

Once external formal mandates are identified and internal informal mandates are prioritized, it is necessary to objectively review the governmental or not-for-profit organization’s existing programs. A review at this point identifies services already provided by the organization that may relate to current strategies or that may be unnecessary in light of current goals, objectives, and strategies. Programs are reviewed based on past performance and in light of formal mandates and organizational purpose. This process can be highly emotional because many *planning team* members may have vested interests in the programs themselves. The CPA as consultant has no such self-interests and is therefore a valuable, objective, and often calming voice of reason in this process. In this process, the CPA assists the governmental or not-for-profit organization in:

- Identifying the organization’s services and programs.

- Reviewing existing services and programs for:
 - Past performance.
 - Relevance to current mission.
 - Sufficiency and expertise of organizational staff.
 - Availability of alternate services and programs provided by other governmental and not-for-profit organizations in the community.

Reviewing past performance begins with an identification of the services and programs provided. In performing the financial statement audit or in providing other financial services, the CPA becomes aware of the operations of the governmental or not-for-profit organization and the business environment in which it operates. Using this knowledge, the CPA as consultant can facilitate a brainstorming session among *planning team* members to help them identify all services and programs provided by the governmental or not-for-profit organization. Again, such participation by the CPA in the strategy implementation process should be reviewed in light of independence standards promulgated by the AICPA and GAO.

After identifying the services and programs provided by the governmental or not-for-profit organization, the CPA can objectively review each of these services and programs. Because the CPA does not have a vested interest in this process, he or she can suggest ways in which a service or program has or has not produced favorable results. When services and programs are in conflict with organizational purpose, they should be:

- Eliminated.
- Phased out.
- Otherwise brought in line with the purpose of the governmental or not-for-profit organization.

The CPA also helps the *planning team* reach consensus on recommendations that will best resolve the conflicts between services and programs and the organizational purpose of the governmental or not-for-profit organization. It is often easier for planning team members to objectively review existing services and programs when all relevant information is concisely summarized by service or program and then reviewed in its entirety. Exhibit 3.3, “Worksheet—Services and Programs Provided,” summarizes the types of pertinent information needed to objectively review individual services and programs in light of:

- Mission.
- Human and financial resources.
- Competing providers.



- **Exhibit 3.3 Worksheet—Services and Programs Provided**
(see accompanying CD-ROM)

Answers to questions in the following list are useful in reviewing the past performance of services and programs provided by the governmental or not-for-profit organization. In many cases, past program performance is used to determine the priority and amount of

human, financial, and capital resources allocated to specific strategies. The CPA can use the answers to the following questions to help determine the priority of specific action plans or programs later in the strategy implementation process. Exhibit 3.4, “Summary Form—Services and Programs Provided,” is a matrix that can be used to summarize the individual program information to evaluate all the services and programs the organization provides.

- Why does the organization provide the services and programs (that is, formal external mandate, informal internal mandate, social pressure, or other)?
- How do the services and programs relate to the current purpose of the organization?
- How many total clients, citizens, or customers receive program services?
- How many of the total clients, citizens, or customers receiving program services reside in the jurisdiction or service delivery area of the organization?
- What is the process to select clients, citizens, or customers for program services?
- How many direct and indirect staff hours are required to direct, conduct, and administer the program services?
- Who provides the services or programs and is it an efficient and effective utilization of their time and talents?
- What are the direct and indirect financial costs associated with providing the service and program?
- What are the effects of incremental financial and operational changes on service delivery and fulfillment of the purpose of the organization?
- What are the effects of major financial and operational changes on service delivery and fulfillment of the purpose of the organization?
- What other organizations in the community are able and available to provide the same or similar services and programs?



- **Exhibit 3.4 Summary Form—Services and Programs Provided**
(see accompanying CD-ROM)

Identifying and Understanding Stakeholder Expectations

Stakeholders are those individuals or groups that have a direct operational, legal, or financial interest in what the governmental or not-for-profit organization does. Whereas formal and informal mandates establish the “who, what and how” of the governmental or not-for-profit organization, stakeholders represent “why.” As such, stakeholders exert significant influence over what a governmental or not-for-profit organization considers its critical issues and how it addresses the resolution of those issues. Stakeholders may be general or specific in nature and either external or internal to the organization. The CPA’s role in identifying and understanding stakeholder expectations is to assist the governmental or not-for-profit organization in:

- Identifying all significant external and internal stakeholders.

- Matching needs of identified stakeholders with current services and programs provided by the organization.
- Determining highly significant external and internal stakeholders.
- Establishing the nature of the relationship between highly significant stakeholders and the organization.
- Evaluating the influence each highly significant stakeholder group has on the mission or purpose of the organization.
- Prioritizing each highly significant stakeholder group relative to all other highly significant stakeholders.

In many governmental and not-for-profit organizations, some categories of stakeholders are obvious, such as citizens within a governmental jurisdiction or clients receiving services provided directly by a not-for-profit organization. For strategy implementation, it is unnecessary to identify all the stakeholders; only those key to the organization's purpose and those key to the scope of the strategy implementation process. Attention to key stakeholders and their interests, whether obvious or obscure, is essential to the organization's success.

Often governmental or not-for-profit organizations fail in their strategic planning efforts because they do not thoroughly or properly identify their key stakeholders. Many times, the list of stakeholders ignores significant internal groups, such as employees, or is restricted to those external to the organization, such as customers. Although customers may be stakeholders or even the largest group of stakeholders, they are not the only—and may not even be the largest—group of stakeholders.

General external stakeholders in governmental and not-for-profit organizations typically include citizens as well as property and business owners; grantors; public interest groups; and local, state, or federal oversight agencies. *Specific external stakeholders* might include taxpayers, program recipients, service providers, union leaders, the state legislature, or the federal Office of Management and Budget. *General internal stakeholders* primarily include employees and the elected and volunteer leadership. Conventional *specific internal stakeholders* include express employee groups, union members, members of volunteer boards and committees, and the governing body or board of directors. A more comprehensive but still partial listing of external and internal stakeholders that are characteristic of governmental and not-for-profit organizations is delineated in Exhibit 3.5, "Checklist—External and Internal Stakeholders." Every stakeholder group has a vested interest in the use of economic assets, operating performance, financial compliance, and legal accountability of the governmental or not-for-profit organization.



- **Exhibit 3.5 Checklist—External and Internal Stakeholders**
(see accompanying CD-ROM)

Once highly significant external and internal stakeholders are identified, it is necessary to match their needs with current services and programs and to establish the nature of the relationship between them (for example, customer, oversight agency, or statutory reporting authority) and the governmental or not-for-profit organization. In addition, the influence each stakeholder group has on the mission or purpose of the governmental or

not-for-profit organization is determined and each stakeholder is prioritized relative to all other highly significant stakeholders. This analysis is necessary to developing effective strategies and tactics to achieve the mission and vision of the governmental or not-for-profit organization. Exhibit 3.6, “Stakeholder Need and Impact Analysis,” illustrates the analysis of stakeholders, their needs, and their impact on the organization. This exhibit identifies where specific stakeholder needs are not met at all, met by the organization, met by another organization, or able to be met by another organization. This information is useful in prioritizing stakeholders and stakeholder needs when developing strategies and timelines for implementing specific strategies.



- **Exhibit 3.6 Stakeholder Need and Impact Analysis**
(see accompanying CD-ROM)

Governing bodies of governmental organizations and the boards of directors of not-for-profit organizations often make incremental decisions about the quantity and quality of the services provided or the programs offered by the organization they serve. Often these incremental decisions are made over a number of years, in response to stakeholder demands, and without respect to the purpose of the organization or the resources necessary to provide the service or conduct the program. The stakeholder analysis process identifies those stakeholder groups whose needs are in conflict with or marginally related to the purpose of the governmental or not-for-profit organization.

EXHIBIT 3.1
CHECKLIST—FORMAL LEGAL MANDATES TYPICAL OF GOVERNMENTAL AND
NOT-FOR-PROFIT ORGANIZATIONS

Description	Typical of	
	Governmental Organizations	Not-for-Profit Organizations
Relevant legislation	Yes	Yes
Ordinances	Yes	No
Resolutions	Yes	No
Regulations	Yes	Yes
Rules*	Yes	No
Policies*	Yes	No
Procedures*	Yes	No
State statutes	Yes	Yes
State constitution	Yes	Yes
U.S. Constitution	Yes	No
Court rulings	Yes	Yes
Charter	Yes	No
Articles of Incorporation	No	Yes
IRS Tax Exempt Determination letter/ruling	No	Yes
Grant agreements	Yes	Yes
Contracts—nonfinancing	Yes	Yes
Contracts—financing (including bonds)	Yes	Yes
Union agreements	Yes	Yes
Interlocal agreements	Yes	No
Joint ventures	Yes	Yes
Public/private partnerships	Yes	Yes
* If legally adopted by the governing body (governmental organizations only)		

EXHIBIT 3.2
CHECKLIST—CRITICAL INFORMAL MANDATES

Mandate Number	Description
1	Policies* (potential source: subject specific policy manuals)
1.1	Purchasing
1.2	Debt management
1.3	Cash management
1.4	Investment management
1.5	Program pricing
1.6	Procurement cards
1.7	
1.8	
1.9	
1.10	
2	Procedures* (potential sources: personnel manual, subject specific policy manuals)
2.1	Hiring employees
2.2	Firing employees
2.3	Cash receipts
2.4	Changing job descriptions
2.5	Adjusting pay grades
2.6	
2.7	
2.8	
2.9	
2.10	
3	Corporate resolutions (not-for-profit organizations only)
4	Specific rules* (potential sources: department manuals, employee handbook)
5	Chain of command/reporting structure (potential source: organizational charts)
6	Job descriptions (potential source: personnel manual)
7	Job manual (potential source: various operating departments or personnel manual)
8	Code of conduct/code of ethics (organization, department, etc.)
9	Service delivery/minimum performance standards (potential source: department operations manuals)
10	National-and state-recommended service standards
11	Specific procedures (potential sources: department procedural manuals, internal memos)
12	Stakeholder expectations (potential source: previous/current strategic plans)
13	

Mandate Number	Description
14	
15	
16	
17	
18	
19	
* Include as <i>formal</i> mandates if legally imposed by an unrelated, outside third party.	

EXHIBIT 3.3
WORKSHEET—SERVICES AND PROGRAMS PROVIDED

Name of program		After-School Child Care			
Specific program information					
Years of operation		5 Estimated number served annually 50 for 10 months			
Target population		Elementary school children - Public School #1			
Staff (in FTEs)					
Direct provision of service/program		2.5 Varies with enrollment - based on state coverage requirements			
Supervision of program staff		0.5			
Administrative support		0.25			
Allocated overhead		Allocated in dollars by Executive Office - no FTEs			
Staff licensing/certifications required		Certified elementary child care provider, fingerprints on file, FBI-level background check			
Estimated costs - prior year					
Direct		22,800			
Indirect		16,500			
Overhead		6,000 \$45,300			
Relationship to mission		Affordable quality after school child care in underserved communities provides a safe and positive alternative to latch key situations. This decreases the potential for children to become involved in gangs, or other activities, and allows parents to work in full-time positions, which creates strong communities.			
Similar/alternate services available in the community?		Yes			
Name of provider		Little Tykes Child Care			
Location of provider		142 South Trail			
Contact name		Marcy Dunlap			
Notes					
		Direct costs (from prior year program expense reports) —Salaries and benefits (\$19,200), activity supplies (\$1,800), snacks (\$1,800)			
		Indirect costs (from finance Excel files) —Salaries and benefits for program coordinator (\$9,000) and admin staff (\$2,500), insurance (\$5,000)			
		Overhead (from finance Excel files) —Allocated admin expenses—executive office (\$6,000)			

EXHIBIT 3.4
SUMMARY FORM—SERVICES AND PROGRAMS PROVIDED

Service or Program	Target Population	Number Served	Relationship Current Mission	Alternate Provider	Priority Ranking
After-School Child Care	Children 5–10 county-wide	1,000	Helps create strong children & communities	Little Tykes Child Care	1
Summer day camp	Children 5–13 county-wide	2,000	Helps create strong children & communities	4 area child care centers	3
				5 area churches	
				3 city recreation dept.	
				4 county recreation dept.	
Quarterly nutrition seminars	Parents of children under 5	100	Helps create strong children & communities	None	2

Notes: Add additional critical informal mandates as appropriate for the organization.

Group programs by target populations or relevance to mission using data from Exhibit 3.3.

See criteria to be considered in ranking existing services and programs using this worksheet.

**EXHIBIT 3.5
CHECKLIST—EXTERNAL AND INTERNAL STAKEHOLDERS**

Description		Governmental Organization	Not-for-Profit Organization
EXTERNAL STAKEHOLDERS			
General	Citizens	X	X
	Property owners	X	
	Business owners	X	
	Grantors	X	X
	Public interest groups	X	X
	Oversight agencies	X	X
	Customers	X	X
	Clients	X	X
	Donors		X
Specific	Taxpayers	X	
	Program recipients	X	X
	Service providers	X	X
	Union leaders	X	X
	State legislators	X	
	Office of Management and Budget (OMB)	X	X
	Government Accountability Office (GAO)	X	X
	Contractors	X	X
	Vendors	X	X
INTERNAL STAKEHOLDERS			
General	Employees	X	X
	Elected officials	X	
	Board members		X
	Volunteers	X	X
Specific	Specific employee groups	X	X
	Union members	X	X
	Volunteer boards	X	X
	Volunteer committees	X	X

EXHIBIT 3.6
STAKEHOLDER NEED AND IMPACT ANALYSIS

Stakeholder Group	Relationship of Stakeholder Group to Organization	Current Stakeholder Needs	Current Organizational Service/Program Meeting Needs	Current Needs Met by Services/Programs of Other Organizations	Current Needs Not Met by Any Organization
EXTERNAL STAKEHOLDERS					
Citizens					
Property owners					
Business owners	Employ parents	Employees attendance	After-school care, summer camp	After-school care, summer camp	None
Grantors	Partial funding-at risk areas	Program outcomes	Summer camp	None	Camp for special children
Public interest groups					
Oversight agencies	Department of Families	Adherence to regulations	HR Dept, branch locations	NA	NA
Customers					
Clients					
Taxpayers					
Program recipients	Receive services	Quality, affordable child care	After-school care, summer camp	After-school care, summer camp	None
Service providers					
Union leaders					
State legislators					
Office of Management and Budget					
Government Accountability Office					
Contractors					
Vendors					
INTERNAL STAKEHOLDERS					
Employees	Provided services & support	Livable wages, health insurance, training	Some HR-sponsored training	Community college training, state-provided mandatory training	Health insurance, livable wages

(continued)

Beyond Vision and Mission—Reaching Operational and Financial Goals in Governments and NPOs

Stakeholder Group	Relationship of Stakeholder Group to Organization	Current Stakeholder Needs	Current Organizational Service/Program Meeting Needs	Current Needs Met by Services/Programs of Other Organizations	Current Needs Not Met by Any Organization
Elected officials					
Board members					
Volunteers					
Specific employee groups					
Union members					
Volunteer boards					
Volunteer committees	Healthy Families Committee charged with mission achievement	Timely reporting of financial and operational information	Monthly program financial reports	NA	Timely monthly reports, detailed operational info

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- **PERFORM ENVIRONMENTAL SCANNING**
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 4:

Scanning and Evaluating the Internal and External Environments

Evaluating the impact of current mandates and future expectations on the mission and values of the governmental or not-for-profit organization constituted the first portion of the planning phase of strategy implementation. In the next phase, the *planning team* determines the planning horizon and then assesses the changes anticipated in the internal and external environments during this time frame. This environmental scanning is necessary to determine the events and circumstances that might affect (positively or negatively) specific strategies, the entire strategy implementation process, or the timing of either.

Exhibits at the End of This Chapter

Exhibit 4.1 Questionnaire for Determining the Planning Horizon

Exhibit 4.2 Analysis of Strengths, Weaknesses, Opportunities, and Challenges (SWOC)

Exhibit 4.3 Checklist of Internal and External Factors Affecting the Entity

Exhibit 4.4 Sources of Demographic Information for Determining Current and Future Projections

Exhibit 4.5 Analysis of Significant Trends, Events, and Emerging Issues

Exhibit 4.6 Summary of Priority Issues

Exhibit 4.7 Analysis of Priority Issues

After determining the effect mission, values, mandates, and future expectations have on the strategy implementation process, the strategy implementation *planning team* begins the second portion of the planning phase. It is necessary for the CPA working as a facilitator with the strategy implementation *planning team* to:

- Establish the planning horizon to be encompassed by the strategy implementation process.
- Assess the internal and external environments using environmental scanning techniques including:
 - Facilitation of brainstorming sessions to identify:
 - (a) Strengths.
 - (b) Weaknesses.
 - (c) Opportunities.
 - (d) Challenges (or threats).
 - Keeping the *planning team* focused on factors the organization can control.
 - Ensuring the *planning team* remains positive but objective during the analysis.
- Recognize critical trends, events, and emerging issues.
- Identify priority issues and build consensus for them.

HOW LONG IS THE PLANNING HORIZON?

Once the decision to move forward with strategy implementation is made, the *planning team* must determine the length of the planning horizon. In strategic planning, the planning horizon is typically the time at which progress will be evaluated or the time at which the plan will be revisited. Because a strategy implementation plan is a dynamic document against which progress is measured at regular intervals, the planning horizon is less structured. As such, the planning horizon in a strategy implementation plan is fluid, and changes are made when dictated by circumstances.

In strategy implementation, the planning horizon should be established relative to the overall time frame contemplated by the organization's strategic plan. When the strategy implementation process encompasses less than the entire governmental or not-for-profit organization, the planning horizon may be that associated with the overall strategic plan or some other time frame. For example, if strategy implementation is related to a specific agency, the planning horizon might be associated with particular and agency-specific elements of the strategic plan. As with previous chapters, the CPA should consider the guidance in this chapter in light of the scope of the strategy implementation process.

If the planning horizon for the strategy implementation plan is other than the planning horizon identified in the organization's strategic plan, the length of the planning horizon should be agreed to by policy makers as well as policy implementers. Typically, a three-to-five-year planning horizon allows most governmental and not-for-profit organizations to use the strategy implementation plan for other short range plans and budgets. Extending the planning horizon beyond five years is not recommended because events that far in the future are surrounded in uncertainty.

In some cases, strategies are related to services or programs that will require new facilities, equipment, or both. Therefore, it may be wise to initially link the strategy implementation planning horizon to the formal capital improvement plan (or other capital type budget) of the governmental or not-for-profit organization. For those strategies not requiring

additional facilities, equipment, or both, the planning horizon for the strategy implementation plan can be related to the optimal time frame for program-related results or outcomes. The CPA serving governmental and not-for-profit organizations in a nonattest capacity is able to provide professional insights into how best to link planned capital improvements with projected available resources. Using knowledge of the governmental or not-for-profit organization, the CPA can project cash flows for use in linking strategy implementation plan strategies to adopted capital improvement plans. CPAs acting as a consultant should determine what impact AICPA and Government Accountability Office (GAO) independence standards may have on this aspect of their involvement in the strategy implementation process. Exhibit 4.1, “Questionnaire for Determining the Planning Horizon,” should be completed by the governmental or not-for-profit organization to assist the CPA facilitator in determining the optimum planning horizon for the strategy implementation plan.



- **Exhibit 4.1 Questionnaire for Determining the Planning Horizon**
(see accompanying CD-ROM)

WHAT IS ENVIRONMENTAL SCANNING AND WHY IS IT IMPORTANT TO STRATEGY IMPLEMENTATION?

Before embarking further on any strategy implementation effort, it is necessary at this point for the governmental or not-for-profit organization to realistically assess external and internal forces. This assessment is necessary to determine how these forces affect the governmental or not-for-profit organization and the specific strategies identified in the strategic plan. This *environmental scanning* process analyzes the governmental or not-for-profit organization’s relative:

- Internal strengths.
- Internal weaknesses.
- External opportunities.
- External challenges.

At a minimum, these impacts should be considered for at least the period contemplated in the planning horizon with a longer-term focus encouraged. CPAs, whether internal to the organization or an external consultant, are typically knowledgeable about a number of the external and internal factors affecting the organizations they serve.

Governmental and not-for-profit organizations need to be aware of the way their organizations relate to their internal and external environments. This knowledge allows the organization to adapt to changes in its environment. In the strategy implementation process, the CPA assists the *planning team* in analyzing the strengths and weaknesses of and the opportunities and challenges for the governmental or not-for-profit organization. The analysis allows the *planning team* to see how the entire organization relates to the internal and external environments. It is through understanding how the organization as a whole relates to its internal and external environments that the *planning team* is later able to identify and prioritize critical issues.

WHAT IS THE ENVIRONMENTAL SCANNING PROCESS?

In the analysis of the internal and external environments, organizational strengths and weaknesses represent the *internal environment*; opportunities and challenges characterize the *external environment* and are outside the control of the organization. Internal organizational strengths increase the capability of the governmental or not-for-profit organization to improve their performance. Conversely, internal organizational weaknesses of the organization restrict its ability to function properly and thereby jeopardize fulfillment of the mission. Current or future external situations from which the governmental or not-for-profit organization potentially benefits are opportunities. Challenges (or threats) are those external situations that have the potential to negatively affect the operations of the organization or to impede its progress in achieving its mission.

Identifying internal and external factors affecting the governmental or not-for-profit organization is also known as a SWOC (strengths, weaknesses, opportunities, challenges) or SWOT (strengths, weaknesses, opportunities, threats) analysis. This type of environmental scanning may have been undertaken by the governmental or not-for-profit organization during its strategic planning process in the form of a SWOT analysis. Such an analysis would have considered the strengths and weaknesses of the governmental or not-for-profit organization as well as its opportunities and challenges (or threats). If this is the case, it is only necessary for the CPA to facilitate review of the SWOT analysis by the planning team. Such review should ascertain the existing SWOT analysis is consistent with current conditions and future expectations as well as the appropriate strategies. When such a SWOT analysis does not exist, it will be necessary for the CPA to work with the governmental or not-for-profit organization to define the internal and external environments in which it operates. Exhibit 4.2, “Analysis of Strengths, Weaknesses, Opportunities, and Challenges (SWOC),” may be used in this process.



- **Exhibit 4.2 Analysis of Strengths, Weaknesses, Opportunities, and Challenges (SWOC)** (*see accompanying CD-ROM*)

How to Conduct the Analysis Process

The analysis of internal and external environmental factors begins by identifying the factors and categorizing them as *political*, *economic*, *social*, or *technological* in nature.

- Political factors include any impact on the governmental or not-for-profit organization from the political system (for example, elections or legislation).
- Economic factors relate to the global, national, state, or local economy as measured by inflation, deflation, or growth (for example, Consumer Price Index, Gross National Product, labor markets, or money supply).
- Social factors include cultural and demographic characteristics affecting stakeholder groups (for example, age, health status, gender, race, or ethnicity) and also reflect the values and beliefs of those groups.

- Technological factors concern not only equipment such as computers and telecommunication systems but also advances in areas such as medicine and science.

Identification of internal and external factors can occur in a brainstorming session or *planning team* members can individually prepare a list of these factors and bring them to a team meeting for discussion. In either event, it is usually more effective to explore and examine internal and external factors in a group setting. During the discussion, it is important for the *planning team* to remember the governmental or not-for-profit organization cannot control external factors but is able to affect internal factors. Acting as facilitator, the CPA ensures the *planning team* remains positive but objective by encouraging them to highlight strengths, recognize weaknesses, assess opportunities, and acknowledge challenges. Often the success of the strategy implantation process is threatened when the *planning team* focuses more on negative than on positive factors. Exhibit 4.3, “Checklist of Internal and External Factors Affecting the Entity,” includes internal and external factors that may affect current and future operations.



- **Exhibit 4.3 Checklist of Internal and External Factors Affecting the Entity** (see accompanying CD-ROM)

Internal Factors—Strengths and Weaknesses

Internal factors representing the strengths and weaknesses of the governmental or not-for-profit organization are those *within its control*. Attention is given to those factors that help or hinder the governmental or not-for-profit organization in accomplishing its mission. A traditional systems model is often the technique by which internal forces are determined and evaluated. As such, internal forces include resources or inputs, current processes or throughputs, and service delivery or outputs. While internal forces are those within the control of the governmental or not-for-profit organization, it is often difficult to change them due to deep-seated loyalties or to attitudes embedded throughout the organizational culture.

Following is a partial list of internal environmental factors typically present in most governmental or not-for-profit organizations:

- Organizational hierarchy.
- Organizational culture.
- Internal informal mandates.
- Physical and operational infrastructure.
- Human and financial resources.
- Budget policies and timelines.
- Procedures and practices (formally documented or informally imposed).
- Attitudes of leadership and management.
- Leadership styles.
- Employee morale.
- Workload.

External Factors—Opportunities and Challenges

External factors representing opportunities and challenges for the governmental or not-for-profit organization are those *outside its control*. Similar to internal factors, attention is given to those external factors that help or hinder the governmental or not-for-profit organization in accomplishing its mission. Typically, external factors include forces and trends, key resource providers, and actual or potential competitors or collaborators. It is difficult for the governmental or not-for-profit organization to effect changes in these external forces because they are usually outside the legal authority or actual ability of the public organization.

Following is a partial list of external environmental factors typically affecting most governmental or not-for-profit organizations:

- Changes in the national economy.
- Changes in the global marketplace.
- Shifts in political power at the international, national, state, and local levels.
- Modification or termination of federal, state, or local funding mechanisms.
- Competition from the private sector and other governmental or not-for-profit organizations.
- Unemployment levels.
- Revision or rescission of laws, rules, and regulations.
- Stakeholder groups.
- Unfunded mandates.
- Potential or occurrence of natural disasters (especially if located in areas prone to certain types of natural disasters such as hurricanes, or blizzards)

HOW IMPORTANT IS DEMOGRAPHIC INFORMATION?

Strategic implementation is about providing for the future by looking at the past while staying in the present. As such, data about past demographic trends and current and projected demographic information is critical to the strategy implementation process. It is difficult to effectively estimate demand for future public goods and services if demographic projections are unavailable. Likewise, it is not easy to evaluate the effectiveness of the strategy implementation plan if the number of actual taxpayers or clients served is unknown. Current and projected demographic information is used to develop strategies and tactics to address customer (for example, taxpayer, citizen, or client) demand in the future.

Reliable current demographic data is available from a number of sources, but the most recent United States Census data is usually the preferred source. State or university economic research agencies are often a good source for projected demographic data. Exhibit 4.4, “Sources of Demographic Information for Determining Current and Future Projections,” lists a number of sources where demographic data at both the individual and aggregate levels can be found. The CPA can provide invaluable assistance to the governmental and not-for-profit organizations in collecting demographic information and

projecting future trends. Familiarity with traditional and electronic research techniques, experience with public organizations, and knowledge of the business and economic environment position the CPA to provide assistance in this area of the strategy implementation process.



- **Exhibit 4.4 Sources of Demographic Information for Determining Current and Future Projections** (*see accompanying CD-ROM*)

DETERMINING AND ANALYZING CRITICAL TRENDS, EVENTS, AND EMERGING ISSUES

Strategy implementation efforts succeed in the long term partly as the result of an effective environmental scanning process. Careful analysis of past trends coupled with an understanding of current events is critical in identifying events likely to occur and having the potential to significantly affect how the governmental or not-for-profit organization operates in the future. During this portion of the planning phase of the strategy implementation process, the CPA again works primarily as a facilitator by working with the *planning team* to:

- Identify significant trends, events, and emerging issues.
- Determine those significant trends, events, and emerging issues that are likely to occur by reviewing:
 - International and national trends and events.
 - Trends and events at the state, local, and agency levels.
- Evaluate the impact of these significant trends, events, and emerging issues on the organization within the planning horizon and beyond.
- Keep the *planning team* grounded in reality.
- Formally list and rank according to priority significant trends, events, and emerging issues that are likely to occur.

Knowledge of potential future events and their likelihood of occurrence are significant to the goals and objectives process in strategic planning. Additionally, such events drive the development of strategies and tactics designed to achieve the mission of the governmental or not-for-profit organization. Awareness of critical trends, events, and emerging issues is necessary to completely and objectively identify and evaluate the forces affecting the internal and external environments of the governmental or not-for-profit organization.

The CPA often uses trend analysis as an analytical technique for substantive tests when performing audit or other review procedures. In addition, the CPA is knowledgeable about current events and projected trends in general, and about how they might affect the organization in particular. Short- and long-term projections and forecasts are also techniques in which the CPA is well-trained. These technical procedures, and the CPAs' in-depth knowledge of not only the governmental and not-for-profit clients they serve but the business environment in which they operate, make them the key people in the analysis of critical trends, events, and emerging issues. Again, CPAs should first determine what

impact AICPA and GAO independence standards may have on this aspect of their involvement in the strategy implementation process.

As facilitator, the CPA works with the strategy implementation *planning team* to identify trends, events, and emerging issues likely to occur and significant to the governmental or not-for-profit organization. The *planning team* and the CPA then determine the impact on the organization within the planning horizon and possibly beyond. It is usually necessary to view significant trends, events, and emerging issues over a longer period than the planning horizon to allow the governmental or not-for-profit organization to initiate strategies within the planning horizon to address them.

A number of techniques are appropriate for the CPA to use with the *planning team* to identify and then analyze significant trends, events, and emerging issues that are likely to occur. It is necessary to include all members of the *planning team* in this process because their collective knowledge and that of the CPA will result in the most comprehensive and organization-specific list of significant trends, events, and emerging issues. Whatever method is chosen for this process, it should be simple and suited to the members of the *planning team*.

In most circumstances, brainstorming is most likely the quickest and simplest method to determine likely significant trends, events, and emerging issues. Regardless of the technique, the CPA is responsible for keeping the *planning team* grounded in reality, focused on mission, and creatively assessing the future. Exhibit 4.5, “Analysis of Significant Trends, Events, and Emerging Issues,” will assist in this. Other techniques commonly used in analysis of significant trends, events, and emerging issues include:

- Nominal group technique—helps create and rank ideas.
- Snow card technique—effective in originating and categorizing ideas.
- Oval mapping process—useful in structuring issue areas.
- Impact networks—helpful in determining second- and third-level effects of initial trends, events, or emerging issues.

To learn about these techniques the CPA may wish to consult the book *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*.¹



- **Exhibit 4.5 Analysis of Significant Trends, Events, and Emerging Issues (see accompanying CD-ROM)**

It is in assessing the impact of critical trends and events and significant emerging issues on future services and programs that the CPA plays a natural but major role. The governmental or not-for-profit organization is most familiar with techniques to project financial information for budgetary or capital planning purposes. Often the organization is less familiar with forecasting techniques related to consumer demand or interpreting

¹ John M. Bryson, *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement* (Hoboken, N.J.: John Wiley & Sons, Inc., 2004).

economic indicators. For most governmental and not-for-profit organizations, doing things the historical way is not likely to produce different results in the future. The projection of critical trends and events to and the impact of significant emerging issues on the governmental or not-for-profit organization are vital to the development and ultimate success of the strategy implementation process. In this area, the CPA's knowledge of analytical techniques, the governmental or not-for-profit organization, and the general and specific business environment are instrumental in analyzing the likelihood and future impact of critical trends and events and significant emerging issues.

To determine what trends, events, and emerging issues are *likely to occur and have a significant impact* on the governmental or not-for-profit organization, it is necessary to review international and national trends and events as well as those at the state, local, and agency level. The *planning team* should first identify broad trend, event, and issue categories and then ascertain the appropriate sources of trends, events, and emerging issues within these broad areas. Typical categories in successful strategy implementation processes include political, economic, social, education, and technological issues.

Once broad categories of issues and sources of information relating to them are identified, the *planning team* researches the issues and evaluates them, considering likelihood and significance in light of their specific governmental or not-for-profit organization. *Planning team* members need to understand if a trend or event is a perennial issue or something recent; if something recent, members must determine if it is consistent with established patterns and conditions. It may be helpful if the CPA or governmental or not-for-profit organization prepares graphs of significant and likely trends for discussion and analysis by the *planning team*.

In the strategy implementation process, all trends, events, and emerging issues identified as *likely to occur and have a significant impact* on the organization are listed and explained where necessary. The planning, implementation, and evaluation teams refer to the list of likely critical trends and events and significant emerging issues a number of times in the subsequent steps and phases of the strategy implementation process. Ultimately the list becomes part of the strategy implementation document and helps those outside the planning process understand the depth of analysis supporting the strategies and tactics included in the strategy implementation document. Leaders or management use the list of likely critical trends and events and significant emerging issues in the operating and capital budgeting processes as well.

ESTABLISHING PRIORITIES

After identifying the internal and external factors affecting the governmental or not-for-profit organization, the *planning team* uses the strengths, weaknesses, opportunities, and challenges to identify issues the organization or department, agency, or program should address. In strategy implementation, issues are problems that significantly affect the organization's current or future operations. Issues are also impediments that prevent the governmental or not-for-profit organization from achieving its mission. A priority listing of issues facing the governmental or not-for-profit organization is a necessary tool for developing specific strategies and tactics to address and resolve the issues facing the organization.

Conflict is inherent in the identification and prioritization of issues in the strategy implementation process and sometimes creates irreconcilable differences among *planning*

team members and between the *planning team* and leadership or management of the organization. In addition to objectivity, CPAs have a keen sense of the issues affecting the specific governmental or not-for-profit organization they serve as well as an awareness of the broader and more global issues affecting them. However, the role of the CPA in this part of the strategy implementation planning process should be viewed in light of AICPA and GAO independence standards. As a facilitator, the CPA plays an important role in the prioritization of issues by:

- Helping the *planning team* reach consensus on the issues.
- Assisting the *planning team* in prioritizing issues by:
 - Soliciting priorities of individual planning team members.
 - Summarizing individual priorities.
 - Facilitating discussions to reach consensus of the prioritization of identified issues.

Previously identified strengths, weaknesses, opportunities, and challenges are the natural starting point to identify issues facing the governmental or not-for-profit organization. Identified weaknesses often indicate a more generic or pervasive problem. For example, a weakness identified as “not enough fields for softball and baseball leagues” may reflect inadequacies in the capital improvement planning process. Issues are typically phrased as questions such as “How can we meet the demands of softball and baseball leagues for practice fields?” Once identified, each issue is examined in detail by the *planning team*. The matrix noted in Exhibit 4.6, “Summary of Priority Issues,” is a useful tool to identify, summarize, and prioritize issues facing the governmental or not-for-profit organization.



- **Exhibit 4.6 Summary of Priority Issues**
(see accompanying CD-ROM)

Using the listing of strengths, weaknesses, opportunities, and challenges, the *planning team* reviews each item listed in light of the following:

- *Likely and significant* trends, events, and issues.
- Formal and informal mandates.
- Stakeholder groups.
- Mission statement and/or statement of purpose.

Next, each issue identified is examined in depth by the *planning team*, which uses questions such as those in Exhibit 4.7, “Analysis of Priority Issues.”



- **Exhibit 4.7 Analysis of Priority Issues**
(see accompanying CD-ROM)

After the *planning team* identifies and reaches consensus on the issues facing the governmental or not-for-profit organization, members must then prioritize them. The CPA is the logical facilitator in this process. When prioritizing issues, the *planning team*

considers each issue with regard to its importance and significance to and impact on the governmental or not-for-profit organization. A number of techniques are effective to use in reaching consensus on the priority of issues facing the governmental or not-for-profit organization. However, the most effective techniques are those that involve all *planning team* members, are efficiently conducted, and lead to timely consensus on the issues.

A simple, effective, and time-saving technique is to break the identification of issues and the prioritization of issues into two sessions, with at least a week in between. At the conclusion of the issue identification session, *planning team* members are asked to individually rank the issues before the next meeting and to briefly note the reasons for their rankings. At the start of the issue prioritization session, the CPA summarizes the individual rankings and notes the results on a flip chart or a white board. In many cases, there is a clear indication of high and low priority issues, which saves discussion time.

From the summary of individual priority rankings, the *planning team* discusses each item and ultimately reaches agreement on them. A slight variation of this technique is to ask *planning team* members to identify only the top 5 or 10 issues facing the governmental or not-for-profit organization. These techniques are also effective if the identification and prioritization processes are in one meeting of the *planning team* instead of the recommended two meetings. If this is the case, after issues are identified, *planning team* members are asked to individually prioritize the issues and the process continues as if it had taken place in two sessions.

Regardless of the technique used, the goal of the prioritization process is to have all members of the *planning team* reach consensus on the priority of the issues facing the governmental or not-for-profit organization. Prioritization of issues is essential to the ultimate success of the strategy implementation process because it is the foundation for the subsequent strategies and tactics to achieve the mission of the governmental or not-for-profit organization.

EXHIBIT 4.1
QUESTIONNAIRE FOR DETERMINING THE PLANNING HORIZON

If questions do not apply to the organization, answer as “N/A.”

1. If the organization has an existing strategic plan, what is the planning horizon used in it?
5 years (200X)
2. If the organization has a comprehensive growth management plan, what is the planning horizon used in it?
20 years (202X)
3. If the organization has a capital improvement program, what is the planning horizon used in it?
1 year for current capital budget and 15 years for capital improvement program
4. If the organization has an asset replacement program, what is the planning horizon used in it for buildings, equipment, vehicles, etc.?
Computer equipment—3 years, vehicles—5 years (except police patrol—2 years), buildings—30 years
5. What is the term length for elected officials?
2 years staggered terms
6. What is the term length for members of the board of directors?
NA
7. How often has the chief executive position turned over in the last 10 years?
3 times
8. What is the average tenure of individuals currently in positions of leadership or management? Indicate this separately for each major operational area.
Public Safety—10 years, Finance—3 years, Engineering—5 years, Recreation—2 years
9. What is the employee turnover ratio for each major operational area?
Public Safety—.25, Finance—.12, Engineering—.38, Recreation—.87
10. Has employee turnover (at all levels) increased or decreased over the last 10 years?
Decreased in Public Safety, increased in Recreation, all others relatively stable

Note:

Use the answers to these questions to determine if it is likely key personnel will be available throughout the strategy implementation and evaluation processes.

EXHIBIT 4.2
ANALYSIS OF STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND CHALLENGES
(SWOC)

Internal Environment					
Strengths			Weaknesses		
#	Type	Description	#	Type	Description
S1	E	Low turnover in Public Safety Department	W1	E	High turnover in Recreation Department
S2	P	Consistent philosophies among elected officials	W2	E	Lack of qualified staff in Finance Department
S3	T	Timely replacement of obsolete equipment			
External Environment					
Opportunities			Challenges (Threats)		
#	Type	Description	#	Type	Description
O1	E	Consistent new residential building activity	C1	E	Consistent new residential building activity
O2	P, E	First Response/Mutual Aid agreements	C2	S	Increase in number of young families needing recreation services
Types					
	P	Political factor			
	E	Economic factor			
	S	Social factor			
	T	Technological factor			

EXHIBIT 4.3

CHECKLIST OF INTERNAL AND EXTERNAL FACTORS AFFECTING THE ENTITY

Internal Factors	External Factors
Personnel policies	Laws, rules, regulations, etc.
Pay system	Economic conditions
Purchasing policies	Funding sources
Expertise of personnel	Service demands
Number of personnel	
Equipment	
Technology	

The factors noted here are merely representative of those internal factors that may be either strengths or weakness and those external factors that may be either an opportunity or challenge/threat. Factors affecting the organization listed in this Checklist should be as specific as possible.

EXHIBIT 4.4
SOURCES OF DEMOGRAPHIC INFORMATION FOR DETERMINING
CURRENT AND FUTURE PROJECTIONS

Web Sites	
<i>Advertising Age</i>	www.adage.com
American Demographics	www.demographics.com
Bureau of Labor Statistics	www.bls.gov
Business Cycle Indicators	www.globalexposure.com
Census Bureau	www.census.gov
Department of Labor	www.dol.gov
Department of State	www.state.gov
Environmental Protection Agency	www.epa.gov
Fedstats	www.fedstats.gov
OSHA	www.osha.gov
STAT-USA	www.stat-use.gov
Statistical Abstract of the United States	www.census.gov/statab/www/
Other Sources	
Chambers of commerce	
City planning departments	
State and local economic development commissions	
State and local regional planning councils	
State and local regional transportation authorities	
State departments of economic advisers/analysis	
State university departments of business and economic research	

EXHIBIT 4.5
ANALYSIS OF SIGNIFICANT TRENDS, EVENTS, AND EMERGING ISSUES

#	Type	Significant	Likely	Description
1	T	10	5	Continued increase in residential building activity
2	I	7	7	Increase in young families needing recreation services
3	E	5	10	Execution of First Response agreement with County
4		7	7	High turnover in Recreation

Notes

- 1 The CPA and *planning team* members complete this summary individually and then reach consensus as to the items and priorities in a team meeting.
- 2 **Types** **T** Trends
 E Event
 I Emerging Issue
- 3 Significant and likely are assigned a score from 1 to 10 indicating low to high.

EXHIBIT 4.6
SUMMARY OF PRIORITY ISSUES

#	Type	SWOC	Priority	Description
S/C1	E	O & C	1	Consistent new residential building activity
C2	E	C	2	Increase in number of young families needing recreation services
S1	E	S	3	Low turnover in Public Safety Department
O2	P & E	O	4	First Response/Mutual Aid agreements
W1	E	W	5	High turnover in Recreation Department
S2	P	S	6	Consistent philosophies among elected officials
S3	T	S	7	Timely replacement of obsolete equipment
W2	E	W	8	Lack of qualified staff in Finance Department

Notes

- 1 The number in column A should coincide with the number used in the final SWOC analysis.
- 2 The type in column B should coincide with the type used in the final SWOC analysis.
- 3 In column C, indicate whether the priority issue was a strength (S), weakness (W), opportunity (O), or challenge (C) in the final SWOC analysis.
- 4 Priorities are assigned by the CPA and the planning team. Issues delineated on this template should be in priority order (highest to lowest).
- 5 The description in column E should be that indicated in the final SWOC analysis.

EXHIBIT 4.7
ANALYSIS OF PRIORITY ISSUES

Priority	Description	What Stakeholders Will Benefit?	What Stakeholders Will Not Benefit or Be Worse Off?	What Will Be Done?	Why Will It Be Done?	How Will It Be Done?	When Will It Be Done?	Where Will It Be Done?	Who Will Do It?
1	Consistent new residential building activity	Taxpayers	Current residents	Maintain activity	Maintain tax base	Builder friendly codes, etc.	Every day	Entire city	All staff & officials
2	Increase in number of young families needing recreation services	Residents with children	Residents not needing recreation services	Build new recreation center	Provide needed services	Bond issue	Begin 20X1, complete 20X2	West side	Engineering staff
3	Low turnover in Public Safety Department	Taxpayers & residents	Non-public safety employees	Maintain competitive salaries & benefits	Recruit & retain quality public safety professionals	Annual raise & benefit review	September each year	City Hall	Human Resources staff
4	First Response/Mutual Aid agreements	Taxpayers, residents & visitors	None	Execute First Response agreement with county	Protect lives & property with faster response times	Interlocal agreement	June 20X1	City Hall	City manager & public safety director
5	High turnover in Recreation Department	Residents with children	Residents not needing recreation services	Review salaries & benefits for recreation positions	Reduce turnover to provide more/better services to residents	Consultant study	Begin March 20X1, complete September 20X1	City Hall	HR consultant
6	Consistent philosophies among elected officials	Taxpayers, residents & visitors	None	Reinforce team work	Continue efficient & effective governance	Annual retreat, treat with respect	Retreat June 20X1	Rosa Retreat Center	Facilitator
7	Timely replacement of obsolete equipment	Employees, taxpayers & residents	None	Continue current replacement schedule	Provide safe & state-of-the-art equipment	Equipment replacements funded each year	Annually	City Hall	IT Department & Public Works staff
8	Lack of qualified staff in Finance Department	Employees, taxpayers & residents	Other departments believed to be inadequately staffed	Review salaries & benefits for finance positions	Recruit & retain quality Finance professionals	Consultant study	Begin March 20X1, complete September 20X1	City Hall	HR consultant

- Notes:**
- 1 The number in column A should coincide with the number used in the Summary of Priority Issues.
 - 2 The description in column B should coincide with the description used in the Summary of Priority Issues.
 - 3 The CPA and the planning team brainstorm the answers to the questions posed in columns C through J for each priority issue.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- **SET GOALS AND ESTABLISH OBJECTIVES**
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 5:

Setting Goals to Resolve Priority Issues One Objective at a Time

Setting goals and establishing objectives to achieve them is one of the most time-consuming and often controversial steps in the strategic planning process. Strategy implementation involves reviewing these goals and objectives in light of the strategies selected for implementation. Aligning specific strategies with the goals and objectives of the governmental or not-for-profit organization is crucial to the ultimate success of the strategy implementation process. Once significant issues have been identified and prioritized (see Chapter 4), the next steps in the planning phase are to:

1. Review (or establish) goals and select those considered necessary to resolve priority issues.
2. Review (or establish) objectives most effective to monitor progress toward reaching those goals.

It is especially important in this phase of the planning process to fully understand the scope of the strategy implementation process. If the strategy implementation process encompasses the entire governmental or not-for-profit organization, all the goals and objectives established in the strategic plan should be considered in this phase. Conversely, if the strategy implementation process encompasses less than the entire organization, the guidance in this chapter should be considered, for the most part, within the parameters of the portion involved in strategy implementation.

In reviewing the goals and objectives, the *planning team* uses information about the organization's strengths, weaknesses, opportunities, and challenges as well as likely and highly significant trends, events, and emerging issues. The CPA as consultant helps facilitate this process with the *planning team*. However, the CPA's role as consultant must be determined within the independence standards of the AICPA and the Government Accountability Office (GAO). During the review of goals and objectives, the CPA works with the *planning team* to:

- Review existing goals and objectives for relevance to current priority issues and selected strategies.
- Revise existing goals and objectives to address current conditions or future expectations that affect selected strategies.
- Develop new goals and objectives to address each current priority issue, if needed.
- Ensure existing or new objectives are easily quantified to measure progress toward organizational goals.
- Keep the planning team focused on significant priority issues rather than operational minutia.
- Prevent the planning team from becoming disillusioned with the strategy implementation process.

Exhibits at the End of This Chapter

Exhibit 5.1 Example Goal Statements and Related Priority Issues

Exhibit 5.2 Example Objectives and Related Goals and Priority Issues

Exhibit 5.3 Summary of Goals and Objectives by Stakeholder Group and Time Frame (Relative to Selected Strategies)

Exhibit 5.4 Goals and Objectives Worksheet (Relative to Selected Strategies)

Exhibit 5.5 Sample Vision Statements With Related Mission Statements

HOW GOALS AND OBJECTIVES RELATE TO THE STRATEGY IMPLEMENTATION PROCESS

Most governmental and not-for-profit organizations establish goals and objectives through the strategic planning process. The *goals* are steps by which the governmental or not-for-profit organization resolves the likely and highly significant issues facing them in the future. They provide the foundation for the objectives that quantify and measure the interim progress of the governmental or not-for-profit organization toward its goals. Established *objectives* identify future services and programs and the specific time frames in which they will move the governmental or not-for-profit organization toward achieving its mission. Often the terms *goals* and *objectives* are used interchangeably, but in strategy implementation they have two distinct meanings. *Goals* are the wide-ranging long-term targets that provide the governmental or not-for-profit organization direction in achieving its mission; *objectives* are specific interim measures of the organization's progress toward its goals. The scope of the strategy implementation process dictates which goals and objectives are reviewed by the *planning team* during this phase.

In strategic planning it is necessary to set goals to resolve each of the identified priority issues and to establish as many objectives as needed to achieve each of the goals. Too often, governmental or not-for-profit organizations set too many goals, establish too many objectives, or both. This leads to a lack of focus—doing too many things, none of them successfully. When this happens, the governmental or not-for-profit organization is in danger of not achieving its mission. Strategy implementation is concerned with the

specific priority issues related to the selected strategies. Therefore, strategy implementation focuses only on those goals and objectives related to the strategies to be implemented. Successful strategy implementation depends on selecting (from established) or setting (new) a minimum of goals and objectives to achieve maximum resolution of significant issues facing the governmental or not-for-profit organization in the planning horizon.

HOW TO ENSURE GOALS AND OBJECTIVES ARE ALIGNED WITH PRIORITY ISSUES

In strategy implementation, selected or established goals are the steps by which governmental and not-for-profit organizations resolve the significant issues facing them in the planning horizon. Selected or established goals are prioritized by the *planning team* and provide the foundation for developing future services and programs. Such future services and programs will move the governmental or not-for-profit organization toward achieving its mission.

Linking Goals With Priority Issues

The priority listing of issues prepared by the *planning team* (see Chapter 4) is the starting point for reviewing or establishing goals. Using the priority listing of issues, the CPA helps the *planning team*:

- Review existing goals (usually developed in a strategic planning process) and determine if they reflect current issues facing the organization and relate to selected strategies:
 - Existing goals that are not consistent with the current priority listing of issues should be ignored in the strategy implementation process.
 - Existing goals that are not related to the strategies selected for implementation should also be ignored in the strategy implementation process.
- Make necessary revisions to any existing goals that remain relevant with respect to the current priority listing of issues and selected strategies.
- Discuss ways to resolve current priority issues that relate to strategies to be implemented.
- Reach consensus on the most effective ways to resolve current priority issues that are related to selected strategies.
- Draft formal goal statements, if needed, reflecting the ways in which current priority issues will be resolved.

How to Determine If Goals Are Realistic

All too often, governmental or not-for-profit organizations set unattainable idealistic goals rather than achievable, realistic goals because they do not fully understand the goal-setting process. The following scenarios represent examples of realistic and unrealistic goals for a governmental and not-for-profit organization.

- Assume the city's mission is to maintain a high quality of life for its citizens. A priority issue related to the city's mission is maintaining current service levels without

increasing tax rates. Accordingly, a realistic goal to resolve this priority issue might be a diverse revenue base, because it would provide long-term financial viability. An unrealistic goal for this priority issue would be aggressive annexation of surrounding unincorporated areas because the annexed areas might create demands for services that exceed the related annexed resources (for example, additional tax revenues, charges for services).

- A not-for-profit organization’s mission is to help “today’s girls become tomorrow’s leaders.” Assuming a related priority issue is the increase in obesity among teen-aged girls, a realistic goal would be healthy and fit teen and preteen girls in the United States. An unrealistic goal for the organization would be healthy and fit women because the stakeholders in this organization are girls and the priority issue is teen-aged obesity.

The basis for goals should be the priority listing (see Chapter 4) of the significant issues the governmental or not-for-profit organization expects to face in the planning horizon. If an established or suggested goal does not resolve, or help to resolve, an identified priority issue, it should be ignored in the strategy implementation process. Likewise, goals not related to the strategies to be implemented should be ignored. For example, a goal that citizens feel safe, while laudable, would not be appropriate in strategy implementation if increased crime was not a priority issue. For every proposed goal, the CPA should assist the *planning team* in asking:

- “What is the related priority issue?”
- “How does this achieve the mission of the organization?”
- “Is this goal related to the strategies selected for implementation?”

See Exhibit 5.1, “Example Goal Statements and Related Priority Issues,” where examples of goal statements are related to priority issues.

- The following specific guidelines are useful in selecting or setting realistic goals:
- Align each goal with the related significant issue and its priority listing.
- State specifically how the goal will address the related significant issue.
- Ask what strength, weakness, opportunity, or challenge relates to each goal.
- Identify the specific trend or event to which the goal relates.
- Ask how each goal relates to the organization’s mission statement.
- Determine if the goal is related to the strategies to be implemented.

Other more general considerations to keep in mind when selecting or setting realistic goals include the following:

- Clearly word goals.
- Establish only the number of goals needed to resolve the related priority issue.
- Keep goals simple (this results in only one or two objectives and strategies for each goal).
- Address only one priority issue with each goal (goals addressing more than one issue may indicate the issue is redundant).
- State goals in terms of actions to take or results to achieve.



- **Exhibit 5.1 Example Goal Statements and Related Priority Issues**
(see accompanying CD-ROM)

How to Ensure Goals Translate Into Quantifiable Objectives

Clear, realistic, and achievable goals provide the basis for establishing the objectives to achieve them. Objectives are time-specific interim measures of an organization's progress toward its goals. In some cases, the organization may need to establish more than one objective to accomplish a particular goal. Like goals, objectives relate to how the governmental or not-for-profit organization plans to resolve the likely and highly significant issues confronting them in the planning horizon. As part of the strategy implementation process, established objectives are reviewed for relevance to the strategies to be implemented. When established objectives do not relate to the strategies to be implemented, it is necessary to develop appropriate objectives. Exhibit 5.2, "Example Objectives and Related Goals and Priority Issues," provides examples of objectives with notations of the related goals statement and how they relate to the priority issues.



- **Exhibit 5.2 Example Objectives and Related Goals and Priority Issues**
(see accompanying CD-ROM)

Using information regarding the city in the previous example, an objective related to the goal of a diverse revenue base might be to enhance long-term financial viability by increasing the General Fund unreserved fund balance by 2 percent a year until it reaches 20 percent of the subsequent year General Fund operating expenditures. This objective is:

- Specific (increase General Fund unreserved fund balance).
- Quantifiable (increase by 2 percent per year until it reaches 20 percent of subsequent year operating expenditures).
- Stated in terms of outcomes (enhance long-term financial viability).
- Clearly related to the priority issue (maintain current service levels without an increase in taxes) and to the organization's mission (maintain a high quality of life for its citizens).
- Time specific (until unreserved fund balance reaches 20 percent of subsequent year General Fund operating expenditures).
- Targeted to a specific population (General Fund).
- Measurable (increase 2 percent per year until unreserved fund balance reaches 20 percent of subsequent year General Fund operating expenditures).

Similarly, in the previous example of a not-for-profit organization, an objective related to the goal of healthy and fit teen and preteen girls might be to improve girls' health by reducing obesity in girls aged 10 through 16 by 10 percent over the next five years. This objective also is:

- Specific (reduce obesity).
- Quantifiable (reduce by 10 percent).
- Stated in terms of outcomes (improve health of girls).
- Clearly related to the priority issue (obesity in teenagers) and to the organization's mission (helping today's girls become tomorrow's leaders).
- Time specific (five years).
- Targeted to a specific population (girls aged 10 through 16).
- Measurable (decrease obesity in teen and preteen girls by 10 percent).

Some governmental or not-for-profit organizations establish too many or too few objectives to achieve their goals. There is no standard number of objectives to establish for each goal. To avoid too many or too few objectives, however, the CPA should help the *planning team* remember:

- Complex goals require significantly more objectives than do goals that are simple and clearly stated.
- Periodic assessment of the organization's progress toward its goals is essential if it is to effectively and efficiently achieve its mission.
- Goals are more likely to be realistic and achievable if sufficient time to meet the established objectives is allowed in the strategy implementation plan.

Objectives broadly establish what the governmental or not-for-profit organization will do to achieve its goals and the timeline by which the organization will achieve its goals. The governmental or not-for-profit organization and the CPA may find the following guidelines useful in setting a minimum but adequate number of reasonable objectives to achieve their goals in a timely manner.

- Determine or establish objectives for only those strategies selected for implementation.
- Align each objective with the related goal and significant issue.
- Specifically state the target population.
- Describe what actions will be taken to attain the related goal and the specific time frame within which the action will be taken.
- State measures of progress toward goals as percentages or absolute numbers and include the specific time frame within which the changes will occur.

Other more general considerations to keep in mind when selecting or setting realistic goals include:

- Clearly word the objectives.
- Establish only the number of objectives needed to achieve the related goal.
- Keep objectives specific and quantifiable in nature.
- Align objectives with the organization's mission.
- Ensure time targeted for completion of the objective is reasonable.
- State objectives in terms of desired outcomes.

Making Sure Objectives Are Measurable

As objectives are quantified measurements of interim progress toward an organization's goals, it is very important to select or establish objectives capable of being measured efficiently and accurately (see Chapter 8 for a discussion of performance measures).

In strategy implementation, outcome measures, known as indicators, quantify the established objectives and are often difficult for the governmental or not-for-profit organization to develop, measure, and maintain. Outcomes denote the level of the organization's effectiveness in achieving its goals. Timely and accurate measurement is critical to determining if objectives are met and in evaluating how well the governmental or not-for-profit organization is achieving its mission.

It is important for the success of the strategy implementation process that the *planning team* establishes objectives that include specific activities that are measurable, results that are achievable, and time frames that are realistic. Strategy implementation efforts often fail because objectives focus on inputs and outputs rather than outcomes and indicators. The CPA can assist the *planning team* in this regard by:

- Reminding them that inputs are the resources available to conduct specific activities.
- Reinforcing that outputs represent only the level and not the results of activities.
- Focusing them on outcome measures that best indicate:
 - Results of the activities.
 - How results help accomplish the organization's mission.

In some cases, data needed to calculate the indicators may not be readily available to the organization, and the ultimate outcome may not be known for several years. Therefore, it is important for the governmental or not-for-profit organization to select or establish objectives that will properly measure progress toward goals and be capable of efficient and accurate measurement. Objectives for which outcomes are unknown for a long period should measure the incremental progress of the governmental or not-for-profit organization toward its goals. For example, to measure progress toward the goal of eradicating AIDS/HIV in Hispanics in the United States, an organization might use annual incidence data from the Centers for Disease Control. Decreases in the incidence of AIDS/HIV in Hispanics in the United States would indicate progress toward the goal of eradicating AIDS/HIV in the target population. Any increase in incidence would indicate a lack of progress toward this goal, meaning the objectives designed to reach the goal should be reviewed for efficacy and relevance to the stated goal.

The CPA can help the *planning team* select or develop measurable objectives by:

- Providing industry-specific "best practices."
- Evaluating suggested objectives for measurability.
- Determining outcomes that are appropriate for the stated goals.
- Researching ways similar organizations measure their objectives.
- Identifying outcome measures and indicators.
- Keeping the *planning team* focused on the quality rather than the quantity of the objectives.

Aligning Objectives With Stakeholder Expectations

Ideally, the *planning team* consists of various stakeholders (see Chapter 2) who keep the good of the organization and the interests of the community foremost in their minds as they go through the planning phase. In reality, selecting or establishing objectives may put previously agreeable *planning team* members at odds with one another. During the process of selecting or establishing objectives, *planning team* members may lose their objectivity or revert to parochial attitudes, or may take too long to meet the organization's goals, if they feel objectives are omitted.

It may prove difficult for some *planning team* members to remain totally impartial if they believe their interests and issues are inadequately addressed in the objectives. To ensure the continuation of the planning phase and the ultimate success of the strategy implementation effort, it may be necessary for the CPA or team leader to intervene. To eliminate or reduce the potential for negative feelings among some *planning team* members, the CPA or team leader should:

- Review the priority issue listing for potential problems due to concentrations of issues in specific functions/areas (before beginning the goals and objectives process).
- Direct discussions toward all areas represented by the various stakeholders (as goals are set).
- Summarize the objectives by the various stakeholder groups within the time frames (once goals are set and objectives are established). See Exhibit 5.3, "Summary of Goals and Objectives by Stakeholder Group and Time Frame (Relative to Selected Strategies)." This type of a summary highlights areas where there are:
 - Unintended concentrations of particular stakeholder groups.
 - Stakeholder groups unintentionally omitted in the process.
- Facilitate discussions about why:
 - Certain concentrations may be necessary.
 - Certain stakeholder interests are not represented.
 - Objectives are to be revised.
- Document the rationale for the ultimate goals and objectives for inclusion in the final strategy implementation plan.



- **Exhibit 5.3 Summary of Goals and Objectives by Stakeholder Group and Time Frame (Relative to Selected Strategies)**
(see accompanying CD-ROM)

To facilitate the development of goals and objectives in the planning phase of the strategy implementation process, see Exhibit 5.4, "Goals and Objectives Worksheet (Relative to Selected Strategies)." Clearly articulated goals and objectives are used to subsequently guide the development of specific strategies to accomplish the objectives.



- **Exhibit 5.4 Goals and Objectives Worksheet (Relative to Selected Strategies)** (see accompanying CD-ROM)

USING VISIONING TO COMPENSATE FOR THE REALITIES OF TIME AND MONEY

During the review of goals and objectives, some *planning team* members may become disillusioned with the strategy implementation process or begin to believe it inadequately addresses the needs of their particular stakeholder group. When this occurs, a vision statement process related to the strategies to be implemented may help to bring the *planning team* members together and unite them in an effort to idealize what they desire for their organization in the future. Again, the CPA acts primarily as a facilitator in this process.

An organization's mission statement focuses on outcomes and affirms who it is, what it does, and why it does it. Organizational philosophies and values are intrinsic in the why of the mission statement. A vision statement, on the other hand, while loosely connected to the mission statement, is idealistic and symbolizes how the organization sees itself in the future. Vision statements can be developed for the entire organization or the specific department, agency, or program involved in the strategy implementation process.

Governmental and not-for-profit organizations (or subunits thereof) may have developed vision statements in the past that have been simply modified periodically for changes in the political environment and the leadership. Often these vision statements are nothing more than a generic slogan designed to please the largest number of constituents or special interests. Therefore, not all governmental or not-for-profit organizations have a vision statement and some include their vision for the future in their mission statement.

After goals and objectives are reviewed or established, the governmental or not-for-profit organization, or subunit thereof, has a clear idea of what it will do to accomplish its mission and the position of the organization if all goals are achieved. At this point in the strategy implementation process it is appropriate for the *planning team* to consider whether a vision statement is needed. A vision statement is not necessary to the formal strategy implementation process, especially if a clear, concise, and all-embracing mission statement exists. However, development of a vision statement may prove helpful in reenergizing the *planning team* or in reestablishing a sense of camaraderie among members of the *planning team*.

The vision statement process can help *planning team* members reassert the importance of stakeholders' needs as well as reconnect them to the strategy implementation process by:

- Encouraging them to be creative (extremely valuable in developing a vision statement).
- Discouraging discussion of reality-based constraints such as time, money, and personnel.
- Involving all members in an imaginative and innovative process.
- Taking a break from the pressure of the strategy implementation planning process.

Establishing a Vision

In establishing a vision statement for the governmental or not-for-profit organization (or applicable subunit), the *planning team* develops a long-range direction for the organization, or subunit, as it executes its strategy implementation plan. The vision statement:

- Is a written representation of what the organization (or subunit) expects to be if successful in its strategy implementation effort (at the conclusion of the planning horizon).

- Includes the basic and core values of the organization (or subunit).
- Liberally uses analogies, imaging, and metaphors in its descriptions.

Vision statements are a “marketing” tool as they help “sell” stakeholders on the strategy implementation effort and the direction needed to achieve successful implementation. As such, they should create pride in the governmental or not-for-profit organization or subunit and inspire and motivate all stakeholders to achieve the long-term shared vision of the organization. The planning team may find it helpful to have the CPA assist in enlisting those stakeholders with marketing expertise or other creative traits to aid them in the vision statement process. Exhibit 5.5, “Sample Vision Statements With Related Mission Statements,” includes examples of vision statements for understanding the purpose of the vision statement and how it differs from an organization’s mission statement.



- **Exhibit 5.5 Sample Vision Statements With Related Mission Statements** (*see accompanying CD-ROM*)

Although the vision statement is uniquely associated with each organization (or subunit), the *planning team* may find the following guidelines useful in developing this “written picture” of the future.

- Remember the end result is a better future for the organization or subunit.
- Encourage creativity, imagination, and innovation.
- Concentrate on the strengths of the organization or subunit.
- Tie the vision to the long-term goals of the organization or subunit.
- Draw on the mutual values and beliefs of the organization’s stakeholders.
- Use words and phrases that will inspire and motivate stakeholders.
- State outcomes positively.
- Design the vision statement as a clearly identifiable philosophy to guide the organization, or subunit, through the strategy implementation effort.

EXHIBIT 5.1

EXAMPLE GOAL STATEMENTS AND RELATED PRIORITY ISSUES

National League of Cities (NLC)

Goal: Protect local interests in Washington through high visibility lobbying based on policy guidance in the member-developed *National Municipal Policy*.

Priority

Issue: Enhance NLC's effectiveness and influence as an advocate for cities and towns on federal issues.

Goal: Maintain the focus and continue to build the commitment among city leaders to eliminate racism in America once and for all.

Priority

Issue: Sustain NLC's leadership efforts on the building quality communities and race equality agendas.

City of Portland, Oregon—Human Resources Bureau

Goal: Stewardship.

Priority

Issue: Streamlined rules and policies.

Goal: Diversity.

Priority

Issue: Attract and retain a diverse workforce committed to quality public service.

EXHIBIT 5.2

EXAMPLE OBJECTIVES AND RELATED GOALS AND PRIORITY ISSUES

National League of Cities (NLC)

Objective: A new advocacy action plan will guide ... work this year....Focus will be on creating clear advocacy messages... [and] on issues that matter to America's cities and towns.

Goal: Protect local interests in Washington through high visibility lobbying based on policy guidance in the member-developed *National Municipal Policy*.

Priority Issue: Enhance NLC's effectiveness and influence as an advocate for cities and towns on federal issues.

Objective: Use foundation funds to enhance...capacity to sustain leadership agendas. A...grant will emphasize concrete research on...racism. A member research panel will...guide...work on building quality communities....

Goal: Maintain the focus and continue to build the commitment among city leaders to eliminate racism in America once and for all.

Priority Issue: Sustain NLC's leadership efforts on the building quality communities and race equality agendas.

City of Portland, Oregon—Human Resources Bureau

Objective: As trustees of public resources, to provide the City a progressive human resources system and ensure its integrity.

Goal: Stewardship.

Priority Issue: Streamlined rules and policies.

Objective: To lead and support the City in creating an inclusive work environment and a workforce that reflects the cultural, ethnic and racial diversity of the community we serve.

Goal: Diversity.

Priority Issue: Attracting and retaining a diverse workforce committed to quality public service.

EXHIBIT 5.3
SUMMARY OF GOALS AND OBJECTIVES BY STAKEHOLDER GROUP AND TIME FRAME
(RELATIVE TO SELECTED STRATEGIES)

Goal*		Objective*		Priority Issue	Relevant Stakeholder Group		Time Frame	
#	Description	#	Description	#	Description	Planning Team Member		Group Description
1	Diversify tax base	1	Enhance long-term financial viability	1	Maintaining current service levels	Ann Johnson (CFO)	Investors, taxpayers, citizens	Ongoing
2	Recruit & retain first-class employees	3	Maintain competitive pay structure for all employees	2	Minimizing employee turnover	Sam Rogers (HR Department Director)	Employees, citizens, visitors	Ongoing
* From strategic plan or strategy implementation planning process if not in strategic plan								

Notes:

- 1 Summarize all objectives on one worksheet.
- 2 List objectives by time frame within stakeholder group(s).
- 3 Copy this worksheet and re-sort by time frame.
- 4 Compare summarized objectives by stakeholder group and by time frame for overlap/overload/oversight.

EXHIBIT 5.5

SAMPLE VISION STATEMENTS WITH RELATED MISSION STATEMENTS

City of Dallas, Texas

Vision: Dallas, the City that works: diverse, vibrant, and progressive.

Mission: To serve the needs of the Dallas community by enhancing the vitality and quality of life for all.

City of Dallas, Texas—Fire-Rescue Department

City Vision: Dallas, the City that works: diverse, vibrant, and progressive.

Department

Mission: We protect our community by providing rapid, professional, caring, and safe service that saves lives and property and enhances public health through prevention, fire-rescue response, and public education activities.

City of Bellevue, Washington

Vision: Bellevue City Government is innovative, efficient and fiscally responsible. Council and staff are customer oriented; believe in quality; and work together to provide excellent basic services. The City cares about its citizens and employees and it values its roots.

City Council

Mission: Through accessible proactive leadership and governance, provide high-quality services and facilities that meet the needs of the community.

Children's Home Society, Washington

Vision: To be recognized as Washington's premier children's service and advocacy organization.

Mission: To help children thrive by building on the strengths of children, families and communities.

Corporation for Enterprise Development (CFED)

Vision: The Corporation for Enterprise Development envisions widely shared, sustainable economic well-being in an inclusive, productive economy where everyone is fully engaged and appropriately rewarded.

Mission: The Corporation for Enterprise Development fosters widely shared and sustainable economic well-being by promoting asset-building and economic opportunity strategies—primarily in low-income and distressed communities—that bring together community practice, public policy, and private markets in new and effective ways.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 6:

How to Formulate Realistic Strategies to Accomplish Objectives and to Achieve Goals

Once goals and objectives have been reviewed or established (see Chapter 5) to address the priority issues (see Chapter 4), the next step in the planning phase of strategy implementation involves formulating realistic strategies. Strategies specifically measure progress toward goals, which makes them vital to achieving the mission of the governmental or not-for-profit organization.

Developing strategies that are realistic (the subject of this chapter) and measurable (the subject of Chapter 8) is the heart of the strategy implementation process. Clearly, the scope of the strategy implementation process dictates the extent to which the guidance in this chapter applies to the strategy implementation process. Likewise, the involvement of the CPA as consultant will be dictated by AICPA and Government Accountability Office (GAO) independence standards.

Formulation of strategies at this point is *related to strategy implementation and not strategic planning*. Strategies developed in a strategy implementation process may, in some cases, be the same as strategies developed in the strategic planning process. However, strategies associated with the strategy implementation process are more detailed and operational than those developed in a strategic planning process. There, strategies are typically developed for a longer planning horizon than that associated with strategy implementation. This chapter shows how to:

- Use existing operational procedures to define strategies.
- Use the details of service delivery to develop realistic strategies and time frames.
- Assign responsibilities for specific strategies while avoiding task overload.
- Determine funding priorities for identified strategies.
- Determine the optimum budget format to use in the strategy implementation process.

Exhibits at the End of This Chapter

Exhibit 6.1 Analysis of Operational Procedures

Exhibit 6.2 Analysis of Planning Team Members by Operational Area

Exhibit 6.3 Questionnaire—Analysis of Potential Strategies

Exhibit 6.4 Strategy Summary Matrix

Exhibit 6.5 Funding Priority Worksheet

Exhibit 6.6 Questionnaire—Budget Format Determination

HOW STRATEGIES RELATE TO GOALS, OBJECTIVES, AND PRIORITY ISSUES

After setting goals and establishing the objectives to achieve them, the *planning team*, with the assistance of the CPA, develops the strategies that will specify how the entity's objectives will be met, which in turn will achieve their goals. Strategies are specific operations or procedures that indicate how an objective is to be accomplished (see Chapter 5) *but they do not simply restate the objective*. As such, strategies are integral to achieving the mission of the organization because they specifically measure an organization's progress toward its goals. As discussed in Chapter 4, goals are the steps taken to resolve priority issues (that is, likely and highly significant future issues). In some strategic initiatives, governmental or not-for-profit organizations refer to strategies as action plans, tactics, or policies.

THE STRATEGY FORMULATION PROCESS

In the strategy formulation process, the CPA assists the *planning team* in developing strategies to specify how the organization will meet their established objectives, which in turn will achieve their goals. Inherent in this portion of the planning phase of the strategy implementation process is the revision or elimination of existing strategies (that is, policies, procedures, programs, and activities). Such revisions are necessary to bring existing strategies in line with current priorities and conditions as well as future stakeholder expectations. In addition, revision of existing strategies may be necessary in light of the strategies selected for implementation. With assistance from the CPA, the *planning team* will evaluate existing strategies for continued viability as well as consider new strategies in light of the:

- Current vision and mission of the organization.
- Present priority issues, goals, and objectives.

In addition to reviewing existing strategies for continued viability, the strategy formulation process includes:

- Formulating attainable and realistic strategies.
- Designating individuals to be responsible for implementation of each strategy.
- Specifying expected work products that are associated with each strategy.
- Establishing time frames and due dates for each strategy.

- Identifying specific funding sources for each strategy.

AICPA and GAO independence standards will determine the CPA's role in the strategy formulation process. Regardless of the involvement of the CPA, the role of the *planning team* in the strategy formulation process is to:

- Obtain a working knowledge of the organization's operations relevant to the current mission, goals, and objectives of the organization.
- Focus on comprehensive strategies that have limited operational impact.
- Recognize the limitations of existing human, capital, and financial resources in order to formulate realistic strategies.
- Assign individual responsibility for specific strategies while avoiding task overload in the implementation process.
- Establish a system by which strategies can be prioritized for funding purposes.
- View the budget format as an additional tool to ensure the success of the strategy implementation process.

HOW TO FORMULATE REALISTIC AND ATTAINABLE STRATEGIES

Governmental or not-for-profit organizations sometimes develop too many strategies or strategies that are unattainable or unrealistic. The following general suggestions may help the CPA and the *planning team* avoid having too many unattainable or unrealistic strategies.

- At the conclusion of the goals and objectives session, "assign" certain objectives to the *planning team* and ask them to bring suggested strategies to the strategy development session.
 - Base assignments on the willingness of the *planning team* members to participate and cooperate as well as their area of interest or expertise.
- Separate the strategy development process from the goals and objectives session (this allows the *planning team* time to relax and revitalize, which encourages creativity and instills enthusiasm at the strategy development session).
- Allow for substantial time between the last goals and objectives session and the first strategy development session.
- Set a maximum amount of time that the *planning team* will spend developing strategies (that is, number of meetings, number of hours, time frame for completion, and so on).
- Remind *planning team* members there is no standard number of strategies for a stated objective. There should simply be enough strategies to accomplish the related objective.
- Formulate only those strategies for which performance can be objectively measured or for which performance indicators exist.

Other guidelines that may be useful to the CPA and the *planning team* in developing strategies follow. These guidelines should result in strategies that are comprehensive in scope but that have limited operational impact on the organization.

- Develop viable strategies acceptable to all stakeholders and the general public.

- Select strategies that are consistent with the philosophy, mission, or core values of the organization.
- Strategies should consider available resources and the planning horizon.
- Strategies do not need to be on a grand scale; incremental strategies are appropriate when time or financial constraints are limited.
- Phrase strategy options in terms of imperatives such as “do,” “develop,” “obtain,” “achieve,” and so forth.
- Describe the activities, programs, or steps to achieve the objective in terms of who, what, when, where, why, and how.
- Consider strategies for which performance measures or indicators are readily available or easily calculated.
- Review selected strategy options, considering barriers to achieving them or recognized organizational challenges.

How to Use Operational Procedures to Define Strategies

All governmental or not-for-profit organizations have existing policies, procedures, programs, and activities that are in effect strategies whether or not they are linked to specific goals and objectives. Exhibit 6.1, “Analysis of Operational Procedures,” is a form to use when evaluating operational procedures as part of the strategy formulation process. The CPA and the *planning team* initially use Exhibit 6.1 to identify existing policies, procedures, or programs by specific goal and objective. Using Exhibit 6.1, the CPA and the *planning team* then begin to define strategies by:

- Reviewing the identified existing operations for impacts related to the potential additional services or programs for:
 - Work load compression.
 - Work overload.
 - Legal constraints.
 - Additional facilities.
 - Duplicative target populations, services, and programs.
- Determining what new operations are needed to provide services or programs for those objectives for which no operations currently exist.
- Reviewing the identified potential new operations for impacts related to the potential additional services or programs for:
 - Additional operational staff.
 - Additional support staff.
 - Additional expertise for existing operational staff.
 - Additional or new licensing.
 - Legal constraints.

- Additional ancillary and overhead costs.
- Additional facilities.
- Evaluating identified existing and potential new operations for possible:
 - Economies of scale.
 - Overlapping services in the community.
 - Outsourcing.
 - Duplicative or overlapping target populations.



- **Exhibit 6.1 Analysis of Operational Procedures**
(see accompanying CD-ROM)

Because strategies represent specific operations or actions, they are best developed by those closest to the day-to-day operations of the governmental or not-for-profit organization. In developing strategies, the *planning team* should consider expanding (for this step of the planning phase) to include individuals that are at a range of levels of responsibility and that are representative of the significant operations of the organization. Their knowledge of the capabilities and limitations of the organization, its human capital, and physical plant provide invaluable insight in developing realistic and achievable strategies. If other employees are not added to the *planning team* at this point, knowledge of the details of service delivery will need to be obtained by the *planning team* using other means. Exhibit 6.2, “Analysis of Planning Team Members by Operational Area,” can be used to help determine if additional operational personnel should be added to the *planning team* for the strategy formulation process.



- **Exhibit 6.2 Analysis of Planning Team Members by Operational Area**
(see accompanying CD-ROM)

In addition to organizational staff, working papers prepared by the CPA as part of other engagements can provide information related to organizational operations. Obviously, the use of working papers in a consulting engagement such as strategy implementation will need to be viewed in light of AICPA and GAO independence and field work standards. These working papers often identify a number of operations that are critical to the finance function and result in material financial statement amounts. Audit working papers that might include operational information about the governmental or not-for-profit organization include:

- Review of the control environment.
- Review of internal accounting control system.
- Assessment of audit risk and materiality.
- Fraud procedures, such as brainstorming and client inquiries.
- Compliance, substantive, and other analytical review procedures.

- Management’s Discussion and Analysis for governmental organizations.
- Performance audits.
- Nonaudit services.

How to Develop Strategies, Assign Responsibility, and Avoid Task Overload

After the goals and objectives have been evaluated in light of existing and needed operations, the CPA and the *planning team* begin work on the actual strategies. It may be helpful at this time for the CPA to review with the *planning team* what strategies represent and how they relate to the mission, goals, and objectives. The *planning team* should allow sufficient time at each session to produce results but should not meet too long. For each proposed strategy, use Exhibit 6.3, “Questionnaire—Analysis of Potential Strategies,” in selecting strategies to be considered later in light of timing and resources.



- **Exhibit 6.3 Questionnaire—Analysis of Potential Strategies**
(see accompanying CD-ROM)

An effective technique to ensure the development of realistic strategies with achievable time frames can be found in Exhibit 6.4, “Strategy Summary Matrix.” Using this matrix format allows the *planning team* to clearly see task overload, compressed timelines, and financial limitations.



- **Exhibit 6.4 Strategy Summary Matrix**
(see accompanying CD-ROM)

WHAT TO DO WHEN STRATEGIES EXCEED AVAILABLE RESOURCES

A number of strategic planning, management, and implementation methodologies discourage the consideration of barriers that may prevent organizations from achieving their goals, mission, or vision. These methodologies typically focus on a purely creative process that flows freely without considering any events or circumstances that might prevent or impede the ultimate vision of the organization. Such an approach results in strategies that ignore the difficulties the organization faces, thus making it virtually impossible for objectives to be accomplished and goals to be achieved. It is for this reason that organizations often abandon their strategic initiatives and are reluctant to reconsider the process in the future.

An ever-present reality facing governmental and not-for-profit organizations is that of *limited resources and unlimited constituent needs*. Governmental organizations compete among themselves for development and growth opportunities in lieu of increasing taxes, fees, or user charges. Within governmental organizations, agencies and departments struggle to provide services at adequate levels to an increasing number of constituents. Not-for-profit

organizations vie for public and private grant funding, and competition for individual and corporate contributions and sponsorships is fierce. These irrefutable realities facing governmental and not-for-profit organizations cannot be ignored in the strategy implementation process. Therefore, strategies should address the implementation difficulties these realities represent rather than approach them with little or no concern.

Establishing Funding Priorities

In addition to reflecting the underlying realities facing the governmental or not-for-profit organization, strategies should establish a system by which funding for them can be prioritized. When identified strategies exceed available human or financial resources, priority should be given to:

- Outcomes rather than outputs or inputs.
- Outcomes with clearly delineated links to previously identified strategic issues.
- Strategies causing or influencing other strategies.
- Strategies aimed at eliminating barriers to mission achievement.

A number of analytical techniques are appropriate to determine which alternatives are more or less desirable in a given circumstance. With respect to analyzing policy decisions, cost-benefit or cost-effectiveness analysis is often more appropriate than simple cost analysis. However, there are a number of limitations and concerns associated with utilizing any analytical technique as a method of prioritizing resource allocation. Because of the political nature of governmental organizations and the mission focus of not-for-profit organizations, analytical techniques may be inappropriate as a funding prioritization mechanism.

CPAs are most able to either prepare or assist in preparing any financial analysis needed for determining funding priorities. Because CPAs are typically well-versed in analytical techniques, they are the logical choice to assist governmental and not-for-profit organizations in establishing a funding priority system. Exhibit 6.5, "Funding Priority Worksheet," includes several spreadsheet applications designed to organize the various components of developed strategies. This resource tool encompasses the basic principles associated with simple cost analysis, cost-effectiveness analysis, and cost-benefit analysis.



- **Exhibit 6.5 Funding Priority Worksheet**
(see accompanying CD-ROM)

Involving Stakeholders and Customers

Any strategy implementation process should ideally include stakeholders and customers in the planning phase; however, this does not often occur. If not totally involved, stakeholders and customers should be included in the strategy formulation phase of the process because they are the ultimate beneficiaries of the programs and action plans encompassed in the strategies. At a minimum, the governmental or not-for-profit organization should consider input from stakeholders and customers when tough decisions such as funding priorities are to be made.

Facing Political Realities

By their very definition, governmental and not-for-profit organizations are public organizations. They require or solicit funds from the general public and as such, the public feels they should have a voice in how the funds are spent. This is especially true in the case of governmental organizations and public tax revenues they involuntarily provide for the public good. As such, governmental and not-for-profit organizations are highly accountable to the public as well as their respective stakeholders.

The public nature of and focus on mission inherent in governmental and not-for-profit organizations often results in decisions that are not the most advantageous from a financial or economic perspective. Decisions in public sector organizations are normally based on what will best serve the public good or best meet the needs of constituents. Unfortunately, there is no clear definition of what constitutes the public good, and determinations of what best meets constituent needs are value based at best.

It is often difficult for those with a strong financial or economic background to understand how decisions can be made based on “politics” or “personal beliefs” rather than “economics.” Therefore, it is necessary that CPAs serving these public sector organizations understand that while their financial analyses may be professional, accurate, and grounded in sound economic theory, funding may be prioritized using a far less exact science.

REAL WORLD EXAMPLES

In many areas there is often a monumental chasm between the theoretical and the actual, and the strategy implementation process is no exception. Outlined in this section are a number of “real world” strategies developed by governmental and not-for-profit organizations. In these examples, the strategies follow the guidelines outlined previously in this chapter either in total or in part. These examples clearly demonstrate the variety of ways organizations interpret strategy implementation.

Illinois Council on Developmental Disabilities (Springfield, Illinois)

- Goal: Quality assurance.
- Objective: People have control, choice, and flexibility in the services and supports they receive.
- Strategy 1: By September 200X, 1,500 people will use a centralized advocacy/information system at least once to assist in meeting their need(s).
- Strategy 2: By September 200X, 500 self-advocates and family members will be trained as advocates and will demonstrate they used what they learned to assert their preferences or rights in the services they receive.

City of Sunnyvale, California Information Technology Department

- Goal: Standardize technology acquisition process.
- Strategy 1: Develop internal standards and guidelines based on an “open system” distribution approach.

- Strategy 2: Develop an organization-wide awareness program concerning the need to optimize the city's information technology infrastructure.
- Strategy 3: Utilize the Continuous Improvement Panel where appropriate to determine major priorities and resource expenditures for hardware and software acquisitions before forwarding proposals to the Executive Leadership Team.

Note these strategies describe what and why (that is, activities, programs, and steps) but they are not specific about who, when, and how. Additionally, there are no objectives and the goal appears to be more of an objective rather than a long-term goal.

City of Portland, Oregon Bureau of Human Resources

- Goal IV: Service – To listen to our customers, anticipate their needs, and balance service provision and regulation.
- Strategy A: Define and adopt customer service performance standards.
- Benchmark 1: HR managers will solicit customer feedback semi-annually regarding service delivery.
- Benchmark 2: By September 30, 200X, HR managers will establish performance standards.
- Benchmark 3: HR managers will identify and develop options for improved service delivery.
- Benchmark 4: HR managers will train HR staff to meet service levels.

As used in this context, “strategy” appears to be an “objective,” whereas the benchmarks appear to be strategies. In some cases, the benchmarks do not specify when or why.

USING THE BUDGET TO ASSIST IN IMPLEMENTING POLICIES AND INTEGRATING STRATEGIES

In public sector organizations, the *budget process* is used to allocate resources, control operations, and manage service delivery. As such, the *budget document* clearly delineates plans, priorities, and costs and also serves as a guide for administrative control. Details related to these plans, priorities, and costs included in the budget document vary based on the *budget format*. Some budget formats may provide information useful to the *planning team* in the strategy formulation process. It follows then that if such budget document information is useful in the planning phase of strategy implementation, it could also be useful in the implementation or evaluation phases of the strategy implementation process. To determine if the budget document can be used as a tool in strategy formation, it is necessary to understand the most common budget formats used by governmental and not-for-profit organizations.

Understanding Frequently Used Budget Formats

Governmental and not-for-profit organizations typically use a budget format that best represents the budget implementation and execution process in their organization. In the

case of governmental organizations, the budget format may actually be prescribed by law, rule, or regulation. Ideally, the format of the budget document should be a policy statement for the governmental or not-for-profit organization. In addition, it should represent a financial plan as well as serve as a guide for operations. Budget documents should be written and formatted to clearly communicate the organization's policies, finances, and operations for the upcoming budget period.

Examples of budget formats typically found in governmental and not-for-profit organizations include:

- Objects of expenditure (line item) budgeting.
- Incremental budgeting.
- Performance budgeting.
- Program budgeting.
- Zero-based budgeting.

The traditional budget format used was the object of expenditure, or line item, format. This budget format focuses on controlling expenditures because in the early years of the twentieth century public administrators were concerned with preventing theft rather than efficient and effective service delivery. Even though many governmental and not-for-profit organizations no longer use this traditional budget format, the administrative aspects of the budget preparation, implementation, and execution process are often mired in this narrow line-item control orientation. An example of the line item budget format can be viewed at the City of Pensacola, Florida, Web site (www.ci.pensacola.fl.us; click on "City Financial Reports").

Incremental budgeting is most commonly associated with the object of expenditure/line item format. However, governmental and not-for-profit organizations using other budget formats sometimes fall victim to an incremental budgeting philosophy. They typically use incremental budgeting to limit budget increases by allocating resources among departments and agencies using historical relationships. Anticipated increases or decreases in revenues are allocated to departments in their pro rata share amounts. This budget technique does not consider whether programs are meeting expectations or what funding level is necessary to meet them. Because much of the actual budget process is routine, organizations may generally treat it incrementally with emphasis placed only on those areas of interest to elected officials or board members. Incremental budgeting virtually ignores the policy aspect of the budget process, and budgets prepared in this manner communicate nothing about planned operations in the upcoming budget period (that is, programs and performance).

Governmental and not-for-profit organizations interested in performance objectives, accomplishments, efficiency, and effectiveness typically use a performance budget format. The underlying philosophy for this budget format is management with an emphasis on measurable tasks and the related outputs. With this type of budget format, budget requests are submitted, evaluated, and approved on the basis of activities rather than the inputs associated with the object of expenditure/line item budget format.

Planning drives the program budget format, which communicates the mission of the governmental or not-for-profit organization by combining organizational activities into programs. This budget format emphasizes the final customer and focuses on outcomes

that are the very reasons governmental and not-for-profit organizations exist. Resources are allocated to programs based on the impact they will have in achieving the mission of the governmental or not-for-profit organization. Program budgeting clearly identifies the organization's goals and classifies programs according to the related goals. For an example of the *program* budget format, go to the budget section of the City of Sunnyvale, California, Web site at <http://www.sunnyvale.ca.gov/>.

President Jimmy Carter introduced zero-based budgeting to both Georgia and the United States, where its use was short-lived. Zero-based budgeting is a technique that provides a systematic method to reallocate public funds to areas with the greatest social need. Technically, every department and agency within the organization defends its entire budget each budget cycle. This budget format does not presume each department and agency will receive funding at least equal to its prior period appropriation amount. Department and agency administrators are forced to annually evaluate programs in their totality, which improves organizational effectiveness. Governmental and not-for-profit organizations using this budget format make operations more flexible because they are able to respond to changing service demands with little administrative disruption. In addition, programs contributing little or nothing toward achievement of the organization's mission are eliminated.

Linking the Budget Format and Strategy Implementation

Regardless of the budget format used by the governmental or not-for-profit organization, *the ultimate success of the strategy implementation plan depends on how strategies are used to drive the budget process.* In using strategy implementation, the strategy implementation plan should be the starting point for the periodic budget process. For example, if one of the strategies related to the goal of maintaining current service levels in a city is to increase the level of fund balance in the General Fund, adequate revenues should be budgeted to ensure there is an increase in General Fund fund balance for the year. Likewise, if a strategy in a not-for-profit organization related to the goal of healthy teen and preteenaged girls is a national obesity awareness campaign, the current budget should include adequate financial, capital, and human resources to implement, operate, and monitor the program.

In reality, however, the budget process is not often used to plan and analyze choices, and the budget document often reflects policies and operations in a different manner than they are actually executed and monitored. One of the major reasons strategy implementation or strategic plans fail in governmental or not-for-profit organizations is because far too few of them use either their strategy implementation or strategic plan to drive the operating and capital budget process.

As user needs have changed and technology has become more affordable, many governmental and not-for-profit organizations have adapted their traditional budget format into a hybrid type of budget process and format. Some organizations have simply incorporated performance and workload type indicators into a line item or program type format. Others have combined the features of several budget formats in an effort to balance the need for control with accountability for results.

An increasingly frequently used budget format is a program-performance format, which allocates resources to programs based not only on the outcomes but also on the inputs and outputs. This budget format grew out of the "reinvention movement" documented by

David Osborne and Ted Gaebler in their book *Reinventing Government*.¹ Using this approach to the budget process and format, governmental and not-for-profit organizations focus on outcomes and hold departments or agencies accountable for results rather than on how the results are obtained.

The program-performance format is basically a results-oriented budget system, which allows departments and agencies to be more responsive to citizens, constituents, and other stakeholders. Using this process and format, public administrators have greater administrative flexibility, which is offset with a higher level of accountability for results. This budget process and format are the definitive solution to the governmental or not-for-profit organization involved in a strategy implementation process. Components of a program-performance process and format incorporate the underlying principles of strategy implementation and include:

- A strategic plan or objectives.
- Performance measures.
- Flexible budget execution in the delivery of services.
- Reporting of outcomes and financial results.

A number of not-for-profit organizations do not use industry-specific budget processes or formats. In many smaller not-for-profit organizations, the budget process is extremely informal and the budget format changes on a regular basis. For some not-for-profit organizations, the budget is simply a management tool, not an instrument of legal accountability as it is with governmental organizations. The lack of generally accepted industry-specific budget formats creates inconsistency and diversity among the budgetary philosophies of not-for-profit organizations.

Among not-for-profit organizations, the lack of budgetary uniformity may be an advantage for purposes of the strategy implementation process. Like their governmental counterparts, not-for-profit organizations should use a budget process and format that focus on policies, operations, and financial impacts. Regardless of the budget process and format, the not-for-profit organization should make every effort to effectively communicate budget information to staff, board members, and other stakeholders.

CPAs are aware of the budgetary options available to these organizations and the advantages and disadvantages of each budget type. Therefore, the CPA is in a position to recognize the budget process and format that best suit the organizations' abilities and needs and to advise them accordingly. The organization's choice of budget format involved in a strategy implementation process depends on a number of unique factors, including:

- Legal constraints (state statute or other law, rule, or regulation).
- Support from leadership (including governing body or board of directors).
- Organizational stability (that is, staff turnover, term limits for elected officials, revolving board of directors, and so forth).
- Computer system limitations (software and hardware).

¹ David Osborne and Ted A. Gaebler, *Reinventing Government: The Five Strategies for Reinventing Government* (New York: Penguin Group, Inc., 1993).

- Available financial resources in additional technology (computer software and hardware as well as peripheral devices).
- Expertise and availability of information technology personnel (in-house or outsourced).
- Expertise and availability of accounting and finance staff.
- Planned degree of decentralization.
- Expertise and availability of operating staff if a high degree of decentralization is planned.
- Expertise and availability of adequate accounting and finance staff if a high degree of centralization is planned.
- Stakeholder and other user expectations with respect to the budget process and document.

Exhibit 6.6, “Questionnaire—Budget Format Determination,” provides the CPA with a resource tool that may be used in determining which budget process or format is best suited to the governmental or not-for-profit organization involved in a strategy implementation process.



- **Exhibit 6.6 Questionnaire—Budget Format Determination**
(see accompanying CD-ROM)

Organizations involved in strategy implementation should use their strategy implementation plans as the starting point for the budget process. A number of generally acceptable budget formats are available to governmental organizations, whereas little uniformity exists in budgets of not-for-profit organizations. The governmental or not-for-profit organization should select a budget format and develop its budget process consistent with its strategic initiatives. Additionally, limitations in human and financial resources should be considered when selecting a budget format and developing a budget process. An effective budget format will reflect the policies of the governmental or not-for-profit organization as well as communicate its financial and operational plans for the budget period.

**EXHIBIT 6.1
ANALYSIS OF OPERATIONAL PROCEDURES**

Goal		Objective		Related Existing Policies, Procedures, Programs, or Activities
#	Description	#	Description	
1	Healthy and fit teen and preteen girls	1	Reduce obesity in girls aged 10-16.	“Get Fit” merit badge, physical activities at national campouts
2	Healthy and fit teen and preteen girls	2	Increase number of girls aged 10-16 participating in school team sports	None

Note:

This template uses the goals and objectives agreed to by the planning team and summarized in Exhibit 5.5.

**EXHIBIT 6.2
ANALYSIS OF PLANNING TEAM MEMBERS BY OPERATIONAL AREA**

Goal		Objective		Related Operational Area	Current Planning Team Member Representative	Recommended New Planning Team Member Representative
#	Description	#	Description			
1	Healthy and fit teen and preteen girls	1	Reduce obesity in girls aged 10–16	Public Relations & Program Development	Public Relations— Bob Adams Program Development— None	Program Development— Marcie Gray
2	Healthy and fit teen and preteen girls	2	Increase number of girls aged 10–16 participating in school team sports	Program Development	None	Marcie Gray

Note:

This template uses the goals and objectives agreed to by the planning team and summarized in Exhibit 5.5.

EXHIBIT 6.3
QUESTIONNAIRE—ANALYSIS OF POTENTIAL STRATEGIES

Proposed Strategy Number	1	2	3	4	5
Related Goal and Objective Number	1&1	2&3			
Relationship to goals, objectives, and other strategies					
Does this strategy achieve the mission of the organization?	Yes	Yes			
Does another strategy depend on this strategy?	Yes	Yes			
If so, is it an existing or a proposed strategy (E or P)?	P	P			
Does this strategy relate to an existing service or program?	No	Yes			
Who is the target population?	All citizens	All employees			
Does the target population overlap with existing customers or clients?	Yes	No			
Realistic considerations—mandates					
Can this strategy be implemented in light of existing formal mandates?	Yes	Yes			
What formal mandates need to change for this strategy to be implemented?	None	None			
Can this strategy be implemented in light of existing informal mandates?	No	No			
What informal mandates need to change for this strategy to be implemented?	Need fund balance policy	Change to pay ranges needed			
Realistic considerations—staffing					
Can this strategy be implemented with existing staff?	Yes	No			
If this strategy can be implemented with existing staff:					
Who will implement it?	CFO	Consultant			
Do they have the requisite expertise to implement it successfully?	Yes	Yes			
Do they hold a position of sufficient authority in the organization to successfully implement this strategy?	Yes	NA			
Will their current workload accommodate the additional time required to implement the strategy? If not, will overtime need to be paid?	Yes	NA			
If this strategy cannot be implemented with existing staff:					
What additional staff will be needed?	NA	None			
When will they need to be hired?	NA	NA			
Will time be needed for them to be trained or acclimate?	NA	NA			
Realistic considerations—capital					
Can this strategy be implemented using existing:					
Facilities?	Yes	Yes			
Equipment?	Yes	Yes			
Other capital resources?	NA	NA			

Chapter 6: How to Formulate Realistic Strategies to Accomplish Objectives and to Achieve Goals

Proposed Strategy Number	1	2	3	4	5
If not, what additional items will be needed with respect to:					
Facilities?	None	None			
Equipment?	None	None			
Other capital resources?	None	None			
Realistic considerations—financial					
What is the approximate cost of implementing this strategy with respect to:					
Personnel (including benefits and other employee costs)?	\$500	\$2,500			
Operating?	0	\$10,000			
Capital?	0	0			
Overhead?	0	0			
Does the organization have adequate financial resources to implement this strategy?	Yes	Yes if funded			
If adequate financial resources are not currently available, what will be the source of funding for this strategy?	NA	NA			
Attainable considerations					
How will the organization define success?	Increase in fund balance	Stable turnover ratios in total and by department			
How will the organization measure success for this strategy?	2% annual Fund balance increase	Turnover ratios, number of responses to job postings			
Do industry standards, benchmarks, or other performance indicators exist with respect to this strategy? If so, what are they and how easily can the data be obtained?	Yes—from rating agencies	Yes—from IPMA			
What priority is this strategy in the implementation process (low, medium, high)?	High	High			
What is the earliest time this strategy can be implemented?	20X4	20X4			
What is the latest time this strategy can be implemented?	20X6	20X5			
How long will it take to implement this strategy?	1 week	3 months			
How long will it be before results will be seen from implementing this strategy?	1 year	2–3 years			

(continued)

Beyond Vision and Mission—Reaching Operational and Financial Goals in Governments and NPOs

Proposed Strategy Number	1	2	3	4	5
Other considerations					
Are similar services or programs available in the community for the targeted population? If so, what are they and who provides them?	NA	NA			
Is it possible to outsource the services or programs contemplated in this strategy?	No	Yes—consultant planned			
Will implementation of this strategy result in the organization being down-sized?	No	If revenues inadequate			
Will implementation of this strategy result in the organization being right-sized?	No	If revenues inadequate			

Note:

This template uses the goals and objectives agreed to by the planning team and summarized in Exhibit 5.3.

EXHIBIT 6.4
STRATEGY SUMMARY MATRIX

Goal		Objective		Strategy		Function	Responsible Party	Time Frame
#	Description	#	Description	#	Description			
1	Diversify tax base	1	Enhance long-term financial viability	1	Increase General Fund fund balance 2% per year until 20% of subsequent expenditures	Finance	Ann Johnson (CFO)	First quarter FY 20X4
2	Recruit and retain first-class employees	3	Maintain competitive pay structure for all employees	1	Conduct bi-annual compensaton and classification study and implement all pay range adjustments in next FY	Human Resources	Sam Rogers (HR Director)	Bi-annually beginning second quarter FY 20X4

Note:

This template uses the goals and objectives from Exhibit 5.3 and strategies from planning team discussions.

**EXHIBIT 6.5
FUNDING PRIORITY WORKSHEET**

For use in making operational decisions within fiscal years or policy decisions over a number of years. Does *not* consider benefits.

Increase General Fund fund balance 2% per year until 20% of subsequent expenditures

Formula

Predicted cost of first alternative to the organization
+
Cost to relevant public/simple cost of the second alternative

All Years

1,500,000

+

1,500,00/0=0

1,500,000

Cost-Effectiveness Analysis

For use with two similar alternatives. Relates costs of an alternative to its results. Use for operational decisions where a single benefit is presumed.

Adjust pay ranges based on compensation & classification study

Regular adjustment of salaries for COLA

Estimated for Year 1

Estimated for Year 1

Formula

Simple cost

Number of predicted effects

450,000

Annual turnover of 15 positions
= 30,000

300,000
Annual turnover of 20 positions
= 15,000

Cost-Benefit Analysis

For use when *all* non-financial costs and benefits of *all* alternatives can be quantified. Net effects of alternatives are determined. Difficult, time-consuming, and costly to perform.

Formula

Net present value of all total benefits
-
Net present value of all total costs

Goal		Objective		Strategy		Function	Responsible Party	Time Frame
#	Description	#	Description	#	Description			
1	Diversify tax base	1	Enhance long-term financial viability	1	Increase General Fund fund balance 2% per year until 20% of subsequent expenditures	Finance	Ann Johnson (CFO)	First quarter FY 20X4
2	Recruit & retain first-class employees	3	Maintain competitive pay structure for all employees	1	Conduct bi-annual compensaton and classification study and implement all pay range adjustments in next FY	Human Resources	Sam Rogers (HR Director)	Bi-annually beginning second quarter FY 20X4

Note:

This template uses the goals and objectives from Exhibit 5.3 and strategies from Exhibit 6.4.

EXHIBIT 6.6
QUESTIONNAIRE—BUDGET FORMAT DETERMINATION

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Do legal constraints (state statute or other law, rule, or regulation) allow flexibility in the type of budget format?	<u>X</u>	_____	_____
2. Is there support from leadership (including governing body or board of directors) to evaluate the current budget format for adequacy and efficacy?	_____	<u>X</u>	_____
3. Is there sufficient organizational stability (for example, staff turnover, term limits for elected officials, revolving board of directors) to implement and support a different budget format?	<u>X</u>	_____	_____
4. Are there computer system limitations (software and hardware) that also limit the type of budget format?	<u>X</u>	_____	_____
5. Are financial resources available if additional technology is required (computer software and/or hardware as well as peripheral devices)?	_____	<u>X</u>	_____
6. Are there adequate expertise and availability of information technology personnel (in house or outsourced) to support a change in budget format?	<u>X</u>	_____	_____
7. Is there adequate expertise and availability of accounting and finance staff to support a change in budget format?	<u>X</u>	_____	_____
8. Will the planned degree of decentralization result in adequate controls over spending?	<u>With changes</u>	_____	_____
9. Is there adequate expertise and availability of operating staff if a high degree of decentralization is planned?	<u>In some programs</u>	_____	_____
10. Is there adequate expertise and availability of adequate accounting and finance staff if a high degree of centralization is planned?	<u>X</u>	_____	_____
11. Are stakeholder and other user expectations with respect to the budget process and document amenable to change?	<u>X</u>	_____	_____
12. Does the organization embrace the strategy implementation process?	<u>X</u>	_____	_____

A predominance of “yes” answers indicates the organization is ready to consider a program and performance budget format.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- **CREATE SCORECARD**
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 7:

Balancing Strategies to Increase Management Effectiveness

No governmental or not-for-profit organization will achieve its mission without the proper tools for its day-to-day operations. By incorporating strategies into the balanced scorecard approach, organizations ensure long-term outcomes rather than short-term outputs. This chapter describes the balanced scorecard approach and how to incorporate strategies to ensure that strategy implementation can be measured (see Chapter 8). This chapter also lays out a step-by-step process the CPA and the organization can use to integrate the balanced scorecard into the strategy implementation plan.

The balanced scorecard is a tool that translates strategies into action using performance measures. When applying this concept, the CPA works with the *planning and implementation teams* to:

- Develop principles to guide the balanced scorecard implementation and monitoring processes.
- Identify levels of the organization that will participate in the balanced scorecard process and develop the related implementation timelines.
- Develop performance indicators and measures.
- Establish targets for the identified performance measures and the time frame for achieving them.

Exhibits at the End of This Chapter

Exhibit 7.1 Example—Select Organizations Using the Balanced Scorecard Approach

Exhibit 7.2 Balanced Scorecard Terminology

Exhibit 7.3 Example—Cascading the Balanced Scorecard in a Governmental Organization

Exhibit 7.4 Example—Cascading the Balanced Scorecard in a Not-for-Profit Organization

Exhibit 7.5 Checklist—Phasing of the Balanced Scorecard Process

Exhibit 7.6 Balanced Scorecard Worksheet

OVERVIEW OF THE BALANCED SCORECARD

Robert S. Kaplan and David P. Norton developed the balanced scorecard and launched it in the private sector in the early 1990s. They developed it for the private sector as a mechanism to create long-range plans that focused on not only financial measures of success but operational measures as well. Using the balanced scorecard approach, an organization balances the following four separate but related perspectives of its operations:

- *Learning and growth perspective.* The foundation of the balanced scorecard represented by employee skills, information systems, and organizational climate.
- *Internal business perspective.* Key organizational processes requiring excellence in order for the organization to succeed.
- *Customer perspective.* A focus on target customers and the appropriate value proposition in serving them (for example, operational excellence, product leadership, or customer intimacy).
- *Financial focus.* The factor that improves the bottom line in the private sector (ensures results are achieved efficiently and at minimum cost in the public sector).

To ensure long-term success, the private sector organization must establish objectives and measures of performance from these four equally important perspectives. To do otherwise may produce short-term results but will ultimately result in long-term failure.

As with other successful private sector initiatives, the balanced scorecard concept has been modified for use in the public sector. The first efforts at incorporating a balanced scorecard approach were made at the federal level but have since been incorporated at state and local government levels as well. To date, a number of governmental organizations have successfully implemented the balanced scorecard and some of these are delineated in Exhibit 7.1, “Example—Select Organizations Using the Balanced Scorecard Approach.” The balanced scorecard model adopted for public sector organizations focuses on the following four equally important areas of responsibility:

- *Public governance responsibilities.* How customers/stakeholders perceive the organization as a policy and resource steward (includes fiscal responsibility).
- *Operational responsibilities.* How members of the organization work within it and with other public service providers.
- *Supporting responsibilities.* Responsibilities the organization has to its employees.
- *Client responsibilities.* How the organization wants to, or should look to, those outside it including direct and indirect customers and service recipients.



- **Exhibit 7.1 Example—Select Organizations Using the Balanced Scorecard Approach** (*see accompanying CD-ROM*)

WHY THE BALANCED SCORECARD APPROACH WORKS

Today citizens, oversight agencies, clients, and other stakeholders demand more accountability from public sector organizations. This includes not only financial accountability but operational accountability as well. They are looking for results and

outcomes in addition to fiscal responsibility. The balanced scorecard approach allows a public organization to meet the challenges facing them today as well as those in the future by:

- Identifying customer expectations and the tools employees need to meet them.
- Focusing on customer needs to ensure goals, objectives, and mission will be achieved in the long and short term.
- Aligning the organization by communicating strategic intent to the entire organization.
- Using key performance measures to motivate employees and to eliminate the strategy disconnect between leadership and staff.
- Bringing together the fundamental operational responsibilities of the organization rather than concentrating on financial measures as a driver of performance.

STEP-BY-STEP PROCESS TO INTEGRATE THE BALANCED SCORECARD WITH THE STRATEGY IMPLEMENTATION PLAN

Integration of a balanced scorecard with the strategy implementation plan is pivotal to the ultimate success of strategy implementation. The general stages in developing and integrating a balanced scorecard in a governmental or not-for-profit organization are discussed in the following list. Specific action steps within each of these general stages are discussed in detail in the following sections of this chapter.

1. Develop specific balanced scorecard principles for use in the implementation and monitoring of the balanced scorecard.
2. Identify all levels of the organization for which balanced scorecards will be implemented.
3. Establish a timeline for implementation of the balanced scorecard approach at the organizational level and for appropriate subunits of the organization.
4. Align strategies (see Chapter 6) with applicable subunits of the organization.
5. Develop indicators and measures of performance.
6. Establish performance targets in line with performance measures and strategies.
7. Create timeline for achieving performance targets.
8. Balance areas of responsibility with related performance indicators and measures.
9. Implement the balanced scorecard.
10. Monitor and evaluate organizational performance using the balanced scorecard.
11. Periodically revise the balanced scorecard for changes in, for example, strategic direction, current circumstances, and technology.

Step 1—Develop Specific Balanced Scorecard Principles

Working with the *planning and implementation teams*, the CPA assists in developing principles to be observed in the balanced scorecard implementation and monitoring process. However, the extent of the CPA's role in this process will need to be considered

in light of AICPA and Government Accountability Office (GAO) independence standards. These basic principles will guide the *planning and implementation teams* as they integrate the balanced scorecard with the strategy implementation plan.

Some of the basic principles that should be considered include:

- Develop scorecards to be content specific for the organization and the applicable subunits for which balanced scorecards are to be developed.
- Use specific terminology consistently through the entire organization and educate employees as to the context used in the organization’s balanced scorecard process (Exhibit 7.2, “Balanced Scorecard Terminology”).
- Limit performance measures to only a few that are critical.
- Develop checks and balances to ensure the scorecard is truly used as a management tool rather than merely a performance reporting system.
- Link personal performance goals to the balanced scorecard (this may prove difficult in organizations trapped in a step-grade pay system).
- Include understanding the balanced scorecard process as a key competency for leaders and managers of the organization.
- Communicate progress in the development and monitoring processes associated with the balanced scorecard effort to all appropriate levels of the organization.
- Share knowledge and lessons learned among balanced scorecard teams on a regular and frequent basis.



- **Exhibit 7.2 Balanced Scorecard Terminology**
(see accompanying CD-ROM)

Step 2—Identify Organizational Levels That Will Implement the Balanced Scorecard

Once the principles that will guide the balanced scorecard process have been developed, the CPA and the *planning and implementation teams* determine the levels of the organization that will be involved in the balanced scorecard process and the related implementation timeline. Exhibit 7.3, “Example—Cascading the Balanced Scorecard in a Governmental Organization,” and Exhibit 7.4, “Example—Cascading the Balanced Scorecard in a Not-for-Profit Organization,” illustrate the cascading concept for a county government and a not-for-profit organization, respectively. At a minimum, the balanced scorecard should be implemented initially at the highest and next-highest levels of the organization. For example, in a city the balanced scorecard would be *minimally* implemented at the following levels:

- Chief executive officer (for example, mayor, or city manager).
- Department (for example, administration, planning, fire, police, public works, or parks).

Likewise, in a not-for-profit organization, the balanced scorecard would be minimally implemented at the following levels:

- Chief executive officer (for example, executive director or president).

- Chief operating officers.
- Chief administrative officer.
- Chief financial officer.
- Location or program directors.



- **Exhibit 7.3 Example—Cascading the Balanced Scorecard in a Governmental Organization**
- **Exhibit 7.4 Example—Cascading the Balanced Scorecard in a Not-for-Profit Organization**
(see accompanying CD-ROM)

Step 3—Establish Implementation Timeline

The CPA may also assist the *planning and implementation teams* in developing a plan for implementing the balanced scorecard for all appropriate levels of the organization. Exhibit 7.5, “Checklist—Phasing of the Balanced Scorecard Process,” delineates preferred and alternate phasing for the balanced scorecard process. The phase-in process can take several years or be implemented throughout the organization at one time. Timing of the implementation process will depend on:

- Commitment of the organization’s leadership.
- Readiness of the organization for change.
- Depth of understanding of the process at critical levels of the organization.
- Availability of staff to work through the implementation process.
- Organization’s previous experience with fundamental process reengineering.



- **Exhibit 7.5 Checklist—Phasing of the Balanced Scorecard Process**
(see accompanying CD-ROM)

Step 4—Align Strategies

After the extent and timing of the balanced scorecard process have been determined, the CPA assists the *planning and implementation teams* in aligning the previously developed strategies (see Chapter 6) with the four areas of responsibility (that is, public governance, operational, supporting, and client). The scorecard should describe the strategy and break it down into its component parts by aligning the chosen performance indicators and measures with the appropriate area of responsibility. For example, a strategy to improve the health of babies born to teenagers through a prenatal nutrition program would fall into the client responsibility section of the scorecard.

Step 5—Identify Performance Indicators and Measures

Once strategies and areas of responsibility are aligned, the CPA and the *planning and implementation teams* identify performance indicators and measures. Performance measurement is at the very core of the balanced scorecard and will be the ultimate determinant of the success or failure of the strategy implementation plan. Exhibit 7.6, “Balanced Scorecard Worksheet,” can be used for documenting this process as can steps six and seven. (See Chapter 8 for developing performance measures and benchmarks in detail.)



- **Exhibit 7.6 Balanced Scorecard Worksheet**
(see accompanying CD-ROM)

Step 6—Establish Performance Targets

Performance targets in the balanced scorecard process are the desired result for a particular performance measure. Actual performance results are compared to the previously determined performance targets, which provides valuable operational and management information. Therefore, performance targets should be realistic as well as demanding. In the example in Step 5, the performance target might be to conduct five prenatal nutrition courses at five area high schools during the next 12 months. If only three courses have been conducted during the first 10 months of the year, the organization knows it needs to conduct at least two more courses during the last two months of the year. Performance targets can be developed using organizational or industry specific trends, baselines, or benchmarks. Ultimately, all employees at all levels of an organization should be held accountable for achieving some performance target.

Step 7—Create Timeline for Performance Targets

As stated in Step 6, performance targets should be demanding but realistic at the same time. The timeline for performance targets should reflect the existing human, financial, and capital resources of the governmental or not-for-profit organization. In some cases, the timeline for performance targets may be consistent with the organization’s operating cycle or it may encompass a number of years. For example, the strategy to conduct prenatal nutrition classes in area high schools lends nicely to an organization’s operating cycle. Longer-term strategies such as improving citizen satisfaction with recreation programming will likely take more than one operating cycle to achieve. Therefore, performance targets may be developed for each interim operating cycle that are indicative of citizen satisfaction, such as the number of program participants or the number of new programs offered.

Step 8—Balance the Scorecard

The concept of “balance” is inherent in the balanced scorecard process not only by the four areas of responsibility it encompasses but by the balancing of performance indicators and measures within the areas of responsibility. Specific ways in which to achieve this include balancing:

- Financial and nonfinancial success indicators.

- Needs of internal and external stakeholders.
- Lag (past performance) and lead (performance drivers leading to lag indicators) performance indicators.

Step 9—Implement the Balanced Scorecard

Simply stated, the balanced scorecard approach establishes performance targets and measures performance as it relates to strategic objectives. To implement a balanced scorecard effectively, the CPA should work with the governmental or not-for-profit organization to:

- Obtain an unqualified commitment from leadership of the organization to the concept to ensure its sustainability despite election results.
- Ensure balanced scorecards are developed at every appropriate level of the organization (that is, cascading) to provide for the upward and downward flow of knowledge and information.
- Develop strategies and performance indicators by involving employees at all levels of the organization.
- Continuously involve stakeholders (including customers, clients, and employees) in not only the initial implementation process but the ongoing monitoring of operations and successes.
- Integrate technology to the fullest extent possible to collect and analyze performance information.

Step 10—Monitor and Evaluate Organizational Performance

The balanced scorecard is a powerful management and operational tool if monitored and evaluated on a periodic and regular basis. Many successful organizations link the balance scorecard with annual employee performance evaluations and compensation. This may prove difficult, however, in some organizations that employ rigid step-grade-type compensation plans. Executive leadership or management can use the balanced scorecard at each staff meeting to discuss progress to date and any potential adjustments needed to meet performance targets. Monitoring and evaluating progress using the balanced scorecard should be consistent with the integration of the strategy implementation plan.

Step 11—Periodically Revise the Balanced Scorecard

When the balanced scorecard is monitored and evaluated on a periodic and regular basis, it can be revised as needed in a timely manner. However, in some cases the mission of the organization may change or strategic direction may shift in the governmental or not-for-profit organization. In these circumstances, the balanced scorecard should be revised within the four areas of responsibility (public governance, operational, supporting, and client) to remain consistent with the strategies of the organization. At a minimum, the periodic revision of the balanced scorecard should be done in conjunction with the evaluation of the strategy implementation plan (see Chapter 10).

EXHIBIT 7.1
**EXAMPLE—SELECT ORGANIZATIONS USING THE BALANCED
SCORECARD APPROACH**

Federal Governmental Organizations

Bureau of Land Management
Coast Guard
Department of Housing and Urban Development
Naval Undersea Warfare Center Division – Newport, Virginia
Postal Service

State Governmental Organizations

State of Iowa Council on Human Investment

Local Governmental Organizations

City of Austin, Texas
City of Charlotte, North Carolina
City of Coral Springs, Florida

Not-for-Profit Organizations

Dallas Family Access Network
Fairfax County, Virginia Human Services Council

EXHIBIT 7.2
BALANCED SCORECARD TERMINOLOGY

Consistent use of terminology by an organization involved in a balanced scorecard process is critical to its success. To this end, the following working definitions are to be used by the organization with respect to the balanced scorecard process.

Areas of responsibility

The department charged with primary responsibility for executing a particular strategy.

Governance responsibilities

Providing for the future of our community by protecting the tax base and encouraging development of economic growth opportunities.

Operational responsibilities

How we work with other organizations in the community, including the county, not-for-profit organizations, the school board, and private interests serving the collective good.

Supporting responsibilities

Providing a safe working environment for our employees and offering an affordable but competitive compensation and benefits package.

Client responsibilities

Providing our citizens with the highest quality of life in an efficient and economical manner.

Mission

What we do, how we do it, and why we do it.

Vision

Where we see our community in 10 years.

(continued)

Strategy

A way to achieve our goals.

Performance indicator

A performance measure that indicates either past performance or a driver of future performance.

Performance measure

An accurate and reliable measure of our performance to show results that will achieve our goals.

Performance target

The desired result for a performance measure. When possible, the organization will establish performance targets that can be achieved within one fiscal year.

Performance timeline

The period over which we expect to achieve our goals using adopted strategies.

Notes:

The CPA and the planning and implementation teams develop organization definitions for these key terms. For optimal results, planning and implementation team members should be given this template to work on between meetings. At the subsequent meeting, the definitions team members developed individually can be discussed and consolidated and refined for the “official” organizational definitions.

EXHIBIT 7.3

EXAMPLE—CASCADING THE BALANCED SCORECARD IN A GOVERNMENTAL ORGANIZATION

County Scorecard

Perspective: Client
Strategy: Provide a safe environment for all citizens
Measure: Decrease in loss of life due to fire
Target: Decrease by 10%
Timeline: End of fiscal 20X5

Fire Department Scorecard

Perspective: Client
Strategy: Provide a safe environment for all citizens
Measure: Percentage of fleet available
Target: 95%
Timeline: End of fiscal 20X5

Fire Division Scorecard

Perspective: Client
Strategy: Provide a safe environment for all citizens
Measure: Decreased response time from call out to arrival on scene
Target: Decrease by 15 seconds
Timeline: End of fiscal 20X5

EXHIBIT 7.4

EXAMPLE—CASCADING THE BALANCED SCORECARD IN A NOT-FOR-PROFIT ORGANIZATION

Organization Scorecard

Perspective: Operations
Strategy: Provide a physically safe environment for all clients and employees
Measure: Decrease in number of accidents on premises
Target: Decrease by 10%
Timeline: End of fiscal 20X5

Maintenance Department Scorecard

Perspective: Operations
Strategy: Provide a physically safe environment for all clients and employees
Measure: Decrease in number of accidents on athletic playing fields
Target: Decrease by 15%
Timeline: End of fiscal 20X5

Athletics Division Scorecard

Perspective: Operations
Strategy: Provide a physically safe environment for all clients and employees
Measure: Percentage of fields inspected each week during peak use periods
Target: 100%
Timeline: End of fiscal 20X5

**EXHIBIT 7.6
BALANCED SCORECARD WORKSHEET**

Responsibility Area (indicate all that apply)						
X	Governance		Operational	Support	Client	
Responsibility Unit (indicate only ONE)						
	Organization		Location	Program		
X	Department		Division			
Name of Responsibility Unit			Finance Department			
Person primarily responsible			Ann Johnson, CFO			
Strategy		Measures		Targets	Timeline	
#	Description	#	Description	#		Description
1	Increase General Fund fund balance 2% per year until 20% of subsequent expenditures.	1	Annual increase in unreserved and undesignated fund balance in the General Fund (determined at the fund level using audited information).	1	FYE 20X5 Increase— \$150,000; 20X6— \$153,000; 20X7— \$156,000; 20X8— \$159,000; 20X9— \$162,000; 20Y0— \$165,000; 20Y1— \$169,000; 20Y2— \$172,000; 20Y3— \$176,000; 20Y4— \$179,000	Next 10 years beginning first quarter 20X4 and ending last quarter 20Y4.

Notes:

- 1 Planning and implementation team members complete this worksheet with the CPA.
- 2 Strategy numbers in column A should be consistent with those in Exhibit 6.4.

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- **DEVELOP INDICATORS/MEASURES**
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 8:

How to Measure Service Efforts in the Strategy Implementation Process

In strategy implementation, it is vital that service efforts be properly measured to assess the organization's progress toward its goals or mission. Performance measurements relate to performance targets or planned activities and measure an organization's service efforts while emphasizing economy and efficiency. They also increase accountability, improve management, and provide for a better allocation of resources. Many governmental or not-for-profit organizations use performance measurement but not always as a critical part of a strategy implementation process. A number of terms indicate the measurement of service efforts. In the context of this book, service efforts are indicated by any of the following terms:

- Service efforts and accomplishments (SEA).
- Performance measures.
- Performance indicators.
- Performance targets.
- Performance benchmarks.

The CPA can play a pivotal role in the development of performance measures for governmental or not-for-profit organizations. The exact nature of the role the CPA will assume in this process is subject to the independence standards established by the AICPA and Government Accountability Office (GAO). This chapter explains the link between service efforts and goals, and how performance measurement can improve management of governmental and not-for-profit organizations. The chapter shows how to:

- Estimate the cost to develop, implement, and maintain a performance measurement system.
- Develop objective, reliable, and reasonably accurate measures of performance.

- Develop internal and external benchmarks and to determine when the use of each is indicated and appropriate.
- Customize external benchmarks.
- Determine the internal and external performance reporting structure, frequency, and format.
- Provide management with better decision-making data.

Exhibits at the End of This Chapter

Exhibit 8.1 Estimated Performance Measurement System Costs

Exhibit 8.2 Questionnaire—Potential Vested Interests in Performance Measurement Process

Exhibit 8.3 Sources of Benchmarks for Governmental and Not-for-Profit Organizations

Exhibit 8.4 Questionnaire—Stakeholder Preferences for Service Efforts and Accomplishments Reporting

Exhibit 8.5 Checklist—Basic Costs for Typical Activities

Once strategies (see Chapter 6) have been incorporated into a balanced scorecard (see Chapter 7), performance indicators must be developed to measure how effectively the strategies have been implemented. Again, the scope of the strategy implementation process dictates the extent to which the guidance in this chapter applies to the strategy implementation process. Likewise, the involvement of the CPA as consultant will be dictated by AICPA and GAO independence standards. In this phase of the strategy implementation process, the CPA works with the *planning and implementation teams* to:

1. Link service efforts to the goals, mission, and vision of the organization.
2. Distinguish between measures of efficiency, output, and cost-effectiveness.
3. Stay focused on outcome performance measures.
4. Evaluate existing manual and automated performance measurement system capabilities.
5. Determine the total cost to develop, implement, and maintain the organization's performance measurement system.
6. Identify key or critical success factors.
7. Develop interim measures of progress for long-term goals (that is, more than one year to accomplish).
8. Identify appropriate and cost-effective program evaluation mechanisms.
9. Determine the appropriate number of performance indicators for each strategy, given available human, capital, and financial resources.
10. Ascertain industry specific best practices, such as performance measures and benchmarks, appropriate to the organization and its strategy implementation plan.
11. Customize external benchmarks where indicated and appropriate.

12. Determine the internal and external performance reporting structure, frequency, and format.
13. Develop an activity-based costing system to cost-effectively meet the organization's needs.

Two appropriate examples of performance scorecard reports can be located on the Citizens Budget Commission for the City and State of New York Web site (go to www.cbcnyc.org and search on "Publications" and then "Scorecard Series"). Examples of how the City of New York has integrated the balanced scorecard can be found on its Web site (visit www.nyc.gov and search on "Office of the Mayor—Homepage" for "scorecard"). In general, performance indicators:

- Relate to performance targets or planned activities and may be expressed as:
 - Outputs (that is, actions, products, or services).
 - Outcomes (that is, result or impact of actions, products, or services).
- May be quantitative or qualitative in nature.
- Measure an organization's progress toward its goals.
- Increase accountability.
- Improve management.
- Provide for a better allocation of resources.

WHAT GETS MEASURED GETS DONE

Early performance measurement initiatives focused more on outputs than outcomes and very rarely were linked to an organization's long-term goals or mission. Often these early performance measurement systems included an inordinate number of input measures, such as demand and workload indicators, in addition to outputs and outcomes or impacts. As such, governmental and not-for-profit organizations focused on what was to be measured rather than achieved.

Performance indicators should measure service efforts or progress toward goals but at the same time should emphasize economy and efficiency as well as effectiveness. Because governmental and not-for-profit organizations have limited human, financial, and capital resources, performance indicators should encompass only those outcomes that can be effectively measured. In addition to being results oriented, performance indicators should also be:

Relevant to objectives and responsive to changes in levels of performance.

- Valid by capturing the intended information and reliable by providing information that is accurate and consistent over time.
- Cost-effective in relation to collecting and maintaining performance information.
- Accessible using periodic information about results.
- Comparable with prior year performance and compatible with existing financial and/or operational systems.
- Clear enough for all stakeholders to understand them.

Performance Measures Link Service Efforts to Goals

Strategy implementation is oriented toward service efforts that implement programs designed to accomplish objectives, achieve goals, and fulfill an organization's mission. Performance indicators are needed to evaluate the effect these service efforts have on the progress an organization makes toward its goals. As such, performance measures ultimately ensure that the organization is accountable to its stakeholders for achieving its mission. Performance indicators measuring service efforts having little or nothing to do with an organization's ultimate goals or mission are unnecessary and an inefficient use of human and financial resources.

A number of organizations also identify certain performance indicators as key service efforts indicators because they are crucial to the organization's future survival and prosperity. These "key success indicators" or "critical success factors" measure the organization's progress in those areas that are crucial to its continued existence and success. Governmental and not-for-profit organizations often identify numerous indicators as key or critical success factors. In most public organizations, a few select indicators are the best measure of those service efforts aimed at success in areas essential to achieving their goals or mission. Stakeholders of governmental and not-for-profit organizations are the ideal source for identifying the criteria by which an organization's success is measured. Key success factors are discussed more fully in Chapter 9.

How Performance Measures Increase Accountability

Using performance indicators to measure the service efforts of a governmental or not-for-profit organization toward its goals or mission also increases accountability to citizens, constituents, and other stakeholders. Ways in which performance information increases accountability include:

- Providing policy makers with better information for decision making.
- Reporting performance results to the public.
- Informing grantors and oversight bodies of progress toward established program objectives.

A performance measurement system embraces the entire governmental or not-for-profit organization. Staff, management, and leadership are all involved in a performance measurement system's administration, data collection, and reporting dimensions. The pervasiveness of a performance measurement system improves management of the governmental or not-for-profit organization in the following ways:

- Continuous evaluation of program design and subsequent program redesign.
- Improved service delivery.
- Consideration of service delivery alternatives.
- Periodic review of program operations.
- Integration of technology.
- Individuals within the organization motivated by celebrations of success.

MEASURING SERVICE EFFORTS USING PERFORMANCE INDICATORS

This stage in the strategy implementation process requires a significant amount of time to develop appropriate performance indicators that are tailored to the governmental or not-for-profit organization. There are a number of different types of performance indicators, such as those that measure efficiency, output, or cost-effectiveness. However, strategy implementation is concerned only with outcome indicators that measure the organization's service efforts toward its goals. In the case of outcomes that are realized over the long-term, it is necessary to develop interim performance indicators to measure the short and intermediate progress toward the long-term outcome.

In some governmental or not-for-profit organizations it may be a challenge to persuade department and agency directors, managers, and supervisors to embrace the idea of measuring service efforts because they may:

- Focus on the additional time that will be involved in collecting data and reporting results.
- Be anxious about the new level of accountability associated with measuring their service efforts in light of the goals and mission of the organization.

To ensure a successful strategy implementation effort and the ultimate achievement of the organization's goals and mission, it is necessary to allow departments and agencies a great deal of control over their performance indicators.

At this point in the strategy implementation process, the *implementation team* should join the *planning team*. As was necessary in the strategy development phase (see Chapter 6), it may be necessary to expand both the *planning and implementation teams* to include individuals from all departments and agencies that are at various levels of responsibility. Their knowledge of the general and specific day-to-day operations of the organization provides invaluable insight in developing effective measures of service efforts. Members of the strategy implementation planning team will find Exhibit 6.2, "Analysis of Planning Team Members by Operational Area," (Chapter 6) useful in selecting these additional team members.

HOW TO ESTIMATE THE COSTS ASSOCIATED WITH THE PERFORMANCE MEASUREMENT SYSTEM

Before continuing the performance measurement phase of the strategy implementation process, it is appropriate to estimate the costs to develop, implement, and maintain the system to measure the organization's service efforts. CPAs' technical expertise and general understanding of the governmental or not-for-profit organization makes them the logical and objective choice to prepare these estimates. Exhibit 8.1, "Estimated Performance Measurement System Costs," can be used to estimate the costs associated with a performance measurement system. Costs typically involved in developing, implementing, and maintaining a performance measurement system include:

- Salaries and related benefits of all departmental and agency directors, managers, supervisors, and line employees involved in each phase.
- Overtime and related benefits incurred to maintain services while other individuals are involved in developing, implementing, and maintaining the performance measurement system.
- Computer hardware and software.

- Preparation, publishing, and dissemination of reports on performance.
- Periodic review and revision, as appropriate, of established performance indicators.



- **Exhibit 8.1 Estimated Performance Measurement System Costs** (*see accompanying CD-ROM*)

Types of Performance Software and Data Collection Systems

Some governmental or not-for-profit organizations may be fortunate enough to have the ability to track service efforts within their existing financial management software. When the existing financial management software is not able to track service efforts, the organization may decide to purchase software for this purpose. Many organizations successfully use desktop software applications to track, monitor, and report their service efforts and accomplishments.

When developing performance indicators to measure service efforts, governmental and not-for-profit organizations may find they already have data or collection systems in place. Determining what systems exist and what data they collect should be done early in this phase of the strategy implementation process. In some cases, existing data and data collection efforts may be fully or partially acceptable within the context of the objectives, goals, and mission of the organization. However, existing data and data collection systems should not drive the development of performance indicators. As performance indicators are developed, it is vital the *planning and implementation teams* understand the impact (positive or negative) of available human and financial resources on timely reporting of service efforts and accomplishments.

Performance-type data and data collection systems (manual or electronic) found in many governmental or not-for-profit organizations include:

- Reports mandated by grantors.
- Federal and state regulatory reports (for example, FBI, NFPA, DOL, OSHA, EEOC).
- Reports filed with national and state affiliate organizations.
- Personnel and payroll system standardized or user-defined reports.
- Work order systems.
- Garage activity reports.
- Customer-complaint tracking systems.
- Customer satisfaction surveys.
- Internal efficiency assessments.
- Internal audit reports.

Developing Objective Performance Measures

The common criticism that performance measurement systems only measure what the organization wants or what makes it look successful is neutralized when service efforts that

measure progress toward goals are used. Other common criticisms of performance measurement systems are that they are inaccurate or not objective because those collecting the data have a vested interest in the results. To ensure the ultimate success of a strategy implementation process, performance indicators should not only measure progress toward goals but do it objectively and accurately. Using the resource tool in Exhibit 8.2, “Questionnaire—Potential Vested Interests in Performance Measurement Process,” the CPA can readily identify potential vested interests at any level of the organization.



- **Exhibit 8.2 Questionnaire—Potential Vested Interests in Performance Measurement Process** (see accompanying CD-ROM)

Creating objective performance measurement criteria is an area in which the internal or external CPA can provide valuable advice. In many cases, both the internal and external CPA are familiar with parties related to the governmental or not-for-profit organization as well as the fraud risk factors associated with management override. As such, the CPA is able to recognize areas where potential vested interests may exist and provide impartial advice to the *planning and implementation teams* to ensure objective performance measures are developed. Additionally, the internal or external CPA is familiar with other documentation (for example, process flow charts, process memoranda) related to an organization’s internal control system or to the assessment of fraud risk. The CPA may use this knowledge to highlight, for the *planning and implementation teams*, operational performance areas that are conducive to objective and accurate measurement. Any such assistance provided by the CPA must be viewed in light of the independence and other professional standards established by the AICPA and GAO.

Developing Reliable Performance Measures

As the *planning and implementation teams* identify performance indicators that will measure service efforts toward the organization’s goals and mission, they should also evaluate how reliable the planned indicator will be over time. Data integrity is a critical concern as it not only shows whether progress can be effectively measured over time but also reflects on the objectivity and accuracy of the performance information. In many cases, data supporting a performance indicator will be internally generated and haphazardly documented, which will make it difficult to validate by external parties. Therefore, the *planning and implementation teams* should also assess the source of the data supporting the potential performance indicator.

To maximize efficiency and minimize data collection costs, a governmental or not-for-profit organization may conclude that data reported to third parties such as grantors, legislative oversight bodies, or federal and state regulatory agencies sufficiently addresses the data integrity issue. Often such information is not relevant to the goals or mission or is outside the direct control of the organization. Because of the CPA’s inherent objectivity, they can evaluate the integrity of existing data for bias, reliability, and accuracy, thereby increasing the usefulness of the potential indicator. In doing this, CPAs should ensure they are not performing management functions or placing themselves in a position to later audit their own work. Independence standards established by the AICPA and GAO dictate the amount and type of assistance CPAs are able to provide without impairing their independence with respect to any audit or attest engagement.

USING INTERIM PERFORMANCE INDICATORS TO MEASURE PROGRESS TOWARD LONG-TERM GOALS: AN EXAMPLE

As stated previously, some outcomes, such as those associated with the DARE program, occur over a number of years, making it difficult to assess the progress of service efforts in the interim. Other goals may be achieved in the short or intermediate term, such as citizen attitudes or perceptions, but are difficult or impossible to measure on a timely and cost-effective basis. These concerns are valid and should be considered by the *planning and implementation teams* when developing performance indicators.

If, after thorough consideration, the *planning and implementation teams* determine such indicators are the best measures of progress toward goals, they should then develop alternate indicators to measure interim progress toward the long-term goal. These interim indicators of progress usually represent narrowly focused service efforts that ultimately build to the achievement of the long-term goal. The following example shows the logical development of interim goals and measures when it will take a number of years for the outcome to occur or when it may be difficult to measure progress.

Mission:	To protect and improve the quality of life for homeless people in the community.
Goal:	To improve the physical health of homeless individuals within the community.
Objective:	To conduct a physical for all homeless individuals in the next two years.
Strategy:	To enter into a collaborative partnership with area doctors and hospitals within the next 12 months to provide physicals for all homeless individuals.
Indicators:	Number of hospitals and doctors under contract, the number of physicals performed, or hospital or emergency room admissions of homeless individuals.

DEVELOPING INTERNAL AND EXTERNAL BENCHMARKS AND WHEN THEY SHOULD BE USED

The process of benchmarking measures an organization's own products, services, or practices against the "best" in the related industry or service area (that is, best practices). Benchmarks refer to previous goals, objectives, or performance targets achieved by the organization (internal benchmarks) or by other similar organizations (external benchmarks). Two schools of thought regarding the use of benchmarks as indicators of progress are:

1. Organizations should benchmark themselves against the best in the business or service area in order to strive for continuous improvement in their own service efforts.
2. Because governmental and not-for-profit organizations are fundamentally different in their structure, the constituents they serve, and the services they provide, benchmarking against other organizations is an exercise in futility.

In strategy implementation it is possible to use a combination of external and internal benchmarks to measure progress toward goals. Certain processes or services (for example, response times or investment rate of return) lend themselves to using external benchmarks as a measure. External benchmarks are often appropriate for measures related to customer or constituent satisfaction, quality of life, response rates, and so forth. For other areas, such as those that are considered unique to the governmental or not-for-profit organization (for example, proportion of own source revenues or tons of recyclable materials per residential customer), internal benchmarks such as prior objectives or goals may be more appropriate.

Governmental or not-for-profit organizations may find it desirable to have the CPA help determine which performance indicators are suitable for external benchmarking. The basic benchmarking decision-making model is as follows:

- Identify which service efforts can and should be benchmarked.
- Review current and past service efforts.
- Determine which indicators will be benchmarked against the organization's past performance and which will be benchmarked against external benchmarks.
- Ascertain that data collection efforts are consistent over time (internal benchmarking) or are comparable to other organizations (external benchmarking).
- Once performance targets have been established, determine the amount of improvement needed and develop strategies to reach benchmarked levels.
- Communicate the projected "performance gap" and the related strategies to reach benchmark levels.

A number of organizations are involved in measuring performance in governmental and not-for-profit organizations. Many have developed benchmark information and generic performance indicators and measures for goods and services they commonly provide. Some of these organizations and their contact information are listed in Exhibit 8.3, "Sources of Benchmarks for Governmental and Not-for-Profit Organizations."



- **Exhibit 8.3 Sources of Benchmarks for Governmental and Not-for-Profit Organizations** (*see accompanying CD-ROM*)

Customizing External Benchmarks

Organizational and governance structures, as well as socio-economic factors, affect efforts to benchmark against other organizations. These differences should be carefully considered before governmental or not-for-profit organizations select external benchmarks as measures of their progress. For example, governmental organizations commonly compare response rates for law enforcement and fire and rescue functions with those of surrounding jurisdictions. Obviously population density, number and capacity of roads, and the number of stations in each jurisdiction are significant factors affecting response time. External benchmarks for these types of performance measures may create confusion and frustration for both staff and elected officials. Also, a great disparity among these factors may result in well-meaning but misdirected resource allocations.

Governmental Accounting Standards Board (GASB) Concept Statement No. 1, *Objectives of Accounting and Financial Reporting for Governmental Units*, specifies that “financial reporting should provide information to assist users in assessing the service efforts, costs, and accomplishments of the governmental entity.” Concept Statement No. 2, *Service Efforts and Accomplishments Reporting*, further discusses the role of SEA measures in government accountability in the context of general purpose external financial reporting. Financial Accounting Standards Board (FASB) Concept Statement No. 4, *Objectives of Financial Reporting by Nonbusiness Organizations*, likewise states “...financial reporting also should provide information about the service accomplishments of a nonbusiness organization.” Therefore, it would be beneficial for the governmental or not-for-profit organization to become familiar with performance information suggested by the GASB and similar organizations.

The GASB began its SEA project soon after its inception in 1984. Since 1997, a grant from the Alfred P. Sloan Foundation has enhanced the GASB’s efforts to develop performance information for and about governmental and not-for-profit organizations. The Performance Measurement for Government (PMG) Web site (www.seagov.org) contains a number of links to governmental and not-for-profit organizations actually involved in performance measurement at a variety of levels.

Other links of interest to governmental or not-for-profit organizations considering performance measurement systems are also available via the PMG Web site. *Using Competition for Performance Improvement: A Resource for Practitioners Advising Government and Not-for-Profits* contains a chapter on performance measurement systems.¹ Chapter 3 of this publication, “Mandates, Mission, and Values in Strategy Implementation,” discusses the link between performance measures and a performance monitoring plan as essential to overall success when governmental and not-for-profit organizations make the decision to introduce competition in the service delivery process.

REPORTING PERFORMANCE RESULTS

At the beginning of the strategy implementation process, the CPA works with the strategy implementation team to establish time frames for reporting results and to also identify which stakeholders receive which reports (see Chapter 2). At a minimum, the following reporting structure should be observed throughout the strategy implementation process:

- *Leadership, managers, and supervisors* (responsible for day-to-day operations). Detailed reports of service efforts on a very timely basis (for example, weekly, or monthly, depending on system capabilities).
- *Elected officials and board members* (responsible for policy making). Reports in summary form on a less frequent basis, such as monthly or quarterly.
- *Other external stakeholders*. Annual reporting of service efforts and accomplishments in highly visible service-oriented areas.

¹ To find out more about *Using Competition for Performance Improvement: A Resource for Practitioners Advising Government and Not-for-Profits* (New York: AICPA, 2001), by Michael A. Crawford, CPA, go to www.cpa2biz.com.

Credibility and Reporting to Stakeholders

Regardless of the content and format of the reports, the overriding concern relates to their credibility. In most organizations, the respective departments will be collecting and reporting their own performance data. Those using the reports for decision-making purposes may have reservations about the credibility of the reported information. Participants in citizen discussion groups held by the GASB from November 2000 to July 2001 considered it critical for citizens to accept performance information as credible. Discussion group participants also believed independent verification of performance information would greatly enhance the credibility of the information. In the context of the citizen discussion groups, *independent verification* was defined as “verified by a party other than the agencies reporting the data.”

Independent verification of information reflecting service efforts and accomplishments is well within the purview of the CPA serving governmental or not-for-profit organizations. However, independence standards established by the AICPA and GAO govern the extent to which the CPA can play a role in independent verification of performance information. A summary highlighting the significant findings of the citizen discussion groups can be found on pages v and vi of the *Report of the GASB Citizen Discussion Groups on Performance Reporting* (visit <http://www.gasb.org>; click on “Publications,” then “Research Reports,” then “Research Report Titles and Order Online”; then select *GASB Research Report GR21*).

Structure and Format of the Performance Report

Participants in the GASB citizen discussion groups also indicated citizens should be involved in selecting performance measures and that a range of performance information should be reported in several contexts using a variety of communication mediums. Discussion group participants believed performance information should be provided in various levels of detail to target user groups using communication methods appropriate for each group. In addition to performance data, the citizen discussion groups indicated explanatory information putting the data in context should also be reported.

It is very important for the planning and implementation teams to understand the needs and intended uses of the performance reports when they design the performance reporting system. Many local governments are subject to “government in the sunshine” statutes, which may influence the types of performance information collected, published, and disseminated. Both governmental and not-for-profit organizations may be sensitive to the potential for the public to misinterpret their service efforts, which may also influence the content and type of performance report. Exhibit 8.4, “Questionnaire—Stakeholder Preferences for Service Efforts and Accomplishments Reporting,” provides a stakeholder questionnaire that governmental and not-for-profit organizations and CPAs can use to assist in determining the content, frequency, and communication method for reporting performance information.



- **Exhibit 8.4 Questionnaire—Stakeholder Preferences for Service Efforts and Accomplishments Reporting**
(see accompanying CD-ROM)

To increase the usability of reported performance information, reports should:

- Be easy to read and understand by each of the target user groups.
- Keep technical jargon to a minimum.
- Use charts and graphs to enhance readability.
- Provide explanations that are to the point without being overly detailed.

The GASB issued a special report, *Reporting Performance Information: Suggested Criteria for Effective Communication*, in August of 2003 (available through the GASB Web site, www.gasb.org; click on “Research Reports,” then “Research Report Titles and Order Online”; then select *GASB Research Report GRPI*). This special report suggests 16 criteria to guide state and local governments in reporting service efforts and accomplishments and provides examples from governments reporting performance information. While this report addresses reporting performance information for state and local governments, it is easily adapted to not-for-profit organizations. Criteria for reporting service efforts and accomplishments outlined in this report are as follows:

- Purpose and scope of the report.
- Statement of major goals and objectives of the organization.
- Involvement of citizens, elected officials, management, and employees in the process of establishing organizational goals and objectives.
- Multiple levels of reporting.
- Executive or management objective analysis of major results.
- Focus on key measures.
- Reliable information.
- Relevant measures of results.
- Resources used (costs of operations) and efficiency.
- Citizen and customer perceptions.
- Comparisons for assessing performance (that is, internal or external benchmarks).
- Factors affecting results.
- Aggregation and disaggregation of information.
- Consistency from period to period.
- Easy to find, access, and understand.
- Regular and timely reporting.

EXAMPLES OF PERFORMANCE MEASURES

In addition to the GASB’s research related to reporting performance information, there are a number of other sources of information related to performance reporting. The remainder of this chapter section provides a few selected examples of performance measures reported by, or of interest to, governmental and not-for-profit organizations and

their stakeholders. Planning and implementation team members might find these applicable to their organizations as well as relevant to their objectives, goals, and mission.

Governmental Organizations

Administrative services (personnel, budget, finance, and computer services)

- Bond rating (safeguarding assets)
- Total investment rate of return (safeguarding assets)
- Number of days revenues/sales in ending receivables (safeguarding assets)
- Percentage of reissued vendor or employee paychecks (accurate and timely data)
- Number of monthly/audit journal entries (accurate data)
- Percentage of work hours disrupted by system failures (timely data, and customer satisfaction)
- Ratio of actual to original budget amounts (reliable and accurate data)
- Percentage of vendors paid within “x” days of invoice or statement date (timely data and efficiency)
- Number of days from year end to availability of annual audited financial statements (timely and accurate data)

Building inspection

- Percentage of permits issued within “x” days of application (timely services)
- Percentage of reinspections made within “x” hours of notification (timely services)

Code enforcement

- Average number of days to close violations (timely services and quality of life)
- Percentage of complaints initially responded to within “x” days (timely services)
- Complaints per capita (citizen and stakeholder satisfaction)
- Citizen perceptions of neighborhoods, business districts, and so forth (quality of life and effectiveness)

Fire protection

- Ratio of lives saved to lives lost from fires (public safety and quality of life)
- Ratio of loss of property value from fires to total assessed value (public safety, quality of life, and safeguarding assets)
- Response time (public safety and quality of life)
- Percentage of businesses inspected (public safety)
- Percentage of homes with smoke detectors (public safety and quality of life)
- Citizen perceptions of safety (public safety, quality of life, and effectiveness)

General government (governing body, clerk, and legal)

- Percentage of citizen complaints resolved within “x” days of receipt (timely services and citizen satisfaction)

- Ratio of value of legal judgments to legal expenditures (government effectiveness)
- Lawsuits filed per capita (citizen and stakeholder satisfaction)
- Percentage of public records requests responded to within “x” days (citizen and stakeholder satisfaction)
- Hours of public meetings per capita (government efficiency)
- Citizen perceptions of government responsiveness (citizen and stakeholder satisfaction, and effectiveness)

Law enforcement

- Hours of patrol per patrol officer or per capita (public safety and quality of life)
- Percentage of investigations cleared within “x” days (public safety and quality of life)
- Response time (public safety and quality of life)
- Average length of call (public safety and efficiency)
- Court time per sworn officer (efficiency and public safety)
- Ratio of hours on patrol to total hours worked (public safety and efficiency)
- Citizen perceptions of safety (public safety, quality of life, and effectiveness)

Planning and zoning

- Percentage of plans approved within “x” days of submission (timely services)
- Percentage of variances and exceptions submitted for approval within “x” hours of filing (timely services)
- Number of comprehensive plan amendments per capita (quality of life and effectiveness)
- Average commute time to work (quality of life)
- Citizen perceptions of zoning, neighborhoods, and so forth (quality of life and effectiveness)

Road maintenance

- Percentage of citizen calls/complaints resolved within “x” days of receipt (timely services and citizen satisfaction)
- Miles of street repairs per capita (quality of life)
- Road condition and ride factor (quality of life)
- Hours of road lane closures (quality of life)
- Citizen perceptions of roads, right-of-ways (quality of life and effectiveness)

Water and wastewater

- Ratio of days exceeding federal maximum allowable standards to total days (public safety and quality of life)
- Ratio of hours plant or equipment off-line to total hours (public safety and efficiency)
- Condition of lines (public safety)

- Citizen perceptions of water quality (quality of life and effectiveness)

Not-for-Profit Organizations

Fund-raising

- Percentage of fund-raising expenses to total expenses (efficiency and public trust)
- Relationship of fund-raising ratio to external benchmark (efficiency and public trust)
- Ratio revenue raised to hours spent fund-raising (efficiency)
- Ratio revenue raised to dollars spent fund-raising (effectiveness)

Management and general

- Percentage of management and general expenses to total expenses (efficiency and public trust)
- Relationship of management and general ratio to external benchmark (efficiency and public trust)
- Credit rating (safeguarding assets)
- Total investment rate of return (safeguarding assets)
- Number of days revenues/sales in ending receivables (safeguarding assets)
- Percentage of reissued vendor or employee paychecks (accurate and timely data)
- Number of monthly/audit journal entries (accurate data)
- Percentage of work hours disrupted by system failures (timely data and customer satisfaction)
- Ratio of actual to original budget amounts (reliable and accurate data)
- Percentage of vendors paid within “x” days of invoice or statement date (timely data and efficiency)
- Number of days from year end to availability of annual audited financial statements (timely and accurate data)

Program services

- Area-wide quality of life indicators (effectiveness)
- Specific external benchmarks of program efficacy (effectiveness)
- Percentage of target population served (effectiveness)
- Ratio of number served to total program full-time employees (efficiency)
- Ratio program revenues to program expenses (efficiency and safeguarding assets)
- Percentage of program expenses to total expenses (efficiency and public trust)
- Relationship of program ratio to external benchmark (efficiency and public trust)
- Customer satisfaction (effectiveness)

INCREASING ACCOUNTABILITY AND IMPROVING SERVICE DELIVERY

A critical factor in evaluating the effectiveness of services provided by a governmental or not-for-profit organization is determining the monetary cost of the services provided. Therefore, once performance indicators and measures have been identified in the strategy implementation process, it is necessary to standardize their monetary components. It is not necessary that *implementation team* members be involved in this part of the process. Typically, internal finance or accounting staff are most familiar with principles of cost accounting as well as the capabilities or limitations of their accounting systems. For these reasons, they should become involved in determining the items to be included in any monetary performance indicators or measures as soon as they have been determined by the *planning and implementation teams*.

Several approaches exist by which governmental and not-for-profit organizations determine the cost of the services they provide. However, there is little consistency from one organization to another and often within the organization itself regarding the method by which service costs are determined. Additionally, a number of organizations (especially those that are small or have limited professional accounting finance staff) simply estimate the costs of the services they provide. A portion of Exhibit 8.5, “Checklist—Basic Costs for Typical Activities,” discusses in general terms the various types of costs typically considered in cost analyses commonly associated with program evaluation and decision-making. The CPA might want to consider sharing this information with accounting or finance personnel involved in costing performance indicators or measures.

Some governmental and not-for-profit organizations think of activities in terms of the related function, department, or program.

At the *function and department level* it is very difficult if not impossible to analyze the effectiveness of particular strategies (that is, activities). Recording costs at the *program level* provides a better basis for analysis but is often not at the level of detail needed for effective decision making. The CPA can:

- Assist the organization in understanding the distinctions between these various levels of accountability.
- Work with the organization to develop an activity-based costing system that best fits their abilities and needs without being cost prohibitive.

Direct costs can be specifically and solely assigned to a particular activity. Many governmental and not-for-profit organizations record direct costs at the function, department, or program level. Typical categories of costs associated with direct costs include personnel costs, materials or supplies, capital assets, and facility costs (including repairs and maintenance).

Indirect costs are those the governmental or not-for-profit organization incurs that benefit more than one function or activity. As such, indirect costs often encompass costs associated with shared capital assets (for example, city hall, public safety center, or program facility), insurance, and administrative costs, for example. Indirect costs may be allocated to specific functions, departments, programs, or activities on a rational pro rata basis (for example, square footage, number of employees, or service hours).

Some direct and indirect costs may be *shared costs* (for example, multifunction facility, property insurance, depreciation, or utilities) because they benefit more than one function,

department, program, or activity. In some cases, shared costs may be allocated to specific functions, departments, programs, or activities on a rational pro rata basis similar to that for indirect costs (for example, square footage, number of employees, or service hours).

A checklist of typical basic costs associated generally and specifically with standard activities of governmental and not-for-profit organizations can be found in Exhibit 8.5, “Checklist—Basic Costs for Typical Activities.”



- **Exhibit 8.5 Checklist—Basic Costs for Typical Activities**
(see accompanying CD-ROM)

Activity-Based Costing

Cost accounting information systems are not typically included in standard financial management software systems purchased by many small and medium-sized governmental and not-for-profit organizations. Often, cost information is easily aggregated in these standard systems by broad functions or activities but unavailable by specifically identifiable activities. In recent years a few financial management systems have developed stand-alone or integrated activity-based costing software modules. Activity-based costing is a cost accounting method whereby the full cost of a specific function or activity is determined. In this method, all direct and indirect costs are included in the determination of the full cost of the activity or function.

Activity-based costing allows a governmental or not-for-profit organization to accumulate cost information about specific activities. This information can then be used to make decisions related to pricing, efficiency, cost-effectiveness, and overall progress toward accomplishing objectives and achieving goals. Allocating indirect costs to activities is a cornerstone of activity-based costing that considers certain indirect costs differently for purposes of costing services for privatization decisions. A suggested book, *Using Competition for Performance Improvement: A Resource for Practitioners Advising Government and Not-for-Profits*,² contains a chapter on cost analysis. Chapter 4 of that book provides a step-by-step approach to determine the full cost of individual activities provided by governmental and not-for-profit organizations.

Opponents of activity-based costing argue that many indirect costs will be incurred regardless of the level of activity and therefore can not be eliminated to increase efficiency. Examples of these costs include:

- Council and commission member stipends and salaries.
- Financial statement audit fees.
- Costs to own and operate city/county legislative facilities.
- General liability insurance (directors and officers insurance, for example).

Other opponents of activity-based costing believe the costs of implementing and maintaining an activity-based costing system exceed the benefits derived by such a system. Still others oppose activity-based costing because they believe governmental and not-for-profit organizations are not intended to recover all costs of the services they provide, making the determination of these costs a moot point.

² See Footnote 1.

EXHIBIT 8.1
ESTIMATED PERFORMANCE MEASUREMENT SYSTEM COSTS
 (INITIAL SYSTEM ONLY)

	<u>Purchased</u>	<u>Developed In-House</u>
Software		
Purchased software	25,000	0
Developed software	0	
Staff time and benefits*		5,000
Other (list)		
Temps during development		5,000
Ancillary software (list)		
All already owned	0	0
Other (list)		
Training—IT staff	1,000	0
Total software	26,000	10,000
Hardware		
Needed for software (list)		
Additional server	4,000	4,000
Ancillary (list)		
Server installation—in-house	1,000	1,000
Total hardware	5,000	5,000
Installation		
Purchased installation	1,200	0
Staff time and benefits*	1,000	10,000
Other (list)		
Total installation	2,200	10,000

	Purchased	Developed In-House
Training		
Purchased training	2,500	0
Travel costs*	2,000	0
Staff time and benefits*		
Other (list)		
Food	250	
In-house training		
Staff time and benefits*		5,000
Other (list)		
Food		250
Total training	4,750	5,250
Maintenance		
Purchased maintenance—annually	3,600	0
Staff time and benefits*	600	
In-house maintenance		
Staff time and benefits*		6,000
Other (list)		
Temps during training		1,200
Total maintenance	4,200	7,200
Total estimated cost	42,150	37,450

* Provide details on separate worksheet

EXHIBIT 8.2
QUESTIONNAIRE—POTENTIAL VESTED INTERESTS IN PERFORMANCE MEASUREMENT PROCESS

Strategy Conduct bi-annual compensation and classification study and implement all pay range adjustments in next fiscal year

Measure Implementation of pay range adjustments

Responsible Unit Human Resources Department

1. How will the measurement data be collected?
Review of minutes for adoption of compensation and classification study by the Council
2. Who will collect the measurement data?
Human Resources Department staff
3. How frequently will the measurement data be collected?
Every two years
4. Does an “audit trail” exist for the measurement data?
Yes, Council minutes and changes to employee master file pay data
5. Does the responsible unit have the staff time and expertise to put the appropriate time and effort into measurement data collection?
Yes
6. Will personal performance evaluations for leadership/management of the responsible unit be affected by operating performance?
Yes, the department director will be accountable for timely conduct of the study and related recommendations to the Council for approval. This will be included on the director’s scorecard.
7. Has the responsible unit previously collected performance data?
Yes, two previous compensation and classification studies were performed by external consultants in 20X0 and 20X1.
8. If so, what was the attitude toward data collection and were there any issues with the data collected?
Consultants collected data from survey organizations and internal payroll file data with no related issues in collection or interpretation. HR Department staff worked well with consultants and assisted them as much as possible to expedite the process and to keep the cost of the contract within budgeted amounts.

EXHIBIT 8.3
SOURCES OF BENCHMARKS FOR GOVERNMENTAL AND
NOT-FOR-PROFIT ORGANIZATIONS

American Productivity and Quality Center (not-for-profit organization focused on best practices, benchmarking, and knowledge management)
<http://www.apqc.org/>
Link: "Tools & Measures"

Brookings Institute
<http://www.brookings.org/index/publications.htm>
Search: Performance measures

Canadian Comprehensive Auditing Foundation
<http://www.ccaf-fcvi.com/english/visitors/welcome.html>
Link: "Publications and Resources"

American Society for Public Administration
<http://www.aspanet.org/>
Search: Performance measures

Center for Improving Government Performance
National Academy of Public Administration
<http://www.napawash.org/>
Search: Performance measures

Center for Performance Measurement
<http://www.icma.org>
Search: Performance measures
Benchmarks

The Congressional Institute
<http://www.conginst.org/>
Link: "Search Conginst.org"
Search: Performance measures

Governmental Accounting Standards Board
<http://www/gasb.org>
Link: "Performance Measures"

National Center for Public Productivity
Citizen Driven Government Performance
<http://www.newark.rutgers.edu/~ncpp/cdgp/resources.html>
Link: "Case Studies"
"Teaching Resources"

Nonprofit Resource Center
Florida Atlantic University, School of Public Administration
<http://www.fau.edu/~rcnyhan/images/>
Link: "Program Evaluation"
"Strategic Management"

OECD Performance Measurement (Organisation for Economic Co-operation and Development)
<http://www.oecd.org/>
Link: "Publications & Documents" then "Statistics, Data and Indicators"

Performance Measurement for Government
<http://www.seagov.org/index.shtml>
Link: "Measurement initiatives"
"Measurement contacts"

Syracuse University (statistics and measures specifically for libraries)
<http://www.syr.edu/> or
<http://www.syr.edu/~jryan/infopro/stats.html>
Search: Library Statistics & Measures

United Way of America
<http://www.unitedway.org/>
Search: Performance measures
Benchmarks

United Way of America
Outcome Measurement Resource Network
(information, downloadable documents, and links to performance measurement and outcomes)
<http://national.unitedway.org/outcomes/>

U.S. Foundation for Performance Measurement
<http://www/fpm.com/>
Link: "U.S. Chapter" then "Other Web Resources"

EXHIBIT 8.4
QUESTIONNAIRE—STAKEHOLDER PREFERENCES FOR SERVICE
EFFORTS AND ACCOMPLISHMENTS REPORTING

- 1 What are your overall expectations with respect to the strategy implementation process?
More efficient utilization of staff time to achieve the mission.
- 2 How confident are you that management will successfully implement and integrate the strategy implementation plan?
I am concerned that staff will implement the plan within the established time line.
- 3 Do you believe the organization has the technical resources to successfully implement and integrate the strategy implementation plan? If not, please indicate what you believe is necessary to achieve successful implementation.
Adequate resources exist in all administrative type departments as well as public safety. However, public works and environmental services do not have administrative staff with the time and expertise to implement the strategy implementation plan.
- 4 Do you believe performance information should be subject to a periodic independent review to increase its reliability?
Yes but only by an outside consultant if funds are available and the cost is reasonable.
- 5 How frequently would you like to receive performance information?
Every month but no less than quarterly.
- 6 Please indicate which of the following report formats you prefer in order of preference with “1 being your first choice” and “7 being your last choice.”
 - 6 ___ Only charts and graphs
 - 5 ___ Only explanatory information
 - 1 ___ Mostly charts and graphs with explanations for all measures not meeting performance targets or expectations
 - 2 ___ Mostly charts and graphs with explanations for only significant measures not meeting performance targets or expectation
 - 3 ___ Mostly explanatory information with charts and graphs for all measures not meeting performance targets or expectations
 - 4 ___ Mostly explanatory information with charts and graphs for only significant measures not meeting performance targets or expectation
 - 7 ___ Other—please explain

Directions

Each major stakeholder group should complete this questionnaire. The CPA can summarize the responses to determine the best method by which to communicate performance information to stakeholders.

EXHIBIT 8.5
CHECKLIST—BASIC COSTS FOR TYPICAL ACTIVITIES

General Costs Common to Governmental and Not-for-Profit Organizations

- Direct costs
 - Personnel costs (salaries, benefits, and ancillary costs (for example, training and equipment))
 - Materials and supplies
 - Capital equipment needed to provide programs and services
 - Occupancy costs (for example, rent, mortgage interest, utilities, insurance, and maintenance) totally associated with a specific function, department, program, or activity
- Indirect costs
 - Administrative support costs related to a specific function, department, program, or activity (including personnel and ancillary costs)
 - Insurance (for example, property, liability, directors and officers, errors, and omissions)
- Shared costs
 - Occupancy costs (for example, rent, mortgage interest, utilities, insurance, and maintenance) associated with shared and multifunction facilities
 - Acquisition and maintenance costs associated with shared and multifunction equipment
 - Transportation pool vehicles (for example, acquisition, maintenance, and storage)
 - Grounds maintenance

Specific Costs Common to Governmental Organizations

- Specialized training and certifications
 - Law enforcement
 - Fire
 - Inspectors (for example, building, food, and safety)
 - Child care providers
 - Health care professionals
- Single purpose facilities and related occupancy costs
 - Jails and prisons
 - Fire stations
 - Military facilities

(continued)

- Parks
- Hospitals
- Arenas
- Athletic fields
- Other
 - Professional insurance (for example, law enforcement liability and medical malpractice)
 - Technical communications equipment
 - Unique supplies (for example, hazardous materials suits, SCBA, and weapons)

Specific Costs Common to Not-for-Profit Organizations

- Specialized training and certifications
 - Social workers, mental health counselors
 - Child care providers
 - Health care professionals
- Single purpose facilities and related occupancy costs
 - Community centers
 - Child care centers
 - Shelters (for example, homeless and domestic violence victims)
 - Parks
 - Hospitals
 - Athletic fields
- Other
 - Professional insurance (for example, medical malpractice and child molestation)
 - Specialized equipment (for example, hospitals, clinics, and research facilities)
 - Unique supplies (for example, medications, camp, and food)

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 9:

Recommended Tactics for Successful Implementation and Integration

At this point in the strategy implementation process, the planning phase is complete and the *planning team* passes responsibility to the *implementation team*. It is now time for the governmental or not-for-profit organization to implement and integrate the strategies either for the entire organization or some component thereof (see discussion in previous chapters related to the scope of the strategy implementation process). The role of the CPA in the actual implementation and integration phase should be determined in light of AICPA and Government Accountability Office (GAO) independence standards. This chapter describes and provides the tools to help ensure success of the strategy implementation and integration process. The CPA assists the *implementation team* in the implementation and integration phase by:

- Determining if previously selected *implementation team* members are still appropriate or available.
- Developing job responsibilities for *implementation team* members and creating implementation project teams.
- Identifying key success factors.
- Developing action plans and realistic time frames.
- Establishing an internal and external communication plan.
- Tracking, monitoring, and communicating progress toward full implementation and integration of the strategies as well as the related balanced scorecard.
- Keeping *implementation team* members and others motivated and on task.
- Integrating existing systems as indicated to effectively integrate the strategy implementation plan.

Exhibits at the End of This Chapter:

- Exhibit 9.1 Questionnaire—Reevaluating the Impact of External Factors on Strategy Implementation Team Members*
- Exhibit 9.2 Checklist—Implementation and Integration Project Teams’ Characteristics*
- Exhibit 9.3 Sample Implementation and Integration Team Member Contract*
- Exhibit 9.4 Tips for Maintaining Enthusiasm During Implementation and Integration*
- Exhibit 9.5 Implementation and Integration Timeline*
- Exhibit 9.6 Implementation and Integration Tracking Tool*
- Exhibit 9.7 Implementation Progress Points and Integration Milestones*
- Exhibit 9.8 Checklist—Implementation and Integration Progress Evaluation*
- Exhibit 9.9 Implementation and Integration Progress Evaluation Report*
- Exhibit 9.10 Decision-Making Matrix for Program Funding and Capital Planning and Budgeting*
-

REEVALUATION OF THE ORIGINAL IMPLEMENTATION TEAM

During the preliminary phase of the strategy implementation process, the CPA-assisted leadership of the governmental or not-for-profit organization in identifying and selecting individuals to serve on the planning, implementation, and evaluation teams (see Chapter 2). Personalities and leadership styles needed to balance the *implementation team* were considered in assigning individuals to the *implementation team*. Before beginning the implementation and integration phase, the CPA can assist leadership in determining if the previously selected individuals are still appropriate or available to serve on the *implementation team*.

It is necessary for members of the *implementation team* to understand what group dynamics may be in play during the implementation and integration phase and how to deal with situations they present. The CPA may serve as arbiter when group dynamics create conflict during the implementation and integration phase of the strategy implementation process. Additionally, the CPA can be an objective “scorekeeper” as well as “independent task master” during the implementation and integration phase. Any assistance provided by the CPA in the implementation phase should be reviewed in light of AICPA and GAO independence standards.

Unlike the planning phase, the implementation and integration phase has established time frames for the various strategies so objectives are accomplished and goals are achieved on a timely basis. Therefore, it behooves the *implementation team* to work with the CPA to determine if any external forces will affect the ability of *implementation team* members to perform. Exhibit 9.1, “Questionnaire—Reevaluating the Impact of External Factors on Strategy Implementation Team Members,” should be used to assess the effect of external factors on *implementation team* members. For example, the answers to this questionnaire may bring to light the fact that the recreation supervisor may be distracted from implementation responsibilities during the summer months if he or she is also responsible for summer programming.



- **Exhibit 9.1 Questionnaire—Reevaluating the Impact of External Factors on Strategy Implementation Team Members** (see accompanying CD-ROM)

HOW TO ASSIGN RESPONSIBILITIES TO THE IMPLEMENTATION TEAM

During the planning phase the *planning team* developed strategies for accomplishing objectives and achieving the goals of the governmental or not-for-profit organization. Specific timelines and individuals were assigned to all strategies by the *planning team*. Before beginning the actual implementation and integration phase, it is necessary to review what the *planning team* developed with respect to strategies, time frames, and responsible parties. Based on this review, implementation project teams are created and assigned specific areas of responsibility. The CPA as facilitator may wish to review the personality types and leadership styles of the *implementation team* members (see Chapter 2 as well as Exhibits 2.4, 2.5, and 2.6) before assisting in assigning responsibilities. A checklist of project teams' characteristics needed for implementation and integration in typical governmental and not-for-profit organizations is found in Exhibit 9.2, "Checklist—Implementation and Integration Project Teams' Characteristics."



- **Exhibit 9.2 Checklist—Implementation and Integration Project Teams' Characteristics** (see accompanying CD-ROM)

It is extremely important to the overall success of the implementation and integration phase to define shared expectations and the related rewards and consequences at this time. Several governmental and not-for-profit organizations use a "contract" approach to delineate and document this shared understanding. A sample contract between *implementation team* members can be found in Exhibit 9.3, "Sample Implementation and Integration Team Member Contract."



- **Exhibit 9.3 Sample Implementation and Integration Team Member Contract** (see accompanying CD-ROM)

HOW TO IDENTIFY KEY SUCCESS FACTORS

Early in the implementation and integration phase, it is necessary for the governmental or not-for-profit organization to identify key success factors. Because each governmental and not-for-profit organization is different, the implementation process and the degree of integration will vary accordingly. However, common success factors in the strategy implementation process include:

- *Strong commitment at the highest levels.* Although this may be taken for granted, it is essential that the commitment to the strategy implementation process be maintained at the highest levels of the governmental or not-for-profit organization.

- *High level of enthusiasm throughout the organization.* This may be easier said than done, but without a pervasive high level of enthusiasm, plan implementation may slow down or integration efforts may be met with resistance. See Exhibit 9.4, “Tips for Maintaining Enthusiasm During Implementation and Integration.”
- *Manageable and doable plans.* See Chapter 6 on the potential for the enthusiasm of the planning team to result in an overly ambitious or complex strategy implementation plan.
- *Appointment of effective implementation and integration project leader.* Everyone is familiar with the saying, “The speed of the leader is the speed of the pack.” Nowhere is that more apropos than in the implementation and integration phase of the strategy implementation process.
- *Attitude of flexibility.* As with any well-laid plan, “if something can go wrong it will” and strategy implementation is no exception to this old maxim. In this phase of the strategy implementation process, it is essential that implementation team members and other employees and stakeholders be amenable to changes in the original plan.
- *Communication of implementation progress and integration milestones.* Frequent communication to all employees and stakeholders is extremely important in the implementation and integration phase of strategy implementation. It is as important to communicate “false starts” and other challenges and how they were overcome as it is to celebrate successes.



- **Exhibit 9.4 Tips for Maintaining Enthusiasm During Implementation and Integration (see accompanying CD ROM)**

DEVELOP THE ACTION PLAN

Successful implementation of the strategies developed by the *planning team* depends on the actual implementation and integration action plans. In this context, “action plan” refers to the “plan of attack” the *implementation team* will take to implement the identified strategies. For example, the order in which organizational sub-units will begin their portion of the implementation phase would be specified in the action plan. The depth, breadth, and sophistication of the implementation and integration action plan will vary based on the scope of the strategy implementation process, the nature of the organization, staff expertise, and available resources. Generally action plans:

- Provide for coordination and management of the implementation and integration activities among *implementation team* members and organizational sub-units involved in the implementation phase.
- State specific action steps to be taken by the implementation team to implement and integrate strategies within the various organizational sub-units.
- Include pertinent details related to the action steps to be taken by the implementation team.
- Lend a sense of credibility to the implementation and integration process.

It is essential that top leadership and individuals at all organizational levels remain committed to the success of the strategy implementation process.

When creating an action plan, *implementation project teams* should be responsible for developing a realistic and adaptable timeline for discharging their assigned responsibilities. For example, the *implementation team* should not plan to begin the implementation and integration phase with the Finance Department during the organization's budget preparation process. Likewise, traditionally slow times for a specific department, agency, or program should be targeted as the time for their portion of the implementation and integration phase.

The *implementation team* should identify strategies involving more than one sub-unit of the organization early in the implementation and integration phase. When strategies involve more than one sub-unit of the organization, coordinating the action plan and timeline with all involved parties is crucial to successful implementation and integration. This may be more difficult in larger or more hierarchical organizations, making early recognition of the potential issues a priority early in the action plan development process.

Exhibit 9.5, "Implementation and Integration Timeline," is a form for *implementation project teams* to use when developing their action plans and timelines. Appropriate stakeholders should endorse these timelines after the CPA as facilitator and the *implementation team* leader have reviewed or prepared the timeline.



- **Exhibit 9.5 Implementation and Integration Timeline**
(see accompanying CD-ROM)

ESTABLISH THE COMMUNICATION PLAN

Often strategy implementation efforts lose momentum, face unnecessary obstacles, or fail outright because of poor communication. An effective communication network begins in the preliminary phase of the strategy implementation process (see Chapter 2). During the implementation and integration phase, frequent and effective communication can help:

- Dispel rumors.
- Convert nay-sayers.
- Foster enthusiasm among employees.

When designing a communication network, those involved in strategy implementation efforts would do well to remember the adage, "Communication is a two-way street." Communication efforts during the implementation and integration phase should include a medium for individuals at all levels of the governmental or not-for-profit organization to provide feedback to the *implementation team*.

Some organizations involved in a strategy implementation process have found regular employee forums helpful in providing information as well as receiving feedback. Many times, individuals simply need to vent their frustrations or share their achievements. The CPA as consultant or adviser is the ideal objective and independent sounding board for this process.

After all the effort stakeholders expend in the preliminary and planning phases of the strategy implementation process, they are interested in the progress of the implementation and integration phase. Communication with stakeholders about the progress in this phase will differ from that with leadership, management, and employees. During this phase, stakeholders are more likely interested only in the general progress made rather than the periodic issues addressed and the daily progress made. Communicating to meet the needs of stakeholders during the regarding implementation and integration phase should be addressed at the beginning of the implementation phase or during the preliminary phase of the strategy implementation process (see Chapter 2).

HOW TO TRACK AND MONITOR IMPLEMENTATION PROGRESS

Successful implementation and integration in the strategy implementation process depend in large part on the system used to track and monitor progress during the implementation phase. Exhibit 9.6, “Implementation and Integration Tracking Tool,” will be helpful in developing an implementation and integration tracking system. Early in the implementation and integration phase, the *implementation team* identifies specific implementation progress points and integration milestones. The timeline and tasks are documented, as is the progress made in the implementation and integration of the strategies and performance measurement system.



- **Exhibit 9.6 Implementation and Integration Tracking Tool**
(see accompanying CD-ROM)

Exhibit 9.7, “Implementation Progress Points and Integration Milestones,” provides a checklist of major implementation progress points and integration milestones typical of governmental or not-for-profit organizations involved in a strategy implementation process. The progress points in Exhibit 9.7 represent only *major progress points and milestones* in the implementation phase. As such, the governmental or not-for-profit organization can add any number of non-major milestones to this checklist to make it better meet their needs. Items the organization considers crucial to the timely and effective implementation and integration of the strategy implementation plan could be added to this checklist, for example. The “implementation and integration by sub-unit” section is intended to be modified for each organizational sub-unit involved in strategy implementation and listed in *priority order*. If the strategy implementation process involves the entire organization, all departments and agencies affected by the strategy implementation would be listed in this section in priority order.



- **Exhibit 9.7 Implementation Progress Points and Integration Milestones**
(see accompanying CD-ROM)

REVIEWING IMPLEMENTATION AND INTEGRATION EFFORTS

One of the most effective ways for the *implementation team* to keep the implementation phase on target is to regularly review the efficiency and effectiveness of the implementation and integration efforts to date. Regular review of progress allows the *implementation team* to:

- Recognize less effective implementation tactics.
- Change the approach before problems arise or employees become disillusioned or disgruntled with the process.
- Highlight progress made and successes achieved along the way.

Exhibit 9.8, “Checklist—Implementation and Integration Progress Evaluation,” and Exhibit 9.9, “Implementation and Integration Progress Evaluation Report,” should be used in tandem and prepared on a regular and periodic basis. The frequency of this review should be determined early in the implementation phase, such as when action plans and timelines are discussed. Implementation project team leaders should honestly and objectively complete Exhibit 9.9. The overall leader for the implementation phase uses the progress evaluation checklist (Exhibit 9.8) to prepare the progress evaluation report (Exhibit 9.9) for all organizational units or subunits involved in the implementation and integration phase. Again, this report should be honestly and objectively prepared. In some cases, these progress review reports might suffice as an interim communication device for leadership of the governmental or not-for-profit organization. Providing there are no independence concerns, the CPA could prepare Exhibit 9.8 and then discuss it with appropriate members of management and the *implementation team*.



- **Exhibit 9.8 Checklist—Implementation and Integration Progress Evaluation**
- **Exhibit 9.9 Implementation and Integration Progress Evaluation Report**

(see accompanying CD-ROM)

Many long-time employees of governmental or not-for-profit organizations have probably seen a number of various “fads” come and go within the organization. These situations and attitudes can make it difficult for the most eager of *implementation team* members to maintain their enthusiasm. Continuous motivation of the *implementation team* members should be a priority for the CPA, as facilitator, and the *implementation team* leader, as well as executive leadership of the organization. *Implementation team* members may be motivated by a number of different factors, and the CPA and *implementation team* leader should customize motivation efforts as much as possible. At a minimum, the CPA and *implementation team* leader should provide small rewards (for example, take top achievers to lunch or use “reward” or gift certificates from area vendors) for handling a particularly difficult implementation or integration issue; they could also hold team celebrations for successfully meeting a checkpoint or milestone.

In some cases it may be necessary for the *implementation team* to revisit the goals, objectives, and strategies developed by the *planning team*. During the implementation and integration phase, the implementation project teams may find a particular strategy cannot be implemented as designed. Likewise, implementation project teams may decide after discussions with the operations personnel actually involved in implementing a particular strategy that the strategy is not in line with the related goal or objective.

Actual implementation and integration efforts often reveal that goals, objectives, and strategies are too numerous to accomplish within established timelines or that strategies are not as easily implemented and integrated as thought by the *planning team*. In these cases, as well as others, the CPA and *implementation team* leader should work with appropriate leadership and stakeholder groups and assist them in reprioritizing, redefining, or reducing the goals, objectives, and strategies developed by the *planning team*.

INTEGRATING EXISTING SYSTEMS WITH THE STRATEGY IMPLEMENTATION PLAN

To effectively integrate the strategy implementation plan the *implementation team* will need to ensure that existing major systems, policies, and procedures are in line with the strategies, objectives, goals, and mission of the organization. For example, it is difficult to cultivate an organizational culture focused on quality when a step and grade compensation system is in place. A number of governmental or not-for-profit organizations involved in strategy implementation fail to maintain enthusiasm for the process because there is no link between the accomplishment of objectives or the achievement of goals and employee compensation. Unfortunately, in many governmental organizations the personnel system is mandated by local, state, or federal legislation. In both governmental and not-for-profit organizations, financial resources are not usually sufficient to allow for employee “bonus type” compensation for accomplishing objectives and achieving goals.

In addition to limitations imposed by personnel and pay systems, the structure of a governmental or not-for-profit organization’s management system may not be consistent with the strategy implementation process. Reorganization at the organization and department levels may be necessary if the strategy implementation process is to succeed. As with personnel and pay systems, there may be legislative mandates requiring a certain level of rigidity in the organization’s management structure. Even if no legislative obstacles exist with respect to organizational management, a number of internal attitudes and formal and informal structures may exist to also impede the strategy implementation process.

During the implementation and integration phase, the *implementation team* will be faced with a number of decisions related to funding the programs and capital acquisitions contemplated by the strategies developed and prioritized by the *planning team*. This will be especially difficult if the *planning team* failed to consider the realities of the human, financial, and capital resources of the governmental or not-for-profit organization (see discussion in Chapter 6). The CPA and the governmental or not-for-profit organization should use Exhibit 9.10, “Decision-Making Matrix for Program Funding and Capital Planning and Budgeting,” in making funding decisions.



- **Exhibit 9.10 Decision-Making Matrix for Program Funding and Capital Planning and Budgeting** (*see accompanying CD-ROM*)

EXHIBIT 9.1
QUESTIONNAIRE—REEVALUATING THE IMPACT OF EXTERNAL FACTORS
ON STRATEGY IMPLEMENTATION TEAM MEMBERS

Name: Sam Waters

Title: Case Manager

Department/Division: Community Outreach/Substance Abuse

Supervisor Name: Kate Harris

Title: Program Director

1. What are the usual primary responsibilities of this individual in the organization?
Assign case workers to cases, monitor progress of cases and case workers, assess needs, serve as case worker when needed.
2. Are other employees cross-trained for this position? If so, who and to what extent?
The program director is able to act as case manager but normal director duties would need to be ignored, reassigned, or done outside the normal workweek.
3. What primary responsibilities are considered crucial to daily operations?
Assignment of case workers.
4. What primary responsibilities are subject to time constraints or seasonality?
Assignment of case workers.
5. Will time constraints or seasonality occur during the anticipated implementation and integration process? If so, how will the team members balance their primary responsibilities and participation in the implementation team?
Yes. Assignment of case workers could be done outside the normal workweek. However, monitoring of cases and case workers is more effective if done during the normal workweek.

EXHIBIT 9.2
CHECKLIST—IMPLEMENTATION AND INTEGRATION
PROJECT TEAMS' CHARACTERISTICS

The following are project teams characteristic of the implementation and integration phase in the strategy implementation process. All or some combination of these project teams may increase the likelihood for successful strategy implementation. In some organizations, the entire implementation team may perform all the tasks rather than use the project team approach.

Communications

This project team is responsible for coordinating the periodic progress reports from the other teams and preparing the appropriate report to communicate results. This may include external stakeholders (for example, governing body or board of directors), organizational leadership, employees, or other project teams.

Implementation

The number of implementation project teams will vary from one organization to the next. In larger organizations, implementation project teams may be desired for all sub-units of the organization to be involved in the strategy implementation process. In some cases, similar operations may be combined and served by one implementation project team whose members are familiar with those operations or possess the relevant expertise.

Morale

During the implementation and integration phase, maintaining a high level of enthusiasm is essential to success. This project team is responsible for maintaining morale among team members as well as other employees in the organization going through the implementation process.

Progress Evaluation

This project team reviews the progress of all other project teams to make sure they are on task and on time. Additionally, this team evaluates the quality of the process throughout the implementation phase, making recommendations for adjustments as indicated.

Resolution

Conflict during the implementation and integration phase is to be expected to some degree. This project team serves as a liaison and arbiter between the implementation project teams as well as between the implementation project teams and the organizational sub-unit involved in the implementation and integration process.

EXHIBIT 9.3

SAMPLE IMPLEMENTATION AND INTEGRATION TEAM MEMBER CONTRACT

I, _____ agree to be a member of the Implementation and Integration Team. As a team member, I will:

- Maintain a positive attitude during the implementation and integration period.
- Attend all team meetings.
- Fully participate in all team meetings.
- Use my talents to make the implementation and integration process a success.
- Continue to execute the necessary duties of my “official” position in the organization.
- Support the strategy implementation process with words and actions.

In exchange, the leadership or management of my organization agrees to:

- Support the strategy implementation process at all levels of the organization.
- Establish realistic deadlines for execution of my usual responsibilities in the organization.
- Provide the Implementation and Integration Team with all reasonable and available human, capital, and financial resources.

Team Member Signature

Date

Team Leader Signature

Date

EXHIBIT 9.4

TIPS FOR MAINTAINING ENTHUSIASM DURING IMPLEMENTATION AND INTEGRATION

- Celebrate small and large successes.
- Set weekly goals and daily goals if necessary.
- Start each day with a very brief “status meeting.”
- Bring in bagels or doughnuts some mornings.
- Have popsicles for “dessert” one afternoon.
- Purchase team shirts for all team members and have “shirt day” once a week.
- Have a suggestion box for team members.
- Have a suggestion box for employees involved in the process that are not team members.
- Celebrate special days for team members and employees involved in the process (for example, birthdays, anniversaries, or children’s birthdays).
- Once or twice during the process, take a long lunch and picnic in the park.
- Be sincere in praise.
- Address negativity immediately and privately.

**EXHIBIT 9.5
IMPLEMENTATION AND INTEGRATION TIMELINE**

Task #	Task	Responsible Party	Time Frame	
			Start	Finish
1	Review implementation team members for continued participation.	Executive Director	1/5/X5	1/10/X5
2	Identify key success factors.	Executive Director	1/5/X5	1/10/X5
3a	Develop job responsibilities for team members.	VP of Operations	1/12/X5	1/17/X5
3b	Create implementation project teams.	VP of Operations	1/12/X5	1/17/X5
3c	Assign responsibilities to implementation project teams.	VP of Operations	1/12/X5	1/17/X5
4a	Develop action plans and realistic time frames.	Implementation Team	1/19/X5	1/31/X5
4b	Review strategies in light of time frames and responsible individuals.	Implementation Team	2/3/X5	2/8/X5
5	Establish conflict resolution process.	VP of Operations and Implementation Team	2/11/X5	2/16/X5
6	Prepare progress reports.	VP of Operations	2/18/X5	7/31/X5
7	Reevaluate goals, objectives, and strategies.	Executive Director & VP of Operations	8/3/X5	8/31/X5
8	Reorganize existing processes, departments, and agencies.	Executive Director	9/3/X5	12/31/X5

**EXHIBIT 9.6
IMPLEMENTATION AND INTEGRATION TRACKING TOOL**

Task #	Task	Responsible Party	Date or Week Number										
			1	2	3	4	5	6-29	30-33	34-52			
1	Review implementation team members for continued participation.	Executive Director	X										
2	Identify key success factors.	Executive Director	X										
3a	Develop job responsibilities for team members.	VP of Operations		X									
3b	Create implementation project teams.	VP of Operations		X									
3c	Assign responsibilities to implementation project teams.	VP of Operations		X									
4a	Develop action plans and realistic time frames.	Implementation Team			X								
4b	Review strategies in light of time frames and responsible individuals.	Implementation Team				X							
5	Establish conflict resolution process.	VP of Operations and Implementation Team					X						
6	Prepare progress reports.	VP of Operations						X					
7	Reevaluate goals, objectives, and strategies.	Executive Director & VP of Operations								X			
8	Reorganize existing processes, departments, and agencies.	Executive Director										X	

EXHIBIT 9.7
IMPLEMENTATION PROGRESS POINTS AND INTEGRATION MILESTONES

Representative progress points and integration milestones are listed below. The implementation team should modify and expand this list for the applicable circumstances.

- Selection of implementation team members
- Development of job responsibilities for team members and creation of implementation project teams
- Identification of key success factors
- Development of action plans and time frames
- Establishment of internal and external communication plan
- Implementation and integration by sub-unit (list applicable sub-units), including tracking, monitoring, and communicating progress
- Integration of existing systems as indicated to effectively integrate the strategy implementation plan
- Total implementation and integration

EXHIBIT 9.8

CHECKLIST—IMPLEMENTATION AND INTEGRATION PROGRESS EVALUATION

Review Period 2/1/X5 – 2/28/X5 Project Team Implementation Team

Team Leader John Ross, Operations VP Prepared by John Ross, Operations VP

Tasks scheduled to be accomplished during this review period (should agree with information in Exhibit 9.5)

4b – Review strategies in light of time frames and responsible individuals _____

5 – Establish conflict resolution process _____

Tasks accomplished during this review period (should agree with information in Exhibit 9.6)

4b – Reviewed all strategies in light of time frames and responsible individuals. No adjustments needed. _____

5 – Established conflict resolution process, documented it, and distributed it to appropriate individuals. _____

Tasks started during this review period (should agree with information in Exhibit 9.6)

6 – Began implementation in the Drug Abuse Division of the Community Outreach Department. Staff training was completed and meeting was held with all Division employees to discuss process and progress. _____

Tasks not started during this review period (should agree with information in Exhibit 9.6)

All that were scheduled were started for this review period. No adjustments to time line anticipated at this time. _____

EXHIBIT 9.9
IMPLEMENTATION AND INTEGRATION PROGRESS EVALUATION REPORT

Implementation Project Team Community Outreach

Progress Evaluation Period 3/1/X5 – 3/31/X5 Date Prepared 4/3/X5

Report Preparer Sam Waters

Report Reviewer John Ross

Tasks accomplished during this review period

Completed implementation in the Drug Abuse Division of the Community Outreach Department. Held staff appreciation lunch for all on Division staff and invited all Implementation Team Leaders to attend (4 of 6 attended).

Began and completed implementation in the Healthy Seniors Division of the Community Outreach Department. Staff training completed and meeting held with all Division employees to discuss process and progress (3 of 6 attended).

Began implementation in the Families First Division of the Community Outreach Department. Initial staff training completed and meeting held with all Division employees to discuss process and progress. Remainder of staff training to occur upon completion of implementation.

Major challenges faced during this review period and how they were resolved

Some staff resistance in Families First Division at all levels. Conducted one-on-one interviews with key staff at all levels. Ascertained most resistance came from the Division Manager. Team Leader and Department liaison met with Division Manager to discuss concerns, reservations, and other issues. Biggest concern relates to belief this will create additional work for an already overworked staff. Suggested he talk to Drug Abuse Division Manager to discuss experience in that Division. Will continue to monitor as implementation continues.

Scheduled tasks not accomplished during this review period and why

None—all completed as planned.

Overall assessment of progress made during this evaluation period

Meeting expectations on all counts anticipated. Overall, divisions are responding as expected to the implementation process.

EXHIBIT 9.10
DECISION-MAKING MATRIX FOR PROGRAM FUNDING AND CAPITAL PLANNING AND BUDGETING

Strategy #	Strategy Description	Strategy Time Line	Other Related Strategy	Legal Compliance	Mission Critical	Increase Operational Efficiency	New Facility Needed	Additional Personnel Needed	New Program	Expand Existing Program	Existing Funding Source	New Funding Source
1	Increase General Fund fund balance 2% per year until 20% of subsequent expenditures	First quarter FY 20X4	Conduct bi-annual compensation and classification study and implement all pay range adjustments in next FY	Yes if policy adopted by Council	Yes	No	No	No	Yes	NA	General Fund Revenues	None
2	Conduct bi-annual compensation and classification study and implement all pay range adjustments in next FY	Bi-annually beginning second quarter FY 20X4	Increase General Fund fund balance 2% per year until 20% of subsequent expenditures	No	No	Yes via attitudes	No	No	No	Yes	General Fund Revenues	None

COMPONENTS OF STRATEGY IMPLEMENTATION

- CONDUCT PRELIMINARY PLANNING
- IDENTIFY MANDATES, REVIEW MISSION AND VALUES
- PERFORM ENVIRONMENTAL SCANNING
- SET GOALS AND ESTABLISH OBJECTIVES
- REVIEW OPERATIONS/BUDGET AND DEVELOP STRATEGIES
- CREATE SCORECARD
- DEVELOP INDICATORS/MEASURES
- IMPLEMENT/INTEGRATE PLAN AND SCORECARD
- EVALUATE AND MODIFY PLAN

CHAPTER 10:

Developing Easy-to-Use Tools to Evaluate Plan Effectiveness

Strategy implementation is a continuous process, and the strategy implementation plan is a dynamic document to lead the governmental or not-for-profit organization toward its vision for the future. For the strategy implementation plan to meet the organization's needs in the future, it is necessary to evaluate and update it on a periodic basis. This evaluation is performed after the strategy implementation plan has been operational for a year or more, and the scope mirrors that of the planning and implementation phases. Some organizations find it helpful to stagger the evaluation phase among the various organizational units or sub-units that were involved in the strategy implementation process. The exact timing for the evaluation of the strategy implementation plan is established during the preliminary phase (see Chapter 2). This chapter demonstrates how the CPA can:

- Assign responsibilities to members of the *evaluation team*.
- Effectively communicate evaluation results to appropriate stakeholders.
- Recognize when strategic alliances with other similar organizations would benefit the governmental or not-for-profit organization.

In addition, this chapter identifies:

- Tools and techniques to use to evaluate the effectiveness of the strategy implementation plan.
- What options exist when programs no longer accomplish the goals of the governmental or not-for-profit organization or are otherwise ineffective.

Exhibits at the End of This Chapter

<i>Exhibit 10.1</i>	<i>Questionnaire—Strategy Implementation Plan Evaluation Timeline</i>
<i>Exhibit 10.2</i>	<i>Checklist—Evaluation Project Teams</i>
<i>Exhibit 10.3</i>	<i>Evaluation Timeline</i>
<i>Exhibit 10.4</i>	<i>Evaluation Tracking Tool</i>
<i>Exhibit 10.5</i>	<i>Questionnaire—Determination of Evaluation Techniques</i>
<i>Exhibit 10.6</i>	<i>Summary of Evaluation Results, Conclusions, and Recommendations</i>
<i>Exhibit 10.7</i>	<i>Questionnaire—Determining When Program Redesign Is Appropriate</i>
<i>Exhibit 10.8</i>	<i>Questionnaire—Creating Strategic Alliances</i>

The CPA is in a position to provide objectivity and independence as well as professionalism and technical expertise in the periodic formal review, evaluation, and modification of an organization’s strategy implementation plan. However, the role of the CPA in the evaluation process should be determined in light of AICPA and Government Accountability Office (GAO) standards relating to independence. During the evaluation phase, the CPA assists the *evaluation team* by:

- Determining if previously selected *evaluation team* members are still appropriate or available.
- Developing job responsibilities for *evaluation team* members and creating evaluation project teams.
- Determining the best method to evaluate the accomplishments of the governmental or not-for-profit organization and selecting appropriate evaluation tools and techniques.
- Reaching conclusions about the effectiveness of the strategy implementation plan.
- Making sure evaluation results are disseminated in a timely fashion and to appropriate stakeholder groups.
- Recommending programs to be eliminated or redesigned when they no longer accomplish organizational goals or are deemed ineffective.
- Recognizing opportunities to create strategic alliances with other similar organizations.

WHEN THE STRATEGY IMPLEMENTATION PLAN SHOULD BE EVALUATED

A responsibility typically assigned to the *implementation team* during the planning phase is to establish the time frames within which the strategy implementation process will be reviewed and the progress made toward goals and mission will be evaluated (see Chapter 2). This includes identifying key success indicators as well as developing the scheduled timeline for review, evaluation, and modification of the strategy implementation plan. Many governmental or not-for-profit organizations involved in strategy implementation formally evaluate the strategy implementation plan every three to five years, with an informal review performed annually. At a minimum, key success indicators should be reviewed and evaluated on no less than an annual basis. Exhibit 10.1, “Questionnaire—Strategy Implementation Plan Evaluation Timeline,” is a questionnaire that should be

answered by the *implementation team* to assist in developing review and evaluation timelines in addition to identifying key success indicators.



- **Exhibit 10.1 Questionnaire—Strategy Implementation Plan Evaluation Timeline** (see accompanying CD-ROM)

In addition to the scheduled formal and informal review and evaluation processes associated with a strategy implementation plan, it may also be necessary to review the strategy implementation plan on an ad hoc basis. An effective strategy implementation plan will provide for unscheduled review of the plan if significant events occur that may affect the current operations or structure of the governmental or not-for-profit organization. For example, the terrorist attacks on New York City in 2001 would be an event of such significance as to trigger an unscheduled review of the organization's strategy implementation plan. Other qualifying events might include an adverse tax ruling, a significant shift in the makeup of the governing body or board of directors, or a change in federal or state mandated environmental standards.

REEVALUATION OF THE ORIGINAL EVALUATION TEAM IDENTIFIED IN THE PRELIMINARY PHASE

Like the *planning and implementation teams*, the CPA and leadership of the governmental or not-for-profit organization selected the *evaluation team* during the preliminary phase of the strategy implementation process (see Chapter 2). Personalities and leadership styles needed to balance the *evaluation team* were considered in assigning individuals to the *evaluation team*. As discussed in Chapter 2, the *evaluation team* adds value to the strategy implementation process by acting as an objective and professionally competent "judge." Due to the depth and breadth of the strategy implementation process, diversity in experience and expertise among the *evaluation team* is essential.

Before beginning the evaluation phase, the CPA can assist organization leadership to determine if the previously selected individuals are still appropriate or available to serve on the *evaluation team*. This post-implementation review of the *evaluation team* members (originally identified in the planning phase) is important because typically the formal review and evaluation of a strategy implementation plan occurs a number of years after implementation and integration are complete. It is essential for the validity of the evaluation process that the objectivity, professionalism, and technical expertise of *evaluation team* members be obvious to all and of the highest caliber. The CPA as facilitator is the logical choice to conduct or oversee the evaluation process.

The CPA can assist members of the *evaluation team* in understanding what group dynamics may be in play within the *evaluation team* as well as within the organization during the evaluation phase. *Evaluation team* members will also need to know how to recognize potentially contentious issues for individuals in the organization and how to deal with the situations they present. Again, the CPA as facilitator is the logical choice to serve as arbiter when group dynamics create conflict during the evaluation phase of the strategy implementation process.

The evaluation phase has established time frames for completion of the evaluation of the strategy implementation plan so revisions may be made to its performance indicators, strategies, objectives, or goals on a timely basis. It streamlines the evaluation process if the *evaluation team* works with the CPA to determine if any external forces will affect the ability of *evaluation team* members to perform. If, for example, a police sergeant assigned to the *evaluation team* is scheduled to retire during the scheduled evaluation period, it may be necessary to find another qualified individual for the *evaluation team*. Exhibit 9.1 (see Chapter 9) is a resource tool that can also be used to assess the effect of the external environment on *evaluation team* members.

HOW TO ASSIGN RESPONSIBILITIES TO THE EVALUATION TEAM

Before beginning the evaluation phase, it is necessary for the CPA and the *evaluation team* to review the strategies that were actually implemented by the *implementation team*. Based on this review, evaluation project teams are created and assigned specific areas of responsibility. The CPA may wish to assist the *evaluation team* in reviewing the personality types and leadership styles of the *evaluation team* members (see discussion in Chapter 2) as well as the job descriptions (see Exhibit 2.6 in Chapter 2) before assigning responsibilities. A list of sample project teams needed for the evaluation phase in typical governmental and not-for-profit organizations is found in Exhibit 10.2, “Checklist—Evaluation Project Teams.”



- **Exhibit 10.2 Checklist—Evaluation Project Teams**
(see accompanying CD-ROM)

It is extremely important to the overall success of the evaluation phase to define what the organization’s leadership expects from the evaluation process. For example, some organizations do not intend to modify their strategy implementation plan regardless of the results of the plan evaluation. Other organizations use the evaluation process to eliminate services and programs that are no longer relevant to the mission or reflective of priority issues facing the organization and the community.

HOW TO EVALUATE THE STRATEGY IMPLEMENTATION PLAN

Before evaluation of the strategy implementation plan begins, the CPA and the *evaluation team* should identify relevant stakeholder groups and then understand their expectations with respect to the evaluation process. In addition, the CPA and the *evaluation team* should review the projected timeline for the evaluation phase with the relevant stakeholders and establish a mutually agreeable completion schedule for this phase. Based on the completion schedule, the CPA as facilitator or the *evaluation team* leader assigns responsibilities to *evaluation team* members, and together they establish the anticipated progress evaluation dates within the confines of the completion schedule. Exhibit 10.3, “Evaluation Timeline,” is a timeline template in a checklist format that evaluation project teams will find useful. In addition, Exhibit 10.4, “Evaluation Tracking Tool,” will be useful for the CPA and the *evaluation team* to track and monitor progress by tasks and subtasks.



- **Exhibit 10.3 Evaluation Timeline**
- **Exhibit 10.4 Evaluation Tracking Tool**

(see accompanying CD-ROM)

When possible, an objective qualitative or quantitative process should be used to evaluate accomplishments of governmental or not-for-profit organizations involved in a strategy implementation process. Actual evaluation procedures and the related tools and resources are determined based on the expectations of the relevant stakeholders. Typical evaluation tools may include:

- Surveys of citizens, program beneficiaries, and employees.
- Checklists of accomplishments.
- Data collection sheets.
- Data summary sheets.
- Quantitative techniques such as:
 - Cost-effectiveness analysis. (Is the degree of goal attainment reasonable in light of the related cost?)
 - Cost-benefit analysis. (Do all of the society-wide benefits outweigh all of the society-wide costs?)
 - Net cash flow analysis. (Do the projected cash inflows exceed the projected cash outflows?)
 - Statistical evaluation.

The type of evaluation procedures and tools will affect the projected timeline for the evaluation phase. For example, if a citizen survey is determined to be an effective evaluation tool for a particular goal (for example, perceived quality of life), additional time may be needed to receive credible response rates or to analyze results. Exhibit 10.5, “Questionnaire—Determination of Evaluation Techniques,” uses a matrix format to assist in determining which type of evaluation method is appropriate in a given set of circumstances.



- **Exhibit 10.5 Questionnaire—Determination of Evaluation Techniques**
(see accompanying CD-ROM)

REACHING CONCLUSIONS ON PLAN EFFECTIVENESS

Once the evaluation procedures are complete, the CPA assists the *evaluation team* in interpreting the results and reaching conclusions about the progress the governmental or not-for-profit organization has made toward its goals and mission. The CPA as facilitator and the *evaluation team* evaluate the progress made toward *each goal* established in the

initial (or subsequent) strategy implementation planning process (see Chapter 5). Exhibit 10.6, “Summary of Evaluation Results, Conclusions, and Recommendations,” is a resource tool the CPA and the *evaluation team* should use in summarizing results and reaching conclusions with respect to the strategy implementation plan. As a result of the procedures performed, the CPA and the *evaluation team* may reach any one or combination of the following conclusions:

- Goals have been achieved and new goals are needed.
- Acceptable progress is being made toward the goals and mission of the organization, and no changes are needed.
- Little or no progress is being made toward the goals and mission of the organization, and revisions to the *performance measures* are needed.
- Little or no progress is being made toward the goals and mission of the organization, and revisions to the *strategies* are needed.
- Little or no progress is being made toward the goals and mission of the organization, and revisions to the *objectives* are needed.
- Little or no progress is being made toward the goals and mission of the organization, and revisions to the *goals* are needed.
- Little or no progress is being made toward the goals and mission of the organization, and the *strategy implementation process* needs total revision.



- **Exhibit 10.6 Summary of Evaluation Results, Conclusions, and Recommendations** (see *accompanying CD-ROM*)

COMMUNICATION TO STAKEHOLDERS

Reports to stakeholders communicating the results of the evaluation phase should be clear, concise, easy to read, and limited in length. Because most stakeholders will not be knowledgeable of the detail operations of the governmental or not-for-profit organization, charts and graphs may more effectively communicate detailed program results. In all cases, the CPA and the *evaluation team* should take precautions to ensure that stakeholder expectations with respect to the evaluation phase are clearly communicated in their reports.

It may be necessary for the *evaluation team* to prepare a number of reports if the needs of the various relevant stakeholder groups cause the length of the report to be excessive. Examples from actual evaluation reports or examples of the type of data typical of evaluation reports prepared for stakeholders of governmental or not-for-profit organizations can be found using the Internet. Some particular examples of evaluation reports the CPA may find useful have been prepared by the following:

- Canada Revenue Agency (www.cra-arc.gc.ca/; click on “English,” then “Forms and Publications” bar, then “R,” then form “RC4087”).

- City of Bellevue, Washington (www.ci.bellevue.wa.us/; click on “Departments,” then “Finance,” then “Look at Bellevue’s Financial Documents,” then “2003 Annual Performance Report” [see pages 4, 5, 6]).

Communication needs of stakeholders regarding the evaluation phase should be addressed at the beginning of the evaluation phase or during the preliminary phase of the strategy implementation process (see Chapter 2). If communication needs were addressed in the preliminary phase of the strategy implementation process, the CPA and the *evaluation team* should review them with applicable stakeholders for current relevance.

WHAT TO DO WHEN PROGRAMS NO LONGER ACCOMPLISH ORGANIZATIONAL GOALS

A cornerstone of strategy implementation is the ability of organizations involved in a strategy implementation process to adapt to current or expected conditions in a timely manner in order to avoid adverse consequences. Unfortunately, when the needed change is the elimination of a program, it is often difficult for governmental or not-for-profit organizations to make the decision to terminate it. This process is exacerbated if a long-standing program, or one popular with constituents or program beneficiaries, needs to be eliminated. Governmental or not-for-profit organizations might find it fitting for the CPA to assist in this process by providing them information to make this determination as well as the recommended remedial course of action.

Program Redesign

When a program no longer accomplishes the organization’s goals, the organization may decide program redesign is a viable alternative to eliminating the program. Exhibit 10.7, “Questionnaire—Determining When Program Redesign Is Appropriate,” is a questionnaire to be completed by the CPA or *evaluation team* to determine if program redesign is appropriate. Some governmental or not-for-profit organizations interpret redesign to mean a reduction in program services. Typically these organizations accomplish this by reducing funding levels, authorized personnel, or both.



- **Exhibit 10.7 Questionnaire—Determining When Program Redesign Is Appropriate** (*see accompanying CD-ROM*)

Governmental or not-for-profit organizations have major responsibilities when program reduction or elimination is determined to be an appropriate course of action. Informal communication networks in most organizations are quick to pass on the bad news of program reductions or eliminations. Leadership and management of the organization are responsible for:

- Maintaining morale.
- Expressing concern.
- Developing replacement strategies.
- Communicating the decision and the reasons for it to employees.

Organizations involved in a strategy implementation process accumulate data that is regularly used to evaluate the progress of the organization toward its goals. As discussed in Chapter 8, performance indicators are often objective and quantified. Therefore, decisions to reduce program services or to eliminate programs are based on objective criteria, the data for which is collected over a period of time. The CPA as facilitator is able to provide an impartial recommendation of programs that should be reduced or eliminated. If the governmental or not-for-profit organization has fully embraced the concept of strategy implementation, it will better understand the reason programs are reduced or eliminated, which is those programs no longer accomplish the goals of the organization.

Options for Ineffective Programs

Programs determined to be ineffective are not necessarily candidates for program reduction or elimination. Ineffective programs may well measure the progress of a governmental or not-for-profit organization toward its goal. However, it may be the manner in which the program accomplishes objectives or achieves the goal that causes it to be ineffective. In these cases:

- Strategies should be reviewed by the CPA and *evaluation team* to determine if they are the best method by which to accomplish the objectives or achieve the goals of the organization.
- Performance indicators should be reviewed by the CPA and the *evaluation team* to ascertain they are valid (that is, measure what they are supposed to measure) and reliable (that is, data and results are repeatable over time).

CREATING STRATEGIC ALLIANCES

One way in which governmental and not-for-profit organizations can leverage their limited human, financial, and capital resources is through strategic alliances with other governmental or not-for-profit organizations as well as the private sector. Many local governmental organizations have looked to not-for-profit organizations to provide an increasing number of services to their constituents due to decreases in federal and state funding. Likewise, not-for-profit organizations have looked to governmental and other not-for-profit organizations to assist them in providing or funding needed services to targeted populations for the same reasons. The CPA and the *evaluation team* should use the questionnaire found in Exhibit 10.8, “Questionnaire—Creating Strategic Alliances,” to identify services other organizations provide that may be similar to those of the governmental or not-for-profit organization or that complement their goals and mission. The identified organizations may represent potential opportunities for strategic alliances with the governmental or not-for-profit organization.



- **Exhibit 10.8 Questionnaire—Creating Strategic Alliances**
(see accompanying CD-ROM)

Governmental and not-for-profit organizations have increasingly looked to privatization to maximize their service potential while minimizing their human, financial, and capital

investment. Through privatization the governmental or not-for-profit organization may be able to address the question of what to do when a program no longer accomplishes the goals and mission of the organization. *Using Competition for Performance Improvement: A Resource for Practitioners Advising Governments and Not-for-Profits* discusses techniques and tools governmental and not-for-profit organizations can use to introduce competition into their service delivery processes.¹ It provides a number of examples of typical outsourcing and divestiture situations and solutions that governmental and not-for-profit organizations involved in strategy implementation and the CPAs serving them may find useful.

¹ Michael A. Crawford, *Using Competition for Performance Improvement: A Resource for Practitioners Advising Governments and Not-for-Profits* (New York: AICPA, 2001).

EXHIBIT 10.1

QUESTIONNAIRE—STRATEGY IMPLEMENTATION PLAN EVALUATION TIMELINE

TO BE COMPLETED BY THE IMPLEMENTATION TEAM AT THE CONCLUSION OF THE IMPLEMENTATION AND INTEGRATION PROCESS AND FORWARDED TO THE CPA AS FACILITATOR OR OTHER PROJECT LEADER.

1. List below the key success indicators identified in the implementation and integration process and the related time frames established for each.

<i>Implementation of purchasing cards</i>	<i>First quarter 20X6</i>
<i>Expansion of south side shelter</i>	<i>Second quarter 20X7</i>
<i>Reduction in number of homeless families</i>	<i>Third quarter 20X8</i>

2. What was the shortest amount of time needed to implement and integrate the strategy implementation plan at the sub-unit level and name the sub-unit?
90 days in the Finance Department—all divisions

3. What was the longest amount of time needed to implement and integrate the strategy implementation plan at the sub-unit level and name the sub-unit?
Two years in the Families First Division of the Community Outreach Department

4. List below other performance indicators (that is, other than key success indicators) identified in the implementation and integration process and the related time frames established for each.

<i>Reduction in collection time for state payments</i>	
<i>12 months to implement and see results</i>	<i>Fourth quarter 20X6</i>
<i>Increase in number of meals served</i>	
<i>6 months to implement and see results</i>	<i>Second quarter 20X7</i>

5. Overall, do you feel the established time frames for achievement are reasonable for all sub-units? If not, indicate exceptions by sub-unit and performance indicator.
Yes—no exceptions noted.

EXHIBIT 10.2 CHECKLIST—EVALUATION PROJECT TEAMS

The following are project teams characteristic of the evaluation phase in the strategy implementation process. All or some combination of these project teams may increase the likelihood for successful strategy implementation. In some organizations, the entire *evaluation team* may perform all the tasks rather than use the project team approach.

Communications

This project team is responsible for coordinating the periodic progress reports from the other teams and preparing the appropriate report to communicate results. This may include external stakeholders (for example, governing body or board of directors), organizational leadership, employees, and project teams.

Evaluation

The number of evaluation project teams will vary from one organization to the next. In larger organizations, *evaluation teams* may be desired for all sub-units of the organization to be involved in the strategy implementation process. In some cases, similar operations may be combined and served by one evaluation project team whose members are familiar with those operations or possess the relevant expertise.

Progress Evaluation

This project team reviews the progress of all other project teams to make sure they are on task and on time. Additionally, this team evaluates the quality of the process throughout the evaluation phase, making recommendations for adjustments as indicated.

Resolution

Conflict during the evaluation phase is to be expected to some degree. This project team serves as a liaison and arbiter between the evaluation project teams as well as between the evaluation project teams and the organizational sub-unit involved in the evaluation process.

**EXHIBIT 10.3
EVALUATION TIMELINE**

Task #	Task	Responsible Party	Time Frame	
			Start	Finish
1	Review evaluation team members for continued participation.	Executive Director	1/5/X8	1/10/X8
2a	Develop job responsibilities for team members.	CFO	1/12/X8	1/17/X8
2b	Create evaluation project teams.	CFO	1/12/X8	1/17/X8
2c	Assign responsibilities to evaluation project teams.	CFO	1/12/X8	1/17/X8
3a	Determine evaluation methodologies.	CFO	1/19/X8	1/31/X8
3b	Select appropriate evaluation tools and techniques.	CFO	1/19/X8	1/31/X8
4	Conclude as to the effectiveness of the strategy implementation plan.	Evaluation Team	2/1/X8	4/30/X8
5	Prepare and disseminate evaluation reports as appropriate.	Evaluation Team	5/1/X8	5/31/X8
6a	Recommend programs to be eliminated.	Evaluation Team	5/1/X8	5/31/X8
6b	Assess if program redesign is indicated and viable.	Evaluation Team	5/1/X8	5/31/X8
6c	Review strategies for possible modification for those programs deemed ineffective.	Evaluation Team	6/1/X8	6/30/X8
7	Assess potential to create strategic alliances with other organizations.	Evaluation Team	6/1/X8	6/30/X8

EXHIBIT 10.4
EVALUATION TRACKING TOOL

Task #	Task	Responsible Party	Date or Week Number									
			1	2	3	4-13	4-18	19-24				
1	Review evaluation team members for continued participation.	Executive Director	X									
2a	Develop job responsibilities for team members.	CFO		X								
2b	Create evaluation project teams.	CFO		X								
2c	Assign responsibilities to evaluation project teams.	CFO		X								
3a	Determine evaluation methodologies.	CFO			X							
3b	Select appropriate evaluation tools and techniques.	CFO			X							
4	Conclude as to the effectiveness of the strategy implementation plan.	Evaluation Team				X						
5	Prepare and disseminate evaluation reports as appropriate.	Evaluation Team					X					
6a	Recommend programs to be eliminated.	Evaluation Team					X					
6b	Assess if program redesign is indicated and viable.	Evaluation Team					X					
6c	Review strategies for possible modification for those programs deemed ineffective.	Evaluation Team							X			
7	Assess potential to create strategic alliances with other organizations.	Evaluation Team							X			

EXHIBIT 10.5

QUESTIONNAIRE—DETERMINATION OF EVALUATION TECHNIQUES

The CPA as facilitator should use this questionnaire to determine the specific evaluation techniques to be used to evaluate the strategy implementation plan.

Specific Goal and Strategy (number and description from strategy implementation plan)

Goal: *Enhance long-term financial viability*

Strategy: *Increase General Fund balance 2% per year until 20% of subsequent expenditures*

1. Will the organization continue with the evaluated strategy regardless of the results? If so, consider whether it is appropriate to perform a formal evaluation of this strategy.
Yes. However recent downturns in the economy might necessitate tax rate increases to continue funding for this strategy. In the past, the governing body has been very reluctant to raise tax rates. Formal evaluation should be performed regardless of potential for future changes.
2. For the strategy that is to be evaluated, are the related performance indicators qualitative in nature? If so, consider surveys, accomplishment checklists, and other sources.
NA—measures are purely quantitative.
3. For the strategy that is to be evaluated, are the related performance indicators quantitative in nature? If so, consider analytical techniques, statistical analysis, cost analysis, and other tools.
Yes. Simple analysis consisting of reviewing increases in General Fund balance to determine strategy performance target (that is, 2% increase per year) met.
4. Does the governing body/board of directors have the requisite expertise to understand the methodology and results of sophisticated analytical techniques, statistical analysis, and other tools? If so, these techniques may be appropriate. If not, consider less sophisticated techniques such as surveys or lists of accomplishments.
Yes.
5. Does leadership/management have the requisite expertise to understand the methodology and results of sophisticated analytical techniques or statistical analysis, and other tools? If so, these techniques may be appropriate. If not, consider less sophisticated techniques such as surveys or lists of accomplishments.
Yes.
6. Is data readily available to evaluate the progress of the strategy toward the related goal? If not, sophisticated techniques might be too costly or time-consuming to use as an evaluation tool.
Yes.
7. How long will it take the organization to produce the data needed for the evaluation?
Less than one day.
8. Is some data available from other sources? If so, is it available for use during the evaluation time line?
NA.

EXHIBIT 10.6
SUMMARY OF EVALUATION RESULTS, CONCLUSIONS, AND RECOMMENDATIONS

#	Strategy Description	Goal Achieved	New Goal Needed	Acceptable Progress: No Change Needed	Unacceptable Progress: New Measures Needed	Unacceptable Progress: New Strategy Needed	Unacceptable Progress: New Objective Needed	Unacceptable Progress: New Goal Needed	Unacceptable Progress: New Strategy Process Needed
2	Reduce obesity in girls aged 10–16	Yes	No—measures for strategy need tightening. BOD wants to keep goal and improve upon results.	Progress is acceptable by specific quantified targets by age.					
10	Improve PSAT scores in girls aged 14–15	No	No			Existing program targets only low-income girls. Expansion to all economic classes needed.			
15	Increase self-esteem in girls aged 11–13	No	No			Survey most valid method to measure but is costly and takes too much time.			Survey to measure changes takes too much time and is very costly.

EXHIBIT 10.7

QUESTIONNAIRE—DETERMINING WHEN PROGRAM REDESIGN IS APPROPRIATE

Program Name: *“Lose It”*

Related goal and strategy (describe):

Goal—*Healthy and fit teen and preteen girls*

Strategy—*Reduce obesity in girls aged 10–16*

Evaluation period: *20X8*

Evaluation dates: *January 20X8*

Department/division providing program: *Program Services Department, Juniors & Seniors*

Target population: *Girls aged 10–16*

Number served: *75,000 annually*

1. Based on the evaluation (see Exhibit 10.6), does this program need (check all that apply):

New measures/indicators

New strategies

New objectives

New goals

New strategy implementation plan

2. Is this program related to another goal or strategy (see Exhibit 10.6)?

Yes—Young women well-prepared to enter adulthood.

3. Did this program accomplish at least some of its objectives (see Exhibit 10.6)? If so, which ones and what portion of the total objectives (that is, percentage)?

Yes—Reduce obesity in girls aged 10–16. During first three years of the program obesity has been reduced at least 2% for all targeted populations.

4. How many employees are involved in providing this program?

One full-time employee and numerous volunteers throughout the United States.

5. Is this program funded in full or part with a continuing grant or donation? If so, please describe the arrangement.

No—second year \$25,000 one-year-only grant from the U.S. Department of Education.

6. Is this program operated in a limited use facility? If so, is it the only program operated in the facility? If the program was eliminated, would the organization be able to use the facility for another program?

NA.

7. Does another organization in the community provide this or a similar program to the target population?

Varies by geographic location, the most frequent is the YMCA but programs and availability are limited and inconsistent in content.

EXHIBIT 10.8
QUESTIONNAIRE—CREATING STRATEGIC ALLIANCES

Program Name: "Lose It"

Related goal and strategy (describe):

Goal—Healthy and fit teen and preteen girls

Strategy—Reduce obesity in girls aged 10–16

Evaluation period: 20X8

Evaluation dates: January 20X8

Department/division providing program: Program Services Department, Juniors & Seniors

Target population: Girls aged 10–16

Number served: 75,000 annually

1. Does another organization in the community provide this or a similar program to the target population? If so, please list.
Varies by geographic location, the most frequent is the YMCA but programs and availability are limited and inconsistent in content.
2. Is there another organization in the community that would be interested in creating a strategic alliance with respect to this program? If so, please list.
Unknown at this point. Possibilities include schools, YMCA, Boys & Girls Clubs, and other organizations.
3. Is this program related to another goal or strategy (see Exhibit 10.6)?
Yes—Young women well-prepared to enter adulthood.
4. Is the governing body/board of directors amenable to considering a strategic alliance to accomplish the goal related to this program?
No—initial indications are the BOD believes this to be a cornerstone program with a strong identity with the organization in total.
5. How many employees are involved in providing this program? Would they be re-assigned in the organization if this program were transferred to another organization?
One full-time employee and transfer/reassignment might be possible because less than 40 hours per week are spent on this program.
6. Is this program funded in full or part with a continuing grant or donation? If so, is it possible to transfer the funding to another organization?
No.
7. Is this program operated in a limited use facility? If so, is it the only program operated in the facility? If the program was transferred to another organization, would it be able to use the facility for another program?
No.

APPENDIX A:

The CPA's Field Guide to Strategy Implementation

Major components for each phase are listed first followed by detailed action steps necessary to successfully implement the strategy implementation plan.

An estimated time frame for each phase is indicated parenthetically to serve as a general guide for the CPA in developing the timeline for the entire strategy implementation process. The governmental or not-for-profit organization ultimately sets the time frame for the strategy implementation process; however, the CPA can use these estimated time frames to keep the organization on track. Organizations will approach the strategy implementation differently, and some steps in the process may take more time or less time than originally anticipated. During the planning phase, it is strongly recommended that at least one week be allowed for completion of each major component. This allows planning members to stay enthusiastic about the process, which increases the chances of success. As a facilitator in the strategy implementation process, the CPA should remain flexible about timing but continue in the role of gatekeeper to keep the organization focused on the ultimate goal—strategy implementation.

PRELIMINARY PHASE (ONE TO TWO WEEKS)

- Conduct preliminary planning (Chapter 2, “Jump-Starting the Strategy Implementation Planning Process”)
 - Discuss overall process and timing with leadership of the organization.
 - Ascertain leadership expectations about the overall process.
 - Discuss with leadership the types of individuals and which stakeholder groups they would like to see represented in the strategy implementation teams.
 - Obtain an understanding of what leadership expects the role of the CPA to be in the strategy implementation process.
 - Determine with leadership the role management and staff are to have in the strategy implementation process, including team leader responsibilities.
 - Establish time line for the strategy implementation plan by major component
 - Conduct the strategy implementation team application process.
 - Evaluate applicants for suitability on the various strategy implementation teams.
 - Select applicants for the planning, implementation, and evaluation teams.
 - Conduct initial planning meeting with all strategy implementation teams.
 - Develop ground rules for conducting meetings and for the execution of the strategy implementation process.

- Create a communication plan tailored to the needs of individual stakeholder groups.
- Schedule first meeting for the planning team.

PLANNING PHASE (EIGHT TO 12 WEEKS)

- Identify external and internal mandates (Chapter 3, “Mandates, Mission, and Values in Strategy Implementation”)
 - Determine the laws, rules, and regulations affecting operations of the organization.
 - Discuss with the planning team the limitations formal legal mandates place on the organization.
 - Identify informal mandates that significantly affect the daily operations of the organization.
 - Determine which relevant informal mandates are susceptible to change.
 - Brainstorm ways relevant informal mandates can be changed to enhance the operations of the organization.
- Review mission and values (Chapter 3, “Mandates, Mission, and Values in Strategy Implementation”)
 - Obtain a copy of the existing mission and values statements.
 - Review the existing mission statement with the planning team.
 - Revise the existing mission statement or develop a new mission statement as appropriate with the planning team.
 - Ascertain the adequacy of the organization’s values statement (if available) with the planning team.
 - Revise the existing values statement or develop a new values statement as appropriate with the planning team.
 - Determine the need for a statement of purpose.
 - Develop a statement of purpose, if needed, with the planning team.
 - Identify and list all existing programs and services provided by the organization.
 - Evaluate all existing programs and services in light of past performance, formal mandates, and mission (as revised).
 - Determine if existing staff are sufficient and sufficiently trained to provide all existing programs and services.
 - Identify where staffing deficiencies exist with respect to all existing programs and services.
 - Ascertain whether alternate services and programs are provided by other organizations in the service area.
 - Decide which existing services and programs should be eliminated, phased out, or shifted to another organization.

- Realign remaining services and programs with the mission of the organization.
- Identify all significant external and internal stakeholders.
- Match needs of stakeholders with existing services and programs.
- Ascertain highly significant stakeholders.
- Establish the nature of the relationship between highly significant stakeholders and the organization.
- Evaluate the influence each highly significant stakeholder group has on the mission of the organization.
- Prioritize each highly significant stakeholder group relative to all other highly significant stakeholder groups.
- Conduct environmental scanning (Chapter 4, “Scanning and Evaluating the Internal and External Environments”)
 - Determine the length of the planning horizon.
 - Conduct the SWOC analysis.
 - Obtain relevant demographic information.
 - Identify significant trends, events, and emerging issues affecting the organization in the planning horizon.
 - Determine which significant trends, events, and emerging issues are likely to occur.
 - Evaluate the impact of the highly likely significant trends, events, and emerging issues within the planning horizon.
 - List and rank according to priority all highly likely significant trends, events, and emerging issues.
 - Reach consensus with respect to the issues facing the organization in the planning horizon (using the SWOC analysis and the highly likely significant trends, events, and emerging issues).
 - List issues in priority order.
- Set goals (Chapter 5, “Setting Goals to Resolve Priority Issues One Objective at a Time”)
 - Review priority listing for concentrations of issues in specific functions or areas.
 - Review existing goals for relevance to current priority issues.
 - Revise goals as indicated for current conditions or future expectations for each priority issue.
 - Discuss ways to resolve current priority issues.
 - Reach consensus on the most effective ways to resolve current priority issues.
 - Draft formal goal statements.
 - Document rationale for selection of agreed-upon goals.

- Establish objectives (Chapter 5, “Setting Goals to Resolve Priority Issues One Objective at a Time”)
 - Obtain industry-specific best practices relevant to the priority issues.
 - Research ways similar organizations measure their objectives.
 - Establish time-specific objectives to measure progress toward reaching all goals.
 - Summarize objectives by stakeholder groups and time frame.
 - Review suggested objectives for measurability.
 - Determine outcomes that are appropriate for stated goals.
 - Develop indicators and measures for identified outcomes.
 - Document rationale for selection of agreed-upon objectives.
 - Conduct visioning process if indicated or desired.
 - Create the vision statement.
- Develop strategies to achieve goals and meet objectives (Chapter 6, “How to Formulate Realistic Strategies to Accomplish Objectives to Achieve Goals”)
 - Assess current operations (for example, policies, programs, and activities) for relevance to specific goals and objectives.
 - Evaluate the impact of potential additional services on the identified existing operations.
 - Determine new or expanded operations needed to address goals and objectives as indicated.
 - Evaluate the impact of identified potential new operations on existing staff and operations.
 - Obtain list of existing strategies.
 - Review existing strategies for bearing on current goals and objectives.
 - Revise or eliminate existing strategies as indicated.
 - Develop additional strategies as needed for each objective.
 - Determine responsible parties for all strategies.
 - Establish timeline for all strategies.
 - Review identified strategies for financial impact.
 - Conduct financial and operational analyses to establish funding priorities for identified strategies if current resources are insufficient.
 - Prioritize strategies in light of funding priorities.
 - Evaluate existing budget format for compatibility with the strategy implementation plan.
 - Develop new budget format as indicated.

- Create a balanced scorecard for all appropriate levels of the organization (Chapter 7, “Balancing Strategies to Increase Management Effectiveness”)
 - Develop principles to guide the balanced scorecard process.
 - Create common definitions for terminology associated with the balanced scorecard process.
 - Identify all levels of the organization for which balanced scorecards will be implemented.
 - Establish timeline for implementation of balanced scorecards in each identified level of the organization.
 - Review strategies and align them with the appropriate levels of the organization.
 - Develop indicators and measures of performance (see next component for details).
 - Establish performance targets and benchmarks where appropriate.
 - Create timeline for achieving performance targets.
 - Link personal performance goals to the appropriate balanced scorecard.
 - Formulate checks and balances to protect integrity of the balanced scorecard process.
- Develop indicators and measures of performance (Chapter 8, “How to Measure Efforts in the Strategy Implementation Process”)
 - Review existing manual and automated performance measurement system capabilities.
 - Estimate total cost to revise or develop a performance measurement system.
 - Develop interim measures of progress.
 - Determine the appropriate number of performance indicators for each strategy.
 - Obtain and apply industry-specific best practices, performance measures, or benchmarks where appropriate.
 - Customize external benchmarks as indicated.
 - Create performance indicators, measures, or benchmarks when external or industry measures are unavailable or inappropriate.
 - Review identified performance measures for potential vested interests.
 - Evaluate identified performance measures for data integrity.
 - Devise a comprehensive performance reporting and communication process.
 - Develop an activity-based costing system if indicated and feasible.

IMPLEMENTATION AND INTEGRATION PHASE (ONE TO SEVERAL YEARS)

- Implement and integrate the strategy implementation plan (Chapter 9, “Recommended Tactics for Successful Implementation and Integration”) and the balanced scorecard (Chapter 7, “Balancing Strategies to Increase Management Effectiveness”)

- Review implementation team members for continued participation as team members.
- Identify key success factors.
- Develop job responsibilities for implementation team members.
- Create implementation project teams.
- Assign responsibilities to implementation project teams
- Develop action plans and realistic time frames.
- Review strategies in light of time frames and responsible individuals.
- Establish conflict-resolution process.
- Prepare progress reports as established in the communication plan.
- Reevaluate goals, objectives, and strategies if indicated.
- Reorganize existing processes, departments, and agencies as indicated.

EVALUATION PHASE (THREE TO SIX WEEKS AFTER END OF FIRST IMPLEMENTATION PERIOD)

- Evaluate the progress of the strategy implementation (Chapter 10, “Developing Easy-to-Use Tools to Evaluate Plan Effectiveness”)
 - Review evaluation team members for continued participation as team members.
 - Develop job responsibilities for evaluation team members.
 - Create evaluation project teams.
 - Assign responsibilities to evaluation project teams.
 - Determine evaluation methodologies.
 - Select appropriate evaluation tools and techniques.
 - Conclude about the effectiveness of the strategy implementation plan.
 - Prepare and disseminate evaluation reports as appropriate.
- Modify the strategy implementation plan in light of the plan evaluation (Chapter 10, “Developing Easy-to-Use Tools to Evaluate Plan Effectiveness”)
 - Recommend programs to be eliminated.
 - Assess if program redesign is indicated and viable.
 - Review strategies for possible modification for those programs deemed ineffective.
 - Assess potential to create strategic alliances with other organizations.

APPENDIX B:

Developing the Mission Statement

A mission statement aligned with current mandates and future expectations plays an integral part in successful strategy implementation initiatives (see Chapter 3, “Mandates, Mission, and Values in Strategy Implementation”). In some cases, the existing mission statement is an excellent starting point for the mission development process. It is not uncommon, however, for an existing mission statement to be out of date with current mandates or out of sync with future expectations. In such circumstances, it is best if the existing mission statement is abandoned in total. The CPA can advise leadership and management to help them determine whether it is appropriate to use an existing mission statement.

For governmental and not-for-profit organizations involved in a strategy implementation effort, clarifying and agreeing on the organization’s mission is a critical step done early in the planning phase of the strategy implementation process. By developing a mission statement, the organization focuses on what is truly important by clarifying its organizational purpose through an exploration of the philosophies, values, and sense of culture shared by members of the organization.

As the governmental or not-for-profit organization develops its mission statement, it is essential to keep in mind that the mission of public sector organizations is:

- Dictated by law, custom, or experience.
- Limited by:
 - The Internal Revenue Service.
 - Laws, rules, and regulations.
 - Provisions in grants or contracts.

Grant or contract provisions may also limit not only the goods and services governmental and not-for-profit organizations provide but how and when those goods and services are to be provided and to what target populations.

The CPA facilitator should ask that each member of the planning team complete the checklist that follows and then summarize it before the first mission statement meeting.

Mission Statement Questionnaire

1. In 10 words or less, describe what your organization represents.
2. List the three most important things your organization does.
3. In 10 words or less, describe why your organization does what it does.
4. What do you see as the biggest challenge to your organization in the next five years?
5. What do you see as the biggest challenge to your organization 5 to 10 years from now?

6. What do you see as your organization’s greatest strength?
7. What do you see as your organization’s greatest weakness?
8. What do you see as your organization’s greatest opportunity in the next five years?
9. What do you see as your organization’s greatest opportunity 5 to 10 years from now?
10. On a scale of 1 to 10, with 1 being least important and 10 being most important, indicate how you perceive the following with respect to your organization:
 - Traditions associated with target populations served _____
 - Traditions associated with service delivery _____
 - Reputation of the organization _____
 - Current funding challenges _____
 - Lack of staff or qualified staff _____
 - Increasing service delivery options to existing populations _____
 - Increasing the number of people served in existing programs _____
 - Increasing the number or programs _____

The CPA summarizes the questionnaires; the mission brainstorming session commences. When summarizing the questionnaires, the CPA reviews them for:

- General consistency of all responses with the existing mission statement.
- Current or future issues that are not contemplated in the existing mission statement.
- Disconnects between what respondents believe the organization does and its existing mission statement.
- Trends among responses in all questions.
- Changes the organization may face in the future that are inconsistent with current programs, activities, and the existing mission statement.

During the ensuing mission brainstorming, the CPA facilitator reiterates the purpose of the session and discusses the responses to the questionnaire. In addition, the CPA may assist the planning team in refining, revising, or replacing the existing mission statement. To help develop a clear, concise, and memorable mission statement, the CPA and planning team should:

- Stay within the time allotted for the development of the mission statement.
- Focus on the needs of key constituencies and highly significant stakeholders.
- Objectively consider all suggestions.
- Concentrate on the internal informal mandates that clearly address the needs of the highly significant stakeholders rather than the idiosyncrasies of the few.
- Highlight the purpose of the organization rather than reiterating or restating the external formal mandates over which the organization has little or no control.

- Set a clear tone in the mission statement that unmistakably defines why the organization exists while incorporating the values and interests of the highly significant stakeholders.
- Keep the mission statement concise and understandable rather than lengthy and full of platitudes.
- Understand the fiscal limitations under which the organization operates and recognize their impact in achieving the organization's mission.
- Acknowledge and accept the legal constraints imposed on the organization.

Developing a mission statement forces the governmental or not-for-profit organization to review its past performance and establish a direction for the future in light of its mandates, current conditions, and future expectations. Mission statements better represent the interests of highly significant stakeholders when governmental or not-for-profit organizations solicit input from organizational personnel, stakeholders, and customers. Involving individuals with differing values, beliefs, and interests and various perceptions of the purpose the organization serves (or should serve) is sometimes problematic. The neutral CPA is most often effective in linking these individual perspectives with a common sense of purpose. As the unbiased facilitator, the CPA helps the diverse individuals of the planning team recognize what makes their governmental or not-for-profit organization unique. Together, the planning team and the CPA facilitator work to develop a shared sense of purpose and to document it in the mission statement of the organization. The following questions help focus planning team members on developing a clear, concise, and purposeful mission statement:

- Who are we?
- What do we do?
- Who do we serve?
- What is our purpose?
- Why do we do what we do?
- Is what we do consistent with who we are?
- What problems were we established to address?
- Is what we do in sync with what we were established to do?
- What makes us unique as to who we are, what we do, how we do it, and why?

A WORD ABOUT THE STATEMENT OF PURPOSE

In some cases, governmental or not-for-profit organizations may believe it necessary to establish a *statement of purpose* to clarify their mission statement. The statement of purpose can be a separate document or a separate section of the mission statement document. If the mission statement is developed properly, there is no real need for an additional statement of purpose. In many cases, a separate statement of purpose may be the result of compromise between planning team members or between the planning team and organization leadership or management.

Some organizations either choose or find it necessary to also develop a *statement of values*. Again, if properly crafted, the mission statement will not only clearly indicate the organization's purpose but will also stand on its own as reflective of the organization's values.

Illustration of Revised Mission Statement

Following is an example of an original mission statement that was revised in the strategy implementation process:

The Future Leaders Program provides the teens of today with the skills needed to successfully pursue and complete a program of higher education. In doing this, we provide them the opportunity to be leaders in the new millennium.

Following are considerations gleaned from the strategy implementation planning process:

- Programs are designed and conducted for middle and high school students.
- The target population is at-risk children ages 11 to 17 from low-income families (low-income defined as those living at 200 percent or lower of the federal poverty level).
- Operations have expanded from the inner city to the entire county.
- Programs are designed not only to provide skills to complete college, but also to keep the target population in school.
- The new millennium is now.

Following is the revised mission statement:

The Future Leaders Program seeks to provide at-risk youth ages 11 to 17 in Example County positive reasons for staying in school and pursuing additional education opportunities after high school. We do this by giving them decision-making skills and developing the skills they will need to pursue and complete a post-high school technical, trade, or educational program of study. By promoting the importance of a "high school and beyond" education, we offer these at-risk youth opportunities to mature into valuable members and leaders of their communities.

APPENDIX C:

Example Strategy Implementation Plans

Example Strategy Implementation Plan—Government

Source: The Finance Department for a Medium-Sized City's Strategic Plan

Mission of the City

To provide our citizens with the highest quality of life in an efficient manner while preserving the economic base of our community.

Significant and Critical Trends, Events, and Emerging Issues

1. Decline in new construction (residential and commercial) due to national economic conditions.
2. Relatively low rate of inflation, resulting in relatively small increases in operating costs.
3. Significant increases in the cost of gasoline.
4. Increased demands from unionized employees for salary adjustments.
5. Drastic increases in the cost of health care.
6. Decreased land available for development due to approaching build out.

Priority Listing of Issues (from the Significant and Critical Trends, Events, and Emerging Issues)

1. Maintain current service levels.
2. Protect the city's economic base.

Goals and Objectives (from the Priority Listing of Issues)

Priority Issue 1—Maintain current service levels.

- 1.1 Provide citizens with the quality of life they expect from the city.
 - 1.1.1 Maintain current levels of service in visible areas, such as public safety, public works, and parks and recreation.
 - 1.1.2 Avoid property tax increases each fiscal year by increasing fees for services, including utilities.
- 1.2 Maintain a strong financial position to ensure continued funding of existing services.
 - 1.2.1 Increase the amount of unreserved general fund balance by 2 percent per year until it equals 25 percent of the budgeted general fund operating expenditures for the upcoming fiscal year.

Priority Issue 2—Protect the city's economic base.

- 2.1 Preserve and expand the city's property tax base.
 - 2.1.1 Annually provide high levels of quality services to keep current and to attract new residents to our city.
- 2.2 Preserve and expand the city's economic base.

- 2.2.1 Provide economic incentives to selected industries interested in relocating their operations to our city.

Strategies for Selected Goals and Objectives (from the city’s Strategy Implementation Plan)

Priority Issue 1—Maintain current service levels.

- 1.1 Provide citizens with the quality of life they expect from the city.

Measurement—Citizen attitudes from annual survey.

- 1.1.1 Maintain current service levels in visible areas, such as public safety, public works, and parks and recreation.

Measurement—Fire and police response times, loss of property value from fire, loss of property from theft, number of days from call to close of work order, number of recreation programs offered.

STRATEGY 1	
	Provide annual funding to maintain current service levels in public safety, public works, parks, and recreation.
	Measurement—Fire and police response times, loss of property value from fire, loss of property from theft, number of days from call to close of work order, number of recreation programs offered.

- 1.1.2 Avoid property tax increases each fiscal year by increasing fees for services, including utilities.

Measurement—No annual increases in property taxes and no decrease in service levels.

STRATEGY 1	
	Annually evaluate revenues needed to maintain current service levels and develop fee structures to provide adequate funds.
	Measurement—No annual increases in property taxes and no decrease in service levels.

- 1.2 Maintain a strong financial position to ensure continued funding of existing services.

Measurement—Bond ratings and annual financial condition assessment rating.

- 1.2.1 Increase the amount of unreserved general fund balance by 2 percent per year until it equals 25 percent of the budgeted general fund operating expenditures for the upcoming fiscal year.

Measurement—Annual increases in unreserved general fund balance.

STRATEGY 1	
	Annually budget revenues adequate to maintain current service levels and to provide needed increases in unreserved general fund balance.
	Measurement—Annual increases in unreserved general fund balance.

Priority Issue 2—Protect the city’s economic base.

2.1 Preserve and expand the city’s property tax base.

Measurement—Percentage of real growth in the city’s tax base.

- 2.1.1 Annually provide high levels of quality services to keep current and to attract new residents to our city.

Strategies and measurements—See those related to goal 1.1 and objective 1.1.1.

2.2 Preserve and expand the city’s economic base.

Measurement—Percentage of real growth in the city’s economic base.

- 2.2.1 Provide economic incentives to selected industries interested in relocating their operations to our city.

Measurement—Amount and value of economic incentives awarded annually.

STRATEGY 1	
	During 20X1, develop a comprehensive long-term economic development plan.
	Measurement—Portion of plan complete.
STRATEGY 2	
	During 20X1, begin implementation of the long-term economic development plan and provide appropriate funding for economic development initiatives.
	Measurement—Portion of plan funded and implemented.

Example Strategy Implementation Plan—Not-for-Profit Organization

Source: From the Organization’s Strategic Plan

Mission of the Organization

To reduce hunger in America by cooperating with other organizations to provide low-income individuals and families access to food, a healthful diet, and nutrition education.

Significant and Critical Trends, Events, and Emerging Issues

1. Continued increases in the number of unemployed Americans.
2. Increasing percentage of service-sector employment in traditionally low-paying jobs requiring few skills.
3. Relatively low rate of inflation resulting in relatively small increases in food costs.
4. Increase in low-birth-weight babies born to teenaged mothers.

5. Drastic increases in the cost of health care.
6. Decreased funding for social programs at the federal and state level.

Priority Listing of Issues (from the Significant and Critical Trends, Events, and Emerging Issues)

1. Maintain current service levels for existing clients.
2. Increase birth weight of babies born to teenaged mothers.

Goals and Objectives (from the Priority Listing of Issues)

Priority Issue 1—Maintain current service levels for existing clients.

- 1.1 Improve the health of women, infants, and children considered at risk for malnutrition in the United States.
 - 1.1.1 Increase the birth weight of children born to women at risk for malnutrition by 1 percent per year until the average birth weight is equal to that of children born to women not at risk for malnutrition.
- 1.2 Maintain a strong financial position to ensure continued funding of existing programs.
 - 1.2.1 Increase the amount of long-term investments by 5 percent per year until total investments equal budgeted expenses for the upcoming fiscal year.

Priority Issue 2—Increase birth weight of babies born to teenaged mothers.

- 2.1 Improve the new born health of children born to teenaged mothers.
 - 2.1.1 Increase the birth weight of children born to teenaged mothers by 2 percent per year until the average birth weight is equal to that of children born to mothers aged 19 and older.
- 2.2 Decrease the number of children born to teenaged mothers in the United States.
 - 2.2.1 Decrease the number of children born to teenaged mothers by 5 percent per year until the percentage of live births per year born to teenaged mothers is 5 percent or less.

Strategies for Selected Goals and Objectives (from the Organization’s Strategy Implementation Plan)

Priority Issue 1—Maintain current service levels for existing clients.

- 1.1 Improve the health of women, infants, and children considered at risk for malnutrition in the United States.

Measurement—Health status of women, infants, and children according to guidelines established by the American Medical Association.

 - 1.1.1 Increase the birth weight of children born to women at risk for malnutrition by 1 percent per year until the average birth weight is equal to that of children born to women not at risk for malnutrition.

Measurement—Annual increase in birth weights of children born to women at risk for malnutrition.

STRATEGY 1	
	Develop a database during 20X1 and 20X2 of at-risk women by working with state departments of children and families to identify at-risk women.
	Measurement—Portion of database complete.

STRATEGY 2	
	During 20X2, develop and produce multilingual educational information informing at-risk women of the importance of prenatal nutrition and other resources available to them.
	Measurement—Number of informational materials developed.
STRATEGY 3	
	During 20X2, develop a plan to provide educational materials to at-risk women in all states.
	Measurement—Portion of plan developed.

Priority Issue 2—Increase birth weight of babies born to teenaged mothers.

2.1 Improve the newborn health of children born to teenaged mothers.

Measurement—Health status of children born to teenaged mothers according to guidelines established by the American Medical Association.

2.1.1 Increase the birth weight of children born to teenaged mothers by 2 percent per year until the average birth weight is equal to that of children born to mothers aged 19 and older.

Measurement—Annual increase in birth weights of children born to teenaged mothers.

STRATEGY 1	
	Develop a database during 20X1 of all public and private middle and high schools by working with state departments of education.
	Measurement—Portion of database complete.
STRATEGY 2	
	During 20X1, develop and produce multilingual educational information informing teenaged women of the importance of prenatal nutrition and other resources available to them.
	Measurement—Number of informational materials developed.
STRATEGY 3	
	During 20X2, contact all public and private middle and high schools to inform appropriate personnel of this program.
	Measurement—Number of schools contacted.

APPENDIX D

Strategy Implementation in Governmental and Not-for-Profit Organizations

Guidelines in the Planning, Execution, and Evaluation of the Strategy Implementation Process

Slide 1

This slide is the introductory slide; the CPA firm will tailor it with its name.



Strategy Implementation in
Governmental and
Not-for-Profit Organizations

Presentation for Clients and
Management

Slide 2

This slide should be used to stress how strategy implementation differs from strategic planning. Point out that strategic planning is primarily a planning process whereby strategies are developed to achieve organizational goals. Strategy implementation is the process whereby these strategies are implemented and executed. It is extremely important to emphasize the differences between strategic planning and strategy implementation.



What Is Strategy Implementation?

- It is *not* strategic planning.
 - Strategic planning involves:
 - Gathering data
 - Developing a plan to achieve organizational mission
 - Applying concepts, procedures, and tools to execute the plan



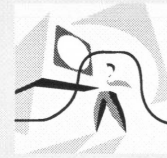
Slide 3

Stress how strategy implementation is a strategic process but is primarily a management tool. Discuss the positive benefits of strategy implementation and point out how strategy implementation achieves mission by focusing on:

- Specific tactics developed to achieve specific goals and objectives and to address specific critical issues.
- Performance measures related to the specific tactics.
- Target time frames for the achievement of related goals and objectives.
- Assignment of responsibilities to appropriate personnel at various levels of the organization.

What Is Strategy Implementation?

- It is a:
 - Strategic process
 - Management tool
 - Plan of action to achieve mission by focusing on:
 - Specific tactics
 - Performance measures
 - Target time frames
 - Assignment of responsibilities
 - Method to develop, measure, and evaluate the action plan



Slide 4

This slide lists how organizations specifically benefit from strategy implementation. Each bullet point should be addressed considering the following;

- Strategies are developed to achieve specific goals and objectives that are designed to achieve the organizational mission.
- Daily operations focus on mission-critical tasks, which improve operational efficiency and matches long-term vision to the capital and physical plant assets needed to do this.
- Performance measures are developed for the specific strategies that are designed to achieve goals, objectives, and mission. This results in an effective and timely monitoring of service efforts.

Using a balanced scorecard to measure success that is linked to employee performance reviews motivates personnel and keeps them focused on strategic initiatives.

How Governmental and Not-for-Profit Organizations Benefit From Strategy Implementation

- Increases focus on mission, critical operations and vision
- Improves daily operational efficiency and long-term capital planning
- Formulates specific strategies to accomplish objectives and achieve results
- Develops performance measures that are realistic
- Improves timely adjustment of strategies
- Increases effectiveness of monitoring of service efforts
- Increases the likelihood of more realistic business plans designed to achieve organizational goals
- Motivates personnel, improves communication, and keeps strategy initiatives on track


Slide 5

This slide lists the three phases of strategy implementation with their major sub-phases. Point out that these are three separate processes and require three different teams. Additionally, stress the importance of timely and informative communication to leadership, management, employees, and others throughout all phases of the strategy implementation process.

The Strategy Implementation Framework

- Formulation Phase:
 - Preliminary
 - Planning
- Implementation Phase:
 - Various measures
 - Integration
- Evaluation Phase:
 - Strategy and program effectiveness

Communication throughout



Slide 6

In the first phase of the planning phase it is crucial that certain areas be discussed with leadership and consensus reached. The CPA's role in the strategy implementation will be influenced by AICPA and Government Accountability Office (GAO) independence standards. Successful strategy implementation depends on making sure everyone understands the expected results of the process. It should be pointed out that success will not occur without the full commitment of top leadership.

This slide also introduces the three implementation teams involved in the strategy implementation process. At this point mention should be made of the need for diversity and adequate representation on each of the teams. The functions of each team should be pointed out, and all should be reminded of how all personality types should be considered for team members.

Formulation Phase

Preliminary Planning

- Understand what leadership expects the CPA's role to be in the strategy implementation process
- Clarify expectations and gain commitment at the top
- Determine what tasks in the strategy implementation process are being used
- Establish timelines and tasks to be performed
- Select team members for strategy implementation teams—
 - Planning
 - Implementation
 - Evaluation
- Develop communication plan

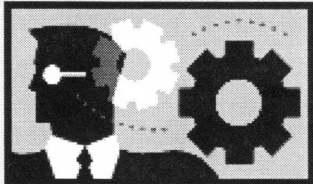
Slide 7

Point out that in the planning phase of the strategy implementation process it is necessary to review a number of areas developed as part of the strategic planning process. In some cases there may be a significant time lag between adoption of a strategic plan and the strategy implementation process. Additionally, strategy implementation can occur in the absence of a strategic plan by following the processes outlined in this book.

Formulation Phase

Planning

- Review:
 - Mandates
 - Mission
 - Values
 - Existing programs for consistency
- Identify and understand stakeholder expectations



Slide 8


This slide continues the discussion of what occurs in the planning phase. Point out how important it is to establish the planning horizon early in the strategy implementation process. The planning horizon for strategy implementation may differ from that used in the strategic plan because the strategy implementation process may encompass something less than the entire organization or for other reasons.

The extent of the strengths, weaknesses, opportunities, and challenges (SWOC) analysis; identification of trends, events, emerging issues; and development of priority issues will vary based on the existence, extent, or date of any strategic plan. Any of these processes that were part of a strategic planning effort should be reviewed for relevance and consistency with the scope of the strategy implementation process. Additionally, the review of these items should be done in light of current circumstances or emerging issues.

Formulation Phase

Planning (cont.)

- Establish planning horizon
- SWOC analysis
- Identify critical trends, events, and emerging issues
- Develop priority issues listing



Slide 9

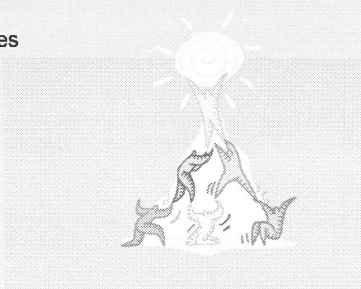
Points to make in this slide are similar to those in the previous slide, relating to the scope of the review of any existing goals and objectives.

Emphasize the criticality of linking goals and objectives to priority issues. Often organizations adopt goals and objectives for attainability, availability of existing data and programs, or other reasons besides priority. Developing strategies that address priority issues is crucial to successful strategy implementation.

Formulation Phase

Planning (cont.)

- Goals and objectives
 - Review existing
 - Revise or develop
 - Link to priority issues



Slide 10


This slide discusses the most important aspect of the strategy implementation process. To be successful, strategies should be related strongly to goals, objectives, and mission. When possible, strategies should be integrated with existing operational procedures to speed implementation and to minimize organizational disruption and learning curves.

During the strategy implementation, it is necessary to determine if the existing budget format impedes or enhances strategy implementation. For example, a line-item budget format is not usually compatible with results-oriented accountability, whereas program or performance budget formats are more in line with strategy implementation.

Formulation Phase

Planning (cont.)

- Develop strategies (*most important*)
 - Relate to goals, objectives, and mission
 - Integrate with existing operational procedures
 - Assign responsibility for implementation
 - Determine funding priorities
 - Link strategies and budget format



Slide 11

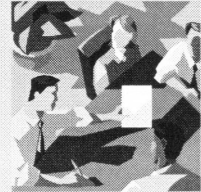
Point out the fact that the balanced scorecard technique is a relatively new tool for governmental and not-for-profit organizations. Like the entire strategy implementation process, support and implementation at the top are necessary for an effective balanced scorecard process.

Strategy implementation is concerned only with measuring performance that is linked to strategies that will achieve the goals, objectives, and mission of the organization. Ideally, this performance should be considered in the periodic employee evaluation process and should be considered in awarding merit pay increases.

Formulation Phase

Planning (cont.)

- Develop balanced scorecard
 - At the top
 - Throughout organization
- Create performance measures
 - Link to goals
 - Tie to employee performance review process



11

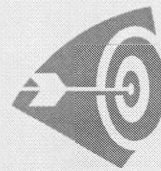
Slide 12

This slide is the first in the second phase of the strategy implementation process. Point out that in the implementation phase, various benchmarks, performance targets, and operational measures are developed. These measures should be realistic and kept to a minimum. When possible, data for these measures should be easily attainable or calculable.

Implementation Phase

Develop various measures

- Benchmarks
- Targets
- Operational



12

Slide 13

In the integration portion of the implementation phase, success factors are identified early in the process. These success factors should relate to specific strategies and should include some easy and early “wins.” This keeps interest and morale high.

Action plans are to be specific about tasks, timing, and responsible personnel. Execution of the action plans is the culmination of the strategy implementation process.

Implementation Phase

Integration

- Identify success factors
- Create implementation project teams
- Develop action plans
- Execute action plans
- If indicated, reevaluate goals, objectives, strategies, and existing processes



Slide 14

This slide discusses the post-implementation evaluation phase. During the implementation process, the implementation team determines the time frame for evaluating the progress of the strategy implementation process. Evaluation team members should be highly objective individuals to ensure the validity of the evaluation process.

Based on the evaluation, the evaluation team will recommend whether programs have been effective or not, and to what extent. This may result in a number of difficult decisions if certain long-running or “warm and fuzzy” programs should be eliminated, redesigned, or outsourced based on the evaluation team recommendations.

Evaluation Phase

Strategy and program effectiveness

- After implementation and integration
- Determine evaluation methods
- Select evaluation tools and techniques
- Conclude and recommend
 - Retain program
 - Redesign program
 - » Strategic alliances
 - Eliminate program
 - » Strategic alliances



Slide 15

This slide simply lists the broad areas in which management plays a role in the strategy implementation process.

Management's Role in the Strategy Implementation Process

- Planning
- Implementation and integration
- Evaluation



Slide 16

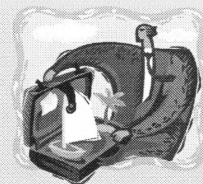
This slide details the specific areas in which management plays a key role in the strategy implementation process. It should be emphasized that individuals involved in these processes should have more than a general understanding of the operations of the organization as a whole or the detail operations of their particular operational area.

Discuss how important it is to have knowledgeable individuals involved in the process. Point out, however, that knowledgeable does not necessarily preclude line or lower level employees from being involved in the strategy implementation process.

Management's Role in the Strategy Implementation Process

Planning

- Planning team
- Goals and objectives
 - » Review, revise, develop
- Strategy development
- Balanced scorecard
- Create performance measures



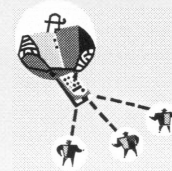
Slide 17

The discussion for this slide should be similar to that for slide 16, with the focus of the comments on implementation tasks. Stress that it is extremely important in the implementation phase to include individuals on the implementation team that are very knowledgeable of the operational areas identified in or affected by the various strategies.

Management's Role in the Strategy Implementation Process

Implementation

- Implementation team
- Develop benchmarks and targets
- Create timeline
- Work with organizational units
 - Education
 - Implementation
 - Integration with existing operations
- Recommend evaluation time frame



Slide 18

The specific ways in which management can be involved in the evaluation phase are listed in this slide. It should be pointed out that in the evaluation phase, leadership might want to consider less involvement of organizational staff and more involvement of the CPA or other consultant.

Because of the nature of the evaluation process, objectivity and a lack of bias are critical. Sometimes the first evaluation phase is the undoing of the strategy implementation process simply because it is perceived that the evaluators were biased or had a vested interest in the process.

At a minimum, organizational staff assigned to the evaluation phases should be totally independent of any portion of the planning or implementation phases.

This slide also discusses the recommendations the evaluation team might have after the entire evaluation process is complete. Point out that recommendations of the evaluation team should be objectively considered by the policy and decision makers. Allowing emotions to enter into the policy and decision-making process may result in retention of programs that do not achieve the current goals, objectives, or mission of the organization or that ignore current emerging issues.

Management's Role in the Strategy Implementation Process

Evaluation

- Evaluation team
- Assess progress toward goals
- Determine efficiency and efficacy of existing programs
- Conclusions
- Recommendations
 - Retain
 - Revise
 - Eliminate
 - Outsource



Slide 19

It is crucial to discuss the impact AICPA and GAO have on the role the CPA can play in the strategy implementation process. In some cases it may prove helpful to pull specific independence issues into the discussion. At a minimum, the overarching principles should be discussed (that is, cannot perform management functions and cannot audit own work).

Point out how the CPA's technical expertise as well as his or her impartiality and objectivity enhance the strategy implementation process. Discuss this in connection with the specific bullets related to reviewing the existing strategic plan and mission and vision statements.

How the CPA Can Help

- AICPA and GAO independence implications
- Bring impartiality and objectivity to the process
- Provide background on economic and operational environment
- Review:
 - Existing strategic plan
 - Mission and vision statements

Slide 20

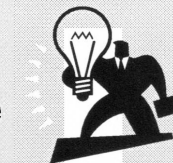
This slide continues the discussion from the previous slide related to how the CPA can help in the strategy implementation process.

Specifically point out the time staff might save by involving the CPA in the strategy implementation process.

Point out some of the specific tools and templates included in this book that the CPA can use (or help the organization use) in the strategy implementation process.

How the CPA Can Help

- Understanding of internal control systems
- Develop meaningful performance measures
- Develop tools and templates
- Identify funding sources
- Conduct market research
- Establish time frames
- Reduce staff involvement time



APPENDIX E

Associations, Organizations, Agencies, and Other Resources

A great number of resources are available to the CPA involved in a strategy implementation process for governmental or not-for-profit organizations. These resources are available electronically, online, or in print. Some resources of particular interest to the CPA serving governmental and not-for-profit organizations are listed in this chapter by type of resource.

ASSOCIATIONS, ORGANIZATIONS, AND AGENCIES

American Evaluation Association

The American Evaluation Association (AEA) is an international professional association of evaluators that provides advocacy, information, and resources devoted to the application and exploration of program evaluation, personnel evaluation, technology, and many other forms of evaluation. The AEA's stated mission is to (1) improve evaluation practices and methods, (2) increase evaluation use, (3) promote evaluation as a profession, and (4) support the contribution of evaluation to the generation of theory and knowledge about effective human action.

Contact:

American Evaluation Association
16 Sconticut Neck Rd. #290
Fairhaven, MA 02719 USA
Telephone: (888) 232-2275 (toll free in U.S. and parts of Canada)
Telephone: (508) 748-3326 (international)
FAX: (508) 748-3158
E-mail: info@eval.org
Web site: www.eval.org

American Institute of Certified Public Accountants

The American Institute of Certified Public Accountants (AICPA) is the national, professional organization for all certified public accountants. Its mission is to provide members with the resources, information, and leadership that enable them to provide valuable services in the highest professional manner to benefit the public as well as employers and clients.

In fulfilling its mission, the AICPA works with state CPA organizations and gives priority to those areas where public reliance on CPA skills is most significant.

Contact:

American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775
Telephone: (212) 596-6200
Telephone (Service Team): (888) 777-7077
FAX: (212) 596-6213
E-mail: The AICPA can be e-mailed through the “Contact AICPA” page on its Web site.
Web site: www.aicpa.org

American Society for Public Administration

The American Society for Public Administration is the premier organization for public administration education and practitioners. Various products, publications, and articles related to strategic planning and performance measures are available or referenced on its Web site.

Contact:

American Society for Public Administration
1120 G St., N.W., Suite 700
Washington, DC 20005
Telephone: (202) 393-7878
Fax: (202) 638-4952
E-mail: info@aspanet.org
Web site: www.aspanet.org

Balanced Scorecard Institute

The Balanced Scorecard Institute (BSC) provides education, training, and guidance to assist government agencies and private sector companies to apply the balanced scorecard approach and performance management in their organizations. The “FAQs,” “Performance Measures,” and “Examples” links provide a wealth of information and examples of balanced scorecards, performance measures, and other strategic management tools and techniques.

Contact:

Balanced Scorecard Institute
1025 Connecticut Ave., NW, Suite 1000
Washington, DC 20036
Telephone: (202) 857-9719
E-mail: The BSC can be e-mailed through the “Write to Us” tab on its Web site.
Web site: www.balancescorecard.org

Brookings Center for Public Service

The Brookings Institution, in Washington, D.C., is an independent, nonpartisan organization devoted to research, analysis, and public education with an emphasis on

economics, foreign policy, governance, and metropolitan policy. The site contains information useful in strategy implementation by searching on “strategic planning” or “performance measures.”

The Center for Public Service is dedicated to generating ideas that policymakers can use to encourage the United States’ most talented citizens to choose a career in the public service. The Center looks at both the status of the public service and the challenges government, nonprofits, and the private sector face in adjusting to today’s highly diverse, mobile and less loyal pool of public service talent.

Contact:

The Brookings Institution
Center for Public Service
1775 Massachusetts Avenue, N.W.
Washington, DC 20036-2188
Telephone: (202) 797-6090
FAX: (202) 797-6144
E-mail: gsccomments@brookings.edu
Web site: www.brookings.edu or www.brookings.org

Canadian Institute of Chartered Accountants

The Canadian Institute of Chartered Accountants (CICA), together with the CA institutes/ordre, represents approximately 68,000 chartered accountants and 8,000 students in Canada and Bermuda. The CICA conducts research into current business issues and supports the setting of accounting and assurance standards for business, not-for-profit organizations, and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs, and represents the CA profession nationally and internationally.

Information and products related to strategic planning and performance measurement through the search function on this site.

Contact:

The Canadian Institute of Chartered Accountants
277 Wellington St. West
Toronto ON M5V 3H2 Canada
Telephone: (416) 977-3222
FAX: (416) 977- 8585
E-mail: The CICA can be e-mailed through the “Contact Us” tab on its Web site.
Web site: www.cica.ca

Foundation for Performance Measurement—U.S.

The Foundation is involved in performance measurement that goes beyond the traditional focus on internal, historic, financial, or short-term data. By using the “U.S. Chapter” and then “Other Web Resources” links, the Web visitor can access a number

of resources related to performance measurement and management as well as balanced scorecards.

Contact:

U.S. Foundation for Performance Measurement
106 Larkwood Lane
Cary, NC 27511-7020
Telephone: (919) 859-0084
FAX: (919) 233-0534
E-mail: info@usfpm.org
Web site: www.netmain.com/usfpm/

Government Accountability Office

The Government Accountability Office (GAO) is an agency that works for Congress and the American people. Congress asks GAO to study the programs and expenditures of the federal government. The GAO, commonly called the investigative arm of Congress or the congressional watchdog, is independent and nonpartisan. It studies how the federal government spends taxpayer dollars. The GAO advises Congress and the heads of executive agencies about ways to make government more effective and responsive. The GAO evaluates federal programs, audits federal expenditures, and issues legal opinions.

The GAO monitors strategic planning, strategy implementation, performance measurement, and results for departments, agencies, and programs of the federal government. Numerous reports, policies, and practices are available for various federal organizations using the search function (for example, strategy implementation, strategic planning, performance measures, and benchmarks).

Contact:

Government Accountability Office
441 G St., NW
Washington, DC 20548
Telephone: (202) 512-3000 (Main)
E-Mail: The GAO can be e-mailed through the “Contact GAO” tab on its Web site.
Web site: www.gao.gov

Governmental Accounting Standards Board

The mission of the Governmental Accounting Standards Board (GASB) is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

The “Performance Measures” link on the GASB home page links to the Performance Measurement for Government Web site (www.seagov.org), where numerous resources related to performance indicators and measures are available.

Contact:

Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Telephone: (203) 847-0700
FAX: (203) 849-9714
E-mail: The GASB can be e-mailed through the “Communicate” tab on its Web site.
Web site: www.gasb.org

Government Finance Officers Association

The Government Finance Officers Association is the professional association of state/provincial and local finance officers in the United States and Canada. Its members are dedicated to the sound management of government financial resources.

The Web site e-store has publications available for purchase that are related to performance measures.

Contact:

Government Finance Officers Association
1301 Pennsylvania Avenue, N.W., Suite 309
Washington, D.C. 20004
Phone: (202) 393-8020
FAX: (202) 393-0780
E-mail: Inquiry@gfoa.org or through the “Contact GFOA” tab on its Web site.
Web site: www.gfoa.org

International City/County Managers Association

The International City/County Managers Association (ICMA) provides technical and management assistance, training, and information to local government managers. The ICMA Center for Performance Measurement (where various performance-related information and products are available), can be accessed by clicking on the “Services for Local Governments” tab on the home page.

Additionally, using the search function for “strategy implementation” and “strategic planning,” the user can find a number of articles, publications, and other resources.

Contact:

International City/County Managers Association
777 North Capitol St., N.E.
Suite 500
Washington, DC 20002-4201
Telephone: (202) 289-4262
FAX: (202) 962-3500
E-mail: The ICMA can be e-mailed through the “Contacting ICMA” tab on its Web site.
Web site: www.icma.org

National League of Cities

The National League of Cities is the oldest and largest national organization representing municipal governments throughout the United States. Its mission is to strengthen and promote cities as centers of opportunity, leadership, and governance.

From the home page, use the “Resources for Cities” tab to access publications, research reports, and other information. Content varies from time to time but performance measurement and strategic planning information is almost always available in some form of resource.

Contact:

National League of Cities
1301 Pennsylvania Ave., N.W., Suite 550
Washington, DC 20004
Telephone: (202) 626-3000
FAX: (202) 626-3043
E-mail: info@nlc.org
Web site: www.nlc.org

Performance Measurement for Government (PMG) (www.seagov.org)

See notes above related to the GASB web site.

OTHER RESOURCES

Background Resources

Beitler, Michael A. *Strategic Organizational Change: A Practitioner’s Guide for Managers and Consultants*. Greensboro, N.C.: Practitioner Press International, 2003.

This book, written by a practitioner, is a basic resource to aid managers, consultants, and change leaders in designing and implementing organizational changes and monitoring progress.

Bryson, John M. *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*. 3d ed. San Francisco, Calif.: Jossey-Bass, 2004.

This book is often used as a textbook in strategic planning courses in graduate and undergraduate programs in public administration. Because it approaches strategic planning from the perspective of the governmental or not-for-profit organization, it is a valuable resource in any strategic planning or strategy implementation process.

Cohen, Steven, and William Eimicke. *The Effective Public Manager: Achieving Success in a Changing Government*. 3d ed. San Francisco, Calif.: Jossey-Bass, 2002.

This book provides practical guidance to managers and others to meet the demands of their jobs head-on rather than work around the constraints of government. It provides an updated and detailed examination of management innovation; examines the centrality of

government in an era of global communication and transportation, economic interdependence, and the threat of global terrorism; and contains useful information on the opportunities and challenges of managing public policy from, and with, private and nonprofit organizations.

Cohen, Steven, and William Eimicke. *Tools for Innovators: Creative Strategies for Managing Public Sector Organizations*. San Francisco, Calif.: Jossey-Bass, 1998.

Chapters 2 and 5 provide an overview of strategic planning and benchmarking/performance management, respectively. The book itself includes a number of creative strategies many public sector organizations have used to become more flexible, innovative, and effective.

Dees, J. Gregory, Jed Emerson, and Peter Economy. *Strategic Tools for Social Entrepreneurs: Enhancing the Performance of Your Enterprising Nonprofit*. Hoboken, N.J.: John Wiley & Sons, Inc., 2002.

The authors provide practical tools for putting the lessons of business entrepreneurship to work in the nonprofit environment, offering hands-on guidance to assist social sector leaders hone their entrepreneurial skills and effectively carry out their social missions. The examples, exercises, checklists, and action steps can be personalized and applied organization wide.

Dromgole, Tony, et. al. *Managing Strategy Implementation*. Oxford, United Kingdom: Blackwell Business, 2000.

This book collects the insights of leading practitioners and academics experienced in executive education and it examines organizational issues. The book is divided into four sections, dealing with new models of the process of strategy implementation, key roles in the strategic change process, and success factors in strategy implementation.

Letts, Christine W., William P. Ryan, and Allen Grossman. *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*. Hoboken, N.J.: John Wiley & Sons, Inc., 1999.

This book outlines approaches that nonprofits can use to build their capacity for learning, innovating, ensuring quality, and motivating staff. It contains case studies and examples, and guidance on the processes needed to achieve the organization's goals.

Wootton, Simon, and Terry Horne. *Strategic Thinking: A Step-by-Step Approach to Strategy*. 2d ed. London, United Kingdom: Kogan Page, 2002 (includes CD-ROM).

This book is a no-nonsense explanation of how individuals who tend to think logically rather than strategically can develop strategic thinking skills. The short length and common-sense tone of this book make it a solid resource to share with policy makers or other leaders in government or not-for-profit organizations who think they might be interested in strategic planning and strategy implementation.

Balanced Scorecard

Kaplan, Robert S., and David P. Norton. *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*. Cambridge, Mass.: Harvard Business School Press, 2001.

The authors argue for making strategy implementation a continuous process by translating and bringing it into the organization's everyday work processes and procedures, by aligning the organization to the strategy, and mobilizing the process through effective leadership.

Kaplan, Robert S., and David P. Norton. *The Balanced Scorecard: Translating Strategy Into Action*. Cambridge, Mass.: Harvard Business School Press, 1996.

This is the first and definitive text devoted to measuring performance (in private sector organizations) using the balanced scorecard approach. It focuses only on the balanced scorecard in the private sector environment but provides detailed discussions of how the balanced scorecard benefits organizations using the approach as well as how areas of responsibility are interrelated.

Monahan, Kathleen E. *Balanced Measures for Strategic Planning: A Public Sector Handbook*. Vienna, Va.: Management Concepts, 2001.

The focus of this strategic planning process book is on involving stakeholders and developing a communications strategy. It includes numerous examples and case studies from various public sector organizations.

Niven, Paul R. *Balanced Scorecard: Step-by-Step for Government and Nonprofit Agencies*. Hoboken, N.J.: John Wiley & Sons, Inc., 2003.

The author of this book provides an in-depth approach to strategic implementation and management in public agencies using the balanced scorecard approach. This book also includes a balanced scorecard success story from the City of Charlotte, North Carolina. Each chapter contains a lengthy discussion of how its particular aspect of the balanced scorecard relates to the strategic planning process.

Performance Measures

GASB staff. *Reporting Performance Information: Suggested Criteria for Effective Communication*. Norwalk, Conn.: GASB, 2003. [Report can be downloaded in portable document format (pdf) at http://www.seagov.org/sea_gasb_project/suggested_criteria_report.pdf.]

This report provides 16 suggested criteria to be considered in developing and reporting relevant and reliable program performance information to various stakeholder groups. The suggested criteria are based on actual case studies of governmental organizations throughout the United States involved in measuring service efforts and accomplishments. Each criterion is fully described and illustrated with actual examples from governmental entities involved in successful performance measurement systems.

Ingraham, Patricia W., Philip G. Joyce, and Amy Kneeder Donahue. *Government Performance: Why Management Matters*. Baltimore, Md.: The Johns Hopkins University Press, 2003.

The authors of *Government Performance* argue that one quality above all is crucial to the overall performance of government: effective management. The book presents analyses of public management systems in all 50 states, the 35 largest cities, 40 large counties, and a number of federal agencies. The book examines systems for financial management, human resources management, information technology management, capital management, and systems for managing results.

Kelly, Janet M., and William C. Rivenbank. *Performance Budgeting for State and Local Government*. Armonk, N.Y.: M.E. Sharpe, Inc., July 2003.

This book describes performance budgeting as the integration of the components of performance management (planning, performance measurement, benchmarking, and evaluation), into the framework of state and local government budgeting. The book presents performance budgeting not as a stand-alone budgeting technique, but as an extension of the traditional budget process that reconciles financial and operational accountability.

LGA Staff. *Freedom to Improve? Evaluating the First Round of the Comprehensive Performance Assessment*. London, United Kingdom: London: Local Government Association, 2003.

The Local Government Association (LGA) represents the local authorities of England and Wales, a total of just under 500 authorities. This report presents the findings from two surveys conducted by Market & Opinion Research International for the LGA, evaluating the first round of the Comprehensive Performance Assessment. The report explores the views of chief executives and council leaders who have led their authorities through the first round of CPA.

Morley, Elaine, Scott Bryant, and Harry Hatry. *Comparative Performance Measurement*. Washington, D.C.: Urban Institute Press, 2001.

The authors provide a step-by-step guide to selecting measurable, meaningful, and comparable data. Co-author Harry Hatry is considered by many public administration professionals to be the original performance measurement guru.

Poister, Theodore H. *Measuring Performance in Public and Nonprofit Organizations*. San Francisco, Calif.: Jossey-Bass, 2003. Available as an E-book.

This book offers a comprehensive resource for designing and implementing effective performance measurement systems at the agency level. It includes tools and processes to help organizations develop measurement systems to support results-oriented management approaches. The guidance in this book will aid public and nonprofit organizations in accurately measuring outputs, efficiency, productivity, effectiveness, service quality, and customer satisfaction, and will assist them in using the resulting data to strengthen decision-making and improve program performance.

Strategic Management

Rabin, Jack, Gerald Miller, and W. Bartley Hildreth, eds. *Handbook of Strategic Management*. 2d rev. ed. New York: Marcel Dekker, Inc., 2000.

This is a compendium of essays on the latest approaches to strategic management in both private and public sector organizations.

Nutt, Paul C., and Robert W. Backoff. *Strategic Management of Public and Third Sector Organizations: A Handbook for Leaders*. San Francisco, Calif.: Jossey-Bass, 1992.

This book provides a framework for understanding strategic issues in governmental and not-for-profit organizations and includes a number of useful forms and worksheets.

Online Examples of Strategic Planning

The following selected links are to actual strategic plans and other implementation guidance by governmental and not-for-profit organizations posted online for research and informational needs.

Example Strategic Plan (Information Technology Department)—City of Sunnyvale, California (Local Government, 1999)

This plan was formulated by the City's Information Technology Department to address the city's information technology needs and had a five-year planning horizon. The plan can be downloaded as portable document format (pdf) file at the following link:

<http://sunnyvale.ca.gov/NR/rdonlyres/3E53222E-896C-47A7-BE2F-2F3937BC00DB/0/stratplan.pdf>

Example Balance Scorecard (Performance Assessment)—Department of Energy Federal Procurement System (Federal Government, 2003)

This is an example of a balanced scorecard developed by the Department of Energy's Federal Procurement System to document its mission, develop its vision, and to plan and measure its strategic initiatives related to quality management principles. The scorecard can be downloaded as portable document format (pdf) file at the following link:

http://www.balancedscorecard.org/files/DOE_FPS_FY03.pdf

Example Strategic Plan (State Agency, Five Year Goals and Performance Targets)—Illinois Council on Developmental Disabilities (State Government, Revised August, 2003)

The Illinois Council on Developmental Disabilities (ICDD) developed a strategic plan to establish and assess that its goals and performances targets over a five-year period. The plan can be viewed at the following link at the council's Web page:

<http://www.state.il.us/agency/icdd/about/about5year.htm>

Example Strategic Plan (Human Resources Department)—City of Portland, Oregon (Local Government, 2003)

This plan, developed by the Bureau of Human Resources, Office of Management and Finance, for the city of Portland, documents the goals, strategies, and action items for the department that contains both ongoing and daily planning and action items, as well as specific target dates for the year. The plan can be downloaded as portable document format (pdf) file at the following link:

<http://www.portlandonline.com/shared/cfm/image.cfm?id=10544>

Example Balanced Scorecard (Finance and Accounting Department)—Department of Defense, Federal Defense Finance and Accounting Service (Federal Government, November 2001)

This balanced scorecard, prepared by the Defense Finance and Accounting Service (DFAS) concerns the department's efforts to assess and analyze its operational performance and outcomes as it implemented core changes to its organizational structure derived from a strategic plan developed in October 2000. The scorecard can be downloaded as portable document format (pdf) file at the following link:

<http://www.balancedscorecard.org/files/DFAS-strategic-plan.pdf>

Example Strategic Plan (Personnel Department)—Office of Personnel Management (Federal Government, 2002–2007)

This five-year strategic plan, developed by the Department of Personnel Management, is devoted to achieving personnel and workforce changes based on President Bush's "Management Agenda." The plan is based on five initiatives: (1) the strategic management of human capital, (2) expanded use of electronic government, (3) competitive sourcing, (4) improved financial performance and budgeting, and (5) performance integration. The strategic plan can be downloaded as portable document format (pdf) file at the following link:

<http://www.opm.gov/strategicplan/index.asp>

APPENDIX F

Glossary

Benchmarking. Measuring an organization's own products, services, or practices against the "best" in the related industry or service area. Benchmarks also refer to previous goals, objectives, or performance targets achieved by the organization (internal benchmarks) or by other similar organizations (external benchmarks).

Constituents. Citizens or voters of a governmental jurisdiction.

Cost-benefit analysis. Analytical technique that compares the discounted net value of all society-wide costs and all society-wide benefits (financial and nonfinancial) associated with a proposed program or policy. The alternative with the greatest net benefit is the theoretically preferred alternative. This technique is difficult and expensive to perform as well as extremely time-consuming if done correctly.

Cost-effectiveness analysis. Analytical technique to determine the most efficient alternative for achieving a program or policy goal. Costs are measured using estimated dollar expenditures, whereas effectiveness is determined using the degree of goal attainment. In some cases, effectiveness may be measured in terms of dollars. This technique is used for operational purposes to analyze two or more similar alternatives when a single benefit is presumed.

Culture. Patterns of shared meaning in organizations, shared values, and beliefs about appropriate behaviors and actions; nature of the organization and its relation to other entities or to the basis for authority in the organization. The term relates positively to effectiveness when effectively linked to mission accomplishment.

Customers. Those who are the recipients of the services or products produced by an organization; often closely intertwined with stakeholders.

Effectiveness. Whether an organization does well that which it is supposed to do; whether people in the organization work hard and well; whether actions or procedures of the organization and its members are well suited to achieving its mission; whether an agency actually achieves its mission; the level of outcomes.

Efficiency. Inputs over outputs or resources per unit of output; also referred to as productivity.

Evaluation team. Individuals selected to serve in the evaluation phase of a strategy implementation effort. Typical responsibilities include evaluating the effectiveness of the strategy implementation process at established periodic intervals. The evaluation team recommends changes in performance indicators, strategies, objectiveness, and goals when progress toward goals is impeded or realignment with mission and vision is indicated.

Formal mandates. Legal requirements defining the purpose, functions, or operations of the organization.

Goals. Broad general statements of desired long-range results. Goals represent progress toward an organization's mission.

Implementation team. Individuals selected to serve in the implementation and integration phase of a strategy implementation effort. Typical responsibilities include implementing and integrating the strategies and performance indicators developed by the planning team within the established timelines throughout the entire organization.

Incremental budgeting. A budget process or format designed to minimize conflict in the allocation of an organization's scarce resources. This budget process or format obscures the policy trade-offs made in the process of balancing the organization's budget.

Informal mandates. Written or unwritten operational practices and procedures that have evolved over time. They may have no legal or binding basis but may still restrict the organization's capability to achieve its mission.

Issue. A difficulty or problem having a significant impact or influence on an organization's current function or its ability to achieve its mission.

Mission. The general social contribution and purpose of an organization and its related overall goals.

Objectives. Specific and achievable intermediate checkpoints measuring progress toward organizational goals. Objectives are stated in terms of desired outcomes within specific time frames.

Objects of expenditures. Classification of expenditure transactions based on the nature of the goods or services purchased rather than broader classifications such as departments, functions, or programs.

Outcomes. The result of actions, products produced, or services provided (that is, outputs) that indicate an organization's progress toward its established goals.

Outputs. Amount of effort expended through actions, products produced, or services provided.

Performance-based budgeting. A budget process or format focusing on an organization's programs, primarily using workload, efficiency, and effectiveness measures. This budget format ignores whether or not programs are necessary in light of the organization's goals and mission.

Performance measures or indicators. Quantified long-term measures of outcomes, outputs, efficiency, or cost-effectiveness related to an organization's goals and mission. In strategy implementation performance measures emphasize outcomes.

Plan. An outline, a draft, a map; a scheme for making, doing, or arranging something; a project, program, or schedule.

Planning horizon. The time frame during which the objectives of a strategic plan are to be achieved.

Planning team. Individuals selected to serve in the planning phase of a strategy implementation effort. Typical responsibilities include developing the vision, mission, goals, objectives, strategies, and performance indicators for the organization.

Program-based budgeting. A budget process or format focusing on an organization's effectiveness through the activities (for example, programs) it conducts. This budget format allows decision-makers to choose among alternative programs to achieve the goals and mission of the organization.

Realist. A person concerned with real things and practical matters rather than those that are imaginary or visionary.

Simple cost analysis. Formal analysis of predicted costs of two or more alternatives. Only relevant costs are considered in this type of cost analysis. It is appropriate to make operational decisions within fiscal years or to make policy decisions extending over a number of years.

Stakeholder. Any individual or group that might be affected by the outcome of something.

Stratagem. The device or act of a general; an artifice, plan, or scheme for deceiving an enemy in war; any artifice; a trick or deception.

Strategic. Of or having to do with strategy; characterized by sound strategy; favorable, advantageous; essential to effective military strategy.

Strategic event. A highly possible, future, single occurrence or incidence in time; a significant happening affecting or potentially affecting the organization.

Strategic Implementation. A management tool developed in conjunction with a strategic plan used to improve day-to-day operations. It identifies specific strategies and tactics to achieve the mission and vision of an organization and also establishes timelines for completion and responsible individuals.

Strategic Management. A philosophy of management that links strategic planning with day-to-day decision making. It seeks a fit between an organization's external and internal environments.

Strategic Plan. A tool to help organizations make decisions consistent with their approach to achieving their mission through mutually agreed upon goals and objectives. It is also an action-oriented process of making and implementing decisions about the use of human and financial resources enabling management to better position their organization to respond to changes in its environment.

Strategies. Specifically defined options by which strategic objectives will be accomplished. Strategies are the basis for the allocation of resources to accomplish objectives and achieve goals.

Strategy. The science of planning and directing large-scale military operations, specifically of maneuvering forces into the most advantageous position before actual engagement with the enemy; a plan or action based on this; skill in managing or planning, especially by using stratagem.

Target-based budgeting. A budget process or format whereby the chief budget official (or, for example, chief executive officer, chief financial officer, governing board) provides each department a maximum-dollar amount for budgeting purposes. Departmental targets are based on revenue estimates for the ensuing year adjusted for any changes in policy priorities made by the governing body.

Trend. A broad, historical evolution of events, behavior, perceptions, and values affecting society and in turn an organization; a series of social, technological, economic or political happenings that can be estimated or measured over time.

Vision. An idealistic directive describing the long-term view stakeholders envision for their organization in the future.

Visionary. Someone who sees a vision, especially, who habitually sees visions; characterized by impractical ideas or schemes; not real; imaginary; not capable of being carried out; merely speculative and impractical.

Zero-based budgeting. A budget process or format focusing on an organization's effectiveness through the programs it conducts. This budget format organizes budget information into programs at various incremental levels that reflect different effort and cost levels. Decision makers subjectively rank all programs each budget period based on their purpose and priority with respect to the organization's objectives, goals, and mission.



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