

Executive Summary

2007 Strategy Execution & Business Performance Study



Analysis by: Brian Kinahan
SUMMIT Performance Systems



2007 Strategy Execution & Business Performance Study Executive Summary

In 2007, SUMMIT conducted the first in an annual series of Strategy Execution and Business Performance studies. The studies, which poll employees across a variety of industries, roles, and functional areas, are designed to shed light on the prevalence of certain management practices and the relationship of those practices to performance.

This Executive Summary presents the overall study results, our initial observations, and a few proposed correlations between organization size, the degree to which information is shared with employees, and morale.

Respondent Demographics

- Responses
 - 187 completions
 - 47 partials
- Business Category
 - 80% for profit
 - 20% non profit/government
- Organization/Division/Department
 - 50% whole organization
 - 50% division/department
- Company Size by Employees
 - 43% < 100 employees (Small)
 - 24% 100 to 500 employees (Medium)
 - 33% > 500 employees (Large)
- Revenue
 - 35% \$10 million
 - 30% \$10 million to \$100 million
 - 35% \$100 million and above (including 25% at \$500 million or above)
- Role/Title
 - Even mix of senior management, middle management, and staff/support

How to Use This Information

After reviewing the overall results, look at the additional attached report that corresponds to your particular organization's size. This will give you a feel for where you stand relative to your peers. You may also want to look at results from organizations of different sizes to preview the practices you'll want to consider as you grow. Visit www.summit-performance.com/study.htm or use the links below.

- [Small Organizations \(< 100 Employees\)](#)
- [Medium Organizations \(100-500 Employees\)](#)
- [Large Organizations \(> 500 Employees\)](#)

Summary of Findings

We compiled the data and applied several filters to explore correlations. Although we did not isolate all the variables that could potentially affect an outcome, we nonetheless believe the findings to be instructive. Our initial observations are outlined below.

Use of Management Processes

As we would expect, Medium and Large organizations (> 100 employees) reported greater use of management processes to inform and coordinate their people. Organizations in that peer group with good management processes reported significantly higher levels of morale than was reported by those with fewer management processes.

On the other hand, Small organizations (< 100 employees) reported reasonably high morale even without extensive use of management processes. Smaller organizations that reported using more management processes than their peers reported higher morale, but did not demonstrate the same degree of improvement in morale as their larger counterparts.

Sharing Performance Information

On average, “poor” morale was more prevalent at Large organizations (increasing from 7% - Small, 15% - Medium, to 22% - Large). However, results show that organizations of all sizes that keep employees better informed experience considerably higher levels of morale (and presumably better financial performance, although we did not survey for that). What’s more, respondents from the pool of Large organizations with good processes reported the best levels of morale. And those from Large organizations with the highest percentages of “sharing performance information” reported three times the percent of responses in the highest two morale categories vis-à-vis those that reported sharing very little performance information.

Ability to Describe the Strategy

Overall there was a strong positive correlation between employee morale and “ability to describe the strategy.” When the data group of Medium and Large organizations was filtered between those reporting low morale and those reporting high morale, we noted that those with high morale reported 2.5 times more often that 75% or more of employees are able to describe the strategy. And 50% of these organizations report having an active Balanced Scorecard -- a 10-fold increase over organizations where few are able to describe the strategy.

The study shows a similar although slightly less dramatic correlation in Small organizations, where those with high morale report 1.8 times more often that 75% or more employees are able to describe the strategy. This group also reports a 300% increase in the use of an active Balanced Scorecard.

Closing

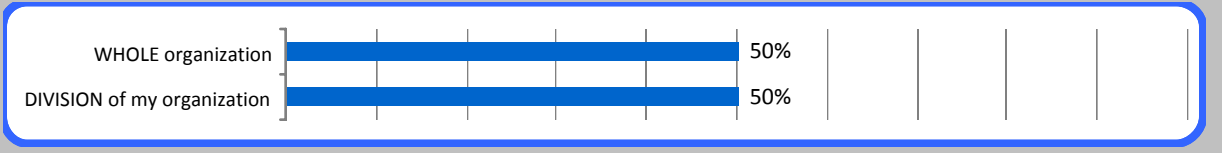
We believe that growing organizations benefit from the increased use of processes that inform and coordinate the people within them. This small study bears that out. We continue our analysis of the current results and will repeat the study in 2008. We invite you to participate in the next survey, and to [send us](#) any suggestions or questions you may have.

- Brian Kinahan

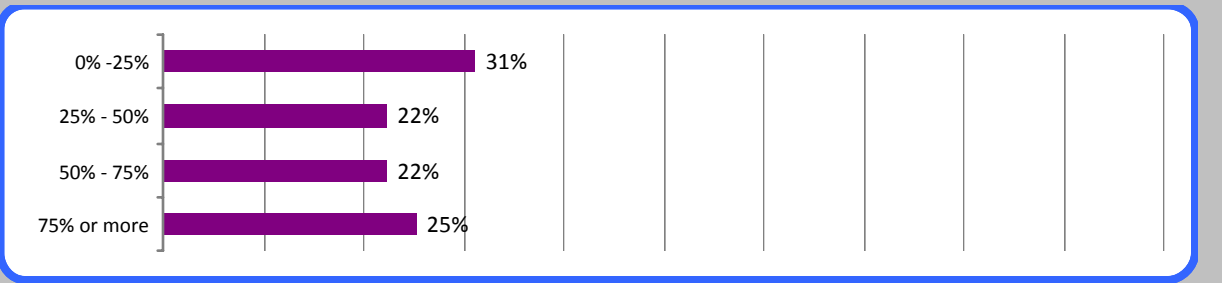
2007 Strategy Execution & Business Performance Study Survey Results

Due to rounding, not all results total 100%

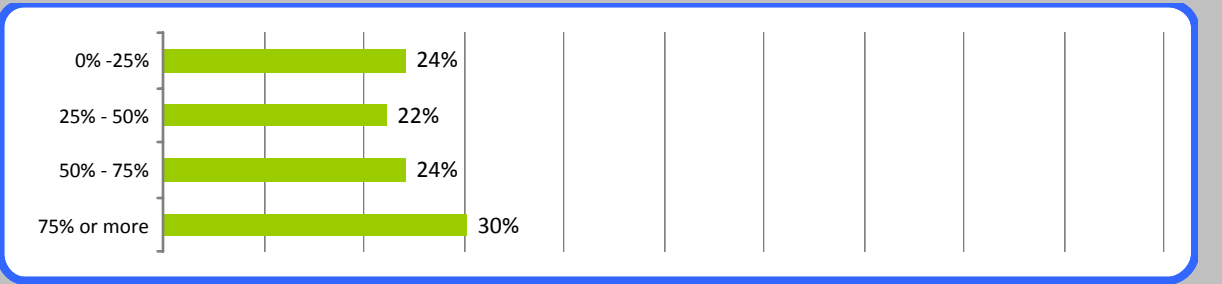
Before you begin, we need to know if your responses will be based on your **WHOLE Organization** or based on a **Division/ Department** within your Organization. We define a **Division/Department** as part of an organization that has its own P&L.



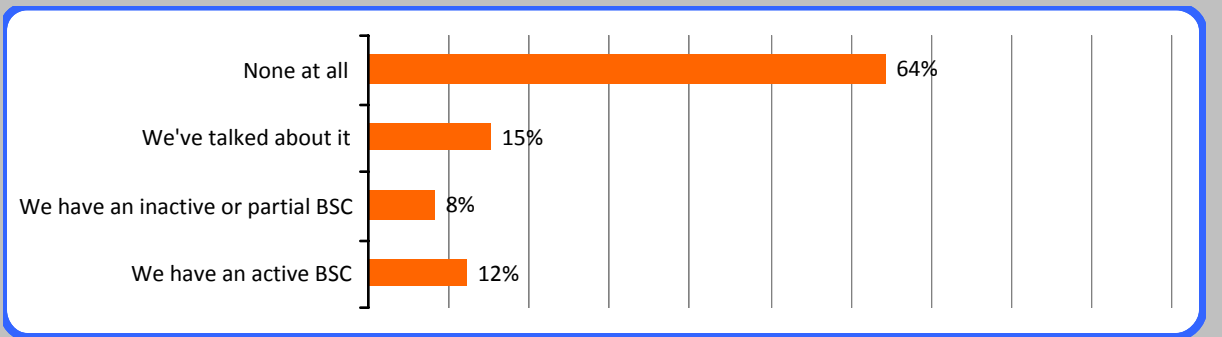
If asked at random, how many employees could describe your Organization's or Division/Department's strategy?



Again, if asked at random, how many employees could accurately explain how they contribute to the execution of your Organization's or Division/Department's strategy?

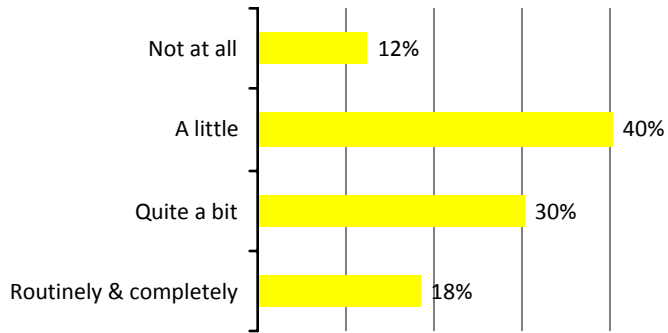


Does your Organization or Division/Department have any experience with the Balanced Scorecard?

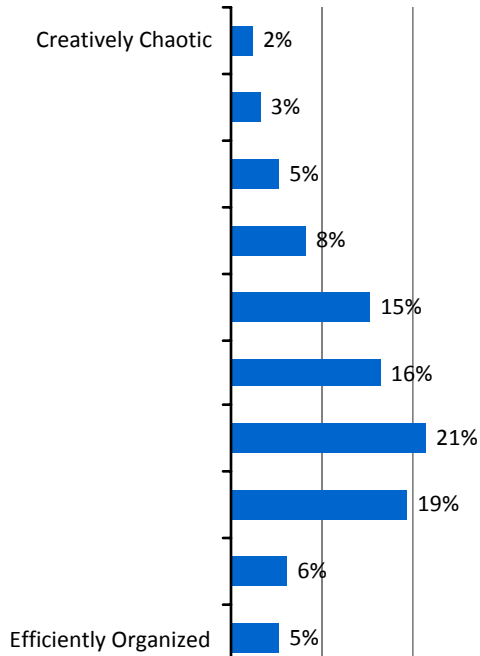


Survey Results: 2007 Strategy Execution & Business Performance Study

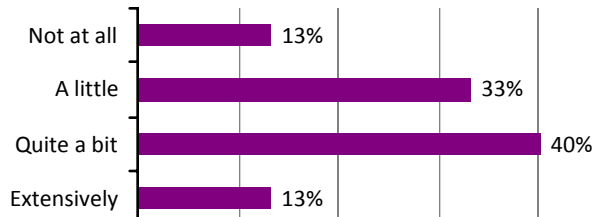
To what extent is your Organization's or Division/Department's performance, including financial information, shared with employees?



How would you rate the effectiveness of your Organization's or Division/Department's business processes?

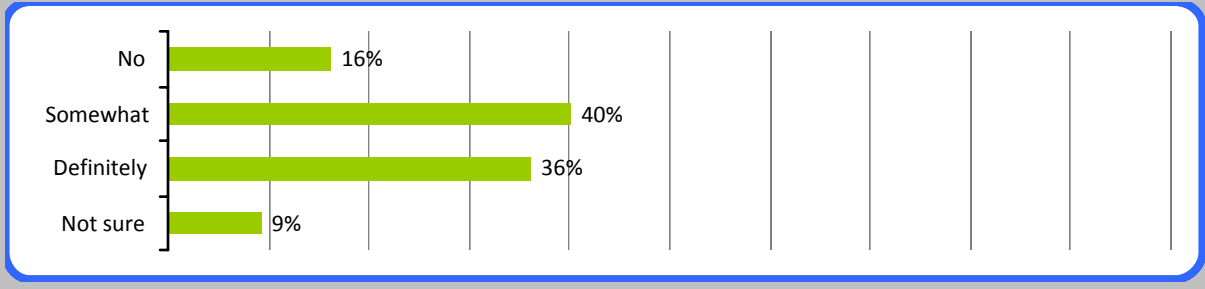


To what extent does your Organization or Division/Department use tactical (non-financial) performance measures?

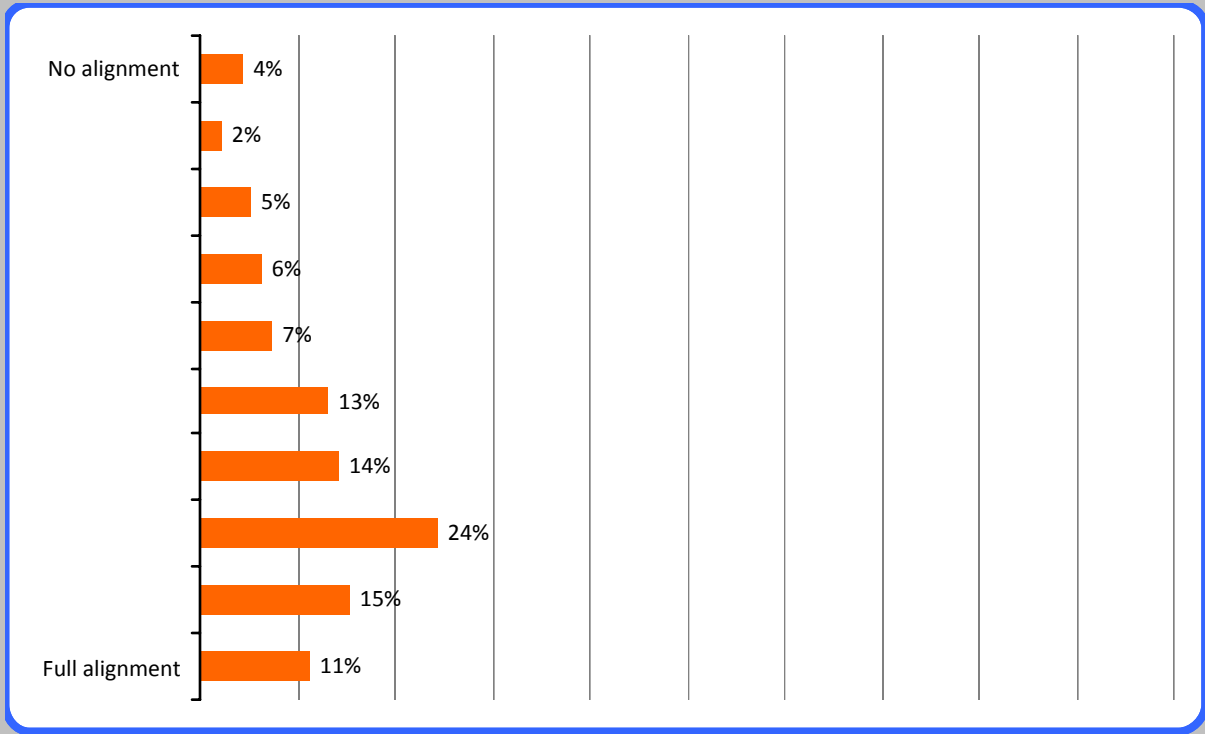


Survey Results: 2007 Strategy Execution & Business Performance Study

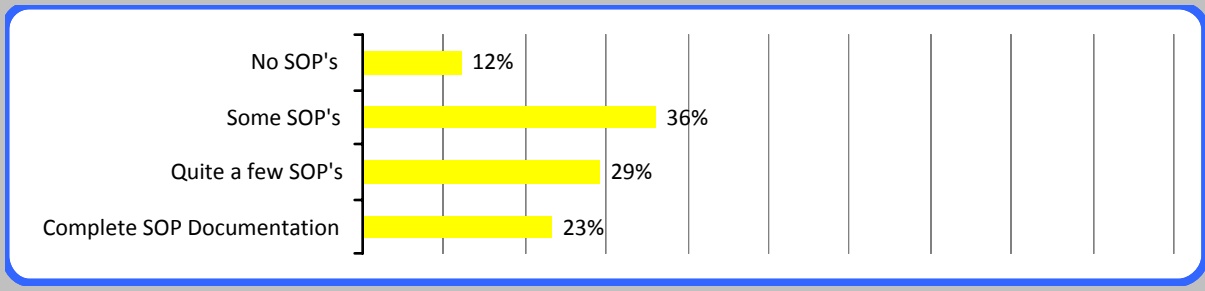
Do you think adding or expanding tactical (non-financial) measures could improve the performance of your Organization or Division/Department?



To what extent are your Organization's or Division/Department's special projects aligned to the overall strategy?

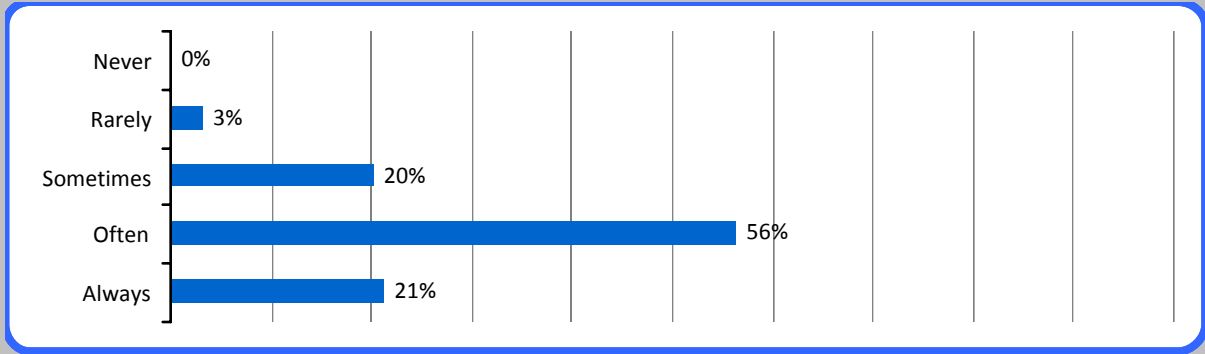


To what extent does your Organization or Division/Department have documented Standard Operating Procedures (SOP's)?

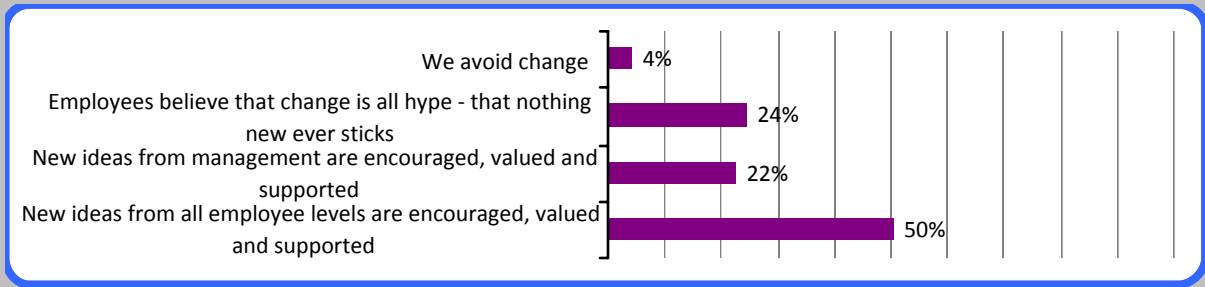


Survey Results: 2007 Strategy Execution & Business Performance Study

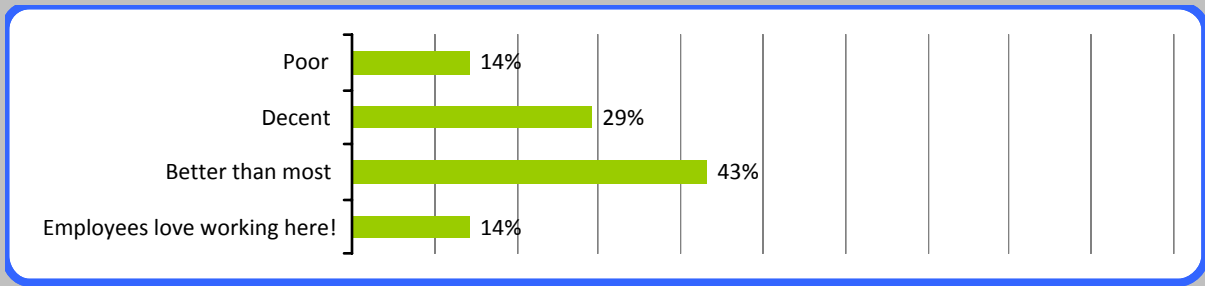
To what extent are your SOP's followed?



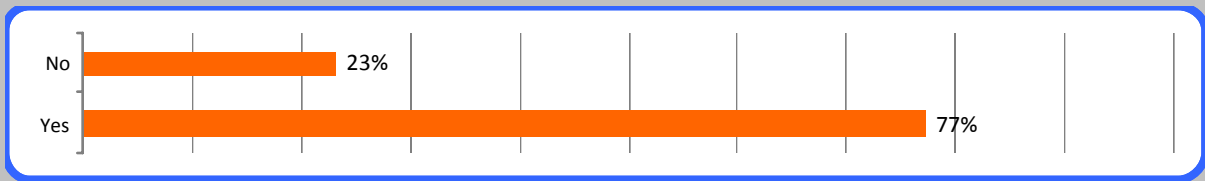
To what degree does your Organization or Division/Department embrace change?



How would you characterize morale at your Organization or Division/Department?

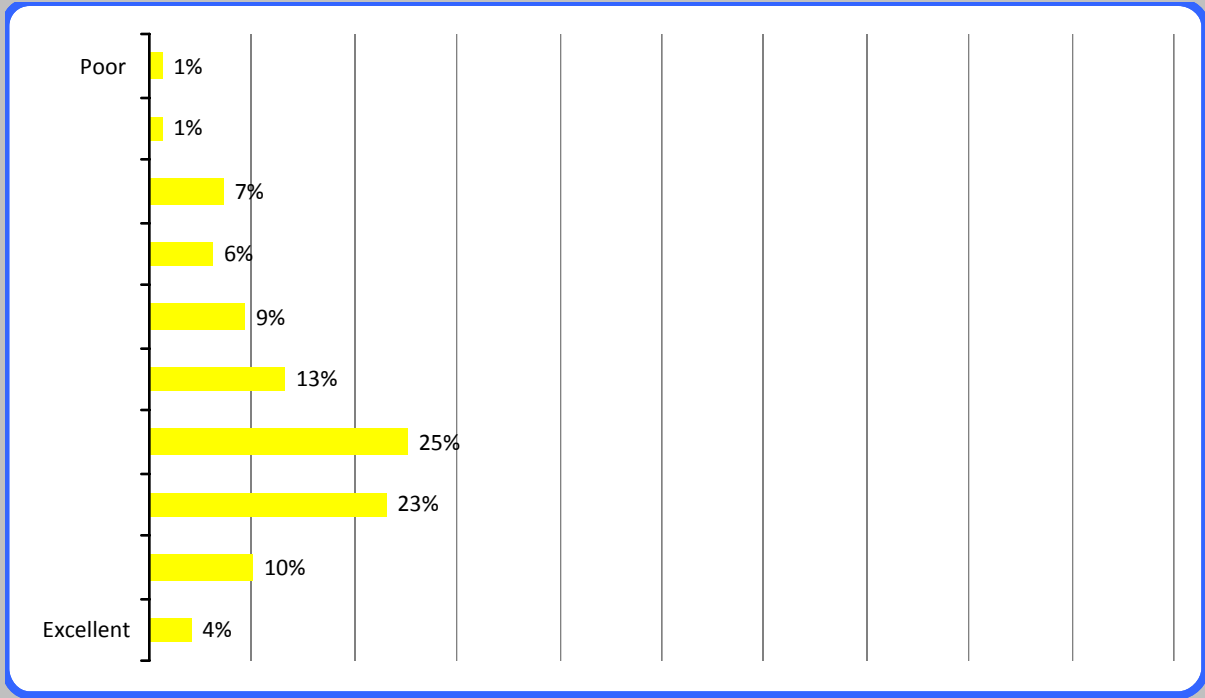


Does your Organization or Division/Department have a performance review system that is used on a consistent basis?

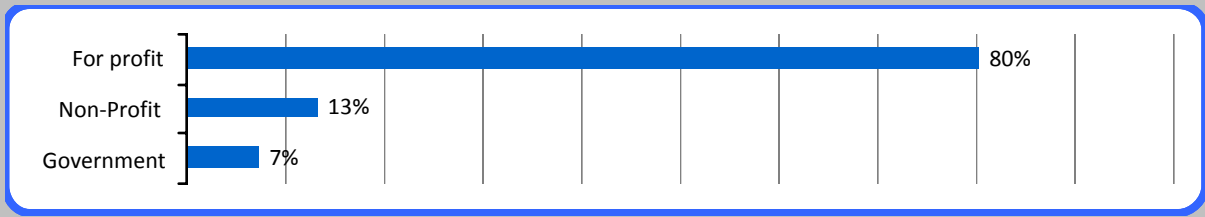


Survey Results: 2007 Strategy Execution & Business Performance Study

If you answered "Yes" above, how would you rate the effectiveness of your performance review system?

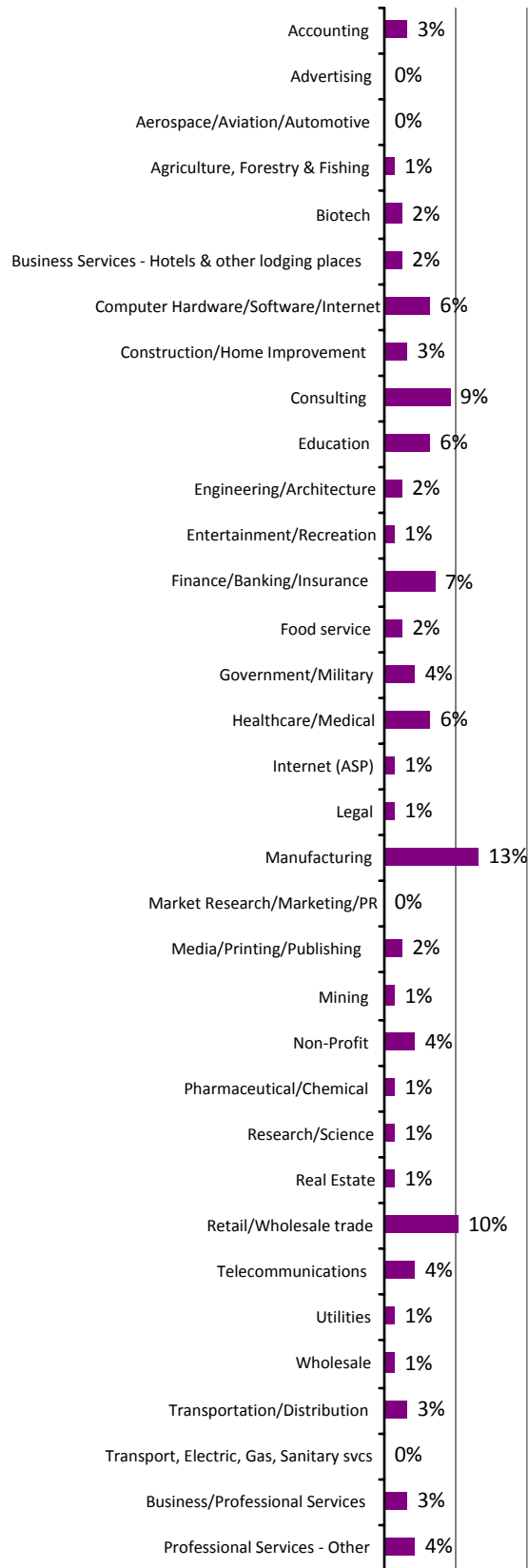


What is your Organization's primary area of business?



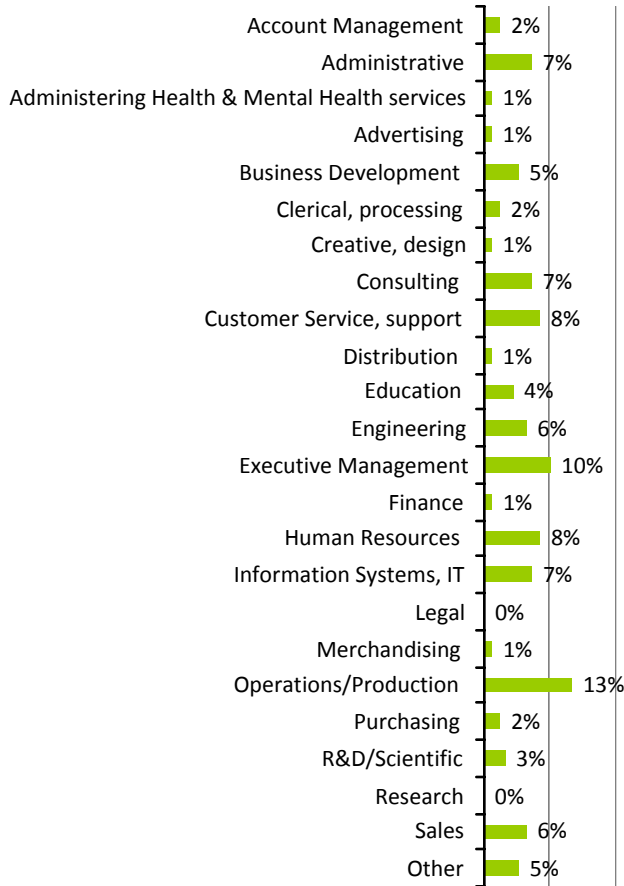
Survey Results: 2007 Strategy Execution & Business Performance Study

Which of the following most accurately describes your Organization's industry?

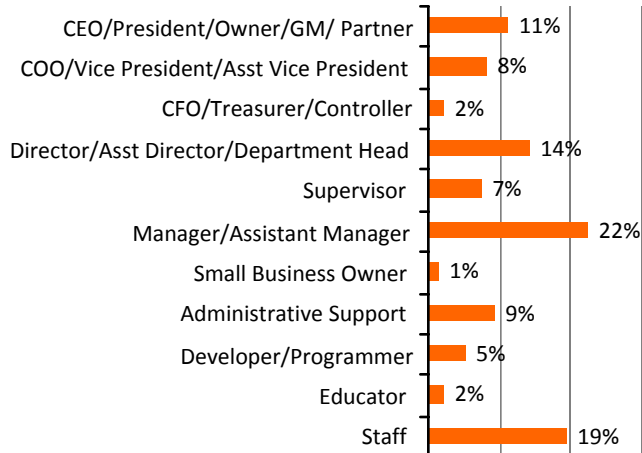


Survey Results: 2007 Strategy Execution & Business Performance Study

Which of the following best describes the area of your Organization or Division/Department in which you work?

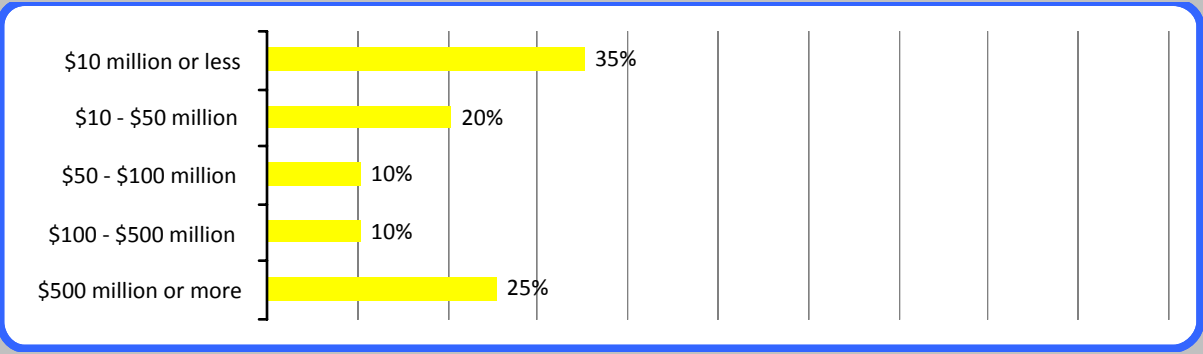


Which of the following best describes your occupational role?

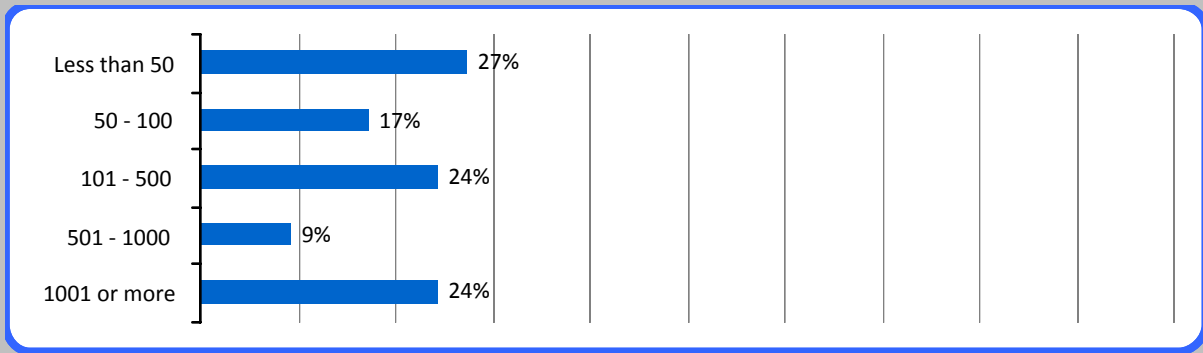


Survey Results: 2007 Strategy Execution & Business Performance Study

What are your Organization's or Division/Department's annual revenues?



How many employees are in your Organization or Division/Department?



**Responses potentially skewed by limited employee knowledge of financial information*