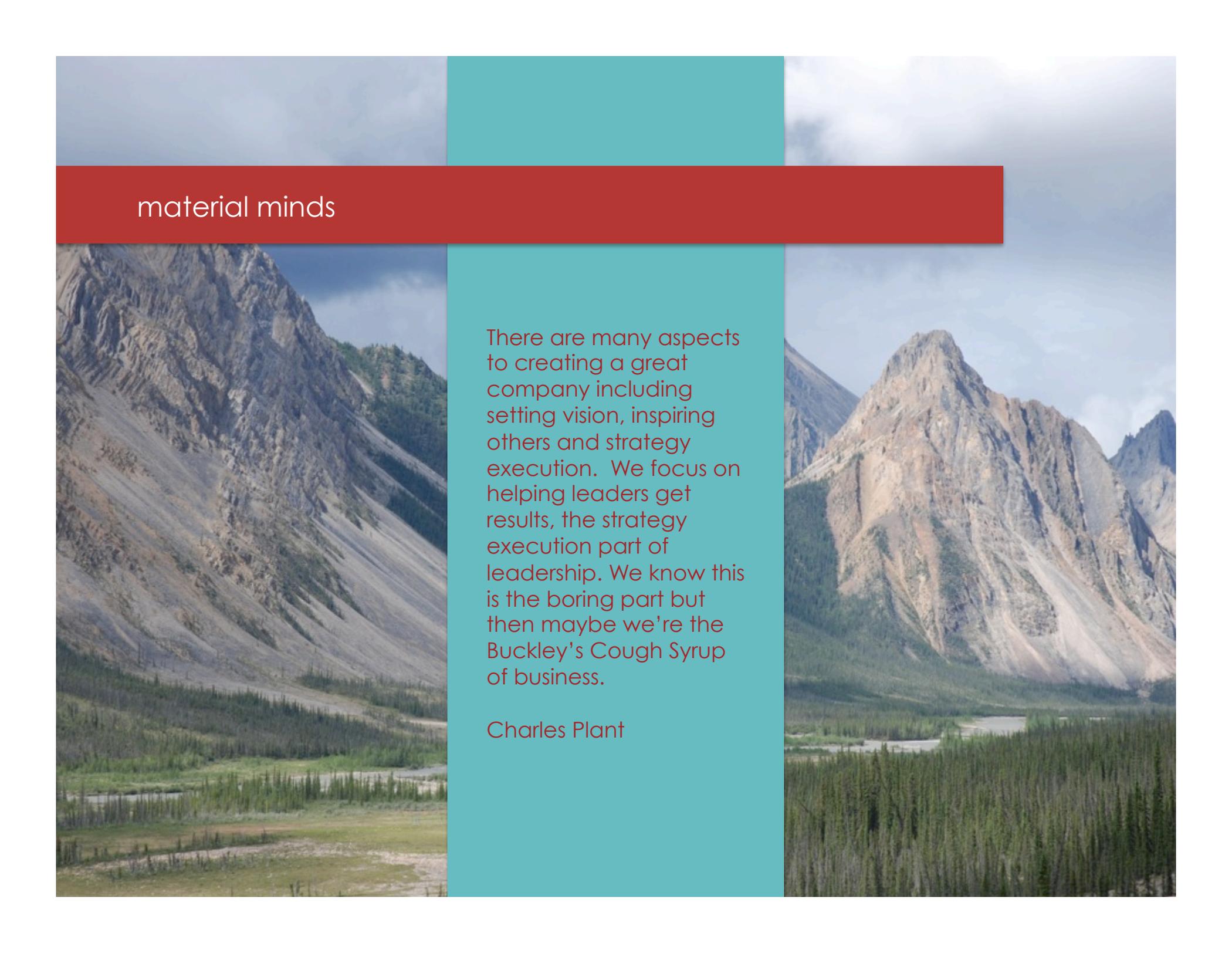


13 Steps to Better Strategy Execution

August 2014

material minds



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There are many aspects to creating a great company including setting vision, inspiring others and strategy execution. We focus on helping leaders get results, the strategy execution part of leadership. We know this is the boring part but then maybe we're the Buckley's Cough Syrup of business.

Charles Plant

Why Strategy Execution Matters



Companies' weak performance is not because they have weak strategic plans; it's because they haven't implemented those plans in an effective manner.

According to recent studies, between 70% and 90% of organizations that have formulated strategies fail to execute them.

A Fortune Magazine study has shown that 7 out of 10 CEOs who fail do so not because of bad strategy, but because of bad execution.

1000 companies, 80% of directors said they had the right strategies but only 14% thought they were implementing them well.

Only 1 in 3 companies, in their own assessment, were achieving significant strategic success.

Why Strategy Execution is Failing

Research published by the Harvard Business Review shows that on average, companies deliver only 63% of the performance that is anticipated in their strategic plans. One problem seen by this study is that less than 15% of companies regularly compare their business performance against their strategic plan. Harvard's survey demonstrates a sequence of events that causes companies to fail.

No one is in charge of strategy execution. Instead "we all are." With no one in charge of execution there is no one to ensure that the company's biggest project, its strategic plan is effectively implemented.

Strategies are approved but poorly communicated. The lack of communication makes the translation of strategy into specific action all but impossible.

Lower levels in an organization don't know what they need to do, when they need to do it or what resources are required.

Expected results never materialize and since management doesn't review old plans, no one is held accountable for the results and the cycle of underperformance gets repeated.



The Opportunity

Strategy implementation is the single greatest problem and the single greatest opportunity facing businesses today.

And the root cause of that problem is leadership. But not in the way you might think. It is not about leadership behaviors, the problem is leadership and management process.

Connecting Strategy With Action

In order to execute strategy effectively, you need to connect that strategy with the daily action of all employees. In order to connect strategy to action employees need to know three key things:



What is expected of them



How they're doing



How they can improve

The rest of this document outlines 13 comprehensive steps for connecting strategy with action and enabling employees to know these three key things.

1

Define Corporate Success

Defining what success looks like is one of the most critical aspects of business strategy. If you can't define what success looks like then you'll have trouble figuring out how to get there and will never know if you've gotten there.

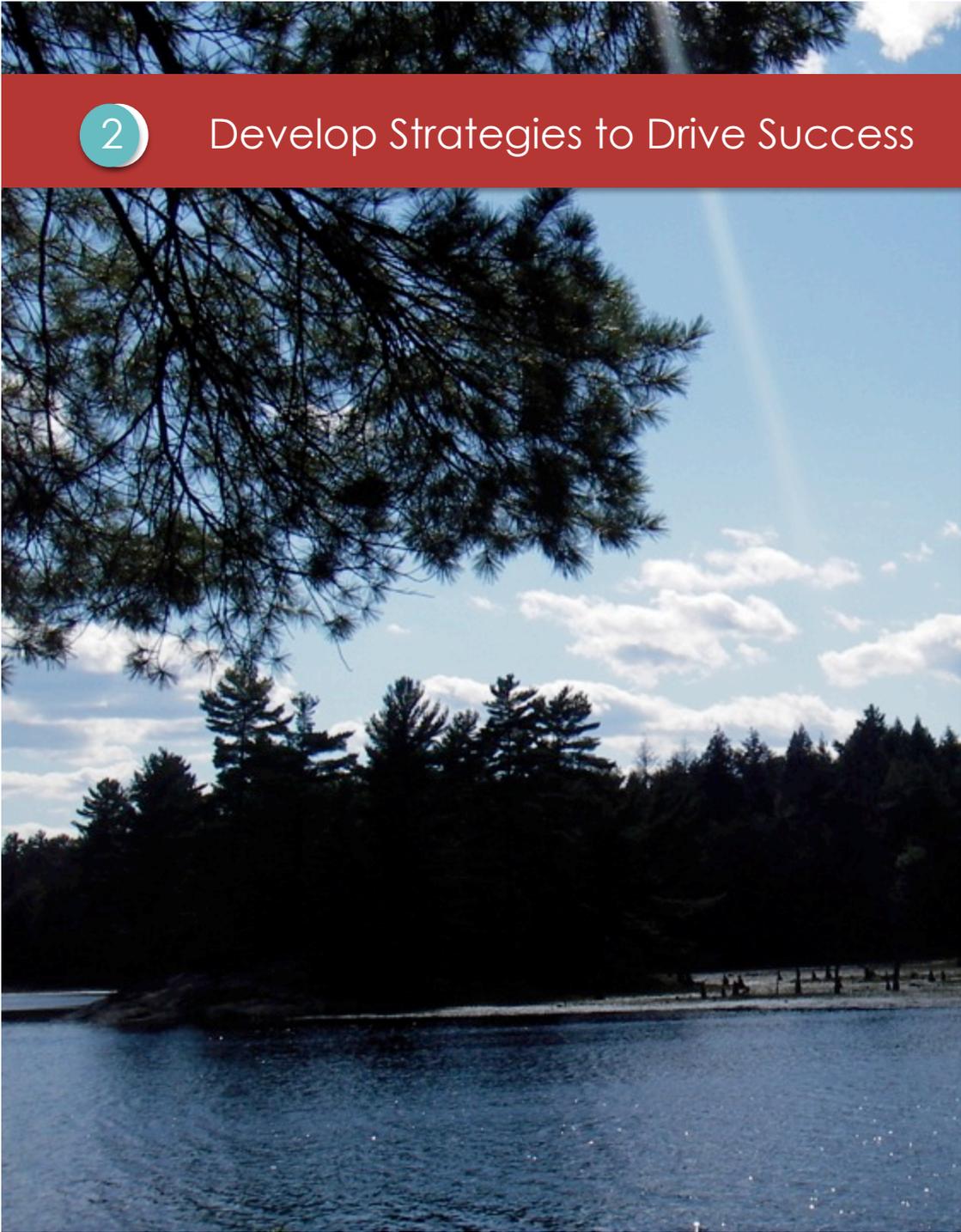
Company Perspective

From a company perspective there are essentially four main areas in which a company can focus their objectives and thus define success:

- Returns
- Profitability
- Revenue
- Costs

Customer Perspective

You may also want to define success from a customer perspective. This is particularly important for companies with social missions as well as charities and not-for profits.



2

Develop Strategies to Drive Success

Once you've defined what success looks like you can develop strategies to drive success.

An organization's strategy can be defined by:

Its target Market.

The needs the company is meeting.

How it is meeting those needs

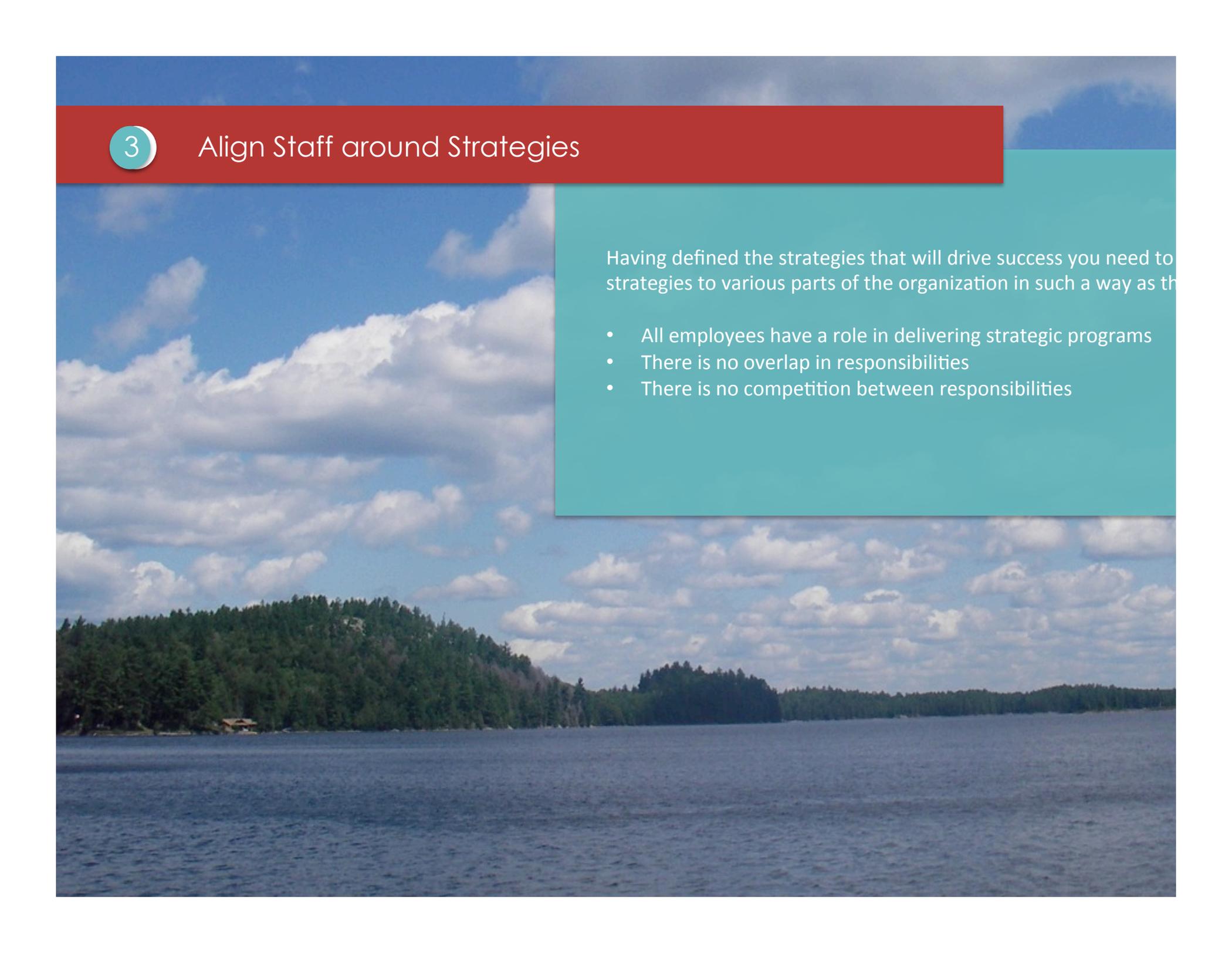
How it competes based on;

- Quality (of product or service)

- Cost (to the customer)

- Speed (to the customer)

Your strategies to drive success will inevitably relate back to strategies that will address one of these elements.



3

Align Staff around Strategies

Having defined the strategies that will drive success you need to align strategies to various parts of the organization in such a way as the

- All employees have a role in delivering strategic programs
- There is no overlap in responsibilities
- There is no competition between responsibilities

4

Focus on results, not activities



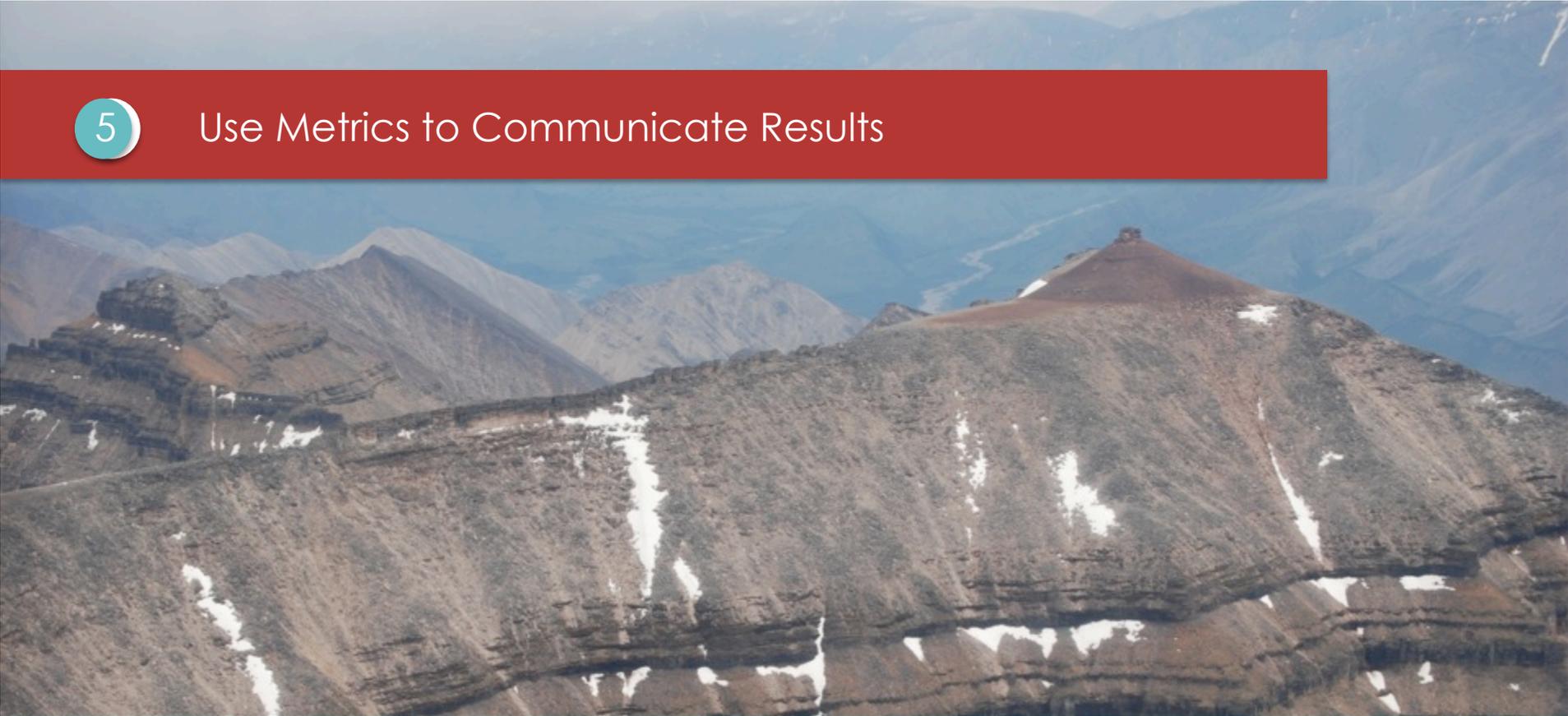
Your company is judged on measurable results.

Connect employee results to company results.

Everything employees do must be connected to those.

Then focus your employees on those results.

When you focus on results instead of activities, employees are free to be productive and innovative and are much more engaged in their work.

An aerial photograph of a mountain range. The foreground shows a large, rugged mountain peak with several patches of snow. The background features a series of smaller, rounded mountain peaks stretching into the distance under a clear blue sky.

5

Use Metrics to Communicate Results

If employees need to know what is expected of them, how they are doing and how they can improve, the most effective and unambiguous way to communicate those three things is by using metrics. With metrics they have a clearer understanding of:

- Their role in the organization
- How their role connects with the strategy of the firm as a whole
- What they have to do to make the firm successful.

6

Define Employee Success

All productive employees want to be successful and they want their employer to be successful. In using metrics, you'll first need to define what success is by measuring employee results.

These results need to be externally validated by

- A customer
- Supplier,
- Another team
- Or a boss.

Results can come in the form of:

- Payment
- Election to proceed
- Milestone reached
- Approval
- Measure of satisfaction

In each of these cases, there are three things you can measure:

- Quality (many dimensions of quality)
- Cost (Revenue, Time, Profit)
- Speed (Elapsed Time)

7

Figure out a Causal Link from Activities to Success

Figure out what causes success, which activities that you undertake directly cause the results you're looking for.

Then you've got a formula for success in that you know exactly what activities you have to complete and at what level of volume to be successful.

8

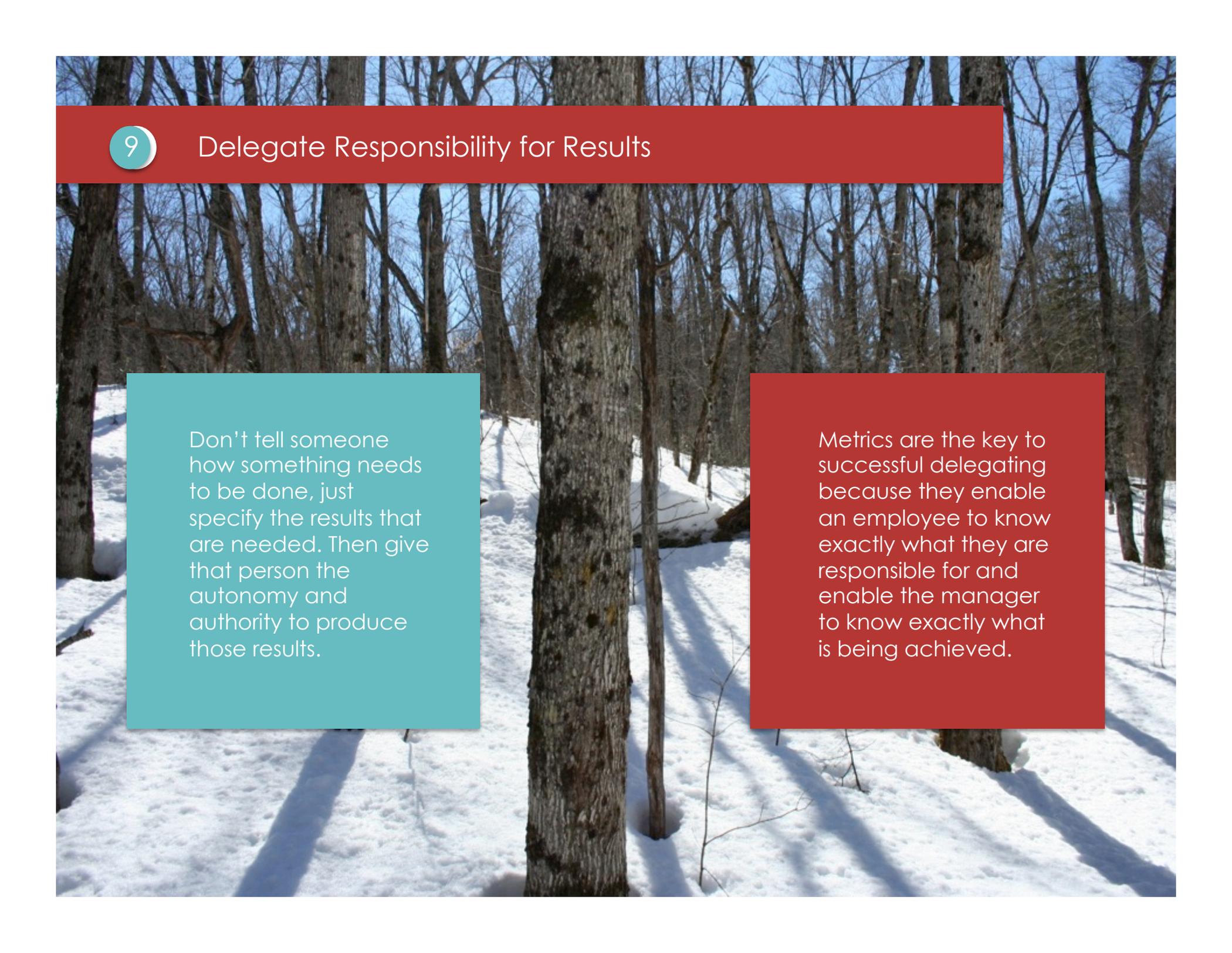
Create a Job Description that Focuses on Results

Job Descriptions Enable someone to know what is expected of them.

Job descriptions shouldn't be a list of activities but should include:

- Outcome Metrics
- Activity Metrics
- Projects
- Authority levels
- Reporting relationships





9

Delegate Responsibility for Results

Don't tell someone how something needs to be done, just specify the results that are needed. Then give that person the autonomy and authority to produce those results.

Metrics are the key to successful delegating because they enable an employee to know exactly what they are responsible for and enable the manager to know exactly what is being achieved.

10

Conduct Frequent Performance Management

Performance management enables employees to know how they are doing.



Use Metrics to set goals



Have regular meetings



Tie metrics to appraisals
and compensation

11

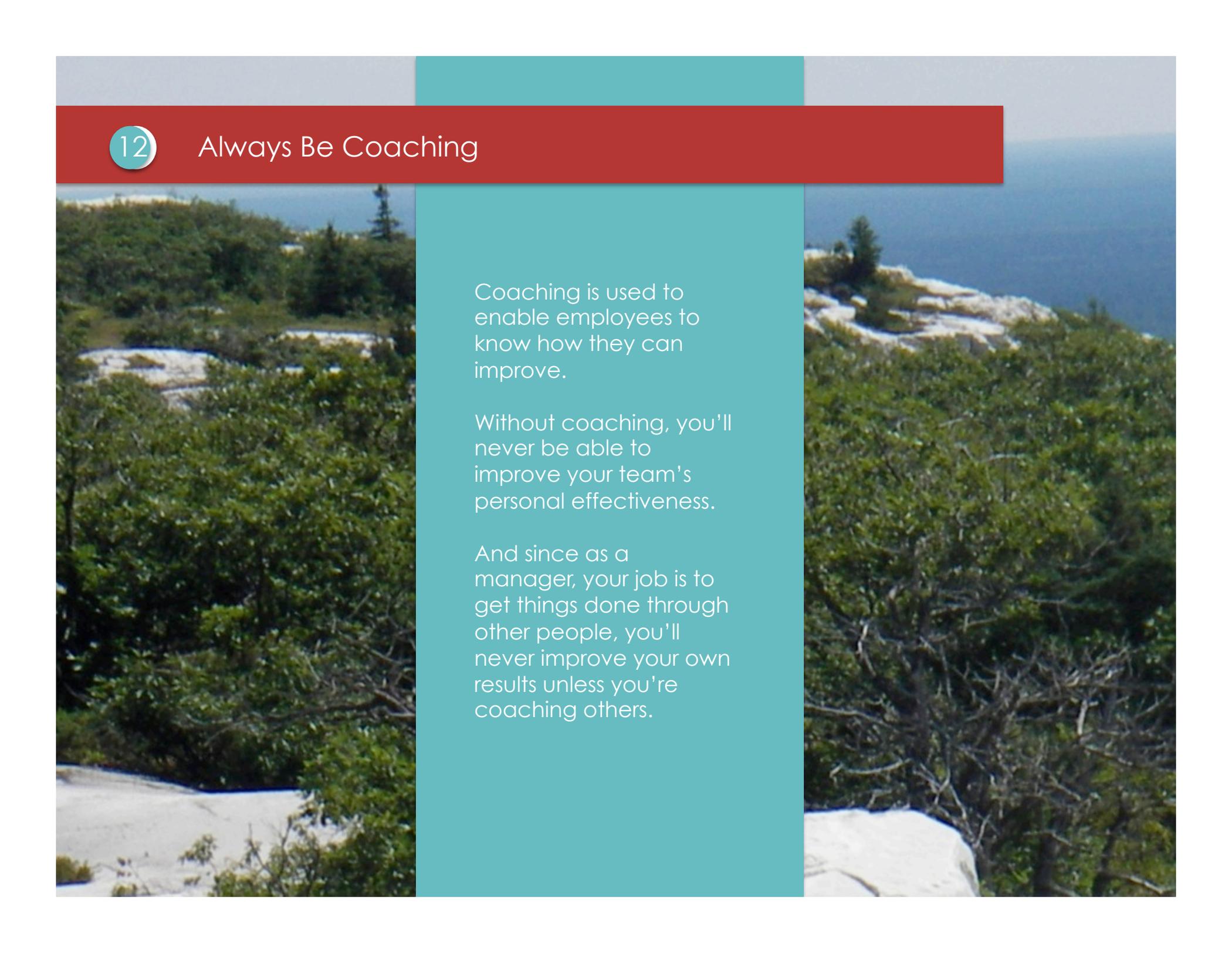
Motivate Creatively

Compensation is a de-motivator if used improperly so don't rely on it.

Recognition is the easiest and best motivation tool out there.

Your good performers appreciate more responsibility

Better titles and real promotions are rewards that last.



12

Always Be Coaching

Coaching is used to enable employees to know how they can improve.

Without coaching, you'll never be able to improve your team's personal effectiveness.

And since as a manager, your job is to get things done through other people, you'll never improve your own results unless you're coaching others.

13

Communicate Lots and Often

One of the most important skills of a good leader is communication. The use of metrics in order to connect strategy with action has a dramatic impact on communication.

Setting clear expectations through metrics in a job description results in improved communication.

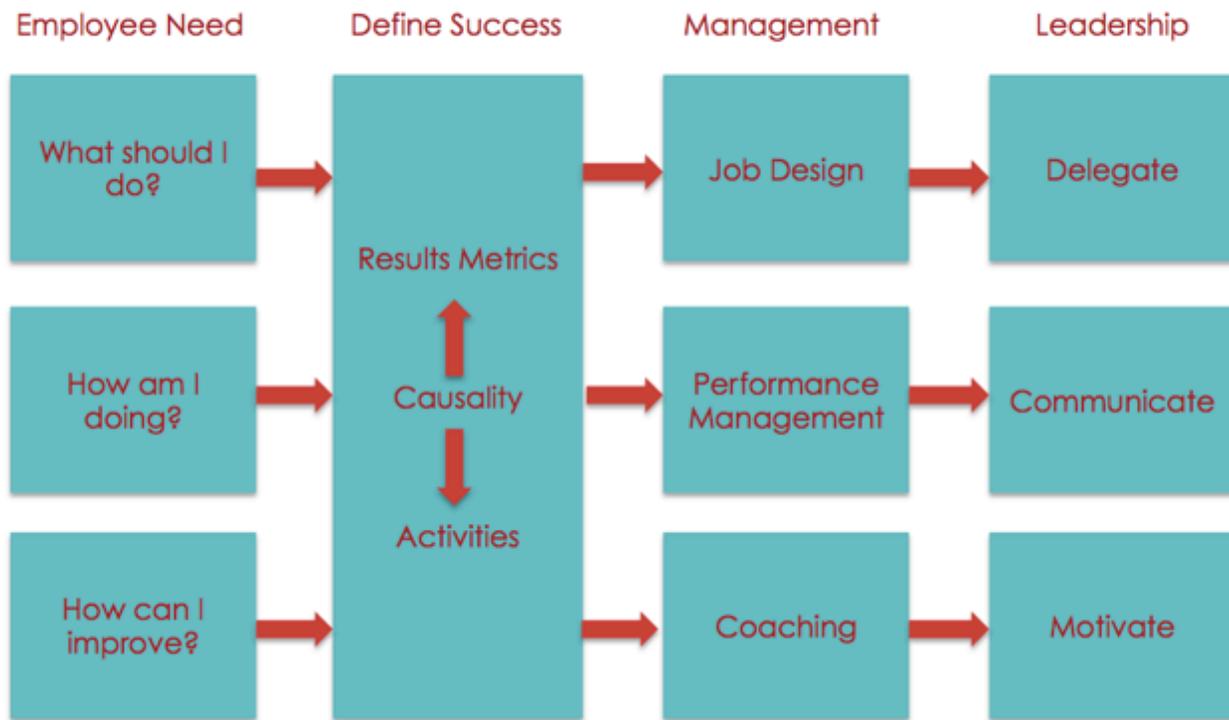
Performance management communicates to employees how they're doing.

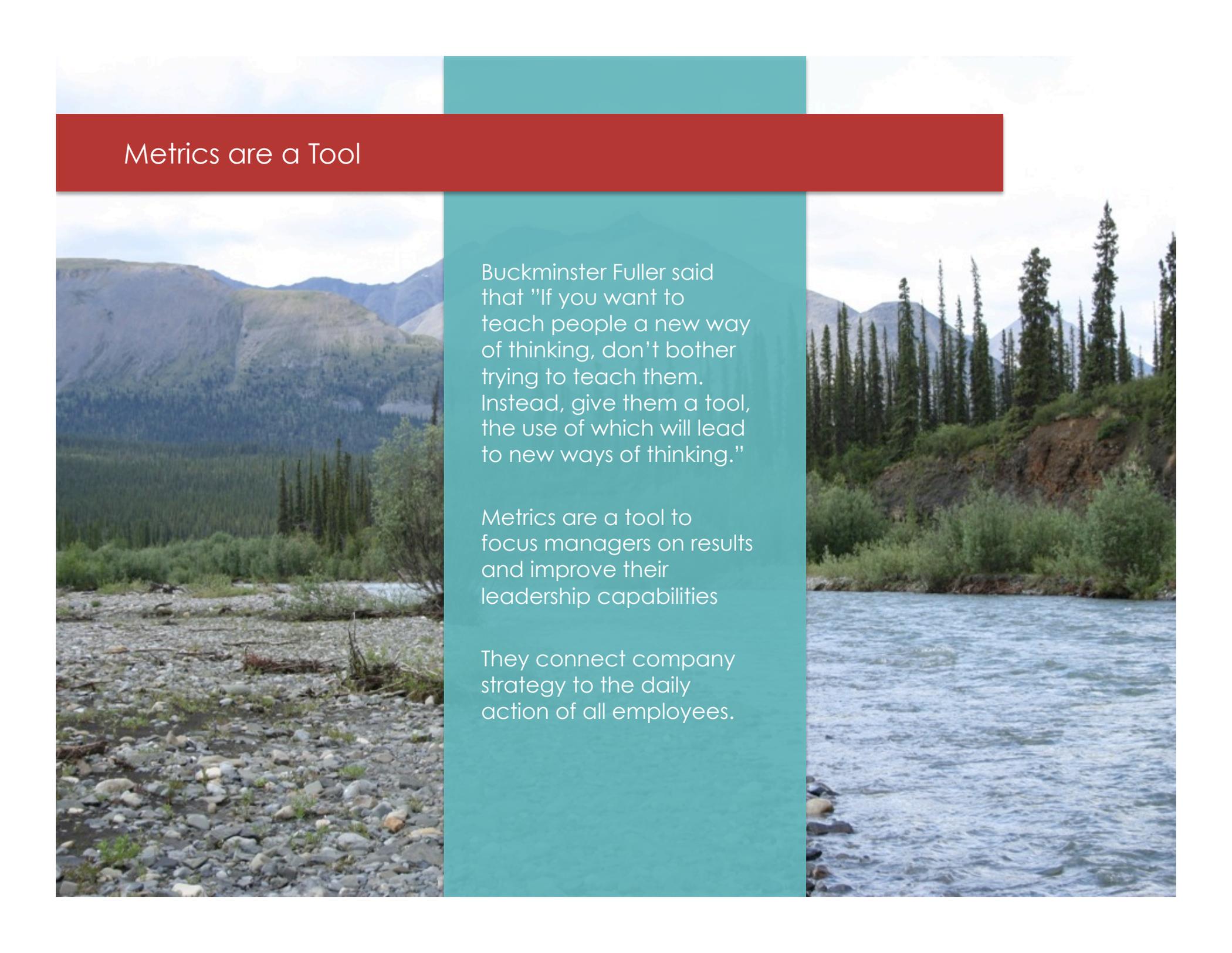
Rewards and recognition all are methods of communicating how people have done.

Coaching communicates how employees can improve

Putting it All Together

Strategy Execution



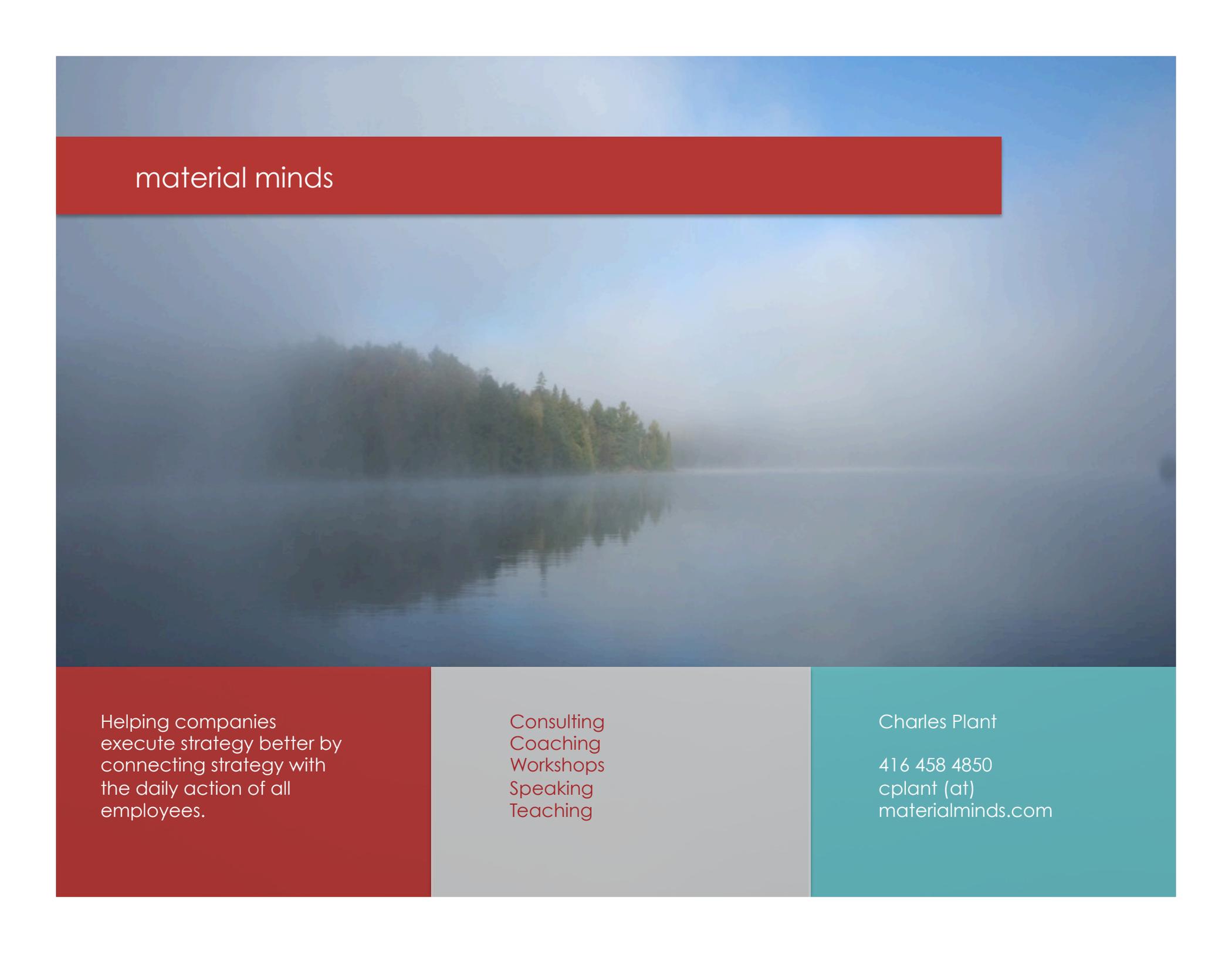


Metrics are a Tool

Buckminster Fuller said that "If you want to teach people a new way of thinking, don't bother trying to teach them. Instead, give them a tool, the use of which will lead to new ways of thinking."

Metrics are a tool to focus managers on results and improve their leadership capabilities

They connect company strategy to the daily action of all employees.



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Helping companies
execute strategy better by
connecting strategy with
the daily action of all
employees.

Consulting
Coaching
Workshops
Speaking
Teaching

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