**Strategic
Operating System**
Carver County
Group 5

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What is a strategic operating system?

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"The integrated set of processes and tools that a company uses to develop its strategy, translate it into operational actions, and monitor and improve the effectiveness of both."

-Robert Kaplan & David Norton

What is a strategic operating system?

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(Kaplan & Norton's "Closed-loop System")
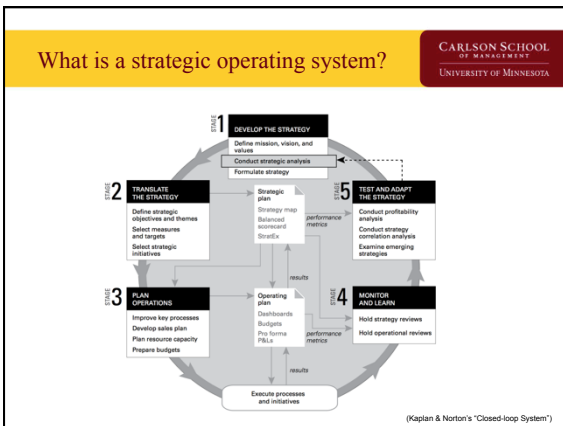
Why is it important?

Without consistent systematic reinforcement, your strategy is easily overshadowed by day-to-day operational issues.

A closed-loop system not only provides this reinforcement, but also provides a framework to test and measure progress against your strategic goals throughout the year, and can guide you in how to adjust your strategy for the future.

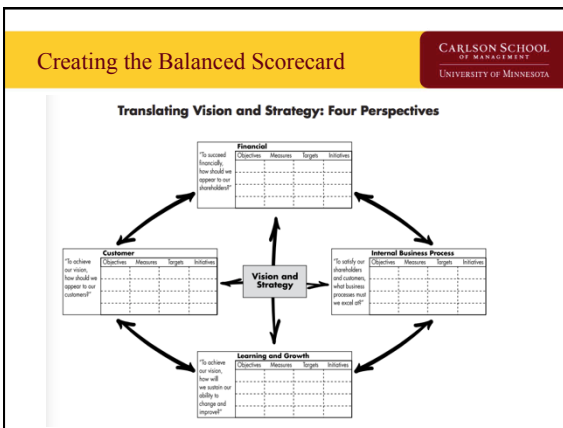## Carver County's Current State

Wins:
- Currently developing a strategy with a strong mission, vision, and values
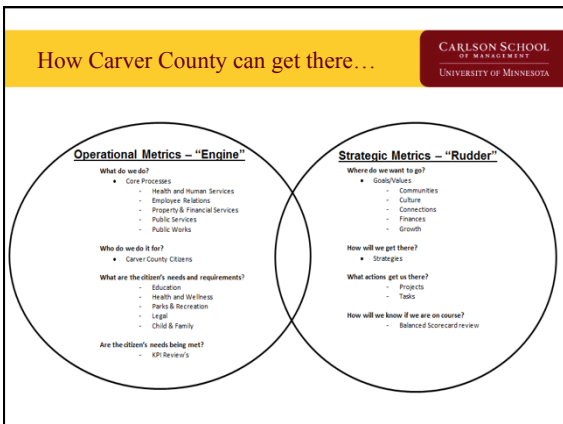- Strategy is being relooked at on a biannual basis.

Opportunities:
- Key parts of stages 2-4 are missing from the current operating system.

What it could look like in the future

Extended horizon framework (Goal Tree)

Strategy Map Example

KPIs/Balanced Scorecard

KPIs/Balanced Scorecard

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Managing Strategy: Four Processes

Creating the Balanced Scorecard

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Translating Vision and Strategy: Four Perspectives

How Carver County can get there…

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Operational Metrics "The Engine"

- Property & Financial Services
  - Core Process Metrics
    - Ex: Mean appraisal time current, trend for last 5 years
  - Finance Metrics
    - Ex: Budget Update (Plan vs. Actuals), trend for last 5 years
  - Customer Satisfaction Metrics
    - Ex: Mean process time for licenses, trend for last 5 years
    - Ex: Are Carver County citizens satisfied with the amount of time it takes from applying to receiving various licenses?
  - Improvement/Innovation Metrics (Group 4)
  - Action items

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Strategic/Operational Review Calendar

Carver County Operating and Strategic Calendar: 2016

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Periodic Review (Frequency)

Team Meetings (5-15 mins Daily/Weekly)
- Team closest to the operation and immediate supervisors (usu. At start of shift)

Department Meetings (30 mins Weekly/ Biweekly)
- Supervisors and department leadership
- Applicable support functions

Division Meetings (1 hour monthly)
- Division and Department leaders
- Applicable support functions
- Focus on strategic initiatives

Periodic Review (Frequency Cont.)

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All Employee Meetings (1 hour Quarterly/ Semi-annual)
- Involve all employees in the Division
- Good opportunity to transfer feedback from team to division leadership (e.g. idea cards, question cards)
- Leadership focus on positives

Periodic Review (Agenda)

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1) Review "Top 5" KPIs/metrics (Presented by the metric owners)
   - Positive Feedback
   - Opportunities
   - What's being done to mitigate any challenges? Root cause?
2) Review Ongoing Tasks/Projects (Department/ Division)
3) Announcements/Recognition

Strategy Review vs. Ops Review

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	MEETING TYPE		
	Operational review	Strategy review	Strategy testing and adapting
Information requirements	Dashboards for key performance indicators; weekly and monthly financial summaries	Strategy map and balanced scorecard reports	Strategy map, balanced scorecard, ABC profitability reports, analytic studies of strategy, external and competitive analyses
Frequency	Daily, twice weekly, weekly, or monthly, depending on business cycle	Monthly	Annually (perhaps quarterly for fast-moving industries)
Attendees	Departmental and functional personnel; senior management for financial reviews	Senior management team, strategic theme owners, strategy management officer	Senior management team, strategic theme owners, functional and planning specialists, business unit heads
Focus	Identify and solve operational problems (sales declines, late deliveries, equipment downtime, supplier problems)	Implement strategy	Test and adapt strategy based on causal analytics, product-line and channel profitability, changing external environment, emergent strategies, and new technology developments
Goal	Respond to short-term problems and promote continuous improvements	Fine-tune strategy; make midcourse adaptations	Incrementally improve or transform strategy; establish strategic and operational plans; set strategic targets; authorize spending for strategic initiatives and other major discretionary expenditures

Test And Adapt The Strategy

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Where/When: Executive Leadership Offsite
Who: Executive Leadership/Directors/Managers
Frequency: Annually
Purpose: Reexamine original strategy and adapt it to the continuously changing economic factors. This closes the loop to the operating system.
How is this different than current strategy offsite?
- Measured progress across KPI's and the balanced scorecard should be used to drive updates in future strategy.

STRATEGY FORMULATION	STRATEGY EXECUTION	STRATEGY LEARNING
Environmental assessments	Balanced Scorecard performance reporting	Benchmarking
Strategic planning	Initiative management	Best-practice sharing
Budgeting	Communicating strategy	Internal coaching and change management
	Personal scorecards	

Key Recommendations

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Strategic Operating System Recommendations:
- Translate the Strategy:
  – Create Strategy Map
- Plan Operations
  – Develop KPI's and Balanced Scorecard
- Monitor and Learn:
  – Hold Strategy Reviews
  – Hold Operational Reviews
- Test and Adapt the Strategy:
  – Conduct Annual Review
- Start again

Final Takeaway

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Bridging together the Carver County *mission* with the long-term *vision*

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