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BOARD APPROVAL

After 18 months of discussions and planning, the strategy that will leverage the current market opportunities so as to achieve double-digit growth over the next three years in these turbulent times is locked in. You've met with each of the Board members to gather their feedback on the strategy paper in advance of the crucial meeting, and the time you've spent has paid off. Now you can take a breath, step back, and prepare to implement the strategy, comfortably aware that hardest part is over.

This is the stance adopted by many leaders in many different countries and one that leads in the direction their competition is praying they will take: failure. If you're approaching strategy on this basis, you are at a crossroads where all the signs point in the direction you must not take. The staggering high failure rate on strategy implementation until recently has gone unchecked by leaders around the world. Most strategies, most of the time, accomplish less than half of what their sponsors hoped and planned for.

It's true. Nine out of 10 strategies fail to be implemented successfully.¹

Implementing strategy is harder than crafting strategy. It doesn't matter if you have the perfect strategy for your circumstances if you don't succeed in implementing it.

Leaders today appreciate that a triumph of implementation can be a Blue Ocean Strategy²—that is, a competitive differentiator—and realize that while there are many tools and techniques for crafting a strategy, there are very few for implementing it. Rosabeth Moss Kanter puts it eloquently:

Ethical standards and our ability to groom future leaders inevitably decline. That's why execution, or "making it happen," is so important. Execution is the un-idea; it means having the mental and organizational flexibility to put new business models into practice, even if they counter what you're currently doing. That ability is central to running an organization right now. So rather than chasing another new management fad, or expecting still another "magic bullet" to come along, organizations should focus on execution to effectively use the organizational tools we already have.³

To further support Kanter's comment, consider the report from *Barons* that only 15 percent of the 974 programs reviewed in fiscal 2005 were rated effective.

In addition, from 1917 to 1987 only 39 of the original Forbes 100 survived and only two outperformed the market: GE and Eastman Kodak.

It is time to switch the focus from just crafting strategy to *crafting and implementing* it. It is estimated that U.S. managers spend more than \$10 billion annually on strategic analysis and strategy formulation. If 90 percent fail, then that is a waste of \$9 billion.

Many people think of execution as detail work, that it's below the dignity of business leaders. I think that it's the leader's most important job.

—Larry Johnston, CEO of Albertsons

Our problem is not about strategy itself but about our execution of it.

—Tony Howard, CEO of BP, 2007

Implementation is a relatively new field—only about 10 years old—whose genesis is strategy's high failure rate and the lack of a framework to guide leaders. Research on the subject is just being conducted. Bridges Business Consultancy Int. (the organization I founded and run) first published from its research, that 90 percent of strategies fail to be implemented successfully, in 2003. The focus is now to enable leaders by providing them the tools and techniques they need.

What Is Strategy Implementation?

Strategy implementation is collective individual actions taken every day by staff members who will deliver the strategy for tomorrow.

Why Do So Many Strategies Fail to Deliver?

The key word is *action*. Staff members are always busy. The key question is “*Is the work they are doing adding value to the new strategy?*” Are the actions that staff members are taking today driving the implementation forward? We know staff members frequently have more work than they have hours in the day, but implementation is dependent on their taking the right actions.

Many implementations fail because leaders underestimate the implementation challenge and as a result take their eye off what needs to be done. When they do not focus on taking the right actions, neither do their staff members. Another key reason is that they do not have a framework to guide them through the implementation journey.

One of top management’s biggest blind spots is the failure to recognize that any significant shift in strategy requires changes in day-to-day activities throughout the organization. Small shifts may require only minor changes. Significant shifts require significant changes—from subtle to sweeping—that can only be successful if implemented systematically. And people at all levels can either help or hinder the transition.

—*Morgan, Levitt, and Malek, Executing Your Strategy*

Leaders must stop doing what doesn’t work. They must step back and reconsider how they will execute the strategy. This is not a new problem, as the story “Traveling North” shows.

If we keep doing the same thing the way most North Pole—bound sailors did, then no wonder we keep getting our strategy crushed! It is time to change the way we think about implementation. We must go beyond change management as we know it and focus on implementation.

Consider that 30 years ago management was about control and that change management was designed as command and control. However,

Traveling North

In the 1800s, all attempts to reach the North Pole failed. All the ships were designed to push through the ice, but they all—except one—eventually ended up being crushed.

No one could design a ship that could survive the ice, and no one really knew what was at the North Pole: snow ... ice ... land? Since the changing ice kept crushing the ships, most people gave up and thought it impossible.

One of the expeditions that came nearest to success was led by Fridtjof Nansen, who hypothesized that the ice was constantly changing and moving. He said that the ice caps were moving west across the Arctic. His plan was to build a special ship that could rise out of the sea as the ice pressed against her hull, rather than attempt to resist the essentially irresistible forces of pressure and change. He built the *Fram*, which means “Onward” in Norwegian.

After three months of travel, the *Fram* was locked into the ice just north of 78 degrees latitude. As the changing ice converged on the ship, the ship rose out of the water, and for three years, drifted across the ice pack.

Nansen’s theory worked—he had conquered the impossible. He had adapted to change and learned to ride with it rather than be crushed by it.

business has dramatically changed. We have moved to empowerment and a teaming approach. Many leaders use change management out of lack of awareness that an alternative approach is available.

Change management methodology is designed for projects and should not be force fitted for strategy implementation.

The Leader’s Responsibility in Implementing Strategy

No MBA wants to learn about execution. It’s not exciting. Strategy is exciting. The Big Think is exciting. But execution is far more important.

—William Johnson, Chairman and CEO of H.J. Heinz

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Leaders have a fundamental responsibility to create the right conditions for implementation in the organization. They must, for example, encourage the right people; clearly communicate the strategy objectives; create the Key Performance Indicators (KPIs); align the culture to the implementation; redesign processes; change the way staff members are reinforced to encourage the right behaviors and actions for the new strategy to be implemented; and then review the strategy implementation every two weeks. This can be an overwhelming list, but if it were easy to deliver the promises of a new strategy, then 90 percent of implementations would not fail. (At Bridges, we regard a new strategy as successful when the leaders deliver at least 50 percent of its goals.)

Leaders must also specifically identify what needs to be done and where to put the organization's focus. Although it is not unheard of for two organizations to have the same strategy—for example, to be number one in the industry or differentiate through customer service or leading product—each organization's implementation of the strategy is unique; leaders, after identifying what needs to be done, must then lead staff members to perform the required behaviors and actions.

After crafting the strategy, leaders must shift from thinking, planning and developing to action, managing resources and strong leadership. Many leaders fail in this transition. For example, translating the strategy into daily actions that staff members must take is tougher than it sounds. On many occasions when working with a leadership team, I discover that the leaders can't explain what they want their people to do differently as a result of hearing about the new strategy. The leadership team understands the strategy, but it has not considered the strategy's implications for the individual areas of the business and its people's day-to-day activities.

One organization I worked with had a strategy to reclaim the number one spot in the country. The strategy had been developed with the assistance of a global consultancy, and the leaders knew what they needed to do. What was not clear was what the staff members were expected to do. We spent time identifying what the strategy meant at the grass roots. On this occasion, it was that everyone at all levels must do things better than the competition, and staff members were given the tools and challenged to improve their own work by 15 percent.

Leaders generally know that implementation requires extra effort. In reality, however, very few are able to free up valuable time and resources to do justice to the implementation journey. They become so caught up in managing the day-to-day business that they lose sight

of their goal to implement the new strategy and as such end up taking the wrong actions.

We have a “strategic” plan. It’s called doing things.

—Herb Kelleher, ex-CEO of Southwest Airlines

When Do You Stop Planning and Start Implementing?

By the time leaders have completed the strategy and had it printed, circulated and converted into a multimedia presentation, they have probably missed the ideal launch window for the strategy. Many leaders work on the strategy until they think it is finished. This is a mistake.

A strategy is never finished. It only becomes obsolete.

For a strategy to be successful it must be executed. The draft of a strategy is like the architect’s plans for a new building, not real until it is built. An effective strategy is created twice, like most things in life—the mental then the physical, the blueprint then the construction, the writing of the music and then the playing of it, the crafting of the strategy and then the implementation.

When leaders implement strategy it never goes according to plan. What the team discussed is never what happens in reality. By the time leaders start rolling out the strategy, markets have changed, customer expectations have shifted, competing products are available, prices have adjusted, and internal conditions have changed. As a result, during the implementation stage, strategy must be adapted and amended. Again, all things are created twice.

The implications of waiting until the strategy is finished and having to take the time to go back upstream means that leaders lose momentum. This can be the death knell of the implementation.

In crafting the strategy, comprehensive market research concerning the market, customers, competition, and financial and internal situation will have been completed. Once the fundamental principles and the outline of the strategy are in place, it is time to start implementing—typically this is about 80 percent of the total strategy crafting. Do not wait to complete the final details and beautify them. Implementation is tough and along the way details change. As soon as you have the core strategy in place, get going.

For more evidence that strategy is perpetually unfinished, consider what happened to British Airways when it opened Heathrow Airport

Terminal Five in April 2008. After 12 months of testing, the baggage system failed. Up to 18,000 bags were lost. Or consider what happened when McDonald's opened its first drive-through in China. Not only was it a first for McDonald's, it was also China's first drive-through. Customers would drive up to the counter and order their meal. They would take it, park their car, and take the meal into the restaurant to sit down at a table!

To successfully implement a strategy, leaders need to review it in parts every two weeks, and the whole strategy every quarter. During the reviews they become aware of what is working and what is not. This is the time to aggressively drive forward and make the strategy come alive. Leaders drive the organization forward on both the plan and the execution. They do not base decisions on just theory, but on theory, actions, and reactions. This provides a strong springboard to successfully move the implementation forward.

Don't hesitate, start going. Don't analyze too long. If there is a mistake in the thinking, it will be identified in the regular reviews to ensure everything is going to plan. If not, then you correct what is not working.

No one starts out with a strategy known to be bad. It is only when you start implementing that its quality (or lack of quality) becomes apparent. It is only if you're constantly reviewing the strategy implementation that you will know what is working and what is not.

The Implementation Plan

Execution is so important for a company—while good strategy certainly helps, it is on the basis of execution that you generally succeed or fail.

—Andrew Penn, CEO of AXA, Australia

While working with different clients, one constant I see is a poor implementation plan. I do see excellent launches and excellent communication plans, but very few good implementation plans. The difference is that an implementation plan needs to be based on an organization's current strengths and weaknesses as they affect its ability to execute the strategy and identify the right actions to be taken in the short term for long-term performance. It is not about a town hall meeting, posters on the walls, or coffee mugs with a logo.

The crafting of the implementation plan should be part of the crafting of the strategy agenda. The same people who are involved in the strategy crafting should be involved in crafting and overseeing its implementation.

Far too often, implementation is delegated. Leaders feel that after they have crafted their strategy, they can move on, sure that most of their work is complete. But this is not the case. Most implementations fail, and two contributing factors to this are the failure to develop a comprehensive implementation plan and the failure of leaders to take personal responsibility. This means spending twice as much effort and time to implement the strategy as to create it.

In a nutshell—strategy is the “big think,” and implementation is taking the right action.

Lee Hsien Loong, Singapore’s prime minister, is quoted as saying:

An unpolished plan vigorously executed is more successful than an ideal plan implemented with less determination. Better to strike energetically, gain experience, learn what works and what does not, reassess the new situation, devise fresh plans and take another step. Spend too long preparing elaborate plans, and you will lose both time and initiative.

In developing a high-quality implementation, plan leaders must analyze their organization’s readiness for implementation and use a framework to ensure they’re taking the right actions. Both of these are essential differences to current implementation thinking. Most leaders assume that once you have crafted the strategy, the organization is ready to implement it and that staff members will automatically take the right actions. Chapter 2 outlines how you can conduct the analysis and identify the right actions to successfully implement the strategy.

He who every morning plans the transaction of the day and follows out that plan carries a thread that will guide them through the maze of the most busy life. But where no plan is laid, where the disposal of time is surrendered merely to the chance of incidence, chaos will soon reign.

—Victor Hugo

Napoleon allegedly said that no successful battle ever followed its plan. Yet Napoleon also planned every one of his battles far more

meticulously than any earlier general had done. Without an action plan, the executive becomes a prisoner of events.

Deliver the Promise

Leaders are paid for creating shareholder return. The question is, “How will they deliver their promise to the shareholder?” In the annual shareholders meeting, the plans are outlined and the leadership have responsibility to deliver on the promise.

Only with both a strong strategy and strong implementation will leaders deliver the results as the diagram in Figure 1.1 explains.



Figure 1.1 Impact of implementation.

The implications of the four quadrants break out as follows:

Break your promise	You have made a promise to the shareholders, Board, customers, and staff members, and do not deliver on it. This is criminal.
Overpromise, underdeliver	This is what the majority of leaders are guilty of doing. It is unforgivable.
Delay your promise	You have made the promise and may well keep it, but it takes you longer to get there. This is unacceptable.
Deliver your promise	You have made the promise and you deliver it on schedule. This is rare, but the payoff is tremendous.

If you would like a summary of the Bridges research, please send an e-mail to bridges@bridgesconsultancy.com with the subject “research summary.”

Summary—Leaders’ Role in Implementation

Five things leaders must do differently:

1. **Focus on both crafting and implementing strategy.**

Implementing strategy is harder than creating it. Of every 10 strategies, 9 fail to be implemented successfully. Research by Bridges and others supports this. The challenge for leaders is to take the effort and time they spend crafting the strategy and at least double both when they craft the implementation, and to translate the strategy into daily actions for the staff members.

Strategy implementation is the collective individual actions taken every minute of every day by every staff member. Without enough of the right actions being taken, the strategy is heading for the graveyard.

2. **Create the right conditions.**

Leaders have a fundamental responsibility to create the right conditions in their organizations. They must, for example, encourage the right people; clearly communicate the strategy objectives; create KPIs; align the culture to the implementation; redesign processes; change the way staff members are reinforced to encourage the right behaviors and actions for the new strategy to be implemented; and review the strategy implementation every two weeks. This can be an overwhelming list, but if it were easy to deliver all the promises of a new strategy, then 9 out of 10 implementations would not fail.

3. **Identify what needs to be done.**

Leaders must identify what needs to be done and where to put the organization’s focus. Although it is not unheard of for two organizations to have the same strategy—for example, number one in the industry or differentiate through customer service or leading products—each organization’s implementation of the strategy is unique and leaders must identify what needs to be done under the specific conditions their organization faces.

They must lead staff members to perform the required behaviors and actions.

This requires a shift in leadership mind-set and focus. There must be a new realization that crafting strategy is only the first chapter in the book of success and that implementation takes considerably more time and effort than most leaders anticipate. Leaders must stay focused on the implementation and make sure that staff members are taking the right actions.

4. Adapt and amend the strategy.

Implementation never goes according to plan. Customer expectations shift, markets move, products change, and employee turnover fluctuates; these are just some of the factors that mean what is planned in the boardroom is not what happens in the implementation.

Once leaders implement a strategy they need to review it in parts every two weeks, and the whole strategy every quarter. During the reviews, they become aware of what is working and what is not. This is the time to aggressively drive forward and make the strategy come alive. Leaders drive the organization forward on both the plan and the execution. They do not base their decisions on theory alone, but on theory, actions, and reactions.

5. Create an implementation plan.

In developing a high-quality implementation plan, leaders must analyze their organization's readiness for implementation and use a framework to ensure they're taking the right actions. Both of these are essential differences to current implementation thinking. Most leaders assume that once you have crafted the strategy, the organization is ready to implement it and staff members will automatically take the right actions—but history shows that they are wrong.

Endnotes

- 1 Based on eight years of research by Bridges Business Consultancy Int.
- 2 W. C. Kim and R. Mauborgne, *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant* (Boston: Harvard Business Publishing, 2005).
- 3 R. M. Kanter, "Execution: The Un-Idea," *Strategy+Business*, December 12, 2005; Accessed at www.strategy-business.com/press/enewsarticle/enews121205?pg=0, May 31, 2009.

- 4 I. Cobbold and G. Lawrie, "Why do only one third of UK companies realise significant strategic success?" 2GC Working Paper, 2GC Limited, May 2001.
- 5 P. Kotter, *Leading Change* (Cambridge: Harvard Business School Press, 1996).
- 6 M. C. Mankins and R. Steele, "Turning Great Strategy into Great Performance," *Harvard Business Review*, July-August 2005; accessed at www.bestyareyet.com/Teams/Turning-Great-Strategy.pdf, June 1, 2009.

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