

Guidelines – Strategic Frameworks

Introduction

Cambridge HR Solutions provides advice and guidance to organisations big and small in the private, public and third sectors on all HR matters.

These guidelines¹ are intended to help managers navigate the sometime complex world of HR and change management.

Glossary of terms

Mission	The main purpose for which an organisation exists
Objective	A statement of what is planned to be achieved
Output	The things or conditions produced by an individual or organisation
Input	The resources which are necessary to support operations
Performance indicator	A means to measure the progress of an organisation over time towards achieving its objectives, usually expressed as an aspect of efficiency or effectiveness
Indicator	A proxy measure used when an output or a performance is not directly measurable. It points out relative direction or trends in performance
Measure	A direct quantification of output or some aspect of performance
Efficiency	The ratio of output to the resources used to produce that output
Effectiveness	The extent to which objectives, quantified by targets are achieved
Strategic objectives	Strategic objectives are high-level statements of the key things that the organisation must achieve in order to fulfil its mission
Monitoring	Regular checking of progress against the plan. Monitoring can relate to checking achievement of actions set out in an action plan or reviewing performance information against the targets set through the planning process.
Unit Cost	The cost of producing a particular output, divided by the number of units in that output
Target	Quantum of an objective, in output terms, to be achieved within definite timescales
Outcome	The impact that the mission aims to influence – e.g. market share, share price

¹ These are for information only. We therefore regret that we cannot be responsible for any loss you may suffer as a result of any omission or inaccuracy, and we encourage you to seek advice accordingly.

OVERVIEW

Purpose of these guidelines

These guidelines outline the components of a strategic framework and their practical application to how an organisation can improve its efficiency and effectiveness as a producer of products or services.

Use of the guidelines

These guidelines may serve as a :

- Reference guide for managers responsible for directing change to help them understand the concepts of a strategic framework.
- Reference guide to managers already familiar with strategic frameworks.
- Tool for use by a strategic review team to assist in developing a strategic framework.
- Basis for refining an existing strategic framework.

The mission statement

The mission statement describes the main purpose for which an organisation exists. It is a statement that helps an organisation to focus on its reason for existence. It provides answers to the questions:

Why does this organisation exist? What is it trying to achieve? What is unique about this organisation?

For the purposes of a strategic framework, a mission statement needs to meet the following characteristics. It must be:

- Clear.
- Concise.
- Output or service-focused.
- Not a description of processes or activities.

A good mission statement should be brief - 18-25 words long.

STRATEGIC OBJECTIVES

Strategic objectives are high-level statements of the key things that the organisation must achieve in order to fulfil its mission.

Good objectives are:

- SMART (specific, measurable, achievable, realistic and time-bound).
- Output or service focused.
- Few in number (3- 8).

These strategic objectives relate to the organisation as a whole and are not synonymous with departmental objectives.

At a strategic level, the objectives are stated without including the time within which the objective will be achieved. The objectives need to be ‘made time-bound’ on a period-by-period basis by setting specific targets for that objective.

KEY OUTPUTS

After clear objectives have been set, the outputs that are to be delivered which contribute towards achieving that objective must be identified.

An output is the product or service produced by an individual or organisation. It is the **result** that will enable the objective to be delivered. Outputs are synonymous with results.

There are three levels of output:

Final output

A final output is the final product or service delivered towards achieving the objective.

Intermediate output

An intermediate output is one which is in itself not final, but contributes to the delivery of the final output. Intermediate outputs help in monitoring the *process* of delivering the final output.

Key outputs

Key outputs are identified from final and intermediate outputs **based on the level of reporting within the organisation**. These are the outputs that the leadership team will focus on, leaving other managers to focus on the rest. Of necessity, key outputs are those outputs that would have the greatest impact on the achievement of the objective and therefore need to be monitored at the appropriate level.

Outputs and outcomes

An output needs to be distinguished from an outcome. An outcome is the impact that may happen in the ‘environment’ as a result of the delivery of the outputs. However, an outcome is impacted upon by other factors outside the control of the organisation. The organisation has little control over the outcome.

Output map

The output map captures the relationship between the key outputs. It provides a simple management tool for the leadership team to review performance of the organisation at a strategic level. The output map includes the inputs as well as the logical flow of the intermediate outputs towards the delivery of the final outputs.

PERFORMANCE MEASURES AND INDICATORS

Performance measures

A performance measure is a quantification of an aspect of the output delivered or planned. Four types of measures are used in a strategic framework as set out below:

Measure of performance	Unit of measure
Cost	Mainly value in monetary terms Appropriate unit for the inputs



Time	Time units - hours, days, months, years etc.
Quality	Comparative Quality measures are normally expressed in percentage terms.
Volume	Appropriate unit for the output (number, value, hours, area, etc.)

Information needs to be maintained for each output both at the planning stage as well as during delivery of the output. Performance measures provide the basis of developing performance indicators by interrelating the four aspects of performance to produce a performance indicator.

Performance indicators

A performance indicator is a relative measure of performance. It provides a basis for relative evaluation of performance in the delivery of outputs in comparison to a specified comparator. The comparators may include inputs, budgets or targets, or target market.

Efficiency indicators relate outputs to the inputs used to deliver that output. An efficiency indicator therefore provides an output-input relationship.

Effectiveness indicators relate to the achievement of outputs to the target, plan or market. An effectiveness indicator provides a measure of the extent to which the set target has been achieved. Effectiveness indicators are often expressed as a percentage, with the target or population providing the denominator.

Using performance indicators

A strategic framework focuses on the use of performance indicators to improve efficiency and effectiveness in service and product delivery. In order to achieve this, the following requirements need to be fulfilled:

- Plans and budgets that include specific targets for outputs to be delivered are required to enable effectiveness to be evaluated.
- Measurement information that relates inputs to outputs is required to enable efficiency to be evaluated.
- The frequency and detail of reporting needs to be agreed for each output.

For more information, or if you have any questions, do please drop us an [email](#).