CLOSING THE STRATEGY EXECUTION GAP

IN THE PUBLIC SECTOR

- A CONCEPTUAL MODEL

by

Anton J. Olivier

Dissertation presented for the degree of Doctor of Philosophy at Stellenbosch University

Promoter: Prof. Erwin Schwella

March 2015

DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own original work, that I am the authorship owner thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Signature: *AJ Olivier*

Date: *March 2015*

ABSTRACT

The importance of strategy execution to achieve organisational objectives is increasingly recognised. However, successful execution seems to remain problematic, not only in government, but also in the business world today. Because of the gap between strategy planning and execution, the required benefits stated in this planning are seldom realised.

The consistent and generally poor execution of strategic plans in the public sector leads to poor service delivery. The objective of the research was to develop, test and further improve a conceptual model that can specifically be applied in public sector organisations (PSOs) to help close their strategy execution gap. According to the research hypothesis, strategy execution will significantly improve by using a simplified, dynamically integrated conceptual model as guide in tailoring strategy execution in each PSO. The qualitative Participative Action Research (PAR) methodology was used based on case studies in Namibia, including ministries, state-owned enterprises and local authorities.

The literature gap was found to be the limited number of resources addressing strategy execution in the public sector and the limited number of sources presenting a multi-disciplinary or integrated model involving the whole organisation.

Based on previous literature reviews and experience, the researcher developed his first conceptual model in 2006. After the development of four more models, the final MERIL-DE Model was arrived at in 2014 as conceptual model to help close the strategy execution gap in the public sector. Additional literature review and analysis of the public sector context, supported by ten case studies in Namibia over the eight year period (2006–2013), led to the MERIL-DE Model containing and integrating the nine vital strategy execution components. These are as follows: 1) Leadership, 2) Strategic Planning, 3) Project Management, 4) Alignment (with organisational elements), 5) Performance Management (containing the MERIL elements Measure, Evaluate, Report, Improve and Learn), 6) Drive (mostly internal motivation), 7) Engagement (through dialogue), 8) Risk Management and 9) Stakeholder Management. The first seven components were identified through literature review and the last two from considering the unique public sector context.

Features of the model include the critical role of leadership, the need to clearly link strategy and projects, the important role of project management, the shorter review periods for both strategic and project plans, the need for an institutionalised quarterly strategy execution cycle and importance of engagement and motivated workforce. The MERIL-DE Model shows the need to build adaptive and sustainable organisations in a complex and challenging public sector. The conventional plan-and-execute processes have to be complemented by sense-and-respond capabilities through a system of Measure, Evaluate, Report, Improve and Learn – linked to Drive and Engagement – in which components are dynamically integrated.

Each PSO, however, needs to develop its own unique or tailor-made MERIL-DE model. This tailored model is referred to as the “Stratex Car” to be designed and built by each PSO, considering its own unique conditions. The Strategy Execution Framework (SAF) is presented as tool to assess the strength of each MERIL-DE component with the Total Strategy Execution Capacity (TSEC) to determine the total capacity of the PSO to execute its strategy.

It is believed that the use and application of the MERIL-DE Model will significantly contribute to close the strategy execution gap present in the public sector, not only in Southern Africa, but worldwide – to see governments and public organisations deliver real beneficial public service. Monitored application of this model will be valuable for future research towards the ongoing closing of the strategy execution gap.

OPSOMMING

Daar word toenemend ag geslaan op die belangrikheid van strategie-uitoefening om organisatoriese mikpunte te bereik. Suksesvolle uitoefening blyk egter problematies te bly, nié net in die regering nie, maar ook in vandag se besigheidswêreld. Weens die gaping tussen strategie-beplanning en -uitoefening word die voordele wat in die beplanning uiteengesit word selde ’n realiteit.

Die konstante en oor die algemeen swak uitoefening van strategiese beplanning in die openbare sektor lei tot swak dienslewering. Die doel met die navorsing was om ’n begripsmodel wat spesifiek in publieke sektororganisasies (PSOs) toegepas kan word, te ontwikkel, te toets en te verbeter om die gaping in strategie-uitoefening te oorbrug. Volgens die navorsingshipotese sal strategie-uitoefening kenmerkend verbeter deur ’n vereenvoudigde, dinamies-geïntegreerde begripsprosesmodel te gebruik wat die strategie-uitoefening in elke staatsonderneming aanpas. Die kwalitatiewe deelnemer-aksie-navorsingsmetodologie (Participative Action Research) is in gevallestudies in Namibië toegepas, insluitende ministeries, staatsondernemings en plaaslike owerhede.

Die gaping in die literatuur het geblyk die beperkte hoeveelheid hulpbronne te wees wat strategie-uitoefening in die openbare sektor en die beperkte hoeveelheid bronne wat ’n multi-dissplinêre of geïntegreerde model wat die hele organisasie betrek, aanspreek.

Die navorser het in 2006 sy eerste begripsmodel ontwikkel wat op vorige literatuuroorsigte en ervaring gegrond was. Na die ontwikkeling van nóg vier modelle het die finale MERIL-DE-model in 2014 as begripsprosesmodel onstaan om die gaping in strategie-uitoefening in die openbare sektor die hoof te help bied. Addisionele literatuurstudie en -analise van die openbare sektor-konteks, ondersteun deur die tien gevallestudies in Namibië oor die agtjaarperiode (2006–2013), het gelei tot die insluiting en integrasie van die nege strategie-uitoefeningskomponente in die MERIL-DE-model. Hierdie komponente is soos volg: 1) Leierskap, 2) Strategiese Beplanning, 3) Projekbestuur, 4) Belyning (met organisatoriese elemente), 5) Prestasiebestuur, 6) Dryfkrag (meestal interne motivering), 7) Betrokkenheid (deur dialoog), 8) Risikobestuur en 9) Belanghebberbestuur. Die eerste sewe komponente is deur literatuurstudie geïdentifiseer en die laaste twee deur die unieke konteks van die openbare sektor in ag te neem.

Eienskappe van die model sluit in die kritiese rol van leierskap, die behoefte om strategieë en projekte duidelik te verbind, die belangrike rol van projekbestuur, die korter oorsigperiodes vir beide strategie- en projekplanne, die behoefte aan ’n geïnstitusionaliseerde kwartaallikse strategie-uitoefeningsiklus en die belangrikheid van betrokkenheid en gemotiveerde diensnemers. Die MERIL-DE-model wys die behoefte om aanpasbare en onderhoubare organisasies in ’n komplekse en uitdagende openbare sektor uit. Die konvensionele beplan-en-uitoefenprosesse moet deur waarneem-en-reageervermoëns gekomplementeer word deur ’n

stelsel van Meet, Evalueer, Rapporteer, Verbeter/ ”Improve” en Leer – verbind met Dryfkrag en Betrokkenheid/ ”Engagement” (MERIL-DE) – waarin komponente dinamies geïntegreer is.

Elke PSO moet egter sy eie unieke MERIL-DE-model ontwikkel. Hierdie situasie-aangepaste model staan bekend as die “Stratex Car” wat deur elke PSO ontwerp en gebou moet word deur hul eie unieke toestande in ag te neem. Die Strategie-uitoefeningsraamwerk (sg. SAF) word as hulpmiddel voorgestel om die gehalte van elke ‘MERIL-DE’-komponent na te gaan te bepaal met die Totale Strategie-uitoefeningskapasiteit (sg. TSEC) om die totale kapasiteit van die PSO te bereken vir die uitoefening van sy strategie.

Dit word verwag dat die gebruik en toepassing van die MERIL-DE-model kenmerkend kan bydra om die gaping in strategie-uitoefening wat aanwesig is in die openbare sektor die hoof te bied, nié net in Suider-Afrika nie, maar wêreldwyd – om te verseker dat regerings en openbare organisasies ware voordelige publieke diens lewer. Gekontroleerde toepassing van hierdie model sal waardevol wees vir toekomstige navorsing vir die verdere vernouïng van die gaping in strategie-uitoefening.

ACKNOWLEDGEMENTS

I thank:

Jesus Christ, my Lord and Saviour; for all that I am and have are from Him.

- Prof. Erwin Schwella, my promoter, for his guidance
- Gonda Olivier, my wife, for her love and sacrifices
- Jan-Hendrik Swanepoel for his editing

This work has been partially presented at the following conferences:

Presentation of paper at the PMI Global Congress at Budapest, Hungary during May 2007 on the topic: 'Guideline from vision to projects and back.'

Presentation of paper at the PMSA Conference in Johannesburg, South Africa during May 2008 on the topic: 'From vision to projects and back.'

Presentation of paper at the PMSA (Project Management South Africa) Conference in Cape Town, Nov 2009 on Strategy Execution through projects and performance management.

How foolish to take on a journey without God;

How foolish to take on a journey without a plan;

How foolish then not to go on the journey (the strategy execution journey).

Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS & ACRONYMS

ABCEE	Agriculture, Basic health, Clean water and sanitation, Education and Electricity
BSC	Balanced Scorecard
CEO	Chief Executive Officer
CMP	Communication Management Plan
CPM	Corporate Performance Management
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
ESTLE	Economic, Social, Technological, Legal & Environmental
HR	Human Resource(s)
ICT	Information and Communication Technology
I♥THABO	Identity, Heart, Thinking, Attitude, Behaviour, Objectives
IPOO	Inputs Processes Outputs Outcome
LA	Local Authority
LO	Learning Organisation
MERIL-DE	Measure, Evaluate, Report, Improve and Learn – linked to Drive & Engagement
MWB	Municipality of Walvis Bay
NDP	National Development Plan
NPG	New Public Governance
NPM	New Public Management
NPS	New Public Service
NSA	Namibia Statistics Agency
OD	Organisational Development
OL	Organisational Learning
O/U/I	Organisation/Unit/Individual (levels)
PA	Public Administration
PAAMAA	Purpose, Action Plan, Autonomy, Mastery, Acknowledgement and Achievement
PAM	Public Administration and Management
PAR	Participatory Action Research
PI	Performance Indicator
PM	Project Management
PMI	Project Management Institute
PMBOK	(Guide to the) Project Management Body of Knowledge
PMS	Performance Management System
PPT	People, Process, Technology
PS	Public Sector
PSO	Public Sector Organisation
PV	Public Value
SAF	Stratex Assessment Framework
SMART	Specific, Measureable, Aligned/Agreed to, Realistic, Time-bound
SOE	State-Owned Enterprise
SP	Strategic Planning
SPL	School of Public Leadership
STRATEX	Strategy Execution
TSEC	Total Strategy Execution Capacity
UN	United Nations
WEF	World Economic Forum

CHAPTER 1 : INTRODUCTION

1.1 INTRODUCTION

1.1.1 Background to the research

Strategic planning is not enough. In fact, even the best strategic plan in itself does not bring any benefit. It is through the execution of a well thought out plan in which benefits are created for the stakeholders. The importance of strategy execution to achieve the organisational objectives and vision is increasingly recognised, but successful execution seems to remain problematic in the business world as well as the public sector today. Because of this perceived gap between strategy planning and execution, the required benefits stated in these plans are seldom realised.

The focus of this research is the public sector context. Case studies were conducted in Namibia where there was a strong drive from the Office of the Prime Minister since 2006 to develop five-year strategic plans for all ministries, regional councils and local authorities, but where proper strategy execution has not lived up to the expectations created in the strategic plans.

1.1.2 Broad field of the research

The current study falls within the broad discipline of strategic management. The context is the public sector in general, including all levels of government – from central to local levels.

The broad field of this study is the execution or implementation of strategy. It involves action, movement, the utilisation of all kinds of resources to transform inputs through processes or projects to the desired outputs and outcomes of the strategic plan. This research allows for all types of strategic planning methodologies and formats, including the Balanced Scorecard (BSC) and Logical Framework. A strategic plan in this research is regarded as any high-level medium term plan with the purpose or intention to move the organisation to its preferred position amidst its current and expected future internal and external environment.

Strategic management, including strategy execution is the accountability of leadership. Leadership guides strategy execution by making use of disciplines such as change management, project management and performance management. Strategy is executed by means of projects and therefore plays an important role in project management. Strategy execution refers to change and therefore plays an important role in change management. Strategic plans accordingly form the basis of a performance management system and therefore fulfil the important role of performance management. Disciplines related to strategy execution presented in literature today include the following:

Leadership, strategic planning, balanced scorecard, change management, project management, performance measurement, performance management, organisational alignment, organisational design, organisational development, engagement, communication, dialogue, motivation, drive and culture.

1.1.3 Personal considerations

Various personal factors contributed to the selection of this research topic. These are the author's interest and involvement in 33 strategic plans in Namibia (since 2006), the author's involvement and experience gained in projects related to strategy execution, including local authorities and state-owned enterprises and the author's key role in developing and piloting the performance management system (PMS) in the Namibian public service during 2006-2008.

Further personal considerations are the author's frustration to see strategic plans not being implemented to realise the intended benefits, such as infrastructure, housing, municipal services and job opportunities. With public sector organisations (PSOs) increasingly expressing their need for support with strategy execution, it is the author's personal desire to continue with strategy execution assignments after the completion of this PhD research – both in training and support.

The author's qualifications laid a good foundation for this study. His previous qualifications are the B.Eng. degree in Civil Engineering degree obtained at the University of Stellenbosch, the B.Eng. (Hons.) degree from the University of Pretoria, the Master in Business Leadership (MBL) at UNISA (all in South Africa) and a Master of Management (MMGT) at the University of Southern Queensland, Australia. The MMGT degree obtained in 2005 included subjects of Organisational Development and Change, Strategic Leadership, Project Management and Management Consulting. The author's literature studies on the PhD research topics of strategy planning and execution, corporate performance management and project management already started in 2004 while doing the MMGT degree.

The author's conceptual model for strategy execution developed since 2008 was first documented in an article called "Strategy Execution by MERRIL-D" which was presented at a Project Management Conference in Cape Town in November 2009. This research was based on a presentation at the Project Management Institute's (PMI) global conference in Budapest, Hungary on the topic: "From Strategy to Projects – and back".

Finally, the fact that strategy execution is regarded globally as one of the main management gaps and challenges was a further personal motivation with the social premium of strategy execution being a very popular topic at present.

1.1.4 Similar research and gaps in research

No similar academic research specifically in public sector strategy execution was found on the research databases and literature in searches during 2010 when this study started. Although a number of sources appeared, especially since 2007, no source could be found that specifically addressed strategy execution in the public sector. Inspiring initial sources included Spitzer (2007) and Kaplan and Norton (2008), but applications were mostly designed for the private sector.

Apart from mostly focusing on the private sector, another limitation in literature addressing strategy execution is its narrow focus. Strategy execution literature often focuses only on one or two organisational elements, for example, strategy, project management, leadership, culture, performance management, processes and technology. The author is of the opinion that this simplistic approach ignores the complex and dynamic nature of organisations, especially public sector organisations.

A few strategy execution models have been presented, particularly since 2007, in which an attempt was made to identify and integrate different components in one system to reflect the multi-disciplinary nature of strategy execution. While models by Morgan, Levitt and Malek (2007) and Kaplan and Norton (2008), for example, are regarded as overcomplicated, others, by Shenhar et al (2007), in turn, seem to be oversimplified and two-dimensional. Examples of two-dimensional linkages offered in models are between strategy and performance management and between strategy and project management. These are offered without considering other related organisational elements.

In summary, the literature gap could be described as the limited literature focusing on the public sector and the lack of multi-disciplinary integration of key components for strategy execution.

1.1.5 Structure of the dissertation and this chapter

This dissertation is structured according to the following five chapters:

CHAPTER 1: INTRODUCTION

CHAPTER 2: STRATEGY EXECUTION – A LITERATURE REVIEW

CHAPTER 3: STRATEGY EXECUTION IN THE PUBLIC SECTOR CONTEXT

CHAPTER 4: MODEL FOR CLOSING THE STRATEGY EXECUTION GAP IN THE PUBLIC SECTOR

CHAPTER 5: CONCLUSIONS

Chapter 1 is divided into the following five sections:

Section 1: Introduction
Section 2: Research problem and significance
Section 3: Methodology
Section 4: Research protocol
Section 5: Research considerations

1.2 RESEARCH PROBLEM AND SIGNIFICANCE

In this section the research problem is stated with its significance.

1.2.1 Problem statement

The research problem is the consistent and general poor implementation or execution of strategic plans in the public sector, leading to poor service delivery and the non-realisation of the stated results or benefits (outputs and outcomes/impacts). It is perceived that there is a significant gap between strategy planning and strategy execution. This means that what is planned is usually not executed.

1.2.2 Significance of the problem

Statements since 2001 highlighting the significance of strategy execution are chronologically presented below.

Collins (2001) states that what separates the good from the great is not strategy, but rather execution. Bossidy and Charan (2002) believe that "execution is the great unaddressed issue in the business world today". Niven (2003, pp. 10-11) is in agreement with the statement that "the execution of a strategy is more important and more valuable than the formulation of a strategy […] unfortunately, the vast majority of organizations fail miserably when attempting to execute their strategies." In a similar fashion Hrebiniak (2005) states that "formulating strategy is difficult, but executing it throughout the organisation is even harder. Without effective execution, no business strategy can succeed." He argues that managers today know far more about developing strategy than executing strategy, including overcoming political and organisational obstacles. He believes that without a disciplined process or logical set of connected activities, strategic goals cannot be attained: "The important thing is not having a strategy, it's getting it implemented" (Welch 2005). In turn, De Flander asserts, "Strategy execution is a new, emerging competitive battlefield that starts to get more and more attention" (De Flander 2010, p. 29).

Various studies, especially since 2007/2008, attempted to determine the size of this gap between developing strategy and executing strategy. Kaplan and Norton (2008) found that 80% of organisations still fail to implement their strategies successfully. They indicate that most

organisations do not have formal systems to help them execute their strategies. According to Davis et al (2010), only 30% of strategic initiatives are executed successfully. Schreurs (2010) states that since 2001, when they have been studying strategy execution trends and best practices, they have seen strategy execution evolve from a token discussion to a top priority in most organisations. In spite of this reported meteoric rise in the importance of strategy execution, companies continue to lose 40 to 60 percent of their strategic potential while trying to execute it.

Childress (2013, pp. 14-15) continues to elaborate on Davis et al's concerns as follows: "In a recent McKinsey & Co study of 197 companies, despite 97% of directors believing they had the right 'strategic vision', only 33% reported achieving significant strategic success. Other studies confirm this wide gap between strategy and execution." He (Childress, 2013, p. 15) further states that current studies show that less than 5% of senior executive time is spent on strategy execution. Childress highlights the lack of focus on strategy execution, but also the lack of a robust strategy execution process and business methodology, complete with accountabilities, clear metrics, cascading objectives, employee engagement, governance, transparency and teamwork: "Too often good strategies fail to get implemented because of the overriding focus of most companies on solving day-to-day business problems. There is no time nor energy nor resources left to execute on strategic initiatives."

These statements point to a lack of clarity on what to do the day after the strategic plans are approved. The strategy execution journey starts, but controls are not in place to monitor, evaluate, report, improve and learn from actual performance. Organisations mostly fail to start implementing their plans the day after the approval of these plans. The author experienced that these plans often take years to be improved to an acceptable level. When at last approval on all levels is obtained, the first year following this approval is often taken up by celebrating and launching the plan. This includes the lengthy procurement process to copy, bind and disseminate the glossy strategic plan with colour photos to hundreds of stakeholders, after which it is placed on the shelf with numerous other strategic plans.

Governments globally are increasingly experiencing the pressure from their constituencies to deliver on their promises. Promises are often expressed in policy and strategy documents. Having a national vision and development plans has also become very popular in many countries. Namibia, for example, has its Vision 2030 and its 5-year National Development Plans (currently NDP4). Populations worldwide are demanding jobs, education, health and safety. This pressure for delivery has led to the formation of special ministries, departments, offices or units to manage performance of their public sectors. Examples of countries implementing management of performance in the public sector are the USA and South Africa. In Namibia,

"Execution, monitoring and evaluation, and progress reporting" was included as one of the three priority areas in their NDP4 (for the period 2012/13 to 2016/17).

Although the importance of strategy execution is recognised increasingly in literature and in practice, a gap still remains between strategic planning and strategy execution, especially in government or the public sector.

1.2.3 Significance of the research

It is therefore clear that any research contributing to the closure of the gap between strategic planning and strategy execution in the public sector, in particular, would be valuable. The research is justified by the significant practical problems that are experienced, as well as the gaps in the body of knowledge. This study is motivated by the relative neglect of previous research on strategy execution in the public sector. It is further motivated by the need for the integration of disciplines or components, such as project management and corporate performance management with strategic management in the public sector. The expected value of applications to the public sector, stemming from the current research's findings, is therefore considered vast.

The research intends to present a new simplified integrated model for strategy execution for today's public sector organisations. It intends to combine different theories and disciplines and to identify and integrate key components in a usable model for improved strategy execution in the public sector operating in a complex, dynamic and open system. This study attempts to improve the chances for public sector organisations to successfully complete their strategic journeys. The desired outcome of this research is that the public sector will be able to apply a model that will significantly improve their strategy execution – a model to guide the flawless movement from strategic planning to strategy execution for improved performance and public service delivery. These findings should firstly be valuable for public sector leaders and managers, but also for private sector organisations working with public sector organisations.

1.3 RESEARCH METHODOLOGY

Based on the research problem and significance, the research methodology is subsequently presented. It includes the research objective, research question, research design, research hypothesis, unit of analysis, case studies in empirical research, participative action research, data collection, analysis and interpretation and finally conceptual modelling.

1.3.1 Research objective

The objective of the research is to develop, test and further improve a management model or conceptual model that can be applied in public sector organisations to help close their strategy execution gap.

1.3.2 The research question

The main research question is, "What does the ideal strategy execution model for the public sector look like?"

Sub-questions are:

a) What is the current practice? What are the main problems experienced with strategy execution in the public service? Where are the main gaps or deficiencies?
b) What are the main components of such a model?
c) How can these key components best be integrated?
d) How can this model best be applied in the public sector?

1.3.3 Research design

The qualitative research method was adopted as the most appropriate, using case studies with the support of questionnaires and focus group discussions. The overall methodological approach followed is that of Participatory Action Research (PAR).

The participatory action was received from various public sector organisations in Namibia, including ministries, local authorities and state-owned enterprises. These case studies included the completeness and quality of strategic plans, the involvement of staff in strategic planning, communication of the strategic plan, measures taking to prepare for execution, i.e. how well their structural, human, physical, and financial resources are aligned to and support their strategies, issues restricting successful strategy execution and aspects promoting successful strategy execution.

1.3.4 Research hypothesis

Zikmund (2003) defines a hypothesis as an unproven proposition that tentatively explains certain facts or phenomena that are empirically testable. It is an empirical statement concerned with the relationship among variables (Zikmund 2003).

The research hypothesis should be tested by means of a conceptual model through PAR which is as follows:

"Strategy execution(1) will significantly improve(2) by using a simplified(3), dynamically integrated(4) conceptual model(5) as guide in tailoring(6) strategy execution in each public sector organisation(7)."

This hypothesis complies with the five characteristics of hypotheses as stated by Neuman (2000). These characteristics are that a hypothesis should have at least two variables, describe a cause-effect relationship, express a prediction or expected future outcome, logically link to a

research question and a theory, be falsifiable, i.e. capable of being tested against empirical evidence, and be shown to be true or false.

The key elements or terms in the stated hypothesis are defined (by the author) as follows:

Strategy execution: doing or implementing the strategic plans;

Significantly improve: improving the achievement of objectives through projects, as measured by the performance indicators (PIs) selected for each objective; making a substantial, visible or measureable improvement in achieving these strategic objectives. As this is not essentially quantitative research, a value is not assigned to the term significant, although a methodology is proposed to express strategy execution capacity and improvement in terms of numbers

Simplified: limiting the concepts to the few key components that would be relatively easy to understand and apply in all PSOs and countries;

Dynamically integrated: Continuously and intentionally linking all elements in the system through both systems and linear thinking – keeping an eye on the big picture while scrutinising details in and between elements; the dynamic part indicating a sense-and-response capability, allowing for continuous improvement;

Conceptual model: a model linking or integrating a number of concepts in a general sequential relationship to arrive at a specific result, output or outcome;

Guide in tailoring: developing a unique tailored solution for each PSO, taking into consideration its unique conditions by employing the conceptual model as broad framework and guide;

Public sector organisation: including any level of government, e.g. central, regional and local government as well as state-owned enterprises.

1.3.5 Unit of analysis

The unit of analysis is the organisational and unit level and not individual level. PSOs in Namibia were analysed, together with their main units (departments, directorates and project teams). The focus is on corporate and unit performance with regard to the execution of corporate and cascaded unit scorecards.

Although the focus of this research is not on individual performance, contributions by individuals in groups and units are considered. This research is therefore more aligned to the top-down strategy-based Corporate Performance Management (CPM) approach, compared to the more conventional HR-based bottom-up individual performance management approach. It is the author's view that only when CPM is established and institutionalised on organisational and unit levels, individual performance management should receive attention.

1.3.6 Case studies in empirical research

Various case studies were used in empirical research over the 8 years of developing the conceptual model between 2006 and 2014. These ten case studies served as research samples. They are as follows:

- Ministries:
    - Ministry of Agriculture, Water and Forestry;
- Local authorities:
    - Eenhana Town Council,
    - Ongwediva Town Council,
    - Bethanie Village Council;
    - Omuthiya Town Council,
    - Helao Nafidi Town Council, and
    - Municipality of Walvis Bay (MWB);
- State-owned Enterprises:
    - National Road Safety Council (NRSC),
    - Fisheries Observer Agency (FOA), and
    - Namibia Statistics Agency (NSA).

These case studies followed consultancy appointments to the author, trading as Stratex Consulting since 2004. The nature of these consultancies was mostly strategic planning. The scope of services also included performance management and the preparation for strategy execution. The duration per consultancy appointment varied between 4 months and 2 years, of which the longer periods were spent consulting for MWB and NSA. In some cases, a model was only presented, tested and improved once while in other cases more than one cycle was possible.

The approach followed with the case studies was to rather select a large number of diverse public sector organisations (PSOs) as case studies to get trends in different public sector environments than doing in-depth studies of one or two PSOs. The author believes that this approach better lend itself for the development of a conceptual model to be applied in PSOs in general. The Participatory Action Research (PAR) methodology described in the following sub-section, was applied in these ten case studies, but not in depth as normally expected in PAR, due to the large number of case studies used in this research. The conceptual model was developed, tested and improved under these different conditions. Linked-In social media was also used to collect views on the model from other parts of the world.

1.3.7 Participatory Action Research (PAR)

The Participatory Action Research (PAR) methodology is a qualitative approach with maximum involvement and participation from the beneficiaries through questionnaires, individual interviews, focus group discussions and workshops. PAR is exploratory in nature to clarify and define both the nature of the problem and the solution to that problem. Starting in jointly developing a conceptual model, it is then compared and tested in practice through the participation of the beneficiaries. The beneficiaries are the management and staff members of public sector organisations who personally experience the research problem.

According to O'Brien (1998), PAR can be utilised to its fullest when there is a clearly identified problem in the workplace with a set goal of addressing the problem and action in the form of experimental research. Action involves utilising a systematic cyclical method of planning, taking action, observing, evaluating and critically reflecting before planning the next cycle. This method therefore entails jointly developing solutions, testing them and improving them in cycles. PAR is a collaborative method to test new ideas and implement action for change. It involves direct participation in a dynamic research process, while monitoring and evaluating the effects of the researcher's actions with the overall aim of improving practice.

In organisations, such as the Municipality of Walvis Bay (MWB), a strategy execution workshop was held in February 2013 in which the MERIL-DE model was presented as conceptual model. The PAR process for MWB conducted in the workshop in Walvis Bay is outlined in Annexure B. Participants from management observed and evaluated each component through critical reflection to determine how, if at all, it could be applied in their organisation, to develop solutions together for their own workplace. Solutions were expressed in practical terms, for example how and when meetings will be held, how and when reporting should be done, which systems and which processes should be used. Participants were encouraged to reflect continuously on their learning, gained from the actions and solutions, and proceeded to initiate new, improved actions where possible. Creativity and imagination are encouraged in the dialogue, as research in PAR is ideally <u>by</u> the local people and <u>for</u> the local people, as the research is designed to address specific issues identified by the local people, and the results are directly applied to the problems at hand.

The reason for selecting this methodology for the research is that PAR is used in practice rather than in contrived, experimental studies, since its primary focus is on solving real problems (based on O'Brien 1998). As this research attempts to solve the real problem with strategy execution in specific PSOs, it is deemed as an appropriate methodology. Solutions were developed in close consultation and collaboration with each organisation who best understood the context and specific organisational needs. O'Brien (1998) describes this type of PAR as "Contextual Action Research", explaining it as follows: "It is contextual, insofar as it entails

reconstituting the structural relations among actors in a social environment; domain-based, in that it tries to involve all affected parties and stakeholders; holographic, as each participant understands the working of the whole; and it stresses that participants act as project designers and co-researchers." Although the researcher presented a model as basis, the actual detailed solution was tailor-made by each PSO through the application of these various cycles.

Wadsworth (1998, p. 1 - 2) describes PAR as:

> research which involves all relevant parties in actively examining together current action (which they experience as problematic) in order to change and improve it. They do this by critically reflecting on the historical, political, cultural, economic, geographic and other contexts, which make sense of it. PAR is action, which is researched, changed and re-researched, within the research process by participants. PAR tries to be a genuinely democratic or non-coercive process whereby those to be helped, determine the purposes and outcomes of their own inquiry.

O'Brien (1998, simply describes PAR as the process of learning by doing – where a group of people identify a problem, do something to resolve it, see how successful their efforts are, and if not satisfied, they try again.

PAR attributes:

O'Brien (1998) and McTaggart (1989) identify key attributes or characteristics of PAR. They describe PAR as a process of systematic change through direct professional-client collaboration and group relations as basis for problem solving. They view PAR as most appropriate when circumstances require flexibility, the involvement of the people in the research, or when change must take place quickly or holistically.

The first principle or attribute is that PAR is a s*cientific study based on theory*. Emphasis is placed on, firstly, "scientific study" in which the researcher studies the problem systematically and ensures the intervention is based on theoretical considerations. Secondly, the research takes place *in real-world situations* and aims to solve real problems. Thirdly, PAR is contingent on *authentic participation* or collaboration in a continuing cycle of planning**,** acting, observing, reflecting and then re-planning. Fourthly, PAR *focuses on improvement and learning*. It further attempts to turn the people involved into co-researchers. Lastly, participants must give *evidence* to support their claims. They must show respect for the value of rigorously gathered and analysed evidence and be able to show and defend evidence to convince others.

Role of the facilitator:

O'Brien (1989) explains that the role of the action researcher is a combination of planner, leader, catalyser, facilitator, teacher, designer, listener, observer, synthesiser and reporter. The main role stated is to develop local leaders to take responsibility for the process, to facilitate dialogue, to foster reflective analysis among participants and to provide periodic reports with a final report when the researcher's involvement has ended.

PAR and Praxis:

The relation between PAR and praxis is worth noting. Foster (2013) explains praxis as applying theory in a cyclical process of experiential learning through practice and reflection. As with PAR, praxis is about how theory informs action and how the interaction between theory and practice evolves. Foster (2013) explains that the nature of this research towards the development of a conceptual model involves people in theorising about their practices, encouraging them to be inquisitive to understand the relationship between circumstances, action and consequences. PAR then encourages people to put their practices, ideas and assumptions about institutions to the test by gathering compelling evidence for substantiation, involving critical analyses of the institutionally structured situations (e.g. projects, programmes and systems).

1.3.8 Data collection, analysis and interpretation

PAR is a qualitative research method. Data and information were collected from literature review and observations. These observations were formalised through the PAR methodology, making use of individual interviews, focus group discussions and workshops during the ten case studies. The first conceptual model was based on the literature review and the author's previous experience. Models were then presented, tested and improved from case study to case study.

A questionnaire was used (see Annexure D) to assess the extent to which each model component is present in a PSO. The questions per component can be regarded as performance indicators for each concept, e.g. leadership, strategic planning, project management, performance management and alignment. The questionnaire was used to indicate strengths and weaknesses of the identified components in the participating organisation. Questions were also asked to determine whether any component could be removed as critical or vital component or whether any additional component was required in the conceptual model.

The quantitative part of the research was where answers to statements in the questionnaire were expressed in terms of numbers and then analysed and interpreted.

The scientific process of model development, review and application is explored in the following section.

1.3.9 The development, review and use of conceptual models

The link between theory and model development is firstly discussed.

"The purpose of science concerns the expansion of knowledge and the discovery of truth. Theory building is the means by which basic researchers hope to achieve this purpose." (Zikmund 2003, p. 40) The verification and improvement of existing theories and the development of new theories are therefore a requirement for knowledge expansion. For

knowledge to be based on fact, a scientific process of theory development and testing is required.

According to Zikmund (2003), theory has two purposes, namely understanding and prediction. He (Zikmund 2003, p. 41) suggests that "[t]o predict phenomena, we must have an explanation of why variables behave as they do. Theories provide these explanations." Zikmund (2003) defines theory as a coherent set or network of general propositions. Propositions are statements concerned with the relationships among concepts (Zikmund 2003). Concepts (or constructs) are abstractions of reality as observed. They are the basic units for theory building. From reality (the observation of objects and events), levels of abstraction is increasingly reached by moving from concepts to propositions to theories. Zikmund (2003) indicates that theory production may occur at the empirical or abstract levels. A theory can also be developed from a literature review (the abstract level) and then be tested against the reality (the empirical level).

A scientific method should be used to analyse empirical evidence in an attempt to confirm or disprove prior conceptions. One way of testing and improving a theory is by means of Participative Action Research (PAR) where the empirical and abstract levels come into regular contact with one another. Illustrations are often used to properly explain such a network of propositions, each with its own concepts and relationships (with varying directions and magnitude). These illustrations or diagrams are often referred to as models or conceptual models.

Different types of models:

Different names are given to conceptual models. These include conceptual process models, business models, simulation models, theoretical models and diagnostic models.

Process models are used to understand and improve business processes, for example in Business Process Reengineering. The purpose of business models is normally to improve profits in a competitive environment. Simulation models are used for the development of mathematical and computer models. Robinson (2011) is a leading scholar in this field, focusing on conceptual modelling for the purpose of developing computer models/software. In their conceptual models, Zott and Amit (2013) focus on value/wealth creation in the private sector. Falletta (2005) is a source presenting diagnostic models with the purpose of organisational development, which includes improving organisational efficiency, effectiveness and impact.

According to Zott and Amit (2013), models could be presented in the form of new organisational forms, ecosystems, activity systems or value chains. The main domains or interest areas for business models, according to Zott, Amit and Massa (2011), lie in strategy, e-business,

information technology and innovation and technology management. Business models relate mostly to the private sector.

In this dissertation, a conceptual model is developed that is based on theory and practice (abstract and empirical levels) to be applied for organisational development and improvement for better public service delivery. The focus is not on improving business in a competitive private sector environment or building a simulation or computer model. The type of system or model developed in this research is a combination of an ecosystem and activity system (according to Zott & Amit 2013). Strategy execution occurs in a complex business ecosystem by means of a set of interdependent activities. According to Zikmund (2003) these activities are better described by concepts and propositions that are built into a theory and depicted by a model.

Conceptual model definitions:

Falletta (2005) presents various models developed between 1951 and 1987, but Zott, Amit and Massa (2011) report an exponential increase of models found in literature since 1995. These conceptual models are presented under various names. The term business model is often used in the private sector. Models are also described as conceptual tools, representations, frameworks, structural templates, methods and patterns (Zott, Amit & Massa 2011).

Robinson (2011) defines the term conceptual modelling as the process of abstracting a model from a part of the real world where the real system may or may not currently exist. This abstraction is described as a simplification of the real system accompanied by assumptions about what is not known about the real system. This simplification implies the choice to exclude or ignore certain components or details. It is a graphical representation of (a part of) the real world.

Zott and Amit (2013) describe a business model as a system of interdependent activities that are performed by the firm and by its partners as well as the mechanisms that link these activities to one another. It depicts the way the firm conducts its business to best meet stakeholder needs. The business model is market-centric and designed to enhance total value for all participants. It can also address gaps in business performance. Ostenwalder, Pigneur and Tucci (2005), from the private sector information systems domain, make a distinction between a business model and business process model. They define a “business model” as a view of a firm’s logic for creating and commercialising value, while a “business process model” is how a business plan is implemented in terms of processes with the purpose of business process improvement or reengineering. Ostenwalder, Pigneur and Tucci (2005) are of the view that the concepts and tools for developing conceptual business models are less developed compared to the domain of business process modelling.

A conceptual model for business, whether in the private or public sector, could therefore be defined as a depiction of how a business works as a system, a visual integration of key organisational and environmental components with their unique roles and relationships.

Conceptual model characteristics:

Conceptual models consist of concepts, propositions, components, elements or variables suggesting interaction or interrelationships among themselves. Marshak (2004) reports the number of variables or model components generally varying between four and twelve with the majority lying between five and seven.

Common themes or characteristics emerging from conceptual or business models are presented below (Marshak 2004; Falletta 2005; Robinson 2011; Zott, Amit & Massa 2011; and Zott & Amit 2013):

- There is a logic of how value is created for all stakeholders; showing the leading-lagging relationships amongst components/activities; showing the IPOO link (from Inputs to Processes to Outputs to Outcomes) as found in the Logical Framework Approach, for example;
- Emphasis is on the system or holistic level to explain how the organisation does its business;
- The specific context is described;
- The objectives or desired outputs and outcomes are described;
- Activities performed by internal and external stakeholders (e.g. partners and customers) are included;
- Mechanisms linking different activities/components are described;
- There is an integration of People, Processes and Technology (PPT);
- Different perspectives (e.g. the four Balanced Scorecard perspectives) are included;
- The emphasis is on proper fit amongst activities/components/concepts/propositions, especially the consistency between strategy and organisational activities; and
- Relationships are shown as linear, cyclical or more complex, similar to the many interconnecting elements of a nervous system.

Falletta (2005) advocates the total systems view according to the open systems theory where organisations can be viewed as a total system with inputs, processes and outputs, connected through feedback loops. Models can be developed for the current or the preferred future situation. Models can be presented as a step-by-step process, as the pieces of a puzzle, as essential building blocks of a building or as an integrated network like a nervous system or ecological system. These pieces of the model have to fit in and be integrated with the whole by describing the characteristics or behaviour of each component together with the nature,

direction and strength of relationships amongst components. From the various models presented by Falletta (2005), a good diagnostic model could be described as one possessing the following characteristics:

- simple to understand, but not too simple so as to exclude key components;
- based on the open systems theory with influences to and from the external environment;
- dynamic and interdependent;
- stating the specific context;
- including the customer as well as partners;
- stating assumptions, e.g. resources;
- depicting the process of converting inputs to outputs;
- including feedback cycles or loops;
- specifying the nature, direction and strength of influences amongst components;
- easy to visualise and easy to remember;
- considering organisational, unit and individual levels;
- indicating how changes in one or more component could impact other components;
- facilitating the systematic diagnosis of an organisation; and
- including diagnostic questions for each component.

Robinson (2011) describes a good model as one that is valid, credible, feasible and useful:

1) valid as it produces sufficiently accurate results for the purpose of understanding;
2) credible as it is believed by the clients or stakeholders;
3) feasible as it builds within the constraints of the available data and time; and
4) useful as it is sufficiently easy to use, flexible, visual and quick to implement.

Robinson (2011) also stresses the importance of developing the simplest model possible by only including the few most critical components that are impacting the system. The challenge for model builders is therefore to find the right level of detail and accuracy for optimal usefulness. Finally, a good conceptual model is one that is strongly supported by theory/theories and empirical evidence.

Conceptual model value:

Zikmund (2003) summarises the practical value of a theory (including a conceptual model) as offering insights into general rules of behaviour, offering generalisation, providing a framework for management and strategy and allowing general patterns to be understood and predicted. Applications of conceptual models are mostly found in the domains of strategy, information technology/e-business and innovation and technology (Zott, Amit & Massa 2011).

Marshak (2004), Falletta (2005), Robinson (2011), Amit & Massa (2011) and Zott & Amit (2013) offer various benefits of conceptual models. Conceptual models are valuable in their promotion of:

- understanding and insight into concepts, propositions and their relations;
- helping with the ordering of the organisation within its context;
- understanding of complex social systems with interactions between people, processes, technology and the environment;
- focusing on the vital few components and relationships within a complex environment with information overload;
- moving from linear thinking to systems thinking;
- interdisciplinary research;
- changing mental models;
- learning and creating new theory or knowledge;
- learning how the system as a whole functions and react with changes in one element;
- decision-making – guiding management in making the right decisions in a complex and dynamic organisation/world;
- innovation and the leverage of knowledge;
- collecting the right data and information about the organisation;
- categorising and interpreting data about the organisation;
- diagnosis and intervention; predicting how the system will react with changes in one or more elements;
- communication – helping management to communicate and explain the key concepts, propositions and relationships to employees and other stakeholders; a model provides a vocabulary and a way of thinking about issues;
- change management – helping to move an organisation towards the preferred position – both reactively and proactively;
- development of simulation, mathematical and computer models; and
- problem-solving and closing performance gaps.

As organisations are difficult to understand, to manage and to change, these models promote critical and creative thinking towards the production of insights and knowledge of how systems with their various components, relationships and influences behave under different conditions. These models normally have a broad application in a specific context (Marshak 2004). These benefits can only be realised if leadership establishes a mechanism for scanning and reacting to changes in the model (Marshak 2004). In viewing organisations as systems, leadership and organisational diagnosticians direct their attention to those components, activities or processes within the system that are considered to be vital to organisational life (Falletta 2005).

Falletta (2005) warns that models are only of value if they are grounded on sound theory and empirical research. In this research, the PAR scientific methodology is used to develop, test and refine the conceptual model for improved strategy execution. Zott and Amit (2013) express various concerns regarding business models. These include the lack of any consistent definition of the term “business model” and the lack of solid empirical support.

Robinson (2011) is of the opinion that conceptual models provide a useful starting point for participatory or collaborative modelling efforts. They help different stakeholder groups to establish a common language that facilitates more innovative planning and evaluation. Developing conceptual models is also a key step in developing indicators for sustainable and performance-based management according to Robinson (2011).

Conceptual modelling process:

Robinson (2011, p. 1436) suggests that “[c]onceptual modelling is not a science but an art”. This study holds that conceptual modelling involves analysis and synthesis, the use of both the left and right brain – the analytical part to identify the key components and the synthesising part to put these together in a balanced and integrative manner. A model can be developed starting from the empirical level and increasingly moving to higher levels of abstraction – from concepts to propositions to theory. Models can also be developed by starting on the abstract level (theories and/or propositions) to formulate new or improved theories. These then have to be tested or verified by means of empirical studies (based on Zikmund 2003).

Robinson (2011) describes the process of conceptual modelling as starting with the observation and description of the real system in the “Problem Domain”. This description is accompanied by assumptions relating to the real system. From there the process moves to the abstract level where simplifications are made to develop the conceptual model. In this “Model Domain”, the conceptual model could be further developed into a design of a computer model that should eventually be tested and validated in the real world or “Problem Domain”. This process is described as an iterative process and compares with the PAR methodology.

1.4 RESEARCH PROTOCOL

The research was conducted in 5 phases as illustrated in Figure 1.1 below.

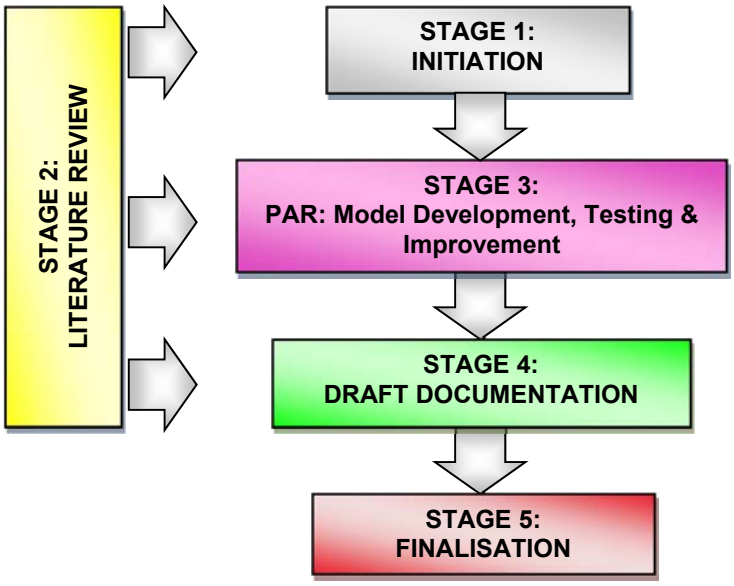


Figure 1.1: Research phases

Stage 1 includes the improvement and approval of the research proposal. Stage 2 includes the initial and follow-up literature review. Stage 3 includes the development and improvement of the conceptual model through various case studies. Stage 4 involved the writing of the various chapters in draft form, including the literature review, public sector context and closing the gap. Stage 5 involved the incorporating of comments for improvement, finalisation of the chapters, integration of the report, proof reading, completion and submission of the thesis.

A detailed schedule is presented in Annexure A. It indicates the commencement date as 1 July 2010 and 1 November 2010 when the research proposal was approved. The proposed date for completing the research and thesis is given as December 2014. The actual graduation date was March 2015.

1.5 RESEARCH CONSIDERATIONS

Ethical research considerations with delimitations, limitations and key assumptions are presented in this section.

1.5.1 Ethical considerations

According to O'Brien (1998) "PAR is done in real-world circumstances and involves close and open communication among the people involved, the researchers will have to pay close attention to ethical considerations in the conduct of the work." With sensitivity, the author adhered to the following ethical principles proposed by O'Brien (1998):

- The relevant authorities have been consulted and guiding principles accepted in advance by these authorities;

- All participants have been allowed to influence the work; the wishes of those who did not wish to participate were respected;
- The development of the work remained visible and open to suggestions from others;
- Permission have been obtained before making observations or examining documents as required; and
- The researcher accepted the responsibility for maintaining confidentiality.

These principles were applied by being transparent in the research, mostly as part of consultancy appointments. The researcher acted as facilitator and maximised the opportunities for involvement of all participants. Different opinions were invited, respected and considered. Confidentiality and copyright were also respected.

1.5.2 Delimitations, limitations and key assumptions

This research focuses on executing strategy in the public sector. It makes provision for all types or formats of strategic plans and methodologies. The research applies to public sector organisations (PSOs) on all levels and in all countries.

The solution, called MERIL-DE, is a conceptual model to guide the development of a unique MERIL-DE strategy execution model for each PSO, based on its own unique conditions. The model says that each PSO has to build and integrate nine vital components to improve their TSEC and eventual success with strategy execution. There could be additional important components, but it is believed that these nine are vital and critical in most PSOs, following the Pareto Principle of the critical few that will make the major impact.

Although the model could be built within a relatively short time, for example 3 months, the actual institutionalisation of MERIL-DE is a process of continuous improvement. The assumption is that a solid strategic plan has been developed or will be developed by a PSO and that there is an intention to implement it successfully. Although the model was accepted by most of the ten case studies and is applied in a few, such as Ongwediva Town Council, MWB and NSA, the time was too short to assess its results.

As tool to quantify the capacity for executing strategy, the TSEC concept can be utilised. This is based on questionnaires used during the PAR and model development. Practical limitations in applying this solution are the limited knowledge of leaders and practitioners in the disciplines making up the MERIL-DE Model. It is therefore the author's intention to start presenting training courses on strategy execution by applying the MERIL-DE Model from 2015 onwards in Namibia and other countries in Southern Africa.

The above are some delimitations set by the researcher with some limitations outside his control. No claims for significance beyond these delimitations will be made.

CHAPTER 2 : STRATEGY EXECUTION – A LITERATURE REVIEW

2.1 INTRODUCTION

2.1.1 Overview

The purpose of this chapter is to review literature on strategy execution. This literature review is a critical look at the existing literature which is significant to the current research. Although this study focuses on strategy execution in the public sector, most literature, however, is based on experiences in the private sector. The reason for this is simply that most literature on strategy execution is found in the private sector. The purpose of this literature review is to establish the latest thinking on the topic of strategy execution, including trends. An attempt is made to determine the size and nature of the strategy execution gap and the components making up the best solution to close this gap.

This chapter is accordingly followed by an analysis of the public sector context (Chapter 3) and thereafter the development of a conceptual model for strategy execution in the public sector (Chapter 4).

2.1.2 Structure of this chapter

This chapter is subdivided into four sections.

Section 1, Introduction, provides an overview of the continued literature review with definitions of concepts and terms and highlights the significance of strategy execution.

In Section 2, the key sources on strategy execution are analysed to determine the size and nature of the strategy execution gap, barriers to successful strategy execution and finally trends and vital components of strategy executing solutions.

Section 3 offers literature review-based insights on the identified vital components of strategy executing solutions, namely leadership, strategic planning, project management, alignment, performance management system, drive and engagement.

In Section 4, conclusions on gaps and trends in strategy execution as well as gaps in literature are presented.

2.1.3 The nature of strategy execution

In this section, the nature of strategy execution is described in the broader context of strategy and strategic management.

Strategy in its simplest form can be described as the preferred and selected path to follow to reach our goals/objectives. The vision (where we want to be) and the mission (who we are and

what we do) and the shared values (how we want to travel) guide this path. A strategy often documented in a strategic plan can be defined as a medium term (normally five year) plan to move the organisation from its current position to its desired future position through the achievement of specific objectives by means of specific selected actions (called activities, projects, programmes or initiatives).

Rumelt (2011) defines *strategy* as "a coherent set of analysis, concepts, policies, arguments and actions that respond to a high-stakes challenge" and that it "coordinates action to address a specific challenge." In this definition, action is included in strategy. This is why Childress (2013) states that "there is no strategy without execution."

The strategic plan is generally regarded as a hypothesis. Through execution, the hypothesis is tested and the strategy reviewed where needed to achieve the stated benefits in the most efficient way. Thompson and Strickland (1987) regard strategy execution, evaluation and adjustment as part of *strategic management*. They define strategic management as the process whereby managers establish an organisation's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of relevant internal and external conditions, and then undertake the chosen action plans.

Strategy execution, as part of strategic management, is the action of doing what the strategy (or the strategic plan) says and includes a review process. While strategy planning is normally regarded as a project (a unique and temporary endeavour), it is also the ongoing process of doing what is planned, with a repetitive cycle of evaluation and improvement. De Flander (2010) defines strategy execution as "all the actions necessary to turn your strategy into success". He describes strategy execution as "a vast area with blurred borders, a discipline of its own, requiring your attention from strategic planning, an ongoing process and on its way to maturity." Bossidy and Charan (2002) also regard *execution* as a discipline on its own and integral part of strategy. They describe execution as a specific set of behaviours and techniques that organisations need to master for gaining and maintaining a competitive advantage. Execution, according to Bossidy and Charan (2002), is the major job of business leaders. Hrebeniak (2005), in turn, describes execution as a disciplined process or logical set of connected activities that enables an organisation to make its strategy work.

Childress (2013) views *strategy and execution* as inseparable, distinct, but intimately connected, much like two sides of a coin. When separated they do not work. He sees strategy as a living organism that only expresses itself though the process of being delivered. Strategy execution could therefore be regarded as doing what the strategic plan says has to be done to achieve what the plan says has to be achieved, namely testing the hypothesis expressed in the strategic plan and moving the organisation towards its preferred destination, step by step by means of actions or projects. Strategy execution is part of strategic management and is a

never-ending process (Childress 2013). It is a unique, disciplined journey involving the whole organisation (Childress 2013). This implies that strategy without execution is non-existent. Execution is therefore the only competitive advantage. Childress (2013) continues by describing strategy as "a dynamic contact sport that cannot be divorced from execution. Strategy execution is not easy, not for the faint of heart, and in fact, never goes according to plan […] but along the way, you and your leadership team will grow in capability, alignment and confidence."

The dynamic nature of strategy execution can be described as "business-as-unusual" (Childress 2013), requiring agility to respond in the uncertain and dynamic environment through frequent updates and adjustments. It is a journey of breakthroughs to a different tomorrow, a journey requiring bold leaps in performance, requiring changing the way things are done (Childress 2013). Strategy therefore always requires doing things differently. This uniqueness is also captured in the definition of a strategic initiative or project. The Guide to the Project Management Body of Knowledge (PMBOK) (PMI 2013) defines a project as being a temporary and unique endeavour to achieve a specific objective. Because of this uniqueness, there cannot be a perfect project plan and perfect strategic plan, "but the sooner you begin to work your plan, the sooner you learn how to improve your plan" (Childress 2013).

In the strategic plan, a *portfolio of projects* is implemented, consisting of the various selected programmes, projects and activities (PMI 2013). According to Childress (2013), strategy execution is a discipline and one that must be practiced regularly (or continuously). Strategy is never finished. Strategy is realised through action; by doing, by getting your team aligned, your employees engaged, your initiatives underway and products out into the market. Although strategy execution could be regarded as an ongoing or endless process, it consists of finite elements called strategic initiatives or projects to achieve specific objectives. Hamm (2011), however, sees execution as a game (with a start and finish) with a game clock. The game has timeframes within which performance targets have to be achieved as expressed by internal and external deadlines. Apart from the time limitations, "the game" also has limitations of cost, quality and human resources, as described by PMBOK (PMI 2013) in the management of projects.

According to Hamm (2011), execution is all about results. Hamm (2011) describes execution as the point where the rubber meets the road, as a game in which scoring is done and winners and losers are determined, where there is no place to hide during the game and where every day is a game day. He believes that at the end of the day, leaders are paid and held accountable to produce results. He believes that the strategy process carries on during and after the game, when the strategy is tested by the reality of the game. Execution is marked by measurement and feedback and by continually keeping score, learning and making improvements or corrections.

In keeping with the view of Thomas Edison that vision without execution is hallucination, Lepsinger (2010) and OnPoint Consulting (2011) agree that if an organisation cannot execute, nothing else matters - not the most solid, well thought-out strategy, not the most innovative business model, not even technology that could transform an industry. They agree that the real differentiator is the ability to get things done and deliver consistent results.

Therefore, in strategic management, it is strategy execution that matters most. Strategy execution seems to be where the action is, as it is very dynamic and difficult, but also where the benefit is created, where performance is improved and where competitive advantage is realised. It seems as if strategy execution is the job of all, including the top leadership. It could be regarded as a game or a journey – a long game or journey, but with a start and finish. The journey or game takes the whole organisation to unfamiliar territory as it gains more territory, as it moves to higher levels of performance and service delivery.

After describing the nature of strategy execution, in the next section, the significance of strategy execution is further highlighted in order to illustrate and reinforce its important role.

2.1.4 Significance of strategy execution

Garnier's view that "[s]trategy is important. Execution is everything," (Garnier in McKnight, Kaney & Breuer 2010, p. 13) is summative of this section. According to Collins (2001) strategy does not separate the good from the great, but execution does: "The real difference between a company and its competitor is the ability to execute" and "execution is the great unaddressed issue in the business world today" (Bossidy and Charan 2002). "The execution of a strategy," says Niven (2003, pp. 10-11), "is more important and more valuable than the formulation of a strategy […] unfortunately, the vast majority of organizations fail miserably when attempting to execute their strategies." De Flander (2010, p. 29) responds to this issue by stating that "Strategy Execution is a new, emerging competitive battlefield that starts to get more and more attention."

Strategy execution is the top concern of executives today. Muell and Cronje (2008) call the implementation of strategy the number one challenge facing managers in the 21st century. In spite of this significance, they view execution as the least researched management topic and that unsuccessful strategy execution is continuing to have a tremendous financial impact on organisations' profits and competitive advantage. Barrows (2009) describes strategy execution as a current hot topic in management and reports on a survey that revealed that chief executives are so concerned about strategy execution that they rated it as both their number one and number two most challenging issue. Barrows (2009) reports a 60% strategy execution failure rate.

In the 2009 "Best Companies for Leadership Survey", conducted by Bloomberg BusinessWeek.com and Hay Group, it was revealed that the quality that the Top 20 companies valued most in their leaders was execution, namely the ability of leaders to achieve results through others (Lash 2010). Hrebiniak (2005) states that formulating strategy is difficult, but that executing it throughout the organisation is even harder. Without effective execution, no business strategy can succeed. He argues that managers today know far more about developing strategy than executing strategy, which includes overcoming all the political and organisational obstacles in the way. A disciplined process or logical set of connected activities is required to attain strategic goals.

Since 2001, Schreurs (2010) has been studying strategy execution trends and best practices. He has seen strategy execution evolve from a token discussion to a top priority in most organisations. He reports that, in spite of the meteoric rise in the interest in strategy execution, The Harvard Business Review shows that companies continue to lose 40-to-60 percent of their strategic potential while trying to execute it. The significance of strategy execution and, particularly topicality is further reaffirmed by the enormous increase in the number of hits during Google searches over the last few years when searching the term "strategy execution":

15 January 2009: 804,000 results
27 October 2011: 14,700,000 results
30 December 2011: 21,600,000 results

In their research, Gottschalk and Gudmundsen (2009) explore the notion of poor execution and state that the serious effects of poor execution are not achieving objectives, lost opportunities, duplicated efforts, wasted resources, incompatible organisational units, dissatisfaction and reluctance to continue with strategic planning. In accordance with this theme, Childress (2013) quotes the Forbes Magazine of 22 April 2012 on why CEOs fail: "… CEO failures are even more visible than 13 years ago – and in high definition… [E]xecution is critical as ever, in and of itself, but today we also have transparency to deal with [as] stakeholders are learning about poor CEO execution faster."

Childress (2013) therefore affirms that "[f]ocussed and disciplined execution can be your single biggest competitive advantage! But it will take four things from you: a clear plan, a robust execution process, courage and 100% commitment to hold people accountable."

To conclude, value is created through strategy execution and not through strategic planning. Strategy execution is a discipline on its own and compared to a challenging game or journey where the stakes are very high – for both breakthrough success, but also for leadership retrenchment with breakdowns. Strategy execution is a "hot topic" today. It is regarded as extremely significant – often as the number one challenge in business today.

In the next section, the leading sources on strategy execution are analysed, starting with the execution gap and barriers to execution.

2.2 STRATEGY EXECUTION: A LITERATURE-BASED ANALYSIS

The purpose of this section is to analyse the leading sources on strategy execution.

A significant increase in literature on strategy execution is observed after 2000. It started slowly with Kaplan & Norton (2001) and Bossidy & Charan (2002). Then from 2005 onwards, there was a constant flow of research from Hrebiniak (2005), Morgan, Levitt & Malek (2007), Paladino (2007), Spitzer (2007), Kaplan & Norton (2008), Harpst (2008), Marr (2009) and Mukherjee (2009). The latest sources since 2010 include De Flander (2010), McKnight, Kaney & Breuer (2010), Lepsinger (2010), Cohen (2011), McChesney, Covey & Huling (2012) and Childress (2013).

An increased volume of literature on the subject of strategy execution seemed to appear as strategy execution has become and remains a “hot topic”.

In this section, firstly, the size and nature of the strategy execution gap is assessed. Secondly, the barriers to successful strategy execution are analysed. Finally, this is followed by an analysis to identify the critical or vital components to close this strategy execution gap.

2.2.1 The strategy execution gap

There is ample empirical evidence that strategy execution is not given sufficient attention by organisational role players. 70% of CEOs who are fired are not dismissed because of bad strategies, but rather because of poor execution (Childress 2013).

On average, the gap between strategic planning and execution is given as **60%** with a confidence level of only **35%** to close the gap. The sources in support of these statistics are presented below. Attempts to determine the size of this gap between strategy planning and execution through surveys between 2002 and 2008, mostly in the private sector in first world countries, reveal an average gap between strategy planning and execution of 60% (mostly between 50% and 70%) with a confidence level to close the gap of only 30-40%. Organisations in general therefore face an average **performance loss of 60%** when implementing strategy. In other words, organisations on average realise only 40% of their strategic ambition (OnPoint Consulting 2011, Mankins & Steele 2006, Cruz 2013 and Childress 2013)

At the high end Kaplan & Norton (2001), Zook and Allen (2001), Dinsmore and Cabanis-Brewin (2011) reported a 90% failure rate of well-formulated strategies. Franken, Edwards and Lambert (2009) suggest that 70% of organisations fail to successfully execute their strategies. Kaplan and Norton (2008) reported that 60-80% of companies fail to achieve their strategic targets.

The first contributing factor is a poor strategic plan. The survey by Schreurs (2010) of 1,100 organisations revealed that 15% believe their company has the wrong strategy. In his study, Childress (2013) reveals that only 80% of directors said they had the right strategy.

A major contributing factor is the poor communication of strategies. Kaplan & Norton (2005) reported that 95% of employees are unaware of, or do not understand, their strategy and that 56% of organisations do not even properly communicate their strategy to the employees who must implement it. According to Axson (1999), 73% of employees do not have access to the organisation's strategic plans and only 42% of managers have access to these plans. Schreurs (2010) reports a percentage of 30% of staff who receive no information on how to execute the strategy.

Another contributing factor to this big strategy execution gap is the absence of making strategy and strategy execution a day-to-day job, i.e. regularly tracking business results against the performance forecasts. Only 15% of executive leadership teams spend more than one hour per month reviewing their strategy (Kaplan & Norton, 2005 and Mankins & Steele, 2006).

Poor project management is also highlighted as a major contributor to the gap. Strategies are executed through projects, but Davis et al (2010) reported that only 30% of strategic initiatives are successfully executed. Schreurs (2010) reports that only 61% is convinced that the strategic initiatives or projects are staffed with the right people. Only 27% believe that the strategic initiatives are managed correctly, 27% do not receive any individual feedback, 17% indicate that performance is not monitored, 38% indicate that poor performers do not face any consequences, and of all managers 24% do not receive any useful strategy information from other departments (Schreurs 2010). Cruz (2013) summarises the gap well in the following statement: "In any organization, there is nothing more frustrating than to have a great strategic plan and a very promising strategic opportunity destroyed by poor strategy execution." This performance gap could be expressed in terms of unrealised profits for the business and benefits to the customer/community. On a positive note, Childress (2013) reports "some spectacular execution successes". He mentions the turnaround of Continental Airlines (1995) and Ford Motor Company (2012) as examples of successful strategy execution bridging the gap.

In the next section, the 60% gap, which is identified in this section, is analysed to determine in more detail the barriers contributing to the gap, according to literature.

2.2.2 Barriers to successful strategy execution

Literature suggests various barriers to successful strategy execution. These barriers could be grouped into seven categories.

The first and probably the major barrier is poor **leadership** (Muell and Cronje 2008, Pedersen 2008, Harbst 2008, ActiveStrategy 2009, Mueller 2010, OnPoint Consulting 2011 and Childress 2013). Childress (2013) mentions mental management fatigue, an overall lack of enthusiasm, opening the door for cynicism and negativity towards the work at hand to execute the strategy in the midst of the operational whirlwind. Leaders often do not see execution as their job. The conventional view is that leaders think out the strategy and management and below implement it. Unless leadership commits to strategy execution, the organisation will be caught up in the operational whirlwind – the urgent day-to-day job (McChesney, Covey & Huling 2012).

The second barrier lies with the **strategic plan** itself. Execution of a vague, bad, unbalanced, poorly integrated, incomplete or flawed strategy cannot deliver success (Sterling 2003, Harbst 2008, Pedersen 2008, Forbes Insights 2009, OnPoint Consulting 2011 and Childress 2013). A strategic plan without proper deployment (cascading) and without clarified roles, accountabilities and responsibilities cannot be properly implemented (Pedersen 2008, ActiveStrategy 2009 and Childress 2013). A strategy without a supporting strategy map for clarification often hinders understanding and implementation (Hitachi Consulting 2009). Other weaknesses include too many objectives without focus (Sterling 2003, Mueller 2010, McChesney, Covey & Huling 2012 and Childress 2013) and strategy execution as an afterthought and not an integral part of strategy formulation (Childress 2013).

The third barrier is poor **project management**. Poor project/initiative management is regarded as a major gap in strategy execution, as strategy is essentially executed through projects. Many initiatives are not directly linked to strategic objectives (Childress 2013). Strategic initiatives are generally poorly planned, staffed, funded and managed. Their strategic impacts are not measured and they lack transparent accountabilities (Muell & Cronje 2008, Schreurs 2010 and OnPoint Consulting 2011). Many initiatives are not directly linked to key strategic objectives as "pet" projects are often buried inside the overall strategy, thus wasting resources on "disconnected initiatives" (Childress 2013). Poor translation of strategy into manageable actions creates another major barrier (Sterling 2003, Pedersen 2008 and ActiveStrategy 2009). Risk management is finally a fundamental part of project management as it considers and manages the unforeseen events or conditions from the internal or external environment (PMI 2013 and Forbes Insights 2009).

The fourth identified barrier is poor **alignment** of the strategy with the rest of the organisation. It includes structure, culture, processes and technology. A strategy can only be implemented with

supporting and aligned organisational systems such as structure, people practices, business processes and technology (Harbst 2008 and OnPoint Consulting 2011). The organisation should be capable to execute the strategy (Forbes Insights 2009). Resources, such as funds and competent, motivated and committed people in an appropriate structure, are required for this (Sterling 2003, Paladino 2007, Muell & Cronje 2008, Harbst 2008, Pedersen 2008, Schreurs 2010 and OnPoint Consulting 2011). Childress (2013) and Muell and Cronje (2008) agree that corporate culture also often act as a barrier to the teamwork, openness and innovation required for effective strategy delivery. Childress (2013) regards culture as "invisible of all speed bumps" in effective strategy delivery. It can act as either a propellant or an anchor. Childers (2013) also mentions poor alignment at top management and heavy "silo focus" leading to sub-optimisation and resource conflicts. The poor alignment barrier includes poor alignment with market conditions (Sterling 2003) as well as the existing power structure (Pedersen 2008).

The fifth barrier is the lack of a proper strategy execution or performance management system (**PMS**) – a formal repeatable strategy execution system to monitor performance (OnPoint Consulting 2011). It is a barrier (or blindfold) when going on a journey without knowing the progress. A guideline or model to execute strategy is required to allow continual monitoring/tracking/reviewing of performance, clear accountability and holding teams responsible (Sterling 2003, Pedersen 2008, Forbes Insights 2009 and Mueller 2010). A repeatable execution framework with strong emphasis on learning is required (Harbst 2008). Strategy focus is only possible with a well-defined, purpose-built strategy review and governance process amidst the day-to-day whirlwind of operations (Childress 2013). Schreurs (2010) stresses the need for a strategy adjustment cycle which is not too long, allowing the systematic address of under-performance. McChesney, Covey & Huling (2012) refer to this as the cadence of accountability – the recurring cycle of planning and accounting for results, a disciplined execution system with a rhythm of planning, evaluation, reporting and improvement. This system should have the ability to measure true strategic performance with leading and lagging indicators (Hitachi Consulting 2009) facilitating continuous adaption or improvement of the strategy (Pedersen 2008).

Poor **motivation/drive** is the sixth barrier. Paladino (2007) calls this the people barrier, i.e. when people are not motivated to execute the strategy. A barrier is created when people do not believe in the strategy and do not want to do it, when they do not buy in and commit (Sterling 2003 and OnPoint Consulting 2011). A barrier is formed when goals do not create passion and a call for action (Mueller 2010), when there is internal resistance (Pedersen 2008), a lack of/inappropriate incentives (Harbst 2008, Pedersen 2008 and Muell and Cronje 2008), no agreement on critical actions or a lack of feeling of ownership in strategy and execution plans

(Harbst 2008 and Pedersen 2008). There is a barrier when there is no connection with personal goals or when there is cultural resistance, when strategy execution is not seen as everyone's job, but the job of "that department" (Mueller 2010). Without sufficient drive or internal energy, the strategy execution journey will not be sustainable.

The seventh barrier is poor **engagement** or involvement of management and staff in the total strategic planning and execution process. This is mostly due to poor communication. Poor strategy communication and engagement of the people is a barrier as executives fail to establish an open communication (dialogue) climate, involving the people from the planning stage (Sterling 2003, Muell & Cronje 2008, Hitachi Consulting 2009, Forbes Insights 2009, Mueller 2010, Schreurs 2010, OnPoint Consulting 2011 and Childress 2013). Paladino (2007) calls it the vision barrier when people do not know the strategy and the management barrier when strategy is not part of day-to-day operations and dialogue. Mueller (2010) adds that when goals are not clearly communicated and understood and do not resonate with staff, there is no connection between leaders, their staff and their purpose. Without engaging the hearts and minds of people, the hands will seldom do the strategy execution work.

From the sources employed in this subsection, it is evident that the strategy execution gap is mainly made up of the above-mentioned seven barriers. These and other barriers often combine to create the "perfect storm" to kill a good strategy.

In the next subsection, literature is reviewed to determine the nature of solutions offered to close this gap.

2.2.3 Strategy execution solutions

The size and nature of the strategy execution gap have been established. Strategy execution solutions from leading sources are now reviewed. These solutions address the seven barriers mentioned in the previous subsection.

The solutions offered by the current sources are either in the form of certain critical elements or factors that are required or in the form of an integrated system or model. Many of the sources stress the importance to combine or integrate these factors or elements, but only a few propose how this integration should take place in the form of an integrated system or model.

An example of the factor solution is Bossidy & Charan (2002) who present various critical factors, components or processes for successful execution. They explain that "the heart of execution lies in three core processes" (Bossidy & Charan 2002), namely people, strategy and operations. The authors do not fully explain how an organisation can successfully implement these three core processes. It is the view of the author that this "factor view" does not contain enough detail to help managers to implement it in their organisations.

The first significant model or management system for strategy execution was presented by Kaplan and Norton (2008). It consists of six sequential stages intended to help organisations capture what they call an "execution premium" – a measurable increase in value derived from successful strategy execution. These stages consist of 26 detailed sub-activities where they explain how organisations can execute their strategies. In the author's opinion, this system's view contains so many sub-steps that it can be overwhelming to managers to implement in their organisations. The author is therefore of the opinion that a system view is better to address the complexity of strategy execution, but that the components should be limited to the critical few with a clear application of the components and the system as a whole – a nonlinear system.

Strategy execution solutions presented by key sources are explained below in tabular format and in chronological order for the period 2001 to 2013. It should be noted that the focus of most of these sources is the private sector.

Table 2.1: Summary of leading sources on strategy execution solutions

Kaplan and Norton (2001) present their *Five Principles of a Strategy Focussed Organisation* (SFO). The solution components of such an organisation are: 1) Mobilising change through executive leadership (aligned teamwork, engage, energise, employ energy towards change); 2) Translating the strategy into operational terms (strategy maps and balanced scorecards); 3) Aligning the organisation to the strategy; 4) Making strategy everyone's everyday job (engage everyone's heads and hearts); and 5) Making strategy a continual process (a regular closed-loop governance management system, which includes learning and improvement). No mention is made of project management and no integrated model is presented.
Bossidy and Charan (2002) present *Three Building Blocks* and *Three Core Processes*. The Three Building Blocks are: 1) Leaders' seven essential behaviours; 2) Creating the framework for cultural change; and 3) Having the right people in the right place. Their Three Core Processes are: 1) People process – link strategy & operations; 2) Strategy process – link people & operations; and 3) Operations process – link strategy & people. Project management is not included. Reference is only made to operations. No integrated

model is presented.
Hrebiniak (2005) present eight *Key Success Factors.* These factors are as follows: 1) Implementing a strategy execution model to guide execution decisions and actions with a feedback loop leading to learning; 2) Creating a good strategy; 3) Managing change, including cultural change; 4) Managing power and influence for execution success; 5) Developing organisational structure supporting information sharing, coordination and clear accountability; 6) Utilising effective controls and feedback mechanisms, including incentives; 7) Creating an execution-supportive culture; and 8) Exercising execution-biased leadership. The need for project management and a clear performance management system are not mentioned. No integrated model is presented.
Fogg (2006) proposes a framework of *18 Keys* to implementing your strategic plan. Seven of these keys are: 1) Leadership (foster creative leadership and mental toughness; remove resistance); 2) Accountability (develop an accountability system; negotiate individual accountabilities); 3) Action planning (turn strategic priority issues into assigned, measurable action plans); 4) Dialogue (embed departmental planning; communicate to everyone, all the time); 5) Organisational support and alignment (change the organisational structure; Change the people; Allocate resources effectively: Putting your money and people where your future is. Align your organisation's work with the plan – from top to bottom; Fix broken core processes); 6) Teamwork (use teams appropriately); 7) Culture (define the future culture and performance management (review performance; reward strategic results). No integrated model is presented.
Paladino (2007) presents *Five Principles.* These are as follows: 1) Establish and deploy a corporate performance management office and officer; 2) Refresh and communicate strategy; 3) Cascade and manage strategy; 4) Improve performance and 5) Manage & leverage knowledge. Project management, engagement/dialogue and

alignment, although partly covered, are absent.

No integrated model is presented.

Morgan, Levitt and Malek (2007) present the *Strategy Execution Framework* (SEF) with *six Domains with Imperatives* of Strategy Execution. These are:

1) Ideation (ID, purpose, intention) (Drive);
2) Nature (aligned strategy, culture, structure) (OD);
3) Vision (detailed strategy with scorecard);
4) Engagement (through projects);
5) Synthesis (monitor and improve); and
6) Transition (transfer projects to operations).

They believe that these six domains need to be aligned amongst them and with the external environment.) Strategy appears centrally and is engaged through the project investment stream. It is believed that Portfolio and Project Management is required to execute strategy and that the project is the true transaction point for strategy execution. Leadership is referred to in all Domains. Drive, a culture of dialogue and alignment are all included in different Domains. PMS is included in Domain 5 where it is believed that project work has to be continuously monitored and aligned with strategy after which projects have to be crisply transferred to operations to reap the benefits.

No integrated model is presented.

Spitzer (2007) presents Four Keys to Transforming Performance Measurement and Ten Activities in the Performance Measurement Cycle. The Four Keys are:

1) Context (including social and psychological climate);
2) Focus (selecting the right measures);
3) Integration (linking objectives in the strategy map); and
4) Interactivity (interaction; dialogue).

The Ten Activities are:

1) Plan the strategy with objectives;
2) Select measures/PIs;
3) Collect (measure);
4) Analyse (evaluate);
5) Interpret (synthesise and report);
6) Decide;
7) Commit to action for improvement;
8) Take action for improvement;
9) Review (learn); and

10) Dialogue (at the very centre of the cycle).

Project Management is not very prominent. A strong emphasis is placed on leadership, drive and dialogue in the performance measurement cycle. Alignment includes stating the required supporting social and technical architecture. Strong emphasis is placed on a PMS, including measurement, evaluation, reporting, decision-making, learning and review.

An integrated model is presented, although with a focus on performance measurement.

Kaplan and Norton (2008) present a comprehensive and complex model, called the *Management System* or *Execution Premium Process* (XPP) with six stages. These stages are:

1) Develop the strategy;
2) Plan/Translate the strategy (strategy map with detailed scorecards);
3) Align the organisation with the strategy (OD);
4) Plan operations, including process improvements;
5) Monitor and learn (continuous cycle); and
6) Test and adapt the strategy (Continuous cycle).

The major omission is again project management. Only operations management is mentioned. The strategic planning process (the Balanced Scorecard) again features strongly. Leadership, drive and dialogue aspects are included although the people processes, such as dialogue, are not clearly articulated. However, the important role of alignment is described. The PMS model is very complex as it also attempts to link strategy with day-to-day operations through a closed-loop management system, including improved communication through regular management review meetings.

This is a very sophisticated and complex model – integrated to some extent, but very linear.

Harbst (2008) presents the *Six Disciplines*, namely:

1) Strategy – decide what is important;
2) Plan – set goals that lead;
3) Organise – align systems;
4) Execute – work the plan;
5) Innovate – innovate purposefully; and
6) Learn – step back.

Five of the seven critical elements are included in this book. Project Management and internal drive are absent in this model. Only the role of external motivation is mentioned. Coaching is regarded as a very important part of leadership. Engaging all is emphasised. A PMS is included as a repeatable execution framework with 31 steps in six disciplines with a strong emphasis on learning.

An integrated model is presented.

Marr (2009) presents *Ten Principles of Good Performance Management*. These are as follows:

1) Achieve strategy clarity;
2) Collect meaningful performance indicators;
3) Apply performance management analytics;
4) Create a positive learning culture;
5) Gain cross-organisational buy-in;
6) Ensure organisational alignment;
7) Keep the system fresh;
8) Report and communicate performance well;
9) Implement appropriate software; and
10) Dedicate resources and time.

These ten principles exclude a comprehensive description of project management and leadership. Marr particularly offers a strong resources focus (tangible and intangible resources) as part of alignment.

No integrated model is presented.

Mukherjee (2009) offers *Four Design Principles*, namely:

1) Embed "sense-and-respond" capabilities within normal "plan-and-execute" processes - to detect a problem/opportunity early and correctly and then to react effectively;
2) Promote collaborative action amongst network partners fragmented across time and space;
3) Nurture organisational learning; and
4) Deploy technologies that enable intelligent adjustment to changed conditions, in support of the first three principles.

His biggest contribution is in the PMS where he proposes a "sense-and-response" capability in addition to the conventional plan and executes capability. The roles of project management, leadership, drive and engagement are not clearly included.

No integrated model is presented.

Active Strategy (2009) presents their model called the "Enterprise Strategy Execution" (ESE) model, consisting of *Nine Steps*. These are:

1) Executive buy-in and support;
2) Strategic planning and mapping;
3) Top-level Balanced Scorecard;
4) Cascading scorecards;
5) Performance improvement;
6) Scorecard business reviews;

7) Process management; 8) Employee goal alignment and compensation; and 9) Budget integration. This model includes all but one of the seven vital components. The role of project management is not clear. Process management, however, is included. The PMS model is presented in a cycle, but still mostly linear. An integrated model is presented.
Strickland (2010) offers Eight Components of Strategy Execution. These are: 1) Exercising strong leadership driving execution; 2) Instilling a corporate culture promoting execution; 3) Building a competent organisation with sufficient resources; 4) Marshalling financial resources for execution; 5) Instituting policies and procedures to facilitate execution; 6) Installing information and operating systems to enable personnel to execute (MIS); 7) Tying rewards and incentives directly to achievement of strategic targets; and Adopting best practices and striving for continuous improvement. These are just components and do not present a model. Elements not fully dealt with are strategic planning, project management, drive and PMS. The strongest emphasis is placed on alignment. No integrated model is presented.
De Flander (2010) presents the model called *The 8.* It consists of Eight Crucial Building Blocks, namely: 1) Review and update your strategy; 2) Communicate; 3) Cascade; 4) Compare and learn; 5) Manage initiatives; 6) Set individual objectives; 7) Monitor and coach; and 8) Evaluate performance. Project Management is centrally placed and is regarded as the weakest link in the execution chain. The essential role of the leader/manager is well articulated. The author regards his model as simple, highly recognisable and sexy – compared to the more complex models, such as that by Kaplan & Norton. The element of organisational alignment is not clearly described. An integrated model is presented.

McKnight, Kaney and Breuer (2010) present the *Four Jobs of Strategy Execution*. These are:

1) Winning Minds (Heads);
2) Winning Hearts;
3) Aligning Local Effort (Hands); and
4) Creating Organisational Capabilities.

The role of strategic planning (not balanced Scorecard approach) and Project Management are described in detail. There is a strong focus on aligned leadership in strategy execution, although a mostly HR perspective is offered with focus on individual performance. There is a strong emphasis on drive/motivation with their "winning hearts". They also have a strong emphasis on dialogue/engagement (winning minds and hearts through engagement). Their alignment emphasis is also strong with creating organisational capabilities and alignment of systems. PMS aspects are also included.

No integrated model is presented.

Lepsinger (2010) outlines five prerequisites for effective execution and five competencies or "bridges" that differentiate companies that do it best. He proposes six "bridge builders" that leaders at all levels can use to close the execution gap and help people get things done. The five bridges or competencies required are:

1) The ability to manage change;
2) A supporting structure;
3) Employee involvement in decision making;
4) Alignment between leadership, values and priorities; and
5) Company-wide coordination and cooperation.

The following bridge builders are proposed to put these five bridges in place:

1) Create and use action plans;
2) Expect and get top performance;
3) Hold people accountable;
4) Involve the right people in the right decisions;
5) Facilitate change readiness; and
6) Enhance cooperation and collaboration.

No integrated model is presented.

Cohen (2011) presents a simple formula to explain what is needed to execute strategy. He expresses it in the form of a formula, E=AMC, meaning, Strategy Execution is a function of Alignment, Mindset and Capabilities. Strategic alignment, the optimal mindset supporting engagement as well as the ability to change are required to move the organisation from where it is now to what it must become.

No integrated model is presented.
McChesney, Covey & Huling (2012) offer the *4 Disciplines of Execution*. These four disciplines are: 1) Focusing on the wildly important; 2) Acting on the lead measures; 3) Keeping a compelling scorecard; and 4) Creating a cadence of accountability. No integrated model is presented.
Childress (2013) presents the *Fastbreak Strategy Execution Process*. This model integrates leadership, culture and performance management. It integrates strategic planning and execution. It further visually presents the entire strategy in a line-of-sight approach with objectives linking to initiatives linking to metrics linking to performance outcomes. On this "Strategy-on-a-Page Execution Roadmap" the entire business strategy is visually presented in a line-of-site approach with objectives linking to initiatives linking to metrics linking to performance outcomes. Childress regards this as the simplest, most robust process for ensuring successful strategy execution. An integrated model is presented.

Cruz (2013, p. 2-4) summarises the solution to successful strategy execution by quoting Thompson, Peteraf, Gamble and Strickland:

> Successful strategy execution depends on doing a good job of working with and through others; allocating resources; building and strengthening competitive capabilities; creating an appropriate organizational structure; instituting strategy-supportive policies, processes, and systems; motivating and rewarding people; and instilling a discipline of getting things done. Executing strategy is an action-oriented, make-things-happen task that tests a manager's ability to direct organizational change; achieve continuous improvement in operations and business processes, create and nurture a strategy-supportive culture, and consistently meet or beat performance targets. Although there is no single managerial "recipe" for successful strategy execution, a few frameworks may be used. There is unfortunately very limited literature on strategy execution. This seems to be a topic that has failed to attract the most prominent management gurus like Peter Drucker, Michael Porter, Henry Mintzberg, Gary Hamel or Collins and Porras.

From the above literature it is evident that various attempts have been made over the last thirteen years to find the cure or solution for the strategy execution gap. From all these proposed solutions, there is consensus that the problem is big, complex and dynamic. To make sense of all these proposed remedies, and to be able to apply them in a practical way which is simple enough, but effective, the multitude of factors, elements or keys are grouped into seven categories. These seven vital strategy execution components are presented next and address the seven barriers mentioned in the previous section.

2.2.4 Seven vital strategy execution components

The author regards the following as the seven vital building blocks that need to be integrated to close the strategy execution gap. These seven vital Strategy Execution components are:

1. *Leadership* – visionary and committed leadership, engaging all in strategy execution and making required resources available;
2. *Strategic planning* – a good, solid, focused, complete, balanced, integrated, achievable and measurable strategic plan cascaded to the different organisational units;
3. *Project management* – initiatives clearly linked with objectives, properly selected, planned, executed, monitored, controlled and closed, using best practice project management methodologies, tools and techniques; risk management is included as an institutionalised ability to identify, assess and respond to various types of internal and external uncertainties. Portfolio and programme management is included under this component.
4. *Alignment* – the strategy aligned with organisational elements such as the organisational structure, culture, skills, processes, technology and financial and other resources;
5. *Performance management system (PMS)* – A holistic, standard, repeatable closed-loop execution framework with clear accountabilities, consisting of cycles of measuring, evaluation, reporting, improvement and learning; a system giving the organisation a sense-and-response ability;
6. *Drive* – employees who are motivated, willing, eager, internally driven to execute the strategy;
7. *Engagement* – a system and culture of engaging employees through regular and effective dialogue, leading to good understanding of the strategy and its execution requirements; engaging the minds, hearts and hands.

In the following section literature on these seven vital components of strategy execution solutions are reviewed.

2.3 LITERATURE REVIEW ON THE 7 VITAL STRATEGY EXECUTION COMPONENTS

A literature review is accordingly presented on each of the seven components, together with the relations and links with other components. The author holds the view that each component can help close the strategy execution gap, but that significant impact is only possible when all components work together in an integrated way.

2.3.1 Leadership

Good strategic leadership is generally accepted as the cornerstone or most important component for successful strategy execution.

"I am a leader, therefore I lead; I am an executive, therefore I execute; there is no execution without leadership" (Childress 2013, p. 108). From these words by Childress, it seems to be logical that without leadership, successful strategy execution is impossible. One cannot imagine a whole organisation going on a unique, risky journey, which has never been undertaken before, without leadership. However, most leaders fail to execute their strategies according to McKnight, Kaney and Breuer (2010).

Strategy execution could be regarded as a **journey of transformation**. Childress (2013) believes that organisational transformation should be preceded by leadership transformation. Hefner (2010) agrees that executing strategy is about leading change. He regards strategy execution as an organisational journey through rough and changing terrain requiring leadership to guide, inspire, encourage and capacitate. Leadership is required to plan and lead the journey. Strategy execution does not happen by itself; instead, it is a key responsibility of leaders and a leadership essential. A good leader is good in both strategy planning and execution (Hefner 2010). Kotter (quoted in Hesselbein and Cohen 1999) views change management as a core leadership task. He identifies eight leadership requirements to transform an organisation. These could also be applied to the strategy execution journey. These are to establish a sense of urgency, to form a powerful guiding coalition, to create a vision, to communicate the vision, to empower others to act on the vision, to plan for and create short-term achievements, to consolidate improvements and produce still more change and to institutionalise new approaches. Leadership, according to Kotter, therefore, is to provide vision, direction, resources, motivation, mentoring and coaching on this journey. Poor leadership is consequently revealed by a lack of purpose, unclear direction, lack of resources, little progress and poor group cohesion. On this long journey, leadership is required to bring people together and keep them together in their joint pursuit of purpose and meaning. On this journey, leadership is continuous and may be shared. Leadership plans the journey, starts the journey, sustains the journey and sees to its successful completion at which stage the required benefits are realised or objectives achieved. On this journey, leadership has to make many tough decisions based on

actual progress, changes and risks. The leadership role in strategy execution is described by Childress (2013) as thinking, directing, encouraging dialogue, putting forward alternative approaches, assigning organisational resources, holding each other accountable and focusing on moving the organisation as a whole forward. McKnight, Kaney and Breuer (2010) also give leadership the prominent role in strategy execution. They identify the four jobs of strategy execution leaders, namely to educate employees about the strategy (getting their heads involved), to get them excited about the strategy (getting their hearts involved), to conform local effort to the strategy (getting their hands involved) and to align all organisational systems to the strategy. The author posits that leadership accordingly enables the strategy execution journey which is characterised by purpose, direction, resources, progress and cohesion:

- *Purpose*: We are all clear why we go on this journey. We clearly understand its value and we want to go there;
- *Direction*: We all are clear where we are going and remain agile, i.e. able to change direction quickly and effectively as and when required. We follow and move together;
- *Resources*: We believe we can do it/succeed as we have the right resources and feel empowered (with human, structural, relational, physical and monetary resources);
- *Progress*: We can see our progress. We come closer to achieve meaningful results while being developed ourselves – with increasing empowerment; and
- *Cohesion*: We are engaged and connected and want to stay connected as one community. We travel together and need each other. We are interdependent where everyone plays his/her part.

De Flander (2010) agrees that strategy execution is a leadership essential that makes or breaks executives when he states: “A strategy, even a great one, doesn’t implement itself” (De Flander 2010, p 33). Being a great leader means being great at execution. He remarks that leadership training seems to focus more on planning and that, unfortunately, few leaders are trained in execution. The conventional view is that leadership craft the strategy and middle to lower management executes it. Childress (2013, p. 4) believes that there are only four key requirements for the CEO, namely “to get the right people on the bus, to craft a competitive strategy, to get the best out of those people and to Execute, Execute, Execute.” He believes that strategy execution is a leadership issue and not a management issue and argues that the major business issue is not where to go, nor even how to get there, but actually getting everyone in the organisation to do what needs to be done. This is a leadership role. He believes that to win at strategy execution, the leadership team need to be 100% committed and fully engaged. Unless leadership commits to strategy execution, the organisation will be caught up in the operational whirlwind – the urgent day-to-day job (McChesney, Covey & Huling 2012). “Most leaders fail to execute their strategies,” according to McKnight, Kaney and Breuer (2010,

p 13). In spite of numerous business improvement tools and techniques that have been developed as well as the advances in technology over the last twenty years that dramatically changed work practices in businesses, Childress (2013) is of the opinion that **leadership has failed** in that leadership processes have not significantly advanced over the last 50 years. Traditionally the senior team and its work has been seen as separate, outside of, and removed from, the fundamental work processes inside the organisation. He is of the opinion that the leadership team is generally not fully engaged with both strategy planning and execution. Reasons for this are the focus placed on charisma and exceptional personality, leaders as celebrities or superstars, removed from their employees, where image, position, title and entitlement are often more of concern than engaged and effective leadership. In the current global recession, the inability of leadership to navigate their companies in turbulent waters becomes more transparent. Leadership seems to be unable to stop personal and corporate greed and regulatory bodies seem to be unwilling to impose requisite oversight and accountability required for stewardship of other peoples' money. Childress (2013) further mentions the decline of employee engagement and the growing lack of trust in leadership globally, which leads to growing levels of pessimism, uncertainty, concern and even fear – an environment where it is difficult to maintain high levels of efficiency and effectiveness.

In clarifying roles and responsibilities, Childress (2013) believes that it is the job of the senior executive leadership team to build, validate, implement, manage and govern the strategy execution process. He also believes that it is their job to lead the teams assigned to develop and deliver strategic initiatives (Childress 2013). He argues that this requires a different culture from leadership and this culture should consist of **new behaviours and new processes**. To achieve this, leadership have to spend their time differently. Childress (2013) suggests that they have to spend more time on organisation-wide issues than on day-to-day running of their functions. These functions need to be delegated to the next level of management. The leadership job is to guarantee the delivery of the strategy. For this, leadership needs quality time to move the strategy and organisation forward. However, leadership spending their time predominantly in meetings needs to be reviewed. Leadership behaviour or actions are so powerful and should therefore complement and not contradict their words. Leadership needs to get actively involved in aligning the organisation to the strategy, engaging the organisation, monitoring it and controlling its performance (Childress 2013).

Literature offers a multitude of leadership characteristics or requirements for different situations, but the one timeless, all-encompassing characteristic of a great leader, especially to lead the strategy execution journey or game is **integrity** (Konczal 2004). Konczal (2004) states: "If leaders don't have integrity, nothing else matters much." This means that followers are seriously looking for authenticity, honesty, credibility, wholeness and trust in their leaders – i.e. consistent

uprightness of character. For Konczal (2004) integrity is the ironclad package binding all leadership traits together. After all, integrity means keeping together as a whole. Increasing corruption in all spheres of government and private sector organisations demonstrates the absence of integrity. Many sources talk about a “leadership crises” – not only in the region or in the public sector, but globally in all sectors. ”Leadership integrity has become critical for business success.” (Konczal 2004) Ethical leadership, setting the example and leading people to do what is right, seem to have disappeared in favour of greed for perks, money, rank and position. “For corporate performance in the 21st century, the leadership profile firstly requires integrity, supported by customer focus, value of people, building relations with people and focus on results”. (Konczal 2004) A survey by Konczal (2004) revealed that what people want most from their leaders are honesty, integrity, ethics and caring. There is a need for leaders who do the right things for the right reasons, namely to display integrity and character in all things, and then encourage and lead others in the same manner, making integrity part of the organisational culture.

Childress (2013) recommends that leadership development should not only focus on behavioural approaches, but also leadership processes in order to improve engagement, morale and productivity and organisational performance. In his view, there are intrinsic and process requirements for leadership to execute strategy. Internal capabilities include the values, beliefs, communication, passion, self-discipline and self-direction, acceptance and demand of accountability and a genuine love for people. To complement the leadership character, leadership processes are needed to encourage individuals to solve problems together as teams and processes to institutionalise strategy execution, including strategy review meetings. New leadership behaviours, according to Childress (2013), entails leading employee engagement workshops, chairing the strategy review meetings, promoting and demonstrating proper dialogue and evaluation, i.e. listening and sharing of information, helping team members, being the official spokesperson for the corporate strategy, and building a culture of teamwork, accountability and performance. It is then clear that leadership is a vital component for strategy execution – possibly the most vital. In the next section the critical role of strategic planning is explored.

2.3.2 Strategic planning

The second vital component for successful strategy execution is proper strategic planning resulting in a quality strategic plan. It is logical that without a quality plan, its execution will be problematic.

The purpose of a strategic plan is to significantly improve any one or more of the following: performance, service delivery, competitiveness, sustainability and profitability over a medium term of 5 years. This will include dealing with both challenges and opportunities. The purpose of

the strategic plan is change – changing the way we do things, mostly with bold leaps (Childress 2013). A common description of a strategic plan, subsequently, is that it should clearly show the organisation "where we are", "where to go" and "how best to get there".

Literature offers various requirements or secrets for successful strategic planning. Terms used to describe a **good or quality strategic plan** include: *solid, complete, strategic, clear direction, inspirational, understood, visual, accepted, exciting, compelling, focused, balanced, integrated, linked objectives, one page strategy map or value creation map, clear link between inputs, processes outputs and outcomes, line-of-sight, clear strategy story/narrative, cascaded, realistic, achievable, actionable*, *measurable, scorecard that is clear and complete with initiatives linked to objectives, enough detail for performance management, dynamic, flexible*.

A quality strategic plan should therefore contain the above and other elements. The definition of quality by PMI (2013) is worth noting, also with reference to strategic planning. It defines quality as the degree to which all project elements put together (processes and end products) complies with standards and satisfies stakeholder needs. To apply this to a strategic plan, both the strategic planning process and final strategic plan should comply with minimum standards and satisfy the stakeholder needs.

Regarding ***process***, an acceptable strategic planning **methodology** should be followed and led by the executive team and have broad stakeholder participation. The most common methodologies in strategic planning today are the Logical Framework Approach (LFA) and the Balanced Scorecard (BSC). The BSC, developed by Kaplan and Norton in 1992 is still generally accepted as the leading strategic planning methodology. There are various combinations and deviations from these formal methodologies. The author is of the opinion that as long the strategic plan is of quality, it does not matter what methodology is followed. The BSC, however, seems to be the more popular and helpful methodology to bridge the strategy execution gap, due to its more measurable objectives and initiatives, in addition to its logic and integration through strategy mapping.

Regarding **end product**, literature suggests that a strategic plan should include certain critical elements. These include a mission, vision (strategic intent), values, external and internal situational analysis, SWOT summary, strategic imperatives/themes/focus areas, the few breakthrough objectives made SMART through performance indicators and targets, accountabilities per objective, initiatives linked to objectives, initiative details, including scope, responsibility, cost and timing. Execution considerations, such as a supporting structure and performance management system, are also often included to improve the transfer from planning to execution. Kaplan & Norton (2001 and 2008) and Childress (2013) support these views.

Focus in turn is characterised by a limited number of objectives and related initiatives. Childress (2013) and McChesney, Covey and Huling (2012) respectively refer to these limited number of objectives as the few breakthrough objectives and few wildly important goals. These are the few things to achieve that will make the biggest difference. Objective and project overload as well as a disconnect between objectives and projects are cited as major reasons why most strategies fail (Childress 2013).

Balance refers to a balanced set of business categories or perspectives, such as the four BSC perspectives of customer, employee/learning and growth, process and financial perspectives. Balance also refers to the balanced view of inputs/resources, processes, outputs and outcomes. The link between inputs, processes, outputs and outcomes should be very clear. The distinction between **leading and lagging** performance indicators (PIs) should be evident. Leading indicators measure inputs or activities while lagging indicators measure results. The PIs, however, should be few and simple (see for example Spitzer 2007 and Childress 2013).

Integration is a key characteristic of a strategic plan. The plan is logically integrated by linking the different objectives in the different perspectives and themes. This should clearly show value creation from inputs, processes to outputs and outcomes. Childress (2013) proposes that the strategic plan should clearly show what the organisation wants to achieve in terms of the leadership team, culture, products and services, costs, quality, customer experience and financial benefits. These objectives then have to be linked to form an integrated strategy. This is often done by means of a strategy map.

Childress (2013) regards single **accountability** (for objectives and initiatives) as one of the most important requirements. Each objective should have an owner and each initiative should have an owner. The author refers to accountability as a necessary factor to achieve an objective – normally by the head of department, CEO, champion or sponsor. Responsibility for the aligned initiative consequently falls with the project manager. Accountability needs to be aligned to and supported by authority, autonomy and resources.

Clarity and understanding is achieved when the strategy is presented in a clear way all can understand. The value of a one-page strategy map (Kaplan & Norton 2001), value-creation map (Marr 2009) “Strategy-on-a-Page Roadmap” (Childress 2013) is increasingly realised for focus, integration, articulation, communication and buy-in.

An **achievable or realistic** strategic plan is mostly achieved through aligned and supporting resources.

A **dynamic or flexible** strategic plan is one that is regularly tested and updated according to changed conditions. The conventional view that planning and execution are two distinct processes are challenged by Hrebeniak (2005), saying that planning and doing should be

simultaneous. Using the game analogy, it means that coaches and players should think of playing while they plan and planning while they play. Childress (2013) agrees that strategy and execution are inseparable; distinct, but intimately connected, like two sides of a coin. They do not work when separated. James (2013) agrees that frequent changes of the strategic plan during the strategy execution journey are required.

To form a **good basis for performance management**, a strategic plan should be outlined in sufficient detail, regarding both what to achieve and what to do, with clear accountabilities and time lines.

It is therefore clear that leadership and strategic planning are related and vital components for strategy execution. In the next section the critical role of project management is explored.

2.3.3 Project management

The third vital component for successful strategy execution is *project management* - the management of the strategic initiatives from initiation and planning to execution and control to closing. Project management is vital as strategy is executed mostly by means of projects.

In literature, **strategy and projects** are generally poorly connected. Strategy literature even often neglects to mention the role of projects and project management. On the other hand, project management, especially in the past, did not often mention its link to strategy. Strategy is traditionally regarded as the domain for top management or leadership while project management has been seen as the domain for middle to lower management.

Research revealed that initiative or project management is the **weakest link** in the execution chain (Schreurs 2010). Of the 19 sources mentioned in Table 1, only four sources fully included project management. These are Morgan, Levitt and Malek (2007), Spitzer (2007) and De Flander (2010) and Childress (2013). It seems as if the importance of the link between strategy and project management has been realised particularly since 2007: “Without project management, strategic planning is an exercise in fantasy. Companies using identified ‘best practices’ for aligning strategy and projects most consistently also had the highest rates of project and organizational success” (Cabanis-Brewin 2011). Van den Broecke, De Hertogh and Vereecke (2005) suggest that “Projects are becoming a more pervasive way of organizing action in organisations and they should officially be recognized as the building blocks of strategy execution and the vehicles for organisational change in turbulent environments.” They quote the five benefits for using project management to introduce strategic change: all initiatives are coordinated, management are in control, there are good controls, risks are managed and all staff becomes committed through involvement. However, they also point out the gap between strategy and projects, the tension between the strategic management and project management systems.

The Project Management Body of Knowledge (PMBOK) (PMI 2013) defines a **project** as a temporary endeavour undertaken to create a unique product, service or result. This result is normally a strategic objective. Projects are where the action is. Projects make strategy actionable. The strategy execution journey happens project by project. Objectives are achieved through projects – sometimes through individual projects and sometimes through a group of related projects managed in a coordinated way as a programme. The portfolio is the collection of all your projects and programmes managed as a group to achieve strategic objectives (PMI 2013).

Project management clarifies to all what exactly to do in a project to achieve the objective. PMBOK (PMI 2013) defines project management as the application of knowledge, skills, tools and techniques to project activities to meet the project requirements. This involves the effective management of five process groups and ten knowledge areas. The five process groups are initiation, planning, execution, monitoring and control, and closing. The ten knowledge areas are scope, time, cost, quality, human resources, communications, risk, procurement, stakeholders and finally integration management through which the project plan is developed, executed, controlled and closed. Managing a project typically includes identifying requirements, addressing the various needs, concerns and expectations of stakeholders, setting up, maintaining and carrying out communications among stakeholders, managing stakeholders towards meeting project requirements and creating project deliverables and balancing the competing project constraints, including scope, quality, schedule, budget, resources and risks.

The **value of project management** is that it maximises the chances of successfully completing the project within the bounds of scope, time, cost and quality requirements, and achieving the intended benefit(s) (Olivier 2013). Project management improves the chances that the final result will satisfy the performance and quality requirements of the project sponsor and client. It helps to foresee or predict as many of the dangers and problems as possible (PMI 2013). Childress (2013) recognises its value of bringing discipline and rigor to planning and execution.

Risk management is an integral part of project management and one of the ten knowledge areas. Strategy execution is at great risk if uncertainties in projects, the organisation and the environment are not managed well. Through risk management, the project team and organisation are better equipped to handle uncertainties and to respond in an appropriate manner.

In **portfolio management** the optimal mix of programmes and projects are selected and implemented, with the available resources, to achieve the strategic objectives. Portfolio management includes business cases to ensure the best projects and programmes are selected and funded (Van den Broecke, De Hertogh and Vereecke 2005).

Crawford (2011) proposes the combination of the Enterprise Project Management Office (PMO) and “Strategy Execution Office” to promote seamless strategy execution by bringing strategy and project management closer to one another. He believes that this PMO is required at the highest level of the organisation to oversee strategy execution through projects. This office should regularly measure progress regarding objectives and projects, the extent of stakeholder satisfaction, whether project resources are optimally allocated, whether the right projects are selected and whether projects are properly aligned to strategic objectives. The PMO should ensure the measurement of strategic, portfolio, programme and project performance. This includes the relationships and alignment amongst projects and programmes.

Rao (2007) also supports the use of portfolio, programme and project management to close the strategy execution gap, but adds his “missing link” as the relation amongst measures or performance indicators. He proposes the good **alignment of objectives** (outputs/outcomes) on project, programme and strategy levels. This means clear lead-lag or cause-effect relationships. As a result this requires that projects should not only be managed in terms of scope, time, cost and quality, but also to achieve their objectives. Each project objective needs to be linked to the programme and/or strategic objective.

Project success is generally viewed in terms of three elements (Deacon 2011). Firstly, project management success is whether the project itself was completed according to the project plan, within the limitations of scope, time, cost and quality. Secondly, business success refers to whether the required business benefit (strategic objective) has been achieved. Thirdly, customer-related success consists of whether the customer is satisfied, and experiencing benefits from the project. A project can therefore be regarded as a success when both customer satisfaction and business value are achieved within the project restrictions of scope, time, cost, quality, etc.

Childress (2013) stresses the important roles of the strategic initiative owners in strategy execution. The two main owners are the sponsor and project manager. The **project sponsor** is normally a person or persons in the senior executive team accountable for achieving the strategic objective or benefit realisation during the operations life cycle. The project sponsor has ultimate authority over the project, providing high-level direction, providing project funding, resolving issues and project changes, and approving major deliverables. He/she also champions the project within his organisation (PMI 2013). The sponsor should have a stake in the project, knowledge and ability in strategic and project management, the capability to influence executives and other stakeholders, have the basic understanding of project technology, good rapport with the project manager and project team, and demonstrate capacity in terms of vision, energy, influence as change agent and communication (Dinsmore 1999, p. 35). Normally the **project manager** is responsible for project management success during the

project life cycle, to perform the project work and to successfully complete the project according to the project plan. Project managers and project sponsors can therefore ensure successful strategy execution through the portfolio of projects, but then their roles, accountabilities and responsibilities have to be clearly defined and embedded in the organisation.

Another critical link is between **projects and operations**. Projects are essential for product development, process improvement and various types of performance improvement, but the handover of projects to operations is critical to ensure the project is integrated in operations (Olivier 2011).

Swanson (2011, p. 27) explores the **challenges** executives, project sponsors, portfolio managers and project managers experience to ensure that projects and corporate objectives remain aligned.

> Executives are learning that strategic alignment works best as an iterative process. Both objectives and projects change - amid so much complexity - and should be monitored (and adapted) throughout the strategy life cycle and throughout the life cycles of the various projects in the portfolio. Roles, accountabilities and responsibilities of the project management office (PMO), project sponsors and project managers seem to be unclear in organisations. The governance structures for projects are also not well articulated – including project identification, evaluation, prioritisation, selection, planning, execution and control.

Considering that projects are unique in nature, project planning is therefore of major significance to project success, because the project involves doing work that has not been done before (Olivier 2011). Project management (including portfolio and programme management) is a strategic or core competency and portfolio/programme/project manager's bridge strategy and execution. It is therefore clear that successful strategy execution is impossible without project management.

It is accordingly evident that leadership, strategic planning and project management are all related and vital components of strategy execution. In the next section, the critical role of alignment of the various organisational elements is explored.

2.3.4 Alignment

The fourth vital component for successful strategy execution is alignment of organisational elements, especially within the organisational structure consisting of staff, culture, processes, technology and funds that must be aligned to and support the strategy. Strategy can only succeed if the organisation is aligned around the strategy and the resources are appropriately allocated. Many companies develop a "great strategy" only to see it fail because they have not realised the importance of organisational alignment.

Alignment is defined as all organisational elements aligned to and supportive of the execution of the strategy. Organisational components include structure, culture, processes and technology.

These are often based on the open system view of an organisation in which all elements relate to and influence one another, but also influence the external environment and are influenced by it. Other terms used are “fit” or “synchronisation” amongst all the organisational elements.

“In Search of Excellence”, the 1982 best-selling book by McKinsey partners, Peters and Waterman, introduced the mass business audience to the firm’s 7-S model. This model was influenced by McKinsey’s earlier collaboration with management scholars Pascale and Athos who wrote the book “The Art of Japanese Management” in 1980 (Kaplan 2005). The seven factors then identified as critical for effective strategy execution were as follows:

1. *Strategy*;
2. *Structure* (the way in which tasks and people are grouped, organised, coordinated and authority distributed);
3. *Systems* (the formal and informal procedures used to manage the organisation, including leadership processes, management control systems, performance management systems, planning, budgeting and resource allocation systems, and management information systems);
4. *Staff* (the people with their backgrounds and competencies, including the way the organisation recruits, selects, trains, socialises, manages the careers and promotes employees);
5. *Skills* (the distinctive competencies of the organisation in areas such as people, management practices, processes, systems, technology and customer relationships);
6. *Style/culture* (the leadership style – determining how time is spent, on what attention is focused, what questions are asked of employees, how decisions are made; also the organisational culture – the dominant values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders, for example job titles, dress codes and informal meetings with employees); and
7. *Shared values and goals* (the core or fundamental set of values and goals that are widely shared in the organisation and serve as guiding principles and provide a broad sense of purpose for all employees).

The conclusion was that to sustain excellence, organisations have to achieve integrated harmony or alignment among the three “hard S’s” and the four “soft S’s”. This model has been used since 1980 as a diagnostic and prescriptive framework for organisational alignment (Kaplan 2005).

Ten years after Peters and Waterman introduced the 7-S model, Kaplan and Norton presented the **balanced scorecard** (BSC) in 1992, a new measurement approach that organises performance objectives and measures in perspectives. These are as follows:

- The financial perspective describing the tangible outcomes of the strategy in traditional financial terms, such as return on investment, shareholder value, profitability, revenue growth and lower unit costs;
- The customer perspective defining the drivers of revenue growth, including generic customer outcomes, such as satisfaction, acquisition, retention, growth and the differentiating value proposition of the organisation;
- The internal process perspective identifying the operating, customer management, innovation and regulatory and social process objectives for creating and delivering the customer value proposition and improving the quality and productivity of operating processes; and
- The learning and growth perspective identifying the resources or assets required to support the value creating internal processes, including human, information and organisation capital. Managers use the scorecard to describe and communicate their strategy, to align business units and shared services to create synergies, to set priorities for strategic initiatives, and to report on and guide the implementation of the strategy. (Kaplan 2005)

In spite of various recorded performance breakthroughs making use of these and other models, the strategy **execution gap remains**, as reported earlier. To apply a multi-dimensional approach, in which various elements, disciplines or components are harmoniously integrated to run as one system, seems to be more challenging in practice. Interconnectedness through continuous alignment and realignment seems to be escaping many organisations. Marr (2009) states that although it is common sense that an organisation has to be aligned to the strategy to be able to execute it, this alignment is extremely rare in the public service. Activities, projects, budgets and structures, for example, are often not aligned to the strategy. Marr adds the need for integrated risk management to these.

It is clear from these models (7-S and BSC) that alignment and integration cannot only be done by technology or only by people. **Soft and hard elements** have to interface and align. In literature there is generally either a technology view or HR view of alignment, depending in which discipline the article originates. Knowledge management is a relevant example for consideration. It is defined as the systematic process of creating and leveraging organisational knowledge, involving discovery, codification, capturing, storage, sharing, dissemination and integration of new knowledge into the organisation for improved viability, growth and value (Senge 1990 and 1994). Knowledge management therefore integrates people, processes and technology. Knowledge cannot exist outside the “knower”, while information can have an independent existence of its own (Cooke-Davis 1999). The ICT system carries information that only becomes knowledge when internalised by somebody and becomes available for practical

application. Technology assists to leverage Intellectual Capital (IC) for high performance, value creation and service excellence.

Where the 7-S model looks like a spider web with each element connecting to all the others, the BSC with its strategy mapping is regarded as an advance in the sense that it illustrates **cause-and-effect linkages** across its four perspectives.

A discipline closely linked to alignment is organisational development (OD). **Organisational development** is defined as "a system wide application of behavioural science knowledge to the planned development and reinforcement of organisational strategies, structures and processes for improving an organisation's effectiveness" (Cummings & Worley 1997). OD focus falls on building the organisation's ability to assess its current functioning and to achieve its goals. Another characteristic of OD is that it is oriented to improve the total system – the organisation and its parts in the context of the larger environment that affects them. OD involves both the creation and the subsequent reinforcement of change, encompasses strategy, structure and process change and is oriented to improve organisational effectiveness. When it comes to strategy execution, OD is applicable (Cummings & Worley 1997) as Cummings and Worley (1997) offer four main types of organisational change methods. The first is *Human Process Interventions*, focusing on people within organisations and the process through which they accomplish organisational goals (including communication, problem solving, group decision making and leadership). The second is *Techno-structural Interventions*, focusing on the technology (for example task methods and job design) and structure (for example division of labour and hierarchy) of organisations. The third is *Human Resource Management Interventions*, focusing on personnel practices used to integrate people into organisations (including career planning, reward planning, reward systems, goal setting and performance appraisal). The last, more directly related to strategy execution, is *Strategic Interventions* that link the internal functioning of the organisation to the larger environment and transform the organisation to keep pace with changing conditions. All these interventions can be aimed at individuals, groups or the whole organisation.

Another discipline linked to alignment is organisation design: "**Organisation design** is the deliberate process of configuring structures, processes, reward systems and people practices to create an effective organization capable of achieving its business strategy" (Galbraith, Downey & Kates in McKnight 2010, p. 159). Organisation design, although dynamic, is mostly done early (as an input) in the strategy execution process whereas **OD** happens on a regular basis because of the strategy execution process.

McKnight, Kaney and Breuer (2010) depict the **strategy capable organisation** in the form of a star with strategy on top as the start and top point (true north) of the star. The middle of the star is called 'Aligned Leadership' with the other four points of the star called Structure, Business

Processes, Rewards and People Practices. *Structure is* defined as the key relationships amongst units and how the budgetary and decision-making power is distributed. *Business Processes (including Technology)* describe the specific value creation steps of how work is done and how ICT supports these processes. The *Reward Systems* are structural systems for BSC cascading, performance tracking, performance review and incentives. *People Processes* describe the capability of the organisation to attract, select, motivate and retain people as well as the mechanisms enabling employees to be connected (cognitively, emotionally and behaviourally) to execute the strategy.

Mukherjee (2009) stresses the need to synchronise **people, processes and technology** in strategy execution. He believes that technology can play a very important role to facilitate and integrate the strategy execution process by offering capabilities in *visibility* (sensing, the ability to "see" the what, how much, where and when), *analysis* (for example patterns, anomalies and comparisons), *collaboration* (amongst individuals and groups, over space and time) and *mobility* (maintaining communication everywhere). Balanced Scorecards and dashboards are widely recognised as critical performance management tools, but many organisations become frustrated with the amount of non-value-added time required to create, update and disseminate scorecards and dashboards in spreadsheets, slide decks and other desktop tools. In these cases, technology could play a strong supportive role.

Childress (2013, section 1) especially focuses on people and processes: "The issue is not where to go, nor even how to go there, but actually getting everyone in the organization to DO what needs to be done!" This quotation stems specifically from frustrated business leaders who cannot get the organisation aligned and delivering on strategy. "Culture in alignment with robust business processes designed to fit the business strategy are a potent combination," according to Childress (2013, section 1). He argues that strong culture with poor processes leads to service breakdowns just as strong business processes and a weak or negative culture leads to poor performance. **Culture** is commonly defined as *how we do things around here*. It is the combination of behaviours and business processes or practices (formal and informal) that over time become habits, the standard approaches that are used to interact and solve problems. Culture sets the ground rules for working together and for getting things done. It can either act as propellant or an anchor in change. Culture can be an invisible speed bump on the road to success. Apart from a good strategic plan and project plans, everyone in the organisation should understand the ground rules for working together and for getting things done. Culture further involves thinking, attitudes and behaviours and the right behaviours are required to propel the organisation towards the achievement of its strategic objectives. Strategy execution is a journey and culture determines the way people travel on this path. Childress (2013) quotes Drucker as saying that *culture eats strategy for breakfast*. Strategy is what is done and culture is

how it is done and Childress believes that of the two, culture is the more important in the long term. Alignment is only possible when the culture has a bias toward alignment. This is because culture governs the way employees feel, think and act. As such it can, and usually does, have a more powerful effect on human motivation than strategy. He believes that a strategy will mean nothing, and go nowhere, if the organisational culture is not appropriate to support it. Culture is behaviour and to understand and leverage culture it is not only important to understand behaviour, but also what motivates it, as behaviour is driven by assumptions, beliefs, values and reward systems. Therefore, culture could be either an asset or liability for strategy. Leadership (the senior management team) has the biggest influence in establishing culture by demonstrating or living the values and behaviours to be entrenched in the organisation (Childress 2013).

The **financial processes** and the budgeting cycle are mostly tailored for operations, for business-as-normal. The financial processes such as budgeting should therefore be aligned to strategy, to make it actionable. This may for example require multi-year budgets. In the measurement of performance, the balanced scorecard view is generally accepted where financial measures read together and linked to other perspectives in lead-lag relations (Kaplan 2005).

Technology/systems are powerful to assist with alignment and integration. Systems could be grouped into normal “running-the-business” operational systems and “changing-the-business” or strategy execution systems. Examples of operational systems are ERP systems, data warehouses, CRM and HR performance management systems. Systems in support of strategy execution are often related to the Balanced Scorecard, portfolio management and project management. An application/data warehouse that consolidates both the “running-the-business” and the “changing-the-business” key data is best to support strategy execution (Childress 2013).

The **car analogy** could be used (see for example Childress 2013) to demonstrate alignment. The car needs a high performance engine, enough fuel, an aerodynamic and attractive design, strong and supportive frame, safety, the latest technology, a good driver and aligned tyres. With only one element out of place, the whole vehicle and journey are at risk. Refer to Annexure C: Public Sector Analogies, for more information on the car and other analogies used for strategy execution.

Alignment is a dynamic process where realignment is done through continuous OD. For this, a disciplined, repeatable, standard, institutionalised process of performance management is required, as described in the following section. It is then clear that leadership, strategic planning, project management and organisational alignment are all related and vital

components in strategy execution. In the next section the critical role of a performance management system (PMS) is explored.

2.3.5 Performance Management System (PMS)

The fifth vital component for successful strategy execution is an aligned performance management system (PMS).

Kaplan and Norton (2008) report that most organisations do not have a formal system to help them execute their strategies and that having a **formal strategy execution system** made successful strategy execution two to three times as likely as not having a system: "Without an execution system, an organization becomes unpredictable at best and eventually declines in its ability to execute" (Harbst 2008, p. 121). Childress (2013) is of the view that execution systems are needed to enable organisations to focus on learning, to identify execution problems and to make the required corrections as early as possible. Without a formal strategy execution system, the operational whirlwind will blow strategic issues away. Studies in 2004, reported by Childress (2013), have shown that less than 5% of the senior team's time together is actually spent on strategic issues; the rest is hijacked by pressing day-to-day problems. Childress strongly believes that co-mingling operational discussions with strategy review does not work. A well-defined, purpose-built strategy review and governance process is required.

No strategy or project plan is perfect the first time. During implementation they run into external or internal change or unexpected obstacles. Constant feedback is therefore important to keep your plans together (Childress 2013). A PMS is needed to inform an organisation of its progress in executing its strategy in order to learn and improve all the time. The PMS could be regarded as testing the strategy hypothesis. Using the analogy of mountain climbing and conquering peaks, Warner and Schmincke (2009) stress the importance of a **sense-and-respond capability** to augment the standard plan-and-execute process. They describe the strategy execution journey as constantly treading in unfamiliar areas. In spite of plans made by experts, you still may fall, and fall hard. They point out that assumptions often prove to be erroneous, data end up being flawed or commitments go unmet. This is why they believe that everyone in the organisation has to scan the horizon to examine themselves and each other for signs of weakness. On this journey, everyone is therefore responsible for their own safety and the safety of everyone else.

Childress (2013), Spitzer (2007) and others use the analogy of flying a plane where constant monitoring, feedback and communication are required to make adjustments on the flight as needed.

The above examples describe corporate performance management required for the strategy execution journey. There are generally **two schools** in PMS – one that is based on the

corporate strategy and one that is focussed on individual performance. The first is top-down stemming from strategic management and the second is bottom-up stemming from the human resource management. There are recent attempts to blend these two schools. The Balanced Scorecard (Kaplan & Norton 2001) was one attempt from the strategic management field to cascade objectives and strategic initiatives down to units and then individuals. The purpose for this cascading is for individuals to clearly see how they contribute to unit performance and for units to clearly see how they contribute to corporate performance. It is the author's view that the gap between unit and individual performance is not yet properly closed. The Human Resource department is normally responsible for individual performance management while the CEO Office/Strategic Management Office/Project Management Office is responsible and accountable for unit and corporate performance management. Eventually it is individuals and teams doing projects and executing the strategy. Both levels therefore need to be managed, but should be aligned with each another.

A PMS is often described in the organisation's PMS policy and procedures. The purpose of this policy is to provide the organisation with a framework of managing corporate, unit and individual performance by developing and institutionalising an integrated process of strategic and business planning, measurement, evaluation, reporting, improving and learning that will support individual, unit (department, division and section) and corporate growth towards a high performance institution in line with the vision statement (Olivier 2012).

Terms found in literature to describe a good PMS are holistic, integrated, standard, well defined, transparent, purpose-built, robust, disciplined, repeatable, closed-loop, dynamic and institutionalised, execution framework, cycle and clear accountabilities. A good PMS is always based on the strategic plan and should remain focussed on the strategic objectives. It has a balanced, integrated set of measures. The PMS cycle normally includes elements of measuring, evaluation, reporting, decision making, improvement, learning and rewarding.

Crawford (2011) proposes his PEMARI model for performance management. This acronym stands for Planning (including strategy, programme and project planning), Establishing metrics (scorecards from higher levels to lower project levels), Measurement (capturing performance data), Analysis (converting data in information and knowledge), Reporting (stakeholder communication) and Improvement (making improvements and learning from them). Based on Deming's Improvement Cycle, Marra (2013) recommends a simple, logical and powerful improvement cycle for systematic thinking. He proposes a simple cycle of "plan, do, measure and improve" (Marra 2013) to be integrated in an organisation from top to bottom into their daily work life for organisational success.

It is generally accepted that a PMS is a **cycle**. In describing the cycle, Kotler and Caslione (2009) recommend short strategic planning cycle times to improve enterprise sustainability.

They recommend that strategic planning should be more dynamic, interactive and compressed, sequenced in three-month intervals, rather than annual reviews. The cycle should be a disciplined and robust strategy execution process. Childress (2013) recommends different cycles to be included in the organisation's calendar, for example the monthly strategy review meeting (SRM) of 4 hours, the quarterly SRM for one day and the annual strategy advance meeting of 2-3 days.

In addition to the "plan-and-execute" system offered through strategic planning and project management, the PMS should put in place a real '**sense-and-response'** ability (Mukherjee 2009). Mukherjee warns that companies will fall into the "**execution trap**" unless they are transformed into "adaptive businesses". He argues that the traditional models that focus only on "plan-and-execute" processes will become obsolete. Simply planning well and executing brilliantly will no longer guarantee great results in the complex and dynamic networked world. Organisations need to develop and embed a new capability to complement the conventional plan-and-execute processes. He calls it the "sense-and-respond" capability. It is the ability to sense unexpected change, the ability to respond to the unexpected change and the ability to learn from experience. These two capabilities, namely "plan-and-execute" and "sense-and-respond", have to work together in concert, according to Mukherjee (2009), to enable the organisation to consistently, effectively and efficiently deal with small and large changes in its external and internal environment. "Sensing and responding should become everyone's everyday responsibility. This will make planning much more dynamic and the business much more adaptive. Without this strategy execution may fall in a trap – a trap of high risk, missed opportunities and wasted resources."

Harbst (2008) reports that the need for this "sense-and–respond" ability has given birth to the term **"agile"** in the beginning of the 21st century. Agile methodologies and tools are applied, for example, in project management and software development, where projects and products are developed through continuous cycles of planning, doing, testing and improving - promoting adaptive planning and evolutionary development.

According to Harbst (2008), the biggest challenge in business today is building an organisation that has the ability to plan and execute at the same time, overcoming the inevitable business surprises. This means creating a learning organisation, an organisation that is good at solving problems. However, the organisation has to sense what is happening. To "sense" during strategy execution, various and regular measurements are needed - measures for strategic objectives, as well as measures for strategic initiatives or projects needed to achieve these objectives.

What needs to be measured firstly depends on how the **strategy execution success** is defined. Gottschalk and Gudmundsen (2008) define strategy execution success in terms of the following four criteria:

1. The implementation rate to date (number of projects actually completed to date divided by number of projects planned to be completed to date);
2. The implementation rate to end (number of projects being implemented to date divided by percentage of expired time horizon);
3. The implementation extent (the extent the strategy has been completed on time, within budget, as expected, with desired results, to the satisfaction of stakeholders); and
4. The contribution to organisational performance (for example reduced costs or improved profits).

The PMS should therefore be able to measure the degree of strategy execution success in terms of both objectives and initiatives. Deacon (2011) defines **project success** firstly as project management success – whether the project itself was completed according to project plan, within the limitations of scope, time, cost and quality. Secondly, Deacon (2011) defines project success as business success – whether the required business benefit (strategic objective) has been achieved. Thirdly, he defines project success as customer-related success (Deacon 2011) – whether the customer is satisfied and experiencing the benefits from the project. A project can therefore be regarded as a success when customer satisfaction is achieved and business value created according to the project plan, i.e. according to scope, time, cost and quality requirements. Project success therefore includes both project management success (efficiency in terms of scope, time, cost and quality) and product success (effectiveness in terms of customer satisfaction and organisational benefit creation/ROI).

Deacon distinguishes between the short-term project life cycle and the long-term product life cycle and says that project life cycle success is the sum of project management success and operations/outcome success. Berggren and Dalgaard (2009) propose to calculate “Return on Execution” (RoX) as the net gain from improved execution divided by the net execution investment. This net gain is calculated as Revenue X (Alignment Improvement + Workforce Performance Improvement). This measure is based on only business value. The criteria used to measure success in these sources refer to projects and the achievement of their intended benefits or strategic objectives. The importance is to measure both inputs (projects) and their related or linked outputs/results. So one could say that an organisation is successfully executing strategy when its projects are successfully implemented and the stated benefits/strategic objectives achieved in terms of both organisational and customer benefits. As strategy execution is achieved through projects, its success is determined by the success of all projects in the portfolio. From this, one could derive that failed strategy execution leads to the non-

realisation of benefits to both the customer/citizen and the business and that the main cause is poor project management (from selection, planning, execution, and control to closing).

The above illustrates the need for a clear link between **leading and lagging** indicators where leading indicators measure activities or projects, i.e. a preview of future performance, and lagging indicators measuring outputs or results, i.e. what happened. These indicators are there to give management useful information for decision-making in terms of signals and trends.

Senge (1990), Spitzer (2007), McKnight et al (2010) assert that a PMS consists of **people, processes and technology** (PPT). The challenge is how to best integrate these three different disciplines to balance the need from Human Resources wanting to make PMS a human system, the Engineers wanting the PMS to be a step-by-step process and Information Technology wanting to see the PMS as an IT system. IT (hardware, software and networks) is an important part of a PMS, as it could assist in measuring and capturing/storing performance data and information. Spitzer (2007) and Marr (2009) recommend a proper consideration of the level of automation to be used in the organisation – considering a manual method, spreadsheets, off-the-shelf software packages and tailor-made software. Analytical methods and tools are useful to expose additional insights in supporting humans to do evaluation (to analyse, synthesise and interpret).

Through his research, De Flander (2012) identified seven **trends** in individual performance management. These trends also apply to performance management as part of corporate strategy execution. The trends include the change from yearly to quarterly reviews, the move to focus and simplicity, the increased importance of learning, the need for leaders and managers to be performance coaches and the need for alignment of personal and corporate objectives.

In the following seven subsections, the main components commonly found in the PMS cycle are described as they appear in the literature. The components are 1) Measurement, 2) Evaluation, 3) Reporting, 4) Improving, 5) Learning, 6) Drive and 7) Engagement through dialogue.

2.3.5.1 Measurement

Measurement is the logical first element in a performance management system. Measurement can be defined as the regular sensing and capturing of what is important, namely the strategic objectives and linked strategic initiatives.

It is important to be clear on **why** to measure, **what** to measure and **how** to measure?

Marr (2009) offers three reasons for measuring, namely for the control of behaviour, for external reporting and compliance and for learning and empowerment. According to Spitzer (2007), measurement is about perceptions, understanding and insight. He advocates that measurement should always be used in a positive way for the purpose of improvement and not in a negative way for the purpose of judgement (reward for the few, punishment for many and a search for

the guilty). The purpose of measurement should always be to improve and develop, rather than to make judgement or place blame. Spitzer (2007) cites the example of using a scale – either negatively, judging you as an overweight, or positively, motivating you to lose weight. He further believes that measurement done right can transform an organisation as measurement not only shows you where you are now, but also helps you in where you want to go. Spitzer (2007, p. 3) explains this further: "In order to be transformational, the purpose of measurement must be separated as much as possible from judgement – especially from performance appraisal. The most powerful purpose of measurement is to improve, not to prove."

The **value of measurement** is that it tells you how you are doing. It helps to ensure you are on the right track and tells you whether you are progressing according to plan or not. A world without measures is unimaginable. Without measurement, Spitzer (2007) argues, we do not know how we are doing. Without measurement, activities lose their meaning and significance. Measurement is a strong motivating aspect in sports. This also applies to business. Organisations sense by means of continuous scanning of its external and internal environment. Measurement is probably the single most motivating aspect of sports and games. Measurement is key to safe travelling and healthy living. Therefore, measurement should be done well and regularly. Without measures, we are driving blind. We play without knowing whether we are winning or losing. Performance measurement represents the fundamental lens through which people "see" the performance of their organisations. Measurement systems create the basis for effective management. Most individuals and organisations do not get what they want because they do not measure what they really want. Bossidy and Charan (2002, p. 94) and Spritzer (2007, p. 13) clarify this by stating that "[y]ou get what you measure." This is further elucidated by the view that companies that don't execute, the chances are that they don't measure" (Bossidy & Charan 2002, p. 94). A measurement system is therefore the basis for effective management.

Spitzer (2007, p. 11-20) has the following views on the **significance of measurement**:

> "Organisations are probably the most complex entities in the universe … nothing has more 'moving parts' than a large business or government enterprise! The challenge is to manage those parts strategically, synergistically, with appropriate alignment and synchronicity to attain the desired result. Measurement is the connecting fibre that can make all the parts work together."
>
> "The business imperative today is not just to perform excellently, but to perform excellently consistently. Managing a business without effective measurement is like piloting an airplane through a stormy sky without instruments. Measurement systems create the basis for effective management. Most individuals and organisations don't get what they want because they don't measure what they really want!"
>
> "What gets rewarded gets done" (Michael LeBoeuf in Spitzer 2007, p. 12) is a generally accepted management principle. However, it should be noted that, no matter how important and powerful rewards are, they are no better than the measurement system they are based on. So you get what you measure."

> "Performance measurement represents the fundamental lens through which people 'see' the performance of their organizations. Measurement is about perception, understanding and insight. Measurement done right can transform your organisation. It cannot only show you where you are, but can get you to wherever you want to go. There are certain performance measures and ways of measuring that can have a transformational impact on the way people in organizations view their work, their products and their customers."

Measurement therefore makes performance visible, focuses attention, clarifies expectations, enables accountability, increases objectivity, provides the basis for setting realistic targets, promotes consistency, facilitates feedback, increases alignment, improves decision-making, improves problem-solving, provides early warning signals, enhances understanding, enables prediction, motivates and directs behaviour. (Spitzer 2007)

Regarding, **what to measure**, strategy execution measurement normally focuses on two key elements, namely strategic objectives and projects/initiatives. These two elements are well described in the Balanced Scorecard with the left half of the scorecard describing the objective and the right half detailing the initiatives required to achieve the objective. Objectives are measured by means of performance indicators (PIs) and projects mostly by means of scope, time and cost (Kaplan & Norton 2001). However, a third element to measure is the softer human element not shown on the scorecard, namely *Style/Values*, the way in which work is done. This relates to mindset, attitudes, values and behaviours (Olivier 2012)

Levels of measurement are on organisational, unit and individual levels.

Marr (2009) suggests three **principles** for successful measurement. The first principle is to understand that measures only indicate performance and that it cannot capture the entire truth in an objective and comprehensive way (Marr 2009). He therefore recommends the use of the term "performance indicator" or PI, rather than "measure" (Marr 2009). The second principle is the need to measure regularly in a dynamic world (Marr 2009). The last principle is the need for measures to be objective and comprehensive.

Spitzer (2007) presents four **critical success factors** or keys for performance measurement. He argues that all four keys have to work together synergistically to create transformational change in an organisation. The first key is the **context** of measurement, which he believes is actually more important than the measurement itself. Measurement should be properly built into a positive way into the social fabric of the organisation. The performance management context (the organisational and social aspects) largely determines the effectiveness of a performance management system. A positive context is needed to motivate people to learn and improve. Elements creating a positive context for performance management are climate, expectations, leadership, history, communications, resources and balancing people, processes and technology. Measurement also has a negative side, especially the judgement that tends to follow it. Traditional performance measurement has been seen as "the reward for the few and

the punishment of many" and the search for the guilty. (Spitzer 2007) **Focus** is the second key and has to do with the selection of the few right/critical measures or performance indicators (PIs) that matter most. What gets measured, gets managed, and, what gets managed, gets done. The right measures have to be selected. The prevalence of computers and dashboards has resulted in too many metrics. Our world is characterised with too much data. Focus is required to concentrate on the critical few measures, the right/most important measures. Focus should be placed on real value creation as depicted in the strategy map and described in the scorecard with clearly linking objectives in lead-lag relations. Albert Einstein emphasised that "not everything that can be counted counts and not everything that counts can be counted." Therefore, we have to be selective in choosing only a few key performance indicators. (Spitzer 2007) **Integration** is the third key. Strategy should be a major integrating force of any organisation. Integration aligns strategic objectives (with their PIs), functions and people so that they complement each other to create optimal value. Integration refers to the relationships amongst measures. The BSC helps to integrate all our measures from different perspectives. A clear understanding of the strategy (story) is required to set and understand the measures. Integration is promoted through improved understanding of the cause-and-effect logic of the strategy. (Spitzer 2007) **Interactivity** as social component is the fourth key offered by Spitzer. This is the social interaction amongst people, making possible the technical components of the PMS. People (linked and working together) make performance management happen. Without people, there is no heart, no knowledge generation, no learning and no improvement. (Spitzer 2007)

2.3.5.2 Evaluation

Evaluation (or often referred to as analysis) is normally the second element in a performance management cycle. While sensing happens in measurement, making sense happens in evaluation. Evaluation follows measurement and includes analysis, synthesis and interpretation of performance data to make sense of the measured data for proper decision-making. While measurement is mostly process and technology driven, evaluation is mostly human driven: "It is human beings, not machines, who turn data into information, information into insight, insight into knowledge, and knowledge into wisdom. Without people, measurement data would just sit in a repository or in a report, and be good for nothing." (Spitzer 2009, p. 105)

Evaluation means to interpret, to give meaning, to make sense of the measured data through analysis and synthesis to arrive at conclusions. Evaluation is done by people through dialogue, with the support of technology. In the literature, "evaluate" is also described by the following words: appraise, critique, judge, rate, compare, assess, interpret and conclude. Evaluation means the systematic appraisal to determine the nature, quality, value, merit, worth, ability or significance of someone or something based on specific criteria in order to form an opinion, to

draw conclusions or to make a judgement. Evaluation is to study the information collected by means of taking it apart (analysis) and then putting it back together (synthesis) to make sense or create meaning. Trends, deviations and specific performance gaps are identified, qualified/quantified and explained. Effective evaluation contextualises and interprets performance data to give managers a solid basis for sound decision-making. The **value of evaluation** is that it adds value to measured data. Measures are normally in the form of data and information with little meaning. Evaluation is the step to generate this meaning or understanding of the data and information by generating knowledge. Different analytical methods are used to expose additional insights. This knowledge management process involves the integration of people, processes and technology (PPT).

McMillan and Donlon (2008) observe that analysis is often the weak or missing link in the performance management chain. They argue that without contextualising and interpreting performance data, the effectiveness of reporting and decision-making is undermined. Reports displaying raw data are of little value. With analysis, synthesis and interpretation in the given context, the performance results provide real insight for good decision-making and follow-up action.

In the author's view, evaluation consists of two distinct elements, namely analysis and synthesis. The word **analysis** means to take apart, to separate and examine, to investigate, to study the different parts separately. Analysis can be of quantitative or qualitative nature. It could be compared to identifying the pieces of the puzzle or to a doctor doing tests to determine affected areas in the human body. When looking at the strategy execution performance data (objectives and projects), the typical questions to be asked are firstly to explore the problem and then to explore solutions (Olivier 2013). Problem exploration is done through determining deviations from the plan – if any at all. The nature and size of these deviations are then determined. This is followed by determining under what conditions these deviations occurred and who caused them. Questions to ask to explore solutions are: "What are the options to correct/improve?", "What is the best solution/option and its implications?" and "Who should do it and by when?" These questions need to be asked objective by objective, always linking the projects/initiatives to the objectives (Olivier 2013).

Instead of only focusing on negative deviations, the OD instrument of **appreciative inquiry** (AI) advocates the identification of positive deviations to focus on increasing what the organisation is doing well rather than focusing on eliminating what it does badly. Through an inquiry that appreciates the positive and engages the organisation, it seeks to renew, develop and build on this (Kinni 2003). So, in analysis and decision-making, solutions should not only be based on deficiencies or weaknesses, but also on the positive building of strengths.

The word '**synthesis**' means putting together the various elements to make a whole, forming something new by combining information from different sources. Synthesis is putting the pieces of the puzzle together to see the big picture. This is, for example, when the doctor combines the test results to determine cause-effect relations and interrelationships. (Olivier 2013) While analysis is breaking the forest down into its different trees, synthesis is to put all the trees together to look at the forest (Senge 1996). With the implementation of open systems thinking on all levels of the organisation, Senge (1996) believes that every member is in a position to have a different view of the same forest. All these different views or perceptions of the same forest need to be combined to form a better description of reality. This makes real dialogue a requirement for evaluation. Pink (2006), in identifying the "six senses for the conceptual age", states that "what's in greatest demand today, isn't analysis but synthesis – seeing the big picture and crossing boundaries, being able to combine disparate pieces into an arresting new whole". He calls this aptitude as "not just focus but also SYMPHONY". He argues that we need to use both sides of our brains – the left hemisphere to analyse the details in a logical way and the right hemisphere to synthesise the big picture through metaphorical, contextual and systems thinking.

Innovation cannot happen without real evaluation and evaluation cannot happen without solid measured data and real dialogue. The problem of today is that we are sitting with too much information and not enough understanding. The best technology should be used with new ways of thinking. The technology-driven and connected world has exponentially increased our inputs and choices. When presented with massive complexity, people have to start the process of analysing and categorising to get a handle on the situation, focusing on details and keeping an eye on the big picture, considering the real situation and testing assumptions. To move from the insights gained to decision-making requires clear guidelines. These guidelines or criteria could include the internal compass of shared values and external compass of the strategic plan. (Laudicina 2012)

Decision-making should be the result of evaluation. Unless there is agreement on the strategic intent and values, decision-making can become extremely difficult to impossible. Leadership often has to make difficult decisions, accordingly needing courage, but with a proper measuring and evaluation system, it becomes easier.

Various **evaluation tools** are available for the creation of multiple scenarios in which various possibilities could be explored. Examples are story-telling and visual presentations (with tables and graphs with trends, breakdowns and comparisons, accompanied by brief comments). McMillan and Donlon (2008) argue that the best analysis is done in a group, through dialogue. They recommend the use of subject-matter specialists, industry publications, customer feedback, market trend reports and news reports to help with the evaluation process. McMillan

and Donlon (2008) recommend the use a “driver tree” to assist with evaluation, as the purpose of evaluation is not to seek one answer, but to come up with a hypothesis that will aid discussions. A hypothesis is not a fact, but a possible explanation for good or bad performance. Different people may perceive the same reality or hypothesis differently and these different perceptions could promote healthy dialogue (McMillan & Donlon 2008).

Childress (2013) regards the **strategy review meeting** (SRM) as a central and critical element of evaluation and performance management. He is of the view that teams who are comfortable with frequent, real-time, information-rich feedback outperform those without these regular meetings. He recommends the SRM to take place at least monthly (for 3-4 hours), to be chaired by the CEO and attended by the whole leadership team for constant feedback and evaluation of performance on the strategy execution journey. He recommends that this team should include the objective owners (or project sponsors) and all project managers (or strategic initiative owners). The SRM is important for leadership as “[u]nless the senior team is fully engaged and ultimately accountable, Strategic Initiatives run the risk of becoming just another set of conflicting priorities among all the other demands for resources” (Childress 2013, section 5, p. 1). Childress (2013) believes that the role of the CEO is to encourage good team dialogue around project breakdowns and to promote the finding of the best solutions to get projects back on track. These corrective or improvement measures are then monitored and reported on the next SRM. By focusing everyone on the deliverables and outcomes, the CEO helps build the culture of accountability and performance that is required for strategy execution (Childress 2013). The role of the project sponsor is to report on the PIs of the objectives he/she is accountable for and the role of the project manager is to report on the projects he/she is responsible for. The objective owner should ensure that the different projects contributing to the objective are managed in a coordinated way. Childress (2013) recommends these SRMs to be highly participative and interactive, focussed on solving problems to take the strategy forward, avoiding silo-focussed actions by different units or individuals that can lead to suboptimal solutions and interdepartmental conflicts. Childress (2013) calls the SRM a new management discipline to be established, involving good preparations and proper measurement and presentation of performance data on projects and objectives. The strength of the SRM as an execution tool lies in the regular updates of projects and objectives, both the scorecard in the strategic plan and the project plans. Ford Motor Company, for example, held weekly 3-hour review meetings for over two years during its turnaround and has underlined the value of these SRMs. Childress (2013) believes that the opportunity cost of not holding these meetings outweighs the investment in these meetings by far.

After the evaluation process in SRMs, minutes or reports have to be prepared. This is discussed in the section that follows.

2.3.5.3 Reporting

Reporting is another important element in a performance management system or cycle.

Childress (2013) and Olivier (2013) believe that the minutes of the monthly SRMs and monthly project meetings should form the basis of performance reporting. Reporting should be done to all stakeholders according to a formal communication management plan. Stakeholders are internal (individuals, teams, heads of departments and the CEO) and external (including the board/ council, sponsors, development partners, customers, the media and the public). The content, format, details, media and frequency of reporting depend on the stakeholder communication management plan (PMI 2013). Reports can record the nature and size of deviations from the plans, their impacts, the conditions or people that led to these deviations, the alternative solutions to correct these deviations, and the selected solution with cost, time and responsibility details.

The evaluation (including the analysis, synthesis and insights) has to be communicated in a meaningful way to all stakeholders, especially top management, to make appropriate decisions and to record decisions made. Reports could be formal or informal, hard copies or electronic. Reporting is documentation and communication of performance results as analysed, synthesised and interpreted, the decisions taken and details of actions to be taken. Reports provide an audit trail of performance results, decisions and improvement actions – a valuable source for learning. Successes and best practice should also be reported/ communicated.

In strategy execution, the core focus of reporting falls on the progress made on initiatives/projects and their related objectives. Reports could further include analytics, explaining the cause-and-effects of deviations. Exception reporting is most common where actual performance is compared to the baseline (strategic plan with project plans) and where only deviations are reported. Reports could further distinguish between organisational, unit and individual performance.

Purpose determines the design of performance reports as it determines what information these reports must contain and how this information must be structured and presented. The two documents determining reporting are normally the performance management procedures for mostly internal feedback and the communication management plan, mostly for external feedback. Should donor funding be involved, special reporting requirements are normally attached.

PMI (2013) recommends that the communication management plan for each project should specify how measures and evaluated performance information would be reported to all the internal and external stakeholders. Reporting detail normally decreases as one goes higher in the hierarchy, but most important is that each stakeholder receives the right information in the

right format/media at the required frequency. Minutes of meetings normally moves up in the organisation to top management where reports are summarised, consolidated, and further presented to the board or council. Decision-making takes place on all levels, according to their mandates. All decisions are also reported with clear actions, responsibilities and target dates.

Most literature regards reporting as part of other components such as measurement and evaluation. According to Barr (2012), **"great reports"** (hard copies and/or electronic copies) are based on proper measures, evaluation and dialogue, always complete, accurate and valid, well presented (glamorous), well-structured and have a professional-looking and easy-to-navigate layout. In her opinion, great reports are faster to read with information more visually digestible and organised for a familiar logical structure with a signature design that makes the most of colour, layout and formatting. Reports should not only report performance results, but also other valuable information, such as cause analysis, decisions about chosen courses of remedial action and the effectiveness of this action. Barr (2012) recommends the use of "traffic lights" in performance reports, showing green where actual performance is on target, yellow when there is a small deviation and red indicating a major deviation.

Managers depend on solid measures, evaluation and reports to make good decisions, especially where they are removed from the frontlines where the real action is. They depend on reports based on the evaluation of performance data, i.e. information put into perspective. These reports present reality what they cannot see first-hand. Reports that identify trends, problems, improvements, potential risks or shortfalls enable managers to assess their options for proper improvement actions (Barr 2012). Reporting can be on individual, unit and/or corporate performance. Reporting therefore includes the normally bi-annual individual performance feedback based on joint evaluation through dialogue. This report documents both good and bad performance, together with agreed upon improvement actions.

Well-documented reports (hard copies and/or electronic copies) serve as records of performance and are valuable tools for learning and improvement.

2.3.5.4 Improvement

Improvement is the focus of any performance management system. The purpose of a performance management system is normally both improvement and learning (Spitzer 2007, Childress 2013 and Olivier 2013).

Improvement is **defined** as the "respond" action, based on what was "sensed" through measurement, evaluation and reporting (all through proper dialogue). Based on insights gained, decisions are made to correct errors and improve performance. Improvement can involve individual attitudes, behaviours and performance of the team, unit and/or organisational performance. Improvement can include any or more of the organisational development (OD)

interventions, including structure, processes, technology and people. Improvement can include improvements, corrections and amendments in project activities, projects themselves or strategic objectives. In the PMS cycle, improvement should be a continuous, never-ending process. Organisational renewal, whether it is improvement in effectiveness or efficiency, could be of incremental or transformational nature.

Improvement includes **innovation** that is required to find different ways to solve problems and improve performance. A PMS should promote creativity and innovation. Childress (2013, p. 66) states that "a Breakdown is the necessary and a natural precursor to a Breakthrough." He (Childress 2013) continues to state that "[b]reakthrough is almost always heralded by a shift of focus from complexity to simplicity; a return to the fundamentals… and talking to people 'outside' the problem."

According to PMI (2013) and Dinsmore (1999), improvements are changes that are best addressed when regarded as **projects** and managed by means of project management methodologies. This means taking the improvement initiatives through the project life cycle of initiation, planning, execution, monitoring and control and closing, managing all ten knowledge areas.

Change/improvement can also be realised through **operations**. Coaching and mentoring and mentoring are examples that could be applied for units, groups, teams or individuals. Coaching and mentoring could be applied as an operation (an ongoing process) or as projects. Harbst (2008) regards accountability coaching as an essential tool for sustaining strategy execution. He recommends an external coach who can continually challenge the organisational thinking and acting and promoting accountability.

2.3.5.5 Learning

The purpose of a PMS is always both improvement and learning. A good PMS for strategy execution enables organisations to continuously learn from their successes and failures to enable them to make the required corrections as early as possible. Jones (2011, p. 5) expressing this as "[s]trategy is about agility – agility is about learning: organisations are living, social entities in changing environments. Strategy is how they learn, adapt and improve."

Edmondson (2008) uses the term **execution-as-learning** to stress the critical importance of learning during execution. She believes that leadership should ensure that learning is built into the day-to-day work by means of culture and supporting learning infrastructure. She refers to self-sabotaging traps of the old-fashioned way of executing. These traps are critical information and ideas failing to rise to the top, people not having enough time to learn, unhealthy internal competition and companies thinking they can do no wrong. His execution-as-learning approach includes the development and implementation of learning culture, processes and technology.

Learning is based on proper measurement, evaluation and reporting. Learning takes place in an atmosphere of trust, respect, empowerment, flexibility and innovation, in which the right questions are asked, rather than providing the right answers. In this way the organisation moves to a higher level of execution (Edmondson 2008).

Organisational learning (OL) is one of the design principles for adaptive businesses (Mukherjee 2009). Organisational learning is the creation of useful knowledge and meaning by individual and group activities to generate and utilise intellectual capital for the organisation. OL is a never-ending journey directed towards getting closer to a learning organisation. A **learning organisation** (LO) is defined as an organisation that is on the way towards getting smarter and smarter and this is what is required for the strategy execution journey. Organisations are adaptive rational systems that learn from experience. Senge (1990) defines the learning organisation in terms of the continuous development of both knowledge and capacity. Organisational learning is defined as the creation of useful knowledge and meaning by individual and group activities to generate and utilise intellectual capital for the organisation. The goal should be to become:

- A learning organisation, i.e. ensuring the institutionalisation of organisational learning and the capacity for continuous learning so that the organisation is continually expanding its capacity to do the right things and to do things right to create its future;
- An organisation that is continually getting smarter and smarter with the organisation intelligence increasing in a never-ending cycle; and
- An organisation in continual adaptation to an ever-changing environment (Senge 1990 and Hitt 1995).

Strong leadership is required to change the culture and to develop and implement management information systems, structures and processes to facilitate organisational learning. Learning happens through continuous performance dialogue about successes and failures. When learning is embedded, organisations do not leave their employees to repeat the same errors. Instead, they clarify what behaviours work and what behaviours do not work for organisational success. The result is that everybody, both the organisation and its employees, wins. In practice, a learning organisation involves the continuous cycle of:

- Environmental scanning and measurement;
- Organisational (internal) and environmental (external) analyses;
- Learning, building of individual and organisation knowledge; and
- Improving the core processes through innovation.

Cummings and Worley (1997) reported OL as one of the fastest-growing interventions in OD that has been used by many firms to facilitate transformational change and organisational renewal. In support, Hitt 1995 is of the view that the LO is a paradigm shift of the highest order –

an emergence of a new perspective on organisations - how they should function, how they should be managed and how they should cope with change.

In opposition to OL and the LO, Senge (1996) and Senge et al (1999) mention the working of anti-learning forces, resistance or inhibitors. They state that large organisations have complex forces that typically maintain the status quo and inhibit the spread of new ideas. Examples of such forces stated are fear (people not clearly understanding the change; fear to take risks and to change the status quo), power (knowledge is power and a resistance to share power; a too strong hierarchical power), politics (individuals and groups using power and influence only for their own benefit and to the detriment of others and the organisation as a whole), leadership (poor leadership or inappropriate leadership style) and culture (conservatism, individualism and low risk taking; resistance by those managers who have fully embraced the traditional paradigms – and are successful). Both supporters and resisters to change therefore need to be identified and managed for the benefit for the change process.

Linked to learning, **knowledge management** (KM) is also an important aspect of performance management, as sufficient and accurate data has to be converted into information and information into insight/knowledge and then into actionable recommendations. Knowledge management is the systematic process of creating and leveraging organisational knowledge, involving discovery, codification, capturing, storage, sharing, dissemination and integration of new knowledge into the organisation for improved viability, growth and value. It integrates people, processes and technology (Senge 1994). The trend is increasing emphasis on capturing institutional knowledge within the organisation through formalised processes and electronic libraries. Capacity-building comes at a high price and includes the acquisition of new knowledge, methodologies, staff, systems and technologies. The challenge is to protect and sustain this investment through institutionalised organisational learning. Unless organisational learning is also effectively built into the management system, it will not be able to increasingly improve performance. Both explicit (formal codified knowledge, documented in reports) and tacit (informal uncodified knowledge that resides in peoples' heads) need to be utilised. The pillars of knowledge management are regarded as people, content, processes and technology. All of these elements need to be managed in an integrated way to realise the many benefits of knowledge management (Senge 1994). It is important to realise that knowledge cannot exist outside the "knower", although information can have an independent existence of its own (Senge 1994). An ICT system carries information that only becomes knowledge when internalised by somebody and becomes available for practical application. Technology assists to leverage intellectual capital for high performance, value creation and service excellence.

Data in turn is normally defined as raw figures or numbers with little meaning. As they are captured in structured formats, they become **information**. When the information is

contextualised and analysed by means of organisational learning, they become **knowledge**. This knowledge only adds value when utilised or leveraged for the benefit of the organisation and/or its customers. Businesses are increasingly becoming knowledge-based or knowledge-intensive with its people as its biggest asset. The value of its people far exceeds the value of capital assets. Organisation knowledge is intellectual capital and the core competencies that should be managed. Knowledge should be acquired and leveraged across units to add value for clients. Knowledge must be spread quickly and efficiently throughout the organisation through ICT systems that are aligned to processes. Everyone should learn through synergistic teams who continually expand the organisation's capacity to do the right things and to do things right. Members of a synergistic team (a learning team or high performance team) have mastered the learning disciplines and are able to engage in honest and open communication to achieve a level of intelligence greater than the sum of the intelligence of the individual members (Hitt 1995).

It is then clear that leadership, strategic planning, project management, organisational alignment and a PMS are all related and vital components for strategy execution. To deliver strategy requires a new set of behaviours, as the strategy execution is different to business-as-usual. These new behaviours need to be driven with the right thinking and attitudes, which form the next vital component of strategy execution. In the next section, the critical role of motivation or drive is explored.

2.3.6 Drive

The sixth vital component for successful strategy execution from the literature is motivation, but more specifically "drive", referring to mostly internal motivation. Here the question is asked: What drives performance?

People execute strategy and if people do not want to do it, execution will fail. Drive is the very personal people aspect in PPT (People, Process and Technology) in constructing a PMS. Although people could be forced to execute strategy, sustainable and successful strategy execution is only possible when all people voluntarily participate in the strategy execution journey. The question is: What is the best way organisations can inspire, motivate, and influence people to join and continue with passion on this strategy execution journey? The psychology of motivation remains complex and numerous sources try to explain it.

Pink (2009) defines **'drive'** as the sustainable intrinsic motivation that cause sustainable behaviour. Drive is the internal energy (or generator) in individuals and teams to move forward towards the achievement of objectives. It is what motivates people to behave and perform in certain ways. The author defines drive in this document mostly as internal motivation,

complemented by external rewards to sustain passion and commitment in individuals and teams to display the right behaviours to execute a strategy.

Pink (2009) make the distinction between **internal and external motivation**. The traditional way to improve performance, increase productivity and encourage excellence is to reward the good and punish the bad. Pink (2009) calls this "carrot-and-stick approach" "Motivation 2.0" and explains why this (often) does not work. "Motivation 3.0", the upgrade, is now needed, presuming that humans also have a drive to learn, create and to better the world. "The science shows that the secret to high performance isn't our biological drive or our reward-and punishment drive, but our third drive – our deep-seated desire to direct our own lives, to extend and expand our abilities, and to live a life of purpose," according to Pink (2009). He believes that people need to regularly experience "Autonomy", "Mastery" and "Purpose" for sufficient and sustainable fuel to drive the organisation. The leader's task is therefore to assess value, create and maintain this "AMP" environment, aligning all towards the strategic objectives while everyone experiences progress and feeling part of something great. Olivier (2012) complements these "AMP" elements with three "As", namely Action plan, Acknowledgement and Achievement, and subsequently calls his model for Drive "PAAMAA".

Childress (2013) believes that the first thing to do on the strategy execution journey is to clarify the enduring purpose, the reason for the business' existence, starting with the executive team. If people can align their personal goals and purpose with those of the organisation, it offers a strong source of energy for the journey. In keeping with this view, research by McKnight, Kaney and Breuer (2010) show that people are motivated mostly by inner, intangible rewards. They state that the most powerful motivator is the opportunity to do good work and to be a meaningful part of a winning team. Negative incentives like threats or punishments could help, but only for a short while.

Herzberg in his classic 1968 article "One More Time: How Do You Motivate Employees?" distinguishes between **Motivators** and **Hygiene Factors**. He states, "I can charge a person's battery, and then recharge it, and recharge it again. However, it is only when one has a generator of one's own that we can talk about motivation. One then needs no outside stimulation. One wants to do it" (Hertzberg 1968). He argues that this internal generator is only installed in people by "Motivators". Motivators include achievement/ performance, recognition/ acknowledgement/ appreciation, the work itself (meaningful, purposeful), responsibility/ autonomy and advancement/ growth/ learning/ mastery of new skills. Hygiene factors are things people want to avoid to prevent pain, dissatisfaction or discomfort. Examples are company policies, administration, supervision, interpersonal relationships, working conditions, status, security and salary. Pink (2009) calls the hygiene factors "baseline rewards". He argues that if someone's payments, benefits and rewards are not adequate or equitable, the employee's

focus will be on the unfairness of the situation or the anxiety of the circumstances, making motivation of any sort extremely difficult. It is therefore important for managers/leaders to distinguish between hygiene factors/baseline rewards and motivators. Both need to be addressed to sustain motivation. Collins (2001) believes that expending energy trying to motivate people is largely a waste of time. He rather focuses on having the right people in the right jobs all the time. "If you have the right people on the bus, they will be self-motivated. The real question then becomes: How do you manage in such a way as not to de-motivate people?" He only partially agrees with Herzberg, as he does not recognise the leader's role to motivate.

Knowing the difference between hygiene factors and motivators, the next question is: what can leaders do to promote this mostly intrinsic force, Drive, towards better strategy execution? Paterson et al (2008) describe various **sources of influence** leadership have at their disposal to manage both willingness and ability of everyone on the strategy execution journey. They identified three forces affecting human behaviour, namely Personal, Social and External/Structural forces. Each force has a motivation and ability component. They recommend that leaders use all six sources of influence to achieve and maintain high performance; that the full set of influence strategies be combined into a powerful plan to eventually make change inevitable. The six sources of influence are:

- Personal Motivation (P_m): work on connecting vital behaviours to intrinsic motives, making the undesirable desirable so that people will say, "I want to do it";
- Personal Ability (P_a): coach the specifics of each behaviour through deliberate practice to allow people to surpass their limits and say "I can do it";
- Social Motivation (S_m): draw on the enormous power of social influence to both motivate and enable the target behaviours by harnessing peer pressure so that people will say "They motivate me to do it";
- Social Ability (S_a): people in a community need to assist each other if they hope to succeed to find strength in numbers. This will make people say "They help me to do it";
- External/Structural Motivation (E_m): attach appropriate reward structures to motivate people to pick up the vital behaviours by designing rewards and demand accountability. This will make people say, "It's worth the effort for me"; and
- External/Structural Ability (E_a): ensure that systems, processes, reporting structures, visual cues and so forth support the vital behaviours. Change the environment so that people will say, "My support structure helps me to do it".

These internal, social and structural influences can strengthen the right behaviour or change behaviour for improved (strategy execution) performance. Therefore, from the literature it is

clear that behaviour is influenced by many factors. These so-called drivers seem to generate sustainable higher performance. With the above six change levers or sources of influence leaders can further promote the right behaviours towards achieving the performance targets. These levers work on changing both external and internal aspects, with the belief that mindsets/thinking leads to attitudes that lead to behaviour that lead to the required performance results.

Mulford (2011) believes that **mindset** is perhaps the least understood but the most important driver of exceptional strategy execution; that it is the turbo in the execution engine. He states that mindset is the essential driver of real business results and that winning the hearts and minds of employees leads to emotional commitment around the new strategy and encourages the discretionary effort to make it happen, resulting in a strategy that is adopted with a sense of urgency and purpose, maximizing the business outcomes Childress (2013) is of the view that a breakthrough mindset is required for successful strategy execution. The way of thinking needs to change, as the strategy execution journey requires open, learning, creative and innovative minds. The journey requires people who should not limit their thinking to what is reasonable, but what is desired. He believes that incremental thinking should make way for breakthrough thinking that will lead to breakthrough strategies. Childress (2013) referred to the saying of Albert Einstein that problems cannot be solved with the same thinking used to create them.

Cohen (2011) also stresses the importance of mindset in strategy execution, together with capabilities and alignment. He presents a simple formula to explain what is needed to execute strategy: E=AMC. Strategy Execution is a function of Alignment, Mindset, and Capabilities. Cohen (2011, p. 1) asks the question, "Why don't businesses change, even when it is necessary?" He answers it by suggesting that it is because of internal conflict:

> Organizations are set up for efficiency and human beings are wired for habitual behaviour. This combination produces the 'titanic effect' in even the smallest company: It seems to take forever to change course […] To meet today's challenges, companies need to be able to execute strategy and change plans with agility. Successful execution depends on core project leadership and management behaviours, based on the right mindsets. Actions necessary to respond to change are temporary endeavours, for example initiatives that conflict with the habits and assumptions of the core operations of the company. Individuals who must execute and support these initiatives need to change behaviours formed over time […] most people will be well outside of their comfort zone.

Patterson, Grenny, Maxfield, McMillan and Switzler (2008) recommend focusing on changing the **'vital few behaviours'** towards **'best practices'**, the handful of behaviours that typically lead to success. They say it is important to measure and react to both behaviours and results. To attempt to change mindsets (and attitudes), Patterson et al (2008) recommend to first identify these desired vital few behaviours. Furthermore, they believe that people will attempt to

change their behaviour if they believe it will be *worth it*, and if they believe they *can do* what is required.

According to Patterson et al (2008), top performing organisations **reward** positive performance far more frequently than their counterparts do. They consistently reinforce even moderately good performance, and learning flourishes. Top performers then immediately make corrections. They do not leave their employees to repeat the same errors. They clarify what behaviours work and what behaviours do not work for organisational success. Each organisation should identify those vital behaviours that improve desired outcomes. Then they should *influence* those few vital behaviours by means of appropriate rewards and punishment. People should clearly see the link between behaviour and outcome and be made accountable. They argue that the primary cause for backfiring/failed rewards is that rewards are used as the first motivational strategy to change behaviour: "Influence masters first ensure that vital behaviours connect to intrinsic satisfaction. Then they line up social support. They double check both of these areas before they finally choose extrinsic rewards to motivate behaviour" (Patterson et al 2008). They regard a financial reward as just one of the structural/external influences that can be used to motivate and change behaviour once the internal and social influences are in place. In an organisational context, reward is normally seen as a positive external act in response to good behaviour. Reward is to strengthen the right behaviour. A positive external act (for example acknowledgement or a bonus) in response to good behaviour can also strengthen the right behaviour. Reward improves accountability. It promotes the right behaviours, efficient processes and good results/outcomes. Rewards show poor performers what they are missing, but also the penalty they have to endure. The focus of reward or penalty should always be placed on development/improvement. A reward or penalty is just tool to improve behaviour and performance. Patterson et al (2008) recommend principles for applying penalties/negative incentives, namely to apply penalties with rigorous fairness and to make penalties appropriately severe but formulated correctly to drive the right behavior.

It is then clear that leadership, strategic planning, project management, organisational alignment, a PMS and drive/motivation are all related and vital components for strategy execution.

In the next section the critical role of engagement is explored.

2.3.7 Engagement through dialogue

Engagement of all employees – their hearts, minds and hands – is identified as the seventh and last vital component for successful strategy execution, and means involving all your employees in the strategy execution journey, starting with the executive team. It breeds understanding, clarity, buy-in and commitment. Engagement is not a one-time or occasional thing, but is

described as the culture of regular and effective dialogue, quality conversations, good interaction based on trust. Furthermore, engagement specifically relates to Leadership, Drive and Evaluation, and other vital components.

Childress (2013) reports on studies confirming the strong relation between engagement and business results. He believes that an effective way of capturing the hearts and minds of employees is to get them actively involved in the strategy execution process by giving them a voice, accountability, recognition and feedback. Engagement needs to be planned and **leader-led**, according to Childress (2013). Through "Engagement" the vital component of "Leadership" is linked to the other vital components such as "Drive". Leadership should facilitate engagement through planned dialogue. Childress (2013) states that the senior leadership team's most important role is to engage and enrol the entire organisation in implementing the business strategy. He believes that this function should not be left to the HR or Communications Departments. It is therefore needed for leaders to be skilled in performing and overseeing dialogue throughout the organisation. Childress views the focus on charisma and exceptional personality under leaders today as hindrances to leadership engagement. He sees leaders-as-celebrities as being removed from their employees and work of their organisations and of limited value in strategy execution. Childress (2013) therefore recommends that the CEO chairs the Strategy Review Meetings and remains accountable for the success of these meetings – the major engagement forum.

There is consensus that real engagement is achieved through a **culture of dialogue.** Bossidy and Charan (2002) view dialogue as the core of culture and the basic unit of work. "How people talk to each other absolutely determines how well the organization will function. The reason most companies do not face reality very well is that the dialogues are ineffective" Spitzer (2007) is in agreement, saying that "[k]nowledge organizations are really little more than the sum total of their conversations" He believes that strategy execution without dialogue is empty, as dialogue gives meaning to measurement, evaluation, reporting, improvement and learning. The main actors in dialogue are *people* - *p*eople making contact with each other serving as the glue in strategy execution. Neilson, Martin and Powers (2007) state their research showing that "execution champions rather focus their efforts on more powerful communication levers than structural changes".

According to Spitzer (2007), Patterson et al (2008) and Childress (2013), **dialogue** is the regular interaction and engagement through good relations and trust, believing that through collaboration all will do better; dialogue is where all are encouraged and rewarded to share their views and knowledge; it leads to decisions that are understood and supported; dialogue means sharing collective meaning; it is a mutual search for shared meaning or understanding; dialogue is a deeper and more informal form of communication compared to discussion or debate.

The purpose of dialogue, according to these authors, is not that one person or party wins an argument; dialogue is the free flow of meaning between two or more people , these "crucial conversations" are entered with unique combinations of opinions, feelings, theories and experiences about the topic at hand – creating a pool of meaning; in dialogue people should feel safe to add their meaning to the shared pool; it is through dialogue that *data* and *information* are converted to higher levels of knowledge, insight and wisdom; this is essentially a social capability and not a technological or systems capability; dialogue is essentially organisational culture.

Dialogue activities include listening, defining terms, defining the problem, looking for root causes, questioning, challenging assumptions, looking at missing data, looking at both opportunities and risks, developing and evaluating alternative solutions, analysing, interpreting, understanding, learning, linking, integrating, balancing, modelling, hypothesizing, decision making and commitment to action. **Critical success factors** for dialogue include proper planning, preparation and management of meetings, dialogue based on facts/measured information, asking the right questions, staying focused and allowing equal opportunity. Engagement is therefore promoted through **compelling stories**. Strategy mapping, line-of-site summaries, strategy-on-a-page roadmaps, graphs and trends promote both dialogue and engagement. (Spitzer 2007)

Dialogue thrives on **candour** (openness, frankness, honesty, truthfulness, sincerity, straightforwardness) and inviting multiple viewpoints. The requirements are that participants be considered as equals, each having valuable insights to share on the subject. The more perspectives involved, the richer the dialogue (Spitzer 2007). The important role candour plays in dialogue is highlighted by many sources. Candour is defined as openness, frankness, honesty, truthfulness, sincerity of expression, freedom from prejudice. Welch (2005) regards candour as vital to winning. He describes the candour effect as follows: candour gets more people in the conversation; it generates speed and cuts costs. Candour is hard and time-consuming to instil in any group, but it can be instilled by talking about it, praising it and rewarding it, making public heroes out of people who demonstrate it. Ferrazzi (2009) states that we need the perspective and advice of a trusted team to engage in healthy, caring, purposeful criticism. He says that candour is the greatest gift you can give if it comes from a place of caring and caring about the other person enough to want him/her to get better. Candour is a two-way street in which we tell others the truth and receive it in return. Roberto (2005) argues that great leaders do not take yes for an answer, but invite candour, conflict and debate to reveal different perspectives and more creative options and solutions – for better decision-making and commitment in decisions.

Trust is another critical element that enables dialogue with candour expressions by all. Covey (2006) believes that trust is the one thing that changes everything. He describes trust in terms of thirteen behaviours, namely: talk straight; demonstrate respect; create transparency; right wrongs; show loyalty; deliver results; get better; confront reality; clarify expectations; practice accountability; listen first; keep commitments and extend trust. Trust means people have confidence in one another, in their integrity and their abilities. Covey (2006) adds "Trust" in his equation: Strategy x Execution x Trust = Results. Organisational trust depends on self-trust and relationship trust.

Effective dialogue also depends on effective **teamwork**. Lencioni (2009) describes a functional and cohesive team as one in which members trust one another, in which they engage in unfiltered conflict around ideas, in which they commit to decisions and plans of action, in which they hold one another accountable for delivering against plans and in which they focus on achieving collective results. Trust is regarded as the heart of a functioning, cohesive team. He identified five dysfunctions of a team, namely absence of trust, fear of conflict, lack of commitment, avoidance of accountability and inattention to results.

Few people and organisations are skilled in dialogue. In fact, many organisations are actually suppressing dialogue. A facilitator could assist in developing the discipline of real dialogue towards full engagement. Engagement could be regarded as the lubricant amongst all the vital components in the strategy execution engine

2.4 CONCLUSIONS

This chapter started by describing the nature and the significance of strategy execution, concluding that strategy execution is of critical importance to business globally. The strategy execution gap was then described in terms of its nature (in terms of barriers) and its size.

Various strategy execution solutions found in literature since 2001 until 2013 were then presented and analysed, with the most significant sources appearing since 2007. This analysis lead to the synthesis that seven elements or components hold the key to significantly close the strategy execution gap, bridging the key barriers to successful strategy execution. These seven identified vital strategy execution components are Leadership, Strategic Planning, Project Management, Alignment, Performance Management (MERIL), Drive and Engagement. A literature review on these seven vital strategy execution components followed, together with their links and/or interdependencies.

Visionary and effective *leadership* seems to be the first and most important aspect of successful strategy execution. Leadership skills in especially execution and performance management need development in most organisations. Too much time and energy is spent on planning, compared to execution and control. Execution and control functions could not all be delegated

to middle and lower management levels. Leadership need to be in control of both the planning of the organisational journey and the journey itself.

The second important aspect of successful strategy execution is a solid *strategic plan*, as the lack of such a plan would make successful strategy execution very difficult. The strategic plan should be balances, integrated, clear, cascaded and in sufficient detail to implement it and with clear roles and responsibilities.

Project management is the third aspect of successful strategy execution and seems to be the biggest gap in the strategy execution outfit. Only a few sources on strategy execution are realising that strategy is executed through projects and not only operations.

Alignment, as the fourth important component of successful strategy execution, represents the integration of strategy with other organisational elements, such as structure, processes, technology, culture and budgets.

The fifth vital component is a proper *PMS:* Apart from the conventional Plan-and-Execute cycle, a complementary Sense-and-Response cycle or system is needed to include measuring, evaluation, reporting, improvement and learning (MERIL) capabilities.

Number six is *Drive*. This vital component is the mostly internal human motivation needed to drive and sustain successful strategy execution. After all it is humans implementing strategy and not machines, processes or structures.

Engagement through proper dialogue is identified as the seventh vital component. Although related to Drive and other components, without this the strategy execution process seems to remain disengaged.

The identification of these particular seven vital components does not appear in any other known source. While the seven components are all vital, the challenge is to best put these together in an integrated way.

The number of sources in the literature on strategy execution is limited, but is rapidly increasing. Hrebiniak (2005 expresses this concern by stating that managers are being trained to plan and not to execute. In his view, management literature has focused over the years primarily on presenting new ideas on planning and strategy formulation to eager readers, but has neglected execution. According to Hrebiniak (2005), the lack of formal attention to strategy execution in the classroom carries over to a lack of attention and consequent underachievement in the area of execution in the real world. Hrebiniak made these statements in 2005. Since 2007 the author observed a visible increase in literature on execution and strategy execution in particular.

The author identified some gaps in the existing limited strategy execution literature. Firstly, literature addressing strategy execution normally focus only on one or two organisational

elements, including strategy, project management, people management, performance management, processes and technology. However, strategy execution is multi-disciplinary and involves all organisational elements. The author is of the opinion that the strategy execution gap could largely be closed through the dynamic integration of strategic planning, project management, performance management and the other vital components. However, strategy execution literature mostly covers two-dimensional linkages, such as strategy and performance management (for example Kaplan & Norton 2008) and strategy and project management (for example Shenhar et al 2007). Further gaps in literature are the limited number of sources based on the public sector and, in particular, developing countries. Most of the sources originate from the private sector and from developed countries.

The author believes that the current knowledge and developments in strategy execution to date was well captured in this chapter. As this study is focused on closing the strategy execution gap in the public sector, the research has to include a study of the public sector context for strategy execution. This is the topic of the next chapter, Chapter 3: Strategy Execution in the Public Sector Context. In this chapter, strategy execution in the private and public sectors are compared to determine differences and unique characteristics of executing strategy in the public sector.

CHAPTER 3 : STRATEGY EXECUTION IN THE PUBLIC SECTOR CONTEXT

3.1 INTRODUCTION

A literature survey and review of strategy execution were done in Chapter 2. The sources mostly came from the developed world and the private sector in which goods and services are produced with the prime purpose of making profit.

In this chapter, the nature and the uniqueness of the public sector are explored as they relate to strategy execution by comparing them to the private sector. These differences are then investigated to determine the implication for strategy execution in the public sector.

The fact that situational analysis always precedes strategic planning proves that context matters in strategy formulation. In strategic planning, context is often referred to as situational analysis, including the analysis of the external and internal environments. This results in the common SWOT matrix (summarising the external Threats and Opportunities and internal Strengths and Weaknesses) which then forms the basis for identifying key strategic issues from where the responses in the form of focus areas/goals, objectives and strategic initiatives are formulated.

In this chapter, the unique characteristics found in the public sector context are explored together with the implication of these differences in executing strategy in the public sector. The question to answer in this chapter is whether context (i.e. the external and internal situation) matters in strategy execution as it matters in strategic planning. Four sub-questions are:

- What are the main differences between the public and private sector contexts?
- What are the main public sector differences in developed and developing countries?
- What are the implications of these differences in executing strategy in the public sector?
- If these implications are significant, how could these context differences be considered for strategy execution?

3.1.1 Context defined

In the same way that context determines the meaning of a sentence, so context determines the meaning of a strategy. A good strategy is responsive to context. Strategy separated from context could be regarded as unrealistic or meaningless, as the purpose of strategy is to find the best way of responding to opportunities and threats appearing in its external environment or context, when considering and addressing internal strengths and weaknesses. Context could be defined as the environment, atmosphere or conditions within which an organisation operates and performs. The organisation operates in relation to its context, i.e. the context influences the organisation and the organisation at the same time influences its context.

The immediate context is the micro or internal environment which includes employees, culture, procedures and buildings. The immediate external context is normally referred to as the industry environment that includes clients, customers, beneficiaries, suppliers, consultants, contractors, competition, the media and pressure groups. The macro environment, the broader and often more indirect context, includes the so-called PESTLE elements of Political, Economic, Social, Technological, Legal and Environmental influences. In the public sector, the P (Political) could perhaps be moved closer to the internal and industry environments. These influences are explored in this chapter to determine their effects on the execution of strategy.

3.1.2 The nature of the public sector

"Public Sector" in this document is defined as all organisations, ministries, agencies, and regional and local authorities that are owned and operated by the government. Examples of public sector services include healthcare, education, police, prison services, water, sanitation and municipal services.

The public sector is typically divided into three types or levels, namely central, regional and local government. Together they form a linked system of government.

The public sector purpose or mandate is usually defined in legislation, setting out its role, responsibilities and authority. In its most basic form the purpose of the public sector is to serve the public. Their value proposition is to promote the social and economic well-being of all its citizens. The public sector organisation, as any other organisation, is seen as an open system, relating to its environment through numerous influences and stakeholders, including individuals, groups and other organisations. The public sector organisation is depicted in Figure 3.1 as an open system (Starling 2011). Here the commonly referred to PESTLE (Political, Economic, Social, Technological, Legal and Ecological) environment is split into the "ESTLE" on the outside and the "P" in the middle of this diagram. Specific influences affect the Public Sector Agency within the PESTLE environment. These are "Power & Influence", "Authority, Mandate and Law", "Intergovernmental Relations" and "Leadership Values". Within this context of porous boundaries, the organisation has the mandate to use its limited resources to create efficient and effective public services through projects and programmes.

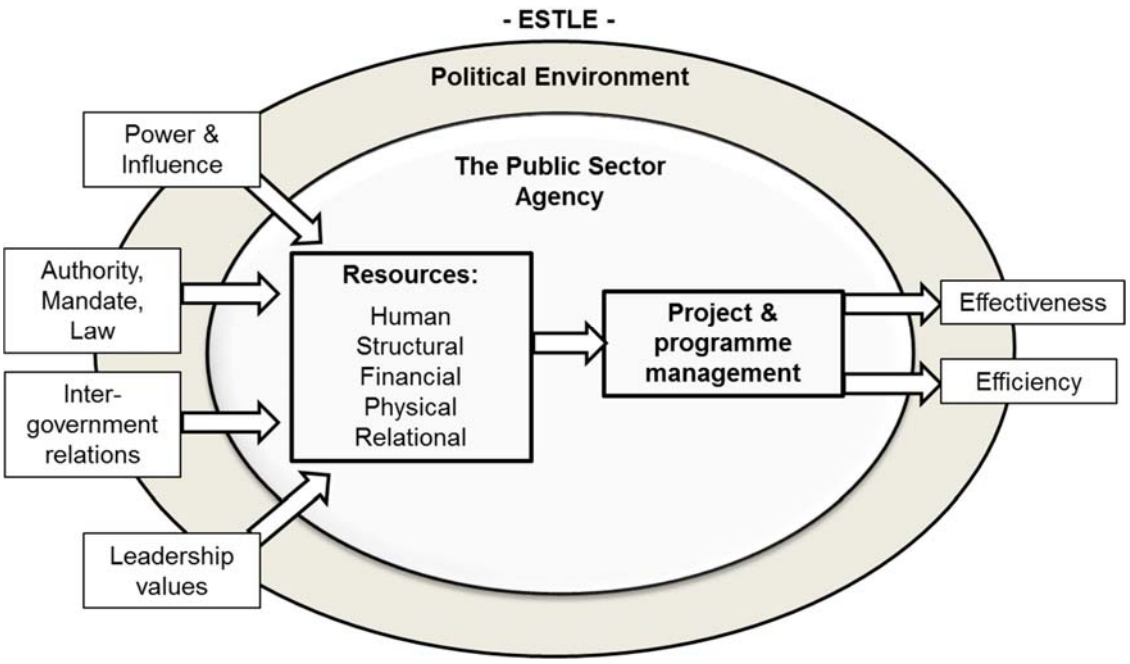


Figure 3.1: Process of public administration (Olivier, based on Starling 2011)

Starling (2011) regards the public sector organisation as generally operating in system that is more open than that of the private sector. An organisation as a set of open, living systems and sub-systems depends on its environment for survival and growth. For this reason it is important to identify and assess the forces and conflicts between internal and external systems. Any one or more of these internal and external systems are potential triggers, sources, targets, levers or obstructions for change. For such an open system to exist, all components need to be built with the capacity to manage change (Cummings & Worley 1997). Farhoomand (2004) describes the constant and dynamic interplay between the environment and the organisation by stating that within the organisation, the various elements are in dynamic tension, as all elements form an integral part of the one body. This requires from organisations to put in place fluid, flexible and agile networked organisational forms to be able to respond effectively to any change to their internal or external forces.

3.1.3 Public sector challenges

The public sector worldwide (in developed and developing countries) has to cope with various and changing challenges. Many of these challenges come from the influences identified in Figure 1 and the more open nature of the public sector organisation. Some common key challenges are presented in this section.

SPL (2012) describes the challenges in managing public service institutions as follows: “The effective and ethical leading and managing of public service institutions for professional services delivery represents one of the most demanding challenges of our times. The challenge is even

more daunting in developmental contexts where public service provision often takes place under conditions of complexity, diversity and where service delivery has to provide access for all citizens to quality services under constraints of inequality and lacking resources." In support of Cummings and Worley (1997) and Farhoomand (2004), SPL (2012) states the requirement for an adaptable and flexible public service. SPL (2012) describes public service as service that is "able to create and sustain a balance between market-directed and state-directed economic growth that is able to create and sustain institutions which will facilitate and maintain a developmental state and are technology driven and citizen centred." This requires from the public service to be a learning social system with a system-wide culture of learning.

Governments worldwide are experiencing economic, social, legal, ecological, physical, technological and management challenges. Economic challenges include low economic growth, unemployment, low affordability levels and debt. Social challenges include poverty, various health problems including HIV/AIDS, safety and security risks, corruption, non-payment, tax avoidance, poor education, shortage of skills, social pressures resulting in increased power of the people through social media, labour unrest and strikes. Legal challenges include the need for stronger control and regulation. Ecological challenges are the increased frequency and impact of natural disasters, climate change, global warming and renewable energy. Physical or infrastructural challenges include the shortage of infrastructure for service delivery, e.g. water supply, sanitation, electricity, roads and housing. Technological challenges include limited understanding and use of technology. Management challenges include low efficiency or productivity levels, duplications, poor or slow processes, high costs, budget constraints, shortage of skills, poor values and discipline, poor leadership, low motivation, inequality and discrimination in the form of tribalism or nepotism. These and other challenges affect most public sector organisations. These individual challenges are compounded by the presence of many of these at the same time, e.g. a Public Sector Organisation dealing with labour unrest, ecological disaster and low staff motivation simultaneously.

Strategic planning is the best tool to use in addressing this multitude of challenges or issues in a systematic and integrated manner. According to McBain and Smith (2010, p. 1) "[s]trategic management has become a standard tool for the public manager to create value and to shape the organization... in the light of the growing complexity…" However, even with excellent strategic plans, issues are not resolved without the execution of these plans. Larry Randall (LinkedIn, 2013a) describes it as follows: "Between 'civil service' laws (in US) and unions (US and UK/EU), there is a powerful resistance to anything that moves toward a simple and quick process. Too many people 'work' for the governments, yet few actually WORK. We have to fix that, or our civilizations will crumble under the weight of 'government'."

In Chapter 2, the literature review revealed an average of 60% failure rate in strategy execution in general. Niven (2003) reveals a 90% failure rate for public sector organisations, due to the unique internal and external challenges faced by governments. It could therefore be concluded that strategy execution in the public sector is more difficult than in the private sector. This view is explored in more detail later in this chapter.

3.1.4 Structure of this chapter

This chapter is divided into six sections. **Section 1**, this introduction, is followed by a historical overview of Public Sector Management in **Section 2**. **Section 3** describes the main differences between the public and private sectors. **Section 4** addresses public sector differences in developed and developing countries while **Section 5** explores the implications of these differences for executing strategy in the public sector. **Section 6**, the final section, offers conclusions and recommendations for better strategy execution in the public sector.

3.2 HISTORIC OVERVIEW OF PUBLIC SECTOR MANAGEMENT

This section presents the historical overview of the development of public sector management over the last century.

3.2.1 Stages of Public Sector Reform

Osborne (2006, p. 378) presented a **three-stage model** with the intention to "tease out three 'archetypes' … that will assist and promote analysis and discussion of the conceptual and practical development of PAM." He acknowledges that this three-stage model is a simplification as elements of each stage can co-exist with each other or overlap. These three stages are depicted in Figure 3.2 below and are described in this text. It starts with the period of traditional Public Administration (PA) or Public Administration and Management (PAM) since the Great Depression up to around 1980. This was followed by a transition period (Osborne 2006) called New Public Management (NPM), unfolding more or less during the last two decades of the previous century. Since around 2000 NPM has evolved in what Osborne (2006) calls New Public Governance. This last stage is also called by other names such as New Public Service and Public Value.

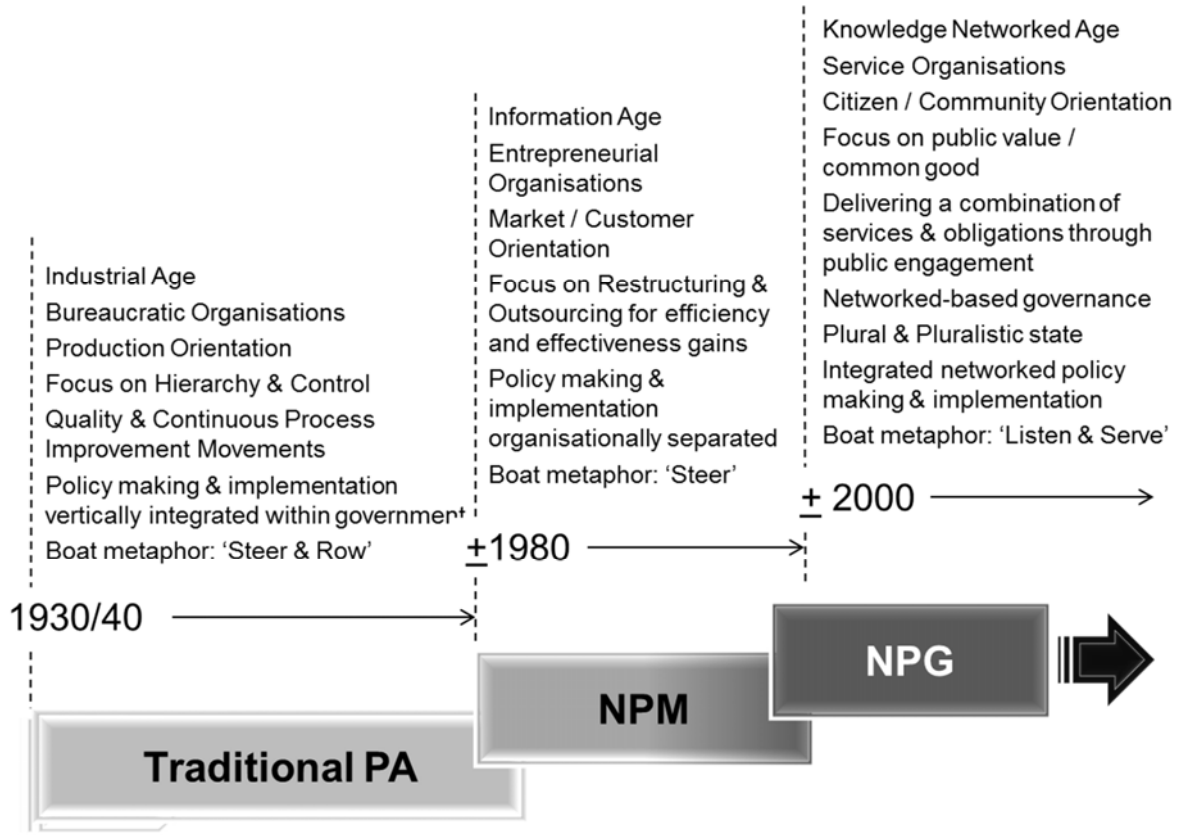


Figure 3.2: Three stages of public sector reform (based on Osborne 2006)

These three stages, based on Osborne (2006) are described in the subsections that follow as an introduction to the public sector context, with the purpose to provide a historical overview of public management progressions over the last century. The sections that follow describe the driving forces behind these changes, principles applied in each stage and their application in developed and developing countries. It will be noted that the concept of strategy (both strategy planning and execution) has not significantly featured in the PA and NPM stages, but is starting to feature in the so-called NPG stage. Reference is mostly made to policy formulation and implementation in the PA and NPM stages.

3.2.1 Traditional Public Administration (PA)

Osborne (2006) describes the PA Stage as being dominated by "rule of law" and the administering of set rules and guidelines in a bureaucracy playing a central role in both policymaking and implementation. "PA reached its high point in the UK in the post-1945 era of the welfare state," according to Osborne (2006, p. 378), "when the state was confidently expected to meet all the social and economic needs of [its] citizenry, 'from [the] cradle to the grave.'" The nature of PA is further described as follows (Osborne, 2006, p. 382):

> PA is firmly positioned within the discipline of political science. Influential theorists include Woodrow Wilson (1887) and William Robson (1928). It has at its core a concern

> with the unitary state, where policymaking and implementation are vertically integrated within government. It focuses precisely on this policymaking and implementation system, or cycle, with an assumption that effective PAM is comprised of the successful implementation by public managers according to policies decided "upstream" in this system by democratically elected (and, it is implicitly assumed, accountable) politicians. Because of its vertically integrated nature, hierarchy is the key governance mechanism for PA, with a focus on vertical line management to ensure accountability for the use of public money, while its value base is strongly that of an explicit public-sector ethos.

3.2.2 New Public Management (NPM)

Mongkol (2011, p. 35) states that "[t]he new approach, namely New Public Management (NPM), emerged to replace the traditional model of public management during the 1980s and 1990s in response to the inadequacies of the traditional model." Drivers for this change included the need for improved service quality, efficiency and effectiveness. Larbi (1999) describes the drivers of NPM reforms as a combination of economic, social, political and technological factors. These include 1) the economic and fiscal crises which triggered the quest for efficiency to cut the cost of service delivery; 2) the crisis of the welfare state that led to questions about the role and institutional character of the state; 3) external pressures on programme adjustments; 4) the ascendancy of neoliberal ideas from the late 1970s; 5) the development of information technology; and 6) the growth and use of international management consultants as advisors on reforms. Additional factors in developing countries include lending conditions and the increasing emphasis on good governance.

Oehler-Sincai (2008, p. 3) describes the emergence of NPM paradigm as follows:

> As some generic label seemed to be needed for a general, though certainly not universal shift in public management styles, academics like Pollitt (1990), Hood (1991), Hoggett (1991), Osborne and Gaebler (1992) et al. coined the term New Public Management (NPM). This paradigm, like its forerunners, has been trying for almost twenty years to answer the same question: how to implement policies, strategies, programs and projects, using the market-type mechanisms, so that the institutions of the state could achieve the desired results?

In reinventing government, Osborne and Gaebler (1992) apply the business-customer service model to government where citizens are seen as customers and where the administrative role is streamlined by converting policy alternatives into market choices. This approach focuses on results and promotes competition inside and outside government. Osborne and Gaebler (1992) argued that a revolutionary restructuring of the public sector was taking place, which they believe is being driven largely by politicians and bureaucrats who, under great fiscal pressure, are introducing market forces into monopolistic government enterprises. They present **ten operating principles** that distinguish a new "entrepreneurial" form of government. These principles defining NPM are:

1. Steer, not row (meaning governments should not be obliged to provide services, but to rather see that services are provided;

2. Empower communities to solve their own problems rather than simply deliver services;
3. Encourage competition rather than monopolies;
4. Be mission-driven, rather than rule-driven;
5. Be results-oriented by funding outcomes rather than inputs;
6. Focus on meeting the needs of the customer, not the bureaucracy;
7. Concentrate on earning money rather than spending it;
8. Invest in preventing problems rather than curing crises;
9. Decentralise authority; and
10. Solve problems by influencing market forces rather than creating public programs.

It should be noted that Osborne and Gaebler (1992) point out that the biggest influence on their thinking came not from government but from management consultants like Thomas Peters, Edward Deming and Peter Drucker. They argued that hierarchical, centralised bureaucracies designed in the 1930s and 1940s cannot function properly in a rapidly changing, information-rich, knowledge-intensive society and economy. It calls for both governments and businesses to transform themselves in essentially the same way: by flattening hierarchies, decentralising decision-making, pursuing productivity-enhancing technologies and stressing quality and customer satisfaction. Osborne and Gaebler (1992), however, point out that while much of NPM could be summed up under the category of market-oriented government, markets are only half the answer. They therefore conclude that entrepreneurial governments should embrace both markets and community as they begin to shift away from administrative bureaucracies.

Hood (1991) reported that "[t]he rise of NPM over the past 15 years is one of the most striking international trends in public administration". He relates this trend to four other administrative megatrends of that period, namely the slowdown of government growth, the shift towards privatisation, the development of automation and an increasing international agenda. Hood (1991) identified seven overlapping or interrelated precepts or doctrinal components of NPM:

1. Hands-on professional management;
2. Explicit standards and measures of performance;
3. Greater emphasis on output controls;
4. Shift to disaggregation of units;
5. Shift to greater competition;
6. Stress on private sector styles of management practice; and
7. Stress on greater discipline and parsimony in resource use.

While Osborne and Gaebler (1992) helped to ignite a barrage of public sector reforms, especially in the USA and the UK, Osborne and Plastrik (1997) provide prescriptive advice on how to transform "bureaucratic" systems and organisations into "entrepreneurial" ones and, thereby, banishing bureaucracy. Osborne and Plastrik (1997) define "entrepreneurs" as those

using resources in new ways to maximise efficiency and effectiveness. "Government reinvention" is defined as the fundamental transformation of public systems and organisations to create dramatic increases in their effectiveness, efficiency, adaptability and capacity to innovate. Osborne and Plastrik (1997) explain that reinvention is a broader concept than those of reorganisation, efficiency reviews, downsizing government, privatisation and total quality management. They also note that the kinds of reforms that can be carried out depend significantly on the type and function of the particular public organisation under consideration. The ten NPM principles presented by Osborne and Gaebler (1992) were translated into an implementation plan by Osborne and Plastrik (1997, p. 2-26) with five key elements constituting the action plan for a successful organisation. These five strategies for reinventing public organisations are called the "Five Cs":

1. Core: Establish clarity of purpose, role and direction that will allow the organisation to focus on the key elements that will achieve its ends;
2. Consequences: Connect consequences to the actions of organisations, individuals and collectives so that those actions have meaning and impact on the public;
3. Customer: Make public organisations accountable to their "customers" (which are distinguished from "citizens"), focusing on the customer in order to recognise that the purpose of public service is the delivery of a public good to human beings;
4. Control: Shift control from the top or centre in order to empower individuals, organisations and communities to address public problems; and
5. Culture: Change the organisational culture of public agencies by "changing the habits, touching the hearts, and winning the minds" of public employees.

Osborne and Plastrik (1997, p. 26) argue that there can be many isolated innovations without these five strategies but that "a continuously improving, self-renewing system" cannot be created without all of them. They (Osborne & Plastrik 1997, p. 26) regard these five Cs as the DNA of the organisation that has to change if real transformation or reinvention is to be achieved. Furthermore, Osborne and Plastrik (1997, p. 26) believe that the first four strategies cannot be sustained unless they become part of the organisational culture.

Former British Prime Minister Margaret Thatcher used these Five Cs to change government when she came into office in 1979. Osborne (2007, p. 1) describes her use of key leverage points to make fundamental changes that were meant to ripple throughout the bureaucracy in order "to change everything else". Osborne (2007, p. 1) explains that "reinvention of government is large-scale combat, requiring intense, prolonged struggle in the political arena, in the institutions of government and in the community and society. In the Thatcher government, the following key levers were applied (Osborne 2007, p. 1): 1) privatisation of functions; 2) uncoupling policy and regulatory functions ("steering") from service delivery and compliance

functions ("rowing"); 3) multi-year performance agreements between departments and operational agencies; 4) decentralisation of authority to units responsible for work; 5) public-private competition and 6) accountability to customers through choice, customer service standards and customer redress.

In NPM the distance between policymaking and implementation was increased by organisational separation (Osborne, 2006). The focus was on markets, competition and contracts, restructuring and disaggregation of public services to their most basic units with the focus on their cost management. According to Osborne (2006), NPM is concerned with a disaggregated state in which policymaking and implementation are disengaged and where implementation takes place through a collection of independent service units, ideally in competition with one another. The NPM focus is on intra-organisational processes with emphasis on the economy and efficiency of these service units in producing public services (outputs). According to Osborne (2006), NPM assumes competitive relationships between the independent service units. The NPM further assumes that its value base is contained within its belief that this marketplace, and its workings, provides the most appropriate place for the production of public services (Osborne 2006).

Oehler-Sincai (2008) identifies people as the key mechanism of the NPM. "As a chain, [the NPM] is only as strong as its weakest link," according to Oehler-Sincai (2008:11), and "the strength of the NPM is given by the human resource component." She (Oehler-Sincai 2008, p. 11) is of the view that for the NPM to succeed, competent and committed managers are needed to implement policies and provide services to the public in ways that entail: 1) low cost (economical); 2) maximising outputs within budgets through good work practice (efficient); 3) satisfying clients/customers with quality (effective); 4) seen as friendly, fair and honest (ethical); 5) open, keeping the public well informed (accountable to end users); 6) consultative, taking into account priorities of clients including those of the disadvantaged categories (responsive); and 7) adaptable, selecting what appears to generate positive outcomes and giving up what is harmful to the economy, to the society, to the environment (eclectic).

In the literature there seems to be no complete agreement as to the makeup of NPM, although there seems to be many similarities. In trying to make sense of all the components or elements associated with NPM, Batley and Larbi (in Mongkol 2014) put together various perspectives to categorise NPM ideas into two main strands, namely 1) restructuring to improve efficiency, effectiveness and service quality (through decentralisation, disaggregation and downsizing) and 2) outsourcing, emphasising markets and competition. According to Mongkol (2011), it is best to perceive NPM as a menu from which choices can be made – from both strands: "Different countries make contrasting choices leading to variation in the form of NPM found in particular

countries" (Mongkol 2011, p. 36). Polidano in Oehler-Sincai (2008) goes further by stating that NPM is only one among a number of contending strands of reform.

Criticisms of NPM

Osborne (2006) is of the view that NPM lacks a real theoretical base and conceptual rigour. It is generally seen as a cluster of several paradigms, a number of distinct personae, dependent upon the audience. It was mostly limited to the Anglo-American geographic areas, while PA continued to be dominant elsewhere. The benefits of NPM are at best partial and contested. Some even regard NPM as a failed paradigm (Osborne 2006).

From the literature, Mongkol (2011) observes a general NPM criticism that private sector management techniques are regarded as inappropriate for the public sector due to their contextual differences, including more complex objectives, more intricate accountabilities and a more turbulent political environment. The relationship between the public sector managers and political leaders is also of a different order to any relationships in the private sector according to Mongkol (2011). Despite higher transparency offered by NPM, increased managerial autonomy and concentrated decision-making have brought blurred accountabilities leading to more opportunities for unethical or corrupt practices. A major weakness of NPM is related to the increase in outsourced contracts, requiring project and contract management skills by public managers. The absence of these competencies together with clear and transparent accountabilities can easily lead to inefficiencies and corruption according to Mongkol (2011).

Worldwide, it seems as if there is no agreement on the value and applicability of NPM in government. It seems as if NPM is best applied in a few rich western countries where it originated. Mongkol (2011, p. 37) concludes that "NPM is controversial enough within Western countries in terms of the benefits it allegedly brings. Applying these principles to developing countries may encounter additional layers of complexity."

Oehler-Sincai (2008) lists various traps or weaknesses of NPM. She (Oehler-Sincai 2008) believes that privatisation, decentralisation, corporatisation and "agentification" in the absence of strong independent and autonomous monitoring institutions generate corruption and abuses. She (Oehler-Sincai 2008) is also of the view that incentives and disincentives should always go together and that networked governance, collaborative government, public-private partnerships or joined-up government cannot survive in the absence of trust between partners. Furthermore, Oehler-Sincai (2008) believes that quality governance requires skilled, competent, honest and impartial civil servants and officials.

NPM in developing countries

Larbi (1999) reports that NPM was largely applied in developed countries, particularly Anglo-Saxon countries, but that the 1990s have also seen applications of variants of NPM techniques

and practices in some developing and transitional economies. Examples of NPM elements applied, identified by Larbi (1999), are decentralisation, downsizing, performance contracting, outsourcing and introduction of user charges – with both successes and failures in developing countries. Capacity constraints on NPM implementation mentioned include the ability to manage a network of contracts, the ability to develop monitoring and reporting systems and the difficult governance and institutional environment (Larbi 1999).

Polidano (in Oehler-Sincai 2008, p. 9) emphasises that "while many developing countries have taken up elements of the NPM agenda, they have not adopted anything close to the entire package; and they are simultaneously undertaking reforms that are unrelated or even contrary to that agenda. The NPM is only one among a number of contending strands of reform in the developing world." Oehler-Sincai (2008) reports that although the transfer of so-called best practices of developed countries to developing countries is trendy and is encouraged by the international and aid agencies, many failures are experienced, especially in countries lacking a stable macroeconomic environment, a redistributive tax base, a rules-based system, a transparent and accountable public policy process, a clear separation between executive powers, legislature and judiciary powers, and appropriate financial and human resources.

Mongkol (2011) identified eight specific criticisms of NPM in developing countries. These are:

1. Lack of the needed expertise/managerial capacity, reliable information systems and other resources acting as constraints in sophisticated NPM reforms;
2. Centralisation in spite of so-called NPM decentralisation – centralised decision-making often leading to arbitrary action and corruption;
3. Little experience in the operation of markets and basic infrastructure of management often not sufficiently developed to support market-oriented reforms, often leading to domination by foreigners;
4. Difficulty to perform proper contract management of all the outsourced contracts due to limited skills, laws and enforcement, often leading to favouritism;
5. Difference amongst developing countries make a "one-size-fits-all" approach impossible;
6. Public expectations of government in developing countries are lower than in developed countries and citizens are less motivated to complain about poor services;
7. Sharp dichotomy between formal and informal rules applied in contracting and performance management, often leading to political connections carrying more weight than economic principles;
8. Lack of administrative capacity to handle privatisation with the risk of ownership by foreigners or one particular ethnic group.

With this NPM menu under its two main strands of restructuring and outsourcing, developing countries are experimenting with some items on the NPM menu. Mongkol (2011, p. 39) also

notes that "NPM has not yet become the only public management paradigm in developing countries since the organizing principles of bureaucracy have not been substantially replaced by market-based principles."

3.2.3 New Public Governance (NPG)

More recent trends in public management, especially since 2000, are described under this heading of NPG. Other related trends under different names are also included in this section.

According to McBain and Smith (2010, p. 1), "New Public Management and Governance have shaped the public sector in the last twenty years". They report that since the 1990s, "Governance has emerged as an additional concept, which some see as an enrichment of the NPM philosophy, others as a paradigmatic shift towards a more outward-focused public sector, emphasizing co-operation, democracy and citizen participation". McBain and Smith (2010) define governance as the shaping and optimising of the interdependencies between actors in a society which cooperatively attempt to produce public value. McBain and Smith (2010) also report that strategic management has become a standard tool for the public manager to create value and to shape the organisation.

Oehler-Sincai (2008) is of the view that the unprecedented development of ICT, globalisation and global problems like climate change, financial crisis, poverty, food crisis and terrorism contribute to the ceaseless adaptation of the NPM patterns. She (Oehler-Sincai, 2008) reports on new names given to management in the public sector, including global public management or global governance, knowledge public management or knowledge governance, electronic public management and crisis/contingency public management. She reports that some scholars have coined the phrase "post-NPM", while others go further and speak even about the "death of the NPM" and the "construction of the digital era governance". Other academics consider that the new governance based on networks replaced the NPM based on markets. Oehler-Sincai (2008) is of the opinion that despite the continuous change of the NPM styles, its key mechanisms remain the same.

According to Osborne (2006), both PA and NPM have increasingly begun to look like partial theories as best. While PAM offered detailed processes for policymaking, Osborne (2006, p. 380) describes policy implementation in PAM as a black box: "There is a tendency for implementation to be seen simply as a 'black box' with no apparent will to un-package the complex sub-processes of the management of the outputs of the policy process – public services themselves." Osborne (2006) argues that although NPM has addressed complexities in this 'black box', it has become perceived as limited and one-dimensional in its ability to capture and contribute to the management and governance of public services and of Public Service Organisations (PSOs). In need for a more holistic theory of PAM, Osborne (2006) proposed

'New Public Governance' (NPG). Governments are now seeking a more balanced approach to public service provision by incorporating civic engagement as well as private market dynamics.

Osborne (2006, p. 381) defines governance as the "machinery of self-organizing inter-organizational networks" dealing with institutional relationships within society. He contends that it is possible to develop a theory of the NPG that does capture the realities and complexities of PSOs – a theory not integral to PA or to NPM, but rather an alternative discourse in its own right. It is predicated upon the existence of a **plural state** and a **pluralist state** and it seeks to understand the development and implementation of public policy in this context. Osborne (2006, p. 382–384) views regarding NPG are discussed hereafter.

In contrast to both PA and NPM, the NPG is rooted firmly within organisational sociology and network theory and acknowledges the increasingly fragmented and uncertain nature of public management in the twenty-first century. It draws much on the influential work of Ouchi (1979) and Powell (1990) about networks and on the substantial organisational social capital literature about organisational strategy. It also has the potential to derive insights from the relational marketing literature. Thus, it has the potential to tap into a more contemporary stream of management theory, concerned with the "relational organization", than the output and intra-organisational focus of the NPM. The NPG posits both a **plural state**, where multiple inter-dependent actors contribute to the delivery of public services and a **pluralist state**, where multiple processes inform the policymaking system. As a consequence of these two forms of plurality, its focus is very much upon inter-organisational relationships and the governance of processes, and it stresses service effectiveness and outcomes. Furthermore, it emphasises the design and evaluation of enduring inter-organisational relationships, where trust, relational capital and relational contracts act as the core governance mechanisms.

Osborne (2006) believes that NPG combines the strengths of PA and NPM by recognising the legitimacy and interrelatedness of both the policymaking and the implementation/service delivery processes. He believes that NPG breaks new ground by appreciating and laying out the challenges of PAM in the plural world that now comprises the environment of public services and the PSO itself.

Public Value

Another recent public management trend, related to NPG, is the concept of Public Value (PV).

Professor Mark Moore (2014) introduced the concept of government creating public value. This is part of the debate about the role of government. He (Moore 2014) believes the new role of government is as designer and commissioner of services and that direct delivery of social services are shifting to the not-for-profit and non-government sector. This transition, as Moore (2014) argues, is creating unprecedented challenges, requiring government agencies to gear

up, private organisations to ready themselves for new working relations with government and one another and clients who will have greater choice and more responsibility for managing their own care: “The challenge is to build a strong public-private production system that can meet the demands of clients and achieve desired outcomes” (Moore 2014, p. 3). Moore (2014) defines public value as the equivalent of shareholder value in public management, with the public sector acting in the best interest of the collective. The idea of public value is to use government assets to produce a good and just society. This is challenging, because it focuses on the collective. Whereas private value is associated with satisfying individual desires, public value is about achieving social outcomes — not just end client satisfaction. He believes that the **fairness** with which public benefits are distributed and public duties imposed is as important as the achievement of social outcomes or the satisfaction of individual clients.

According to Moore (2007), the idea of creating public value in the public sector was developed in the mid-1990s, at a time when the world was going through a dramatic shift from the traditional world of public administration towards an increased effort to apply and use private sector management concepts and techniques in the public sector to improve the performance of those organisations. Furthermore, Moore (2007) notes that the purpose for creating the concept of public value was to stop the pendulum swinging too far in the direction of private sector management. Moore (2007) explains that there are two slightly different utilitarian concepts, the first being the market concept where things are good or bad according to how individuals value them. The second concept is a social utility function that is not necessarily the same as the satisfaction of each individual in the society and the summation of individual satisfaction, but the degree to which the society is successful or unsuccessful in achieving a desired goal. Moore (2007) is of the view that government is not only in the business of delivering services, but actually more often in the business of **delivering a combination of services and obligations**. He states an example in healthcare where services are provided with obligations attached, where patients actively participate, or fail to participate, in the production of the desired outcome, namely getting healthy. Sometimes that is about exercising and eating better. Sometimes it is related to a particular treatment. Creating public value is challenging as it moves the focus from the individual to a world of interdependence and the collective which runs contrary to the direction that everyone seems to be going in (Moore 2007).

Moore (2014) believes this is the role of public managers in consultation with the public. Public managers need to determine the most valuable services to deliver and then how best to provide these. It calls for public managers to engage with services users and the wider public, thereby promoting greater trust in public institutions. In the process, it meets the challenge of rising expectations of service delivery from citizens, taxpayers and clients head-on. According to Moore (2014), clear objectives have to be set for all public services in consultation with the

public, striving towards delivering client satisfaction, achieving social outcomes as well as treating individuals fairly. This provides a different way of developing objectives and managing performance. In this new service delivery model stakeholders work together in a very different way – government, profit and non-profit organisations are contracting with one another, taking on mutual accountability for creating public value. This new model of engagement, according to Moore (2014), requires: 1) client engagement to allow government to know its clients and design services accordingly – to establish what they value most and what adds value to the quality of individual and collective life; 2) market stewardship, meaning government helping providers to work efficiently and effectively by standardising applications, terms and conditions, and reporting requirements; 3) accountability where government creates direct accountabilities in contracts and contract management for agreed public value-based outcomes, and develop measures to report on these to the public; 4) risk management where government improves its ability to recognise, own and manage risks, including a consistent cross-agency risk management framework; and 5) public value management, enabling all market stakeholders to collaborate in creating public value – meaning recognising it, communicating about it and continuously improving service delivery outcomes to deliver it.

Moore (2014) introduced his “strategic triangle”, which focuses public managers on the three complex issues that they must consider in strategic management, namely: 1) what is the important public value to be produced? 2) What sources of legitimacy and support authorise the agency, or wider system, to take action and provide resources to create that value? and 3) What operational capabilities do the agency and service provider require to deliver this result? This strategic triangle emphasises three-way demands on managers, namely upwards through organisational and political structures, downwards through management and operational lines, and outwards to the public. The public manager’s aim should be to align the three points of the triangle: “Public managers must be capable of organising market activity to produce the desired value. That is, they must balance: Valuable vs Authorisable vs Doable” (Moore 2014, p. 6).

The question is what public value is and who determines public value or the common good. According to Moore (2014), the starting point of defining the value to be achieved is determining the arbiter of that value. He believes that the arbiter of value is not just the client, but a collective that could include the service users, tax payers, service providers, elected officials, treasury and the media. He recommends that competing values and interests of the collective are expressed and debated through citizen engagement to establish what citizens value most and what adds most value to the public sphere.

A critical component of this model is that government should be able to properly manage contracting relationships. Moore (2014, p. 12–13) expresses this as follows: “Public managers must identify the right mix of government, private and not-for-profit involvement to secure and

deliver services that meet public policy objectives, while also providing sustainable value for citizens […]. The most important thing for government to understand is that it is never acting alone in its efforts to try to improve individual and collective conditions."

New Public Service (NPS)

Another recent trend in public management is that of New Public Service (NPS), as introduced by Denhardt and Denhardt (2007) in contrast to the NPM ideas. NPS is related to NPG and PV. Denhardt and Denhardt's (2007) NPS model for governance builds upon and expands the traditional role of the public administrator, which they call the Old Public Administration, and contrasts with the New Public Management. Denhardt and Denhardt (2007) divide their argument into seven principles or tenets. These are:

1. Serve citizens, not customers;
2. Seek the public interest;
3. Value citizenship over entrepreneurship;
4. Think strategically, act democratically. In comparison to Osborne and Gaebler (1992), Denhardt and Denhardt (2007) assert that there is a difference between strategic thinking and entrepreneurial government;
5. Recognise that accountability is not simple;
6. Serve rather than steer. This involves listening to the real needs of the people and the community, not just responding in the manner that a business would to a customer; and
7. Value people, not just productivity.

By applying these principles, the role of the public administrator, according to them, becomes more complex, as hard cost-benefit business principles are complemented by softer public value/interest principles requiring wide stakeholder involvement. In this way, the role of government becomes one of assuring that the public interest predominates. They go on to further articulate this point by saying that the public manager's job is not simply policy formulation and implementation, but also to participate in a system of democratic governance in which public values are continuously rearticulated and recreated.

3.2.4 Conclusion

Public management has evolved since the industrial age from the PA stage, through the NPM stage to a current stage that could be called the era of NPG, NPS or PV. This progression could be summarised as a strong pendulum swing to market or private sector principles and lately a swing partly back to balance market democratic principles. These changes were driven by a combination of factors or influences.

By using the boat metaphors, the old PA featured the metaphor of "rowing" with the purpose of government simply to deliver services efficiently and if problems were experienced, simply

change the organisation's structure and control systems. This "rowing" refers to the hard work of public administration delivering services. Promoters of NPM urged governments to rather "steer", not "row", meaning they should not assume the burden of service delivery themselves, but, wherever possible, should define programmes that others would then carry out, through contracting or other such relationships. Under NPG or NPS "listening" to and "serving" the public are added, keeping in mind that the public owns the boat. That is government belonging to the people, not the "steerers". Here public administrators focus on their responsibility to serve and empower citizens as they manage public organisations and implement public policy.

Although NPM and NPG seem to have significantly impacted many developed countries, there seems to be no worldwide move of governments towards these new public management styles. Strategic management, including strategy planning and execution, is not prominent in NPM literature. Reference is mostly made to the need for policy planning and efficient and effective policy implementation, but the value of strategic management is increasingly being realised in the NPG Stage.

3.3 DIFFERENCES BETWEEN PUBLIC AND PRIVATE SECTORS

The previous section provided a historical overview of the evolvement of public sector management that was strongly influenced by private sector management practices. Eventually, during the latest stage (the NPG stage in Figure 3.2), it was found that a combination of private sector / market principles and democratic principles, such as public engagement and value are needed for the public sector. In this section, the differences between the public and private sectors are explored, focusing on possible implications of these differences on strategy execution in the public sector.

Although many business strategies are derived from military/war strategies developed by leaders in the public sector, most strategic management theories have been developed for the private sector.

Although there are sources not highlighting differences in executing strategy in the public and private sectors, and some stating there are no differences, the current study holds the view that there are indeed significant differences influencing strategy execution considering 1) the unique characteristics and challenges in the public sector context compared to those in the private sector and 2) the fact that strategy is crafted according to the public sector's unique context. Even if there is an 80% similarity with the private sector, the 20% difference is so significant that, if not addressed, it will cause 80% damage to the strategy execution journey. With substantial differences in, for example, purpose, ownership, politics, leadership, accountability, transparency, work ethic, incentives, motivation and culture, a totally different approach to strategic planning and execution is needed.

Many sources, however, describe general differences between the private and public sectors, but which are not specifically related to strategic management. In this section, these key differences are explored as they apply to strategy execution. It is interesting to note that most sources on comparing the two sectors, especially with regard to strategic management, are from between 1976 and 1985. Some appeared again around 2006, but after that few sources that focus on the unique public sector context with regard to strategy execution were identified.

Since 1976, attempts were made to categorise these various differences. Rainey, Backoff and Levine (1976) and Nutt and Backoff in McBain and Smith (2010) distinguish public and private organisations in terms of environmental, transactional and internal process factors. Under the environmental factors, political and other stakeholder influences and constraints are included requiring collaboration to achieve social aims. Under the transactional factors, they include coerciveness, a much broader scope of impact, public scrutiny of all transactions, the need for accountability and collective ownership, including societal values such as fairness, openness, inclusiveness and honesty. Their differentiating internal process factors include a more conflict-oriented approach to goal setting, a more challenging measurement of performance, incentives and motivation and limits set to internal processes by legal constraints. Ostroff (2006) regards the profound differences in the purpose, the culture and the obstacles within their contexts. Ostroff (2006) mentions that some of these unique obstacles include the nature of leadership (which is often appointed based on affiliation and loyalty rather than competency), the limited time for change due to the election cycle, stricter rules in governing processes (including procurement, personnel and budgeting), and making the workplace less flexible and more democratic where everyone has a rightful stake in the organisation's agenda which includes it being highly visible and subject to public scrutiny.

The key differences between these sectors relating to strategic management, as considered in the current study, are described in terms of the sixteen elements as depicted in Figure 3.3 below. It should be noted that these sixteen elements are not independent, but rather related to the others. Figure 3.3 attempts to relate and link these elements in the form of a tree diagram, starting with number one at the bottom and ending with number sixteen on top.

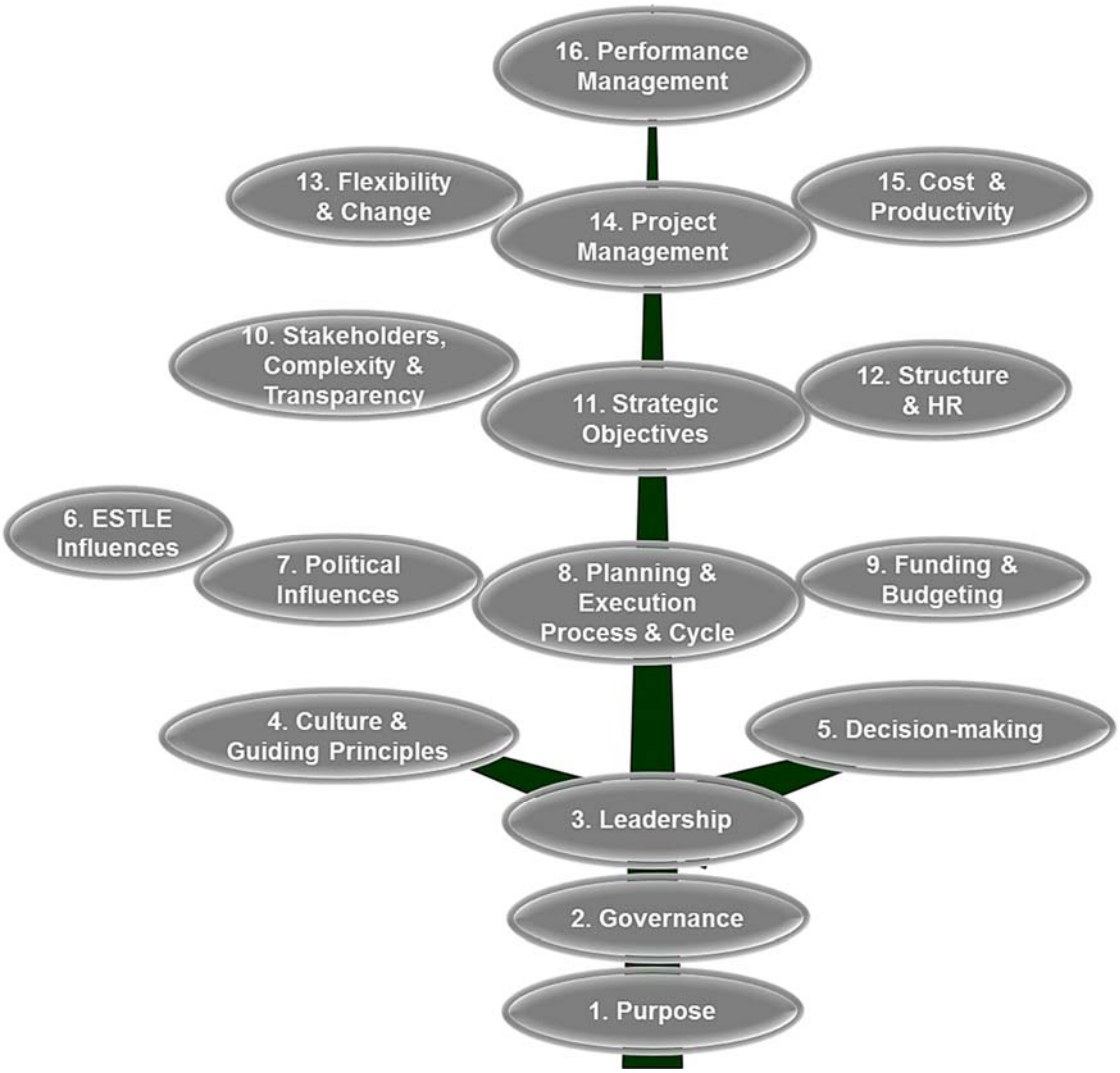


Figure 3.3: Sixteen key differences between the public and private sectors

The differences according to each of the sixteen elements are explored under the following three headings:

Description: Describing the nature and importance of the element;

Differences: Describing the key differences between the two sectors in this element;

Implications & Actions: Rating the significance or impact of these differences as minor, significant or critical, describing the effects of these differences on strategic management in the public sector, and identifying actions to be taken to improve public sector strategy execution due to these key differences.

3.3.1 Purpose

a) Description:

This element represents the purpose, role and functions of the public sector that are compared with those of the private sector.

The *private sector* drives the economy by producing products and services valued, needed or desired by customers. Its purpose is typically profit, growth, competitive advantage, market share, influence and market leadership. Their key success indicator is Return on Investment (ROI), i.e. to make maximum profit. As the production sector, it is generally accepted that the private sector can create more jobs.

The purpose or motive for *public service* is to serve the public. Governments often choose to focus their support and service on the poor, as the middle class and rich can usually look after themselves. Although infrastructure such as roads and the internet benefit all, public sector actions towards poverty reduction should include support for agriculture, basic healthcare, clean water and sanitation, education and electricity (Sachs, 2008). Although effectiveness and efficiency are considered, profit is not a key concern. Services to local communities are often categorised as subsidised with limited cost recovery. Water supply and electricity, however, are usually where public organisations can make surpluses.

The functions, products or services to be provided by public organisations are often not very clear. McBain and Smith (2010) state that due to the various stakeholders, the definition of what the state should do for society is under constant deliberation, negotiation and bargaining. They describe that politicians eventually define what the state or public sector should deliver through the process of politics that create policies. These policies are then given to public organisations to interpret and implement by producing products and services solving the social, economic and other problems.

The state and non-state sectors are interdependent. While the public sector is dependent on business for resources, business is dependent on government, for example, for infrastructure, health, education and safety. As the public service is often entering the traditional private sector domain, the private sector is also entering the social and environmental services domain, as the triple bottom-line of economic-social-environmental results become part of good governance for both public and private organisations.

b) Differences:

The purpose, role and functions of public sector organisations are compared to organisations in the private sector.

The **purpose** of government is to provide public services to the broad public and promote economic, social and infrastructural development, including public welfare, employment creation and poverty reduction (Ostroff 2006). Instead of private sector Return on Investment (RoI), the public sector has the Responsibility of Influence (RoI), i.e. to be a positive influence for the general public (Ross 2011).

The public sector has a **wider scope** of concern, namely "public interest", with broader impact and greater symbolic significance of actions (Rainey, Backoff & Levine 1976). With the wider scope, services are delivered to a wider customer base, often not dependent on payment for services as in the private sector.

Related to the wider scope of services, the public sector is playing many **roles**, often misunderstood or misinterpreted. The UN (2007) describes the role or function of government as the provision of a stable political and economic environment, promotion of fiscal responsibility, the removal of barriers to competition to ensure a legal framework for property rights and regulatory oversight and ensuring the transparency of laws and policies. Government plays the role of facilitator, ground leveller, enabler, regulator and compliance enforcer (UN 2007).

The key reality for the private sector is market-driven competition whereas the key reality of government is usually a **legislated monopoly** (Mares 2013). Rainey, Backoff and Levine (1976) describe the monopolistic and coercive nature of many activities in the public sector. According to them (Rainey, Backoff & Levine 1976), less market exposure results in less responsiveness to market needs and consumer preferences.

Government as strong **regulator** can easily produce "anti-products" like regulations that stifle innovation and increase costs, instead of creating wealth (Ross (2011. Ross (2011) is of the view that people are getting less and less value from the public sector, as **value creation** is largely generated by the private sector. The different, but complementary roles of the public and private sectors are described in the soccer analogy in ANNEXURE C.

c) Implications & Actions:

Although there are significant differences in purpose and functions between the two sectors, it is the view of the author that the implications on strategy execution are **minor**, as these differences are mostly incorporated in strategic planning.

The public sector strategic plan has to consider a broader scope and customer base, but then focus on the few critical strategic objectives and related strategic initiatives. These have to be based on available resources, including staff, skills and funds, as limited income is generated in service delivery. Collaboration/partnerships with the private sector would typically be part of any public sector strategic plan.

3.3.2 Governance

a) Description:

The term **corporate governance** is used in private sector where the board of directors, including the CEO, is accountable for good governance. King (2012) defines corporate governance as how a company is directed by its directors and controlled by its shareholders. According to Sir Richard Cadbury (in SPL 2012), corporate governance is concerned with maintaining the balance between economic and social goals and between individual and communal goals to align as best as possible the interests of individuals, corporations and society.

In the public sector, the term **public governance** means that each public agency has to comply with all relevant laws, regulations, policies and directives. In state-owned enterprises, certain corporate governance practices may also apply. The council, board or top management is accountable for public governance. Governing is a critical task of government. Governance is based on the concept of democracy, which can be described simply as the right of everyone in society to have a say about how the country is run (SPL 2012). According to SPL (2012), governance has to do with "the exercise of *authority*, clarification of *roles and responsibilities*, *rules and processes* that guide decision-making, policy planning and implementation (including setting objectives and prioritisation), the management of *relations and cooperation* with other actors, the *control* of citizens, *control* over activities to ensure desirable outputs, outcomes and *value creation* (performance) as well as *transparency and accountability.*"

It is the author's assertion that public governance can be summarised as the application and balance of *power* (mostly hierarchical or positional power or authority), *relationships*, *rules and proce*dures aimed at creating perceived value. **Power** is exercised in governance. The power component is "the exercise of authority by government or the system and method by which that authority is exercised" (Starling 2011, p. 3). It is "the exercise of economic, political and administrative authority to manage a country's affairs at all levels" (UN 2006). The power component relates to the particular method through which power is exercised in the management of a country's political, economic and social resources for development (World Bank in UN 2006). The **relationships** component is "the shaping and optimising of the interdependencies between actors in a society which cooperatively attempts to produce public value" (McBain & Smith 2010, p. 1). The **rules & procedures** component is the "the regimes of laws, rules, judicial decisions and administrative practices that constrain, prescribe and enable the provision of publicly supported goods and services" (UN 2006), including the process of decision-making and decision-implementation (UN 2013).

If the above defines public governance, the next question is what constitutes **good governance**. Good governance, according to UN (2013), UN (2007), UN (2006) and Graham, Amos and Plumtree (2003) are described in terms of:

- *Direction* (vision and strategy based on understanding of the context);
- *Responsiveness* (to the present and future needs of society – ensuring the material welfare of society and sustainable development with social justice);
- *Sound public sector management and performance* (including preventing corruption and ensuring competence, efficiency, effectiveness and a healthy economy);
- *Accountability and transparency* (to the public – exchange and free flow of information, being accountable for actions and media freedom);
- *Legitimacy* (consensus orientation) and democracy (representing the whole society);
- *Legal framework and respect for the law* (justice, respect for human rights and liberties) and promoting the rights (of individual citizens and public interest);
- *Participation* (inclusive, seeking participation and consensus) and partnering (with private sector and civil society); and
- *Equity and fairness* (equity and impartial enforcement of laws, equal access to opportunities, views of minorities are taken into account and voices of the most vulnerable in society are heard during decision-making).

To apply all the above good governance principles at the same time is challenging. King (2012) mentions **overlaps** and **conflicts**. Examples of conflict are between efficiency and fairness and between participation and efficiency. Examples of overlap are between consensus orientation and responsiveness. In the public sector, equity is an important driver of good governance, but it should not be pursued at the cost of other principles. Schwella (2011) argues for the galvanisation of equity, ethics, effectiveness and efficiency principles into actions for the benefit of the whole society. He believes that equity alone cannot create true sustainable transformation. King (2012) recommends that strategies should reflect good governance principles, e.g. to move from a position of unfairness to a position of fairness by setting strategic objectives with clear performance indicators. Strategies should be clear when addressing conflicts between principles.

The UN (2013) concludes that good governance is an **ideal**, which is difficult to achieve in its totality. Very few countries and societies come close to achieving good governance in its totality. In spite of all these principles of good governance, in practice, governance in the public sector remains poor. Governments do not hold themselves to these principles, e.g. principles of equity, participation, transparency and sound performance management, as these principles are generally not measured and enforced (UN 2013).

The World Economic Forum (WEF 2013) recommends the **review** of public governance: "Many of our global institutions were designed for the world of the mid-20th century and are not as effective today in delivering global public goods. We need new institutional arrangements that match the real division of power, the interconnectedness and complexity of the new economics of the world." (WEF 2013, p. 34) WEF (2013) is of the view that democracy has to adjust to the knowledge economy, the decline of trust in elected governments and increase in citizen involvement. The WEF survey reveals changed expectations of governments and the failure of public institutions that govern political, economic and social life. Other trends surveyed include an increase in citizen involvement, a long-term decline in trust in the institutions and the diffusion of power from state to non-state actors. The internet has given a significant proportion of the population access to more information at lower costs than ever before. This means that governments and traditional hierarchies will have increasing difficulty in getting things done, unless they adapt to more networked procedures and more horizontal structures. There is an increase in protests worldwide, reflecting the increase in citizens' expectations of their governments, as well as the increased power of citizens that could be expressed in terms of disruptions (WEF 2013).

According to Starling (2011) and Henry (2010), people want *less government*, but *more governance*, meaning the public sector needs civil servants who are true servants of the people, who work for the people with a standard of excellence the people deserve. This implies that good governance adds complexity (with new systems and controls), but also brings simplification to the public (with better and easier accessible products and services). Frederickson and Smith (in UN, 2006) assert that, with more emphasis on governance, "the administrative state is now less bureaucratic, less hierarchical and less reliant on central authority to mandate action. Accountability for conducting the public's business is increasingly about performance rather than discharging a specific policy goal with the confines of the law."

Risk management is a critical element in corporate governance to protect the public sector organisation, its assets, its stakeholders and its objectives. They should understand risks related to their strategy, operations, finances, compliance and sustainability. Risk management deals with uncertainties that can influence the processes, objectives and impacts. Major uncertainties with high probability and impact include IT/information risk and climate change. IT security is also a major concern in government. IT governance includes the use, access and disclosure of information through technology.

b) Differences:

Public governance is generally different to corporate governance. The first difference is the **type of governance**. Where the private sector generally follows established corporate governance principles, the public sector is relatively new to governance. Public governance is generally

vaguer regarding direction, control, performance, risks, application of power, decision-making process, democracy, participation, relationships and collaborating equity, fairness, justice and corruption. While accountability and responsibility rest in the same place in the private sector, positions of accountability and responsibility are often unclear in the public sector, due to its more complicated structures.

The **extent of control** is larger with much greater **oversight** in the public organisation. The number and forms of control on a government agency are generally more than in the private sector. Oversight committees are very powerful and can directly, or through their members, steer government agency actions. Mares (2013) warns that management that executes strategy while disregarding such committees does so at its own peril. Public sector managers are therefore accountable to a much greater number of people and are subjected to a greater influence by those they are accountable to (Alexander, 1990). Where the private sector often lacks checks and balances, the public sector always has to ensure checks and balances are in place. **Non-governmental oversight** is also more extensive than that of the private sector. The national press, general media and trade press cover the executing agencies extensively. There are multiple "think tanks" concerning almost every aspect of the implementation, which write reports criticising actions. Stakeholders are frequently organised through trade associations or non-governmental organisations that know how to influence government action (Mares, 2013). **Whistle blowers** receive more encouragement and protection in the government than the private sector and are thus more active. They provide insights and information to the political leadership, the media, and/or the affected stakeholders because of policy differences, anger with their employer or for other reasons (Mares 2013).

While **authority** in government may be ambiguous and unclear in some circumstances, in other cases it may be very clear and firmly restricted through laws, regulations, policies and directives that leave little, if any, room for individual initiative (Mares 2013). While the private sector generally has internal authority to revise its **organisational structure** and key positions, outside and special interest groups influence organisational structure and key positions in the public sector (Alexander 1990). Alexander (1990) also highlights the different levels of **board/council expertise**. The private sector generally has expert boards selected to set general operating procedures, while the public sector must often educate a volatile board/council to the policy-setting role (Alexander 1990).

c) Implications & Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector. Good governance offers a level of security and predictability in the execution of strategy. Poor governance or the non-compliance to governance requirements can seriously affect the projects and strategy execution. Good governance provides clear accountabilities and

responsibilities, with proper controls. While good governance is the ideal (UN 2013), it is also the **ideal context for strategy execution**, offering a relatively safe, stable and conducive environment for developing, approving and implementing the strategy in consultation and partnership in a transparent and accountable way, leading to the creation of public value. Although good public governance should be promoted as far as possible, the level of governance should be assessed and considered during both strategy planning and execution.

Weak governance opens many doors of uncontrollable influences, such as corruption, self-enrichment and abuse of power. Strategy execution within a poor governance environment is risky. Furthermore, investors, donors and/or funders will find it difficult to fund strategic initiatives or to participate with a public agency marked by poor public governance. Measures like regular audits and integrative performance reporting are ways to improve public governance and investor/partner confidence.

Actions for improved strategy execution should therefore include the improvement of public governance but also an awareness of the weaknesses in governance in terms of its various elements or principles. Strategy execution should be adapted according to the knowledge of the degree to which good governance principles are in place, together with their relative importance and interrelationships. Strategy execution should also consider the increasing awareness, involvement and power of oversight committees and citizens in general, putting pressure on flexibility and speed.

3.3.3 Leadership

a) Description:

Leadership includes both political and executive leadership. Political leadership includes national, regional and local leaders elected or appointed in political positions. Executive leadership includes the CEO and the top managers who are accountable for successful strategy execution.

A lack of values in leadership is identified as one of the top ten global challenges for 2014. The WEF (2013) survey reveals that people in Latin America and Sub-Saharan Africa are particularly worried about their public sector leadership. In government, leadership is elected to promote the common good. However, people increasingly seek power in order to make money, exert influence and spread money to their friends and cronies. It is important to note that "[t]he common good is the only way to prosper in the long term, as nobody can feel secure in a country in which the majority of people are struggling" (WEF, 2013, p. 18). Myatt (2013) is of the opinion that the world is in a leadership crisis. He calls for a real revolutionary *leadership movem*ent to move leadership back to where it is supposed to be. In his view, poor leadership in governments globally ruins economies, cripples businesses and destroys families and

nations. The reason for this is because leaders have placed their desire to be above the wish of the electorate to achieve the right outcome, thus confusing their quest for power and their thirst for greed with leadership. They are serving personal agendas instead of something greater than them. Myatt (2013) calls for leaders who are visionary, intentional, service-oriented, passionate, and action-biased, leaders who value engagement and open dialogue, and leaders committed to the creation of positive change, i.e. leaders who are willing to listen and learn.

Panetta (in Mendonca & Webb 2008), in discussing public sector change, also calls on leadership to come forward to bring about real change in government through honest dialogue, engagement and give-and-take or sacrifice to one in which winning is never more important than governing. He believes that you can bring about change either through leadership or through crisis. With no leadership willing to take risks, to have honest conversations, and to make tough decisions, crisis will drive policy. Panetta (in Mendonca & Webb 2008) mentions "sacrifice" as the missing ingredient in government today: "[N]obody wants to talk about sacrifice, as it is a politically unpopular word."

In the context of this research, "execution" is often not regarded as a key leadership skill. The roles of "visionaries", "implementers" and "maintainers" are often separated. The author is of the opinion that execution is a key leadership skill – for both the CEO and lower levels of leadership – which the CEO drives with vision and team leaders drive execution to fulfil the CEO's vision. The CEO's and team leaders' drive of execution need to complement each other. The CEO needs to understand implementation considerations and team leaders should understand the vision. Both have teams who execute and implement their visions based on projects the public sector endorses or approves. There is a need for shared leadership in which leaders from top to bottom complement one another. There are some leaders more gifted as visionaries, some as implementers and some as communicators. They all need one another – especially in strategy execution. Stronger/multi-talented leadership is needed in public sector organisations.

b) Differences:

Henry (2010) is of the view that the private and public sectors hold radically differing views about what leadership, especially about successful leadership. There are some significant differences in leadership between the public and private sector. Firstly, the public sector's top managers have a **more political** than the private sector (Rainey, Backoff & Levine 1976). **Selection criteria** are therefore different. Public sector leaders are often not chosen for their competencies and commitment, but rather for their affiliations and loyalty (Ostroff 2006).

Authority and responsibility in government tend to be asymmetric (or out of balance) while authority and responsibility in the private sector are more clearly balanced. Responsibility in the government can be enormous while authority is frequently quite limited (Mares 2013).

The definition of **leadership success** also differs from the private sector to the public sector. Leaders in the business world place great emphasis on the achievement of organisational objectives as a measure of their effectiveness, according to Henry (2010). They are therefore evaluated by their overall effectiveness (Alexander 1990). In contrast, successful public leadership is lawful, helpful, nondirective and less concerned with attaining organisational goals. The public sector values close monitoring of subordinates, helping fellow workers and handling dramatic incidents (e.g. crisis management and corruption). The definition of leadership success in the public sector is generally less clear (Alexander 1990).

Leadership **continuity** is more of a problem in the public sector, as it offers a shorter lifespan for its leaders and managers resulting in less continuity of leadership to implement long-term plans. In the public sector, the time for accomplishment of plans is limited by the election process (Alexander 1990). The public sector has more frequent turnover of top leaders due to elections and political appointments. The result is greater disruption of the implementation of plans (Rainey, Backoff & Levine 1976).

While the private sector mostly challenges and minimises **rules and regulations** towards innovation, the public sector and its bureaucrats respect barriers and feel safe within all the rules and regulations (Ostroff 2006). This leads to the election and/or appointment of leaders who are less likely to make changes or to show innovation.

The public sector experiences a bigger **leadership gap**, namely the gap between what is needed and what is available in terms of leadership competencies. In particular, the public sector faces a leadership crisis as shown in reduced trust and respect. Contributing factors include greed, quest for power, self-enrichment and corruption.

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector. Leadership is a critical factor as it is ultimately accountable for successful strategy execution, i.e. for direction, motivation and changing organisational behaviour.

Leadership qualities, such as values, integrity, trust, sources of influence and power, style, personality and priorities, strongly influence strategy execution.

It is therefore of critical importance to analyse and consider these leadership qualities before embarking on the strategy execution journey. It is further of utmost importance to understand the political influences, sources of power, distribution of power, leadership continuity, leadership success criteria, motivators and incentives. Also, be aware of the possible gap between political policies and plans and executive leadership and administration.

3.3.4 Culture, values and guiding principles

a) Description:

This section addresses the role of culture, values and guiding principles or the absence of these. These are separately discussed according to their strong influence on strategy execution, despite being largely determined by governance and leadership.

The WEF (2013, p. 34) expresses the importance of culture as follows: "As strategy execution is essentially implementing change by people and through people, culture is widely regarded as a critical component of strategy execution. Differences in culture in the public sector will therefore affect strategy execution.

Culture is determined by shared values, beliefs, assumptions, thinking, attitudes and behaviours prevailing in an organisation and is expressed in communication, teamwork and performance. These embedded shared values and practices strongly determine the willingness and ability of an organisation to change the normal way of doing things, including the achievement of strategic objectives.

As motivated people form the internal energy or drive for any organisation, it is important to understand this human factor in the public service and highlight any differences, if any, to the private sector. Herzberg (in Starling 2011, p. 358) identifies motivators as achievement, recognition, the work itself, responsibility and advancement, i.e. mastery. Henry (2010), in turn, believes that in general people join the public service because they need security and to make a difference or do good. Gaining wealth is less important. While incentives in the private sector are implemented to serve the customers, the public sector often has a stronger incentive to serve the sponsors – those who provide resources (Starling 2011).

The WEF (2013) expresses the importance of values as follows: "Values are at the core of all societies and organisations, shaping notions of mission, objectives and operating procedures." The WEF (2013) calls for a new social covenant between citizens, businesses and governments honouring universal principles such as human dignity, the primacy of the common good and stewardship of the planet." Good values, according to the WEF (2013), lead to a good culture as expressed through good behaviour and good performance. With the absence of good values that are engraved, behaviour and performance will suffer. Corruption is also one of the results of the absence of good values, as expressed by WEF (2013, p. 34). *Self-enrichment* through corrupt practices has become common in the public sector, especially in top management positions. Corruption is a problem in both public and private sectors internationally. Personal enrichment is the most obvious reason and leading motivation why people become corrupt. Other motivators are the desire for friendship and love, status and making an impression (Henry 2010, p. 133). The seriousness of corruption in South Africa is expressed in Fin24 (2014) as

follows: “Corruption has become entrenched in the government, political parties and government enterprises. Just about every state department and every parastatal have been involved in some scandal or another, from the president’s office down to the clerks that pay welfare grants to the poor […] Everybody else who stood up against corruption has been redeployed, or their organisations have been taken apart very quickly.”

According to Fin24 (2014, p. 1), a fifth of what the South African government spends (about R970 billion for the 2012/13 financial year) is estimated to have been lost to corruption and other financial irregularities: “South Africans have become accustomed to regular chronicles of how the very people meant to be stewards of the nation's wealth tend to misappropriate taxpayers’ hard-earned pennies.” The Corruption Perceptions Index 2013 serves as a reminder that the abuse of power, secret dealings and bribery continue to ravage societies around the world. Africa, Asia and South America show the highest corruption levels (Transparency International in Fin24, 2014). The National Planning Minister in South Africa has labelled corruption the greatest threat to the National Development Plan. The UN, in its turn, believes corruption to be the single greatest obstacle to economic and social development in the world. It estimates that globally, $2.6 trillion is stolen annually through corruption and that $1 trillion is paid in bribes, which is about 5% of global GDP (Fin24 2014).

A gratuity, tip, bribe or “baksheesh” is often paid to expedite public service. The following explanation by Larry Randall sheds more light on this method: “This practice is often found as embedded values in many governments, but having workers feel empowered and appreciated in the community will ease that somewhat. Corruption can appear on any or more levels. Public service is supposed to be doing good for the public good, meaning being effective and making a difference, but in governments where corruption has been the normal method of getting results, even a change in leadership will have no impact on the culture” (Larry Randall in LinkedIn 2013b). This statement reflects the enduring power of culture.

Principles or values guide decision-making as these determine relative priorities or weights. Examples of principles often found in government, as part of the governance framework, can include political support, fairness, morality, justice, equity, ethics, participation, shared interest, reconciliation, job creation, responsiveness, relevance, efficiency and effectiveness. Any one or a combination of many determines the available choices. These values or principles could also be in conflict if they are not clearly articulated. They, or their absence, are always considerations in strategy planning and execution.

b) Differences:

Although often stereotyped, it is more difficult to define public sector culture due to increased **cultural diversity**. There are more cultural differences within public organisations, including competing value systems and different interpretations of symbols (Ring & Perry 1985).

The public sector is also characterised by a **cultural divide** that exists between those involved in policy formulation and the managers responsible for policy implementation (Herman in LinkedIn 2013b). The public sector generally experiences less exposure to/**engagement** with strategy, leading to poor understanding and poor buy-in. While private sector change is mostly driven from the top with more involvement and buy-in, public sector change is often enforced from the top and as a result encounters resistance.

In terms of **motivation and incentives**, influencing culture is different in the public sector. People who join government do so knowing that high compensation rates are not possible. They join for other reasons, e.g. providing for others and/or having more power/responsibility than in the private sector. There is a dramatic difference to manage these significantly different groups (Mares 2013). In general, the public sector has lower work satisfaction and lower organisational commitment levels (Rainey, Backoff & Levine 1976). The civil service and compensation rules of the government make it more difficult to encourage outstanding performance and to discourage poor performance (Mares 2013).

The public sector **work ethic** is characterised by poor self/time management, reactiveness, low energy levels, low creativity and innovation, not working hard and smart, and having limited fun. As already stated, **time management** is generally poor. Public sector employees are more often late for meetings and tend to miss deadlines more regularly than private sector employees do. They spend less time alone in their offices and when they are by themselves, they spend twice the time on the telephone than their private sector counterparts (Henry 2010). A common phenomenon in the public sector is how management and staff are driven by S&T (Subsistence and Travelling) allowance. It is the author's view that public sector staff and managers would rather undertake activities, maximising their income, than undertake activities to achieve strategic objectives. The public sector has a higher **tolerance for poor culture**, as "[i]t is almost impossible to fire the government worker. In the business world, laziness is rarely tolerated" (Larry Randall in LinkedIn 2013b).

The public sector culture is characterised by tradition, maintaining the status quo, resisting change and following formal processes within a more controlled environment (Ring & Perry 1985). In government, it is about control, while in business it is about doing good business. The public sector normally places low emphasis on effectiveness. Although it places a stronger focus on efficiency, it is not always in relation to effectiveness (Ring & Perry 1985).

While the private sector focuses more on the individual, the public sector focuses more on groups. The degree of this depends on the ideology of the government, ranging from extreme capitalism to extreme Marxism.

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector, as culture determines behaviour and ultimately performance in strategy execution.

As values determine priorities and decision-making, it is critical to understand and consider the underlying values and guiding principles in the public sector organisation before executing strategy. Broad and poorly defined objectives linked to inadequately defined or conflicting values and priorities can lead to the stalling of implementation. The method for implementing strategy in the public sector has to be reviewed depending on the culture.

Corruption can derail strategy execution. Without a healthy core, the apple will rot, the journey will lose direction, the organisation will lose valuable resources, and leadership will lose credibility and trust. King (2012) recommends both preventative and controlling measures as part of risk management to deal with corruption. Preventative measures include promotion of ethics, character, living of core values, promotion of trust and rewarding of honesty. Control measures include regular internal and external audits and general training in the handling of fraud. It is therefore critical that cultural weaknesses and differences should be noted and properly managed, and that leadership should use their influence to improve culture. Values and guiding principles should be strengthened and systems should be put in place to minimise breach of these. More time should be allowed for buy-in, for change management and for handling corruption risks. Leadership need to set the right example through their words and actions. The strategy execution process needs to be adjusted where good values and culture are not in place.

3.3.5 Decision-making

a) Description:

Decision-making is influenced by other elements, such as governance, leadership and culture, and relates to governance.

Strategic planning involves choices, i.e. selecting the few things that will make the biggest impact with limited resources. It is the author's view that the main decisions in strategic planning are selecting the focus areas or themes, the objectives and the initiatives. The major decisions with cost implications are the selection of programmes and projects to achieve strategic objectives. PMI (2013) recommends that alternative solutions be listed and analysed by means of selection criteria and weights, prioritised and the best solution selected through a rational method. The selection criteria could include political, business and customer criteria.

During **strategy execution** many decisions have to be made based on a performance management system indicating deviations from the plan, conditions leading to these deviations and implications of these deviations. The author argues that analysis should be followed by synthesis according to which various corrective/improvement options are evaluated and the best solution/option selected with a clear action plan

Decisions are always taken in a specific context. Ring and Perry (1985) argue that changes in context from the private to the public sector give rise to a **unique set of constraints** that directly impact decision-making. They define these constraints as fixed conditions (structural or procedural) to which the organisation has to adapt. These constraints include the separation of power by the constitution (between policy formulators and implementers), the more openness of the public organisation to the external environment and increased bureaucracy with more formal processes and more controls.

b) Differences:

Henry (2010, p. 69) argues that decision-making in the public sector differs from the private sector due to **different dynamics**. Based on these dynamics, he (Henry, 2010, p. 69) argues that decision-making in the public sector is generally **poor**. The studies by Nutt (1999) showed that civil servants who relied primarily on soliciting the views of experts and used hard data reached the highest quality decisions and enjoyed the highest rate of implementation of these decisions. Those who relied more on analysing issues or bargaining with stakeholders were less successful.

In the private sector, decisions are mostly based on **facts** or performance information from available performance and intelligence data. In the public sector, however, decisions are often not based on facts or performance information due to the limited availability of performance and intelligence data (Nutt 2005). While the private sector favours analysis and speculation in decision-making, decision-making in the public sector is **less rational**, favouring bargaining and networking (Nutt 2005). In the public sector bargaining often plays a more important role than analysis (Henry 2010).

The public sector has less **autonomy and flexibility** and is more limited in its choices due to constraints such as legislation, mandates, budgets and perceptions (Rainey, Backoff & Levine 1976 and Nutt 2005). There are more constrictive processes in the public sector placing more emphasis on processes than on results than in the private sector (Henry 2010). These increased managerial constraints on decision-making lead to limited ranges of managerial behaviour and available choices (Ring & Perry 1985).

The interests and information from **more stakeholders** are considered in the public sector before a decision is made than in the private sector (McBain & Smith 2010). In general, public

sector organisations are far more participative (at least superficially) and consultative in their decision-making (Henry 2010). There are more changing stakeholder demands and expectations found in the public sector with a broader accountability and more visibility (Nutt 2005).

While private sector **objectives** are often clear and agreed upon with effectiveness and efficiency as dominant concerns, public sector objectives are often shifting, complex, conflict-ridden and difficult to specify with equity as dominant concern (Nutt 2005). Government often deals with **more complex** decision-making criteria that are broader in scope than those in business (Henry 2010). The public sector decision-making process is characterised by more turbulence, interruptions, conflicts and recycling of objectives (Nutt 2005).

In the public sector, problem-solving is more **uncoordinated** because of the various decision-makers who are involved (McBain & Smith 2010). There is little coherence in strategic decision-making in public organisations and top-level managers have little control over decisions and actions of their organisations (Kingsley & Reed 1991). Due to "incremental politics", decision-making is disjointed (Lindblom in McBain & Smith 2010). In a complex environment like the public sector, marginal/incremental improvement of the status quo or sequential problem-solving is often applied. This is in contrast to finding a "final solution" for prevailing grievances and demands (Lindblom in McBain & Smith 2010). Decision-making is fused and consolidated through a process of partisan mutual adjustment (McBain & Smith 2010).

In the private sector, the market/customers drive decisions. In the public sector, the market/customers do not significantly influence decisions; instead, oversight bodies do. In the private sector, business leaders/experts/entrepreneurs/shareholders make the final decision while politicians make the final decision in the public sector. The external environment is littered with **political considerations** (Nutt 2005).

Decision-making is therefore generally much **slower and cautious,** or conservative, and risk-aversive (Henry 2010). A culture of cautiousness is more likely when top managers have low levels of trust in their employees (Henry 2010). A more hierarchical internal decision-making process in the public sector leads to slower decision-making, in turn requiring more time to build consensus outside and inside departments (Nutt 2005).

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector.

Decision-making in the public sector is generally poor as the vast number of political considerations in the environment, including views from oversight bodies, opinion leaders, manipulation by legislators and interest groups, and opposition parties often overshadow

economic or rational considerations. Bargaining and negotiation are both needed in relation with numerous stakeholders. This often results in coalitions, advisory groups and coordination bodies. Perceptions (how things are viewed and understood) by stakeholders are more important than the facts or economic reasoning (Nutt 2005).

It is therefore imperative to consider the nature and speed of public sector decision-making before going on the strategy execution journey, being aware that decision-making is not always rational and based on the agreed upon and approved strategic plan. Understanding that major changes in a short period are highly unlikely and that decisions are taken in a collective and consultative fashion is important. Therefore, more time should be allowed for both strategy planning and execution.

3.3.6 ESTLE influences and challenges

a) Description:

Due to the dominating political influence in the public sector, the P of PESTLE is dealt with separately. Under ESTLE, the Economic, Social, Technological, Legal and Ecological influences in the public sector context is described, with reference to Figure 3.1. Due to the nature of the public sector, it is more open to a wider variety of these macro-environmental elements – on central, regional and local levels.

The World Economic Forum (WEF 2013) identified the top 10 trends for 2014 as follows:

1. Rising societal tension in the Middle East and North Africa: war in Syria, political instability and unemployment in North Africa.
2. Widening income disparities/gap: ramifications for health, education and social mobility across all regions of the world.
3. Persistent structural unemployment: a global issue demanding a global solution.
4. Intensifying cyber threats: electronic armies and government agencies are threatening the fabric of the Internet.
5. Inaction on climate change: extreme weather events may be occurring more frequently, but there has been no breakthrough on action to tackle the problem.
6. Diminishing confidence in economic policies: the scale of the global downturn and the pace of recovery have left deep scars, particularly among the young.
7. Lack of values in leadership: this has led to a crisis of legitimacy in governments and other institutions.
8. Asia's expanding middle class: greater hope for increased prosperity – but also environmental and resource challenges.
9. Growing importance of megacities: these original social networks are home to more and more people, yet we still understand surprisingly little about how they grow and evolve.

10. Rapid spread of misinformation online: the speed of social media – and the scale of big data – is making it harder for people to know that information received is real.

The WEF outlook also highlights the failure or inadequacy of democratic institutions as an emerging trend. While their survey reports that the private sector can more effectively address these global challenges, compared to government, respondents are unanimous that businesses are not working well together to tackle these global challenges. The WEF view is that with incentives for business and government continuing to be skewed toward short-term outcomes, the right decisions to solve the world's problems will not be made. Today's decision-makers therefore need to adopt a systems-wide view to gain a deeper understanding of the connections between issues. Some key ESTLE issues of today are briefly described below.

Economic challenges include national economic growth, inflation, budgets, investments, infrastructure development and capacity enhancement.

Social challenges include health, education, safety and security (including terrorism, crime and the need for public intelligence and control), corruption (self-enrichment), culture (including laziness, reactiveness, dependency, drug abuse, alcoholism and sexual deviations), poverty and unemployment. *Unemployment* is a major concern for the public sector. The pressure of unemployment is increasingly felt worldwide, from developed to developing countries. In Southern Africa for example unemployment rates vary between 25% and 55%. In the recent decades, the public sector has become an increasing source of employment – in both developing countries and developed countries. The World Economic Forum sheds more light on this issue in the following quotation:

Creating sustainable, quality employment is at the top of policy-making agendas worldwide; job growth strategies of the past no longer have the same impact on today's labour markets. While millions of students are investing in developing skills, millions more find themselves unemployed. New start-ups have vast potential to create jobs, yet established businesses continue to report talent shortages. A rethink is underway with companies, governments and researchers pioneering interconnected models for employment. (WEF 2013, p. 34)

Many, like Joyner (2011), advocate a focus on private sector employment. Joyner (2011) argues that if government size is reduced and made more efficient, the surplus of employees will go back to the private sector. The private sector then needs to expand to take over public sector functions and hire at a high rate within a supporting regulatory environment provided by the public sector. Joyner (2011) proposes that the public sector should return to its role to create and maintain a supporting function for the private sector. The public sector therefore needs to be managed in a way to integrate it with the private sector, as many main agenda

issues are best addressed by the private sector, including job creation and infrastructure development and maintenance.

Poverty remains a major social challenge for governments worldwide, especially in Sub-Sahara Africa. Sachs (2008) states that more than 8 million people around the world die each year, simply because they are too poor to survive. People living in extreme poverty are dependent on government to survive. Sachs recommends five interventions for governments to address poverty. These are Agriculture, Basic health, Clean water and sanitation, Education and Electricity (ABCEE).

Technological challenges include influences and the role of technology and its acceptance rate. Technology is also used in infrastructure development relating to water, sanitation, electricity and housing. The World Economic Forum views technology and its place in society as follows:

It doesn't matter whether you're talking about climate or economics, urbanisation or employment digital applications are reshaping every facet of our existence and presenting us with a bewildering array of opportunities and threats. Every conceivable gain brings its own associated challenges, from increased online vulnerability to the simple frustration of an emerging technology not functioning properly. (WEF 2013, p. 45)

Legal challenges include laws, regulations and the role and functioning of the regulator (if one exists).

Ecological challenges include global warming, the green movement, sustainability, renewable energy. The threats from climate change are expressed by the WEF (2013) as follows: "Over the past three to four years, we've seen extreme weather events happening more frequently and more intensely in an increasing number of countries. That is one reason why people have woken up to the very real threat of climate change." Governments have to deal with these threats.

b) Differences:

The public sector is more open to a wider variety of macro-environmental elements. In the **economic and social** domains, the public sector is influenced and exercises a strong influence on safety, security, health, education, job creation and poverty reduction. While the private sector is a key player in socio-economic development, it is government that creates the conducive conditions for private sector operations. Government therefore has to create a conducive ESTLE environment, but also provide social services where it is not attractive for the private sector to provide these basic social services.

While the private sector experiences large and rapid **technology** use and innovation, making old products better, cheaper and more responsive, the public sector technology use and

innovation are small and slow with limited learning mechanisms to make better use of technology (Ross 2011). With regard to **laws and regulations**, the public sector experiences more constraints on procedures and operations with less autonomy in choices of how things are done (Rainey, Backoff & Levine 1976). Legislative oversight is pervasive. The public sector has to deal directly with **ecological** issues and normally has larger influence, often through political powers.

c) Implications and Actions:

The implications of these differences are regarded as **significant** for executing strategy in the public sector. These are the external influences that directly determine the strategy, which is based on PESTLE and SWOT analysis. In strategy execution, provision should be made for influencing ESTLE as well as to be influenced by these macro-environmental forces. Risk management should therefore be made part of strategy execution.

3.3.7 Political influences

a) Description:

The public sector is the domain for the practice of politics. With reference to Figure 1, it is evident that the public sector agency operates within the political context. Politics refers to the different forms of power and influence – both outside and inside the organisation, the methods of acquiring, maintaining and distributing power and control, as well as the management of conflict and negotiations. Under this topic, mostly party politics is included – on national, regional and local levels.

Regarding the **political agenda** of governments, Joyner (2013) states that, from the beginning, governments were formed to control people and to use them for the purposes of the elite. Even the best governments only serve the people's interests in order to keep their allegiance. The basic nature of government is that the more it grows, the more controlling it will be and the more it will take from the people to serve its own interests. Therefore, if government is big enough to give people everything, it is also big enough to take everything from people (Joyner, 2013). This is an opposite view of what is normally expected from government, as government is usually portrayed as being for the people, i.e. serving the people.

The public sector operates in the political arena where "power and influence" is the name of the game. Politics are more dominant in the public sector than in the private sector. Butcher and Clarke (1999) postulate that traditional approaches to the management of change are failing to produce lasting benefit without **managing political agendas**. They (Butcher & Clarke, 1999) recommend that political awareness should be taught as a mainstream managerial discipline and as part of executive development programmes as politics can get in the way of effective management, including change management and strategy execution. Management of political

behaviour or self-interest is central to the job of **managing change**. Butcher and Clarke (1999) argue that leaders are needed who can read political situations and who have the personal influencing skills to make things happen without having to rely on formal status and authority.

Power and influence are central to politics. The most common source of power employed by public sector managers, however, is position or legitimate power (based on an elected position, rank and authority in the hierarchy). This source is regarded as passive since it needs to be augmented by other sources. Good leaders, according to Kotter, Hesselbein and Cohen (1999) know when to use what source of power. Good managers also need to be sensitive to what type of influence or power is used by whom from time to time and from situation to situation. Studies by Likert and Tannenbaum in 1961 (in Starling 2011, p. 86) indicate that organisations with a greater amount of power at all levels are likely to be more effective and their members more satisfied. This implies that concentrated power or low levels of power in general would lead to poor decisions and low effectiveness.

Pienaar and Spoelstra (1991) and Starling (2011) list several **sources** of power or influence. Apart from the position or legitimate power, *reward power* is applied when there is a perception that compliance with the leader's wishes will lead to pay, recognition, promotion or other rewards. The opposite is *coercive power* based on the ability to threaten, punish or deliver penalties. Related to these is *dependence power*, which is based on peoples' perception that they depend or need the leader or other person. Obligation power is based on people feeling an obligation to return favours received from their leader. *Referent* or *connection power* or influence is also common in government and is based on a person's ties with important people, or reference to and association with a higher goal or shared dream. The strongest and more enduring source of influence or power is *personal power* (based on a leader's personality or charisma and ability to persuade others) and *expert power* (based on special knowledge, expertise or skill). These powers or influences are strongest at the top of the organisation, but can be dispersed throughout the organisation. The public sector manager at any level operates within a **force field** with many influences. This political force field surrounding a public sector agency is the political appointee, legislature, courts, other governments and agencies, non-state actors, employees, clients, the public, the media, labour unions and activists or pressure groups (Starling 2011, p. 63).

Politicians with legitimate power, exerting influence over the executive leadership (administration), should, amongst other powers, have expert power. While politics require good management to succeed, so management requires good politics to succeed. Starling (2011) argues that political and managerial strategies should complement one another to be able to achieve policy objectives. He (Starling 2011) does not believe that democratic governments should operate by command and obedience, but rather by persuasion, compromise and

consent: “Success demands the ability to pull people together for meaningful purposes despite the thousands of forces that push them apart; otherwise, public institutions risk sinking slowly into a mediocrity characterized by bureaucratic infighting, parochial politics and vicious power struggles” (Starling 2011, p. 81)

McBain and Smith (2010) make a clear distinction between politics and administration, each with their own cycles with the **political cycle** on top and the **administration cycle** below. The challenge is to connect these cycles by means of translating policy into action through strategy, programmes and projects. The interpretation of politics and its translation into management rational remains iterative and conflicted, often resulting in compromise (McBain & Smith, 2010). Political strategies have to complement management strategies in the public sector. Starling (2011, p. 80) mentions that while the private sector would only consider services and products that make business sense, **political considerations** in the public sector would also include services and products that are for the **public good**, for example social facilities close to the public for their health or recreation, including both the rich and the poor communities. The location of facilities could also be influenced by aspects like social upliftment and job creation. Business principles should be applied to the political agenda. Political agendas are often described in national development plans (NDPs), including objectives and programmes. For politicians to be re-elected, good administration is needed to make things happen – to do the right things the right way.

Starling (2011, p. 83) recommends four **political considerations** that the public sector administrator should consider. These are 1) resources, 2) costs, 3) stakeholders and 4) strategies. Firstly, the public sector manager has to consider the availability of political **resources** or sponsors. These can include external support from high-level politicians, committees or networks, but also expertise. The second political consideration in decision-making is **cost**, as virtually all important administrative actions have direct or indirect cost implications. Many countries and local authorities today are deep into debt. Thirdly, **stakeholders** have to be considered in decision-making. Dinsmore (1999) defines stakeholders in the project context as “[p]eople or parties who are positively or negatively affected by the activities or final results of a project; they stand to win or lose; they have a claim or vested interest.” Stakeholders have a stake in these decisions, whether they are related policy, strategy or project level. Stakeholder analysis is normally used in formulating strategies. Finally, the fourth political consideration in decision-making is compliance to **strategies**.

Politics in democratic governments are driven by elections every 4 or 5 years. This gives rise to the **short political cycle times**. N. Darlene W. (LinkedIn 2013b) identifies the election cycle as a major challenge in the public sector. The election outcome or the one who is elected can upset the total strategic planning process and implementation. Although the private sector can

also experience cycles of change, it is more prominent in the public sector. Chris Bragg in LinkedIn (2013b) states that long-term projects and programmes will always be more challenging because there is more time in which things can change or go wrong.

Opposition or conflict is part of political decision-making. The level of opposition or conflict depends on many factors, including the number and strength of opposition parties, the level of democracy, the abundance or scarcity of resources, the sources of power and qualities of leadership. According to Nitin Jain (LinkedIn 2013b), politics is the first and main issue in strategic management. Jain states that "[e]verybody has a different agenda and based on his/her personal agenda, tries to defeat the agenda of others. So it becomes very difficult to arrive at consensus and get buy-in from all stakeholders. In cases where the stakes are high, nobody wants to take ownership and hence decision-making is delayed. With implementation issues, the blame game starts and again due to lack of ownership and politics, it becomes difficult to resolve the issues and move on."

According to Deborah V. (LinkedIn 2013b), a lot of effort is directed at **"strategic planning"** through the formal, top-down approach. "However," she says, "the same amount of effort is not directed [at] **implementation**. The major strategy execution gap tends to be between the level of corporate strategy and the level of functional strategy" (Deborah V. in LinkedIn 2013b). Place all of this in the context of a politicised system with the new strategy often coming from the government of the day (with election cycles contributing to new initiatives on a regular basis), strategy does not get executed." (Deborah V. in LinkedIn 2013b)

b) Differences:

Increased political influences make managing the public sector organisation much more difficult, especially when it comes to executing a strategic plan by means of projects. There is a greater diversity and intensity of external influences on decisions, involving bargaining, public opinion and interest group reactions (Rainey, Backoff & Levine 1976).

The **political agenda** includes the need for support of "constituencies", e.g. sympathetic formal authorities. Top managers in the public sector therefore have a more political role (Rainey, Backoff & Levine 1976). Decisions that are more irrational are made due to political and personal influences. Often changes have to be made to objectives and projects that are not explained or are irrational.

Due to political cycles, there is a more frequent **turnover of top leaders** – resulting in a greater disruption of the implementation of plans (Rainey, Backoff & Levine, 1976). Each newly elected official typically sets his/her own agenda for a specified period. Strategic planning needs to adapt according to party priorities with frequent reversals or major changes in strategy or policy (Bragg in LinkedIn 2013b; Mares 2013). Because the tenure of elected members is limited

compared to civil servants and the relevant experience of the elected members is likely to be less than that of the civil servants, there are significant opportunities for **conflicts** between the more permanent and professional civil servants and the elected members. Since elected members know that their tenure is finite, they frequently spend a lot of time preparing for their next private sector activity. This **distraction** has implications for the performance of the individual and those above or below the individual in the organisation (Mares 2013).

Mares (2013) states that political leadership **competency levels** are much lower than their counterparts in the private sector. Their average years of experience are generally much lower. Elected members receive little encouragement and training to focus on management issues (including strategic management), as their main goal is to promote or change the policies of the administration. Few politicians focus on organisational management issues because they have no experience and know they will not be in government for a long time.

The nature and strength of **party politics** influence unity and agreement, as members who strongly support their party's policies could be reluctant to compromise with their political opponents. “Partisan politics causes lack of unity and agreement on strategy within political parties which makes strategy execution more difficult in the public sector, especially in countries with strong opposition parties.” (N. Darlene W. in LinkedIn 2013b)

Time constraints in the public sector are fundamentally different and more artificial, due to the political/election cycles not being connected to market forces (Ring & Perry, 1985). This gives limited time to implement change, as the effective tenure of politicians may be only two years in a four-year term. This is why rather quick and easy reforms/projects are selected (Ostroff 2006). Strategy execution in these short cycles is described as “…tackling 2-year problems with 5-year plans[,] staffed with 2-year personnel [and] funded by 1-year appropriations” (Ring & Perry 1985, p. 281). With the addition of **more frequent changes** by politicians or due to the political cycles, even more pressure is placed on time (Ring & Perry, 1985). These political term limits create political cycles with **stop-and-go** characteristics, resulting in more instability in strategy execution (Ring & Perry 1985).

c) Implications & Actions:

The implications of the much stronger political influences are regarded as **critical** for executing strategy in the public sector.

Different political influences and agendas have to be understood and managed for both strategy planning and execution. Rational evaluation and decision-making may not always be possible, leading to misaligned strategic choices, inefficiencies and ineffectiveness. Instructions may be given to implement projects without agreement. Implementation risks could easily be overlooked or ignored.

Strategy execution has to be done with cognizance of the election cycles that can upset the process. Attempts should be made to promote unity by maintaining focus on customer needs, more than politicians' desires.

In preparing for strategy execution, it would further be valuable to determine the types/sources of power, their strength and their distribution in the organisation. Furthermore, alignment between political agendas, policies and strategies need regular checking. Strategy execution should also consider stakeholder support, buy-in, sponsorship, available skills, motivation and partnerships. Provision needs to be made for opposition and conflict requiring extra time for consultations and negotiations. Finally, readiness should be ensured for a stop-and-go approach in strategy execution.

3.3.8 Planning and execution cycle

a) Description:

The public sector has a unique planning process. The general planning and execution process applied in government is depicted below in Figure 3.4, which consists of five components.

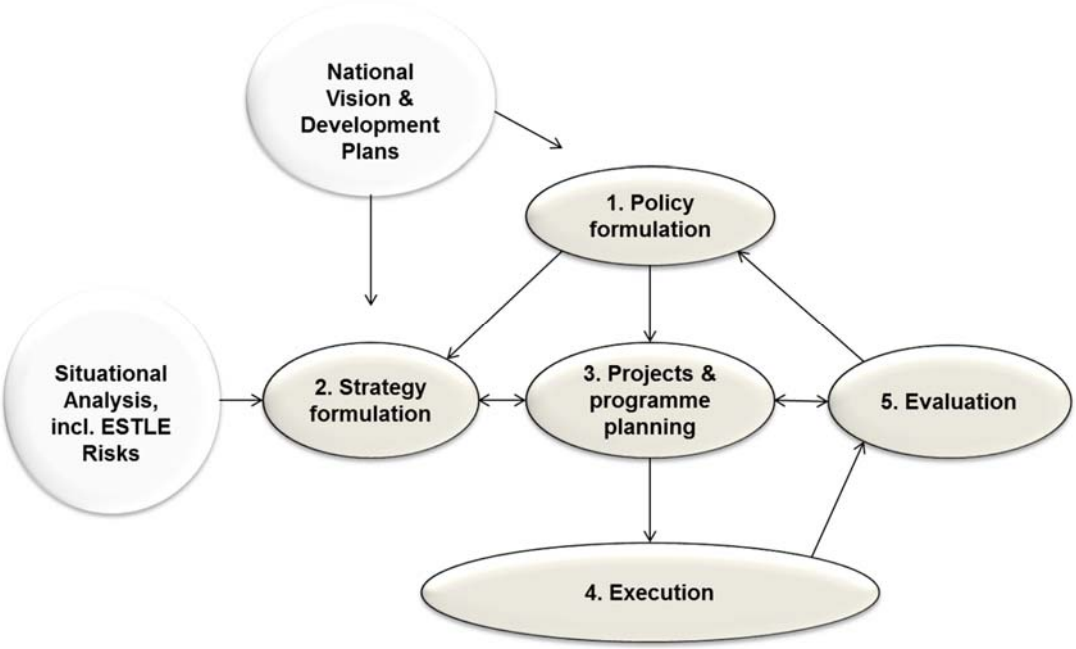


Figure 3.4: Planning and execution cycle in government (author, based on Starling 2011; Poister 2010)

The process starts with policy formulation based on the political agenda. Execution is only possible when policies are translated and converted into strategies and plans. Strategy formulation is executed by considering the ESTLE elements and risks. An evaluation process, which includes monitoring and control, provides feedback and closes the cycle. The definition of policy, plans, programmes, projects, activities and actions differ in the literature. Policies are

normally executed by means of plans and programmes. Sometimes strategic plans and project plans are not even mentioned in the execution of policies. These components are each described below.

Policy formulation: A policy is defined as a high-level statement of principles and goals addressing particular issues. Although it may include one or more plans with clear objectives, a policy should not become a programme or a series of projects. A policy should seek to respond to the system in its entirety (Starling 2011, p. 211). Government policies are typically found in defence, health, education, environmental and disaster management departments.

Policy formulation includes the use of an agenda-setting process, based on issue or challenge identification, policy analysis (the analysis of the issue and its alternative solutions), policy instruments (sources such as legislation, taxation, persuasion, inspections and service provision of community meetings) and stakeholder engagement (consultation and coordination for buy-in) (Southern Business School 2012). In policy formulation, political agendas are included and approved through stakeholder consultation. This is the function of politicians with input from top management and technocrats in government. Policies are usually separated from goals like functional, operational and tactical plans. These policy goals then need to be interpreted and translated by executive leadership/top management into SMART objectives with aligned programmes and projects. Many countries have developed a national long-term vision. In Namibia, it is called Vision 2030. To achieve this vision, five-year NDPs are developed. These NDPs then have to be cascaded to/included in sector and ministerial strategic plans. Hence, both the policies and strategies should be aligned to the national vision and development plans, following the process shown in Figure 3.4.

Strategy formulation: Strategic management has become a standard tool for the public manager to create value and to shape the organisation (McBain & Smith 2010). Increasingly, the value of strategic planning in the public sector is being realised. Henry (2010) defines strategic planning in the public sector context as "…the identification, prioritization and communication of significant policy goals and the integration of those goals into the management, budgeting and performance measurement systems." Government agencies in developed countries started to develop strategic plans in the late 1970s (Henry 2010, p. 272). In Namibia, for example, strategic planning for the different levels of government was only introduced and made mandatory around 2005. This requirement has not yet resulted in significant strategy execution breakthroughs.

Strategic planning is not always considered an important execution process by the public sector. Strategic planning is sometimes bypassed, as shown in Figure 3.4. Policy and programmes are often mentioned without a strategy. The author is of the opinion that this leads to a missed opportunity for integration and focus. Politicians create policies. These policies are

then given to public organisations to interpret and implement by producing products and services to solve social problems (McBain & Smith, 2010). Starling (2011) and McBain and Smith (2010) indicate that strategic planning lies in a translation zone between political agendas/policies and implementation. Figure 3.4 shows that policies cannot be implemented, but that only programmes, projects and activities can. Policies therefore have to be translated into strategies and then programmes with projects and activities assigned to specific agencies and units. McBain and Smith (2010) describe this translation of a policy (or policies) into management action as iterative, conflicted and often requiring compromise. They argue that this linear rational planning model is unrealistic in the face of complex social interaction. This consideration of both policy and the situation, external and internal environment (as shown in Figure 3.4), is quite challenging, as a strategic plan details the path towards higher performance and achieving specific objectives that lead towards the preferred future position as described in the vision. As the strategic plan is a hypothesis, it has to be tested and adjusted on a regular basis during execution. Strategic planning also has a fiscal component and must therefore go hand in hand with budgeting. Starling (2011) views the link between budgets and results in government as weak. Getting results for some has no real impact on budget allocation.

Poister (2010) expresses the need for **improved strategic management** in the public sector. Making strategy more meaningful in the future will require transitioning from strategic planning to the broader process of strategic management which involves managing an organisation's overall strategic agenda on an ongoing rather than an episodic basis, as well as ensuring that strategies are executed effectively (in line with Figure 3.4). Poister (2010) also stresses the need for government agencies to link their strategic management and ongoing performance management processes more closely using a reciprocating relationship in which strategising is aimed largely at defining and strengthening overall performance while performance monitoring helps to inform strategy along the way.

Risk management also needs to be linked to the strategic management and performance management processes. The role of government is not only to be sustainable, but also to provide essential services to the public. Contingency or risk management plans are often developed to define an organisation's response to specific situations, should they arise. Uncertain events or uncontrollable factors could include accidents, economic fluctuations or technological developments. The PMBOK Guide (PMI 2013) defines the risk management process as risk identification, quantitative and qualitative risk assessment and risk response planning, which could include risk avoidance, mitigation and/or risk transfer.

Strategy execution: Deborah V. (LinkedIn 2013b) expresses the need for more comprehensive planning aligned with the unique strategy execution challenges which are context specific. She suggests that a strategic plan should be developed through wider stakeholder consultation and

analytical exercises. Jeff Herman (LinkedIn 2013b) is of the view that a common problem for both the public and private sectors is the lack of a strategy execution management process and system that aligns the strategic initiatives with the day-to-day activities of people's jobs.

b) Differences:

The public sector follows a more rigid planning and execution processes or **cycles**. These cycles are not always aligned with the typical five-year strategy cycle. The budget and election schedules can rush or delay strategic decisions (Henry 2010). Public sector programmes are often large, spanning a number of years. This raises challenges in the sense that political policy (or the implementation of that policy) shifts quite regularly so public sector programmes end up being "tweaked" within their life cycle. In the private sector, the initiatives tend to be shorter in duration where a significant shift in the nature of the business is less likely (Jason Taylor in LinkedIn 2013b). In the public sector, it is more difficult to find a **"strategic fit"** to maximise public value while satisfying the political environment through trade-offs (McBain & Smith 2010).

In this cycle, the public sector has to comply with **bureaucracy** with various formal processes, fixed conditions and numerous controls. These are structural or procedural constraints to which the public organisation has to adapt (Ring & Perry 1985). The public sector also has to position itself within the **authorising environment** that represents the equivalent of the market place in the private sector context. Due to a turbulent authorising environment, it is more difficult to set long-term direction (McBain & Smith 2010). The public sector has to deal with the distinct **separation of power and responsibility** between policy formulators and implementers (Ring & Perry 1985).

According to Starling (2011), **planning** in the public sector is more difficult as it deals with complex and dynamic environments within the context of an uncertain future. There is often a vagueness of mission (Henry 2010). Pitfalls in planning include continuance of the status quo, trying to do too much, getting emotionally involved, over-planning, under-planning, underestimating the importance of organisational structure, discounting details (such as execution considerations) and ignoring unintended consequences. This can result in dysfunctional linkages between intentions and outcomes. **Outsourcing** is much more prominent in the public sector, complicating the planning and execution cycle (McBain & Smith 2010).

In a LinkedIn discussion, group members shared challenges experienced in planning and execution in the public sector worldwide. Views are presented below:

A lot more **stakeholder engagement** is required because of the various different groups and views to consider (Jason Taylor in LinkedIn 2013b).

Often both **policy and strategy** have to be implemented and sometimes these are not aligned properly. If two quite distinct elements are being implemented, policy seems to take priority over

the organisational strategy, leading to strategies not being implemented at all (Michael Young in LinkedIn 2013b).

Often there is no clear **authority and responsibility** for strategic action. Unless the strategic plan is approved or imposed by higher authority, accompanied by the allocation of required resources, it will not succeed (Ahmed Al-shaikh in LinkedIn 2013b).

The planning and agreement process is often constrained or effectively watered down to achieve **consensus**, compared to the private sector where buy-in and implementation are often achieved much easier due to the profit-making focus (Ewen Ritchie in LinkedIn 2013b).

In general, there is **poor perception** of public sector strategic management. The overall perception is that actions from strategic planning in government do not succeed. Public sector strategies are seen mostly as political and protective, and not really proactive, rational, developmental or transformational (Henry 2010). The proclamations of the strategy are often just seen as public relation exercises designed for public consumption rather than actual implementation (Douglas Brown in LinkedIn 2013b). Public sector planning is further characterised by being **unrealistic** because there are no real consequences or penalties for failure (Douglas Brown in LinkedIn 2013b). Furthermore, the public sector generally struggles to identify and deal with **duplication** or dysfunction of service delivery and the market is not able resolve them (Douglas Brown in LinkedIn 2013b).

c) Implications and Actions:

The implications of these differences are regarded as **critical** in executing strategy in the public sector.

Due to these links to political agendas expressed in policies, the higher complexity and increased number of interactions with stakeholders, the rational linear systematic method of planning to execution should be replaced by a more iterative, sense-and-response approach to strategy planning and execution. Alignment between policies and strategies are strengthened through continuous iterations. Execution timelines have to consider stakeholder consultations, buy-in and authorisations in a bureaucracy. Strategy execution has to consider the planning and execution processes in government, including the political and budget cycles.

The role and importance of strategy planning and execution through project management need to be strengthened amongst politicians.

3.3.9 Funding and budgeting

a) Description:

In this category, the sponsorship, funding and budgeting of the public sector are compared to the private sector.

While individual shareholders own and fund private sector organisation, government owns and funds public sector organisations, mostly through taxpayers' money. Central government funding resources come directly from taxes, so this revenue is legally and forcefully taken from the public to fund projects and programmes aligned to political agendas and policies. It should be noted that government funds are mostly used for recurrent operations, and not to implement strategy.

Local authorities in many countries like Namibia struggle to survive. Contributing factors include unsustainable financial models, poor payment for services, poor service delivery, low human resource capacities, corruption and poor leadership. Often more than 90% of their revenue is received from central government. Challenges include poorly maintained infrastructure, a shortage of serviced plots and housing, various social problems like crime and drug abuse and limited economic and job creation opportunities. Local authorities compete for funds and investments from private sector organisations. Through trade fairs, exhibitions, festivals and road shows they try to attract much needed investments to their towns. Often, this is only possible through partnerships with private and other public organisations.

The level of decentralisation also affects the level and speed of funding to regional and local authorities. Delays in decision-making and authorisation of funds often cause allocated funds to arrive six months into the financial year, making it difficult to impossible for the authorities to implement their planned projects or programmes. Most countries follow specific stages in their MTEF/budget preparation calendar.

b) Differences:

The differences in public sector budgeting and funding are described below.

Firstly, the **funding source** differs substantially from the private sector to the public sector. While private sector funding is from private investments, profits, loans and stock, government funding comes from taxes, rates and user fees, as well as donations, grants and loans.

Public sector organisations often struggle with **limited budgets**, but are still expected to provide a high level of service. Often public sector organisations do not have a strategic budget. The **operational and strategic budgets** are often not clearly separated which normally leads to funding mostly used for operational expenditure, such as salaries

Alexander (1990) lists several differences with regard to finance. The **means and end** of funding differs. In the private sector, products and services are the "means", while profit is the "end". In the public sector, budgets are the "means", while products and services are the "end". There is also a difference regarding **spending and saving** between the private sector and the public sector. While the private sector focuses on saving, the public sector is mostly punished for operating below budget and is therefore encouraged to spend it all (Alexander 1990). In the

private sector, **excess funds** are reinvested, distributed as a bonus or salary increase. Excess funds in the public sector, mostly because of poor implementation, are normally lost and cannot be used for bonuses. The private sector is revenue focused, as customers only pay when services and products are good. The public sector is **not revenue focused**. The public has to pay taxes whether services are good or bad.

The public sector has to deal with higher levels of **funding uncertainty**, as it generally has limited **control over revenue**. After setting strategic priorities, funding models can change, performance targets can change and the public sector needs to be sufficiently agile to re-allocate and shift priorities. Louise T in LinkedIn (2013b) shares her experience regarding funding uncertainty for strategic initiatives in the public sector:

> Ultimately, operations come first […] to get funding for strategic initiatives means diverting resources from operations. In a large public sector organisation this can be a challenge. […] Sometimes an organisation can be halfway through the fiscal year before they know what their funding is. It is unreasonable to make strategy execution decisions when funding is ambiguous […] It is therefore challenging for the public sector to be as agile as the private sector. While the private sector has more control [over revenue], the public sector has limited control over revenue – both from government [and] directly from customers. Budget cuts, big or small, are often experienced or funds are reallocated […] to another project [preferred] by an elected representative. Working with the public sector means more challenges with budget reductions.

Despite these facts, the public sector often ignores **income generation** opportunities. It is the author's view that revenue is often not even a consideration, as only cost is considered...

There are **mutual benefits** between the public and private sectors. The public sector directly benefits from the private sector in the form of taxes, while the private sector benefits from using public services and receiving income from products and services sold to the public sector.

c) Implications and Actions:

These differences are regarded as significant in executing strategy in the public sector.

The key challenge for strategy execution in the public sector is to secure sufficient and consistent funding. Strategy execution has to be managed within a context of more uncertainty regarding the amount and timing of funding for its various initiatives. A shortage of funding is regularly encountered, especially on local authority level. The level of decentralisation often has an impact income levels. Funding availability is also dependent on the budgeting cycle. Funds often become available a few months after the start of the financial year. These limitations should be considered in planning and executing strategy.

Strategy is often executed through public-private partnerships, requiring contract management skills in the government. External funders require transparency and regular performance reporting in required formats.

3.3.10 Stakeholders, complexity and transparency

a) Description:

In this category, the complex nature of the numerous public sector stakeholders and their influences are explored, together with the higher visibility, openness and transparency experienced in the public sector.

The public sector is by nature more open and transparent to the public and other stakeholders. "Stakeholders," according to the World Economic Forum, "today have access to such a wide variety of information, giving rise to millions of different opinions. Leaders have to make decisions in this context, not out of self-interest, but for the common good, where benefits are widely shared. Not only beneficiaries should be taken into account, but also those groups that are negatively affected" (WEF 2013, p. 19).

Dinsmore (1999) defines a stakeholder as people or parties who are positively or negatively affected by the activities or results of projects or activities of an organisation – they stand to win or lose as they have a claim or vested interest in them.

In the public sector, there are more stakeholders and more coalitions, but these partnerships or coalitions are often less stable in the public sector and more prone to disintegrate during policy or strategy implementation than similar partnerships in the private sector (Ring & Perry, 1995). King (2012) observes that stakeholder groups can merge, for example, in a case where employees become shareholders.

Different categories of stakeholders are shown in Figure 3.5, namely Owners/ Sponsors/ Shareholders, Management, Employees, Partners and Customers/ Users/Beneficiaries.

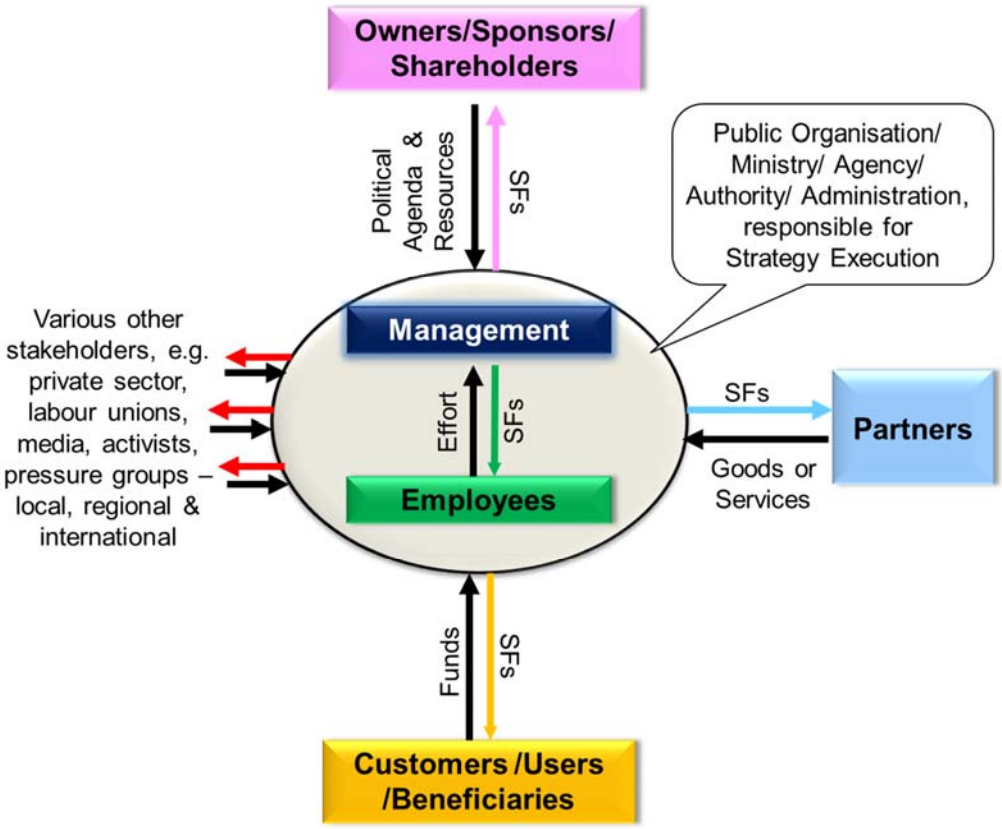


Figure 3.5: Stakeholders and relations (author, based on Kenny 2005)

Kenny (2005) uses the term **"Strategic Factors"** (SFs) to describe the two-way relations and transactions with stakeholders: "Strategic factors are those things that the agency needs to get right in order to succeed with its key stakeholders – they are critical to the success of the organisation". He (Kenny 2005, p. 27–40) further states that "[t]hey are externally focused, they relate to stakeholder expectations, [and] they are criteria used by stakeholders to assess an organisation's performance. The organisation needs to optimise relationships and transactions." Each stakeholder group may be in a unique situation in relation to the organisation, regarding offering and receiving services and products. Stakeholder groups can offer funding, support, effort, goods or services in exchange for Strategic Factors – those factors that are of strategic importance to the stakeholders.

Nutt and Backoff in McBain and Smith (2010) suggest that the authorising environment and the interdependent actors can be considered the actual market of the public organisation, the interests of which it must strive to satisfy to support strategic management. They state that "[h]ow things are **viewed** or understood by stakeholders holds more salience to strategy than the validity of claims." This underlines the importance of Strategic Factors.

Henry (2010, p. 73) and McBain and Smith (2010) regard the tasks managed by the public sector as far **more complex** than those managed by the private sector, making public

administration difficult, especially with the setting of priorities and decision-making. Henry (2010) adds by saying that "[p]ublic administrators must confront many more conflicting environmental demands and external stakeholders than business managers" The larger number of stakeholders is given as main reason for the increased complexity in the public sector. With many stakeholder views and lots of information to consider, the public sector manager often finds it difficult to make sense for adequate decision-making. Lindblom in McBain & Smith (2010) describes the result of this complexity as decisions often being taken to avoid failure rather than to really seek appropriate solutions and the practice of "incremental politics". This is described as the marginal and incremental improvement of the status quo and sequential problem-solving, instead of finding a final solution and adjusting ends (objectives) to prevailing grievances and demands.

b) Differences:

The number, nature and influence of public sector stakeholders are different from those in the private sector. The public sector has more stakeholders and has to deal with more complex relations and higher visibility.

With **more stakeholders** to satisfy, especially external stakeholders, the strategic management process has to take account of many interests, often competing and difficult to reconcile (Ring & Perry 1985). The many stakeholders include politicians of various ideologies at each level of government from national to local level (Paul Mackey in LinkedIn 2013b), various racial or ethnic groups, international treaties to be respected and unions (Paul Mackey in LinkedIn 2013b). With this great number of stakeholders, it is less likely to succeed with strategic management, because the strategy is watered down so much that it has become meaningless and ineffective to cater to the needs of the many (Marc Lawn in LinkedIn 2013b). The nature of a democracy is that everyone has a rightful stake in the organisation's activities. Everyone can observe, comment and exert influence in support of change or in resisting change (Ostroff 2006). External stakeholders are more variable, while internal stakeholders are more permanent, but with less influence (Ostroff 2006). This causes a higher level of complexity and uncertainty.

The number and power of **higher authorities** are more in the public sector than in the private sector. They have a wide variety of controllers or higher authorities and monitors in the external environment – all of whom constrain the actions of managers (Ring & Perry 1985). The dominating political dimension adds to this complexity of stakeholder interests in the public sector.

With more transparency to the external environment (Ring & Perry 1985), there are greater **public expectations** of public officials. This puts more pressure on public servants to act with

fairness, responsiveness, accountability and honesty (Rainey, Backoff & Levine 1976). With public scrutiny, executives and managers have to pay much more attention to a diverse public with competing interests (Ring & Perry, 1985 and Rainey, Backoff & Levine 1976). This often requires extra time and effort to explain and engage stakeholders in strategy (Paul Mackey in LinkedIn 2013b).

While the private sector is characterised by anonymity and isolation from the **media**, the public sector is more visible and pursued by the media (Alexander 1990). Transparency in all sectors increases with the growth in social media, but with the increased openness of the public sector, the spread of information from public officials and their actions are generally more than that of private sector organisations and employees. Private sector failures are not shared with the public, while public sector **failures** are usually published.

Stakeholder perceptions are therefore very important. Public organisations have to be mindful of how they are perceived by the public, as they are often largely funded by taxpayers' money (although taxes are charged irrespective of the public's satisfaction). Perceptions are particularly important where users pay for services. The influence of politics and voter perception cannot be underestimated (Alan Tupicoff in LinkedIn 2013b).

Partnerships are important but present some difficulty. The cooperation dimension can influence strategy formulation in terms of existing and new partners, as partnering donor and development agencies, local or international, makes strategy execution and operationalisation more complex. The public sector is often more dependent on partners for competencies to execute a strategic plan. Building robust alliances internally and externally is therefore key to strategic success (McBain & Smith 2010). Partnerships and coalitions are less stable and more prone to disintegrate during strategy execution (Ring & Perry 1985). The public sector is characterised by numerous **intergovernmental relationships**. The public sector has numerous horizontal relationships across different departments and at each level of government (Paul Mackey in LinkedIn 2013b)

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector.

The larger number of stakeholders and diverse interests, the added complexity and higher visibility make strategic management more challenging in the public sector. A more cautious or incremental approach can be expected in the execution of strategy. There is a stronger need to manage stakeholders and their perceptions to prevent boycotts, demonstrations and other negative impacts. Stakeholder management and risk management become essential for strategy execution in such an environment.

An important difference to note is that while the private sector mostly exists to benefit from its environment while offering products and services, the public sector does not exist for itself, but mainly exists for its context or environment, i.e. to serve its external environment. With the increased media scrutiny, the management of stakeholder perceptions are very important.

All these challenges require additional effort and time. During the execution of strategy, it can be expected that decision-making will be difficult and slow. Stakeholder partnerships or outsourcing contracts could also complicate the execution of strategic initiatives.

3.3.11 Strategic objectives

a) Description:

Objectives are formulated through the analysis of the context or situation by identifying the key strategic issues. The purpose of an objective is therefore to solve a problem or to take advantage of an opportunity. It is only possible to develop a SMART objective with a clear understanding of the problem or opportunity, based on available resources. Good strategic objectives are commonly referred to as SMART objectives, i.e. objectives that are Specific, Measurable, Agreed upon, Realistic and Time-bound. Alternative solutions can only be evaluated with SMART objectives in order to choose the best initiative to achieve the objective. Focussed, efficient and effective implementation is impossible without clear objectives. These objectives can be generated in the policy formulation or strategy formulation process. The most common methodologies for identifying and linking strategic objectives are through the Balanced Scorecard and Logical Framework approaches.

b) Differences:

The nature, number and quality of objectives differ between the public and private sectors with implications on strategy execution.

More objectives are generally agreed upon in the public sector (Alexander 1990). The private sector normally defines a limited number of relatively stable, clearly-defined objectives, while the public sector defines a larger number of relatively unstable, vaguely defined/ill-defined policy directives and objectives (Ring & Perry, 1985). In the public sector there is a greater multiplicity and diversity of objectives and criteria (Rainey, Backoff & Levine 1976). The public sector often sets more **unrealistic** targets to impress stakeholders – especially voters.

Strategic objectives in the public sector are generally **less specific** or **clear**. Whereas the private sector generally has clear, acceptable objectives with efficiency as the dominant concern, the public sector is generally characterised by shifting goals or objectives that are more complex, conflict-ridden and difficult to specify while having equity as a dominant concern (Nutt 2005). Starling (2011) agrees that objectives in the public service are generally more difficult to define by means of clear performance indicators, as the quantification or qualification

of public good can be difficult to define, especially if different stakeholders quantify public good differently. While the private sector measures objectives by results (profits), the public sector measures objectives by process (Alexander 1990). Market share, turnover, cost and profit are easier to quantify and measure and are associated with a shorter time. Long term outcomes in the public sector are especially difficult to measure. Government objectives are therefore often regarded as ill formed, fuzzy and soft, characterised by greater vagueness, ambiguity and intangibility, leading to confusion (Rainey, Backoff & Levine 1976; Ring & Perry 1985 and Mares 2013).

To reach agreement with the strategic objectives their performance indicators and targets could take longer due to the many and diverse stakeholders. Ring & Perry (1985) make mention of the "higher controlling" body in public organisations, often composed of multiple and conflicting interests, defining objectives and providing supporting resources. The problem with this "controlling body" is that it frequently operates from conflicting and changing individual agendas designed to benefit their own constituents. This competition amongst group members leads to negotiated compromises that are purposely vague. Ring and Perry (1985) explain that this vagueness permits group members to go back to their constituents and declare "victory".

The WEF (2013) identifies a **diminishing confidence** in government policies. This implies the inclusion of strategic objectives. Reasons for this diminishing level of confidence are the reach and intensity of the economic crisis, the sluggish pace of recovery and the unrealistic expectations that have been placed on economic and other policies.

c) Implications and Actions:

The implications of these differences are regarded as **significant** for executing strategy in the public sector. Vague and unclear objectives lead to poor strategic plans. Poor strategic plans are difficult to implement, as unclear, vague objectives are difficult to achieve. Additional time will be required during strategy execution to reach agreement on the right performance indicators and targets. Too many and vague objectives will make effective strategy execution extremely difficult and subject to many interpretations, expectations and resulting conflicts.

It may therefore be necessary to review the strategic plan to reduce the number of objectives and making them SMART. It should be noted that objectives with their performance indicators and targets are aligned to higher-level national goals.

3.3.12 Structure and human resources

a) Description:

This section considers both the organisational structure and the human resources required to execute the strategy. Outsourcing of resources is included.

Organisational structures of public sector organisations mostly show significant differences compared to private sector organisations. The term **"bureaucracy"**, which denotes hierarchy and procedures, is often used for public sector organisations.

Starling (2011) postulates that **authority is not concentrated** in public sector structures, but blurred or distributed. Various levels and units could be involved in commenting on and approving plans and budgets. This limits control and authority by any one unit or individual making dynamic and integrative planning and budgeting difficult, as quick decisions and changes (e.g. in hiring and firing of staff) cannot be made. The sense-to-response time in the public sector is generally longer due to its structure.

The public sector generally struggles more with **constrained resources**, including human resources (Wirick 2009). This is in spite of often offering employment to a large portion of the population. With reference to Figure 3.4, three **skills sets** are required by public sector managers, namely political management, resource management and programme/project management (Starling 2011). Special skills required in public sector strategy execution include excellent skills in politics, stakeholder management, risk management and procurement management (Ring & Perry 1985). Public sector leaders need the ability to communicate effectively and quickly with large numbers of constituent groups and unstable coalitions. By making more use of outsourcing due to shortages of staff and skills, they have to be skilful in the management of these contracts. Good project management skills are required to manage the various contracts to maintain quality and customer satisfaction, but with an acute awareness of the ever-present risk of bribery and corruption.

The public sector is becoming more and more dependent on external skills. The extent of **outsourcing** is well explained by Godi, chairperson of the Parliamentary Standing Committee on Public Accounts in the South African government. He calls it an "over-reliance on consultants that could lead to a parallel state. "It seems like they are the ones running the show, rather than the appointed officials. In the financial year 2011/12 national and provincial departments spent a combined R33.7 billion on consultants. This figure excluded municipalities' use of consultants […] It has been used to […] empower a few friends here and there [financially,] and an ideology has set in that for anything and everything we must just get consultants […] instead of building capacity in the public sector" (Mbanjwa 2013, p. 1-2). Part of outsourcing is public private partnership (PPP) in which government sets the legislation and policies, ensures that the funding is available while leaving the execution and management to the private sector. **Bribery and corruption** are unfortunately often associated with outsourcing.

b) Differences:

The way in which the public sector organisation is typically structured and staffed has impacts on strategy execution.

Firstly, the public sector organisation is generally **very large**, employing more people, often from **diverse** cultures, than the private sector. Both sectors could be located locally, regionally or nationally.

Where the private sector is characterised by a flat hierarchy, the public sector **hierarchy** is wide and deep. The public sector has a **fragmented authority** over subordinates at lower levels, meaning that they can more easily bypass or appeal to alternative authorities (Rainey, Backoff & Levine 1976). Communication and coordination is therefore more challenging and often quite poor in comparison to the private sector. The public sector has a greater **reluctance to delegate**, with more levels of review and more use of formal regulations (due to difficulties in supervision and delegation) (Rainey, Backoff & Levine 1976).

The public sector generally struggles more with **staff and skill shortages** (Wirick 2009). Where the private sector is more flexible to appoint staff as needed, the public sector, due to its rigidity in staffing, has more of a constraint in appointing staff. While the private sector makes competency-based appointments, public sector appointments are often more based on loyalty and relations. Depending on Government policy, Government can **downsize** to outsource services to the private sector or **upsize** to create employment for the reduce unemployment. The **turnover** of public sector managers tends to be higher than in the private sector (Starling 2011).

c) Implications & Actions:

The implications of these differences are regarded as **significant** for executing strategy in the public sector. These differences have to be considered in order to improve strategy execution.

Once again, more time should be allowed for communication, buy-in and coordination in the larger and more hierarchical public organisation. SMART objectives and their related detailed initiatives need to be cascaded down the organisation, assigning accountabilities and responsibilities through dialogue. More time due to larger structures with deeper and wider hierarchies, more time for procurement of consultants and contractors and more time for decision-making due to blurred and distributed authority are required.

Public sector leaders, in particular, need to acquire project management skills (including the knowledge areas of stakeholder, risk and procurement management). Contract management skills are mostly required to manage the various outsourcing contracts (of suppliers, consultants or contractors).

It should be noted that strategic planning is often facilitated and developed by consultants with varying levels of participation and buy-in. Furthermore, due to the difficulty experienced in executing the strategy, consultants are again appointed to implement public sector strategies. The accountabilities, however, remain with the executive leadership. Ownership of a strategy by a consultant and/or CEO at the end of their term is not sustainable.

3.3.13 Flexibility and change

a) Description:

In this category the levels of adaptability, agility and flexibility, as well as learning and unlearning in the public sector are compared to those in the private sector.

As strategy execution is essentially **implementing change** by people and through people, change management is a critical component of strategy execution. Both private and public managers are aware that strategy execution requires transformation and change if higher levels of performance are to be achieved. There seems to be significant differences of how change is accepted and managed between the two sectors.

Incremental politics described by McBain and Smith (2010), often found in complex environments like the public sector, leads to **incremental change**, rather than transformational change. Due to the overload of stakeholders and information, a cautious approach is often preferred to avoid failure, rather than seeking a breakthrough one-time solution. This incremental approach also suits politicians well, especially those who want to be able to regularly modify objectives or adjust course towards prevailing grievances and demands. Even though small changes are made, the time to make these changes tends to take time to accommodate the views and to satisfy the interests of the many stakeholders. Additional time needs to be allowed for the more uncoordinated way of decision-making in the public sector, compared to the private sector. McBain and Smith (2010) recommend that in public sector, negotiation, bargaining and satisfying the many stakeholders have to be considered at each step from strategic planning to execution.

Strategy execution requires a deviation from **business-as-unusual** to take the organisation where it has not been before (Larry Randall in LinkedIn 2013b). Buy-in is very crucial at the level at which the changes have to take place. Change could be imposed or enforced top-down, but for sustainability, it has to be bought into from the bottom (Christian Hauschildt in LinkedIn 2013b).

Managing change requires focussed effort. Unless time is set aside to manage change (performing the unusual, unique project activities within time and cost constraints to create specific benefits), change will not occur. The **"operational whirlwind"** is a metaphor used by McChesney, Covey and Huling (2012) which means the enormous amount of time and energy

required to keep the organisation at its current level of performance. They regard this whirlwind as the main threat to strategy execution. Henry (2010) also refers to the rush to get things done operationally as a whirlwind.

b) Differences:

The public sector is **less flexible** or **agile** in most aspects, including leadership, employment, objectives, projects and processes. There is less decision-making autonomy and flexibility on the part of public administrators (Rainey, Backoff & Levine 1976).

As the public sector is not **market-driven** like the private sector, there is often not the urgency to change in response to emergent needs or opportunities. Private sector managers worry about creating added value, i.e. a product or service that can be sold competitively to the public. This requires the ability and skill to change, evolve, adapt and improve constantly. Government is frequently quite different. Managers in the government often know what needs to be done and desire to do it, but are facing restrictions of laws, regulations and policies, often made years earlier for other circumstances, that prevent prompt action (Mares 2013).

Changes in the public sector are frequently temporary. In government, issues are **rarely 'permanently' decided**. Changes can frequently lead to reconsideration of previous firm decisions, whether or not the external factual situation has significantly changed (Mares 2013). Regarding the **continuity of change**, public sector change is often stop-and-go while change in the private sector is mostly continuous.

Politicians are often **over-ambitious** of what can be achieved, not always recognising the resource constraints that they have themselves imposed (Jeff Herman in LinkedIn 2013b).

Rules and guidelines often stifle change. The public sector is generally stricter in adhering to rules and guidelines. Stricter rules apply that govern processes such as personnel processes, procurement processes and budget processes that inhibit initiative. There are often big penalties for non-compliance to procedures (Ostroff 2006).

The **nature of change** in government generally differs from that in business. While the private sector generally experiences larger changes, changes of a transformational nature, the public sector tends to make smaller, mostly incremental changes. Regarding the movement of change, the public sector generally follows a zigzag movement during change while the private sector normally progresses in more of a straight line.

The **speed of change** in government is normally slower than in the private sector. There is little sense of urgency or time. The analogy of the time and distance involved in turning an oil tanker is apt (Mares 2013). Public managers have to adjust to the slower pace of change in the public sector, because of factors like the governance structures and the large range of stakeholders that should be consulted. In an environment with a culture characterised by collegial

governance (a work environment where responsibility and authority are shared equally by colleagues) and reinforced by a large size company, on the one hand, the capacity to implement a strategy rapidly will be reduced, even if the strategy is accurate. On the other hand, the pace of change could be hastened recklessly to fit a political timetable and agenda (Jeff Herman in LinkedIn 2013b).

Government normally takes **lower risks**, taking account of a practicable risk appetite that is both politically and economically acceptable. The public sector is characterised with greater cautiousness, greater rigidity and less innovativeness (Rainey, Backoff & Levine 1976). In spite of this, the public sector often finds itself in **crisis management mode**. Public sector managers tend to have less control over how they use their time and are more rushed to get things done. They are far more consumed with managing crises and devote far more time to doing so (Henry 2010).

Lessons learnt from both successes and failures are important during any change. The public sector tends to be less able to share lessons it has learnt. The public sector also seems to be more closed, more unwilling to admit mistakes (at least internally) than the private sector.

Creating **buy-in** in the private sector is relatively easy as buy-in can be forced and positive incentives can be used. By design, private sector organisations are geared towards change to adapt to the market to stay competitive. This “need to stay competitive to stay alive” also makes it easier to motivate the need for change in a clear message: “If we don’t make this change, we will not be able to continue making money and if there is no money, there is no job.” (Larry Randall in LinkedIn 2013b) This is not a message that works in the public sector in which people are difficult to fire and in which people are under the impression that there will always be enough money. In the public sector, managers could encourage, impose and enforce through a top-down approach, but this has to be coupled with creating buy-in from the bottom up. Creating the buy-in must be done by informing and explaining the need for change, clearly outlining the advantages for the people who have to implement the strategy and then giving them ownership of the change and the ability to (as far as possible) influence the strategy. The bottom-up approach is a must, even more so in the public sector, as the top typically changes as the political landscape and dominant political players change regularly. This regular change in the top is also part of the problem as strategies change too often and people become resistant to change, so change has to be made in small steps that can be executed within the time of the current political cycle and the change cannot be so drastic that it is bound to be changed by the leaders in the next political cycle. Buy-in has to be created within the current political cycle and instilled in the people who are permanent who do not change with the political cycle and taking account of processes and procedures. This is related to culture which is encouraged using a

top-down approach, but created from the bottom up with the support from leadership on all levels, preferably permanent staff (Larry Randall in LinkedIn 2013b).

Change leadership is required to get buy-in and to navigate change. Ring and Perry (1985) argue that the role of change leadership is different in the public sector. Due to the brief tenure of political leaders, the unstable coalitions and changing agendas, public sector executives need the ability to manage discontinuity within political cycles.

While the private sector could execute strategy in a more or less a coercive/authoritative way, cascading from top to bottom, the public sector requires a perfect mix of coercive/authoritative and collective/facilitative. Strategy execution in the private sector is often said to be effective, but this occurs only due to aggressive leadership at the top. An example is GE's Jack Welsh who provided focused and strong leadership during strategy execution with an effective following at lower levels. The technological transformation of the Indian Railway is one of the best success stories of great execution in the public sector (Nitish R in LinkedIn 2013b).

c) Implications and Actions:

The implications of these differences are regarded as **significant** for executing strategy in the public sector.

As strategy execution is change, the flexibility or ability of the public sector organisation to change is critical for a successful journey. Knowing that government is like a big ship that cannot quickly turn direction or speed, more effort and time should be allowed to make changes, to realise resource constraints and to add or move resources around because of the difficulty associated with it. It should be accepted that more 'friction' will be experienced to change direction of this big ship. The magnitude of change and readiness for change should be assessed before embarking on the strategy execution journey. Leadership, culture, organisational structure, procedures and many other factors contribute to the level of flexibility and willingness in an organisation or people to change.

Due to more emergent nature of strategic management in the public sector, management needs to be more flexible or adaptive, able to manage the changing political agenda, handle intense media scrutiny and able to make changes within the highly regulated and controlled environment (Ring & Perry 1985), but in reality this is seldom done. Again, more effort and time are needed to make changes or to adjust direction in the public sector. Strategy execution should therefore be planned and managed as a major change programme.

3.3.14 Project management

a) Description:

Policies and strategies are implemented through projects and programmes. To be able to implement anything, it is necessary to know what exactly to do (scope), when to do it (time), how much it will cost (budget), how good it should be (quality), who will do it (human resources), who should know about it (communication), what can go wrong (risks), what external services or products are needed (procurement) and who are the stakeholders to be managed. These are the ten knowledge areas described in the PMBOK Guide (PMI 2013).

Projects play a big role in the public sector, whether these projects are properly managed or not. Wirick (2009, p. 2) describes the public sector as a big market, making out 17% of the gross domestic product of the world. "A lot of money is spent on public sector projects. This is why many Government Organisations are very interested in finding and developing good project managers. Project management in the public sector, however, presents different challenges than private sector projects." Managing public-sector projects can be more difficult than private-sector projects due to greater challenges with multiple stakeholders, outsourcing/partnerships, new or unproven technology, shifting or unclear project requirements and constrained resources (Starling, 2011; Wirick 2009). Technical Pathways (2013) states that, as the purpose of government is to manage projects that no one else wants, there are sound reasons why government projects cannot, and should not, be managed like those in the private sector.

A common major concern in government is the lack of implementation, and government's inability to spend their budget. In Namibia, the Republikein newspaper of 7 March 2013 reported on the "disturbing" statistics of various ministries unable to spend their budgets in the 2012/2013 financial year. In this article Lewis reported that in some instances less than 50% of budgets were spent. The Office of the Prime Minister, for example, was only able to spend 10% of their N$41 million budget. This was despite the common excuse that the lack of funding caused projects not to be implemented. The reasons for the poor performance, given by the National Planning Commission, were poor project planning (including scope, schedules and budgets) and human resource capacity constraints for implementation.

Project management is a key intervention that improves governance in the public sector with a real political need to satisfy stakeholders by demonstrating accountability and transparency while effectively implementing policy (Crawford & Helm 2009). In their studies in public sector organisations, Crawford and Helm (2009) found that project management provided benefits of enhanced stakeholder engagement, staff morale and satisfaction, accountability, transparency, reporting, risk management, consistency of delivery, increased control and compliance, management of public funds, ensuring value for money, efficiency and effectiveness.

Caliste (2012) recommends proper project governance in the public sector. According to Bekker and Steyn (in Caliste 2012, p. 4) "[p]roject governance is defined as a set of management systems, rules, protocols, relationships and structures that provide the framework within which decisions are made for project development and implementation to achieve their intended business or strategic motivation." This definition directly relates to strategy execution, as projects are the way that strategic objectives are achieved. Project governance is to ensure the right projects are implemented properly.

b) Differences:

The differences in projects and project management between the public sector and the private sector are regarded as **critical** for strategy execution.

The **size, value and complexity** of many government projects/programmes exceed that in the private sector (Mares 2013; Wirick 2009; Crawford & Helm 2009). This higher degree of complexity is often the reason for the inability for public sector organisations to deliver. Projects do not get to a point of closure to produce the tangible final deliverables, but tend to continue indefinitely (Caliste 2012).

The public sector deals with more and often an overlapping set of **stakeholders** who may directly or indirectly slow down or stop a project. More layers of stakeholders with varied interests therefore have to be involved while appeasing political interests and satisfying media scrutiny. Because there are more stakeholders in the public sector, public sector project managers often have less authority (Wirick 2009). Translating a policy into a project or programme of actionable tasks across departments is complex with many stakeholder management issues (Jeff Herman in LinkedIn 2013b).

With more stakeholders, **project visibility** is higher in the public sector. Technical Pathways (2013) describes project visibility as follows:

In the public sector, even the most benign project can be a candidate for front-page news. The press, public opinion, oversight committees, checks and balances, and the public record put government projects in a fishbowl of scrutiny, which can place their project managers in the difficult position of having to choose between what is right and what looks right. Public sector project managers are anonymous when projects run smoothly, but 'in the hot seat' when problems arise. Unfortunately, certain thanklessness permeates governmental projects and speaks directly to the personal strength that a public sector project manager needs to weather a lack of gratitude when things go right and to face the cameras when things go wrong.

Apart from dealing with higher visibility, the public sector project manager also experience more difficulty to determine exact **project requirements** in an environment of conflicting goals and outcomes with shifting or unclear project requirements (Wirick 2009). According to Caliste

(2012), scope creep (increasing the number of project features) and gold plating (presenting project features better than what they are) are more common in government because of poorly defined project requirements and scope.

Government projects are performed under **stricter constraints** imposed by administrative rules and often-cumbersome policies and processes. Unique constraints in government include purchasing systems, legal mandates, political and media oversight, and complex rules and processes. These are not there to help people to get things done, but to ensure adherence to a consistent standard of behaviour. Often these rules and standards overlap (Wirick 2009).

While expecting a more structured approach from the above factors, the public sector often follows a more **unstructured approach** to project management in which the project sponsor, project manager and team members are not given clear roles and responsibilities. The results can easily include duplicity of effort, conflict and poor control (Caliste 2012). It is the author's view that with public sector projects, there is generally not the adoption and application of standard and best-practice project management methodologies, tools and techniques, as in the private sector.

In the public sector, there is a clear **separation** between the initiation and planning of projects and the implementation of these projects. Often projects are selected without considering implementation concerns such as required human, physical or monetary resources (Wirick 2009). Complexity of policy and strategy execution often keeps new public programmes and projects to get off the ground (Ring & Perry 1985). To secure a project, often **overly optimistic** assumptions about costs and revenues are made. Some examples are the Suez Canal and Sydney Opera House where the ultimate costs were respectively twenty and fifteen times more than the original estimates (Wirick 2009).

Political influences in projects can include the changing of priorities and political adversaries. Technical Pathways (2013, p. 1) expresses this as follows: "'new visions', 'a better tomorrow' and 'time for change' are standard political themes regardless of political affiliation. Elections bring new leaders, new ideas and new priorities, particularly at the local level where constituents can vote, directly or indirectly, on projects that are literally outside their doors. All political change trickles down to projects eventually. Unlike their private sector counterparts, the government's project managers need to be prepared for change with every election." Wirick (2009) describes the political process with a built-in project 'adversary', as opposition parties are not particularly keen to see project success and the press is keener to report on project failures than project successes. The public sector has to manage the different and sometimes conflicting **political cycle** (3–5 years), strategic planning cycle (usually 5 years) and the numerous project cycles (any duration) (Caliste 2012). Attempts are needed to prevent quick-win, short-term projects that dovetail with election cycles at the expense of longer term, more

efficient and effective projects. A balance of short term (low hanging fruits for political gain) and long-term projects (bigger and more sustainable benefits) is always required.

Government projects are mostly funded through **annual budget cycles**. This is generally not a problem for projects completed within a year, but "single-year budgeting, however, can have adverse impacts on multi-year projects, particularly capital projects like those found in public works, urban redevelopment and environmental restoration. Costs rise over time, political priorities change with new administrations, revenue streams run dry, bond markets fluctuate, and over time the project manager can move on to other projects or retirement." (Technical Pathways 2013, p. 1) **Project funding** is therefore more uncertain in the public sector. The government project manager cannot legally bind future legislatures fiscally, so there is no guarantee that projects will be fully funded. The reselling and repackaging of projects are often required (Wirick 2009).

Wirick (2009) and Caliste (2012) report on more **human resource constraints** on public sector projects. Understaffing on public projects is common. There is a general shortage of capable project managers in the public sector to handle the more complex projects, which is in stark contrast to the private sector. **Project managers** are needed to manage the many stakeholders, often with ambitious, unrealistic ideas, with insufficient budgets, continually increasing scope and imposing unrealistic schedules. It is the author's contention that few people working in the public sector understand and appreciate the role of the project manager and project management office, compared to people's understanding and appreciation of these in the private sector.

Project selection and termination is often not well structured in Government. The public sector is also not well disciplined to terminate projects that no longer add value (Jeff Herman in LinkedIn 2013b). **Initiative overload** is therefore a common problem in the public sector. With more objectives, public sector organisations often have many more initiatives than private sector organisations. The large portfolio size and vagueness of objectives make it more difficult to manage projects in their portfolio (Jeff Herman in LinkedIn 2013b). A larger portfolio makes alignment, communication, collaboration very difficult, especially in large public sector organisations (Chris Bragg in LinkedIn 2013b). **Conflicting priorities and incompatibilities** amongst projects are common in government. With a larger organisation, the chances are better to experience incompatibility and interdependence with other initiatives and other commitments (Chris Bragg in LinkedIn 2013b).

Government has to handle all the **emergencies**, e.g. recessions, natural disasters, epidemics, blackouts and civil unrest. In crises, the anxious public expects prompt decision-making that invariably can halt important projects that are in progress. Meanwhile, the press is always ready to raise the visibility of the response and the one-year budgeting clock keeps ticking for projects

delayed by the emergency (Technical Pathways 2013). Unique **project risks** in the public sector include the need to handle more emergencies, to handle more long-term projects with short-term budgeting, changing legislation and staying within laws and regulations. Government projects tend to experience delays, due to land acquisition, environment clearance, protest by local people and lack of coordination between different agencies (Wirick 2009). Public sector project managers therefore need a different set of risk management skills than their counterparts in the private sector (Technical Pathways 2013). Despite more risks in government, this allows little tolerance for failure (Wirick 2009). There is very little personal gain in the government for taking risks on policy or projects to achieve goals more effectively. However, there is potential for substantial criticism and personal loss if the innovative attempt fails (Mares 2013).

Procurement and contract management is generally more complex and challenging in the public sector. More consultants, contractors and suppliers are used with a more complex procurement process and limited human resources to manage all the contracts (Wirick 2009). This raises the bar for a public sector project manager's contract management skills, including contract preparation, bid management, work review and issues management involving several individuals, departments and contractors, none of which report to, or necessarily owe allegiance to, the project manager. As public sector contracts normally have fixed prices for fixed work, they require additional care in scope, time, cost and quality management. A great deal of foresight and flexibility is required, often as the inertia of bureaucracy pulls in the opposite direction (Technical Pathways 2013). A lack of transparency in the bidding and awarding process often causes delays in public sector projects (Wirick 2009).

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector. Managing public sector projects therefore needs special attention regarding these additional complexities and challenges. In strategy execution it should be noted that public sector projects are often larger and more complex, posing more risks, requiring more procurement and demanding more intensive stakeholder management marked by higher visibility than the private sector. These projects have to be executed within budgetary and political cycles. These factors put more pressure on project managers who are often not well equipped or qualified as project managers.

Firstly, proper, institutionalised **project governance** is required to ensure the right projects are implemented correctly. This will include methodologies (e.g. PMI's PMBOK), management systems, rules, protocols, relationships and structures (e.g. office of project management/strategic management) that provide the framework within which decisions are made for project development and implementation to achieve the strategic objectives.

Secondly, a clear project **structure** is needed with an assigned project sponsor, project champion, project manager and team members and with clear roles and responsibilities. Clear lines of responsibility, accountability and communication within the project structure should be defined.

Thirdly, **project management skills** are needed, especially softer skills such as conflict management, negotiation, diplomacy and managing stakeholder expectations. Wirick (2009) describes the special skills required by public sector project managers: "With less authority, the public sector project manager needs to be able to induce a good standard of performance rather than order it. This requires a high level of emotional maturity. Projects should be embraced as community efforts to accomplish results within a system. It is not about personal ego." Greater consideration for people and change management is therefore required.

Fourthly, detailed **project plans** with complete and clear project requirements are required to ensure adequate and dedicated funding and other project resources.

Lastly, exceptional **stakeholder, risk and procurement management** (PMBOK knowledge areas in PMI 2013) are essential.

3.3.15 Costs and productivity

a) Description:

The public sector is characterised by high costs and low productivity levels. The magnitude and serious consequences of low productivity/efficiency levels in government compared to the private sector, with specific reference to the USA, are expressed by Joyner (2011, p. 1-3):

> Because civil servants do not produce anything marketable, government has to be supported by the productivity of private sector workers whose production provides the tax base. Where a healthy private sector worker to civil servant ratio would be about 10 to 1, this ratio is moving to 1:1 in the USA. Bloated, inefficient governments create huge budget deficits. US civil servants earn 25%–100% more than private sector workers when considering the value of their benefits, keeping in mind they do not produce anything marketable and do not directly contribute to the economy. This also creates a brain drain that takes all of the best talent away from the private sector, who are the producers. […] The most serious crisis facing the US Government is a management efficiency problem. For every dollar that is now being spent by a government agency, at least nine dollars are being consumed by the bureaucracy and are not bringing any real benefits. […] We must stop flailing at the branches and put the axe to the root of the tree of government inefficiency or the whole system will soon collapse. Picture a human body that is 90% head. That is what our Federal Government looks like to a good manager. It has tiny little legs and arms that look like sticks, and can no longer carry the weight of its head, much less do anything.

The last statement is especially concerning as strategy execution seems to be reduced to 'tiny legs and arms' and 'sticks' accomplishing little. This is in spite of many calls from government to do more with less. Davis (2007) warns that to try to achieve these two goals at once, namely to decrease costs while improving performance, is extremely difficult, but he argues it is imperative

for government to deliver better results – both in terms of quality and quantity and at the same time to reduce costs. Davis (2007) believes that cost reduction can be achieved, e.g. through innovation, improved project management, business processes, technology and partnerships/outsourcing, but also identifies various barriers to productivity improvement in government. These include the difficulty of measuring productivity, the lack of market forces and competition, resistance to productivity due to poor performance management and the short political cycle blocking reforms.

b) Differences:

Where costs are always kept under control in the private sector, costs have increased at an exponential rate in the public sector (Ross 2011).

While the private sector normally reduces costs by selectively cutting specific projects, the public sector often reduces costs by across-the-board programme cuts (Alexander 1990). Continual productivity improvement (cost reduction and service/performance improvement) is an imperative for all governments, though they tend to take **less drastic measures** to improve productivity, compared to the private sector normally applying more drastic cost-cutting measures (Davis 2007). Less market exposure in the public sector results in lower **incentives for cost reduction** and efficiency improvement. The private sector is more revenue focused, as customers only pay when services and products are of a good standard (Rainey, Backoff & Levine 1976). The **cost of non-performance** in the public service, however, can be very high, e.g. not responding to security or climate threats/risks and not preventing crises (Ostroff 2006)

The **political cycle** can also contribute to low productivity and waste when governments lose money due to delays and with election changeovers.

c) Implications and Actions:

The implications of these differences are regarded as **minor** for executing strategy in the public sector, although poor efficiencies lead to a lot of wastage in government. These wastages, however, place pressure on the limited funding available for strategic/capital projects.

The general appeal from politicians to “do more with less” will remain a dream, unless detailed project planning and disciplined execution is implemented. High costs and low productivity levels pose an opportunity for improved project management and strategy execution. Special attention to procurement and contract management in particular could reduce costs.

3.3.16 Performance management

a) Description:

There are differences in how performance and performance management are defined and implemented in the two sectors.

The **purpose** of performance management is to be able to measure, evaluate and report on corporate, unit and individual performance with the purpose of improving and learning – from both good and poor performance (author). Henry (2010) describes the purposes for performance management as evaluation, control, budgeting, motivation, promotion, celebration, learning and improvement.

Performance management in the public sector has shown **strong growth** according to Henry (2010). Governments worldwide are trying to institutionalise performance management, but find it extremely difficult. The objectives in the public service are generally more difficult to define, as the quantification or qualification of public good is very difficult to specify, especially if different stakeholders define public good differently. Examples of public sector performance measures or indicators are mortality rates, response times and number of public facilities.

Henry (2010) advises that the policy-maker should never get involved in the physical execution of the policy. It is the responsibility of (lower level) officials to implement the policy through projects and programmes. Policy-makers, however, should be involved in the evaluation of the implementation of their policy decisions and strategy. They should request regular feedback on execution progress, efficiency and effectiveness to be able to monitor and make improvements or corrections where needed. This will promote accountability and transparency, a prerequisite for good governance

King (2012) states that governance is increasingly adopting a more pro-active performance management approach while moving away from reactive conformance management. Performance management is becoming increasingly important in governance due to the clear relationship between governance and performance (Heinrich & Lynn 2000). King (2012) views performance management as consisting of a set of processes to optimise performance, making the best use of financial, human, physical and other resources. According to King (2012), a performance management system helps to drive strategy down and across the organisation, converting strategies into actionable metrics helping meaningful analysis to exposing cause-and-effect relationships that could give insight to decision-makers.

There is a global move to **integrated reporting** or **sustainability reporting** (King 2012; GRI 2013). This includes the triple bottom line of social, economic and environmental performance, also referred to as the simultaneous concern for people, planet and profit (the three Ps). This is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development.

b) Differences:

Performance management in the public sector has become more popular, but remains **more problematic** due to various factors than in the private sector.

Firstly, there are many different definitions and understandings of performance management. Some think of individual performance and others of corporate performance when they hear the term “performance management”. Some see penalties and others see rewards.

There is a wide **dissatisfaction** of the public sector performance appraisal system and especially individual performance ratings. Only a small percentage of employees feel that a performance appraisal system motivates them (Henry 2010, p. 215). While private sector incentive structures encourage efficiency and effectiveness, public sector incentive structures are dysfunctional and discourage efficiency and effectiveness according to Ross (2011).

Public sector objectives are more **difficult to measure** than private sector objectives. It is generally more difficult to select performance indicators (PIs) and targets for public sector objectives and it takes longer to see results. Monitoring and evaluation are therefore difficult measure (Henry 2010). The public sector with less market exposure means lower availability of market indicators and information (Rainey, Backoff & Levine 1976).

Due to the revealing and transparent nature of performance management, **political and cultural resistance** are often shown against selected performance measures or indicators in the public sector. This challenge is expressed as follows: “Transforming a public bureaucracy into a results-based organization is not for the faint of heart. It requires bold and sustained leadership to win the hearts and minds of both managers and employees deep in the organization.” (Henry 2010, p. 146) Adopting a performance management system in government seems to be more challenging than in the private sector as expressed by Ross (2011): “In government, the status quo tends to weigh stronger than proposed improvements. Where the private sector has many reasons to change, the public sector normally has many reasons not to change.”

The eventual purpose of performance management is to improve performance. The need for **improvement,** however, is not so pressing in the public sector. While the private sector system encourages competition and higher levels of performance, the public sector, without competition, according to Ross (2011), is not actively seeking improvements and higher performance. In a competitive environment innovation, research and development, efficiency and product improvement are critical for survival. In the public sector, the drive for improvement is often absent without a competitive environment (Ross 2011). The private sector can make major performance improvements over a short period, but this is extremely unlikely in the public sector (Paul Mackey in LinkedIn 2013b). While the private sector has profit as a clear-cut measure, public sector spending on improvement initiatives does not always equate to progress (Mares 2013).

The public sector experiences greater difficulty in devising **incentives** for efficient and effective performance. The public sector normally does not consider monetary incentives (Rainey, Backoff & Levine 1976). While private sector salaries are mostly performance-based, salaries in the public sector are seldom based on actual performance. Pay raises are normally implemented across the board and are not based on individual performance. Performance pay as an incentive is not usually available, and if it is, it is restricted to very senior management (Paul Mackey in LinkedIn 2013b). While the private sector rewards achievement, the public sector punishes failure (Alexander 1990). In government, the chances for advancement or **promotion** are greater the more workers you have; hence, there is an incentive to have staff working slowly. In the private sector, advancement through the grading structure is often linked to improvement in performance; hence the incentive to streamline the process and do the most with the resources at hand (Larry Randall in LinkedIn 2013b). In the private sector, there is a strong relation between performance **and job security**. In the public sector, there is generally no clear relationship. While the private sector is characterised by strong implications for poor performance, the public sector is usually characterised by no/small **implications for poor performance**.

c) Implications and Actions:

The implications of these differences are regarded as **critical** for executing strategy in the public sector.

Research indicates that success looks considerably different in the public sector compared to the private sector. Public sector success or high performance is more difficult to measure and real incentives for high performance are limited.

Without an effective performance management system, it is impossible to properly measure, evaluate and report performance with the purpose to improve and learn. Without an institutionalised culture and system of performance management, successful strategy execution is impossible (author). Strategy execution as a journey on unfamiliar terrain to achieve significant breakthroughs requires a measuring, evaluation, reporting, learning and improvement system, especially regarding objectives and projects. This will promote accountability and visibility. The expected resistance to increased visibility and accountability should be realised and managed by focussing on the many benefits from managing corporate, unit and individual performance in line with the strategic plan.

This concludes the discussion of the sixteen elements in which the major differences between the public and private sector were explored for possible influences on strategy execution.

3.4 PUBLIC SECTOR DIFFERENCES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

This section addresses the differences found in different countries' public sectors. The question is to what extent is the public sector, as described in the previous section, different in different countries. Reference can also be made to subsection 3.2.2 where NPM applications in developing countries were compared to applications in developed countries.

Some differences amongst countries are highlighted in LinkedIn (2013b) discussions. Although not regarded as an authoritative source, LinkedIn discussions provide global perspectives in addition to the case studies conducted in the Namibian public sector. The views from LinkedIn (2013b) are:

> There are challenges in international projects and/or operations that must be learned by being 'on the ground'. The common cause of international projects' 'partial successes' is failure of the project manager to be flexible and adaptable to local cultures, local politics and local conditions. If one refuses to deviate from one's predetermined course of action, massive failure is a virtual certainty. (Larry Randall in LinkedIn 2013b)
>
> In France, e.g., the government sector and strategy are just incompatible. In government most staff does not know the private sector; so they cannot compare. Staff does not think about any strategy. They are paid, often till their retirement, without any fear of unemployment, with public funds. (Bénoni M in LinkedIn 2013b)
>
> See what is happening now in Egypt and other Arab spring countries! It suffices to say that things go on and on and on in the public sector usually, with little change. On the other hand, some governments in the world are undertaking quantum leaps in their strategies, e.g. the Emirates. (Stephen M. Sweid in LinkedIn 2013b)
>
> Success of the execution of a good plan by a public sector organization depends on number of factors such as nature of the economy (command and control versus free economy), nature and size of the project, people, population of the country, number of stakeholders, and degree of corruption. In India, public sector organizations tasted both success and failure while executing good plans. An example of success is Delhi Metro Rail Corporation in India which, under the leadership of former CEO Sreedharan, had completed more than 250 km of metro route in the city of Delhi despite significant challenges such as rehabilitation of urban poor from their existing lands and encroached lands. This was possible through a command and control style of functioning of Sreedharan who took quick decisions to solve unexpected and undesirable challenges on site, maintaining excellent working relationships with his engineers and planners as well as with the government officials; flagging off potential dangers to the different stakeholders within the government and opposition much beforehand and non-tolerance of any corruption during the execution. In India, government projects for the people are successful under the leadership of such type of leaders. On the other hand, a new airport at Navi Mumbai has been delayed by more than three years, leading to cost escalation of approximately 40%. Without the right leadership, it will be difficult to execute projects successfully on time in India. There are many invisible hands which pull strings from behind. On the contrary, China with command and control economy has successfully completed ultra-mega projects. (Anindya Roy in LinkedIn 2013b)
>
> One must experience government operations in Africa in order to understand the word 'difficult.' (Larry Randall in LinkedIn 2013b)

> Government operations in Africa have tremendous challenges. We thought we had a challenge in Canada with two official languages -- they were dealing with 23 different languages! (Paul Mackey in LinkedIn 2013b)

From the above views it seems as if different countries pose different challenges, that the public sector in one country is not the same as the public sector in another country. In addition to the sixteen differences between the public and private sector mentioned in the previous section, differences between countries exponentially increase the number of variables to be considered in strategy execution. Distinctions have to be made between public sectors in for example Namibia, Zimbabwe, Canada, France, UK, China, India, Germany and the USA. Even with the many more variables, there are also different perceptions of these variables and implications on strategy execution. It is therefore not easy to generalise the public sector nature or context.

Figure 3.6 is an attempt to depict differences between the private and public sectors as well as differences between developed and developing countries worldwide in one matrix. Most strategic management theories were developed in Position 1. Thereafter the trend was towards Position 2, the public sector in developed countries, where most literature is found on the public sector. Position 3 indicates the public sector in developing countries, e.g. countries located in southern Africa, including Namibia where this research was conducted. Each position in the matrix poses unique challenges for strategy execution. Some differences expected to encounter moving from Position 2 to Position 3 are indicated in bullet points. Unique characteristics to deal with in the public sector in developing countries (Position 3) include:

- Low institutional capacity;
- Limited stakeholder involvement (due to one-party states or a majority party with more than 66% of the votes);
- High levels of crime and violence (poor safety);
- High levels of corruption (all types);
- High levels of informality (few rules/changing rules); and
- Low level of reliable statistics and performance information.

It is clear that these and other factors, typical to a specific country, have to be considered in both strategy planning and execution, due to their significant impact on strategy execution.

These factors or conditions would typically be considered during the situational analysis stage of strategic planning to influence the content of the strategic plan. These conditions also have to be analysed to design an appropriate strategy execution system to take the strategy into successful execution. Designing such a system is however not enough. An agile strategy execution system needs to be complemented with a proper risk management system to sense and respond to changes along the way. These factors or differences act as restrictions or limitations and have to be considered in the scope, speed, cost and quality of change.

Ignoring these factors is like taking a low profile sports car, designed for first world surfaced roads, on a mountainous sandy and rocky road and expecting the same performance. In the same way, strategy performance in the public sector and developing countries is only possible by modifying the 'Strategy Execution Car' to local conditions. Alternatively, time and money could be spent to improve local conditions first before releasing a slightly modified 'vehicle'. An example is to first build institutional capacity and put into place good governance systems before attempting to do any strategy planning and execution.

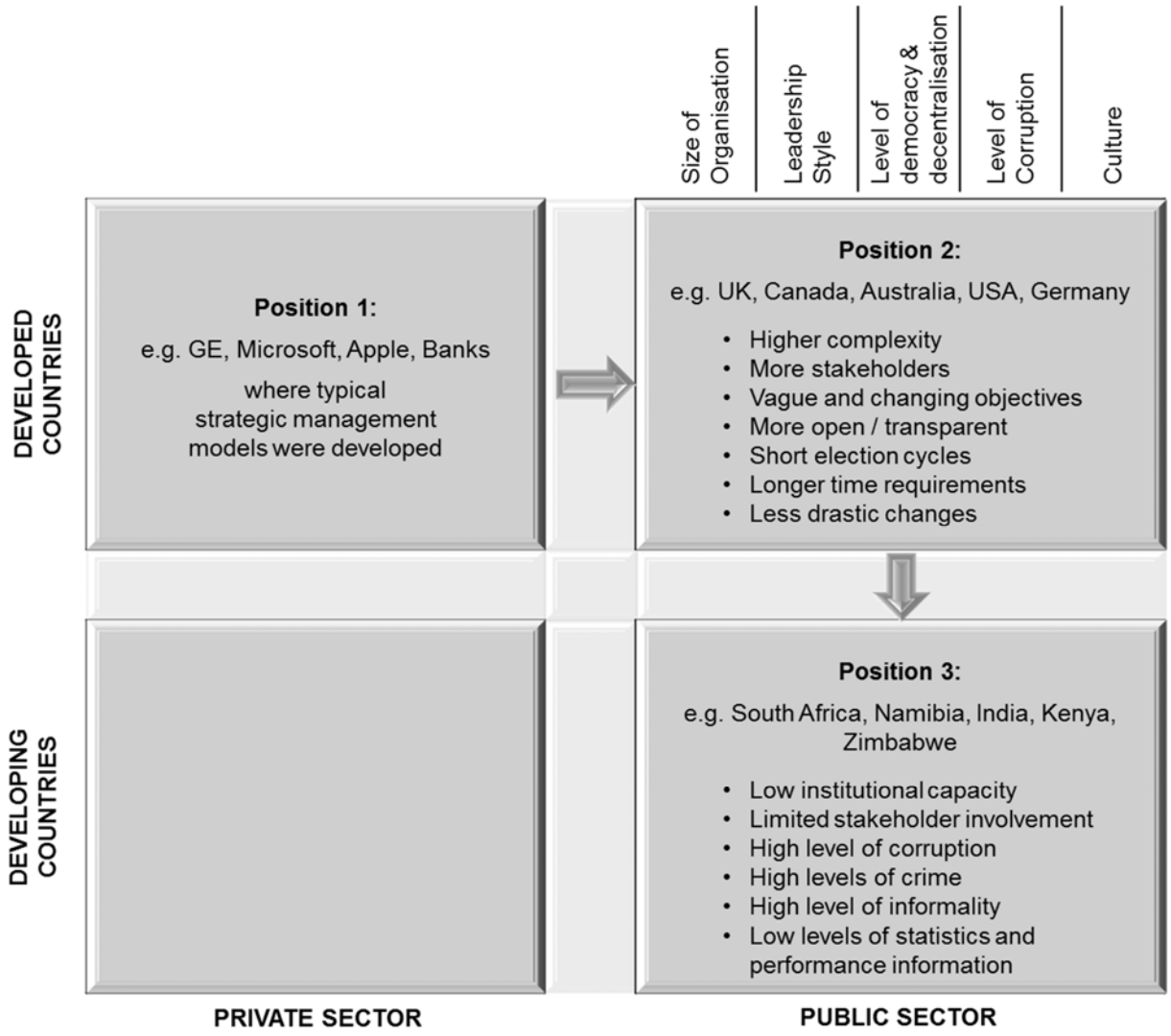


Figure 3.6: Government differences between developed and developing countries

Examples of variables influencing strategy execution in the public sector are shown at the top of Figure 3.6 as the size of the organisation, the leadership style, the level of democracy, the level of decentralisation, the level of corruption and culture.

3.5 IMPLICATIONS OF THESE DIFFERENCES FOR STRATEGY EXECUTION IN THE PUBLIC SECTOR

In the introduction to this chapter, it was stated that "context determines strategy".

The purpose of this chapter has been to determine to what extent context influences the execution of strategy. Questions raised in this chapter were:

- What are the main differences between the public and private sector contexts?
- Are there also public sector differences between developed and developing countries?
- What are the implications of these differences in executing strategy in the public sector?
- Should situational or context analysis also always precede strategy execution?

Differences between the private and public sectors, as found in the literature, were grouped into sixteen elements as shown in Figure 3.2. In spite of some overlaps, differences were explored and listed for each of these 16 elements. Implications of these differences on strategy execution in the public sector were presented, together with actions to improve strategy execution in the public sector.

Many sources argue that strategy *formulation or planning* is more prone to these different influences and that strategy execution is more technical in nature and less prone to be these influences. It is the view of the author that a 20-80 rule (based on the Pareto Principle) could apply to strategy execution, namely:

"There may only be 20% significant differences in context between the private and public sectors, but if these differences are not fully addressed, it could hold back (brake* or break**) 80% of strategy execution."

*Brake, meaning resist, slow down, interrupt, pause or stop movement;

**Break, meaning destroy, disable, fracture, divide into pieces, dissolve or end.

What are those few (20%) differences that will make the huge (80%) impact on strategy execution in the public sector?

Differences in the sixteen elements could be regarded as the <u>critical few</u> to be considered in strategy execution in the public sector. These differences are summarised below.

<u>Purpose:</u> The public service exists to serve the public. The public sector strategic plan typically considers a broader scope and customer base, risking the selection of too many objectives (with related strategic initiatives). Care has to be taken to focus on a few clearly defined objectives, based on available resources. Outsourcing or partnerships with the private sector require careful consideration and description.

Governance: Good governance offers a level of security and predictability in the execution of strategy, as it allows strategy to be executed in an environment of clear accountabilities, proper controls and transparency. Poor governance or the non-compliance with governance requirements can seriously affect the projects and strategy execution. The level of governance should be assessed and considered during strategy planning and execution. Strategy execution should be adapted according to the degree to which good governance principles are in place. This may imply additional risk management activities with additional time and cost.

Leadership: Leadership qualities (including values, integrity, trust, sources of influence and power, style, personality and priorities) strongly influence strategy execution. Leadership qualities therefore need to be considered before embarking on the strategy execution journey. Understand the political influences and be aware of the possible gap between political policies and plans and executive leadership and administration.

Culture, values and guiding principles: Values and guiding principles determines culture and culture determines behaviour and ultimately performance in strategy execution. As values and guiding principles influence priorities and decision-making, these have to be considered in executing strategy. Poor values, inadequately defined or conflicting values and priorities can lead to the stalling of implementation. Cultural weaknesses (e.g. corruption) and differences should be noted and managed properly during strategy execution. Leadership plays a key role in influencing and improving culture. More time should be allowed for buy-in, for change management and for handling corruption risks.

Decision-making: Decision-making in the public sector is often poor. The vast number of political considerations in the environment, including views from oversight bodies, opinion leaders, manipulation by legislators and interest groups and the opposition parties often overshadows economic or rational considerations. Stakeholder perceptions are often more important than facts and rationality. Decision-making is not always rational and based on an agreed upon and approved strategic plan. The nature and speed of decision-making in the public sector therefore has to be considered before going on the strategy execution journey. Major changes in a short period are highly unlikely and the collective and consultative nature of decision-making is important. Additional time for both strategy planning and execution is therefore required.

ESTLE: In strategy execution, provision should be made for influencing ESTLE as well as to be influenced by these macro-environmental forces. A proper sense-and-response mechanism, supported by risk management should be included as part of strategy execution.

Political influences: Different political influences and agendas have to be understood and managed for both strategy planning and execution. Rational evaluation and decision-making

may not always be applied, leading to misaligned strategic choices, inefficiencies and ineffectiveness. Instructions may be given to implement projects without agreement. Implementation risks could easily be overlooked or ignored. Strategy execution has to be done with cognizance of the election cycles that could contribute to a stop-and-go approach. Political agendas, policies and strategies should be checked and aligned regularly. Special effort has to be made to promote unity by maintaining focus on customer needs. Specifically consider stakeholder support, buy-in, sponsorship, available skills, motivation and partnerships. Provision should be made for opposition and conflict demanding additional time for consultations and negotiations.

Planning and execution cycle: Strategy execution has to consider the planning and execution processes in government, including the political and budgeting cycles. Political agendas as expressed in policies have to be aligned to strategies. Execution timelines have to consider stakeholder consultations, buy-in and authorisations in a bureaucracy.

Funding and budgeting: A key challenge for strategy execution in the public sector is to secure sufficient and consistent funding. Strategy execution therefore has to be managed within the context of a higher level of uncertainty regarding the amount and timing of funding for its various initiatives. Funding availability is dependent on the budgeting cycle and that funds often only become available a few months after the start of the financial year. Consideration should also be given to requirements from external funders.

Stakeholders, complexity and transparency: The larger number of stakeholders and diverse interests, the added complexity and higher visibility make strategic management more challenging in the public sector. It can be expected that a more cautious or incremental approach is followed in the execution of strategy. There is a stronger need to manage stakeholders and their perceptions to prevent boycotts, demonstrations and other negative impacts. Stakeholder management and risk management become essential for strategy execution. All these challenges require additional effort and time. During the execution of strategy, it can be expected that decision-making could be difficult and slow. Stakeholder partnerships or outsourcing contracts could also complicate the execution of strategic initiatives.

Strategic objectives: Realise the higher probability of too many and more vague or unclear objectives, making implementation very difficult. Too many and vague objectives will lead to many interpretations, expectations and resulting conflicts. It may therefore be required to review the strategic plan to reduce the number of objectives and making them SMART. Make provision for additional time for these improvements. It should be ensured that objectives with their performance indicators and targets are aligned to higher-level national goals. Adjustments should be made as required.

Structure and HR: The organisational structure, staff and skills have to be considered in strategy execution. More time should be allowed for communication, buy-in and coordination in larger and more hierarchical public organisations. It will take time to cascade the SMART objectives and their related detailed initiatives down the organisation, assigning accountabilities and responsibilities through dialogue. The deeper and wider the hierarchies, the more time is needed. Blurred and distributed authority could also lead to longer procurement times. The level of project management skills has a major impact on strategy execution in terms of time, cost and quality. An awareness of the role of consultants in strategy planning and execution and levels of public sector participation and buy-in is important.

Flexibility and change: As strategy execution implies change, the flexibility or ability of the public sector organisation to change is critical for a successful journey. Knowing that government is like a big ship that cannot quickly turn direction or speed, more effort and time need to be allowed to make changes, realising resource constraints and the difficulty to add or move resources around in a limited time. The magnitude of change and readiness for change (with possible resistance) should be assessed before embarking on the strategy execution journey. An understanding of the influences of leadership, culture, organisational structure, procedures and other factors on the level of flexibility and willingness to change is important. Again, more effort and time are required to make changes or to adjust direction in the public sector. Strategy execution should therefore be planned and managed as a major change programme.

Project Management: In strategy execution it should be noted that public sector projects are often larger and more complex, posing more risks, requiring more procurement and demanding more intensive stakeholder management where there is higher visibility. These projects have to be executed within budgetary and political cycles. These factors put more pressure on project managers who are often not well equipped or qualified to be project managers. It is essential to follow best practice project management methodologies, including detailed project planning, stakeholder management, risk management and procurement management.

Costs and productivity: Inefficiencies are often found in the public sector and lead to wastages that often place pressure on the limited funding available for strategic projects. Proper project management will lead to disciplined execution. Special attention to procurement and contract management in particular could reduce costs.

Performance management: The differences of performance management in the public and private sectors should be noted as well as the fact that performance management is relatively new in government. Performance management includes both hard (e.g. processes, systems and technology) and soft elements (e.g. culture, staff and skills). Consider the presence of these elements in preparing for strategy execution, as an institutionalised cycle of measuring, evaluation, reporting, learning and improvement regarding objectives and projects is essential

for the strategy execution journey. Resistance to increased visibility and accountability should be expected, but the focus should be on the many benefits from managing corporate, unit and individual performance in line with the strategic plan.

3.6 CONCLUSIONS and RECOMMENDATIONS

3.6.1 Conclusions

Even if strategy execution is 80% the same in the public and private sectors, the 20% differences are regarded as significant. (These percentages should not be taken literally, but are only used by the author to make a point). Despite many similarities, significant differences exist between the private and public sector contexts that not only affect strategic planning, but also strategy execution. It can therefore be concluded that context matters for strategy execution. Differences in the sixteen elements should therefore be considered to improve the chances for success in strategy execution in the public sector. These sixteen differences could be regarded as the 20% portion mentioned above.

Considering the unique context of the public sector, it would be unwise to approach the strategy execution journey in the public sector in the same way as in the private sector. Understanding that the nature of the public sector organisation differs between countries and between national, regional and local governments, it is still deemed wise to consider the sixteen possible differences for strategy execution. More than strategic planning, situational/context analysis should be applied for strategy execution, due to its much longer duration and complexity.

In general, the public sector demands a more cautious approach in the execution of its strategy, requiring more time for consultations, buy-in and decision-making. A simple, focused and clearly defined strategy is of utmost importance. The larger number of stakeholders, the increased transparency and complexity should all be noted. An understanding of the more openness to environmental and stakeholder influences and the need to respond to these during strategy execution is important. The unique leadership characteristics in the public sector, including its shorter term, its power base and criteria for selection and success should be considered. The increased number of oversight bodies complicate public sector management and often lead to a more cautious, slow and incremental approach to making changes. An awareness of the level of corruption entrenched in the public sector organisation should exist. Strategy execution should be aligned to the fixed and complex government planning and execution cycle. Also, consider the political cycle. Know that funding for strategic initiatives is mostly uncertain and often reduced.

An awareness of the “vertical” hierarchical gap between political policy planners and the administration responsible for execution is crucial. Also, the “horizontal” chronological gaps between the terms of elected politicians that may cause the stop-and-go of strategy and

projects should be expected. It may also lead to changing objectives. Care should be taken with the often overambitious and unrealistic objectives determined more on political than rational grounds and interpreted in different ways.

Decision-making is more complex within the typical governing structures and restrictive processes. Therefore, a more cautious and slow process involving the many stakeholders should be expected, considering different political and rational views. Remember that public sector decision-making is often executed in an environment with less data and facts in which stories and perceptions weigh more than facts. Strategies and projects have to comply with strict policies and procedures, enforced by various oversight bodies. There is limited space to manoeuvre and when changes are made, they are incremental, stop-and-go and slow like a big ship changing direction.

The level of motivation that is critical for executing strategy should be determined. Low motivation in the public sector is often attributed to a lack of purpose, action plans, autonomy, mastery, appreciation and achievement. As values and guiding principles determine culture that determines behaviour and eventually performance, the culture has to be assessed and managed. A wider variety in cultures and general lower levels of motivation in the public sector should be expected. The level of performance management practised is also of critical importance. A lower level of performance management in government should also be expected. This will imply the absence of a culture and system to regularly measure, evaluate, report, learn and improve performance – a critical component for successful strategy execution.

The public sector organisation typically has larger and more complex organisational structure spread out over many vertical hierarchical layers and geographic locations that makes communication, engagement, buy-in and coordination very challenging. Strategy is also often not properly aligned with human, structural, physical and other resources.

With the absence or informal approach to project management, efficient and effective strategy execution is highly unlikely. With the large and complex projects, expect more frequent scope changes, resulting in time and cost increases. Extensive outsourcing makes procurement and contract management more complicated.

The lack of strategic thinking, by the leadership, but also at lower levels where actual execution takes place in general in government is a major obstacle for the strategy execution journey. If these key differences (or handicaps) listed in Section 1.3 are not considered, they will appear during execution in one way or another, as a “break” or “brake”, as described earlier. Although strategy execution may be 80% the same, the 20% differences in the public sector may cause strategy execution to become ‘stuck’ and stay ‘stuck’ for a long time.

Strategy execution is more difficult due to its large number of moving parts that constantly need to be aligned. The public sector is filled with many more variables that make execution more difficult. The differences listed in this chapter are regarded as significantly impacting strategy execution. Therefore, it should be imperative to formally consider these differences before and during strategy execution in the public sector.

3.6.2 Recommendations

It is the view of the author that the approach to strategy execution in the public sector needs to be reviewed drastically. Private sector methodologies cannot simply be modified and applied to the public sector. Strategic planning, performance management and project management systems should better reflect these differences. Rational, comprehensive models are inappropriate in the public sector. Mintzberg (in Ring & Perry, 1985) suggests that "the conventional wisdom of strategy formulation that emphasises the need to state goals precisely, assess strengths and weaknesses, and make strategy explicit may mislead organizations, such as those in the public sector, that face a confusing reality." This "confusing reality" is the complex, changing nature of the public sector described earlier in this chapter.

Incremental and agile processes could perhaps better manage these public sector constraints, compared to those rigidly planned. An incremental or emergent strategy could enable public organisations to be more responsive to the needs and demands of their constituents (Ring & Perry, 1985). Such an approach could be more effective, but less efficient, according to Ring and Perry (1985). Public sector managers should therefore use different processes and skill sets in strategic management.

Risks, whether originating from the macro environment, pressure groups, politicians, corruption or self-enrichment from within a system and/or capacity constraints, need to be managed in a professional and diligent manner. If risks are not managed (identified, analysed and responded to), any one or more of them can easily 'brake' or 'break' strategy execution.

Each geographical region and country has its own unique challenges. Public sector conditions in Southern Africa are e.g. different to those in North America, Western Europe, Southern Asia or Australia. Similarly, conditions in Namibia are different to those in South Africa or Zimbabwe. The key is to align strategy planning as well as execution to the public sector context of a specific country.

The differences highlighted in the previous sections should be used as a checklist to develop specific actions for the promotion of successful strategy execution in the specific public sector context. Recommended actions could include:

- Develop leadership and promote strategic thinking;
- Eradicate corruption;

- Improve the quality of strategic plans;
- Improve project management;
- Develop and institutionalise a simple, but effective performance management system;
- Formalise stakeholder management and integrate it with strategy execution;
- Formalise risk management and integrate it with strategy execution; and
- Allow more time for the execution of the strategy.

3.6.3 Towards a new model

The challenge for public sector leadership is therefore not only to know the key variables in strategy execution, but to be aware of how each variable or element differs from that in the private sector and even the public sector in other countries. The suggestion would be to dynamically integrate these in the local context through an institutionalised strategy execution framework (including portfolio management, project management and performance management processes and systems).

This is an area in which much more research is needed to close the gap between strategy planning and strategy execution in the public sector. Although this gap is one of the major global concerns and management issues today, the gap in the public sector seems to be even bigger and more complex. For the public sector, tools such as the balanced scorecard and portfolio/project management become even more important as vehicles for managing continuity, inputs, processes, outputs and outcomes over time.

The strategy execution model for the public sector therefore requires modifications when compared to the private sector model. This model is presented in the next chapter. Over the last five years, a few models for strategy execution have been developed, as presented in Chapter 2. In the author's view, some are overcomplicated and others are too simple. However, it can be agreed that strategy execution processes and systems need to be integrated and institutionalised. There could never be one solution that fits all circumstances, due to the many variables, but a conceptual model integrating the critical strategy execution elements and considering the key public sector differences can make a significant contribution to close the strategy execution gap particularly in the public sector.

CHAPTER 4 : MODEL FOR CLOSING THE STRATEGY EXECUTION GAP IN THE PUBLIC SECTOR

4.1 INTRODUCTION

4.1.1 Overview

As stated in **Chapter 1: Introduction**, the objective of the research is to develop, test and improve a management model or conceptual model that can be applied in public sector organisations to help close their strategy execution gap. The main research question is, "What does the ideal strategy execution model for the public sector look like?"

The gap, namely the difficulty to move from strategy planning to strategy execution, was described in **Chapter 2: Literature Review**. This chapter started by describing the nature and the significance of strategy execution, concluding that strategy execution is of critical importance to business globally. The strategy execution gap was then described in terms of its nature and its size. Based on the analysis of various strategy execution solutions, mostly presented since 2001, it was found in the synthesis that seven elements or components hold the key to close the strategy execution gap significantly. These seven identified *vital strategy execution components* are Leadership, Strategic Planning, Project Management, Alignment, Performance Management (MERIL), Drive and Engagement. Literature on these seven components was then reviewed with their possible interdependencies.

In **Chapter 3: Public Sector Context**, the nature and uniqueness of the public sector were explored as they relate to strategy execution, by comparing them to the private sector. Sixteen key differences between these sectors with special reference to strategy execution implications were identified and described. Apart from these differences between the private and public sectors, differences with possible implications were also noted between governments in developed and developing countries. It was concluded that due to various unique characteristics found in the public sector context, a different approach is needed for successful strategy execution in the public sector. It was found that the public sector generally presents more challenges in the execution of strategy. In addition to the seven components identified in the literature review, additional considerations are required, taking into account the differences in the sixteen elements, to tailor strategy execution for the public sector organisation.

The seven vital strategy execution components identified in Chapter 2 (from reviewing mostly private sector sources) therefore have to be augmented/strengthened with robust components of situational/context analysis, risk and stakeholder management – before and during strategy execution. These are needed due to the more open, complex and dynamic nature of the public sector.

While Chapters 2 and 3 lead to the identification of a number of vital components for successful strategy execution in the public sector, in this chapter, **Chapter 4: Closing the Gap**, the solution is presented in the form of an integrated conceptual model. The "solution" in the form of a conceptual model attempts to close the gap between strategy planning and execution in the public sector. The model presented was developed over an eight-year period and is based on 1) literature review on strategy execution (Chapter 2), 2) the public sector context review (Chapter 3), 3) a number of guiding principles, models and analogies and 4) empirical case studies conducted in Namibia.

This chapter presents a model that puts together nine components believed to be key in significantly closing the strategy execution gap in the public sector (see Figure 4.1). This Figure shows the gap as both horizontal (where a bridge is required) and vertical (to reduce the loss of performance). The sixteen differences identified in the public sector are indicated by arrows influencing the building process.

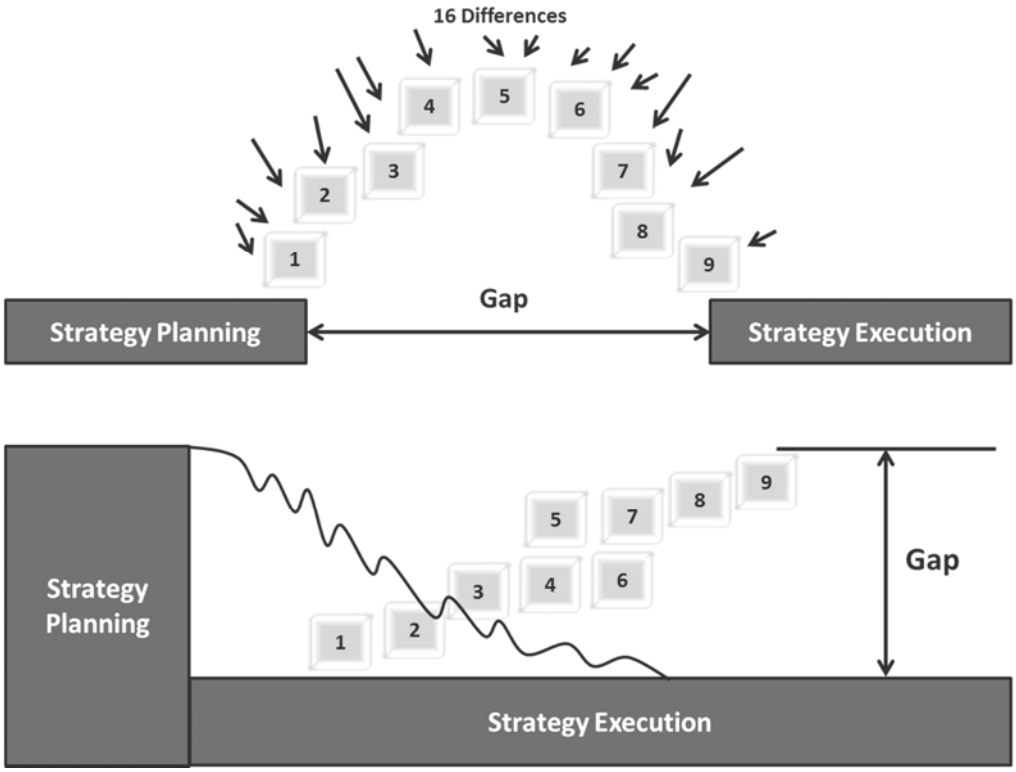


Figure 4.1: Building blocks to close the gap

4.1.2 Structure of the chapter

This chapter is divided into the following five sections:

Section 1 contains the introduction, including the overview, the structure of the chapter and the guiding principles, models and analogies that influenced the model development.

Section 2 presents the chronological process of model development over the eight years.

Section 3 presents and describes the conceptual model, called the MERIL-DE Model.

Section 4 describes the qualitative analysis using questionnaires and the Stratex Assessment Framework (SAF), based on the various components of the conceptual model.

Section 5 concludes by identifying the benefits, applications and limitations of the model.

4.1.3 Guiding principles, models and analogies

The development of the conceptual model over 8 years (2006 to 2014) was based on the literature review (chapter 2), public sector context analysis (chapter 3), guiding concepts and principles, and empirical case studies in Namibia. This section presents these guiding philosophies, analogies, concepts, models or principles that led to the formation of the model.

Head, Hands and Heart: In strategy planning and execution, the involvement of heads, hands and hearts are required – the head for direction, doing the right things; the hand for action, doing these things right; and the heart for doing things the right way. All three elements are required for excellence (which includes strategy execution):

- Effective – doing the right things (with a bright head)
- Efficient – doing things right (with clean, hard-working hands)
- Style – doing things the right way (with a warm heart)

Servant Leadership: For this dissertation, the example of servant leadership, set by Jesus Christ (Matthew 20:27, 28), is followed in the context of public service, as the public sector's purpose is essentially to serve the public. Servant characteristics such as humility, listening, trust and respect should therefore be cornerstones for strategy execution.

Strategy Execution as a Journey, e.g. Mountain Climbing: Strategy execution is a journey, like climbing a mountain. Figure 4.2 depicts the public sector organisation (PSO) preparing for its strategy execution journey, asking four important questions, namely 1) "Where are we now?", 2) "Where do we want to be?", 3) "How do we best get there?", and 4) "How do we monitor our progress for continuous improvement?"

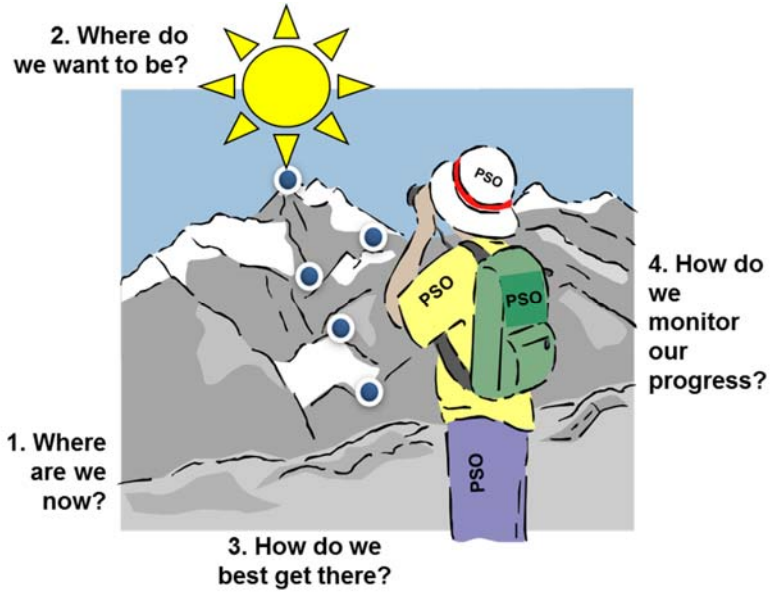


Figure 4.2: The strategy journey

Other relevant questions that could be asked with regard to this journey are:

- Where are we going? [To clarify destination.]
- Why are we going? [To explain purpose.]
- Who is leading us? [To clarify leadership and leadership structure.]
- Who are going? [To clarify roles and responsibilities.]
- How do we get there? [To explain required actions or projects.]
- How long will it take us to get there? [To clarify duration or time.]
- What should we take with us? [To clarify supporting equipment, tools, etc.]
- How much will it cost us? [To clarify the required funds.]

Answers to the above questions should enable all participants in this journey to say the following (applications in the PSO are included in brackets):

- We have a clear understanding where to go. [We have a clear understanding of our purpose and our goals.]
- We want to go there and go now. [We are motivated and committed with an urgency to move.]
- We know how to get there. [Our action/project plans are clear.]
- We can go there. [We believe that we are well equipped, as we have sufficient resources.]
- We can get there. [We are confident of how we will get there.]
- We will stay aware of our environment and respond appropriately. [We will do proper risk management.]
- We will know our progress. [We will use a proper PMS.]

Resources: For strategy execution, you need the various kinds of resources working together. Resources include human (leadership, staff and skills), structural (including policies, procedures, culture and organisational structure), physical (including ICT, buildings, transport, furniture and equipment), monetary (funds) and relational resources (stakeholder relations, coordination and collaborating).

PPT: The organisation needs to include and align the following three systems, referred to as PPT in this report: People, Processes and Technology – in this order.

Complementary Systems: The organisation of today needs two complementary systems, namely a "Plan-and-Execute" system and a "Sense-and-Respond" system. While the first system normally operates in a five-year and annual cycle, the second system is more dynamic and operates in monthly and quarterly cycles.

Performance Management Cycle: The organisation needs systematic, repeatable, institutionalised performance management cycle, including regular measurement, evaluation, reporting, improvement and learning – leading to the revision or updating of project plans and strategic plans.

Systems thinking: Based on Senge (1990 and 1994), this way of thinking or discipline sees the system (e.g. the strategy execution system) as a whole consisting of many elements that affect one another over time and work toward a common purpose. It looks at the interrelatedness of forces focusing on a common cause. An example is the human body. Cummings and Worley (1997) define an organisation as an open system that exchange information and resources with its environments. Especially a public sector organisation is regarded as an open system that should influence its environment, but that is also influenced by its environment, meaning that it cannot maintain full control all the time. Systems thinking require alignment and integration amongst components.

Gears of an Engine: With reference to systems thinking, for strategy execution, you need an engine with many separate moving parts, working together. Many solutions offer a list of loose elements (or gears), but fail to put it together in a simple, functional machine. (See Figure 4.3)

Figure 4.3: Loose gears

Vehicle: For strategy execution, a complete, roadworthy, fuel-efficient and reliable "vehicle" is required. The "Stratex Car" needs to be designed and built to take the public sector organisation on the strategy execution journey. The various components, put together in a proper way, are listed below. Refer to Figure 4.4. The different parts of the vehicle are described as different, but integrated and essential parts of the strategy execution vehicle. The vehicle components are described below the application in strategy execution in brackets.

The *lights* are showing the direction and the road ahead (the vision). The *driver* controlling the car is normally the owner, sponsor or champion of the trip (leadership). The *road map* is offering guidance of where to go and the best route to take (the strategic plan). The *engine and fuel* provide the energy and power to drive the vehicle forward (drive – mostly internal motivation of individuals collaborating in teams through dialogue, making the journey a sustainable one, without regular pushes through external rewards). *Gears with oil/lubrication* allow all moving parts to be engaged and to run smoothly (engagement through dialogue that is more than just loose/informal communication, but communication engaging heart and minds of everyone in the organisation). The *chassis and body* is the frame or structure of the car, proving supporting strength (the aligned organisational design, including people, processes and technology, supporting the strategy and project management). The *wheels* are where the vehicle touches the ground, where the action is, where strategy occurs through clear actions, projects and programmes (project management). The *dashboard* enables everyone to sense/know what is happening and to make sense of it, measurement and evaluation through dialogue with everyone in the car and reporting/sharing which allows for good decision-making and agreed-upon improvements to be implemented with learning taking place – from successes and failures, informing adjustments to the journey, the car and the passengers as required (the PMS).

The *maintenance plan* allows for regular inspections – both reactive repairs and proactive maintenance. This, however, requires regular stops (also PMS). The *bumpers and airbags* provide the safety features to make the journey safer, enhancing the chances to reach the desired destination in one piece and on time (risk management). *Modifications* to the vehicle are made to travel on the more rugged terrain of the public sector road (gravel and sand with steep slopes) under more severe and changing weather conditions, making the vehicle stronger, more robust and better equipped with the best outdoor gear, including 4x4 and diff lock capability and high-lift jacks (also risk management). Finally, regular *communication* by means of cell phone or radio is needed to inform family and friends of their progress on the journey and expected time of arrival (stakeholder management).

A “car” is needed that can take the public sector organisation out of the garage to the open road, towards its vision. This car must be robust, durable, sustainable, economical, user-friendly, green, fast, powerful and intimidating to others. Is this the car as depicted below?

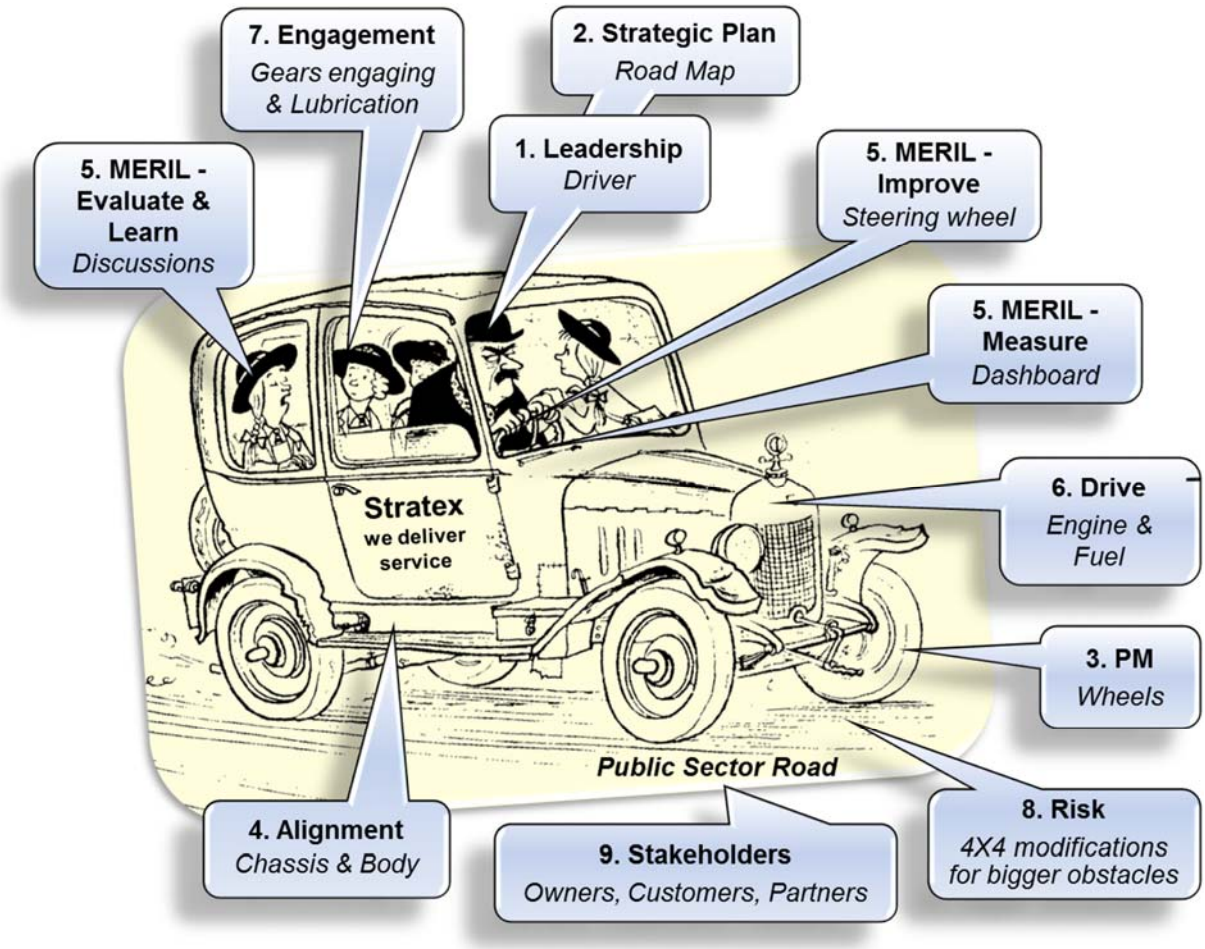


Figure 4.4: The “Stratex Car” driving on the public sector road

Annexure C offers more information on the vehicle and other analogies that could be used for strategy execution.

4.2 MODEL DEVELOPMENT PHASES

The conceptual model for closing the strategy execution gap in the public sector was developed through five phases over 8 years, between 2006 and 2014, as depicted in Figure 4.5.

The initial model mostly originated from theory (literature studies, ideas and constructs). After this the model was applied, tested in practice, tested with theory from literature and further improved.

The Participative Action Research (PAR) cycles in Phases 2, 3 and 4 included model development, application, verification and improvement.

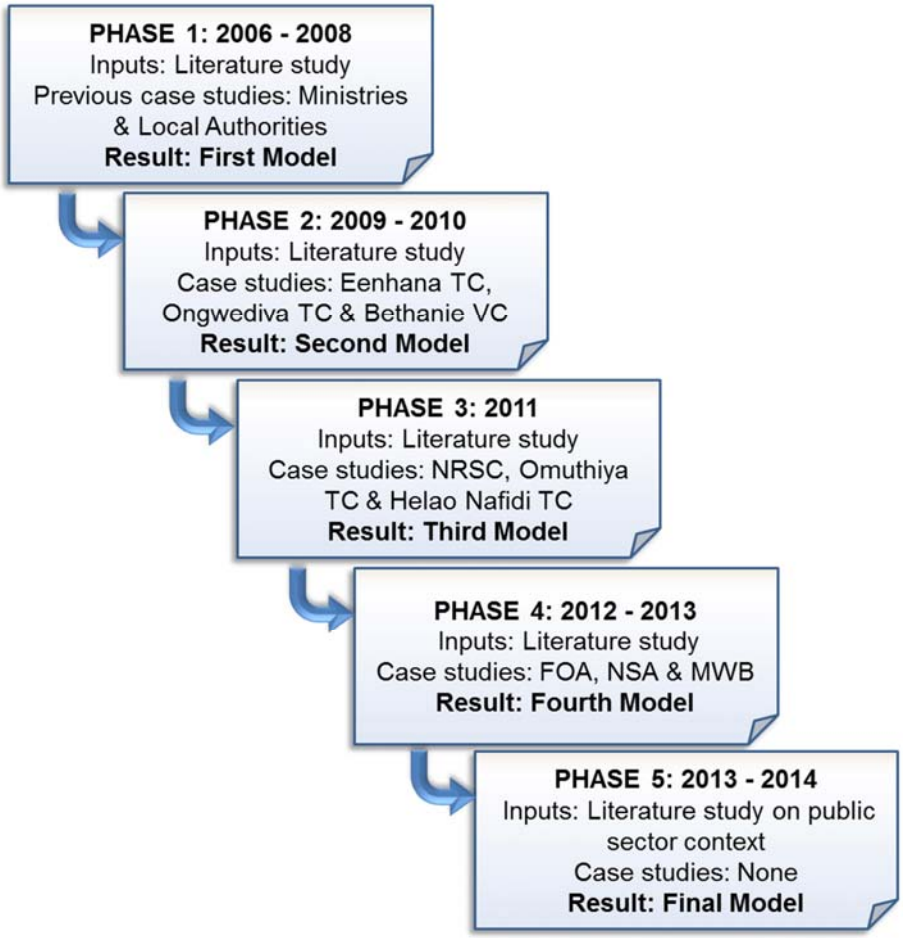


Figure 4.5: Five phases of model development

As noted in sub-section 1.3.6, the approach followed with the case studies was to rather select a large number of diverse public sector organisations (PSOs) as case studies to get trends in different public sector environments than doing in-depth studies of one or two PSOs. It is believed that this approach better lend itself for the development of a conceptual model to be applied in all PSOs. The PAR methodology applied in these ten case studies was therefore not in depth due to the large number of case studies used in the research. The conceptual model was developed, tested and improved under these different conditions. Comments from other parts of the world through Linked-In social media complemented the ten Namibian case studies.

Although the literature review mostly included sources from the private sector, ten case studies in the public sector were used in the development, testing and improvement of the conceptual model.

The five model development phases as shown in Figure 4.5 are described on the following pages.

PHASE 1

Period: 2006–2008

Phase description: During this period, the initial conceptual model was developed based on the initial literature study and experience to date with strategic management in government, with some initial testing in Eenhana Town Council.

Case studies: Previous strategic plans done since 2006 include Ministries, Local Authorities and NGOs.

First Model: This model, as shown in Figure 4.6, consisted of three modules or broad components, namely performance planning (including strategic planning with cascaded unit plans and individual performance agreements), project management (the processes and knowledge areas, according to the PMBOK Guide and the performance management module, called MERRIL-D. This third module includes a cycle of measure, evaluate, report, reward, improve and learn which are all linked to dialogue and decision-making.

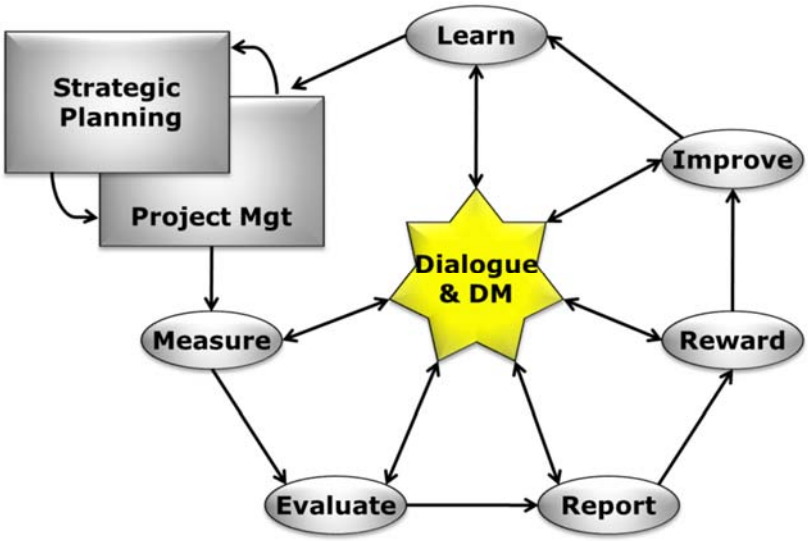


Figure 4.6: First Model 2008

During November 2009, this first model was presented at the Project Management South Africa (PMSA) Conference in Cape Town.

PHASE 2

Period: 2009–2010

Phase description: During this period, the second model was developed based on the Phase 1 and 2 case studies and further literature studies.

Case studies: Case studies: Eenhana Town Council, Ongwediva Town Council and Bethanie Village Council.

Project descriptions:

Eenhana Town Council:

The project involved the development of the town's first strategic plan. Guidance and support was also provided to prepare the local authority with strategy execution. This was done by means of presenting the first model, designing of spreadsheets for regular performance measurement, evaluation, reporting, meetings and communication as well as proving project management training to councillors, management and senior staff.

Ongwediva Town Council:

Development of a Performance Management Development System (PMDS) for Ongwediva Town Council: The project included corporate strategy updating and cascading to the eight divisions, the development of a PMDS Policy and implementation plan, based on the MERRIL-D Model and the training, implementation, testing and improvement of the System. Action Research methodology used, forming part of PhD research on improvement of strategy execution in the public sector. The project included training of management and staff in the use of the PMDS. Questionnaires were used to assess the capacities in each of the components.

Bethanie Village Council:

Strategic Planning: Develop the five-year strategic plan for this village, based on situational analysis. The project included three workshops – two for strategy planning and one to prepare for strategy execution. The plan is based on the Balanced Scorecard and serves as basis for performance management.

Second Model:

The initial model was presented at the initial workshop and adapted to local needs. The model agreed upon and included in the document is presented in Figure 4.7. This model consists of components of strategic planning, project management and the MERRIL-D performance management cycle of measure, evaluate, report, reward, improve and learn which are all linked to dialogue and decision-making. All this happens within the context of the public sector.

Improvements:

The blue oval representing the public sector organisation with the wider public sector context was included. The arrow directions were modified to indicate a less linear progression in the MERRIL cycle. The strategic planning and project management are separately measured and revised as indicated by the two parallel arrows.

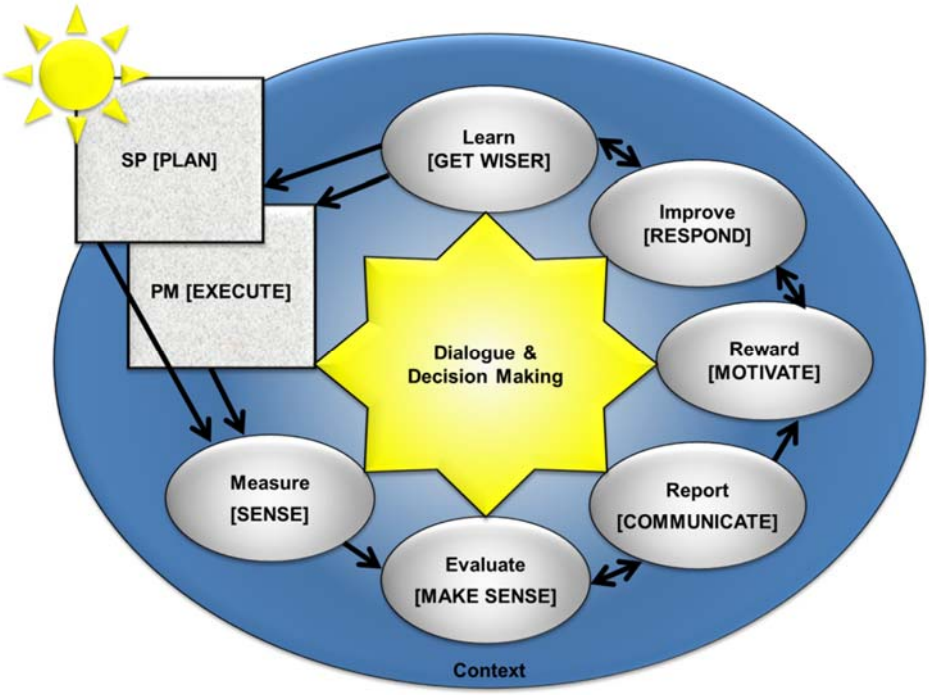


Figure 4.7: Second Model 2010

PHASE 3

Period: 2011

Phase description: During this period, the third model was developed based on the Phase 3 case studies and further literature studies. This model was included in these strategic plans under the section of implementation considerations. The model was also presented during one-day workshops at these organisations.

Case studies: Omuthiya Town Council, Helao Nafidi Town Council and the Namibia Road Safety Council.

Project descriptions:

Omuthiya and Helao Nafidi:

The projects involved the development of strategic plans, including the MERIL-DE Model for strategy execution. The project included training of management and staff in the use of the MERIL-DE Model. Questionnaires were used to assess the capacities in each of the components.

Namibia Road Safety Council:

Namibia Decade of Action for Road Safety – Strategy & Action Plan: facilitated the development of the 10 year strategy, 2011-2020 through wide stakeholder consultation; strategy includes

themes of Education, Enforcement, Engineering (Roads and Vehicles), Emergency Response and Management of Road Safety; Scorecards per theme were developed with SMART Objectives and detailed initiatives/projects; as basis for a performance management system. (In 2013 the Business Plan for NRSC was developed, including Facilitated a workshop and consulted stakeholders in the development of the 2013/14 business plan based on the 10 year Decade of Action Strategic Plan for Road Safety in Namibia)

Third Model:

This model was called MERIL-DE, based on the changes to Measure, Evaluate, Report, Improve and Learn – which are all linked to Drive and Engagement (through dialogue). The Reward component in the previous model was replaced by the Drive (motivation) component. New components of Leadership and Organisation design and development (OD) were added. The third model is depicted in Figure 4.8.

Improvements:

- Drive (motivation) was added in the middle, replacing decision-making. Decision-making is seen as being part of other components such as strategic and project planning as well as evaluation. Drive is centrally placed as representing the energy source for strategy execution.
- The Leadership component was added as a critical component not only in strategy planning, but also in strategy execution
- The OD component was added, representing both Organisation Design (aligned structure) and Organisational Development with all its change initiatives.
- An external link for benchmarking was added together with risk management to allow also for regular external sensing or measurement, in addition to the internal measurement of actual performance versus planned performance.
- Arrows were modified to better illustrate the relations amongst components, including contributions to drive/motivation.

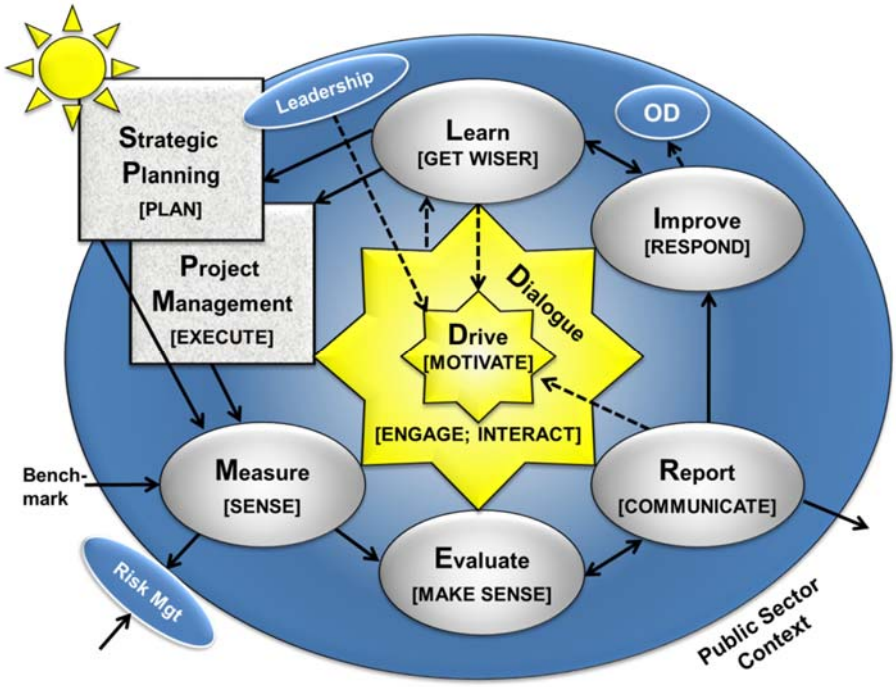


Figure 4.8: Third Model 2011

PHASE 4

Period: 2012–2013

Phase description: During this period, the fourth model was developed based on the Phase 4 case studies and further literature studies.

Case studies: State-owned enterprises FOA and NSA; Municipality of Walvis Bay.

Project descriptions:

Fisheries Observer Agency (FOA):

Strategic Planning for FOA: Developed a 5-year strategic plan for this state-owned enterprise based in Walvis Bay, Completed situational analysis, consulted various focus groups and stakeholder workshops. Based on the Balanced Scorecard, the strategy is developed, including specific themes, smart objectives and detailed initiatives to be used as basis for performance management.

Namibia Statistics Agency (NSA):

Strategic Planning for NSA: As part of an international team, develop a ten-year strategic plan for this newly established agency (state-owned enterprise) based on situational analysis, various focus group discussions, internal workshops and stakeholder workshops.

Performance management policy and procedures: Developed a policy and procedures for corporate, unit and individual performance management for the NSA, approved by the Board, based on their own MERIL-D strategy and project management-focused model, including Measure, Evaluate, Report, Improve, Learn – which are all linked to Dialogue and Drive. The end product was the policy and procedures, called the Performance Management System, approved by the NSA board in December 2012.

Municipality of Walvis Bay (MWB):

Strategic Planning for MWB: The author developed a five-year strategic plan for MWB. The project included two workshops – the strategy planning workshop and a workshop to prepare for strategy execution. The strategic plan was based on the Balanced Scorecard, which serves as basis for performance management.

MERIL-D training: The author conducted a two-day workshop for the MWB council and top management based on the third model to enable management to develop their own strategy execution model. This included the elements of Measure, Evaluate, Report, Improve, Learn, Drive and Dialogue. The outcome was that management developed a policy and procedures for strategy execution. ANNEXURE B presents the agenda for the workshop conducted 21-22 February 2013 in Walvis Bay. From active council and management participation and local applications, the fourth model was developed after the February 2013 workshop.

Realising the important role of project management in strategy execution, MWB appointed the author to train all management in project management during 2012–2013. A total of approximately 80 middle and top managers were trained.

Fourth Model: Figure 4.9 depicts the fourth model.

Improvements:

The following changes were made:

- The components were depicted as gears in an engine to better illustrate the integration of all components,
- A distinction between the blue and yellow background was made where the yellow inner context shows the engagement through dialogue, providing the lubrication for the gears and the blue depicting the more permanent organisational context,
- The two vital components embedded in the organisational context are “Leadership” and “Alignment”.

- The term "Alignment" replaced the term "OD", as alignment is more commonly used in literature and meaning the alignment of mostly organisational structure, people, culture, processes and technology to the strategy and projects.

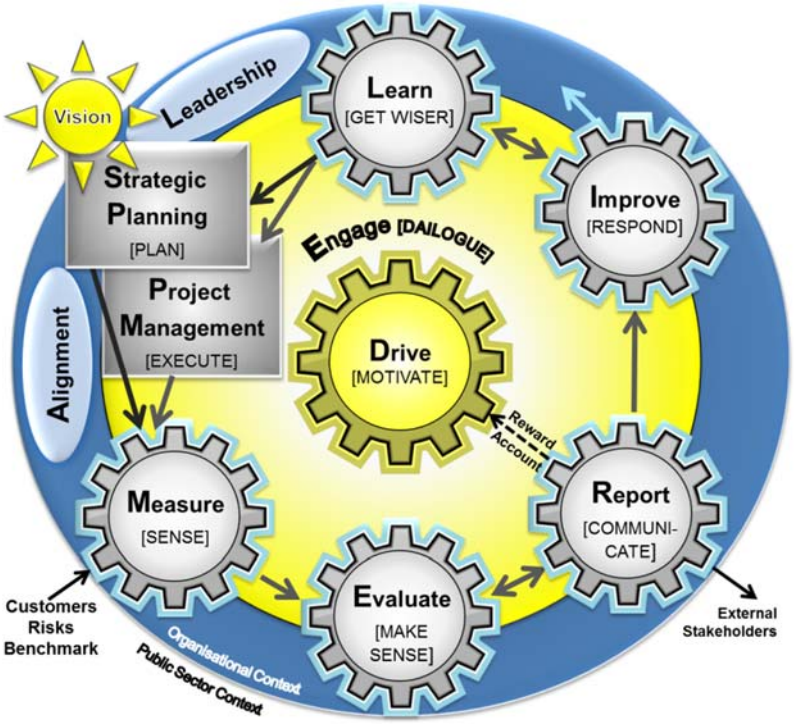


Figure 4.9: Fourth Model 2013

PHASE 5

Period: 2013-2014

Phase description: During this period, the final model was developed specifically based on literature studies regarding the public sector context.

Case studies: None

Final Model: Figure 4.10 depicts the final model which is described in the following section.

Improvements:

During the rest of 2013 and early 2014, the final model was developed. Changes from the previous model were mostly influenced by considering the unique public sector context for strategy execution. (Refer to the sixteen differences in Chapter 3: Public Sector Context.)

The following changes were made:

- External gears were added to reflect the important linkages of the public sector organisation with its external environment, particularly political influences, ESTLE influences and the need for properly managing the vast number of stakeholders. The three additional gears in the STRATEX Engine are “Politics”, “Risk Management” and “Stakeholder Management”. Stakeholder management includes both influences from and to external stakeholders.
- The seven “Vital Stratex Components” as identified in the literature review were augmented by another two from the review of the public sector context, leading to the final nine “Vital Stratex Components”.

Refer to Figure 4.10 for the Final Model.

4.3 THE MERIL-DE MODEL

4.3.1 Model depiction

The final model as developed in 2014 is presented in this section. This conceptual model integrates the nine Vital Strategy Execution Components to close the strategy execution gap.

The components are:

1. Leadership [good political and executive leadership, particularly the “8 Leadership Levers”],
2. Strategic Planning [a proper strategic plan],
3. Project Management [good management of all strategic initiatives],
4. Alignment [of the strategy with all organisational elements],
5. MERIL [a cycle of performance management, including measurement, evaluation, reporting, improving and learning],
6. Drive [mostly internal motivation through the “6 PAAMAA Drivers”],
7. Engagement [engaging internal stakeholders through continuous dialogue],
8. Risk Management [managing mostly external risks], and
9. Stakeholder Management [collaborating with external stakeholders].

These components are integrated into the MERIL-DE Model, as presented below in Figure 4.10.

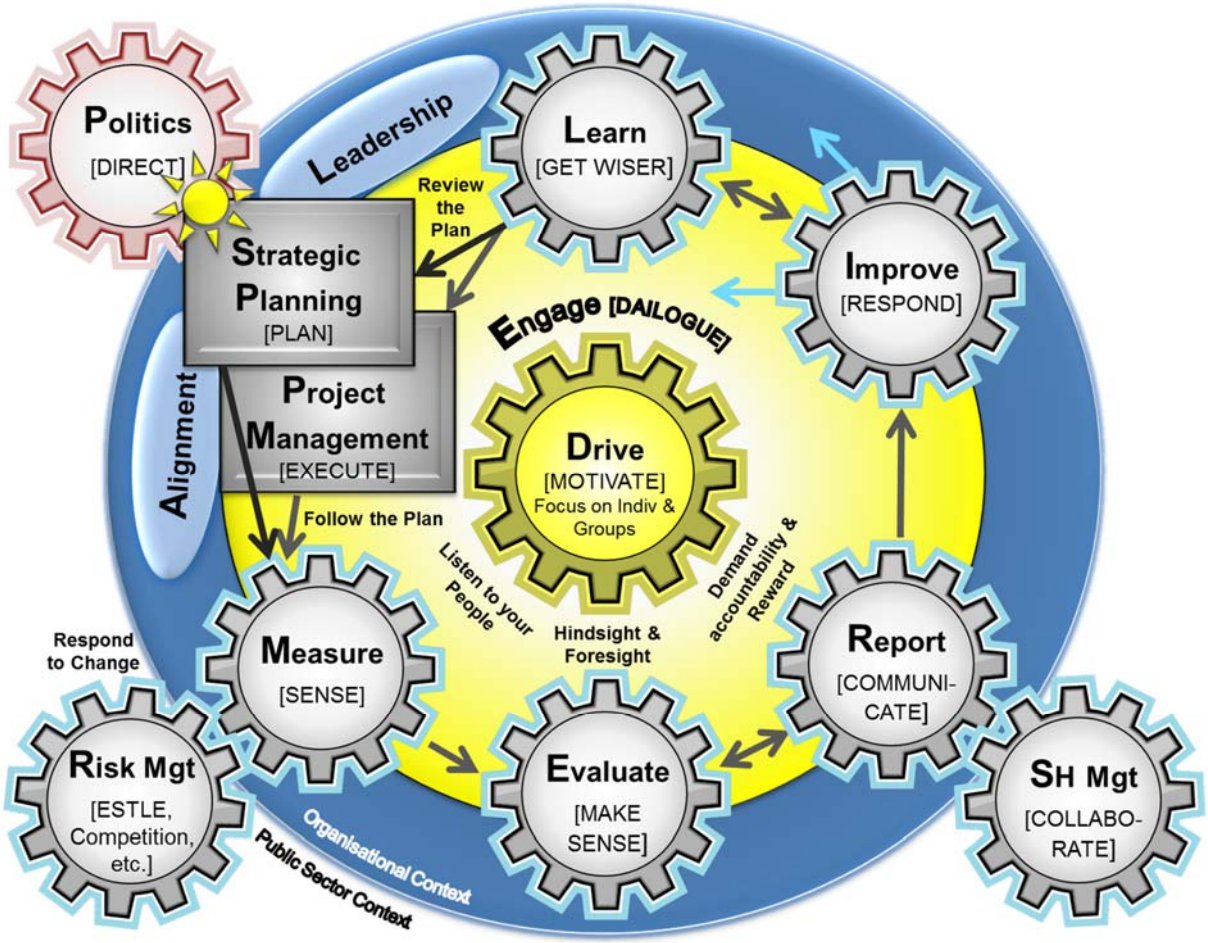


Figure 4.10: MERIL-DE Model 2014 [Final Model]

The model is referred to as the **MERIL-DE Model**, as it became known by client organisations in Namibia. The name of the model is derived from the acronym describing the performance management cycle of **M**easure, **E**valuate, **R**eport, **I**mprove and **L**earn – all through **D**rive and **E**ngagement.

4.3.2 Model story

MERIL-DE is presented as the model to be used to close the strategy execution gap in the public sector. The model is depicted as one engine with connected gears. This whole STRATEX Engine needs to be built and made operational for every public sector organisation that wishes to improve the implementation of its strategy.

Apart from the connected gears there are the two boxes called “Strategic Planning” and “Project Management”. These two boxes represent the conventional “Plan-and-Execute” process, the more stable process repeated every five years and amended annually. In contrast, the gears represent the more dynamic “Sense-and-Respond” process, also often referred to as agile process. The blue background represents the organisational context, surrounded by the (external) public sector context. This boundary between internal and external context, however, is fairly open and blurred. Embedded in this blue organisational context are two relatively stable components, namely leadership and alignment (of strategy to structure, culture, processes, technology and other organisational elements). In contrast to the more permanent and stable executive leadership is the more changing or dynamic political leadership and influences, as depicted in the red gear. The reason for this red colour is to make a distinction from the vital components that can be managed. The political gear positioned at the top can at any time (moderately or substantially) change the strategic direction. The sun represents the organisational vision, aligned to the national and political vision, directing the movement of the STRATEX Engine. The source of energy comes from inside – from Drive. This represents the mostly internal motivation of individuals and groups. Around Drive, linked to the other components, is the yellow area of engagement. This area of lubrication allows the gears to move smoothly in an integrative way.

Chronologically, the model story could be told as follows:

A good strategic plan is developed based on thorough situational analysis (external and internal analysis), including the political direction and priorities at that time. SMART objectives are identified with related initiatives by using tools such as strategy maps and scorecards. The corporate strategy is cascaded to units with clear accountabilities and responsibilities for groups and individuals. The strategic initiatives are then converted to detailed project plans that are properly executed, controlled and closed, managing all 10 knowledge areas (PMI 2013). The gears start turning during execution, when the strategic plan is executed by means of projects. Many of these projects are outsourced and need proper procurement and contract management. “Measure” represents the sensing mechanism, sensing compliance to the plan – both strategic and project plans, the views of the people, benchmarks, changes and risks in the environment. Data is captured with technological support. Thereafter the data is evaluated (through analysis and synthesis) by means of dialogue and technology to make sense of and

give meaning to the data. This is normally followed by informal and formal reporting for transparency and communication purposes. Reporting can also precede evaluation. Based on reported information and knowledge, it is shared with both internal and external stakeholders – internal stakeholders to demand accountability and rewarding good performance and external stakeholders – to maintain and improve collaboration. This reporting is done according to the communication and stakeholder management plan and often serves as a trigger for releasing more funds. This is followed by making the improvements and learning from these improvements to get 'wiser' (the term used by Senge 1990 and others in the Learning Organisation) – in the "Improve" and "Learn" components. Based on these learnings – from both successes and failures, the strategic plan and related project plans are adjusted or improved. Improvements could include any or more of the organisational development (OD) elements with focus on organisational, unit and/or individual levels. Learnings and knowledge are institutionalised to make the organisation wiser and wiser. All this is fuelled by "Drive" and lubricated by "Engage". Drive provides the energy setting and keeping the STRATEX Engine in motion through engagement (continually engaging the minds and hearts of employees) providing the connection and smooth running of the engine as a whole. While this motivational energy driving the engine comes from the inside (individual and group motivation), it has to be sustained by means of engagement, feedback, rewards, learning and development.

The "Plan-and-Execute" mechanism is completed by a "Sense-and-Respond" mechanism. The performance management cycle is the continual alignment of organisational, unit and individual performance towards achieving agreed-upon objectives. It facilitates continuous improvement of organisational, unit and individual performance and ensures high levels of drive (motivation, the engine or energy) through engagement, dialogue or interaction. MERIL-DE provides the sense-and-response capability during execution of strategy and projects. Performance indicators for both objectives and initiatives are measured against targets and compared to benchmarks. Risks are identified, analysed and responded to on an ongoing basis. By understanding progress (or the lack of progress) through proper evaluation, the organisation is able to respond appropriately and learn from its successes and failures through ongoing dialogue. During dialogue there is the need to sense, measure, take note or listen to the actual performance compared to planned performance, to listen to the risks, to listen to the people and through evaluation to develop a solid hindsight as well as foresight (Garbers-Strauss & Roodt 2001). Performance reporting (or feedback) is done regularly to both internal and external stakeholders. Appropriate rewards and corrective measures can be implemented based on verifiable performance reports. This performance management process needs to be standardised and institutionalised as a regular and closed-loop system. Technology can support this process.

These nine Vital Stratex Components are described in more detail below. The roles of each of the nine Vital Components are firstly described using the car analogy. This is followed by describing and motivating each component's position in the MERIL-DE Model and then describing each component's role or function. Finally, a checklist is provided to assess the health or strength of each component.

4.3.3 Description per component

The roles and functioning of the nine Vital Stratex Components are described in the same order, namely:

1. Leadership
2. Strategic Planning
3. Project Management
4. Alignment
5. MERIL
6. Drive
7. Engage
8. Risk Management
9. Stakeholder Management

On the following pages each of these nine components are described in terms of:

- its role in the car analogy;
- its position in the MERIL-DE Model; and
- its function in the MERIL-DE Model.

Notes:

- More details of these components are found in previous chapters under literature review and public sector review.
- The Strategy Assessment Framework (SAF) in Annexure E can be used to determine the strength of each component, together with the Total Strategy Execution Capacity (TSEC).

1) LEADERSHIP

Role in the car analogy: The driver of the car.

Position in Model: Leadership appears at the top left, with vision and strategic planning, due to its important role.

Description:

Leadership is regarded as the most important component of the seven.

Fully committed leaders are required for strategy execution, daily leading from the front and top down. Leaders who can take their organisations on a successful journey are required – a journey characterised by purpose, direction, resources, progress and cohesion. Leadership traits needed in today's public sector organisations include the following:

Vision; Clarity; Agility; Alignment; Accountability; Commitment; Conversations; Value creation from all contributions; Inspiration to energise people to high levels of effort and performance; Role model; Change champion; Initiator; Equally a developer of people and performance; Acting with respect, care and fairness for the wellbeing of all involved; Bring people together around a shared purpose and empowers them to step up and lead authentically in order to create value for all stakeholders.

The eight Leadership Levers for strategy execution are (author):

Envision – for direction;
Educate – for clarity (head);
Energise – for commitment (heart);
Employ energy – through planning;
Empower – through People, Processes and Technology (PPT) capacity;
Engage – through participation;
Execute – with integrity; and
Ensure – through controls.

Another way of expressing the leadership role during strategy execution is to say you need 'FILIPUS': Stay **F**ocused, be **I**nformed**, L**ead by example, **I**nspire, be **P**assionate, **U**nderstand the situation and **S**upport strategy execution (author).

2) STRATEGIC PLANNING

Role in the car analogy: The road map.

Position in Model: Strategic planning appears at the top or start of the model, together with vision and leadership. Strategy is crafted by leadership to achieve the vision set by them and/or their political authorities.

Description:

A good strategic plan is the second component. Strategic Planning includes cascading to unit scorecards and individual performance agreements. A poor strategic plan will lead to poor execution. A good strategic plan for the public sector has the following characteristics (also refer to the list in Annexure E: Stratex Assessment Framework):

- Focussed – few things to do; focus on mandate, value proposition, core business
- Balanced – incl. four BSC perspectives; incl. IPOO
- Integrated – by means of strategy map
- Understood & Accepted – Clear to understand, making sense, looking good
- SMART Objectives – Specific, Measurable, Aligned, Realistic, Time-bound
- Accountable – Clear & single accountability for objectives (and responsibilities for initiatives)
- Detailed Initiatives – detailed scorecard, incl. clear initiative descriptions, responsibilities, timelines and cost estimates
- Executable – considering 9 vital components

The key components of the public sector strategic plan are shown in Figures 4.11 to 4.13. Figure 4.11 presents a strategy map in the form of a “House”. In this one page summary of the strategy the various objectives (O’s) are linked in lead-lag relations within different strategic themes or perspectives. The Balanced Scorecard (BSC) perspectives are shown on the right hand side, starting from the Learning and Growth Perspective (sometimes called the Employee Perspective or Resources Perspective that can include financial resources), followed by the Internal Processes Perspective, Financial Perspective and finally the Customer or Citizen Perspective. Value creation is depicted on the left hand side where the IPOO chain of Inputs-Processes-Outputs-Outcomes is shown.

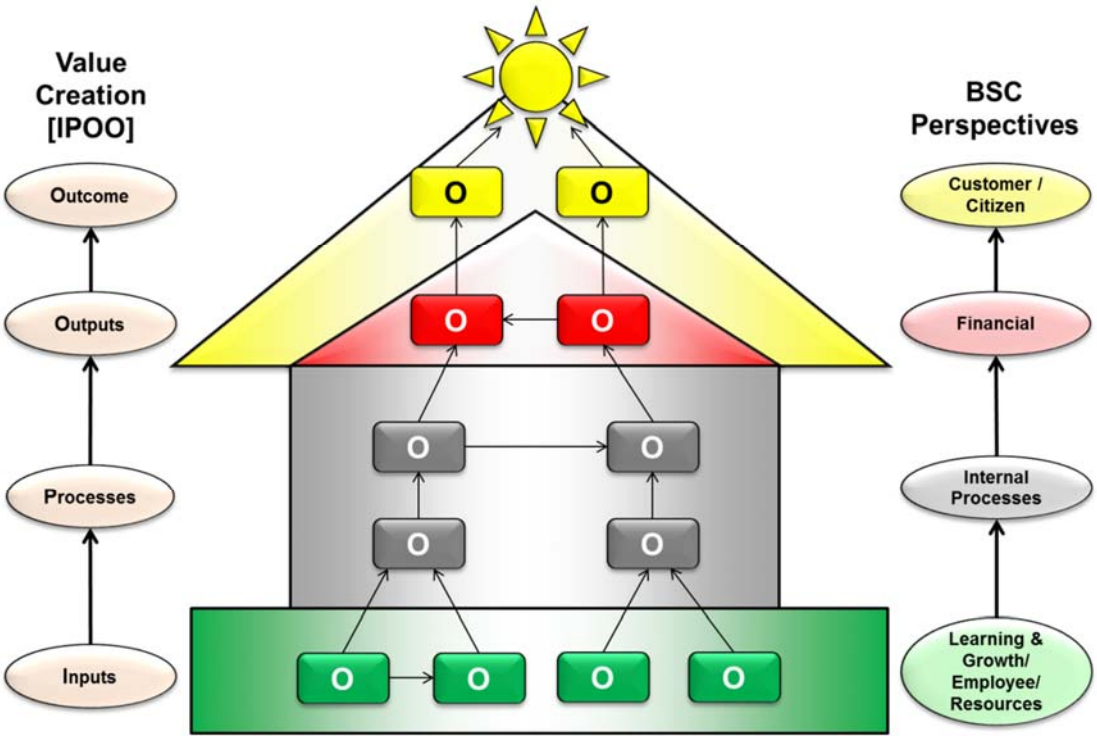


Figure 4.11: Strategy Map (author)

The selected strategic themes and objectives can also be depicted in the form of the Strategy Mind Map (author) presented in Figure 4.12. The Strategy Mind Map starts with the vision in the centre which is connected to the strategic themes (considering the Balanced Scorecard perspectives), followed by the strategic objectives and finally the initiatives (comprising of programmes, projects and activities).

From the strategy map (or Strategy Mind Map in Figure 4.12), scorecards are then developed to provide details of both the strategic objectives and strategic initiatives. Figure 4.13 is an example of a scorecard linked to the Strategy Mind Map. Objective details are provided on the left hand side of the scorecard to make the objective SMART (Specific, Measureable, Aligned/ Agreed to, Realistic, Time-bound). On the right hand side the initiatives (mostly projects) are selected who can best achieve the objective as defined on the left hand side of the scorecard. For each objective an accountable person is indicated in the “Acc” column (e.g. the Head of Department indicated by HoD). To make the objective SMART, Performance Indicators (PIs) are selected with baselines (BLs) and annual targets. For each initiative, a responsible person (or project manager) is shown, together with cost and time estimates. Figure 4.13 shows how projects (often more than one) contribute to the achievement of strategic objectives, as defined by their PIs and Targets.

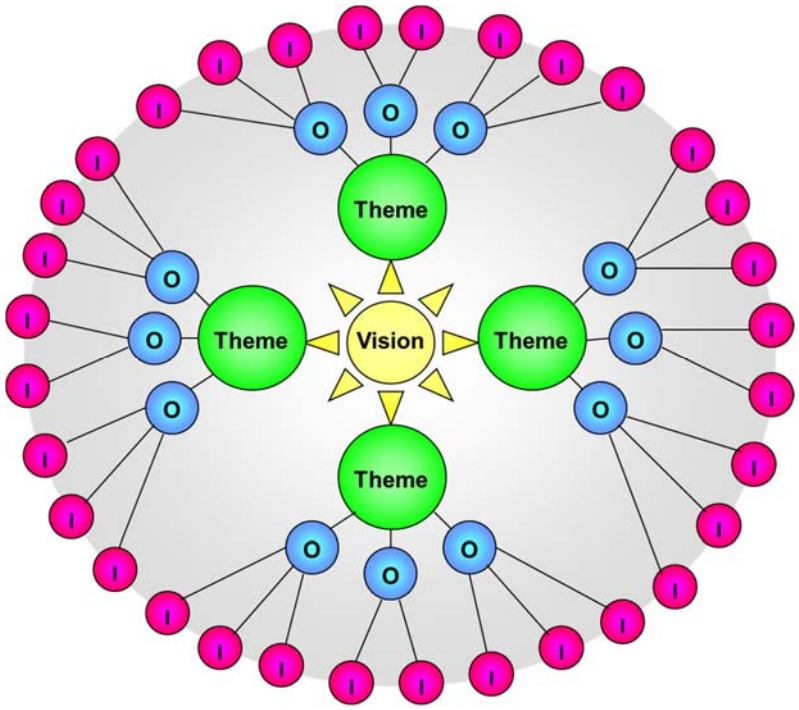
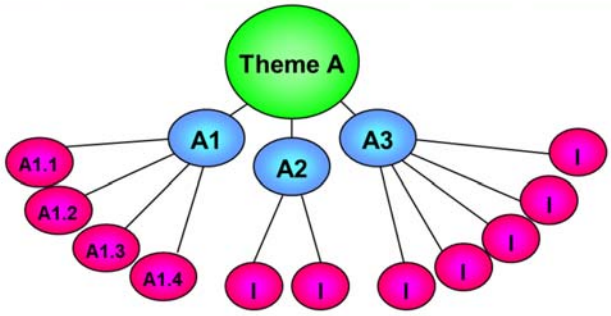


Figure 4.12: Strategy Mind Map (author)

Theme A

Objective	Acc	PI	Target	Initiative	Resp	Cost	Schedule Yr 1-5				
A1. Objective name & description	HoD	PI 1	BL = Yr1= Yr2= Yr3= Yr4= Yr5=	A1.1 Project	AB	1,000	X	X			
				A1.2 Project	CD	4,000	X	X	X	X	
		PI 2	BL = Yr1= Yr2= Yr3= Yr4= Yr5=	A1.3 Project	CD	500		X		X	
				A1.4 Project	CD	3,000				X	X



.

Figure 4.13: Scorecard example (author)

3) PROJECT MANAGEMENT

Role in the car analogy: The wheels.

Position in Model: Project management is the "Execute" in the "Plan-and-Execute" mechanism linked to strategic planning.

Description:

Strategy is executed through projects, as shown in Figures 4.12 and 4.13. Project management is the application of knowledge, skills, tools and techniques to project activities to meet the project requirements and strategic objectives. Mostly more than one project is required to achieve an objective. Related projects could be managed in a coordinated way as a programme to obtain benefits and control that are not available from managing projects individually, to achieve a common strategic objective.

Together with strategic planning, project management forms the "Plan-and-Execute" mechanism. In project management projects are initiated, planned, executed, monitored and controlled, and finally closed. In project management, the ten knowledge areas (according to PMI 2013) have to be managed in an integrated manner. These knowledge areas are Scope, Time, Cost and Quality, Human Resources, Communications, Risk, Procurement and Stakeholder Management. Everything is combined through Integration management through which the project plan is being developed, executed and controlled.

Contract management, as part of procurement management, is of special importance in the public sector where a significant portion of services are outsourced.

4) ALIGNMENT

Role in the car analogy: The chassis and body.

Position in Model: Alignment is positioned in the blue part, representing the organisational context.

Description:

Strategy can only succeed if the organisation is aligned around the strategy and the resources are appropriately allocated. Many companies develop a great strategy only to see it fail because they have not realised the importance of organisational alignment. Although strategy is executed through projects and project management, supporting and aligned organisational resources have to be put in place. These include the organisational structure, people, culture, processes, technology and funding.

Structure: The organisational structure should be aligned to and support strategy execution in terms of coordination, communication and decision-making. In theory, structure should follow strategy, but in government, any structural changes can be very difficult and time-consuming.

People: Staff and skills (internally or outsourced) must be available and allocated for executing strategy, mostly through projects. Improve skills in certain areas to enable strategy execution, develop HRD Plan and Personal Development Plans

Culture: Organisational culture needs to support strategy to make execution possible. While strategy is what is done, culture is how it is done, namely by people. People and not machines execute strategy. A "great" strategy should therefore be complemented with a "great" culture. As culture governs the way employees think, feel, act and interact, it can, and usually does, have a more powerful effect on human motivation than strategy. In fact, a strategy will mean nothing, and go nowhere, if the organisational culture is not appropriate to support it. Culture is behaviour and to understand and leverage culture is to understand not only the behaviour, but also what motivates it. Behaviour is driven by assumptions, beliefs, values and organisational reward systems. Culture can therefore be either an asset or liability in strategy execution (Childress 2013).

In the need to illustrate the linkages between thinking, behaviour and organisational results (needed in strategy execution, the author developed the "**I ♥THABO**" Model (see Figure 4.14). This model describes the relations amongst the identity/heart, thinking, attitude, behaviour and outcomes – linking culture to strategic outcomes.

I♥: How we perceive ourselves, our identity; the nature of the heart, our character; the core of a person, its core values (who we are);

TH inking: Thoughts in our mind; positive or negative; about ourselves, others and our work (what we think);

A ttitudes: Positive or negative attitudes or motives (why and how we do it);

B ehaviour: The way we behave, act or perform, for example in hard, efficient work (what we do);

O utputs/outcomes: Great/poor performance, leading to great/poor results (what we achieve).

This model suggests that the correct identity and heart leads to the right thinking or mindset, which leads to the right attitude and behaviour and eventually the right/desired outcome or result (arrow to the right). The arrow to the left indicates the wrong behaviour hitting the wrong target. The strategic targets (objectives) will best be achieved when all behaviours are aligned in the right direction and when personal (own) objectives are met while hitting the corporate targets.

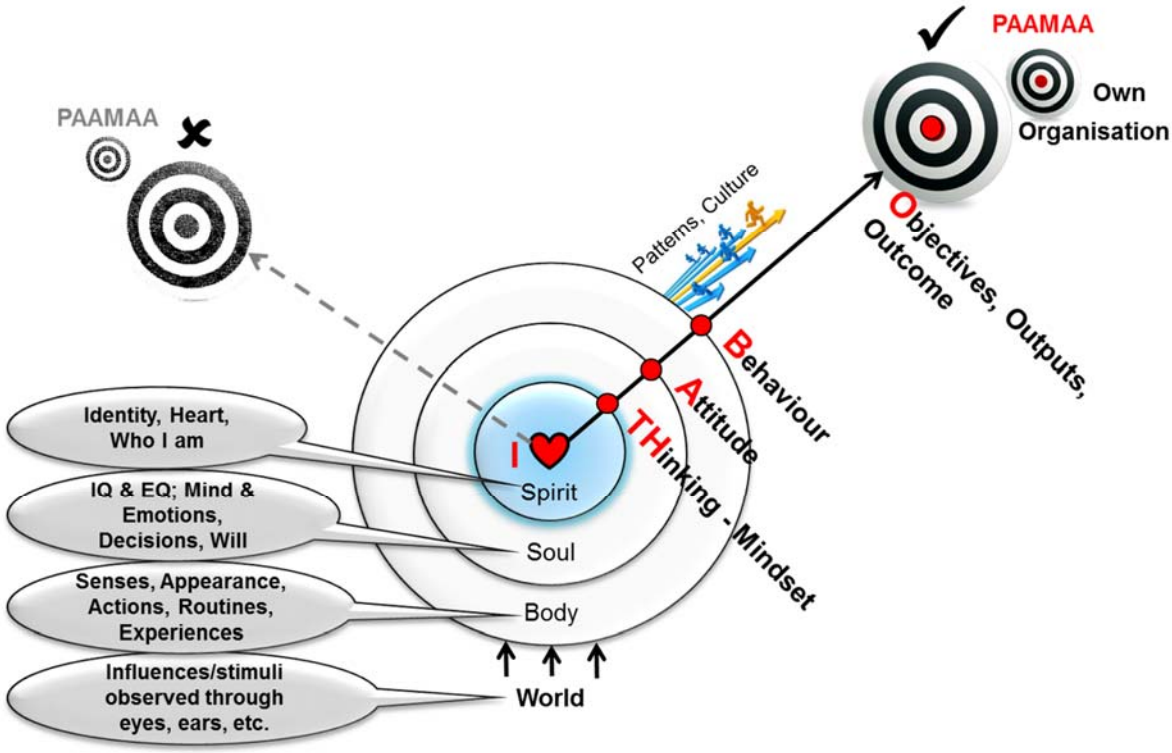


Figure 4.14: I ♥THABO Model (author)

The following questions are asked to help strengthen the link between culture and performance:

- If our strategic objectives were successfully achieved, what behaviours would we observe in our organisation or unit that perhaps did not exist before?
- How would we introduce these newly required behaviours?
- What new behaviours should the senior team adopt to support the achievement of these objectives?
- What should we do along the journey when we do not see this required behaviour?
- What current behaviours should we stop eliciting?

In strategy execution, it is therefore important to ask how culture could be changed to better align to strategy and strategy execution. Paterson et al (2008) describe the link between the right behaviour and performance outputs and identify through three forces affecting human behaviour – personal, social and external/structural forces. Each force has a motivation and ability component. The three forces advise leaders to use all six sources of influence to make the required changes towards success. These six sources of influence or change levers are 1) **P**ersonal Motivation, 2) **P**ersonal Ability, 3) **S**ocial Motivation, 4) **S**ocial Ability, 5) **E**xternal/Structural Motivation, and 6) **E**xternal/Structural Ability. (See Figures 4.15 and 4.16)

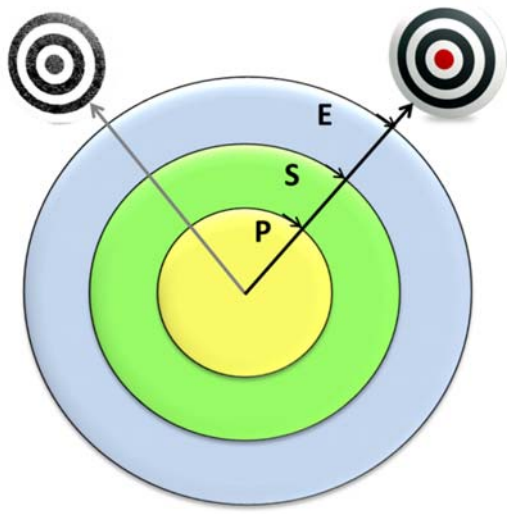


Figure 4.15: Culture change in three areas

All six sources of influence should be used to align culture with strategy, noting that the personal levers are more powerful and enduring, but that all elements are required to reinforce one another. As depicted in Figure 4.15, personal change has the most leverage, whereas social change will require more effort with external or structural changes requiring the most effort. A combination of these levers or influences therefore needs to be applied to motivate and enable the desired behaviours towards the strategic targets.

Warner and Schmincke (2009) in their book *High Altitude Leadership* argue that most of the problems in organisations are behavioural and not tool-based: "You can equip a climber or manager with the finest gear and hours of training, but without the correct behaviour, failure creeps closer." As it is essentially the right behaviour that drives results, it therefore makes sense to reward both the right behaviour and the performance results or outcomes.

Figure 4.16 below describes the six chance levers or sources of influence (Patterson et al, 2008).

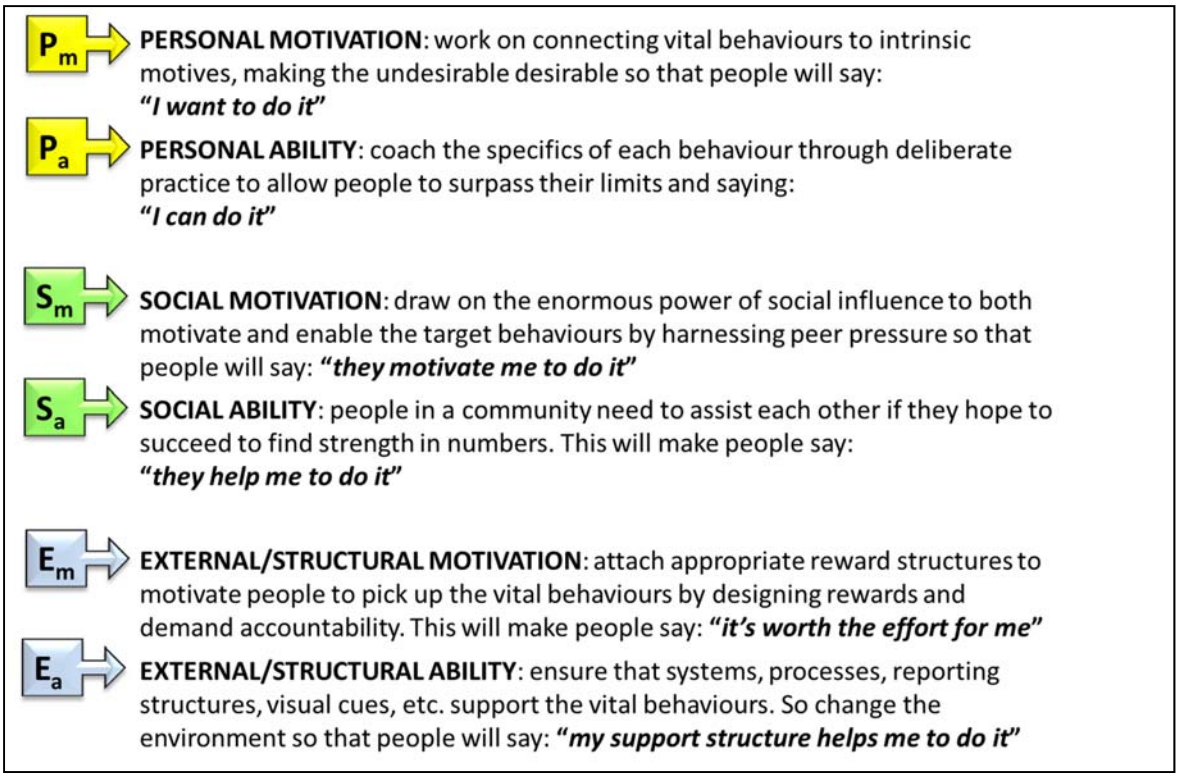


Figure 4.16: Six forces for culture change

Change initiatives need to be identified under the three categories of personal, social and external/structural levers. Both small steps and drastic measures should be considered, depending on the nature and extent of cultural issues. Compared to a baby that needs to be assisted to learn the right behaviours to become engraved good habits, so organisations need the right persistent guidance to build and protect the right culture.

Processes: Operational processes, especially the core business processes, need to be aligned to the strategy and strategy execution considerations. Examples of these processes are performance management and project management processes. Note that the purpose of some strategic objectives can be to improve or transform business processes. Examples are to shorten the decision-making cycle/processes, to improve the efficiency of tender boards and to review and simplify legislation, rules and regulations.

Technology: Technology can be a strong enabler for strategy execution. However, if not well aligned, it could also be an obstacle. Technology could for example support performance management. However, it is important to link technology with processes and people, according to the sequence of People, Process and Technology (PTT).

Funding: The budgeting and funding system and process also need to be in alignment with the strategy. Without sufficient funds at the right times, strategy cannot be implemented. Strategic initiatives have to be clearly prioritised and allocated to specific financial years.

5) MERIL (PERFORMANCE MANAGEMENT)

Role in the car analogy: The dashboard; discussions; the steering wheel

Position in Model: Performance Management forms the five MERIL gears in the centre of the model. These gears are interrelated in a general sequence.

Description:

Strategy execution occurs within the whirlwind of daily operations and various external and internal influences. Often 80% of organisational time is taken up by operations while only 20% of time is set aside to execute strategy – the activities/projects/programmes that really make a difference/improving performance, taking the organisation to a higher level. This is depicted below in Figure 4.17.

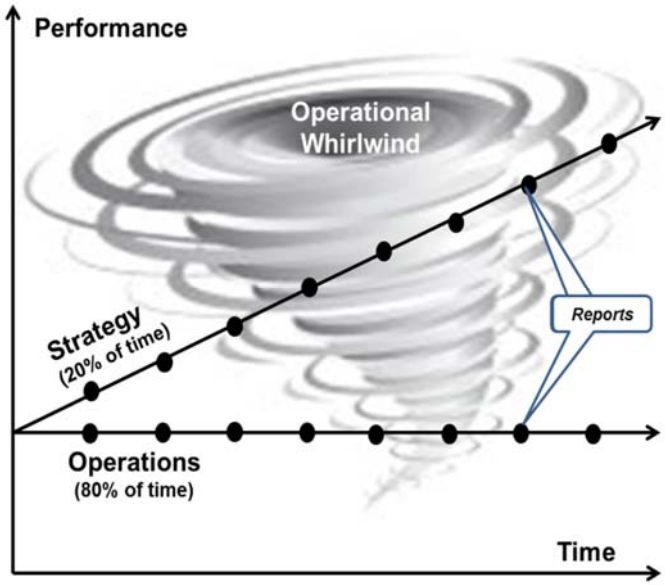


Figure 4.17: Strategy execution within the whirlwind (author)

With a formal system of managing performance of strategy execution in and through this whirlwind, it will lose direction and momentum

A performance management system (PMS) is needed to offer the complementary "Sense-and-Response" capability needed by especially public sector organisations. Such a system should be embedded in the organisation with fixed cycles of performance management. The author proposes the following five key components of the performance management system or cycle, namely MERIL (**M**easure, **E**valuate, **R**eport, **I**mprove and **L**earn).

MEASURE: Measurement represents the lens through which people "see" or "sense" what is happening with their organisation and its environment. Measurement systems create the basis for effective management. With reference to Figure 4.10, performance measurement should be

done internally (for objectives and initiatives) as well as externally (for determining environmental risks, stakeholder influences and best practices by competition). Without the right and regular measures, proper evaluation, reporting and decision-making cannot be done.

EVALUATE: Evaluation follows measurement and includes analysis, synthesis and interpretation of performance data to generate information – to interpret and make sense of the information to enable proper decision-making and to decide on the best response. This is mostly done through dialogue, making use of supporting technology.

REPORT: Reporting refers to the documentation and communication of evidence-based O/U/I performance as analysed, synthesised and interpreted as well as the decisions taken and details of actions to be taken. Reports provide an audit trail of performance results, decisions, improvement actions and results and become a valuable source for learning. Reporting is typically based on the communication management plan and could be formal or informal, hard copies or electronic copies, and/or reporting on corporate, unit or individual levels for internal and external stakeholders, including the bi-annual individual performance assessments and feedback.

IMPROVE: The focus of strategy execution and performance management is improvement. Performance improvement is done in response to issues and opportunities identified and evaluated. Corrective or improvement measures could be any or more of the various OD interventions (including Human Process, Techno-structural, Human Resource Management and Strategic interventions) and could be targeted to enhance corporate, unit and/or individual performance. Change could be gradual, incremental or transformational.

LEARN: Improvement and learning normally go together. Organisations are adaptive rational systems that learn from experience (Senge 1991). Learning happens from understanding performance (successes and failures) and their relations to behaviour, attitudes and thinking. Dialogue, with the support of a knowledge management system, is a strong enabler for learning. Learning should lead to the review of plans for future better performance, including the strategic plan, business plan, project plans and performance agreements (see Figure 4.10).

Most important is the creation of the learning organization, when organizational learning has been institutionalised; when the capacity for continuous learning has been built into the organisation; to become an organisation that is continually expanding its capacity to do the right things and to do things right to create its future; an organisation that is continually getting smarter and smarter with organization intelligence increasing in a never-ending cycle; one in continual adaptation to an ever-changing environment. (Senge 1990; Hitt 1995)

6) DRIVE

Role in the car analogy: The engine and fuel.

Position in Model: Drive is lies at the centre of the model, as motivation lies at the centre of a person. Drive represents the driving force behind the model, the energy that keeps all gears moving and the wheels moving forward in the direction set by leadership in the strategic plan.

Description:

Drive comes from the following six **PAAMAA** elements or drivers (see Figure 4.18) (author):

- **P**urpose: I have a clear understanding of the strategy – its priorities and objectives and want to achieve these objectives, as they are worthwhile and by achieving these, I will personally benefit.
- **A**ction Plan: The actions steps and action plans are clear for me to know what I have to do every day to achieve these strategic objectives; We have detailed action plans / project plans enabling us to do our work properly.
- **A**utonomy – Authority – Accountability: I am satisfied with my levels of Autonomy and related Authority & Accountability and these are in balance; I feel sufficient freedom to do my work the way I believe is the best way – how to do it, when to do it and where to do it.
- **M**astery: I experience that I regularly master or learn new skills at work and that I am really growing as a person.
- **A**cknowledgement: I receive regular acknowledgement, recognition and appreciation for my contributions; I feel I am accepted in my organisation.
- **A**chievement: I feel that we are a winning team. I can see the progress we are making and we regularly celebrate our achievements.

P	A	A	M	A	A
Purpose	Action Plan	Autonomy Authority Accountability	Mastery	Acknowledge -ment	Achievement

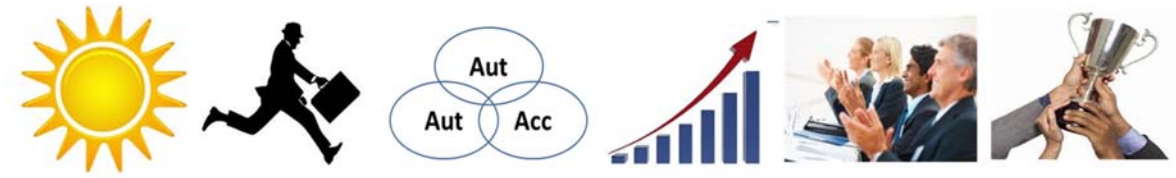


Figure 4.18: The 6 Drivers [PAAMAA] (author)

When considering Herzberg (1968) and Pink (2006) it becomes evident that money is not a motivator. Although money is used as performance reward, it remains a reward and not an incentive or motivator for higher performance. In this research, reward is broadly defined as personal/internal, social and structural influences (including monetary rewards) that motivates/strengthen/reinforce the right behaviour and correct the wrong behaviour (with the focus on groups and not individuals). A reward system should not only appropriately respond to good performance, but also make take action for poor performance.

Figure 4.19 illustrates the alignment of the following with one another:

- 6 PAAMAA Drivers on the individual level,
- 8 Leadership Levers on the leadership level, and

9 Vital Stratex Components on the organisational level.

LEADERSHIP LEVEL ***[8 E Leadership Levers]***

Envision – for direction; **Educate** – for clarity (head); **Energise** – for commitment (heart); **Employ energy** – through planning; **Empower** – through PPT capacity; **Engage** – through participation; **Execute** – with integrity; **Ensure** – through controls

INDIVIDUAL LEVEL ***[6 PAAMAA Drivers]***

P	A	A	M	A	A
Purpose & Direction	Action Plan	Autonomy & Accountability	Mastery	Acknowledgement	Achievement / Winning

ORGANISATIONAL LEVEL ***[9 Vital Stratex Components]***

SP	PM	SP & PM	Learn & Align	Engage	MERIL / PMS
We know where we go, why we go & how we go	We know what to do	We are happy with what & how to do it	We can do it & we get better and better through learning & adaption	We want to do it & feel part of it	We know how we are doing & that we are getting there
[Value creation with clear focus, incl. Vision, Mission, Values]	[Project & programmes]	[With plans & scorecards, but also with trust & freedom]	[Supporting & aligned resources]	[Engagement of hearts & minds through dialogue; reporting & rewards]	[process & technology; lead-lag relations; able to see SEE impact]

Risk & Stakeholder Management

We are able to identify, analyse and respond to risks in a 'Sense-and-Respond' mechanism
[+ or - events/influences, incl. operations whirlwind, changes, resistance & constraints]
We are communicating with managing or stakeholders for maximum collaboration

Figure 4.19: Alignment of leadership, individual and organisational components (author)

7) ENGAGE

Role in the car analogy: The gears engaging, with lubricants.

Position in Model: "Engage" is positioned in the centre of the MERIL-DE Model around "Drive", engaging all critical components, namely Strategic Planning, Project Management, Measure, Evaluate, Report, Improve and Learn, as well as Leadership and Alignment.

Description:

"Engage" is one of the eight Leadership Levers and therefore an important leadership function. Successful strategy execution is impossible without engaging stakeholders, especially employees and project team members. Without engaging the "gears", there cannot be any movement. Gears need lubrication (oil) to keep on moving for long periods.

The best way of engaging stakeholders is through dialogue. The role and importance of dialogue in strategy execution have been discussed in the literature review.

Dialogue is the core of culture and the basic unit of work. How people talk to each other absolutely determines how well the organisation will function. The reason most companies do not face reality very well is that the dialogues are ineffective. (Bossidy & Charan 2002)

"Knowledge organizations are little more than the sum total of their conversations." (Spitzer, 2007, p. 116)

Dialogue is a special kind of communication in an organisation, based on trust, respect, teamwork, openness, sincerity, a willingness to share and learn and accountability. However, it requires time, effort and commitment.

8) RISK MANAGEMENT

Role in the car analogy: The nature of the public sector road with more obstacles and uncertainties (as depicted in Figure 4.4) – requiring modifications such as 4X4 ability, higher ground clearance, the installation of bumpers and air bags, slower speeds and regular stops for inspections.

Position in Model: Risk Management is positioned mostly outside the organisation, but also covers internal uncertainties. It is linked to "Measure" to integrate risk management with the MERIL cycle.

Description:

A risk is an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more objectives and/or project components, such as scope, schedule, cost or quality (based on PMI, 2013). A risk may have one or more causes and, if it occurs, have one or more impacts. Due to the complex, dynamic and uncertain nature of the public sector context, a formal risk

management system is required to regularly identify, analyse and respond to risks. In risk management efforts are made to make strategy execution more “bulletproof” to prevent failure and maximise the chances for success. Risk management is to prevent or minimise any attacks, distractions, derailing or breakdowns on the strategy execution journey.

Causes of risks could be political changes, political cycles, economic or social changes, stakeholder influences or even competitors moving the benchmarks. Risks can also come from inside the organisation, such as inadequate resources assigned to projects and poor alignment of the strategy to the rest of the organisation.

Risk management includes risk identification, qualitative and quantitative risk analysis, risk response planning and risk control. Responses to negative risk can be to avoid/prevent, mitigate, transfer or accept the risk. Possible responses to positive risk are to exploit, enhance, share or accept the risk (PMI 2013).

Risk management requires extra effort, time and cost, but is viewed as critical component to keep the MERIL-DE engine running and the Stratex Vehicle going.

9) STAKEHOLDER MANAGEMENT

Role in the car analogy: The many people having a stake in the car and the journey, incl. the public/citizens (who actually own the car), sponsors, customers and partners.

Position in Model: Stakeholder Management is positioned mostly outside the organisation, but also covers internal stakeholders. It directly links with “Report” to integrate stakeholder management and collaboration with the MERIL cycle. There is a two-directional influence between the two gears of Stakeholder Management and Reporting.

Description:

The public sector is characterised by being more open, more visible and being influenced by more stakeholders. These stakeholders include the public, customers, special interest groups, politicians, oversight or regulatory bodies, partners and employees. Stakeholder management includes the management of influences to and from stakeholders – both directions.

A critical aspect of stakeholder management is private sector collaboration, often through procurement/ contract management. This also relates to the project management knowledge areas of Procurement Management and Stakeholder Management (PMI, 2013).

Stakeholder Management relates to stakeholder communication according to the Communication Management Plan (CMP) in “Report”, but takes it further in pro-active and reactive management of relations towards successful strategy execution. This requires extra effort, time and cost.

4.4 QUANTITATIVE ANALYSIS

PAR as qualitative research methodology, involved limited quantitative analysis. Some quantitative analysis was only used in the questionnaire (see Annexure D) where responses to statements were expressed in terms of numbers. This initial questionnaire was later converted into the Stratex Assessment Framework (SAF) (see Annexure E) to determine the Total Strategy Execution Capacity (TSEC). This section presents these quantitative aspects of the research.

4.4.1 Questionnaire

The questionnaire in Annexure D was developed and used during initial case studies (mostly in the third and fourth models – see Figures 4.8 and 4.9) to help with model assessment and improvement and to assess strengths and weaknesses of the model components at organisations. Due to the improvements made in the Final Model, the questionnaire in Annexure D does not exactly relate to the Final MERIL-DE Model with the nine components as depicted in Figure 4.10.

In the questionnaire participants were asked to rate each statement using the following key:

10 = Excellent/100%
9 = Very Good
8 = Good
7 = Acceptable/above standard
6 = Just above the minimum standard
5 = Just below the minimum standard
4 = Not acceptable
3 = Poor
2 = Very Poor
1 = Extremely Poor
0 = Not existing/not applicable

Responses to statements in the questionnaire were converted into numbers to allow for quantitative analysis.

4.4.2 Stratex Assessment Framework (SAF)

After the development of the Final MERIL-DE Model, the questionnaire was adapted to the Stratex Assessment Framework (SAF) as presented in Annexure E. The SAF is therefore aligned to the Final MERIL-DE Model with its nine vital components as presented in Figure 4.10.

Each of the nine components with subcomponents (see Figure 4.20) contains a number of statements serving as assessment criteria. The average number of criteria per component is 10. Each statement is rated by using the same key as shown above. A higher rating indicates better capacity.

4.4.3 Total Strategy Execution Capacity (TSEC)

Figure 4.20 presents an example for calculating Total Strategy Execution Capacity (TSEC). In this example each of the thirteen components and subcomponents (column 1) are given equal weights (1/13 = 0.077). These weights are shown in the second column. In the third column, the average ratings from the SAF are inserted. Tentative ratings between 0 and 10 are given for demonstration purposes. In the last column, these weights and ratings are multiplied to calculate a score for each of the thirteen components and subcomponents. These component scores are illustrated in the graph in terms of percentages. Again, the higher the score, the better or the stronger the capacity.

A colour code could be used to highlight strengths and weaknesses. In this example, the indicators were set as follows:

- Green for ratings 66% and higher;
- Orange for ratings between 50% and 66%;
- Red for ratings between 33% and 50%; and
- Black for ratings below 33%.

The target would be to achieve, for example, a rating of 66% (green) on each component. The total score in the last column gives the Total Strategy Execution Capacity or TSEC. In this example, the TSEC is 50.4%, which is indicated as orange according to the above key.

Component	Weight [W]	Rating [R]	Score [S=WXR]
1. Leadership	0.077	6.0	4.62
2. Strategic Planning	0.077	7.5	5.77
3. Project Management	0.077	3.0	2.31
4. Alignment	0.077	5.5	4.23
5.1 Measure	0.077	7.5	5.77
5.2 Evaluate	0.077	3.5	2.69
5.3 Report	0.077	6.0	4.62
5.4 Improve	0.077	4.5	3.46
5.5 Learn	0.077	3.5	2.69
6. Drive	0.077	3.0	2.31
7. Engage	0.077	5.0	3.85
8. Risk Management	0.077	4.5	3.46
9. Stakeholder Management	0.077	6.0	4.62
	1.000		
TOTAL SCORE [TSEC]			50.4

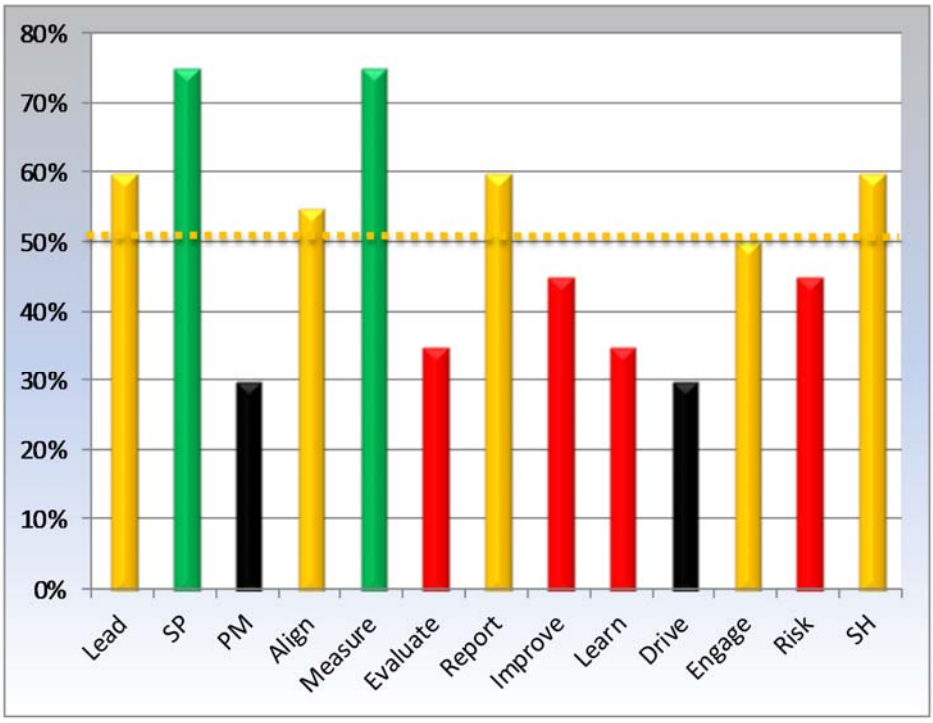


Figure 4.20: TSEC example

Figure 4.20 could be interpreted as follows:

The TSEC score of 50.4 out of 100 (or 50.4%) indicate the organisation has a 50.4% chance of successfully executing its strategy. The strategy execution gap is therefore 49.6%.

The reason for this low capacity could be seen in the graph. While certain vital components are strong in the organisation (e.g. the Strategic Plan and Measure), especially Project Management and Drive are extremely weak (below 33% strength). The red bars, namely Evaluate, Improve, Learn and Risk, are the other weak components with capacity strengths below 50%.

As the weak links in the chain could easily cause a total collapse, it would therefore be advised to focus effort on the strengthening of Project Management and Drive in the organisation.

Regular assessments (at least annually) could be done for TSEC calculations to determine trends.

4.5 CONCLUSIONS

This chapter presented MERIL-DE, the conceptual model to be used to close the strategy execution gap in the public sector.

The background and process of model development was presented by describing the guiding principles, models and analogies and model development phases over the eight years of development.

The MERIL-DE Model integrates the nine vital strategy execution components. The role and function of each component was described with links to other components. As the model functions like an engine or car, strategy execution can only progress and succeed when all components are in place and working together.

The Stratex Assessment Framework (SAF) is presented as tool to determine the capacity or strength of each component and subcomponent. The concept of TSEC is introduced as a way of not only measuring component strength alone, but also Total Strategy Execution Capacity.

CHAPTER 5 : CONCLUSION

5.1 INTRODUCTION

In this last chapter, the dissertation is summarised by presenting its key findings, the application of the conceptual model that was developed, its recommendations and its conclusion. This chapter consists of the following five sections:

Section 1 is the introduction, explaining the purpose and structure of the chapter.

Section 2 summarises the findings in each chapter, including the strategy execution gap, literature review, the public sector context and the conceptual model for closing the gap.

Section 3 presents the model applications, limitations and benefits.

Section 4 offers recommendations regarding the application of the model, further research and development.

Section 5 concludes this chapter and the dissertation.

5.2 FINDINGS

This section summarises the findings of Chapters 1 to 4.

Chapter 1: Introduction stated the objective of the research to develop, test and further improve a management model or conceptual model that can be applied in public sector organisations to help close their strategy execution gap. The main research question presented was, “What does the ideal strategy execution model for the public sector look like?”

The gap, namely the difficulty to move from strategy planning to strategy execution, was described in **Chapter 2: Literature Review**. This chapter started by describing the nature and the significance of strategy execution, concluding that strategy execution is of critical importance to business globally. The strategy execution gap was then described in terms of its nature and its size. Based on the analysis of various strategy execution solutions, mostly presented since 2001, it was found in the synthesis that seven elements or components hold the key to close significantly the strategy execution gap. These seven identified *vital strategy execution components* are Leadership, Strategic Planning, Project Management, Alignment, Performance Management (MERIL), Drive and Engagement. Literature on these seven components was then reviewed with their possible interdependencies.

In **Chapter 3: Public Sector Context**, the nature and uniqueness of the public sector were explored as they relate to strategy execution, by comparing them to the private sector. Sixteen key differences between these sectors with special reference to strategy execution implications were identified and described. Apart from these differences between the private and public

sectors, differences with possible implications were also noted between governments in developed and developing countries. It was concluded that due to various unique characteristics found in the public sector context, a different approach is needed for successful strategy execution in the public sector. It was found that the public sector generally presents more challenges in the execution of strategy. In addition to the seven components identified in the literature review, additional considerations are required to tailor strategy execution for the public sector organisation, taking into account the differences among the sixteen elements.

The seven vital strategy execution components identified in Chapter 2 (by reviewing mostly private sector sources) therefore have to be augmented/strengthened with robust components of situational/context analysis, risk management and stakeholder management before and during strategy execution. These are needed due to the more open, complex and dynamic nature of the public sector.

While Chapters 2 and 3 led to the identification of a number of vital components for successful strategy execution in the public sector, in **Chapter 4: Closing the Gap**, the solution, in the form of an integrated conceptual model is presented. The solution in the form of a conceptual model attempts to close the gap between strategy planning and execution in the public sector. The model presented was developed over an eight-year period and is based on 1) a literature review on strategy execution (Chapter 2), 2) the public sector context review (Chapter 3), 3) a number of guiding principles, models and analogies, and lastly 4) empirical case studies conducted in Namibia.

The model integrates the nine components believed to be key in significantly closing the strategy execution gap in the public sector, considering the 16 differences between the public and private sectors. The MERIL-DE Model is presented as solution for closing the strategy execution gap.

The nine vital strategy execution components are:

1. **Leadership** – appropriate leadership for the situation demonstrating the eight E's;
2. **Strategic plan** – a plan appropriate for the situation, clear, focussed, realistic and specific; SMART objectives;
3. **Project management** – clear action plans to achieve the objectives; details on roles and responsibilities, time, cost, quality, communication, stakeholder management, risk and procurement management;
4. **Alignment** – aligned and supporting structure, human resources, culture, processes and technology;

5. **MERIL** – build a system of sense-and-response, sensing or measuring the strategy, projects and risks, followed by evaluation, reporting, improving and learning through engagement/dialogue;
6. **Drive** – the energy source, the engine and fuel, driving the vehicle forward;
7. **Engagemen**t – involving people in the journey, using dialogue, creating understanding and buy-in;
8. **Risk management** – build in a system of handling uncertainties: risk identification, analysis and response toward PESTLE, stakeholders, competition and other influences; and
9. **Stakeholder management** – build in a system for managing stakeholders.

The dissertation progression could be summarised by Figure 5.1 below.

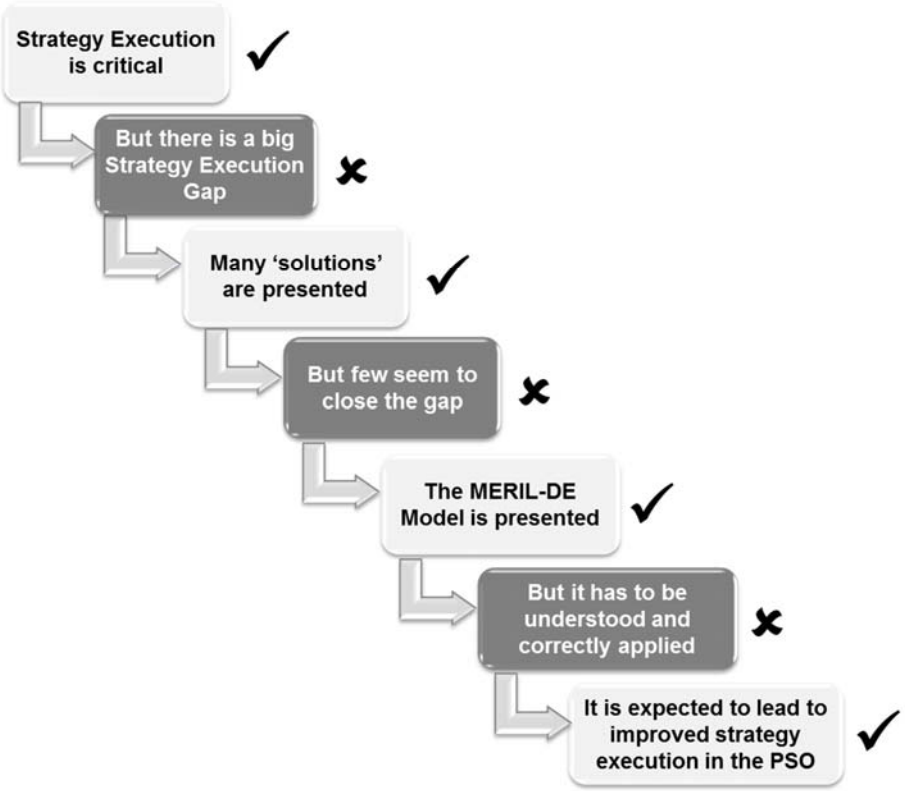


Figure 5.1: Summary of dissertation progression

The research question was to depict and describe the ideal strategy execution model for the public sector with integrated components. This was done by developing the MERIL-DE Model.

The research hypothesis was: "Strategy execution will significantly improve by using a simplified, dynamically integrated conceptual model as guide in tailoring strategy execution in each public sector organisation." Some improvements were observed in applying the model

during the limited period at the ten case studies, but further tests and follow-up research can further verify this hypothesis.

5.3 MODEL APPLICATIONS, LIMITATIONS AND BENEFITS

As integrated conceptual model to be used in the improvement of strategy execution in the public sector, the following applications, limitations and expected benefits should be considered for MERIL-DE. Firstly, the nature and verification of MERIL-DE as conceptual model is addressed.

5.3.1 Conceptual model development and verification

Conceptual modelling helps humans to think and solve problems. The MERIL-DE conceptual model was formed after a conceptualisation process in the mind – based on observations and experience. The model is a representation of the real world, made of the composition of concepts, used to help understand the subject matter of strategy execution. It therefore serves as guide or stimulus for thinking and applying knowledge in the PSO.

The MERIL-DE Model can be regarded as a theory supported by a conceptual model. It consists of propositions such as strategic management, project management and performance management - each with its various interlinked concepts. These MERIL-DE components could also be regarded as models on their own, e.g. strategic management with its Balanced Scorecard model (with strategy map and scorecards in different perspectives) (Kaplan & Norton 2001) and project management with its PMBOK model (of five process groups and ten knowledge area) (PMI 2013).

The MERIL-DE Model is not a presentation of a step-by-step process. Although it depicts a general sequence of events in a cyclical fashion, it rather presents the pieces of a puzzle or essential building blocks for executing strategy in a specific context, namely the public sector. It is an integrated system representing a part of the real world. This integrated system includes the key components required for improving strategy execution in the public sector – in the real world. It is a diagram consisting of the nine main components or independent variables. The dependent variable is successful strategy execution or closing the strategy execution gap. Arrows are inserted between the variables to represent the hypothesised relationships between variables. MERIL-DE contains both one-way arrows and two-headed arrows. The one-way arrows depict a general sequence from one independent variable to the next independent variable. The two-headed arrows show unanalysed correlations between variables (based on Creswell, 1994).

The need for the MERIL-DE Model was born on the empirical level where the reality of poor strategy execution in the public sector was observed or experienced. At the same time the process of literature review was started on the abstract level to identify key concepts,

propositions and theories related to strategy execution. Initial models were developed, tested/verified and improved by means of empirical studies (PAR).

The MERIL-DE Model as conceptual model is a visual presentation of an organisational system to improve business performance. According to Ostenwalder, Pigneur and Tucci (2005), a conceptual business model cannot be successful per se. Its success or value is found during implementation. They view business model implementation or execution as a widely neglected issue. This conceptual model, based on sound theory has been verified and improved during empirical tests in PAR cycles. It should be noted that the purpose of these empirical tests were to verify and improve the MERIL-DE conceptual model and not to practically implement the model as a whole.

Further research is therefore required in the application of the MERIL-DE Model, in the practical design and putting the vital components in place in an integrative manner and then measuring success in terms of improved strategy execution, closing the strategy execution gap. This will involve putting in place and integrating structures, systems, methodologies, staff, skills, etc. described in this model and monitoring both their individual performances and combined performance. The value of the MERIL-DE Model will be in its implementation. Although it remains a conceptual model, its origin was in reality (a broken reality) and its application should go back to reality (for a less broken reality – where strategies are more successfully executed, where the gap between strategic planning and execution is increasingly being reduced). In this translation from conceptual into concrete things, it should be remembered that organisations are complex and dynamic, always subjects to internal and external pressures, always subject to change. The MERIL-DE manifestation in the real world (e.g. staff, structure, systems) should therefore also be subject to regular change.

5.3.2 Different public sector contexts

The model can be applied in all public sector organisations worldwide, including:

- developed and developing countries;
- democracies and autocracies; and on
- national, regional and local levels.

Although the model can be applied in all of these different contexts, a unique MERIL-DE Model (or Stratex Car) has to be designed for each situation or each PSO by considering the differences as highlighted in Chapter 3: Public Sector Context. As the context determines strategy, context similarly determines strategy execution.

5.3.3 Preparations before execution and improvements during execution

The MERIL-DE Model should be well understood to enable each PSO to design and build its own tailored MERIL-DE Model or Stratex Car. This will require dedicated effort and time. The time required will vary from PSO to PSO. The earlier the process starts during strategic planning the better. As for any journey to be undertaken, preparations have to be made. The preparations are to get everyone as well as the vehicle prepared. It should also be noted that further building and improvements should also be made during the strategy execution journey. Using this car-and-journey analogy, the required preparations are further described hereafter.

Getting the **people** prepared means leadership informs employees of the journey and its importance by getting them together, equipping them and getting them excited. Time is required to prepare for the trip. This may include training, getting the equipment and acquiring the funds. These actions represent the “Drive”, “Engagement” and “Alignment” components of MERIL-DE, the people side of the model or vehicle.

Getting the **vehicle** prepared means building an aligned and supporting vehicle structure (system, processes and technology), aligned to the engine (people processes). The vehicle needs to be tailor-made for the unique road conditions (public sector context). Appropriate project management, performance management and risk management systems need to be built into the vehicle. Time is also required for these preparations.

The question is whether the Stratex Car should be completely built before undertaking the journey or whether it is possible to start the journey immediately, but to move slowly while at the same time getting the right people on board and assembling the vehicle. Can or should the bus depart without all the right people on board and the bus not yet roadworthy or properly modified and equipped for the specific journey? Can many gears, hanging loosely in or around the car, each functioning or not, but not linked, move a car? This is also a common question in strategic planning. All of these concerns can be summarised in the following example question: “Should we wait for developing the perfect strategic plan or get the 70% perfect plan approved to start implementation, and at the same time see where we can improve it?” The general answer is that the Stratex Car or MERIL-DE Model should be in place and put together before attempting the strategy journey. Minor modifications and additions can be made during the journey.

The balanced scorecard (BSC) also poses the above question with its four perspectives. The strategy map includes objectives, linked in lead-lag relations, positioned in all four perspectives. The first or input perspective is normally the “learning and growth” perspective, followed by the internal processes perspective and eventually by the financial and customer perspectives. The question is whether the leading objectives in the “learning and growth” perspective (e.g. building institutional capacity) should first be achieved before tackling the lagging objectives in the other

perspectives or whether initiatives can also start immediately toward achieving them. Basic institutional capacity should first be in place before tackling key processes, achieving the required outputs (short term results) and achieving the required outcomes (long term impacts). Important is to move at a pace in accordance with institutional capacity. If the car is not yet fully functional, go slowly. This has the implication that strategy execution in general will start slowly and accelerate over time.

5.3.4 Model limitations

MERIL-DE is a conceptual model and in nature making use of generalisations in the management discipline of strategy execution and within the public sector context.

Although the nine vital components are presented in an integrated fashion, using the car or engine analogy, it remains a conceptual model to be used as guide in the tailoring of a unique MERIL-DE Model or Stratex Car for each Public Sector Organisation (PSO). Although all nine components should be built into any PSO Stratex Car, no tailored model could be copied and used for another PSO. Due to the various differences in the organisational and environmental contexts, a unique Stratex Car has to be designed, built, tested and improved for each PSO.

5.3.5 MERIL-DE Model benefits

The question whether to use or not to use the model is subsequently explored.

Benefits for using the MERIL-DE Model

The MERIL-DE Model identifies and explains the vital components for strategy execution as well as their integration in the public sector. With the addition of the SAF and TSEC, the MERIL-DE Model can be used as checklist and tool to assess strategy execution capacity or strength. Specific expected benefits with the implementation of the MERIL-DE Model are as follows:

- It will make the PSO a strategy-driven and high performance institution.
- It provides a framework for systematic planning of organisation, unit and individual (O/U/I) performance at the beginning of the annual planning cycle.
- It allows for the proper project planning.
- It helps to align the organisation to its strategy and develop and institutionalise the discipline of regular performance management.
- It will help drive and align performance on Organisation, Unit and Individual (O/U/I) levels.
- It will aid learning from performance through recognising successes and failures by identifying gaps in O/U/I performance and taking necessary improvement actions, considering the various OD interventions.
- It will support promoting employee motivation through dialogue and participation in performance management.

- It can calculate the capacity or strength of each of the nine vital strategy execution components as well as the overall strength or capacity. The SAF can determine the readiness or capacity of a specific organisation for strategy execution. It also indicates strengths and weaknesses in the capacity of the organisation to close the gap by assessing the relative strengths of the nine components or building blocks.

Opportunity cost

Not using the MERIL-DE Model will keep the Stratex Car either disabled or moving at a very slow pace forever – never able to accelerate. Not using MERIL-DE will keep strategy in pieces, leaving the PSO with an incomplete picture of the "strategy puzzle". Not using the MERIL-DE vehicle or Stratex Car will make the PSO look foolish, allowing the gap between the PSO and the moving target to get bigger, thus allowing other organisations to pass or overtake the PSO. It will demotivate the staff, frustrate stakeholders and waste stakeholders' money.

Benefits are that nine vital components are identified, which are believed to be the significant contributors of strategy execution, and put together in an integrated way, describing the role/function of each and its relation with other components. Methodologies and techniques are offered within each component to guide its establishment and maintenance.

The benefits are many. The MERIL-DE Model can never guarantee success, but at least it will maximise the chances of success (achieving the PSO objectives and arriving at the desired destination) within the strategy limitations and resource restrictions.

5.4 RECOMMENDATIONS

The recommendations presented here are targeted on practically closing the strategy execution gap by using the MERIL-DE Model. Recommendations are presented by using the car-and-journey analogy for strategy execution. The car represents the tailored vehicle built for the PSO from the nine vital strategy execution components in MERIL-DE and the journey representing the progress being made by moving from the current position to the preferred position as detailed in the vision and strategic plan. In turn, the road and environmental conditions represent the public sector. The recommendations are addressed to the PSOs as well as academics and consultants involved in promoting the successful execution of strategy.

1. Develop a policy and procedures

To institutionalise strategy execution in the public sector, each PSO needs to develop and adopt a policy and procedures based on the MERIL-DE Model. This document will acknowledge strategy execution as a separate discipline and integrate related policies and procedures, such as strategic management, performance management, stakeholder management, risk

management and project management. Having this document will set the scene for the strategy journey.

2. Improve strategic planning

To integrate strategy planning and execution, consider the MERIL-DE Model during strategic planning. Change the thinking of leaders not to see the strategic plan as an achievement, but only as a means for achievement. Ensure the strategic plan is focused, balanced, integrated, detailed and realistic with clear accountabilities and responsibilities. This is the road map for the journey, explaining where to go and which route to take.

3. Prepare for the journey – build the Stratex Car

On the one hand, do not wait for a perfect strategic plan before executing a strategy, because there is no perfect plan. On the other hand, do not think that the PSO can simply start executing the strategic plan the day after its approval. There are preparations to be made, as with any journey, especially a 5-year journey – one on which the whole organisation is embarking. The policy and procedure have to be applied by putting the nine vital components in place.

Prepare for strategy execution and be aware that the Stratex Car first has to be designed and built before embarking on the strategy execution journey. The nine vital strategy execution components have to be put together in the PSO, based on the specific public sector context. This may require developing and integrating processes and systems such as project management and performance management. Again, a balance should be reached between taking a long time to build the perfect Stratex Car and to get going with an imperfect car and improving it on the way. By following the second recommendation, the car design could already start during strategic planning.

4. Go, but service the Stratex Car regularly

Even with an incomplete or imperfect car, but with consideration of all nine vital components, the journey has to start without delaying for too long. The PSO should take a formal decision to start executing the strategy (to start with the journey). Start moving through projects. Assess the strengths of each component by making use of the SAF and calculating the TSEC. Identify strengths and weaknesses in TSEC and take corrective actions. Assess the trend in capacity improvement over time. Test the Stratex Car by regular servicing. Do repairs and maintenance as required during the journey.

5. Conduct formal research on the Stratex Car

It is recommended that research be conducted in the application of the MERIL-DE Model on the public sector, specifically:

- to determine how the Stratex Car design could be improved for the unique public sector road and environmental conditions;
- to determine the relative importance or weights to apply for the MERIL-DE components and subcomponents in the SAF and TSEC calculations – for different organisations, different situations and different countries;
- to determine how the SAF criteria per component could be improved for the measuring or quantification of component strength; and
- to investigate the relations or dependencies between the MERIL-DE components or variables.

Examples of specific questions to be explored are:

- Can a PSO claim their leadership is strong if other components are weak, e.g. Project Management, Alignment, Drive and Engagement, by using the SAF?
- To what extent do the weaker organisational units influence strategy execution?
- Is the organisational strategy execution as strong as the weakest component/link or as strong as the average as calculated in TSEC?
- Can the gap widen again after it had been closed? How?
- What are the costs and benefits in monetary value to close the gap? How could TSEC be related to monetary value?

5.5 CONCLUSION

In conclusion, strategy execution is extremely critical, but there is a big gap. Many solutions have been presented, but few are integrated models that can be applied in the public sector. The MERIL-DE Model is presented as a benchmark for making strategy execution work in the public sector. However, in order to succeed, the model and its underlying management disciplines have to be understood to properly apply it in a PSO. As conceptual model, it serves as a guide to design and build the tailored Stratex Car for each PSO by considering the unique conditions and of the public sector. Through the wide implementation of the recommendations presented in this chapter, the author would like to see a significant improvement in the delivery of strategic promises in the public sector – not only in Southern Africa, but also worldwide.

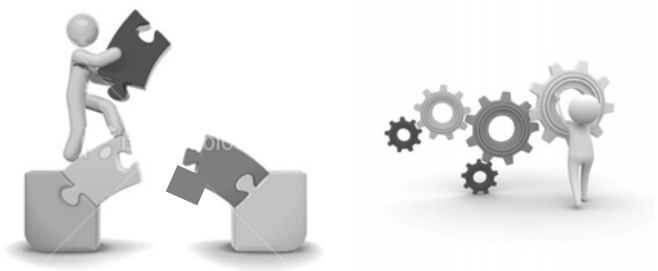
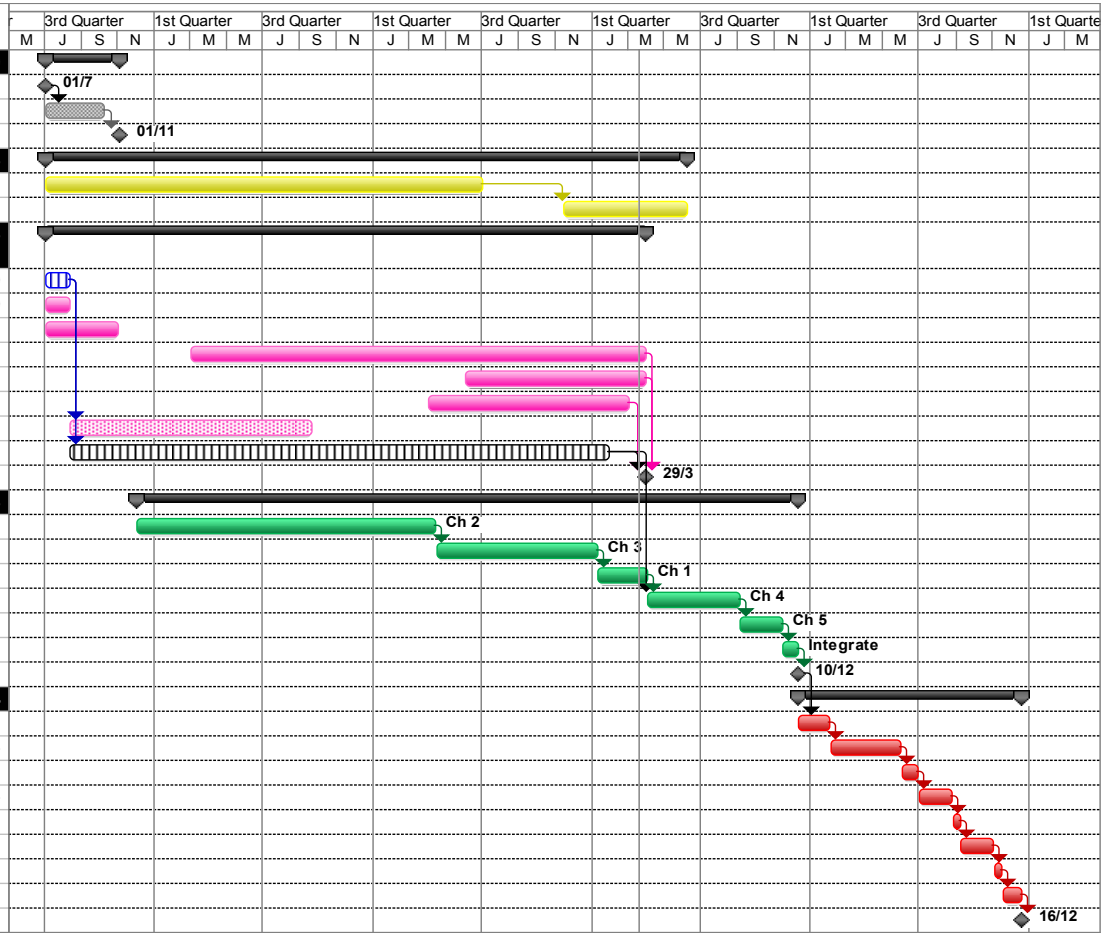


Figure 5.2: Seeing the gap closing

ANNEXURE A: RESEARCH SCHEDULE

The research schedule is depicted below. The actual examination took place on 26 January 2015 with graduation on 25 March 2015.

ID	Task Name	Duration	Start	Finish
1	**1 STAGE 1: INITIATION**	**88 days**	**01 Jul '10**	**01 Nov '10**
2	1.1 Commencement	0 days	01 Jul '10	01 Jul '10
3	1.2 Improvement of Research Proposal	71 days	01 Jul '10	07 Oct '10
4	1.3 Approval of Research Proposal	0 days	01 Nov '10	01 Nov '10
5	**2 STAGE 2: LITERATURE REVIEW**	**664 days**	**01 Jul '10**	**07 Jun '13**
6	2.1 Review literature	454 days	01 Jul '10	29 Jun '12
7	2.2 Follow up literature review	120 days	12 Nov '12	07 Jun '13
8	**3 STAGE 3: PAR - MODEL DEVELOPMENT, TESTING & IMPROVEMENT**	**624 days**	**01 Jul '10**	**29 Mar '13**
9	3.1 Develop Conceptual Model	30 days	01 Jul '10	11 Aug '10
10	3.2 Ongwediva Town Council	30 days	01 Jul '10	11 Aug '10
11	3.3 Bethanie Village Council	87 days	01 Jul '10	29 Oct '10
12	3.4 NRSC	474 days	01 Mar '11	29 Mar '13
13	3.5 NSA	191 days	01 Jun '12	29 Mar '13
14	3.6 Walvis Bay Municipality	204 days	02 Apr '12	28 Feb '13
15	3.7 Use questionnaires	250 days	12 Aug '10	19 Sep '11
16	3.8 Improve Conceptual Model	550 days	12 Aug '10	28 Jan '13
17	3.9 End of Stage	0 days	29 Mar '13	29 Mar '13
18	**4 STAGE 4: DRAFT DOCUMENTATION**	**687 days**	**01 Dec '10**	**10 Dec '13**
19	4.1 Chapter 2: Literature review	300 days	01 Dec '10	13 Apr '12
20	4.2 Chapter 3: Public sector context	157 days	16 Apr '12	08 Jan '13
21	4.3 Chapter 1: Introduction	60 days	09 Jan '13	02 Apr '13
22	4.4 Chapter 4:Closing the gap	100 days	03 Apr '13	03 Sep '13
23	4.5 Chapter 5: Findings and conclusions	50 days	04 Sep '13	12 Nov '13
24	4.6 Integrate Draft Thesis	20 days	13 Nov '13	10 Dec '13
25	4.7 End of Stage	0 days	10 Dec '13	10 Dec '13
26	**5 STAGE 5: FINALISATION**	**265 days**	**11 Dec '13**	**16 Dec '14**
27	5.1 Receive comments	38 days	11 Dec '13	31 Jan '14
28	5.2 Content improvements	85 days	03 Feb '14	30 May '14
29	5.3 Language editing	20 days	02 Jun '14	27 Jun '14
30	5.4 Completion and submission of Final Thesis	40 days	30 Jun '14	22 Aug '14
31	5.5 Turnitin Plagiarism Report	10 days	25 Aug '14	05 Sep '14
32	5.6 Final Improvements	40 days	08 Sep '14	31 Oct '14
33	5.7 Reproduction & Binding	10 days	03 Nov '14	14 Nov '14
34	5.8 Examination of Thesis	22 days	17 Nov '14	16 Dec '14
35	5.9 Acceptance & Notification	0 days	16 Dec '14	16 Dec '14



ANNEXURE B: PAR PROCESS WALVIS BAY

The PAR process for MWB conducted in a workshop 21-22 February 2013 in Walvis Bay, is outlined below

The **Purpose** of the workshop is to agree on the practical steps for MWB to execute its strategic plan, specifically the quarterly **M**easurement, **E**valuation, **R**eporting, **I**mproving and **L**earning around **D**ialogue & **D**rive.

Participants: Council & Management

Preparations: Please bring a copy of the MWB strategic plan as well as any relevant information. Refer to the attached conceptual MERIL-D model.

The following **Agenda** will serve as a guideline for the workshop.

Day 1:

Time	Activity	Methodology	Resp
8:30– 9:00	Opening, Welcome & Background Official opening & welcoming Workshop agenda & methodology	Presentations	Mayor CEO Cons
9:00 – 9:30	Strategic Plan Overview High level statements Themes, objectives, strategy map Scorecards with budgets	Presentation & Discussions	Cons All
9:30 – 10:15	Towards Strategy execution Practical considerations Agreement on the way forward	Plenary Group Discussion	All
10:15 - 10:30	Coffee Break		
10:30 – 11:30	MERIL-D Model	Presentation	Cons
11:30 – 11:45	Feedback on MERIL-D questionnaire 2012	Presentation	Cons
11:45 – 13:00	**Strategy execution (STRATEGY EXECUTION) challenges &** MERIL-D application in MWB **Considering requirements & needs**	Plenary Group Discussion	All
13:00 – 14:00	Lunch		
14:00 – 15:15	**MERIL-D application in MWB** Linking Strategy and Project Management Dialogue; Drive; Measure; Evaluate; Report; Improve; Learn; Review of the strategic plan	Small Group Discussions	All
15:15 - 15:30	*Tea Break*		
15:30 – 17:00	**MERIL-D application in MWB** (Cont)	Small Group Discussions	All
17:00	*Closure*	Presentations	CEO Mayor

Day 2:

Time	Activity	Methodology	Resp
8:30– 8:40	Opening & Welcome	Presentations	CEO Cons
8:40 – 10:15	**MERIL-D application in MWB** (Cont)	Small Group Discussions	All
10:15 - 10:30	Coffee Break		
10:30 – 12:30	Feedback from groups with concrete recommendations	Presentation	Cons
13:30 – 13:00	Conclusions, recommendations and way forward		CEO Mayor
13:00 – 14:00	Lunch & departure		

ANNEXURE C: PUBLIC SECTOR ANALOGIES

This annexure presents analogies for Public Sector Strategy Execution.

Relating to the various public sector stakeholders and role players discussed, this section illuminates the role of the public sector in relation to the private sector by means of analogies of an animal, a vehicle and a soccer game.

The public sector or government is an important stakeholder or role player in the national, regional and local economy, but not the only one. The public and private sectors are closely related, needing one another.

1. GREY ANIMAL

The vagueness, complexity, conflicting values and interests and changing nature of strategy in the public sector, makes strategy often a 'Grey Animal' – an animal that could be wild and unpredictable, but also one that can easily fall asleep. It is easily infected by corruption. Then a decision has to be made whether to ride it or to try to kill it. To motivate this animal to move and let it keep on moving is quite challenging.

2. SOCCER GAME

The soccer game has various stakeholders. For the game of soccer to be enjoyed and successful, the different stakeholders should each play their role. As in soccer, the economy has role players such as the owner, regulator, facilitator, referee, coach, players, scorekeepers and beneficiaries (author). (See Figure 5)

1. Owner: Government, Politicians, Investors, Sponsors (stand to win or lose – costs and incomes)
2. Regulator: Policy with roles & responsibilities, based on mandates, legislation, rules & regulations
3. Facilitator: Attract investors, players and spectators; create level playing field; remove hindrances; provide land, rights, equity; protect people & environment
4. Referee: Judge, enforce, punish, reward, facilitate & regulate the game
5. Coach: Champion, strategy development, project management, capacity development, coordination, improvement
6. Players: Executing the strategy; executing projects; doing the work; realising the changes and benefits; creating the value
7. Score Keepers: Record keepers, third umpire, commentators, coaching staff, evaluators – verifying, ensuring transparency, fairness, accountability, learning, improvement, conflict resolution
8. Beneficiaries: Spectators, Players, Communities, the public – enjoying, celebrating winning/success (economic growth, poverty reduction) with increased confidence in team

Joyner (2011) also uses the football metaphor for government, saying that you can have an economy (the game) without a government, but you cannot have a government without an economy. The best economy will be one that is regulated so that there is fairness or justice for everyone. Clear rules should be set that are always applied or consistent, not overly complicated to inhibit the game. Government provides the referees and officials to ensure that the game is played by the rules. The best games are those that have good officials who make good calls and who are not very visible, not blowing the whistle too often, as both the spectators and players want a fluent game without too many interruptions. Joyner (2011) imagines a game if its rulebook grew to 10,000 pages, with an official on the field for every player and a penalty after every 2 minutes and asks how many people would want to play and watch such a game.

"If a game could ever be more frustrating and hard to play, think about how much worse it would be if the referees then started changing the rules at their whim. If that were not bad enough, then they started changing them retroactively, taking points off the board or adding them. The

confusion and hesitancy to do anything would be so crippling that the game would likely grind to a halt." That is what governments are often doing when they change for example contract law and rules of business through legislation.

"Then, if anything could get worse than the over-regulated game where officials were constantly changing the rules they did have, it would be if the referees decided they were going to play the game too and just started tackling players, intercepting the ball and scoring themselves." That is what happens when the government runs or takes over businesses.

Joyner therefore asks government not to duplicate agencies, not to get involved where the private sector could do it more efficient and effective.

Key stakeholders in the soccer game are:

1. Owner: Government, politicians, investors, sponsors [Determine the game to play and the rules; stand to win or lose; provide resources and expect income / benefits];
2. Regulator: Government or independent regulator [Review & enforce policies & procedures; based on laws & regulations];
3. Facilitator: Government or appointed agency [Attract investors, players and spectators; promote level playing field; remove hindrances; provide land, rights, equity; protect people & environment];
4. Referee: Executives & supervisors [Judge, enforce, punish, reward, facilitate & regulate the game];
5. Coach: Professional [Champion in strategy development, project management, capacity development, teamwork, etc.];
6. Players: Public administration, management & staff and/or private organisations [Execute the strategy; executing projects; doing the work; realising the changes and benefits; creating the value];
7. Score Keepers: Performance management staff, third umpire, commentators, coaching staff, evaluators [Record keeping, verifying, ensuring transparency, fairness, accountability, learning & improvement];
8. Beneficiaries: The Public / target communities [The players and spectators, the public – enjoying, celebrating winning/success - for example economic growth, poverty reduction - with increased confidence in team].

Bardach (1977) uses the game metaphor to analyse the implementation process. He analyses the different players, their stakes, roles, strategies and tactics, resources, rules of play (conditions for winning), rules of fair play, the nature of communication among players and the degree of uncertainty surrounding the outcome. The implementation games could be 1) Tokenism – public apparent contribution, but privately conceding only small contributions, 2) Massive resistance – obstructing programme / project implementation, 3) Easy money – players who want to make quick and easy money from government, 4) Up for grabs – unambiguously mandated programme elements taken over by groups as political resources, 5) Piling on – with successful implementation others join to add it as their political resource, often leading to expanded objectives and scope, 6) Tenacity – players holding on to the game only until their own interests are met or block the progress until ones one terms are satisfied, 7) Territory – players protecting their own areas of jurisdiction and 8) Not our problem – when a programme sounds complicated, controversial or require many resources.

3. VEHICLE

Governments or public sector organisations could be compared to big machines, manufactured in the early days - made to last; robust, comfortable, stable, places for employment and (self) empowerment. The public sector is described as a large engine, making a lot of noise, vibration and smoke, but with little movement forward, as it is not mounted on an appropriate vehicle and driven by a competent driver.

At the end of the say 5 year term, the driver gets out, sometimes without putting the hand break on, to be replaced by the new driver or leader.

1. Stop & go - within political and budgeting cycles
2. Slow speed - buy-in more difficult; changes take longer; not designed for any quick movement.
3. Take the easy road - no dramatic changes, rather easy small short term wins
4. Unstable car - very tall and unstable; drivers often change
5. Numerous wheels - (staff at the bottom) often don't know where to go; not road worthy, especially not designed for 4X4; difficult to replace or to retread; different sizes and shapes.
6. No race - not part of a competition; no urgency; no hurry; no consequences for poor performance; often more in the pit stop than on the road.
7. Energy source not so sustainable - combination of push and pull; carrot and stick; no real internal sustainable motivation
8. Poor link between top and bottom - ideas/policies at the top are not clearly translated and communicated to the bottom (wheels) through clear projects/action plans (the small steps required)
9. Overloaded - too many people on the 'bus', especially overcrowded in the middle; cannot go down and difficult to move up.
10. No dashboard - don't really know how we are doing
11. Poor lubrication - oil levels very low; poor dialogue/engagement in measuring, evaluation, reporting, learning, improvement and adjustments of strategy and project plans.

Comparing a straight tar road (private sector) to a winding gravel mountain road (public sector), the public sector vehicle needs a few modifications (for example 4X4) and the drivers need more training to drive more cautiously; they need to stop and check more regularly - including managing perceptions. The problem is that government often tackles 'a mountain' which is above their ability.

ANNEXURE D: QUESTIONNAIRE

Dear Participant,

I am currently doing PhD research through the School of Public Leadership, Stellenbosch University, on the topic: "Closing the Strategy execution Gap in the Public Sector'.

The importance of strategy execution to achieve the organisational objectives (and community/environmental benefits) is increasingly being recognised, but successful execution seems to remain problematic in the business world today, including the public sector.

The purpose of the research is to test and further develop a conceptual Strategy Execution model in an attempt to reduce this strategy execution gap in the public sector. The desired outcome of this research is that the Public Sector would have a model to significantly improving strategy execution. To move flawlessly between strategy planning and execution towards improving performance levels as well as public service delivery.

By completing this questionnaire, you contribute to this important research and model development. Thank you very much for your valuable time and views!

Anton Olivier

www.strategy executionconsult.com

anton@stratexconsult.com

Tel (061)255040; Cell 0812627991

Please answer the following questions on behalf of your organisation by using the key below.

10 = Excellent / 100%	
9 = Very Good 8 = Good 7 = Acceptable / above standard 6 = Just above the minimum standard	5 = Just below the minimum standard 4 = Not acceptable 3 = Poor 2 = Very Poor 1 = Extremely Poor
0 = Not existing or not applicable	

A. STRATEGY	**RATE**
1. We have a **recent / updated strategic plan**.	
2. Our strategic plan is **widely understood and accepted** by our staff as well as external stakeholders.	
3. We have a clear **strategy map** that makes sense to all of us and clearly communicates our strategic focus areas and objectives on one page.	
4. Our strategic plan clearly spells out the **accountabilities and responsibilities** of units (departments/directorates) and individuals.	
5. Our **Initiatives** are clear and detailed so that we exactly know what to do to achieve our objectives.	
6. Our strategic plan takes **top priority** in our day-to-day work and we see how it is **steering** and **binding** our stakeholders together towards our vision.	
7. We are **successfully executing** our strategy.	
8. We are **regularly** (at least annually) **reviewing and updating** our strategy.	

9. List the **major problems/challenges** you are experiencing in successfully executing your strategy.
10. What would you regard as the **critical elements** (key ingredients) for successful strategy execution?

B. PROJECTS	**RATE**
1. We follow a **formal Project Management methodology**, from initiation, planning to execution, control to closeout.	
2. We **clearly link** our projects with our objectives.	
3. We have sufficient **project management skills** in our organisation.	
4. We properly plan our identified strategic initiatives by means of **detailed project plans**.	
5. We have sufficient **financial resources** to execute our initiatives/projects identified in our strategic plan.	
6. We are **regularly** (at least quarterly) **reviewing and updating** our project plans.	
7. We document and share **lessons learnt** from our projects (both successes and failures)	

C. LEADERSHIP	**RATE**
1. Our leadership (Politicians & Administration) strongly **Envision** for identity and direction: they instill a clear, credible and inspiring purpose/reason for being/identity with compelling destination and direction.	
2. Our leadership (Politicians & Administration) strongly **Educate** for clarity: they make sure each person understands the strategy, that the strategy is clear, available and reinforced continuously so that everyone knows his/her part in the strategy	
3. Our leadership (Politicians & Administration) strongly **Energise** / inspire for commitment: they get strategy in the hearts of the people through true mentoring and dialogue, engaging the hearts of people, obtaining individual commitment (buy-in) to the strategy so that everyone wants to be part of strategy execution.	
4. Our leadership (Politicians & Administration) strongly **Employ** energy through proper realistic planning: they are able to plan projects/actions to get things done, to achieve the strategic objectives; they assign people to specific projects and promote teamwork.	
5. Our leadership (Politicians & Administration) strongly **Empower** people by building capacity and aligning People, Processes and Technology; they expand people's capabilities through coaching and leading to improved performance.	
6. Our leadership (Politicians & Administration) strongly **Establish trust**: they have the ability to establish, grow and restore trust with all stakeholders; they are credible through character and competence.	
7. Our leadership (Politicians & Administration) strongly **Execute** as role model with integrity, authenticity, self-awareness, self-mastery and humility: they walk the talk, being servant leaders, they oversee and expedite strategy execution (for effectiveness, speed and efficiency).	

8. Our leadership (Politicians & Administration) strongly **Ensure** through good control and feedback: they monitor and manage performance, ensuring that everyone is doing what they are supposed to do, dealing decisively with poor performance and implement corrective measures.	

D. ORGANISATION DESIGN AND ALIGNMENT	**RATE**
1. Our organisational **structure** fully supports our strategy execution.	
2. We have sufficient **human resources** (in terms of skills, experience and attitudes) to successfully executing our strategy.	
3. Our **people practices / culture** are working towards successful strategy execution.	
4. We have the right **business processes & technology/ICT** for successful strategy execution.	
5. We have the right **relations and alliances with stakeholders** for successful strategy execution.	
6. Our **physical resources** (office facilities, equipment, tools, materials, vehicles) are sufficient and appropriate for successful strategy execution.	
7. We have sufficient **financial resources** to successfully executing our strategy.	
8. We **regularly review our organisation design to ensure alignment** of all its elements to our strategy.	

E. DRIVE (MOTIVATION)	**RATE**
1. I want to execute our strategy as I see it as **pursuing a worth-while purpose**	
2. I experience sufficient **autonomy** or freedom in executing the strategy	
3. I experience that I regularly **master new skills** while executing the strategy	
4. I receive regular **acknowledgement and appreciation** for my contributions	
5. My **personal goals are aligned** to the organisational objectives	
6. I receive **incentives** to work harder to achieve our strategic objectives.	
7. I **enjoy my work** and look forward to come to work every morning.	
8. I receive good **social support** from our colleagues and managers.	
9. I have a supporting and attractive **physical environment** (offices).	
10. We have a **formal/standard method** for performance measurement, assessment, feedback and reward/punishment.	

F. DIALOGUE	**RATE**
1. Our **communication** is characterised by openness, frankness, honesty, truthfulness, sincerity, straightforwardness, inviting multiple viewpoints where participants are considered as equals, each with valuable insights to share.	
2. We have a culture of **regular and open discussions on our performance** (organisation, unit and individual performance).	
3. We feel well connected with one another through **good relations** and **trust**.	
4. We work well as **teams.** We believe that through **collaboration** all will do better. We therefore promote and reward collaboration and teamwork	
5. We promote and reward **open communication** and **sharing of views and knowledge**.	
6. Our formal and informal **meetings** are well attended and effective.	

7. We allow and promote **wide participation in decision-making**.	

G. MEASURE	**RATE**
1. We regularly (at least quarterly) measure our progress in achieving our strategic **objectives**.	
2. The performance indicators (PIs), baselines and annual targets we selected to measure our **objectives are SMART** (Specific, Measurable, Agreed to, Realistic and Time-bound) and we believe that the selected PIs really indicate the performance of our objectives.	
3. We regularly (at least quarterly) measure our progress in successfully completing our **initiatives/projects**.	
4. We have good measures to regularly assess our **project performance**. We believe that the project measures we use really indicate the true performance of our projects	
5. We regularly (at least annually) **compare** our performance with that of other good performing organisations for **benchmarking**	
6. Our performance measures include measures on **inputs, process, outputs and outcomes**	
7. We have **wide acceptance and support** in the methodology we use to measure organisational, unit and individual performance (from top management to lower staff levels).	
8. We **really want to** regularly measure how we are progressing. In our **performance culture** we are in the habit to measure what matters (to achieve what matters). Our people welcome regular performance measurement, because we see its benefits.	
9. Our measures for **O/U/I** (Organisational, Unit & Individual) performance are **linked** and are perceived as transparent and fair.	
10. Most of our people are **involved in measuring** performance.	
11. We use standard automated **technology/software/spreadsheets** for our measurement.	
12. Our performance measures are **simple, easy to understand and effective.**	

H. EVALUATE	**RATE**
1. We **make time** for dialogue to make sense out of our measured performance data.	
2. Our dialogue on performance data is normally very fruitful, as we normally succeed to **make sense / give meaning / interpret** the measured performance data.	
3. We use good **methodologies/tools/software** to analyse & synthesise our performance data (for example comparisons, trends & explorations).	
4. When evaluating performance we consider and **relate O/U/I** (Organisational, Unit & Individual) **performance**.	
5. We normally are successful in reaching **conclusions** after evaluations.	
6. We are normally successful in agreeing on the most appropriate **response/improvement action** to the conclusions.	

I. REPORT	**RATE**
1. We have a complete and approved **Communication Management Plan** in place for our Local Authority.	
2. We actually **report/communicate** our O/U/I performance to our stakeholders **according to our Communication Management Plan.**	
3. The reporting function is **shared by most of our staff**.	

4. Our performance reports are **standard and consistent.**	
5. Our performance reports are **regular and on time**.	
6. Our performance reports are **attractive, clear and user-friendly.** We make use of graphics. Are our reports are short and simple, but powerful.	
7. Our **stakeholders** normally express their **satisfaction** with the reports/communication they receive on our performance.	
8. Our performance reports are **read/ studied** by the right people.	
9. Our performance reports are really **promoting true dialogue**.	
10. Our performance reports are great sources for **effective decision-making.**	
11. Our performance reports (hard & soft copies) are properly **filed** for future use and audits.	
12. Our performance reports are excellent **sources for learning.**	

J. IMPROVE **RATE**

1. The demonstrated **focus** of our organisation is to improve/develop. **Continuous improvement** is part of our **culture**/the way we do things.	
2. We **focus equally** on improving Organisational, Unit & Individual performance.	
3. Based on our good measures, evaluation and reports, it is normally **easy to decide on the improvement measures** required.	
4. When considering improvements, we **consider all possible Organisational Development (OD) interventions**, for example improving strategy, projects, people, processes, technology or organisational structure.	
5. We use **formal/standard methodologies, tools and techniques** for developing, evaluating and selecting improvement options.	
6. We properly use **dialogue** in developing, evaluating and selecting improvement options.	
7. When selecting the improvement initiatives, we follow the **Project Management methodology** to initiate, plan, execute, control and close out the projects/initiatives.	
8. We regularly review the **impacts of our projects on our strategic plan** and **amend** the strategic plan and project plans as an when required	
9. We have a good track record for **successful organisational improvements**.	

K. LEARN **RATE**

1. We receive sufficient opportunities in our work to **learn new skills**.	
2. Our people get **regular and good feedback** on their performance to learn to what extent they are doing well or bad.	
3. **Learning** is part of our organisational **culture**. We value and promote learning by all. We share our knowledge through performance dialogue on successes and failures - to make our organisation continually smarter and smarter.	
4. We use **formal/standard methodology, tools and techniques** for learning. We have a Knowledge Management system in place. We store and share our knowledge and lessons learnt.	
5. Our people are well **trained in performance management**.	
6. Our knowledge is well **institutionalised/embedded** in the organisation. Should key staff leave, the knowledge will remain in the organisation.	
7. We are learning a lot from our performance **dialogue and meetings.**	

8. We are successful in learning from our **successes and failures** and are therefore able to repeat successes and prevent failures.	
9. Our increasing knowledge lead us to regular **innovations** as we **use / apply / leverage** our newly created knowledge for the benefit of our organisation and stakeholders	

L. RISK MANAGEMENT	**RATE**
1. We have a **risk management system** in place, considering all types of internal and external risks (for example with regard to leadership, skills, corruption, theft, waste, conflict, resistance, weather and shortage of resources)	
2. We **regularly manage risk** by identify and evaluate risk to agree on the most appropriate responses	
3. We have a **good track record in risk prevention, mitigation and transfer** that kept our strategy execution on track	

ANNEXURE E: STRATEX ASSESSMENT FRAMEWORK [SAF]

Purpose: to determine your organisation's readiness or capacity for strategy execution (STRATEX). Rate each statement by using the following key:

10 = Excellent / 100%	
9 = Extremely good 8 = Very good 7 = Above standard 6 = Just above the minimum standard	5 = Just below the minimum standard 4 = Not acceptable 3 = Poor 2 = Very Poor 1 = Extremely Poor
0 = Not existing	

1. LEADERSHIP **Rate**

1. Our strategy planning and execution **start and end with our leadership**. Our leadership is actively involved/ engaged in initiating, planning and executing our strategy, remaining accountable for the results.	
2. We have the **leadership capacity**, the 3-5% of employees throughout the organisation who can deliver breakthroughs in performance	
3. Our leaders actively and visibly execute the strategy as **role models**, demonstrating integrity and authenticity, walking the talk, expediting strategy execution for effectiveness, speed and efficiency.	
4. Our leaders are credible through character and competence, establishing, growing and restoring **trust** with all stakeholders	
5. Our leaders are managing the **political agenda** well by reflecting political direction and changes in the strategy and project plans.	
6. Our leaders provide a clear **vision**; they instill a clear, credible and inspiring purpose/reason for being/identity with compelling destination and direction.	
7. Our leaders **focus and apply** limited resources to the right projects/actions to achieve the strategic objectives	
8. Our leaders provide the required **resources** to execute the strategy, including staff, skills, technology and financial resources.	
9. Our leaders **empower** people through coaching, capacity building and promotion of teamwork.	
10. Our leaders strongly **educate** for clarity; they make sure each person understands the strategy, that the strategy is clear, available and reinforced continuously so that everyone knows his/her part in the strategy	
11. Our leaders strongly **energise** / inspire for commitment; they get strategy in the hearts of the people through true mentoring and dialogue, obtaining individual commitment (buy-in) to the strategy so that everyone wants to be part of strategy execution.	
12. Our leaders regularly and properly **monitor and control** performance and progress, ensuring that all do what they are supposed to do, dealing decisively with poor performance, implementing corrective measures and rewarding good performance	

2. STRATEGIC PLANNING	Rate
1. We have an **approved** strategic plan **updated** at least annually	
2. Our strategic plan takes **top priority** in our day to day work and we see how it is **steering** and **binding** our stakeholders together towards our vision; we remain strategy focussed	
3. We have a **clear** strategic plan that is widely **understood** and **accepted** by management and staff on all levels, as well as our key external stakeholders.	
4. We have a **balanced** set of linked objectives, with lead-lag relations, integrated and depicted in a clear **strategy map** that makes sense to all of us and clearly communicates our strategic focus areas and objectives on one page.	
5. We have the **right objectives** that are relevant and related to key strategic issues.	
6. We **focus** on a **limited number of objectives** (the vital few objectives that will make a significant difference); priorities are clear.	
7. Our strategic objectives are **SMART** – Specific, Measurable, Agreed/Assigned to, Realistic and Time-bound (based on benchmarking) by using performance indicators (PIs) and targets.	
8. We have **baselines** for our SMART objectives; we know where we are now	
9. We have both lead and lag performance indicators (PIs) and targets, including inputs, processes, outputs and outcomes (**IPOO**)	
10. We have detailed and realistic **initiatives** (activities, projects and programmes) linked to specific objectives, with clear responsibilities (normally project managers), resource requirements and time and cost estimates.	
11. We clearly **link** our objectives and initiatives; initiatives clearly contribute to the achievement of our SMART objectives	
12. Our **Initiatives** are clear and detailed so that we exactly know what to do and by when	
13. We consider and allow for **time constraints** such as political and budget cycles and wide stakeholder consultation	
14. We link our strategy with a realistic **budget**, based on good **cost** estimates for all our strategic initiatives	
15. Our corporate scorecard is **cascaded to unit scorecards** (for example for departments or directorates); we clearly spell out the **accountabilities** (per objective) and **responsibilities** (per initiative) for units and individuals.	

3. PROJECT MANAGEMENT	Rate
1. We follow a **formal project management methodology or framework**, from initiation, planning to execution, monitoring and control to closing.	
2. We have sufficiently **skilled staff** in project management, including competent **project managers**	
3. We have a standard and formal process of **project initiation**, including alternative evaluation, prioritisation, selection and approval	
4. We properly plan our identified strategic initiatives by means of **detailed project plans** before we execute/implement our projects	
5. We regularly measure and evaluate **project success** in terms of progress according to plan (on-time and on-budget), benefit realisation and stakeholder satisfaction.	
6. Each project has a clearly assigned/appointed **project sponsor / champion** – who wants the project to succeed and who makes available the required resources	

7. **Team members** are formally appointed for each project and assigned clearly defined roles and responsibilities.	
8. Our projects are normally completed **on time and within budget**	
9. Our projects are normally completed to the **satisfaction of all key stakeholders**, for example the customers and beneficiaries.	
10. Our projects normally achieve its **strategic objective / business benefit**	
11. We document and share **lessons learnt** from our projects (both successes and failures)	
12. We are **regularly** (at least quarterly) **reviewing and updating** our project plans.	

4. ALIGNMENT **Rate**

1. Our organisational **structure** is aligned to and supports our strategy and execution; our subdivisions, coordination and lines of communication promote strategy execution.	
2. Our **staff and skills** in general support our strategy. We have sufficient human resources to successfully executing our strategy.	
3. Our **culture** (our people practices/how we do things) are working towards successful strategy execution, as we have a high performance culture.	
4. Our personal and organisational **goals/objectives** are well aligned; by achieving our organisational objectives, we will also achieve our personal goals.	
5. We demonstrate the right and aligned **behaviour** towards achieving our objectives.	
6. We have the right **attitudes/motives** towards our projects, work and organisation	
7. Our business **processes** / standard operating procedures support our strategy and execution.	
8. Our **physical resources** (office facilities, equipment, tools, materials, vehicles) are sufficient and appropriate for successful strategy execution.	
9. Our annual **budgeting process/system** allows sufficient financial resources to successfully execute our strategic initiatives.	
10. Our **technology/ICT** is aligned and supports our strategy and execution.	

5. M E R I L

5.1 Measure **Rate**

1. We regularly (at least quarterly) measure our progress in achieving our strategic **objectives**.	
2. We regularly (at least monthly) measure our progress with our **initiatives/projects**.	
3. We have good PIs, baselines and targets indicating our **performance of our objectives**.	
4. We have good measures indicating the true **performance of our projects**, including time and cost.	
5. We regularly (at least annually) compare our performance with that of other good performing organisations for **benchmarking**	
6. We have **wide acceptance and support** in the methodology we use to measure organisational, unit and individual performance (from top management to lower staff levels).	
7. We **really want to** regularly measure how we are progressing. In our **performance culture** we are in the habit to measure what matters (to achieve what matters). Our people welcome regular performance measurement, because we see its benefits.	

8. Most of our people are **involved in measuring performance.**	
9. Our measures for **O/U/I** (Organisational, Unit & Individual) performance are **linked** and are perceived as transparent and fair.	
10. We use standard automated **technology/software/spreadsheets** for our measurement.	
11. Measuring our performance is **simple, easy to understand and effective.**	
12. We allow for regular **improvements in PIs and Targets** (often difficult to establish during planning)	

5.2 Evaluate	**Rate**
1. We **make time** for dialogue to make sense out of our measured performance data.	
2. Our dialogue on performance data is normally very fruitful, as we normally succeed to **make sense / give meaning / interpret** the measured performance data.	
3. We use good **methodologies/tools/software** to analyse & synthesise our performance data (for example comparisons, trends & explorations).	
4. When evaluating performance we consider and **relate O/U/I** (Organisational, Unit & Individual) **performance**.	
5. We normally are successful in reaching **conclusions** after evaluations.	
6. We are normally successful in agreeing on the most appropriate **response/improvement action** to the conclusions.	

5.3 Report	**Rate**
1. We have a complete and approved **Communication Management Plan** in place	
2. We actually **report/communicate** our O/U/I performance to our stakeholders **according to our Communication Management Plan.**	
3. The reporting function is **shared by most of our staff**.	
4. Our performance reports are **standard and consistent.**	
5. Our performance reports are **regular and on time**.	
6. Our performance reports are **attractive, clear and user-friendly.** We make use of graphics. Are our reports are short and simple, but powerful.	
7. Our **stakeholders** normally express their **satisfaction** with the reports/communication they receive on our performance.	
8. Our performance reports are **read/ studied** by the right people.	
9. Our performance reports are really **promoting true dialogue** and a great source for **effective decision-making.**	
10. Our performance reports (hard & soft copies) are properly **filed** for future use and audits.	
11. Our performance reports are excellent **sources for learning.**	

5.4 Improve	**Rate**
1. Our organisation always focuses on **innovation / continuous improvement**, as it is part of our **culture**/the way we do things.	
2. Our improvements are based on our regular (monthly and quarterly) **performance reviews and reports**.	
3. We consider all possible **Organisational Development (OD) interventions**, for example improving strategy, projects, people, processes, technology and/or structure.	

4. We regularly make improvements in **organisational, unit & individual** (OUI) performance.	
5. Based on our good measures, evaluation and reports, it is normally **easy to decide on improvements** required.	
6. Improvements are considered on a **continuous** basis, but at least **quarterly** formally addressed.	
7. We have a good track record for **successful organisational improvements**.	

5.5 Learn **Rate**

1. **Learning** is part of our organisational **culture**. We value and promote learning by all. We share our knowledge through performance dialogue on successes and failures - to make our organisation continually smarter and smarter.	
2. We make time on a **monthly and quarterly** basis to learn from our progress – what is working, what is not working and how we can improve.	
3. We are learning a lot from our performance **dialogue and meetings.**	
4. We use formal/standard methodology, tools and techniques for learning. We have a **Knowledge Management** system in place. We store and share our knowledge and lessons learnt.	
5. Our knowledge is well **institutionalised/ embedded** in the organisation. Should key staff leave, the knowledge will remain in the organisation.	
6. We are successful in learning from our **successes and failures** and are therefore able to repeat successes and prevent failures.	
7. Our increasing knowledge lead us to regular **innovations** as we **use / apply / leverage** our newly created knowledge for the benefit of our organisation and stakeholders	
8. We regularly use / apply / leverage this new knowledge/wisdom to **update and improve our strategy and projects**.	

6. DRIVE **Rate**

1. **Purpose**: I want to execute our strategy as I see it as pursuing a worth-while purpose	
2. **Action plan**: I am clear on what to do, by when, at what cost, at what quality and who to do what	
3. **Autonomy**: I experience sufficient autonomy or freedom in executing the strategy; our levels of autonomy are well balanced with our levels of authority and accountability.	
4. **Mastery**: I experience that I regularly master new skills while executing the strategy	
5. **Acknowledgement**: I receive regular acknowledgement and appreciation for my contributions; Reward management and staff appropriately; Financial rewards could however be included under acknowledgement	
6. **Achievement**: I feel that we regularly achieve and celebrate success.	
7. My **personal goals** are well aligned with our organisational objectives	
8. I receive **incentives** to work harder to achieve our strategic objectives.	
9. I **enjoy my work** and look forward to come to work every morning.	
10. I receive good **social support** from our colleagues and managers.	
11. I have a supporting and attractive **physical environment** (offices).	
12. We have a **formal/standard method** for performance measurement, assessment, feedback and reward/punishment.	

7. ENGAGE	Rate
1. Our **communication** is characterised by openness, frankness, honesty, truthfulness, sincerity, straightforwardness, inviting multiple viewpoints where participants are considered as equals, each with valuable insights to share.	
2. We have a culture of **regular and open discussions on our performance** (organisation, unit and individual performance).	
3. We feel well connected with one another through **good relations** and **trust**.	
4. We work well as **teams.** We believe that through **collaboration** all will do better. We therefore promote and reward collaboration and teamwork	
5. We promote and reward **open communication** and **sharing of views and knowledge**.	
6. Our formal and informal **meetings** are well attended and effective.	
7. We allow and promote **wide participation in decision making**.	

8. RISK MANAGEMENT	Rate
1. We have a formal standardised **risk management system** in place,	
2. Our risk management system/process is **integrated** with our strategy execution and project execution processes to allow regular updates (of projects and our strategy scorecard) as required.	
3. On an ongoing basis, we properly scan the environment to **identify** and record risks – from internal environment, business environment and PESTLE environment.	
4. On an ongoing basis, we properly **evaluate** identified risks by means of dialogue and technology.	
5. We have a **good track record in risk prevention, mitigation and transfer** that kept our strategy execution on track.	
6. We have a quick **response time** to changes/risks.	

9. STAKEHOLDER MANAGEMENT	Rate
1. We have a **stakeholder management plan** in place to deal with all types of internal and external stakeholders, in terms roles, needs, influences, critical factors, responses, etc. [two-directional; listen and talk; give and take; influence and be influenced]	
2. We properly **execute** our stakeholder management plan.	
3. We clearly link stakeholder management with both **strategy and project management**	
4. We clearly link stakeholder management with **reporting / communication management**	
5. We have good **relations** with stakeholders for successful strategy execution.	
6. We have formalised **alliances/partnerships** with stakeholders to collaborate on strategy execution.	
7. We have assigned **human resources and funds** for stakeholder management	
8. We regularly **report** on and **update** our stakeholder management plan	

LIST OF REFERENCES

ActiveStrategy 2010, Strategy Execution, Available from: <http://www.activestrategy.com/strategy_execution/the_strategy_execution_evolution.aspx> [5 October 2010].

Alexander, J 1990, Top Ten Public-Private Sector Differences, , Performance Management Inc., Texas, Available from: <www.alexanderleadership.com> [15 October 2013]

Association for Savings & Investment SA (ASISA), 2013, Code for Responsible Investing by Institutional Investors in South Africa (CRISA), 2013, Available from: <http://www.asisa.co.za/index.php/info-centre/responsible-investment.html> [15 January 2013]

Axson, DAJ 1999, The Fastest Route to Right Answers, *Strategy & Leadership Journal*, May-June 1999, Vol. 27(3), pp. 6-10.

Bardach, EE 1997, *The Implementation Game*, MIT Press, Cambridge, Massachusetts.

Barr, T 2012, How to Structure Your KPI Project, Available from: < http://staceybarr.com/measure-up/how-to-structure-your-kpi-project/> [21 February 2012].

Barrows, E 2009, Strategy Execution, Planning through Performance Brief, Available from: <http://edbarrows.com/Resources/briefs/StrategyExecution.pdf> [27 October 2011]

Berggren, E & Dalgaard, L 2009, *Return on Execution – Pulling the Levers that Drive Execution,* Available from: < http://www.effective-learning.dk/media/5921/return_on_execution.pdf>.

Blanchard, K 2007, *Leading at a Higher Level – Blanchard on Leadership and Creating High Performing Organizations*, Pearson/Prentice Hall, New Jersey.

Bossidy, L & Charan, R 2002, *Execution – The discipline of getting things done*, Crown Business: New York, USA.

Butcher, D & Clarke, M 1999, 'Organisational politics: the missing discipline of management?' *Industrial and Commercial Training*, Vol. 31 No. 1, 1999, pp. 9 – 12.

Caliste, ALE 2012, The Project Management Project – Challenges in the Public Sector, 2012 PMI Global Congress Proceedings, Vancouver, Canada.

Childress, JR 2013, *FASTBREAK: The CEO's Guide to Strategy Execution*, a preprint electronic version, The Principia Group, UK.

Cohen, D 2011, Changing Behaviors: An Insurmountable Challenge in Strategy Execution? BTS Blog, Available from: <http://www.bts.com/news-insights/strategy-execution-blog/Changing_Behaviors_An_Insurmountable_Challenge_in_Strategy_Execution.aspx> [1 November 2011]

Collins, J 2001, *Good to Great Why Some Companies Make the Leap... and Others Don't,* HarperCollins Publishers inc., New York.

Covey, SMR & Merrill, R 2006, *The Speed of Trust* – The One Thing That Changes Everything, FREE PRESS, Simon & Schuster, New York.

Crawford, JK 2011, The Enterprise PMO as Strategy Execution Office, PMI Global Congress, Washington DC, USA.

Crawford, LH & Helm, J 2009, Government and Governance: The value of project management in the public sector, *Project Management Journal*, March 2009, Vol. 40, No1, pp. 73-87.

Creswell, JW 1994, Research design: Qualitative and quantitative approaches, Sage Publications Inc., California.

Cruz, ES 2013, Readings in strategy execution, Business World Online, 25 March 2013, Available from: <http://www.bworldonline.com/content.php?section=Opinion&title=Readings in strategy execution&id=67760> [30 March 2013]

Cummings, TG & Worley, CG 1997, *Organization Development and Change*, South-Western College Publishing, Cincinnati, Ohio.

Davis, I 2007, Government as Business, *The McKinsey Quarterly*, October 2007.

Deacon, T 2011, *The Elusive Concept of Project Success: Introducing the Endeavour Success Matrix*, PM World Today – October 2011, Vol. XIII, Issue X.

De Flander, J 2010, *Strategy Execution Heroes – business strategy implementation and strategic management demystified*, The Performance Factory, Belgium.

De Flander, J 2012, Individual performance management in 2012 – 7 trends, the performance factory newsletter, Sept & Oct 2012.

Denhardt, JV & Denhardt, RB, 2007, *The New Public Service: Serving, Not Steering*, Expanded Edition, Armonk, ME Sharpe Inc., New York.

Dinsmore, PC 1999, *Enterprise Project Management*, AMACOM, New York.

Dinsmore, PC & Cabanis-Brewin, J. 2011, *The AMA Handbook of Project Management*, Third Edition, Amacom, Citation.

Edmondson, AC 2008, The competitive imperative of learning, *Harvard Business Review*, July-August 2008, hbr.org.

Falletta, SV 2005, Organizational Diagnostic Models: A Review & Synthesis, White Paper, Leadersphere Inc., California, USA.

Ferrazzi, K 2009, *Who's Got Your Back* – the breakthrough program to build deep, trusting relationships that create success – and won't let you fail, Broadway Business, Crown Publishing Group.

Fin24, 2014, Corruption: Time to stop the rot, Available from: <http://www.fin24.com/Economy/Corruption-Time-to-stop-the-rot-20131209> [7 January 2014]

Fogg, CD 2006, *Implementing your strategic plan* – how to turn intent into effective action for sustainable change, Booksurge.com.

Forbes Insights 2009, *The Powerful Convergence of Strategy, Leadership and Communications,* FD Corporate Communications, *Available from:* <http://www.forbes.com/forbesinsights/FDStrategy/index.html> [June 2009]

Foster, M 2013, *Praxis: Theoretically Reflective Action*, Available from: <http://www.markfoster.net/struc/praxis.html> [21 March 2013]

Franken, A, Edwards, C & Lambert, R, 2009, *Executing Strategic Change: Understanding the Critical Management Elements that Lead to Success,* California Management Review Vol. 51, No. 3 (Spring 2009), pp. 49-73, University of California Press, Available from: <http://www.jstor.org/stable/41166493>

Garbers-Strauss, J & Roodt, G 2001, Foresight: the missing link of strategy? Management Today Yearbook 2001, pp. 12-31, *Management Today Magazine*, Johannesburg.

Global Reporting Initiative [GRI], 2013, Available from: <https://www.globalreporting.org> [14 January 2013]

Gottschalk, P & Gudmundsen, YS 2009, Police culture as a determinant of intelligent strategy implementation, *International Journal of Police Science and Management*, Vol. 11 No. 2 2009, pp. 170-182.

Graham, J, Amos, B & Plumtree, T 2003, Principles for Good Governance in the 21st Century, Policy Brief No 15, August 2003, Institute of Governance, Canada.

Hamm, J 2011, *Unusually Excellent – The necessary nine skills required for the practice of great leadership*, Jossey-Bass, Wiley, New York.

Harpst, G 2008, *Six Disciplines Execution Revolution: Solving the one business problem that makes solving all other problems easier*, Six Disciplines Publishing, USA.

Hefner, MB 2010, *Leadership for Strategy Execution*, A Palladium Group Point of View, Available from: http://www.thepalladiumgroup.com>

Heinrich, CJ & Lynn, LE 2000, *Governance and Performance: New Perspectives*, Georgetown University Press, Washington DC.

Henry, N 2010, *Public Administration and Public Affairs*, 11th edition, Pearson Education, New Jersey.

Herzberg, F 1968, One More Time: How Do You Motivate Employees? *Harvard Business Review*, January-February 1968, Harvard Business School Publishing Corporation, Boston.

Hitachi Consulting 2009, Strategy Execution: Setting Strategy is Just the Beginning, A Knowledge-Driven Consulting White Paper, Available from: <www.hitachi.com>

Hitt, WD 1995, 'The learning organization: some reflections on organizational renewal', *Leadership and Organization Development Journal*, vol. 16, Issue 8.

Hood, C 1991, a Public Management for All Seasons? *Public Administration*, Vol. 69, No. 1, pp. 3-19, Blackwell Publishing Limited.

Hrebiniak, LG 2005, *Making Strategy Work: Leading Effective Execution and Change*, Pearson Education, Inc., , New Jersey.

James, G 2013, *How to Evaluate a Market Strategy*, Inc.com newsletter, 19 March 2013, Available from:<http://www.inc.com/geoffrey-james/how-to-evaluate-a-market-strategy.html?goback=.gmp_4755906.gde_4755906_member_227721147> [10 April 2013]

Jones, P 2011, The Excitant Manifesto - Putting Human beings back into Performance Management; Strategy as a Learning Process; Improving the Quality of Conversation and Action, Available from: <http://www.excitant.co.uk/wp-content/uploads/2012/07/The_Excitant_Manifesto.pdf>

Joyner, R 2013, The Great Commission, Kingdom Principles, Week 39, 2013, Word of the Week, Morningstar Ministries, USA.

Joyner, R 2011, *The End Is Near,* SPECIAL BULLETIN #6 2011, Morningstar Ministries, Available from:
<http://www.morningstarministries.org/Articles/1000116494/MorningStar_Ministries/Media/Special_Bulletins/2011/Special_Bulletin_6.aspx> [27 December 2011]

Kaplan, RS & Norton, DP 2001, *The Strategy-Focussed Organization – How Balanced Scorecard companies thrive in the new business environment*, Harvard Business School Publishing Corporation, USA.

Kaplan, RS 2005, *How the balanced scorecard complements the McKinsey 7-S model*, Strategy & Leadership, vol. 33 no. 3 pp. 41-46, Emerald Group Publishing Limited.

Kaplan, RS & Norton, DP 2008, *The Execution Premium – linking strategy to operations for completive advantage,* Harvard Business School Publishing Corporation, USA.

Kenny, G 2005, *Strategic Planning and Performance Management – Develop and Measure a Winning Strategy*, Elsevier Butterworth-Heinemann, New York.

King, ME 2012, Governance Beyond Boardroom, workshop presented on 31 August 2012 in Windhoek, Namibia, facilitated by JCD Business Solutions.

Kingsley, GA and Reed, PN 1991, *Decision Process Models and Organizational Context: Level and Sector Make a Difference,* Public Productivity & Management Review, Vol. 14, No. 4 (Summer, 1991), p. 409, M.E. Sharpe, Inc.

Kinni, T 2003, The Art of Appreciative Inquiry, The Harvard Business School Working Knowledge for Business Leaders Newsletter, 22 September 2003, Harvard Business School.

Konczal, E 2004, INTEGRITY – the new leadership story, weLEAD Online Magazine, June 2004, leadingtoday.org.

Kotler, P & Caslione, JA 2009, *Chaotics – The Business of Managing and Marketing in the Age of Turbulence*, AMACOM, USA.

Kotter, JP in Hesselbein, F and Cohen, PM 1999, *Making Change Happen*, Leader to Leader, Chapter 9, The Drucker Foundation, New York.

Kruger, A 2014, 14 predictions for 2014, Fin24, Available from:
<http://www.fin24.com/Economy/14-predictions-for-2014-20140102> [3 January 2014]

Larbi, G A 1999, The New Public Management Approach and Crisis States, UNRISD Publication Code: DP112, ISSN: 1012-6511, September 1999, Geneva.

Lash, R 2010, Leadership Trends for 2010, Special Report February 16, *Bloomberg Businessweek*, Available from:
<http://www.businessweek.com/managing/content/feb2010/ca20100211_634699.htm>
[25 October 2011]

Laudicina, PA 2012, *Beating the Global Odds – Successful decision-making in a confused and troubled world*, A.T. Kearney, John Wiley & Sons, New York.

Lencioni, P 2009, *The Five Disfunctions Of A Team – A Leadership Fable*, Jossey-Bass, Wiley.

Lepsinger, R 2010, *Closing the Execution Gap: How Great Leaders and Their Companies Get Results*, John Wiley & Sons, San Francisco.

LinkedIn, 2013a, The STRATEX CAR discussion, March 2013, STRATEGY+CULTURE Group.

LinkedIn, 2013b, Public Sector Strategy Execution discussion, Oct 2013, STRATEGY+CULTURE Group.

Mankins, MC & Steele, R 2006, Turning Great Strategy into Great Performance, *Harvard Business Review*, July-August 2006.

Mares, J 2013, 25 Differences Between Private and Government Managers, Available from: < www.powermag.com> [26 December 2013]

Marr, B 2009, *Managing and Delivering Performance – how government, public sector and non-for-profit organizations can measure and manage what really matters*, Elsevier: Oxford, UK.

Marra, T 2013, Linked In discussion Strategy + Culture Group, 10 April 2013.

Marshak, RJ 2004, What's Important to look at in Organizations, NEA/NTL OD Certificate Program, pp. 2-2 to 2-32, Diagnostic Organizations With Impact, Kaye Craft & Arty Trost, March 29 – April 1 2004.

Mbanjwa, X 2013, R14m to count cushions, City Press 13 October 2013. Available from: <http://www.citypress.co.za/r14m-count-cushions> [10 December 2013]

McBain, L & Smith, J 2010, Strategic Management in the Public Sector, E-Leader Singapore 2010.

McChesney, C, Covey, S & Huling, J 2012, *The 4 Disciplines of Execution – Achieving your wildly important goals*, FranklinCovey Co., Free Press, New York.

McKnight, R, Kaney, T & Breuer, S 2010, *Leading Strategy Execution – How to align the senior tam, design a strategy-capable organization and get all employees on-board*, TrueNorth Press, Philadelphia, USA.

McMillan, D & Donlon, B 2008, *How to Write Performance Analysis That Truly Enhances Decision Making*, Harvard Business Publishing, Available from: <https://cb.hbsp.harvard.edu/cbmp/product/B0811C-PDF-ENG>

McTaggart, R 1989, 16 Tenets of Participatory Action Research, presented to the 3er Encuentro Mundial Investigacion Participatva (The Third World Encounter on Participatory Research), Managua, Nicaragua, September 3 – 9, 1989, Available from: <http://www.caledonia.org.uk/par.htm> [22 December 2009]

Mendonca, L & Webb, A 2008, Perspectives on change: A former chief of staff reflects, The McKinsey Quarterly: The online Journal of McKinsey & Co, November 2008, Available from: <http://www.mckinseyquarterly.com/article> [1 September 2009]

Mongkol, K 2011, The Critical Review of the New Public Management Model and its Criticisms, *Research Journal of Business Management,* Vol. 5(1), pp.35-43, 2011, Academic Journals Inc.

Moore, MH 2014, Creating Public Value: Transforming Australia's social services, workshop in March 2014, Ernst & Young, Australia.

Moore, MH 2007, Mark H. Moore on public value, John F. Kennedy School of Government at Harvard University, interview by Des Dearlove & Stuart Crainer, first posted: 05 Nov 2007, Available from: < http://www.management-issues.com/interviews/4606/mark-h-moore-on-public-value/> [30 Nov 2014]

Morgan, M, Levitt, RE & Malek, W 2007, *Executing your Strategy – How to break it down & get it done*, Harvard Business School Publishing, Boston.

Muell, RP & Cronje, S 2008, Strategy implementation: overcoming the challenge, *Management Today*, March 2008, pp. 12-15.

Mueller, T 2010, Top reasons strategies fail to be executed, Performance Management & Strategy Execution Blog: The Glue, Available from: <http://www.strategyexecutionblog.com> [3 December 2010].

Mukherjee, AS 2009, *The Spider's Strategy – Creating Networks to avert crisis, create change, and really get ahead*, FT Press, New Jersey.

Mulford, P 2011, Strategy Execution Framework: Part II, Mindset a Key Enabler of Results, BTS Blog, Available from: <http://www.bts.com/news-insights/strategy-execution-blog/Strategy_Execution_Framework_Part_II_Mindset_a_Key_Enabler_of_Results.aspx> [25 October 2011]

Myatt, M 2013, A Crisis of Leadership, Available from: <http://www.forbes.com/sites/mikemyatt/2013> [10 October 2013]

Neuman, WL 2000, *Social Research Methods – Qualitative and Quantitative Approaches*, 4th edn, Allyn & Bacon, USA.

Neilson, GL, Martin, KL & Powers, E 2007, The Secrets to Successful Strategy Execution, *Harvard Business Review*, , Available from: <https://www.mainehealth.org/workfiles/mh_professional/TheSecretstoSuccessfulStrategyExecution.pdf>

Niven, PR 2003, *Balanced Scorecard – Step-by Step for Government and Non-Profit Agencies*. John Wiley & Sons, Inc.: New Jersey, USA.

Nutt, PC 1999, Public-Private Differences and the Assessment of Alternatives for Decision Making, *Journal of Public Administration Research and Theory*, vol. 9, no. 2, pp. 305-350.

Nutt, PC 2005, Comparing Public and Private Sector Decision-Making Practices, *Journal of Public Administration Research and Theory*, Vol. 16, Issue 2, pp. 289-318, , Oxford University Press.

Nutt, PC & Backoff, RW 1995, Strategy for Public and Third-sector Organizations, *Journal of Public Administration Research and Theory*, vol.5, no. 2, pp. 189-210.
O'Brien, R 1998, An Overview of the Methodological Approach of Action Research, Faculty of Information Studies, University of Toronto, Available from: <http://www.web.net/~robrien/papers/arfinal.html> [29 Dec 2009]

Oehler-Sincai, IM 2008, Strengths and Weaknesses of the New Public Management (NPM) – Cross-Sectional and Longitudinal Analysis, Institute of World Economy, November 2008, Available from: <http://mpra.ub.uni-muenchen.de/11767/> [accessed on 20 December 2014]

Olivier, AJ 2013, Project Management Manual, Version September 2013, Stratex Consulting, Windhoek, Namibia.

Olivier, AJ 2012, Performance Management Policy and Procedure for Namibia Statistics Agency, Stratex Consulting, Windhoek, Namibia.

Olivier, AJ 2009, STRATEX by MERRIL-D, Paper presented at the PMSA Conference November 2009, Cape Town, South Africa.

Olivier, AJ 2008, From Vision to Projects and Back, Paper presented at the PMSA Conference in May 2008, Johannesburg, South Africa.

OnPoint Consulting 2011, Closing the gap between strategy and execution, Blog, Available from: <http://onpointconsultingllc.com/closing_gap.html>

Osborne, D 2007, Reinventing Government: What a difference a strategy makes, 7th Global Forum on Reinventing Government, Building Trust in Government 26-29 June 2007, Vienna, Austria, United Nations.

Osborne, D & Gaebler T, 1992, Reinventing Government – how the entrepreneurial spirit is transforming the public sector, Addison-Wesley Publishing Company, Boston.

Osborne, D & Plastrik, P 1997, Banishing Bureaucracy: The Five Strategies for Reinventing Government, Addison Wesley, Boston.

Osborne, SP 2006, The new Public Governance?, Public Management Review, Vol. 8 Issue 3, pp. 377-387, Routledge, UK.

Ostenwalder, A, Pigneur, Y and Tucci CL 2005, Clarifying Business Models: Origins, Present and Future of the Concept, Communications of AIS, Volume 15, May 2005.

Ostroff, F 2006, Change Management in Government, *Harvard Business Review*, May 2006.

Paladino, B 2007, *Five Key Principles of Corporate Performance Management*, John Wiley & Sons, New Jersey.

Patterson, K, Grenny, J, Maxfield, D, McMillan, R & Switzler A 2008, *Influencer – The Power to Change Anything*, McGraw-Hill, New York.

Pedersen, KL 2008, Cracking the Code of Strategy Execution, Master Theses, Copenhagen Business School, Available from: <http://studenttheses.cbs.dk/bitstream/handle/10417/277/kasper_lind%c3%83%c2%b8e_pedersen.pdf?sequence=1>

Pienaar, W & Spoelstra, M 1991, *Negotiation – Theories, Strategies & Skills*, Juta & Co Ltd, Cape Town.

Pink, DH 2006, *A Whole New Mind – Moving From the Information Age to the Conceptual Age*, Riverhead Books, New York.

Pink, DH 2009, *Drive – The Surprising Truth About What Motivates Us*, Riverhead Books, New York.

Poister, TH 2010, The Future of Strategic Planning in the Public Sector: Linking Strategic Management and Performance, *Public Administration Review,* Vol. 70, pp. 246–254, 3 Dec 2010, The American Society for Public Administration.

Project Management Institute (PMI), 2013, *a Guide to the Project Management Body of Knowledge (PMBOK Guide) Fifth Edition*, Project Management Institute, Pennsylvania, USA.

Rainey, HG, Backoff, RW & Levine, CH 1976, Comparing Public and Private Organizations, *Public Administration Review*, Vol. 36, No 2 (Mar-Apr 1976), pp. 233-244.

Ring, PS & Perry, JL 1985, Strategic Management in Public and Private Organizations: Implications of distinctive contexts and constraints, *The Academy of Management Review*, April 1985.

Roberto, MA 2005, *Why Great Leaders Don't Take Yes For An Answer – Managing for Conflict and Consensus*, Pearson Education Inc., New Jersey.

Robinson, S 2011, Choosing the Right Model: Conceptual Modelling for Simulation, Proceedings of the 2011 Winter Simulation Conference, Warwick Business School, UK.

Ross, R 2011, Two Different Worlds: The Public and Private Sectors, *American Spectator*, 6 January 2011, Available from: <http://spectator.org>

Rumelt, R 2011, *Good Strategy Bad Strategy: The Difference and Why it Matters*, Crown Business, New York.

Sachs, JD 2008, *The Bottom Billion – How we can end global poverty, What Matters*, Sterling Publishing, New York.

Schreurs, K 2010, *The Strategy Execution Research Report 2009/2010,* The Performance Factory, Belgium.

Schwella, E 2011, Change is about much more than just equity, Business Day, 25 October 2011, Available from: <www.businessday.co.za/articles> [25 October 2011]

School of Public Leadership [SPL] 2012, Senior Management Development Programme [SMDP] for the Namibian Public Service in partnership with the Namibian Institute of Public Administration [NIPAM], Module 1: Governance in Namibia – Context and Strategic Challenges, University of Stellenbosch.

Senge, P 1990, *The Fifth Discipline: The Art and Practice of the Learning Organization,* Doubleday/Currency, New York.

Senge, P 1994, *The Fifth Discipline Fieldbook – Strategies and Tools for Building a Learning Organization*, Nicholas Brealey Publishing, London.

Senge, P, Kleiner, A, Roberts, C, Ross, R, Roth, G. & Smith, B 1999, *The Dance of Change*, Doubleday Broadway Publishing Group, London.

Shenhar et al, 2007, *Linking Project Management to Business Strategy*, Project Management Institute, USA.

Southern Business School 2012, Middle Management Development Programme, Module1: Continuous Service Improvement.

Spitzer, DR 2007, *Transforming Performance Measurement – Rethinking the way we measure and drive organizational success*, Amacom, New York.

Starling, G 2011, *Managing the Public Sector*, 9th edition, Wadsworth, Boston, USA.

Sterling, J 2003, Translating strategy into effective implementation: dispelling the myths and highlighting what works, *Strategy & Leadership*, Vol. 31 No.3 2003, pp.27-34, MCB UP Limited.

Strickland, L 2010, Executing Strategy, Business workshop at Safari Conference Centre, 30 November 2010, Windhoek, Namibia.

Swanson, SA 2011, Perfect Alignment, PM Network, PMI, Available from: <http://www.pmnetwork-digital.com/pmnetworkopen/201111?sub_id=sCqxWswjM6dY&folio=56#article_id=117066> [2 November 2011]

Technical Pathways, 2013, Available from: <http://www.technicalpathways.com/Tip_Sheets/Tip_-_Government_and_PM/tip_-_government_and_pm.html> [26 Dec 2013]

Thompson, AA and Strickland, AJ 1987, *Strategic Management – Concepts and Cases*, Fourth Edition, BPI Irwin, USA.

United Nations, 2013, What is Good Governance? [Online], Economic and Social Commission for Asia and the Pacific, Available from: <http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp> [14 January 2013]

United Nations, 2007, Public Governance Indicators: A Literature Review, Document ST/ESA/PAD/SER.E/100, January 2007, Department of Economic and Social Affairs, New York.

United Nations, 2006, Definition of basic concepts and terminologies in governance and public administration, Committee of Experts on Public Administration, Economic and Social Council, Fifth Session, 27-31 March 2006, New York.

Van den Broecke, E, De Hertogh, S & Vereecke, A 2005, Implementing strategy in turbulent environments: a role for program and project portfolio management, PMI Global Congress, Toronto, Canada.

Wadsworth, Y 1998, Action Research International, Paper 2: What is Participatory Action Research? Institute of Workplace Research, Learning and Development, and Southern Cross University Press, Australia.

Warner, C & Schmincke, D 2009, *High Altitude Leadership – What the World's most forbidding peaks teach us about success*, Jossey-Bass, San Francisco.

Welch, J 2005, *Winning – Everyone Wants to Win, Not Everyone Knows How*, HarperCollins Publishers, New York.

Wirick, D 2009, *Public-Sector Project Management - Meeting the challenges and achieving results*, John Wiley & Sons, New Jersey.

World Economic Forum (WEF), 2013, Outlook on the Global Agenda 2014, Available from: <www3.weforum.org/docs> [18 December 2013]

Zikmund, WG 2003, *Business Research Methods*, 7th Edition, Thomson South Western, USA.

Zook, C & Allen, J 2001, *Profit from the Core – Growth Strategy in an Era of Turbulence*, Harvard Business School Press, 200, ISBN: 978-1-57851-230-0.

Zott, C & Amit, R 2013, The Business Model: A Theoretically Anchored Robust Construct for Strategic Analysis, *The Strategic Organization*, November 2013, Vol. 11, pp. 403-411,

Zott, C, Amit, R & Massa, L 2011, The Business Model: Recent Developments and Future Research, *Journal of Management,* Vol. 37, p. 1019, Available from: <. http://jom.sagepub.com/content/early/2011/04/29/0149206311406265>.