



HOW TO ENSURE YOUR STRATEGY HAS ‘IMPLEMENTATION MUSCLE’

Sources of ‘implementation muscle’

1. Ensure people know what your strategy is and align their efforts to achieve it.
2. Include people from all levels in your strategy development efforts – if you don’t already, you’ll be pleasantly surprised, and so will they! You’ll probably learn things you didn’t know and they’ll increase their level of buy in and take others along too.
3. Take a closer look at complexity theory with the intention of understanding at least a few principles. Complexity principles will, at the very least, help challenge more traditional thinking styles and approaches to planning.
4. Pay attention to organisational health factors. For easy reference these include: direction and alignment; leadership; culture and climate; accountability; coordination and controls; capabilities; motivation; external orientation; and innovation and learning.
5. Use shorter implementation horizons. Discover what’s working and immediately do more of that. Uncover what’s less effective and do less of that.

When is a strategy considered successful?

Imagine having paid to visit an art gallery and you are greeted by a few rooms full of well-below standard works. Accompanying each of the items is a written note (no drawings) containing the artist’s original ideas for the project. In the display brochure, the curator proudly states that works on display were finalists in the ‘best artistic concept’ award. These were judged prior to the artist commencing work and the final outcome had no bearing on the result. You’d likely feel annoyed with the exhibition.

Or, what about the recipe book, filled with recipes that looked absolutely fantastic. All had been included because they were ‘very interesting’ recipes (ingredients and methods), even though none had been tested! Would you value such a collection?

What about business strategy then? When do you judge how good it is? Surely the only test of the merit and value of any strategy is in its implementation – in the outcomes it delivers. Yet, as recent Economic Intelligence Unit (EIU) research points out, too many organisations fail to convert their strategies into all the outcomes promised.

How good are organisations at implementing strategy?

One of the recurring questions in the strategy and change fields is “what percentage of strategy is not implemented?” So it’s always useful to have current data (even though this data doesn’t seem to have shifted for decades!).

In a global study involving over 500 senior executives in large businesses, EIU researchers found that only 10% of the organisations studied hadn’t missed any of their strategic objectives in the prior 3 years due to flawed or incomplete implementation. The scale reported by the rest paints a bleak (recurring) contrast.

Of the remaining 90% that hadn’t delivered all strategic objectives, almost half (44%) believed that their organisation failed to implement up to 20% of their strategy. 36% calculated they hadn’t delivered between 21% and 40% of objectives and 17% said their organisation hadn’t implemented between 40% and 100% of their strategic objectives. Based on this solid sample, it would be fair to conclude that, overall, large organisations suffer significant implementation challenges. And, that matters because the 10% that achieved all their strategic objectives ‘significantly outperformed their rivals financially’. Where would you want your pension fund invested?

Research findings on developing implementation muscle

EIU researchers identified a number of factors that helped the top organisations deliver on their strategic objectives. First, they emphasised the strategy-implementation continuum. Just as UGM advocates, strategy and implementation are part of a continuous

loop, rather than two separate processes. People developing strategy should be considering its implementation, just as those implementing strategy should be alert to strategic intent.

Second, top performers take a nimble approach to strategy development and implementation. Context is changing, more rapidly than ever before, and approaches should reflect this. Make changes as the need emerges. In contrast, when key aspects of the context change, mindlessly seeing a strategy plan through to its outdated three- or five-year conclusion is foolish at best and more likely foolhardy!

Finally, those successful implementers balance strategic direction with strategic responsiveness. An overarching strategic intent guides shorter term planning and action. Review often and change as required, rather than expecting detailed plans to be developed and run for extended periods.

Two interrelated themes underpin the challenge

As always, UGM applies its own lens to the data. We identified two key themes from the EIU summary results. First, there’s the matter of complexity. Second, many of the problems cited link directly to poor organisational health.

Complexity is a big challenge. In fact, none of the 12 leading barriers to successful implementation was cited by more than 24% of the organisations. This underscores the impact of complexity associated with strategy and strategy implementation. Organisations face many different and emergent challenges which need to be addressed in a context sensitive manner. One size does not fit all. Barriers such as insufficient agility (21%), external developments (19%) and weaknesses in the strategy itself (15%) suggest that these organisations are not dealing as well with a VUCA environment as is required to be a top performer. Chances are they’re taking a more linear, deterministic approach than we know is helpful.

The list of barriers to implementation also suggests organisational health problems. In fact, almost every item in the list related to one or more of the 9 dimension of organisational health. At the top of the list of barriers is ‘cultural attitudes’ (24%) – ‘culture and climate’ is one of 9 dimensions of organisational health. Next is ‘insufficient or poorly managed resources’ (22%) which links with the organisational health dimension of coordination and controls. In fact, 19% of respondents expressly cited poor coordination across the organisation as an implementation barrier. A total of 19% said their ‘strategy was not understood or poorly communicated’ and this is closely related to the organisational health dimension of direction and alignment. The other barrier listed by 19% of respondents was ‘external developments’ which is associated with the organisational health dimension of ‘external orientation’.