SAP® STRATEGY MANAGEMENT
DELIVER ON CORPORATE STRATEGY WITH ENTERPRISE-WIDE ALIGNMENT

Business agility is paramount in today's demanding world. It means that everyone needs to execute on changing strategies. The SAP® Strategy Management application empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive efficiency and profitability.

Succeeding in today's competitive business environment requires that your organization be agile enough to respond quickly to internal and external changes. To stay ahead, you have to explore new ways to grow your business – for example, by launching a new product or acquiring a new line of business. You need to rapidly align resources and people and execute new strategies that drive efficiency and profitability. But how do you achieve this level of organizational agility – and ensure focused execution across your business?

The key is fostering organizational alignment – an elusive goal for many companies. This requires strong executive leadership, an organizational mind-set that values performance measurement, and effective performance incentives. Once these elements are in place, you need baseline information to devise the right strategies, a clear understanding of interdependencies, and insight into where to deploy personnel and budgets. To drive adoption, you must communicate strategies to employees in ways they understand and within the context of their roles. You must provide the right tools and incentives to help them execute on a daily basis and in alignment with corporate strategies.

However, if your organization is like most, there is a significant gap between strategy and execution because of breakdowns in one or more of these areas. Consider the following questions:

- Do employees fully understand your business strategy and how their roles, daily decisions, and actions impact business outcomes?
- Do employees have the information and incentives they need to make decisions that not only benefit them but also further corporate goals?
- Is everyone working from the same trusted data source so that all reports display consistent information?
- Are your resources and budgets visibly linked to your strategic objectives? Are your objectives prioritized according to those that have the most impact on corporate goals?

If you answered no to these questions, you're not alone. You can't fix these gaps by simply calling more meetings and publishing more metrics. You need a comprehensive solution that helps you achieve the collaboration, accountability, and risk management needed to deliver on corporate strategy with enterprise-wide alignment.
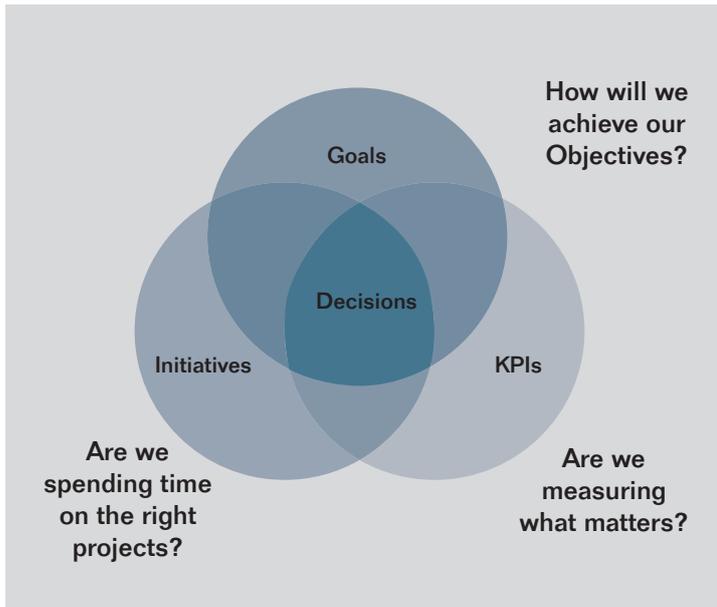
Goals

How will we achieve our Objectives?

Decisions

Initiatives

KPIs

Are we spending time on the right projects?

Are we measuring what matters?

Figure: Close the Gap Between Strategy and Execution

Drive Execution for Better Performance

The SAP® Strategy Management application helps both line-of-business managers and corporate executives drive strategic execution into the planning process. By clearly linking strategic plans to initiatives, performance measures, and people, you can set clear priorities and tasks that employees can act on with confidence and purpose. Ultimately, you gain greater visibility into and control over the factors that affect your organization's performance – which leads to more agile execution.

SAP Strategy Management addresses the needs of both the organization and individual stakeholders. It provides the tools you need to effectively communicate and manage strategic goals, initiatives, and key performance indicators (KPIs) – from initial definition to completed execution. And because the software enables management to prioritize and weight initiatives based on

their impact on strategic goals, employees know how to focus their daily actions. They are empowered to leverage their collective intelligence, work collaboratively toward a common mission, and understand exactly how they bring value to the business.

Close the Gap Between Strategy and Execution

When used with other SAP solutions for enterprise performance management, SAP Strategy Management can help you close the gap between strategy and execution. Here's what you can do with this innovative approach.

Communicate Strategies and KPIs with Powerful Visuals
SAP Strategy Management supports the strategy development process by transforming written plans developed by executives into living documents that can be used with employees to define, discuss, share, and update goals. These documents can include rich

contextual visualizations that drive greater understanding of key objectives across your organization. For example, "pathway" diagrams depict the progressive stages and desired performance targets involved in realizing your organization's short-, medium-, and long-term vision. They help everyone understand the phases – which goals play primary roles and which goals must be prioritized. And to help gain adoption, you can import custom diagrams already used within your company and include them in strategic plans.

Foster Greater Collaboration with Access to Role-Appropriate Information
SAP Strategy Management makes performance-relevant data available in a contextually appropriate way. With secure, role-based access to data from across the enterprise and interdependency ("fishbone") diagrams, employees can better understand how their work affects (and is affected by) other stakeholders and departments. They can quickly measure ongoing progress toward their objectives, assess risk, and determine where efforts are most needed. This insight frees executives, managers, and analysts to spend more time executing on strategy and identifying new or more optimal opportunities for the business.

Giving everyone easier access to performance-related information increases transparency regarding activities underway in other departments and promotes greater collaboration. For example, your vice president of sales can give the director of marketing direct access to pipeline data, so they can work together on initiatives to meet revenue goals.

Simplify Monitoring and Intelligently Manage Performance and Risk

Performance reports and operational reviews are part of every organization's activities and involve different audiences ranging from staff and board members to shareholders and the public. With SAP Strategy Management, everything required to prepare for any type of operational review is centralized, consistent, and instantly available. With data in one "system of record," employees can consolidate and present relevant information and KPIs for their target audience in minutes. And because all reports are based on a single, trusted data source, concerns over data accuracy and validity are minimized.

A semiconductor production equipment manufacturer reduced the cost of its monthly reporting cycle by more than 66%, while adding weekly and daily information.

The software enables management to prioritize and weight initiatives based on their impact on strategic goals, which enables resources to be deployed effectively and informs employees how to focus their daily actions. Via integration with the SAP GRC Enterprise Risk Management application, key risk indicators can be displayed alongside KPIs, enabling proactive identification of strategies at risk. Likewise, the application can automatically detect and communicate "below horizon" objectives so that you can proac-

tively manage exceptions and head off problems. This is especially helpful in situations where your company may appear to be performing according to plan, but in reality there may be a danger of failure.

Achieve Rapid Results

SAP Strategy Management can be deployed by forward-thinking executives within their own department or business unit, not just at the corporate level, for immediate results. For example, your head of marketing can roll out the software to ensure execution of marketing initiatives needed to drive sales – and deploy it jointly with the sales department for more effective collaboration on reaching sales goals. Smaller operational implementations allow your company to quickly develop a record of success – and then scale the application across the enterprise. Once deployed on a corporate level, you can align corporate and operational strategies with ease and gain complete visibility from a performance management perspective.

Key Benefits

With SAP Strategy Management, you can provide all stakeholders with an adaptable, long-term solution for visualizing, collaborating on, and managing performance for greater control – while maximizing efficiency and profitability. You can realize the following benefits:
- Enterprise-wide adoption of strategy and alignment of your entire organization by clearly linking strategic goals to specific initiatives, performance goals, and people
- Effective communication enabled by strong visualization techniques

- Greater employee accountability and cross-departmental collaboration, made possible by communication of strategic goals to all key stakeholders and easy access to personally relevant performance information
- Improved prioritization of resources and swifter responses to issues requiring correction, enabled by insight into dependencies between goals and initiatives and shifts in strategies and associated risk

SAP Solutions for Enterprise Performance Management

SAP Strategy Management is part of SAP solutions for enterprise performance management – a comprehensive set of solutions that help your company capitalize on the value of your existing data assets. With these solutions, your organization becomes more agile, gaining organizational alignment, visibility, and greater confidence to give you optimal control and competitive advantage. These solutions can work with SAP Business Suite applications; SAP solutions for governance, risk, and compliance; and the business intelligence platform from SAP. As a result you can maximize business profitability; manage risk and compliance; and optimize corporate systems, people, and processes.

For More Information
For more information about how you can benefit from SAP Strategy Management and other SAP solutions for enterprise performance management, visit www.sap.com/solutions /performancemanagement.

Summary

Business agility means that everyone – from C-level executives to front-line workers – needs to execute on changing strategies. Everyone needs to communicate plans clearly, translate them into priorities and tasks, and instantly monitor and report on progress to any level of detail. The SAP® Strategy Management application empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive efficiency and profitability

Challenges

- Close the gap between strategy and execution
- Cascade strategy to all stakeholders in the organization
- Align and execute on changing strategic goals and initiatives
- Monitor and report on progress – communicating changes as necessary
- Manage exceptions, interdependencies, and priorities

Supported Business Processes and Software Functions

- Communication – Transform written plans into living documents that can be used with employees to define, discuss, share, and update goals
- Collaboration – Motivate employees and encourage greater collaboration by making performance-relevant data available in a contextually appropriate, personalized way
- Strategy management – Deploy resources more efficiently by understanding interdependencies, "below horizon" objectives, risks, and the importance of initiatives to strategic goals

Business Benefits

- Optimized performance through greater organizational **alignment** and strategy adoption
- Greater **agility** through more effective collaboration, communication, and understanding of interdependencies, priorities, and risk
- Improved **visibility** into and control over the factors that affect your organization
- More **confidence** in decisions and information when everyone works off the same data and can react quickly to changing business needs

For More Information

Call your SAP representative or visit us online at www.sap.com/solutions /performancemanagement.

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