

# Overcoming the Hurdles of Executing Strategy

Study after study, executive after executive indicates that no matter what the corporate strategy is (good or bad) there is an overwhelming lack of success in actually executing the intended strategy and realizing its expected benefits<sup>1</sup>. Whether it is growth, gaining competitive advantage or business transformation, today there is no room for any margin of error. With the recent major economic shift of the marketplace and an increasingly complex world, overcoming the hurdles of execution is essential to survive and indeed thrive.

Inextricably linked, strategy provides the future direction for the organization whilst execution is about turning the strategy into results. In reality execution is the bulk of the work – the old 80/20 rule. Strategy and execution are one and the same. They are mutually dependent and cyclical in nature – the results of execution drive new strategy which then requires execution. This is why execution needs active engagement of executives. This article describes why executing strategy is so hard and proposes solutions that will drive success.

## Why is it so hard?

What makes execution so difficult? Surely with a strong corporate strategic roadmap, getting on with producing the necessary results should be relatively straightforward. However, it seems to remain a problem that while organizations can get the strategic planning right, they still struggle with the work and effort to turn these strategies into executable plans. Much has been written on the subject with many stated problems to overcome.

From our own experiences working with a wide range of organizations (public, private and not-for-profit) in the area of developing and executing strategy, we have distilled the issues to three key areas that typically hold organizations back – leadership behaviour, discipline and structure and organization mobilization.

### **Leadership Behaviour**

There is a tension between the day to day management of the organization versus leading strategic initiatives. Most executives have not been formerly trained, educated or rewarded to focus almost exclusively on strategy. In fact, most formal executive education or training is more centered on managing rather than leading. Key behaviors that hold organizations back include:

- The urgency of day to day activities versus the importance of working on the future (i.e. the difference between working in the business versus on the business). Generally leaders spend more than 80 percent of their time on operational and management related activities rather than on strategic leadership.
- Execution requires increased capability from leaders to lead initiatives, it can't be delegated easily. Typically execution has been pushed down to lower levels without support or effective monitoring.
- The additional (and unfamiliar) activities associated with inspiring and mobilizing others to change becomes another drain on time which is often seen as a lower priority.

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<sup>1</sup> Statistics on Failure to Execute, Kaplan/Norton; PWC study; indicates less than 20% of organizations successfully execute strategy with a wide range of reasons

Why is Execution so Hard?

By  
Catherine Daw MBA, PMP  
&  
Kathryn Simpson CMC

- Working across organizational boundaries is not something that comes naturally to many leaders who have progressed vertically up an organization and it takes a different mindset to look at a bigger organizational picture as strategies rarely follow functional lines.
- All of these issues also require leaders as individuals to change – and when there are rapid environmental changes coupled with internal change in directions it's easier to stay in current patterns.

### ***Discipline and Structure***

Delivering strategy through initiatives requires a different discipline and structure than day to day operations. With many strategies requiring cross functional effort it means gathering resources and expertise from across the organization. It means experience and capacity to do different types of work from operations. Execution work can be more time sensitive, requires different competencies (such as looking more at the big picture, problem solving, and dealing more with ambiguity and risk) and requires more communication and team work. Discipline and structure have to be built into the way an organization does business to support the changes. Instead we often encounter:

- The transition process from strategic development to execution does not include core components such as roles, accountabilities, actions, measures. Indeed there often is no recognition that a process is needed, and such a process does not exist.
- Proactive or leading measures of success have not been developed and there is a heavy reliance on lagging financial measures of success. This leads to understanding too late that strategy is not working.
- Tracking action plans as the only way of monitoring can give a false sense of success as action plans may have been developed which do not drive the most effective way to achieve strategy.
- There is no discipline in prioritizing actions, corresponding resources, and timelines. Executing strategy requires project management discipline and a different style of work – much less routine or repetitive.
- There is a lack of ability to focus and scope discreet initiatives within a program management structure and to manage a portfolio of strategic initiatives, much like an investment portfolio.
- Governance and structure for execution are sometimes left to manage within traditional functional lines rather than what makes sense for the execution of these strategies.

### ***Organization Mobilization***

Moving from strategy to execution is challenging for everyone involved. Execution isn't a short burst of activity or a yearly, monthly or quarterly event, it is continuous and ongoing. It means inspiring and leading the organization in new ways of working. Daily effort and attention is required. The five key factors we have experienced that make it hard are:

- There is not enough time or resource allocated to effective change management. Communications from executives to managers to employees are sporadic and limited. Ideas and messages are lost in the myriad of other information flow.
- Change management is left to traditional communication plans rather than enabling individuals to make the link between their personal beliefs, the changing world and the new direction of the organization.
- The lack of role clarity and putting the right people in the right roles.
- The complexity of execution increases as more people are involved – but that involvement is exactly what is needed for alignment and success. This is even truer today with the changed economic and global landscape.
- Performance management and rewards and recognition systems are not aligned with the successful execution of strategy.

### **What are the solutions?**

Many of these barriers will be familiar or would be viewed as a 'so what' to the reader. Understanding the barriers to success is just as important as doing something about them. Considering the challenges outlined

we now turn our focus to crucial actions executives can begin to put in place with immediate benefit. In other words how to drive success in execution.

### ***Leadership Behaviour***

Executives must deliberately move from managing to leading within an organization. This often means delegating operational management to a lower layer of management than they may traditionally be comfortable with. This frees them to focus a significant amount of their time, energy and capability on strategic development and execution<sup>2</sup>. This type of effort cannot be left to others.

Once leaders recognize what they have to do for success they need to contract their peers to do this. For example, by building mechanisms in leadership team meetings that reinforce desired goals and behaviors and getting compensated for working on the future of the business rather than in the business they will set up the right conditions for success.

Critical behaviors that will enable success:

- Take the time to adopt a different mindset, of requires big picture rather than day to day thinking and doing. Step back from day to day to recreate the “offsite” thinking space when working strategically.
- Agree to specific tactics for mobilizing others and share successes.
- Develop and implement initiatives with cross functional thinking and resources; dedicate resources to execution, by back filling jobs or eliminating activities that will no longer be needed in the future.
- Think Cross functionally and live and speak the language of execution.
- Delegate ‘management’ of operations to managers; actively participate in execution. Demonstrate and utilize strategic thinking, exercise collaborative influence and strong team leadership.

### ***Discipline and Structure***

Adopting a different way of doing business requires appropriate tools & resources. These need to be systematically developed and used. Structure and discipline provides the framework that ensures there is a constant reminder that implementing strategy is an essential part of the work being done within an organization. Solutions that are important in creating the right structure include:

- Have a single point of ownership for the whole plan and clarify overall governance and accountabilities for each strategy / initiative; incorporate some form of portfolio management to oversee your strategic investments.
- Use tools that enable effective management of the entire portfolio of initiatives and actions (e.g. alignment to strategy, risk and reward profiles).
- Develop and implement a means (such as a balanced scorecard) to measure results; focus on leading indicators; make the number of metrics small but significant in terms of impacting future goals.
- Integrate an initiative based governance structure into leadership and management team meetings, ensure that time allocated reflects the priority of the plan.
- Assign resources and budgets to each initiative that cross divisions or fiscal management and institute ways that are beyond the traditional means of tracking. Separating them into a ‘capital budget’ is one way to ensure effective tracking and management in an execution structure. Budgets should include the use of internal resources.
- Continually monitor implementation metrics to ensure expected benefits are being realized.

### ***Organization Mobilization***

Mobilizing an organization to understand and believe that change is critical for success and therefore that efficient strategy execution is an essential part of thriving and surviving, is imperative. Organizations are mobilized when the following tactics are adopted:

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<sup>2</sup> Studies indicate that executives spend less than ½ day/month on execution activities.

- Hold interactive team sessions – mini strategy sessions that take teams through why strategies have been chosen.
- Be clear on what contribution is expected from teams and individuals – what can be done (e.g. contribute to how implementation is achieved) and what can't (change the goals).
- Have strong communications. Managed communications that become viral will lead to interest and commitment of managers, workers and external stakeholders to effective execution. Common communication messages delivered through different mediums will be essential as constant reminders that the organization is heading in a new direction.
- Create performance management, rewards and recognition systems that are aligned to the new direction. This is the glue that binds the planning and execution together to drive ongoing results.

## Summary

As a leader it is essential to look for creative ways to tackle the complexities of execution while still keeping the lights on. Execution of strategy is essential for the future of the business and often the benefits won't be reaped immediately. Agility, flexibility and collaboration are essential features of your corporate culture that enable execution and deliver strategic benefits. Organizations are experiencing significant upheaval. The changes in the new economic environment are large, substantial and different from before. There is more volatility, less certainty, increased complexity and sustained change in the new paradigm we live in. The direction of what organizations need to do to be successful is often well developed by organizations. Given the fast paced and resource constrained workforce there are three major hurdles that organizations need to overcome. Firstly, leaders have to focus on the future more than the day to day operations. Secondly, the right structure and discipline has to be put in place to enforce change rather than it being left to chance. Finally, effective change management techniques have to be adopted to ensure successful buy in. The demand to not only execute strategy but monitor its value and be willing to adapt to changing environments requires strong leadership, discipline and structures for execution and a mobilization of the entire organization. As one executive recently stated: "Make execution a habit; it's the way things are done around here".

*By Catherine Daw, MBA, PMP*

*Catherine is co-founder and President SPM Group Ltd. SPM Group and its division SPM Learning are focused on delivering business results and benefits through the successful execution of strategy. The foundation of what we provide considers three core aspects – people, process and technology and deliberately in that order.*

*By Kathryn Simpson, CMC*

*Kathryn partners with organizations to propel themselves towards their goals by providing practical approaches that enable focus and buy-in of leaders. Leaders who face complex situations appreciate the cross-industry consulting and line management experience that Kathryn brings to their fast paced life. Her nurturing approach and the speed that she navigates an organization means she delivers results without upsetting day to day operations. Kathryn Simpson Consulting was started in 2007, after 30 years of line management and consulting experience with GlaxoSmithKline, KPMG, Coopers & Lybrand, Mars and Unilever.*

**Interested in exploring this topic with us further?**

Contact us at:  
 (416) 485-1584  
 1-877-776-3886  
 Visit [www.spmgroup.ca](http://www.spmgroup.ca)

**Interested in speaking with Kathryn Simpson further?**

Contact her at:  
 (416) 948-6177  
[www.kathrynsimpson.com](http://www.kathrynsimpson.com)