

The Philippine Army

Strategy Execution
Case Study



Foreword

Since the year 2000, Palladium – in partnership with Drs Robert Kaplan and David Norton – has been recognizing organisations that prove that well-designed strategy and sustained excellence in execution yield industry-leading performance. Such performance comes in many forms including more engaged employees, more satisfied stakeholders, and returns for shareholders or reinvestment in the mission. To date, over 200 organisations, representing nearly every industry and corner of the world, have been inducted into Palladium’s Balanced Scorecard Hall of Fame for Executing Strategy. These inductees have demonstrated that disciplined use of a Balanced Scorecard-based system of managing strategy is foundational to achievement of ambitious goals and grand visions.

As each Palladium Balanced Scorecard Hall of Fame for Executing Strategy winner has formulated and implemented a successful strategy using the same foundational management framework, this case study focuses on the more unique aspects of the Philippine Army’s strategy execution journey. More information and examples of fundamental strategy execution practices are offered in the seminal management books: *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment* and *The Execution Premium: Linking Strategy to Operations for Competitive Advantage*.

We hope there are a few new ideas in this case study that you can take away and consider for your own organisation’s strategy execution journey.

For more information, contact:
HOF@thepalladiumgroup.com

Strategy Execution Case Study: The Philippine Army

In 2010, the Philippines was considered one of the most corrupt countries in the world, ranking 134 out of 178 countries on Transparency International’s Corruption Perception Index. The Philippine Army recognised that even the perception of corruption within the institution compromised its ability to successfully achieve its important mandate. In addition, the army was perceived as barely capable of accomplishing its mission, lacked sufficient organisational cohesion, and had trouble paying its soldiers sufficiently for them to provide for the basic needs of their household. All of this led to the precarious situation of demoralised troops. It was obvious that change was sorely needed. That year the organisation would lay out a bold new vision and start on a governance transformation that would change the face of the army at home and abroad.

Army Transformation Roadmap

As with any transformation journey, the starting point is having leadership agree on a vision that is inspiring yet realistic. It also needs to clearly define what success is and yet provide room to adjust the strategy as things change and the organisation learns. The Philippine Army’s Transformation Roadmap (ATR) provided that sort of vision.

A few things about the army’s vision are noteworthy. The transformation roadmap is not a typical 3 to 5-year vision, it is an 18-year journey. However, the army recognised that focusing on an 18-year vision is too far in the future to create the necessary sense of urgency, so it divided its vision into three “base camps” or intermediate visions along the transformation. Attaining the vision of “a world-class Army that is a source of national pride” was likened to climbing Mount Apo, the tallest mountain and volcano in the

Philippines; it will take much effort but the view from the top will be well worth it.

Every soldier and civilian team member knows this vision, which is constantly referenced in conversation. It is preached to new soldiers during basic training and is part of the most fundamental knowledge cadets must have in candidate school for officers. The ATR is a very common sighting in offices across the institution. Army personnel don't just know the vision, they know they are on that journey and have a part to play.



There Are Not Enough Watchdogs

Outside parties play a critical role in holding a mirror up to those with power and responsibility to keep them accountable. This is the role of free press in society and the role of auditors in accounting. An organisation's posture towards these third parties can tell us a great

deal about its humility, transparency, accountability, and willingness to learn. A variety of institutions in the Philippines play this critical role when it comes to the Philippine Army including newspapers, politicians, international nongovernmental organisations, and others.

Early on in the decade, the army took the additional step of creating a dedicated third party organisation – the Philippine Army Multi-Sector Advisory Board (PA MSAB) – to focus on applying scrutiny and providing feedback to the institution. The board was not comprised of those who were already friendly and loyal to the army. The army was interested in the constructive criticism that could grow the organisation towards its vision and, therefore, picked a diverse set of influential leaders in the country, some being outspoken about their distrust of the institution.

The PA MSAB is given the level of access and information they need to fulfil their role well. Every quarter the board convenes to review the army's performance using strategy reporting documents and to provide feedback and insight on external perception of army activity including military campaigns, disaster response, infrastructure building, and external communications. The board's focus on reviewing the strategy includes input on addressing identified challenges, raising additional concerns not in the reporting, and helping the army analyse different initiatives that could be implemented to better serve stakeholders and progress the vision.

Sustaining Institutionalisation

Many strategy management implementations end up looking quite similar as the principles of clear strategy, effective leadership, engaged employees, tight alignment, and strong governance translate across organisations. The army articulated its vision and created a thoughtful strategy using Balanced Scorecards and Strategy Maps starting in 2010. The most senior leadership, including the Commanding General of the Philippine Army, made clear the criticality of the strategy

management effort, referred to as the performance governance system. This consistent leadership commitment occurred despite frequent turnover of the most senior leadership, especially the commanding general role¹, due to the mandatory retirement age. In fact the commanders of the major units of the army, as well as the key advisers of the commanding general, all took an oath and vowed to uphold the ideals and principles of the ATR and performance governance system in a ceremony held in November 2012.

All staff are aware of how they contribute to the vision and have set personal goals accordingly (as discussed later in the case study). All units of the army have their own Balanced Scorecard, which they communicate and manage, that are aligned with the overall army strategy. The quality of alignment is ensured by a cross-functional team called the Army Strategic Management Committee, which is comprised of executive officers of the army general staff. Further, the Army Governance and Strategy Management Office defines governance plans and practices that the whole institution adheres to when managing strategy.

One challenge encountered in many complex strategy management implementations is how to ensure quality and value of the approach at cascaded levels of the organisation, particularly two or more levels below the organisation-wide strategy. The typical method during initial articulation of cascaded Balanced Scorecards is to have a committee of some type review these scorecards to check for alignment. Sometimes there is a process to ensure these cascaded scorecards are effectively being used to manage units of the organisation including a defined contingent of strategy meeting facilitators and/or a culture of inviting other units to one's own strategy review meetings as a means of information sharing. The challenge has seemingly always been in maintaining strong strategy management practices across all cascaded Balanced Scorecards.

¹ The current Commanding General of the Philippine Army, Lieutenant General Bautista, is the ninth commanding general since the start of the ATR in 2010.



Members of the MSAB Lieutenant General Donato B San Juan II (left) talking with Dr Maria Isabel Cojuangco-Suntay (center) and Samira Ali Gutoc-Tomawis (right) at Longayban Hall, Philippine Military Academy.

The army has decided to leverage internal competition as a source of motivation to maintain strong governance practices. The Institute for Solidarity in Asia has a four-stage maturity curve for Balanced Scorecard-based governance: (1) initiated, (2) compliant, (3) proficient, and (4) institutionalised. The army as a whole reached the “institutionalised” stage in 2014. Now, each subordinate unit and office in the army is encouraged to individually progress through the maturity curve and achieve the same institutionalised stage according to a consistent set of criteria and as audited by Army Strategic Management Committee members, with the Army Governance and Strategy Management Office as secretariat. The units proudly display a plaque in the lobby area of their office conveying their current level of maturity. Once institutionalised status has been achieved it needs to be renewed every three years or it will be stripped from the unit.

Performance Management for the Whole Person

One of the Philippine Army's key strategic measurements for its transformation is a net trust score. The indicator is a recognition that in order for the army to fulfil its mandate and truly live out its core purpose motto – “serving the people, securing the land” – it needed every ambassador of the army's brand, each individual soldier and civilian employee, to reflect the army's transformation. The army also has a poignant principle enshrined the army manual, “the foundation of a strong Army is a strong family”. As late as 2013, nearly 1% of army personnel were involved in incidents each year where they were censured with “grave or less grave” penalties for offenses like bar fights, domestic violence, and “non-support or abandonment of family”. The fact is that the army brand was not just influenced by what soldiers did during the work day but also what they did in uniform after the work day, what their families said about the army experience, and what occurred around the army's camps (bases or installations). A typical individual goal-setting exercise was not going to be sufficient to dramatically improve the image of the army that individual soldiers were projecting through their personal lives.

The army decided to have each soldier and civilian employee set goals for themselves spanning professional and personal goals. This direction resulted in the creation of a Personal Balanced Scorecard structure with seven perspectives mostly focused on personal life instead of the traditional four perspectives all focused on work-related aims. The seven perspectives are: professional, educational, physical, family, financial, spiritual, and environmental.

Personal Balanced Scorecards are updated monthly or as data frequency allows. The review of the Personal Balanced Scorecard is a two-pronged approach. On a semi-annual cycle the professional objectives are reviewed between an individual and their commanding officer. This process ensures at least some coaching is happening



Lobby of the Army Support Command with the Army Governance Pathway plaque (bottom), the Command's Strategy Map (top left), and the Philippine Army's vision, mission, core purpose, and core values (top right).

within the year, though certainly officers are encouraged and trained to provide more regular feedback. An individual's direct supervisor also has a role in mentoring on an individual's personal goals though this is supplemented by review and discussion of individual goals by an assigned peer called an “accountability partner”. Each army staff member has an accountability partner for a life coach – for Commanding General Rolando Bautista, it is the Vice Commander Robert Arevalo and for the most junior enlisted staff it is another enlisted person in their unit. The partner's responsibility is to check in on personal goals and encourage progress on them throughout the year. While only performance on professional objectives determines the performance rating that factors into future promotion decisions, staff that perform well across all seven perspectives are awarded the Personnel Readiness Badge that they have the privilege of wearing on their dress uniform over the next year.

Excerpts from Captain Taguba's Personal Balanced Scorecard for 2018

Perspective	Objectives	Performance Measures	2017		2018
			Target	Actual	Target
Professional	To formulate plans, policies, and procedures pertaining to performance management and personnel readiness evaluation	No. of policies and directives formulated, reviewed, and revised on performance management	4	3	4
	In coordination with other G-Staff, maintain and track statistical data on human resource-related performance indicators of the Command relative to the implementation of Army Transformation Roadmap	PPBER	2	2	2
Physical	Improve my PFT rating from 70% to at least 80%	PFT Score: push-ups; sit-ups; 2-mile run	19; 32; 20 min	20; 31; 23 min	20; 34; 22 min
	To stay physically fit	Blood pressure	120/80	120/80	120/80
		Weight (kilos)	62	62	60
Educational	Pursue schoolings/seminars needed to enhance performance of tasks and gain promotion	Number of courses and seminars to be attended (military and civilian alike)	4	4	5
Social/Family	To have a happy and closely-knit family centred on the Lord, and bring-up Godly children	Family devotion time	1/week	1/week	1/week
		Number of family bonding activities (vacations, picnics, tours, etc.)	10/year	12	1/month
	Train confident, disciplined, responsible and independent children	Trainings for sports, music, and educational (aside from in-house coaching/training)	Basketball	OK	Badminton
	To cultivate friendship with neighbours and colleagues; and strengthen bond with friends and relatives.	Number of bonding events with friends, relatives, and neighbours	10	10	12
Economic/Financial	Be financially stable	Percentage of family income saved	25%	30%	30%
Moral/Spiritual	Strengthen personal relationship with God	Quiet times (Bible reading and prayer) with the Lord	365	274	365
		Church attendance	1/week	1/week	1/week
		Fellowship events with other Christians thru small group meetings, Bible study, etc.	1/week	1/week	1/week
Environmental	Contribute to the protection of the environment	Number of trees/plants planted	5	4	6
		Kilos recycled/segregated	8	8	9
		Amount of monthly electric and water bill	3500	3800	3000

This approach likely seems very intrusive in some cultures, but at the Philippine Army it enjoys broad support from enlisted staff and officers alike. According to an Island of Good Governance Audit Report in 2015, submitted by KPMG Philippines, stakeholders “attested that they have seen the improvement of the enlisted personnel through the use of the personal scorecards. As an example, an interviewed wife of an enlisted personnel confirmed that her husband became more goal-oriented ... An MSAB member confirmed that the personal scorecards helped in transforming the negative public perception of soldiers. [The public is] now more aware that soldiers are approachable men and women of integrity, respectful and God-fearing.”

Marching Onward

The army has shown tremendous gains across a wide variety of strategic measurements since implementing their performance governance system. Important for any government institution, the army has also demonstrated the sustainability of the approach as it has weathered normal rotation and change of leadership but also stood the test of President Duterte’s administration coming to power. Perhaps one of the greatest indications that the institution is well on its way to becoming “a world-class army that is a source of national pride” is that it received the political backing and funding needed to double the salaries of its staff effective this year. As the organisation looks to its 2022 base camp of “a modern and respected army in Asia”, the robust strategy management capability the army has built is an essential part of the conditioning needed for the path up Mount Apo.



Vice Commander of the Philippine Army, Major General Arevalo, with his Personnel Readiness Badge on the left breast pocket (centre).

Positive Impact

Palladium refers to “Positive Impact” as the intentional creation of enduring social and economic value. We are passionate about Positive Impact and sharing the ways in which Balanced Scorecard Hall of Fame for Executing Strategy winners are living out this mind-set in their organisation.

The Philippine Army as a government institution is in the business of creating social impact as a function of every activity it conducts from neutralizing security threats to providing resources to build infrastructure in more remote portions of the country. At the same time, all portions of the army’s mandate promote the conditions necessary for financial value to be created by Philippine businesses. Yet the idea of Positive Impact demands more, a deliberate plan to create both social and financial value sustainably in a direct and *tangible way*.

One example of a Positive Impact project by the Philippine Army comes from their Mechanized Infantry Division (MID). MID has a substantial tract of land available to them for classrooms, training, equipment maintenance, staff housing, and more. Despite the varied need for land, it is not all used. The division is one of many in the army with an “Adopt a Hectare” program where unused land is made available for farming by cooperatives comprised of army staff and individuals from the surrounding communities. Each parcel of land has a targeted yield to ensure the land is used effectively. The program provides additional resources to MID in the form of either money or produce while providing the local community with additional land to farm. An additional benefit to both parties is the strengthened relationship between the army and the local community.



Farmers at Camp O'Donnell in Capas, Tarlac work together during the harvest season.

Future Focus

Strategy management software – Up until now, the army manages the large set of Balanced Scorecards across the organisation through individual Microsoft Office documents generated in each unit of the organisation. There is a repository for what the elements are of each unit strategy, though that is the extent of the software available. Currently, a strategic initiative is underway to build a bespoke software solution for strategy management that the whole organisation will use. This system will allow for the meaningful consolidation of performance information, easily accessible line of sight through the organisation, and more automated reporting opportunities among other benefits.

Strategic risk management – The army has long been using scenario planning and war gaming to prepare for uncertainty. Historically these activities have stopped short of formally identifying risks. The army is now piloting a formal strategic risk management approach that it hopes to roll-out across the organisation in the near future.

Institutionalisation achievement of all units – Just as the army as a whole achieved “institutionalisation” status for its strategy execution practices, each individual unit of the army is expected to achieve (and sustain) that same status.

Results

Indicator	PRE-BALANCED SCORECARD (2010)	CURRENT (2016)
Net trust rating	52*	75 (2014)
Overall operational readiness condition	67.6%	73.0%
Training readiness	69%	92%
Maintenance readiness	74%	93%
Percentage of army units provided to force employers that are in prescribed readiness condition	75.3%	80.24%
Combat unit training readiness	67.3%	94%
Combat support unit training readiness	85%	94%
Number of army internal auditor recurring/common	20/23	6/13
Doctrine development throughput time	312 to 364 weeks	48 weeks
Personnel satisfaction index (out of 4)	2.1	3.9
Percentage of army strength with personal scorecard	0	98.07%
Percentage of personnel meted with less grave and grave penalties	0.93% (2013)	0.18%
Percentage of infantry divisions with operational voice and data systems integration	0%	100%
Cash utilization rate	97%	100%

* Armed Forces of the Philippines as a whole, of which the army is more than half the force.



Palladium is a global leader in the design, development and delivery of Positive Impact, the intentional creation of enduring social and economic value. We work with corporations, governments, foundations, investors, communities and civil society to formulate strategies and implement solutions that generate lasting social, environmental and financial benefits.

For the past 50 years, we have been making Positive Impact possible. With a team of more than 2,500 employees operating in 90 plus countries and a global network of over 35,000 technical experts, Palladium has improved—and is committed to continuing to improve—businesses, economies, societies and most importantly people's lives.