

Executing Your Strategy: How to Break It Down and Get It Done

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William Malek

Synopsis by Rod Cox

Modeling studies conducted by the SAS Institute indicate that the anticipated growth of Digital Information is nothing short of revolutionary: in 2005, it doubled every 1,100 days; in 2007, it doubled every 11 months; and in 2010, it is anticipated to double every 11 hours.

When this unprecedented digital information growth is coupled with a world that has become intricately interlinked, errors in strategic thinking and planning can have dire consequences. For example, during the 1990s General Motors made critical strategy and adaptation errors by ignoring the small car and green movements in favor of the immediate profits gained in the large SUV and truck fields. Now the world-wide company, once “the blue chip of blue chips,” is struggling for survival.

General Motors is not unusual. Few companies are skilled at executing strategy. In fact, *“Studies have shown that 90 percent of companies consistently fail to execute strategies effectively. When strategy makers neglect the critical connections between words and deeds – between ideas and action – they are almost guaranteed to fail. Many executives understand this instinctively, but they lack a systematic approach for identifying and implementing the right array of action. Over and over they make broad and mistaken assumptions about how well the strategy converts into understandable work at all levels of the organization, and whether the organization is capable of making the changes that are needed to implement the latest strategic vision.”*

In this Management Forum, Malek introduces the Strategic Execution Framework, a systemic model for successfully navigating the three strategy-making systems (Ideation, Vision, Nature) and the three operational systems (Engagement, Syntheses, Transition).

William Malek holds a BS in Mechanical Engineering as well as an MBA. He spent 17 years in management positions in the energy industry, and then moved on to consulting and academia. He is the former Program Director and Instructor in the Stanford University Advanced Project Management Program. Currently, he is the principal for a management consulting and training company, and teaches at Stanford’s Executive Education program.

With Mark Morgan and Raymond E. Levitt, Malek co-authored *“Executing Your Strategy: How to Break it Down and Get it Done”* published by Harvard Business School. (ISSBN-13: 978-1-59139-956-8) This synopsis includes excerpts and quotes from that book, but it is built primarily from Malek’s Portland, Oregon *Management Forum Series* presentation.

So, What IS the Issue?

When The Conference Board asked 700 senior executives to list their “Top 10 Challenges” (2007), this is what they learned:

Rank	Challenge	% citing challenge as being of great concern
1	Excellence in execution	38.4
2	Sustained and steady top-line growth	36.8
3	Consistent execution of strategy by top management	31.8
4	Profit growth	28.4
5	Finding qualified managerial talent	27.2
6	Customer loyalty / retention	26.3
7	Speed, flexibility, adaptability to change	25.4
8	Corporate reputation	23.7
9	Stimulating innovation/creativity/enabling entrepreneurship	18.7
10	Speed to market	18.2

Note that two of the top three challenges noted by these executives have to do with strategy execution, not strategy formulation. This is because most strategy tends to straightforward whereas most strategy execution is more complex. One of the key complications is the differing and sometimes competing views of managers and executives.

Strategy Execution Key Obstacles	Seen by managers	Seen by execs
1. Inability to manage change effectively or overcome resistance to change	1	1
2. Trying to execute a strategy the conflicts with the existing power structure	2	5
3. Poor or inadequate information sharing between individuals or business units responsible for strategy execution	2	4
4. Unclear communication of responsibility and/or accountability for execution decisions or actions	4	5
5. Poor or vague strategy	5	2
6. Lack of feeling of ownership of a strategy or plans among key employees	5	8
7. Not having guidelines or a model to guide strategy execution efforts	7	2

8. Lack of understanding of the role of organizational structure and design in the execution process	9	5
9. Inability to get buy-in or agreement on critical execution steps or actions	7	10
10. Lack of incentives (or inappropriate incentives) supporting strategy objectives	9	8
11. Insufficient financial resources to execute the strategy	11	12
12. Lack of upper-management support of strategy execution	12	11

Note in particular the different points-of-view in Item 7. *“Why hasn’t someone figured this out?”* The answer is, very few of us have been trained in strategy execution. *“The breadth and depth of this issue is astounding.”* Among the issues Malek found:

1. Many projects do not produce the desired outcomes to support the strategy, nor come in under budget and on schedule. ERP applications, for example, are not used effectively because their technology was sold with no defined processes in place.
2. Leadership does not communicate the strategy in actionable criteria and clear objectives related to the top business goals. People complain that they do not have a “line-of-sight.”
3. Availability is not a skill set and we do not know our execution capacity for working on the business. Managers are involved too late in the planning process. Integrated program planning discipline is not part of our strategy development process.
4. Management practices are too complicated to follow. There is not a minimum viable level of planning. Our metrics drive the wrong behavior and too many metrics add to the chaos.
5. Line managers and project team leaders are not well trained for the management and leadership issues in today’s changing business climate and uncertainties.
6. We do not understand what to say “no” to and can’t adapt fast enough to new opportunities. Key stakeholders are not aligned on key issues to make decisions fast enough.
7. Programs and projects are not being planned effectively according to the nature of the organizational strategy, the content, and the culture.
8. There are no processes, roles, or responsibilities defined for sponsors and executives for portfolio/program/project planning support, cooperation, and motivation.
9. Project close-out reports never go anywhere and are not used for improving the planning and execution process. Little organizational learning.
10. We have no real understanding of the priorities. Gaining access to people at the right time is usually a fight. Alignment does not exist.

Business schools teach in strong silos, and yet the preceding examples show a true need for an integrative view. *“Added to the lack of training in execution is the fact that strategy and planning in most business schools are taught in ‘silos’ by departments or disciplines, and execution suffers further. The view that marketing strategy, financial strategy, HR strategy, and so on is the only right answer approach is deleterious to the integrative view demanded by execution.”* Professor Hrebiniak, Wharton Business School

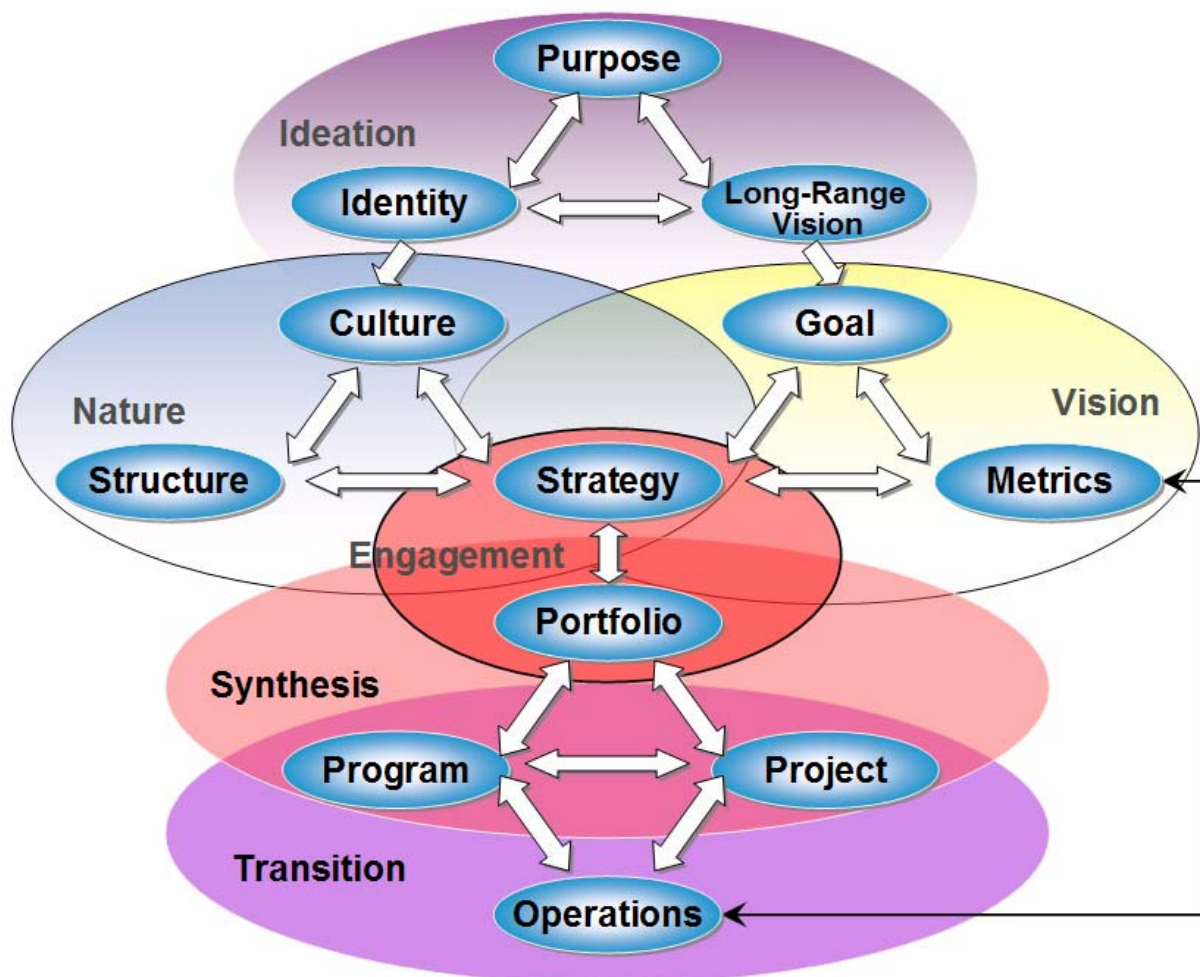
“Execution is the great unaddressed issue in the business world today. Its absence is the single biggest obstacle to success.”

Larry Bossidy and Ram Charan

“The data deluge is such that human beings can no longer be expected to spot patterns in the data, nor can they grasp the size and complexity of one database and see how it relates to another.” The Economist.

From Theory-to-Practice: The Strategic Execution Framework

Neuroscience research about how to optimize the functions of the brain has revealed that the brain thinks less in words than it does in pictures and actions. With this in mind, Malek has created a visual strategic execution model. This Strategic Execution Framework (SEF) ties the top of the organization’s strategy to the bottom.



Source: *Executing Your Strategy*, Harvard Business School Press, 2008

Malek, Levitt and Morgan have constructed a more complex visual model that shows the interaction between the various Framework components. This model is built around six essential overlapping imperatives:

- **ideation** (purpose, identity, long-range vision)
- **vision** (goal, metrics, strategy)
- **nature** (culture, structure, strategy)
- **engagement** (strategy, portfolio)
- **synthesis** (portfolio program, project)
- **transition** (program, project, operations)

The point of convergence for 70% of surveyed executives is engagement. Oddly, seldom is anyone in charge of this critical interface in the system.

Because this model cannot be adequately explained within the constraints of a nine-page synopsis, *Executive Forum* recommends that you take time to read *Executing Your Strategy* where the model, along with ample real-life examples and applications, is clearly discussed.

Key SEF ideas:

- The SEF is based on principles. It is not a matter of do you have the framework because it is already acting in your organization, consciously or unconsciously. *“You are perfectly aligned to get the results you are getting today. To get different results, you have to realign.”*
- The SEF has the properties of DNA in that it applies to individuals as well as projects and organizations. It is not a set of formulas, procedures and must-do's, one size does not fit all. *“One man's medicine is another's poison.”* It is very leadership dependent.
- Everything is interrelated. This requires systems thinking and visual strategy execution mapping. *“Organizations are a system of systems and it's actually a compilation of individuals following their own strategy execution maps (or mental models) that collectively stack up.”* Therefore, the real DNA of execution starts at the individual level.
- Organizational clarity precedes strategic success. Problems are usually not composed of a single variable. SEF requires interface management and alignment within and between the systems. Execution planning can be a circular iterative process.
- Organizational engineering must be done in the context of a specific ideation, strategy, structure and culture. There are no magic bullets or best practices, and there is no empirical data that shows that any single approach works for all organizations. Leaders need to know the unique 'levers and dials' to continuously improve the system. *“Good people in a sick system will be come sick. Marginal people in a healthy system will become great.”*
- Adaptation is better than long-term prediction. The ability to continuously improve is key, as is innovation to the management systems that drive quality and performance improvement. Integrated execution planning becomes a core process and capability. So does interface management accountability.

People tend to believe that strategic execution is a straight-line function. It isn't. Strategy and execution precede on the basis of discovery and adaptation, a very non-linear phenomena. Both Goal Clarity (why and what; i.e., Strategy) and Means Clarity (how, who, when; i.e., Execution) follow a winding, erratic path.

“When goal clarity and means clarity converge, they become Strategy Execution Clarity.”

But usually, this doesn't happen. Dietrich Dorner points out that people and organizations can fail in their strategic initiatives because they fail to:

- Formulate their goals clearly
- Recognize contradictory goals
- Set clear priorities
- Track their original assumptions (This is core to the failure of most strategic plans. If the assumptions are false, the strategy has to change. A strategy can't be executed on faulty assumptions.)
- Handle temporal developments
- Correct their errors through continual improvement

The clearer people are about their role in decision making and decision governance, the more likely the strategy will be clear and will succeed.

Six Deadly Sins

1. No common language

What is strategy? What is alignment? What is the strategy execution process? What is the point of accountability? All of these have to be defined, and yet few people in any organization can put them into words that tie in to the greater picture. More often, stakeholders see them within their own narrowly-scoped context.

Malek notes that *“strategy has that characteristic of meaning so many different things to so many different people.”* Even strategy professionals have differing views. Kenneth Andrews (The Concept of Corporate Strategy) says *“Strategy is the pattern of decisions that determines and reveals its objectives, purposes, or goals . . .”*; but as Malek points out, this definition is not actionable. Richard Rumelt (UCLA) notes: *“Most strategic plans have little to do with strategy. They are simply three-year or five-year rolling resource budgets and some sort of market share projection. Calling it strategic planning creates false expectations that the exercise will somehow produce a coherent strategy.”*

Malek points to an excellent definition by Michael Porter, a strategy guru: *“Strategy is about adding value through a mix of activities different from those used by competitors.”*

All would agree, however, that the foundation of an effective strategy begins with clear ideation: a clear understanding of purpose (mission), identity and long range vision.

2. No common framework

The strategic framework must have the ability to enable clear goals and metrics development within the organizational systems that are understood by everyone involved. This is a function of corporate business planning. The bigger the organization or project, the less apt it is to embrace a common framework and performance improvement system.

3. No integrated systemic planning process

The complexity of effective strategy execution requires a circular iterative process, one that dynamically allows any component or factor to be revisited and adjusted as circumstances, knowledge, outcomes, etc. change. At the beginning, no one knows the level of back-and-forth iteration. However, if this capacity is missing in the organization or project, then the perceived strategy is likely to not be a strategy at all.

Ten years of research (Philip Lawrence, Aerospace Research Center; and Jim Scanlan, University of Southampton) into why major engineering projects fail to achieve goals shows that many problems are systemic (structural) and generic across all branches of engineering and industry sectors. Moreover, many are constrained by 50-year-old methods and tools, now obsolete. This includes outdated project management approaches.

Malek cites the Airbus 380 project as a case-in-point. This international project is hugely complex, and includes input and execution from a consortium of European companies, notably Germany and France. A project of this magnitude requires that it be viewed in the context of strategic, operations, reporting and compliance categories, and that there be a clear and constant Strategic Enterprise Risk Management Framework to continually address the internal environment, objective setting, risk assessment and response, control activities, information and communication, monitoring and execution. But with the A380 there were gaps, some of them huge. Major segments of the fuselage were fabricated in Germany, to be shipped to France for final assembly. However, no transportation system could accommodate items of this size. Well into the project, Airbus was forced to move the final assembly to Germany. The cost of the new factory and the pushback of delivery dates cost Airbus billions of dollars, and provided its prime competitor, Boeing, with a clear edge.

Strategy, then, is the combination of the many projects necessary to complete it successfully. *“The project is change, and change is the project.”*

Seated right in the middle of the Strategic Execution Framework is the notion of the Strategy Execution Office or translator of systemic strategy. Malek calls it a lever or portfolio function because of its involvement in coordinating the many aspects of strategy engagement. This central office conducts risk assessments, integrated program planning capability and consistency, quality improvement of management systems, management accountability, performance management, decision governance, and sometimes it even handles the executives' pet projects.

4. Poor design of organizational system accountabilities

“Through a series of still-baffling errors, flight controllers at the Jet Propulsion Laboratory sent erroneous steering commands to the Mars Climate Orbiter as it neared the target planet. Obeying blindly like all true robots, the probe, metaphorically speaking, marched off the cliff and was destroyed, an embarrassing \$125 million debacle. Preliminary statements faulted a slip-up between the probe's builders and its operators, a failure to convert the English units of measurement used in construction to the metric units used for operation. However, independent experts quickly learned that far more had gone wrong than just a units conversion error. A critical flaw was a program management grown too confident and too careless, even to the point of missing opportunities to avoid the disaster. The problem was not the error: it was the failure of NASA's systems engineering, and the checks and balances in the processes, to detect the error.”

5. Representational issues of complexity at a high level of abstraction

This is a big one, and it's where major attention needs to be put.

Complexity drives complex dependencies. A Boeing 777 Dreamliner has 238 design and build teams located in 60 different countries. An Airbus 380 has 530 KM of wiring with 100,000 separate strands and 43,000 connectors. If interface management for these projects is not handled with timeliness and precision – if the information flows, real tasks and their dependencies can't be modeled – then the risk strategy execution is severe and the project will fail.

Clarity precedes execution and results. Unfortunately, visual system maps which could drive clarity are rarely used. The best visual systems maps are simple, contain limited information, and are systemic, showing causalities and linkages. They provide comprehension and coherence about the strategy, and let every person involved know how his/her job fits into the whole picture. They focus on value created activities. As such, visual system maps provide a dimensional strategic tool, encouraging dynamic adjustments as the components change.

Often, business models and value stream analysis are not explicit. Good visual stream analyses enable the organization or project to find root causes that drive or deplete value.

6. Organizational maturity phases require different methods and leadership

This is the art of knowing where the organization is, and it is the particular domain of leadership. The required type of leadership depends on where the organization is in its maturity phase.

The issue is whether the primary focus is on Complex Systems or on Volume Operations. “You can't operate a company doing both of these simultaneously unless you are very smart in how you separate them. In any company, leaders need to choose one of the vectors because each is handled differently” as is shown by comparing Cisco (Complex Systems) and Walmart (Volume Operations).

Value Chain Element	Complex Systems (Cisco)	Volume Operations (Walmart)
Research	Qualitative Scenarios	Quantitative Analytics
Design	Integration of Modules	Modules that Integrate
Source	At the Margin	At the Mean
Manufacture	Adaptive Methodologies	Deterministic Processes
Market	Value Chain Orchestration	Branding and Promotion
Sell	High-touch Persuasion	Low-touch Distribution
Service	Open-ended Consultations	Close-ended Transactions

What can you do? Where do you start?

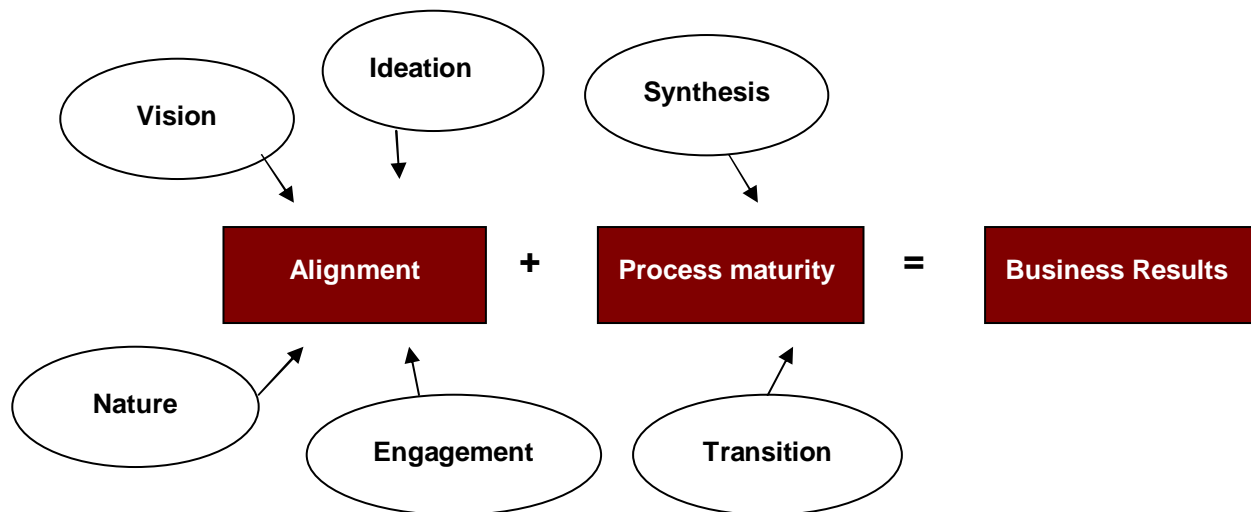
To align the Strategic Execution components, regular analysis and assessment is necessary. These focus on determining current maturity levels from which adjustments can be determined and executed. A visual representation might look like this, with strategy adjustments inserted as needed:

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10												
9												
8												
7												
6												
5												
4												
3												
2												
1												
	Purpose	Long range vision	Identity	Goals	Metrics	Culture	structure	Strategy	Portfolio	Program	Project	Operation

“Strategy execution maturity occurs only when the six imperatives (see page 4) have been aligned.”



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Some Parting Thoughts

“Four decades of research on leadership have produced a bewildering mass of findings. It is difficult to know what, if anything, has been convincingly demonstrated by replicated research. The endless accumulation of empirical data has not produced an integrated understanding of leadership.” Stogdill, CMR, Winter 2005

“Many business leaders spend vast amounts of time learning and promulgating the latest management techniques. But their failure to understand and practice execution negates the value of almost all they learn and preach. Such leaders are building houses without foundations.” Larry Bossidy

“Our goal is to help create organizations that execute their strategies effectively with a commitment to continuous improvement. We do this by linking learning-in-action solutions to business outcomes.” William Malek