



The Accountable Executive

Two of our LeadershipOne business writers, Hal Johnson and Ed Street, expect to have their new book, *The Accountable Executive*, released in the Spring of 2009. This is the fourth in a series of five articles, each addressing a key accountability function, based on material from their book. They have observed that accountability is a meaningful area of struggle in many mid-market companies and they address what they observe are major contributors to low accountability cultures - and the antidote.

Being Accountable for Predictable Management Performance - Function #4

We know management is in place when we have established predictability; predictable outcomes are systems based. This foundational truth is at the core of a well managed business. It takes well maintained systems to produce, and re-produce, high level performance. Systems take the randomness out of performance and offer sustainability and predictability. And that is what a business leader is accountable to produce.

Evaluating enterprise performance from the perspective of process management is receiving increasing executive attention. Delivering ultimate value to customers is dependent on advancing the effort to define, improve and manage the end-to-end, enterprise processes. The side benefits include gaining clarity on strategic direction, achieve better alignment and install more operating discipline.

Process Driven Management

Business Process Management (BPM) is a systematic methodology that helps an organization make significant advances in the way its business processes operate. It provides a system that aids in simplifying and streamlining your operations, while ensuring that both your internal and external customers receive surprisingly good output. The main objective is to ensure that the organization has business processes that:

- ◆ Eliminate errors
- ◆ Minimize delays
- ◆ Maximize the use of assets
- ◆ Promote understanding
- ◆ Are easy to use
- ◆ Are customer friendly
- ◆ Are adaptable to customers' changing needs
- ◆ Provide the organization with a competitive advantage
- ◆ Reduce excess head count

The Balanced Scorecard and BPM

We reach into the *Balanced Scorecard Methodology* to identify the four basic perspectives of corporate performance. The *Balanced Scorecard* brings together several dimensions of strategic management and measurement, articulating a practical approach to combining strategy, management, systems and measurement.

In 1996, Robert S. Kaplan and David P. Norton published the book '*The Balanced Scorecard*'. Since the original concept was introduced, it has become a fertile field of theory, research and consulting practice. The Balanced Scorecard has evolved considerably from its roots as a framework for developing performance metrics. It has evolved



into a strategic performance planning and measurement framework. The Balanced Scorecard addresses strategies for organizational performance across four balanced perspectives:

- ◆ Financial
- ◆ Customer
- ◆ Internal Systems and Quality
- ◆ The Growth/Development of the Human Resources

The perspective provided by a well designed scorecard puts the focus on the blended activities that have the greatest impact on delivering the company's overall performance. Of the four perspectives, Internal Systems and Quality has the lowest visibility and focus in most organizations. It lacks a natural champion, such the VP HR for People, CFO for Finance and VP Marketing for Customer. The astute business will do well to have a *Systems Czar* to champion the contribution from a strategic and highly refined systems focus. The following material is based on the premise that Business Process Management (BPM), integrated with the Balanced Scorecard, creates a very powerful combination.

Analytics - Drucker Meets the BSC

In his lifetime, management philosopher and guru Peter Drucker made monumental contributions to the practice of management. Heading the list is the identification of the five functions of management:

- ◆ Planning
- ◆ Organizing
- ◆ Communicating & motivating
- ◆ Measuring
- ◆ Developing people

We have developed a tool for manager-leaders to effectively evaluate how they are doing in their pursuit of systems effectiveness by combining the perspectives of the Balanced Scorecard and Drucker's five management functions.

	Balanced Scorecard Perspectives			
Drucker's Mgt. Functions	PEOPLE	SYSTEMS	CUSTOMER	FINANCE
Planning				
Organizing				
Communicating & Motivating				
Measuring				
Developing & Training				



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We encourage our executive colleagues to evaluate where they are in deploying a robust systems strategy in their businesses. If you are truly driving for top level performance, this is a productive place to look. **See if you can fill in each cell with your particular systems that support your delivery of superior performance.** The optimal strategy is to know your systems and have them under continuous improvement. Not there yet? This is an area for fertile improvement in most mid-market companies. By the way, we have filled in the grid with what we believe are the “best practice” systems for mid-market companies. If you would like a copy to compare, shoot us an email and we will send it to you. We have no doubt this exercise can put you onto several productivity improvements. Good hunting!

Hal Johnson and Ed Street have been senior level as well as chief executives of several companies. They sit on boards, teach, coach and consult regarding best practices, including accountability concepts, to executive management.

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