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## *The next business differentiator*

Simple as it sounds, strategy execution is what will distinguish successful businesses from the also-rans in the future

By **ROBIN SPECULAND**

**O**N ANY given day in Singapore, you can find a group of senior executives locked away in a meeting, deeply discussing the challenge of identifying the strategy that will ensure the company's continued growth, or launch of new products, or finding new ways to delight their customers. Competitor and market analyses are reviewed. Outside consultancies are engaged and leaders work to craft the company's new strategy.

On completion of the strategy, all that is left to do is implement it. The hardest part is done, right?

Wrong. The hardest part is just starting, as the challenge of implementing the strategy is, more often than not, tougher than crafting it. Leaders typically underestimate the challenge of strategy execution.

The crafting of strategy involves an organisation's leaders, but implementation involves the whole organisation.

Crafting takes, on average, nine months; execution takes at least twice as long. Whatever investment has been made in crafting the strategy, be prepared to invest at least double for its execution.

After working with various MNCs and local businesses in Singapore, I have found that most leaders underestimate the implementation challenge and thus miss the chance to successfully differentiate themselves from their competition.

### **Dell's model**

In a recent interview, Kevin Rollins, CEO of Dell Inc, responded to a question about why other companies cannot copy Dell, despite Dell's approach being well known.

He said: "The same reason why Kmart can't imitate Wal-Mart. What Wal-Mart does isn't rocket science — it's retailing. Why can't everybody be Wal-Mart or JetBlue or Samsung or whatever the best company in their industry is? Because it takes more than strategy. It takes years of consistent execution for a company to achieve a sustainable competitive advantage. So while Dell does have a superior business model, the key to our success is years and years of DNA development within our teams that is not replicable outside the company.

Other companies just can't execute as well as we do."

When corporate leaders return to their offices, strategic planning is frequently left in the conference room as they return to running the organisation, clearing emails and returning missed calls. They quickly become consumed again with the day-to-day running of the business.

By underestimating the amount of time, effort and investment it will take to successfully implement the strategy, they fail to leverage the hard work already done and to successfully differentiate their organisation. It is therefore time to put the spotlight on strategy execution.

In the 1960s, companies focussed on producing the product — "build a better mouse trap and the world will beat a path to your door". In the 1970s, they addressed processes — it was all about time motion studies. In the 1980s, they leveraged customer service as a differentiator — "the customer is always right". In the 1990s, the technology revolution took over — "faster, faster, faster". In the 2000s, we are using innovation and creativity — "think outside the box". Tomorrow, strategy execution will be the differentiator.

The opportunity for any business is to realise that a strategy alone does not guarantee success. Once they have crafted the strategy, they must address the implementation challenge. Nine out of ten times, organisations fail to do this — as five years of research across South-east Asia by Bridges revealed.

It is also reinforced by the research done by Kaplan and Norton in creating the Balance Scorecard and the Juran Institute. It is a horrifying statistic. Just imagine the billions of dollars lost, millions of hours wasted and the hundreds of thousands of ideas that have never seen the light of day due to poor implementation.

In 1999, NASA lost the Mars Climate Orbiter. Investigation into the satellite's failure revealed that one team of engineers had used traditional American units as a measure of distance, while another had used metric units. The result was a trajectory error of 100km and a US\$125 million lesson!

When implementing strategy, it is critical to know from the outset what and what not to focus on and to identify what it takes to transform the organisation. Leaders must identify the right actions.

We need to change the way leaders



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**Seize the chance:** Many multinationals and local businesses in Singapore underestimate the implementation challenge and, as such, miss the opportunity to successfully differentiate themselves from their competition.

address implementation and look at what the one-in-ten organisations that successfully implements strategy does differently.

### Need for discipline

Successful implementation is not complex but it does require discipline: the discipline to do the things you are supposed to do, when you are supposed to do them — and to keep on doing them until you achieve the right results.

It's like healthy living. We know that a healthy lifestyle is good for us, yet most people do not exercise enough and do not eat the right food. Bruce Nordstrom of Nordstrom's, the US clothing retailer, was asked why Nordstrom's is so successful. He

replied: "We do not do anything different; we just do what we're supposed to do."

A five-year study conducted by Joyce and Robinson Nohira, revealed in their article, *What Really Works* (Harvard Business Review, July 2003), states that embracing CRM, ERP or something similar does not necessarily catapult you to the head of the industry.

What really counts is the disciplined attention to operations.

Successful implementation means identifying the structured actions to:

- ◆ Ensure that the culture encourages the desired behaviours.
- ◆ Provide systems and processes that support staff members, not hinder them.

- ◆ Galvanise staff members, by means that go beyond the typical coffee mug and T-shirt.
- ◆ Identify the measures that track the strategy and drive the desired behaviours.
- ◆ Find excuses to support the staff who "step up to the plate" and start taking the right actions.
- ◆ Keep the strategy on your radar screen by constantly reviewing it to make sure the right actions are being taken.

All the best on your implementation journey!

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