



Republic of the Philippines
NATIONAL ELECTRIFICATION ADMINISTRATION
Quezon City

STRATEGY MANAGEMENT OPERATIONS MANUAL

I. BACKGROUND

The National Electrification Administration (NEA) continues its journey towards the tenet of genuine good governance through the Performance Governance System (PGS). To sustain its focus on strategy execution leading to the realization of breakthrough results, NEA expanded the role of the Strategic Planning Division (SPD) of the Corporate Planning Office. Accordingly, SPD plays critical roles in achieving performance breakthroughs by putting the Balanced Scorecard as a centerpiece of NEA's strategy management system. It is in this context that this Strategy Management Operations Manual was developed to establish strategy execution as a core competency within the organization.

II. OBJECTIVES

1. To describe the cross-functional processes that should be managed or integrated by the Strategic Planning Division;
2. To establish the links between the organization's strategy and management processes and systems; and
3. To achieve dramatic performance improvements through successful strategy execution.

III. STRATEGY MANAGEMENT PROCESSES

The identified nine (9) strategy management processes should be the responsibility of the Strategic Planning Division as described below:

A. STRATEGY PLANNING

The strategic planning functions of the SPD include: (1) Gathering and Analyzing Information; (2) Identifying Critical Issues and Concerns Confronting the Organization; (3) Formulating/ Reviewing/Revising the Charter Statement (Values, Mission and Vision); (4) Developing the Road Map; and (5) Developing the Scorecards. These activities should be undertaken in coordination/consultation with all NEA offices.

1. Gathering and Analyzing Information consists of external, constituents or stakeholders, and internal assessments.
 - (a) External assessment, sometimes referred to as the “environmental scanning”, identifies changes on political, economic, technological, social, demographic, competitive and regulatory trends. This step determines opportunities and threats for the organization.
 - (b) Constituents or stakeholders assessment reveals the needs and perceptions of the organization’s stakeholders to determine implications and to properly respond to these changes and trends.
 - (c) Internal assessment evaluates the organization’s structure, processes and operations to pinpoint strengths and weaknesses. The personnel, facilities, equipment, technology, financial condition, management practices, governance, and other factors are areas to be examined.

2. Identifying Critical Issues and Concerns

Critical issues are fundamental policy or program concerns that define the most important situations and choices facing the organization at present and in the future. These are long-standing challenges that have significant impact on the organization and thus, require range of decisions to be considered in the future.

3. Formulating/Reviewing/Revising the Charter Statement (Values, Mission and Vision)

(a) Cultivating and Nurturing Core Values

Core values are considered the bedrock of any corporate culture. These are the enduring beliefs of the organization that provide direction and guidelines for the employees’ day-to-day behavior and for making difficult decisions over the years. Thus, core values are carefully cultivated to ensure they take firm roots and spread throughout the organization.

A values audit through a survey instrument serves as a tool to understand, ideally at the start of the planning process, how well employees believe the organization is living its core values.

(b) Formulating the Mission

The mission statement is a broad description of why we exist, what we do, with/for whom we do it, our distinctive competence and why we do it. Mission is forever pursued but never achieved or completed. If a mission statement already exists, the focus of this step is on reviewing it in the light of the emerging vision statement and if necessary revising the language.

(c) Crafting the Strategic Vision

The vision statement describes what we aspire to achieve which provides long-term direction and inspiration for goal setting. It is time-bound, achievable, quantifiable, and seems unreasonable but we believe we can attain nonetheless.

4. Developing the Road Map (Perspectives, Strategic Objectives and Themes)
 - (a) Perspectives are the key four (4) areas of the business or organization, into which the objectives naturally fit. These are: Customers or Stakeholders which enables the organization to identify and measure the services it will deliver to customers; Financial which measures how does the organization look to stakeholders with profitability ratios as success indicators; Internal Process describes how well the organization manage its operational processes; and Learning and Growth which examines how the organization learns and grows.
 - (b) Strategic objectives are the starting points when building a scorecard. These are qualitative in nature and broadly state what the organization plans to achieve. An objective can be associated with only one perspective, but a perspective can have many objectives. A scorecard will typically have a number of objectives but a number of scorecards might share the same objectives.
 - (c) Themes are linked objectives taken from a number of scorecards that serve as the organization's game plan.
5. Developing the Scorecard (Measures, Targets, Milestones and Initiatives)
 - (a) Measures indicate how an objective performs. Each objective might have a number of measures. They measure the performance of the objective. Each measure is associated with only one objective. As a general rule, a corporate scorecard is composed of 15-25 measures, the second level scorecard with 10-15, and the individual level with 5-10 measures.
 - (b) Initiatives are mini action plans which are designed to achieve one or more objectives. Each objective can be associated with many initiatives and many initiatives can be associated with many objectives.
 - (c) Milestones are the stages of an initiative. They allow the owner to assess if the initiative is running in accordance with the plan.

B. SCORECARD MANAGEMENT

SPD is tasked to manage the scorecard which entails several responsibilities:

1. Conducting seminar and workshops on the Balanced Scorecard management system, methodology and tools;
2. Ensuring consistency in the scorecard's terminology and measurement definitions;
3. Facilitating consultations regarding the measure adjustment;
4. Updating the scorecard based on agreed new emerging strategies;
5. Recommending targets, strategic initiatives or specific programs required to achieve performance targets; and

6. Ensuring integrity and reliability of scorecard data.

C. ORGANIZATIONAL ALIGNMENT

SPD helps the entire organization have a consistent view of strategy to realize corporate synergies and to create focus and coordination to all part of the firm. Its organization alignment functions include:

1. Defining, on the corporate level, the synergies to be created through cross-business behavior at the lower organization levels;
2. Linking business unit strategies and scorecards to corporate strategy and strategic objectives;
3. Linking external partners such as stakeholders, joint ventures, etc. to the organization's strategy; and
4. Organizing the management team's review and approval process of the scorecards developed by the business units and external partners.

D. STRATEGY REVIEWS

Periodic management conferences are needed to review performance and to make strategic adjustments, if needed. SPD, which facilitates these activities, conducts briefing on the identified strategic issues to ensure that these are focused on strategy review and learning, rather than just short-term concerns. It also maintains records of determined action plans, and conducts monitoring to assure that these are carried out properly.

E. STRATEGY COMMUNICATION

Cascading the strategy, measures, targets, and initiatives is important to make each employee contributes to the strategy. As such, SPD communicates the scorecard to all parts of the organization to promote better understanding of the strategy in all business and support units. It likewise ensures that training and education programs about the balanced scorecard are included in the employees' competency programs.

F. INITIATIVE MANAGEMENT

Cross-functional and inter-organizational plans and programs must be encouraged which involve screening, selection, and management of initiatives to help accomplish strategic objectives. SPD regularly monitors strategic initiatives to ensure that they produce results and recommends possible consolidation and elimination of those not delivering benefits.

G. FINANCIAL RESOURCES ALIGNMENT

SPD plays a coordinating role in ensuring that budgets, human resources planning and marketing programs are linked to strategy. Thus, it coordinates with the Finance Services Department to ensure budget allocations are consistent with strategic planning process and with the Human Resources and Administration Department to ensure that hiring, training, and leadership development programs are aligned with the skill requirements for strategic programs.

H. HUMAN RESOURCES ALIGNMENT

Employee-focused processes that fall within the responsibility of the Human Resources and Administration Department such as individual goal-setting, compensation, and personal and leadership development must be linked with strategy. SPD, however, shared in these concerns with the end view of enhancing the human capital and making strategy everyone's job.

I. BEST PRACTICES SHARING

SPD renders a coordinating role in the identification and transfer of best practices throughout the organization. These are ideas for improving strategic outcomes which can be applied in different functions and units and can be shared to other associations beyond the area of responsibility of the agency.

Approved by the Board of Administrators
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