Myths Busters

Challenging your Strategy Execution Believes

With more strategy executions failing than succeeding – 67% succeed according to our 2016 research[1], my aim is to challenge your beliefs. Why? Because if we constantly fail at something more than succeed, there must be a flaw in our thinking.

I have been researching and consulting to companies in strategy execution for 17 years and over that time I have seen leaders habitually repeat the same mistakes. Strategy execution is in its infancy but is becoming more important in business as organizational and strategy life cycles are becoming shorter. In the 1950s the average company would live for 61 years, today it's 18 years. 52% of the Fortune 500 companies since 2000, are gone. According to Professor Richard Foster from Yale, "By 2020, more than three-quarters of the S&P 500 will be companies that we have not heard of yet."

Just 20 years ago it was not unusual to have a strategy for 10 years. Today the average strategy is three to five years. These shortened life cycles mean that when a company plans a new strategy the pressure is on to delivery on its promises to stakeholders by doing it right the first time and for that to happen, five key beliefs have to change.

1. **Execution planning is done after strategy planning**

Strategy planning was introduced as a discipline in the mid-1960s. Since then, organizations are striving to develop their ability to craft strategy and we are still learning. For example, we understand the word "strategy," but we don't have a common global definition for it.

In its report Why Good Strategies Fail, the Economist Intelligence Unit reported in "Lessons for the C-Suite" that senior executives recognize the importance of strategy implementation. Yet a majority of executives admit their companies fall short. They acknowledge a disconnect between strategy formulation and implementation.

Paul Leinwand, Cesare Mainardi and Art Kleiner stated in their 2015 Harvard Business Review article that only 8% of leaders are effective at both creating good strategies and executing them.

In achieving excellence in execution, execution is planned as part of the organization's strategy planning and prepared before it's launched. Taking time to develop your execution plan doesn't dilute from the strategy planning. Rather, it adds tremendous long-term value.

2. **Change management is the right approach for executing strategy**

Change management has frequently been the default approach for executing strategy. It works well for projects and initiatives within departments and divisions but not for the corporate-wide execution of a strategy. If it did, there wouldn't be such a high failure rate. Change management is a *component* of strategy execution and shouldn't be used for executing it.

Change management also doesn't work for execution because achieving excellence in execution requires transformation from the core. Change management typically involves only change around the core. Transformation has to come from the heart of the business, not peripheral change. Decoding the execution challenge requires that leaders of each organization make it their own.

[1] http://www.excellenceinexecutionbook.com/

3. Focusing on more we achieve more

How many strategy objectives should a company focus on in a year?

If it focuses on three it will achieve three. If it focuses on four to ten it will achieve one or two. If it focuses on 11-20 it will achieve none.

When you have too many actions to do, it becomes hard to focus on any one. Also your resources such as funding and time are stretched. The outcome in this situation can be nothing gets done. If you try and implement too many strategy objectives, then you end up doing less, not more, and sometimes nothing.

The aim is, “less is more”. By focusing on less you send a stronger message, allow for reallocation of resources to the right actions and create a more focused company.

4. Money is the number one motivator of people at work

Many leaders believe money is the number one motivator of people at work, but in most situations, it is not. Instead, receiving the right kind of appreciation at the right time inspires people. Employees pay attention to what gets reinforced more than what is said. They also share with each other about the recognition they receive.

“Money motivates neither the best people nor the best in people. Purpose does.”

– Nilofer Merchant, business innovator

A study conducted at Massachusetts Institute of Technology and funded by the U.S. Federal Reserve Bank revealed many surprising findings. It demonstrated that, for straightforward tasks without much cognitive application, money motivated the worker. However, as soon as cognitive application was required, paying people more actually had a startling effect on their performance. A larger reward led to poorer performance!

A sense of purpose is often the number one motivator of people at work, especially among millennials.

5. Strategy execution needs to be only reviewed once or twice a year

Regular reviews sustain the execution.

Executing the strategy requires moving from theory to practice, from concept to conceptualization and from formulation to execution. Reviews support success by making small but often critical corrections along the way. These corrections have a disproportional effect on the outcomes. It's like when astronauts fly a spaceship to the moon; the smallest correction can make the difference between landing on the moon and completely missing it. Along the way, astronauts have to check the spaceship's location in outer space relative to where it's heading. Similarly, you check your organization's location on the implementation journey relative to its strategy objectives.

Unbelievably, many leaders don't conduct reviews frequently enough. As a result, by the time they do check on progress, it can be too late to get back on track. Small problems can snowball into large problems, creating a snowball effect.

Achieving excellence in execution demands conducting regular reviews. Also the only way you know a strategy is good or bad is by executing, testing and reviewing it. Yet Bridges' 2016 survey revealed that almost 50% of organizations review their strategy execution fewer than three times a year, while only one in five review it once a month.

So how often should you review strategy execution? I suggest leaders ask their people every week what they're doing to contribute to the execution. Then every two weeks, they conduct reviews in each business vertical to examine different components of the execution. That way, by the end of every quarter, they have a complete assessment of the execution progress. Then they would review the overall performance once a year.

It takes discipline to change the dialog across an organization. Leaders are responsible for creating the space for the reviews first on their own calendars. Commonly, they find this difficult because they get swept along by the current of everyday activities.

The material for this article has been adapted from Robin Speculand's latest book and fourth in the series, *Excellence in Execution – HOW to Implement Your Strategy,* Morgan James NY.

A recognized pioneer and expert in strategy implementation, Robin Speculand is driven to transform strategy implementation globally by inspiring leaders to adopt a different approach. The founder and CEO of Bridges Business Consultancy Int, he created the Implementation Hub, the world's first online portal dedicated to strategy implementation. His work begins as clients are crafting their strategy and starting to think about the implementation. This international bestselling author has sold more than 40,000 books worldwide and been featured on BBC, Channel News Asia and CNBC. Robin is a masterful event facilitator and an engaging keynote speaker. His work has been featured widely in the media, including BBC Global, Gulf Connoisseur, CNBC, Channel News Asia, Oman Observer, Sunday Telegraph and Financial Times.