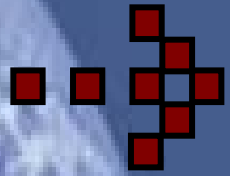


International Institute of Management



Executive Education Seminar

IIM Open Courseware Project



Здравствуйते

こんにちは

سلام

Howdy

你好

नमस्ते

Ciao

Hola

您好



여보세요

Hallo

Guten Tag

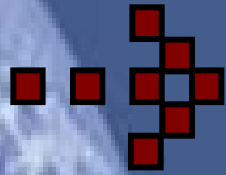
مرحباً

וּלְהַ!

Salut

Obrigado

Xin chào



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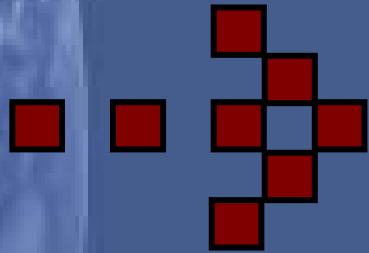
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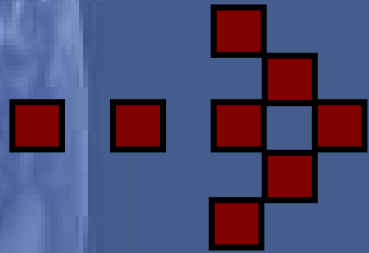
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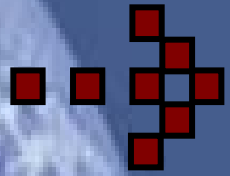


Strategy



Strategy Metrics

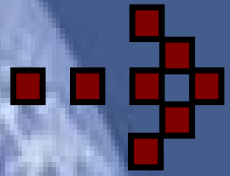
Med Yones



Insight 1

“When you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind”

Lord Kelvin, 18th century



Insight 2

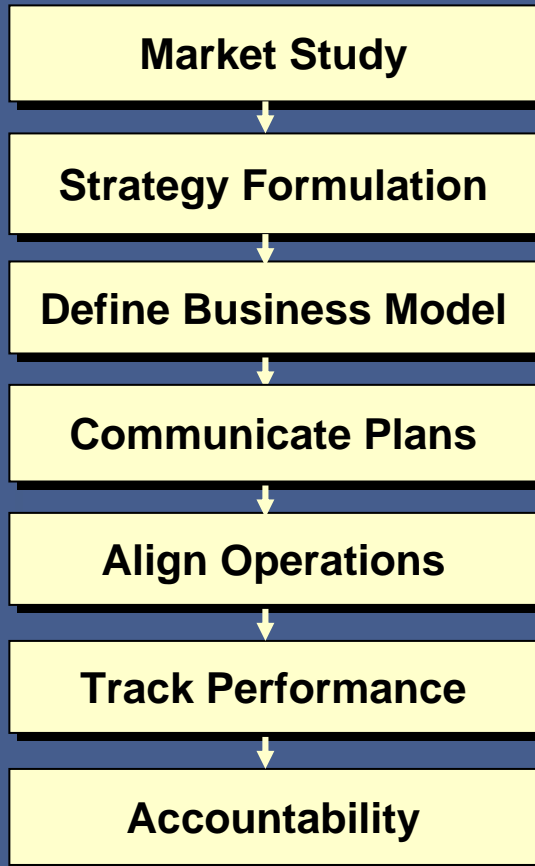
"Not everything that can be counted counts, and not everything that counts can be counted"

Albert Einstein

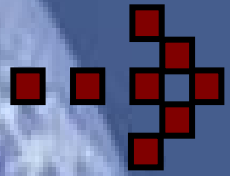


IIM Management Model

Examples

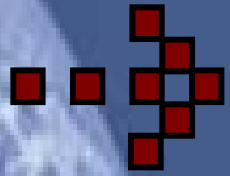


- Market attractiveness and cost of alternative opportunities
- Strategy, objectives, roadmap and plan
- Clarify strategic priorities
- Define operations blueprints & acquire resources
- Specify value proposition/outline specific goals
- Obtain employee buy-in
- Integrate / Harmonize individual objectives, departmental goals and enterprise-wide strategy.
- Measurement metrics, receive feedback
- Adapt
- Link to performance appraisal system
- Tie individual performance to company & team metrics.



Key Performance Indicators (KPIs)

- **Lagging indicators** – e.g. financial metrics.
 - They report past performance
- **Leading indicators** – e.g. customer, innovation and growth metrics.
 - They predict future performance



Metrics

- **Why are financial measures not enough?**
 - Tangible book values represented 62% of company market values in 1982
 - In 1992 it had dropped to 38%
 - In 2004 it is estimated to be 15%



Execution Builds Premium Shareholder Value

Top 10 non-financial “Measures That Matter”:

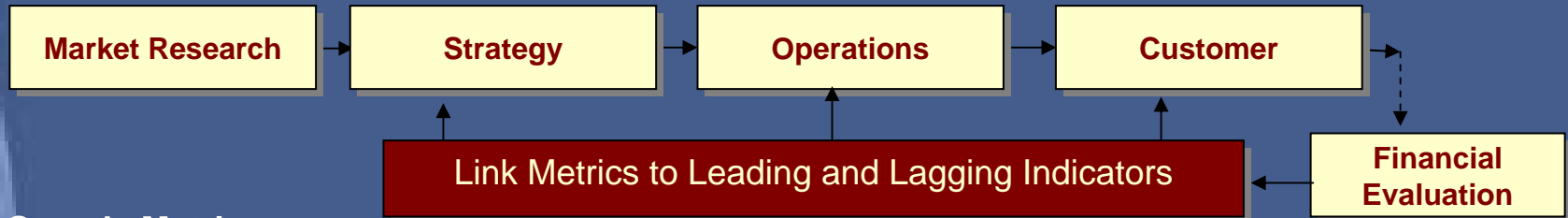
- 1) Strategy Execution
- 2) Management Credibility
- 3) Quality of Strategy
- 4) Innovativeness
- 5) Ability to Attract Talented People
- 6) Market Position
- 7) Management Experience
- 8) Quality of Executive Compensation
- 9) Quality of Major Processes
- 10) Research Leadership

- These non-financial factors can impact organization’s market value significantly
- At least 35 percent of investor’s portfolio allocation decisions are made based on them

Source: Ernst & Young’s Centre for Business Innovation survey

Closed-loop Performance Measurement

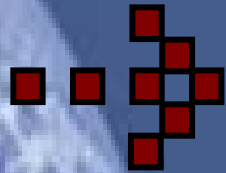
Steps of Strategy:



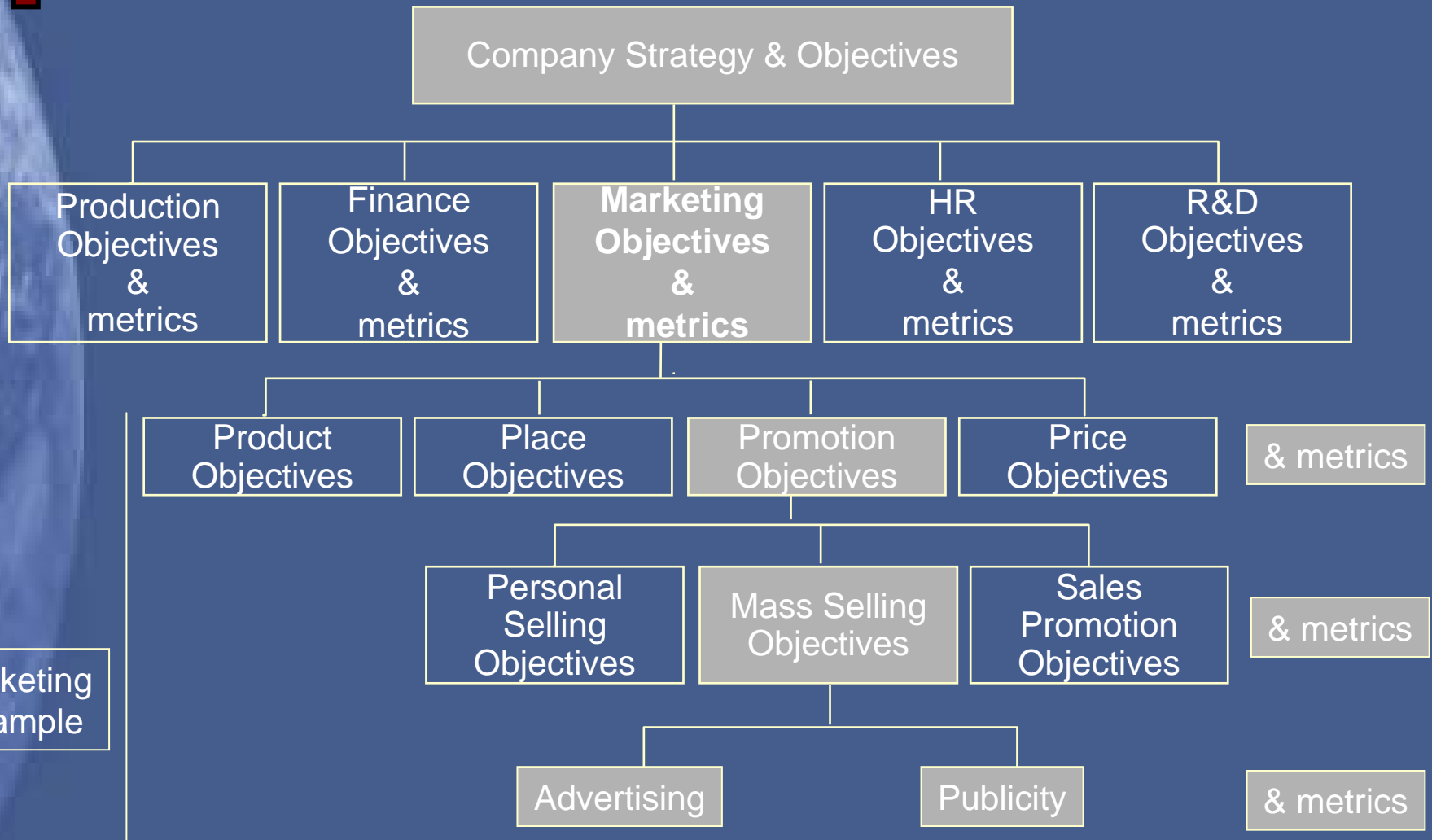
Sample Metrics

- | | | | | |
|--|--|--|--|--|
| <ul style="list-style-type: none"> • Attractiveness of target segments • Target segments size & growth • Competitor concentration & landscape • Competitor concentration & landscape | <ul style="list-style-type: none"> • SWOT Analysis • Uniqueness of value proposition • Attractiveness of offering • Sustainability of competitive position • Internal Resources (\$, people, knowledge, partnerships) | <ul style="list-style-type: none"> • Number of staff • Technology infrastructure • Internal organization • Supply Chain Management • Production and Quality Index • Employee Loyalty Index | <ul style="list-style-type: none"> • Brand and Awareness • Sales and Service • Customer Relationship Management (CRM) • Customer satisfaction & loyalty Index • Service requests/customer | <ul style="list-style-type: none"> • Revenue • Profit /Cost (ROI) • Balance sheet • Earnings per share • Debt to equity ratio |
|--|--|--|--|--|

- For each metric, determine the metrics that it affects and that affect it
- Map the linked set of metrics, indicating leading and lagging indicators
- Ensure that there is a balance between leading and lagging indicators

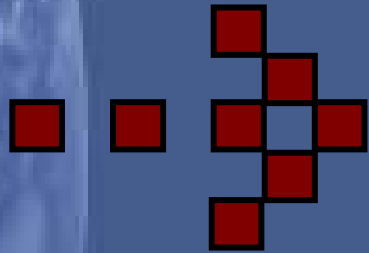


IIM Alignment Tree



Marketing Example

CEO's Hierarchy of Objectives



Case Study

Charles Schwab

Online Business Strategy

Charles Schwab - *Online Business Strategy*

"Use technology to offer innovative products and superior service at lower prices to investors unwilling to pay for investment advice"

Product Offering:

- Online Chat with Customer Service Representatives
- Customer Service via Phone
- Customer Service via E-mail
- Customer Service at Branch
- My Watch List

- Margin Loans
- Money Transfers
- Automatic Investing
- Options Service
- After Hours Trading
- Account Protection
- Bill Payment

- Schwab Learning Center
- Live Events
- Principles of Investing
- Understanding Market Cycles
- "Did You Know" Q&A

Overall

- General Goal Planner
- Investor Profile
- Sample Investment Plans

Retirement

- Retirement Planner
- IRA Analyzer

Estate

- Estate Tax & Probate Calculator
- Alternatives Comparison

College

- College Planner

Tax

- Tax Strategies
- IRS Withholding Calculator

Overall

- Quotes and Charts
- Analyst Center

Stocks and Options

- Stock Analyzer

Bonds and Treasuries

- Schwab BondSource Services

CDs and Money Markets

- SchwabOne

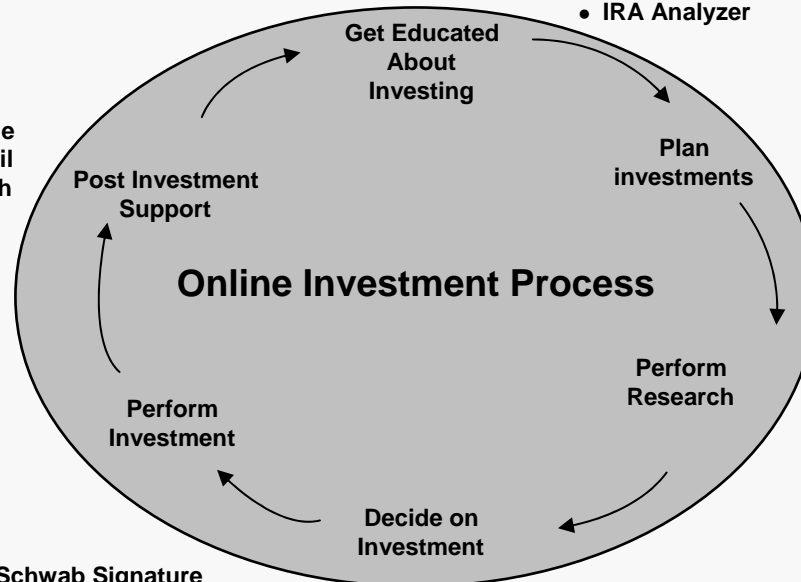
- Schwab Signature Services
- Schwab AdvisorSource
- Options Service
- Global Investing Service

Annuities

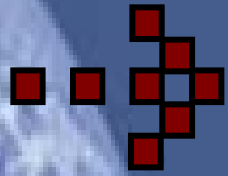
- Schwab Select Annuity

Life Insurance

- Insurance Needs Calculator



*Source: Nicole Tempest and Warren McFarlan, *Charles Schwab Corporation* (B). Case no. 9-300-507,

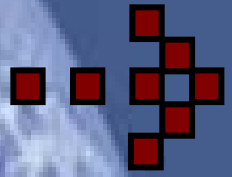


Management Metrics & Info Sources

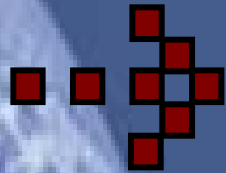
Use metrics to evaluate and communicate business goals and progress

- Collect internal and external data for benchmarking and performance tracking:

Data Type	Sample Measures	Sample Sources
Market research	Site usability Customer satisfaction Site traffic	BizRate.com Jupiter Media Metrix AC Nielsen
Analyst reports	Industry trends Company or site ratings	Forrester Aberdeen Group Frost and Sullivan IDC
Financial information	Company profiles Financials Industry and market comparative data	Hoover's Online Edgar Online DLJ Direct SEC filings



Questions?



Спасибо

Gracias

Grazie

متشكراً

ありがとう
ございます

धन्यवाद

Merci

See You Next Time!

Danke

谢谢

**For More Information
You Can Visit**

너를 감사하십시오

Howdy

www.iim-usa.org

Thank you

謝謝
شكراً

אנא בדוק האם המלה

Cảm ơn