

Turn Great Strategy into Great Execution

By

Linda D. Henman, Ph.D.

A breakthrough product, dazzling service, or cutting-edge technology can put you in the game, but only rock-solid execution of a well-developed strategy can keep you there. You have to be able to deliver—to transform your brilliant strategy and operational decisions into action. If your organization is like many, however, in an effort to improve performance, too frequently you address the *symptoms* of dysfunction, not the root causes of it. You focus your attention and that of others on what's going wrong instead of why it doesn't work.

Done well, execution pushes you to translate your broad-brush theoretical understanding of the strategy into intimate familiarity with how it will work, who will take charge of it, how long it will take, how much it will cost, and how it will affect the organization overall. When you execute effectively, you get smart answers to these questions:

- How do we position products, compared to our competitors?
- How can we translate our plan into specific results?
- How can we attract the right kinds of people to execute our plan?
- How do we make sure our activities deliver the outcomes to which we've committed?

In other words, the heart of execution lies in three core constructs: strategy, people, and operations. To implement the strategy successfully and get answers to the above questions, you'll need to address all three.

Link the Strategy to Execution

More companies fail at execution than at strategy formulation. Corraling the senior team to spend a day or two hashing out the objectives for the year is the easy part. The hard work involves implementing the ideas. As many business leaders have observed, you're better off with a strategy that is 80% right and 100% implemented than with one that is 100% right but doesn't drive consistent results.

Failure to link all elements of strategy to its execution explains why so many companies crash in the implementation stage. If your mission is only a plaque in your foyer, your vision remains firmly planted in the CEO's head, and the strategy, if memory serves, somehow involved those two days the senior team spent at the resort shortly before the golf tournament, your organization might be on the road to perdition. Every organization is headed somewhere, but too often decision makers don't consider all the elements of success when planning the path. Instead, leaders engage in reactive decision making or short-term gains designed to placate shareholders and analysts. The successful ones know they have to do better.

Decentralization, rapid growth, and turmoil have become common at companies. Therefore, a corresponding need for protocols and procedures to ensure coherent strategic action has emerged. A new CEO may bring a new approach, but if the organization's mission remains the same, so does stability of execution. Strategy and execution portend success when they do these things:

- Force trade-offs among competing resource demands.

When decision makers at Southwest faced the problem of continuing service to Denver, they measured the higher costs associated with weather and on-ground delays against

their strategy. They realized they could not maintain low-cost fares in the face of the costs of doing business in Denver. Instead of sacrificing their consistency, image, or reputation, they forced the trade-off and pulled out of Stapleton three years after inaugurating service there.

- Set clear boundaries within which decision makers must operate as they experiment with innovative and traditional tactics.

Companies that try to be all things to all customers will confuse employees who will be forced to make day-to-day operating decisions without a clear framework. It will also puzzle customers and endanger your brand.

- Seize opportunities

Organizations achieve results by exploiting opportunities and strengths, not by solving problems. Solving problem does one thing—it restores the status quo. The status quo may explain where you are, but it won't serve as a roadmap to where you want to go. Growth requires you to allocate your resources to opportunities rather than to problem solving.

- Eliminate bureaucracy

Hierarchy and bureaucracy stand at cross purposes with discipline, which in turn, compromises productivity and the action orientation you want to create. Bureaucracy exists to compensate for incompetence and lack of discipline. Discipline by itself won't produce results, however. Numerous organizations throughout history have had tremendous discipline as they marched in lockstep precision to ruin. You need a *system* of discipline—an action-oriented culture.

Focus People on Execution

Hiring well and giving yourself a talent advantage is the first step. Doing everything to develop, retain, and leverage that talent is the second. In companies that can successfully implement their strategies, people know what decisions they can make and the criteria they should use for making them. They understand their responsibilities but also expect that, once made, their decisions will not be second-guessed. They understand that with accountability comes the responsibility not just to deliver on objectives but also to make money in the process—an important element that many organizations fail to evaluate. Star performers know they must deliver results, but they insist on fair compensation when they do.

The simple truth about rewards and bonuses is you have to deliver what you promise. Even if you have a bad year, if you've promised bonuses to divisions that have had a good year, you need to follow through. Nothing compromises morale more dramatically than people not receiving what they thought they had coming and had rightfully deserved. The more transparent you are about how bonus decisions will be made—the formula you will use to decide on rewards—the more people will perceive fairness. These talented people will determine the future of your organization and the success of developing operations to meet goals.

Inexorably Connect Execution and Operations

Creative thinking shapes strategy, but the hard work involves implementing the ideas. The operating plan provides the *path* to do that. It breaks long-term strategic goals into short-term targets. Meeting those targets forces decisions that need to be integrated across the organization, both in response to internal and external business conditions.

You don't want your operating plan to concentrate on the past—to focus on the reflection in the rearview mirror. You also don't want it to be a distortion of future possibilities—like an image in a fun house mirror. Instead, your operating plan should be a kaleidoscope that exhibits various symmetrical patterns that reflect the loose bits of information you have aggregated. As you rotate it with new information and contingencies, new patterns and answers will appear. It is a look forward to “how's.” It includes the programs your organization will complete within a year to reach your strategic objectives in four major areas: finance, customers, processes, and people. When you tie of culture of discipline to a commitment to attract and retain the best and brightest in your industry, a magical alchemy of action and results occurs.

Execution Assessment

The keys to successful execution lie in strategy and operations—or more specifically your ability to tie your operations to the strategy. Neither can exist in a vacuum. To determine how well your organization applies the aforementioned critical actions to implement the strategy, take this simple test. For each of the following, give yourself a score 1-10.

	Very Weak 1	Weak 2	Adequate 3	Strong 4	Very Strong 5
Clear Links Between Mission and Execution					
Forced Trade Offs and Clear Boundaries for Decisions					
Clear Areas of Accountability and Decision Making					
Transparent and Fair Reward / Bonus Program					

Performance-Based Appraisal System					
Tracking System That Measures Results Against Long-Term Objectives					
Formal Reviews of Implementation					
The Ability to Seize Opportunities					
Involvement of Line Managers					
Robust Communication across the Organization					

Scoring:

Multiply your score by 2. This will give you a percentile score.

Above 90

You have a superior plan for execution. Continue to do what you're doing. Leverage on strengths and continue to look for improvement opportunities.

70-89

You have a strong implementation plan, but you have room for improvement. Look at the categories where you scored less than 3 points. These will need immediate attention.

Below 70

You need significant work on our execution plan. Start by evaluating each of the above ten measures of success. Concentrate your efforts on improving the worst two and then move from there.

Conclusion

Talent is at the heart of all progress and productivity. Without it, nothing else matters. Instead of solving problems and repeatedly returning the organization to the status quo, your talent can use innovative thinking to formulate a successful strategy and then apply advanced critical thinking to develop the plan for execution. The formula may seem easy, but judging from the number of companies that allow the strategy to die before it's executed (pun intended), it's not easy. Only the select few can sort out what needs to be done to turn great strategy into great execution.