



## Now you should be executing your strategy and governing the process – are you?

- By Pål Wæhle, December 2015

As we are approaching the end of the year, you may need reminding that during this past winter and spring, I gave insights into some best practises on how convert strategies into results, based on a survey of 60 CEOs and 25 years of learning.

There are six best practice tasks that the 60 CEOs tell us they do in the process of taking their strategies and turning them into results; they

- Frame the process ([Link](#))
- Stage it ([link](#))
- Shape insights in it ([link](#))
- Execute it
- Govern it
- Learn from it

This time I will cover best practices in executing (4) and governing (5) these processes in one posting, as they go hand in hand.

Approaching this subject, I must choose some characteristics of the processes where these best practices are applicable, because a strategy with an aim of “continue as before” requires a very different approach compared to one with a significant change component.



In times like these, when blazing changes driven by trends in geopolitics, geoeconomics, sociodemographics and economics, combined with huge advances in technologies applied in value creation such as;

- Robotics
- Autonomous systems
- Digitisation
- Connectivity
- Automation of knowledge profession
- Material technology

are uprooting “business as usual”, companies require radical renewal. These trends and advances are shaping new business models and in many cases, causing disruption to old business with the consequence that very few companies can continue as before.

Therefore, when we asked 60 CEOs how they convert strategies into results, we had them focus on strategies with a significant change component.

The CEOs identified seven traits as best practise when executing and governing their strategy. They;

- Inspire
- Define targets
- Mobilise and Enable
- Build and implement new assets
- Experiment
- Organise, Govern and Measure

### 1. Inspire

There are two important elements to how executives work to inspire. One is the stretching of the ambition; the other is the stretching of minds. As stated earlier, CEOs are sense makers for their organizations, and one of the most visible processes they undertake as such is the process of setting direction, inspire the organization and implementing strategic change.

Many executives rely on continuous improvement as their change efforts, and projections of performance as their planning efforts. Under fairly steady state conditions, this might be enough to keep up with competition.

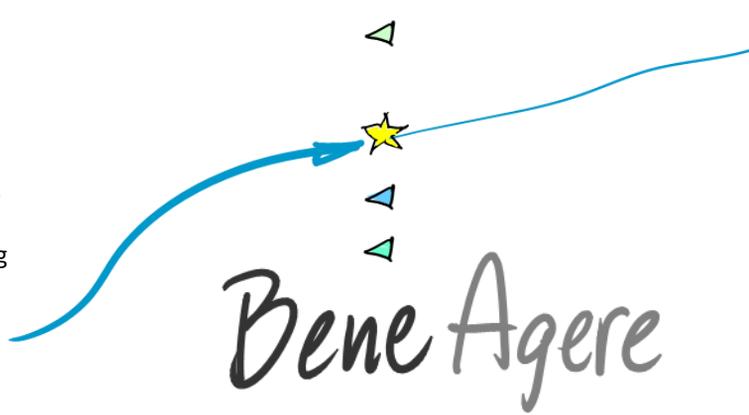
However, even under such conditions, some executives use “time travel” to establish future targets well above the projections, and above what most believe is attainable. If you then add the massive change pressure most companies are under, your future company has to be very different from the current.

In the old days when we worked with process reengineering and transformation programmes, we learnt that it takes 6 times to aha!

Aha! is when people really understand the rationale behind and the implication of what is new. People need to hear about it, pick it up, understand it, get a positive expectation to it, test and toil with it to finally embrace it so it becomes part of thinking and routine and completely institutionalised.

Great executives know this and they repeat and repeat “the story” at every possible occasion. During the staging and the shaping of insights, several constituencies in- and outside the company may have been involved.

Despite this, the stories -about what is happening, what we want to achieve and what we can or need to do - must be told repeatedly.



## 2. Define Targets

There are, as mentioned above, broadly speaking two approaches to target setting, the projective model and the ambition driven model (“time travel”). The greater need for renewal, the more explorative the strategy and the more ambition driven the target setting should be. What we often find however, is that many organisations hold on to a projective model, forecasting an improved and more efficient “As is” rather than planning renewal. Despite the sweeping changes around us, the “Yes, but not on my watch” mindset still dominates target setting.

This concerns us. Executives need to remind themselves that it is them, and them only, that can orchestrate the balance between initiating and resourcing explorative and exploitative efforts. I will return to this in a later posting, but remember “...maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity.” (James March, Stanford in Organisational Science, 1991). Is your balance right?

Target breakdown is the telling the story of the implication of the strategy by spelling it out in numbers.

The advance of Balanced Scorecard and the fact that many strategy firms are great at making this one of their prime implementation deliverables, have made the use of target breakdown processes a household capability in most organisations. Executives find their organisations quite good at this, and generally, they are.

Within several perspectives and across leading and lagging indicators, every corner of the organisation including most quantitative aspects of the business model, are modelled.

The breakdown usually follows the lines of leadership, which makes roll down and roll up convenient. Cascading targets is actually the preferred implementation approach for most executives. The challenge occurs when key targets cannot be accomplished by delegating it to individual lines and functions.

In cases of more explorative nature and the larger the change, the more likely it is that collaboration across lines of business, is your real challenge. You cannot rely on cascading in that case. This is why and when executives need to mobilise and enable.

## 3. Mobilise and enable

If the need for renewal is well understood, and the need for a lateral initiative going across lines and staff entities, why can executives not rely on autonomously started self-organisation of lateral initiatives?

Ask around in your own organisation, and you might get answers like; “Silos”. “Not part of our culture”. However, the root cause is most likely that the management in each line and entity 1) have their hands full delivering on their partial targets, 2) that delivering on these targets is what gets them rewarded and promoted and 3) that delivering on lateral initiatives does not.

For middle management pursuing lateral initiatives is like a quicksand pool; getting involved in something a) difficult that b) require resources outside their control, is where they know they will get stuck. You cannot expect them to self-start and self-organise, despite the fact that you repeat and repeat the message. *You*, or some of your CXOs on your behalf, need to initiate and mobilise some initiatives on your own. In many cases only you as a CEO can do it, when the challenge is hard to delegate and it requires resources from across lines of business and entities.

Change is the only constant. You have probably said it many times. However, most organisations are lean, and in my reflection much leaner than they used to be in the 90-ies



Bene Agere

So everyone, from executives to employees, are occupied with daily operations, probably doing incremental improvement well, but with little capacity to engage in renewal. While some large corporations are great at framing, staging and executing development and change, the majority of companies are not. You need to gauge the capability of your organisation. If change is the only constant, is your organisation constantly changing? If not, do you need to get better at it? Then you need to engage someone (like us, you are too smart to be fooled by a hidden message) who can enable your people to execute and to master how to do it themselves in the future.

#### 4. Build and implement new assets

We say this time and time again. Strategies do not deliver results, implemented strategies do. When you operationalise your strategies, what you really do is that you define new assets that your organisation will need to be able to master their positions and deliver the targeted performance. In this phase you make sure these assets are designed, crafted and that their implementation is well planned. Then you implement.

A CEO in our survey said, "Strategies need to be broken down so that each individual understands the specific implication". This is true and daunting, but also the reason why - in larger and multi-local organisations - we find that role based implementation is crucial. Role based implementation is, in my experience, the only way to succeed and probably a worthy topic for a later posting.

#### 5. Experiment

The greater the need for renewal, the more you need to let the efforts that are initiated experiment their way to solutions.

To implement a best practise Key Account Management approach is a well-documented "Future State" that can be planned. Every best practise is in public domain, and solution development is really about adaption.

However, to launch a newly innovated service layer to your products may not be plannable in detail. You can indeed describe what position you want to take, but you also have to plan what you need to do of experimentation activities and how to do them.

Here are some thoughts on how to execute agile renewal within your change effort

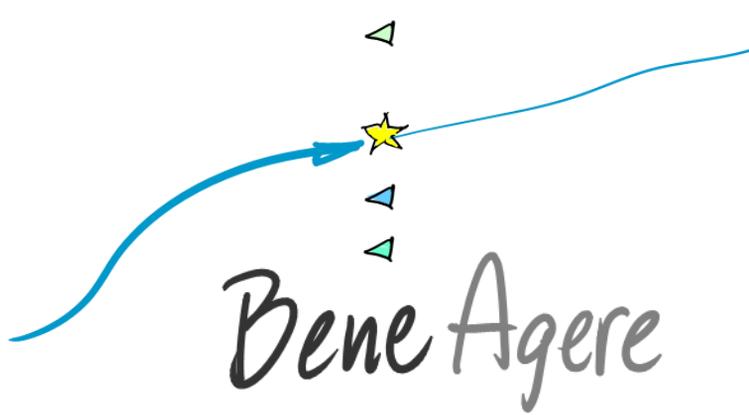
- Let a self-directed team hypothesise, develop and test
- Make sure they are close to your customers
- With the customers activities and journey in mind of course
- Beyond your customers conscious needs
- Make sure to test early so that you fail fast, rather than hold on to a concept that will fail later

Think slow, and at least twice, before you repel something that is disruptive to your current business. If *you* are not doing it, someone else will. Take control of it and go back to Framing Mode...

#### 6. Organise, Govern and Measure

- If the strategy calls for a
- significant renewal
- that cannot be delegated
- requiring resources from across the organisation implying significant change for many people in many roles

Then it is clear, what you have in front of you is a project or even a programme. You need to organise it, set up governance for it and measure it as such – besides the usual organizational structure - for a while.



If you are opposed to the programmatic approach, make sure it is for the right reasons. In my experience, it is often for the wrong reason, namely experience with initiatives that were failures for other accounts than the fact that they were addressed as projects or programmes.

According to academic research (CB Stabell, ØD Fjeldstad - Strategic management journal, 1998), projects are one among three value creation models, by some called The Value Shop, different to the better-known Value Chain and the increasingly relevant Value Network model. So try to think that you are initiating value shops, if the term project gives you a bad vibration.

Furthermore, some executives say "I am tired of all this talk about change; I want to talk about development". True, now is the time to do much more renewal. However, remember that *renewal* to you, the owners and the executive suite, does in fact imply *change* for many of your people. Therefore, managing change is just as relevant in renewal as it is in more exploitative improvement initiatives.

So what do you need to Organise, Govern and Measure? In the following, I am assuming that the work requires some form of programmatic approach.

Firstly, a steering group of course, that gives top down direction, guides the value creation in the projects and makes timely decisions, which for these purposes is supported by a programme management function.

The role of this function is

- delivering a relevant toolbox and templates, and relieving the projects from admin so they can focus on value creation
- preparing a sound decision making process
- creating a decision calendar

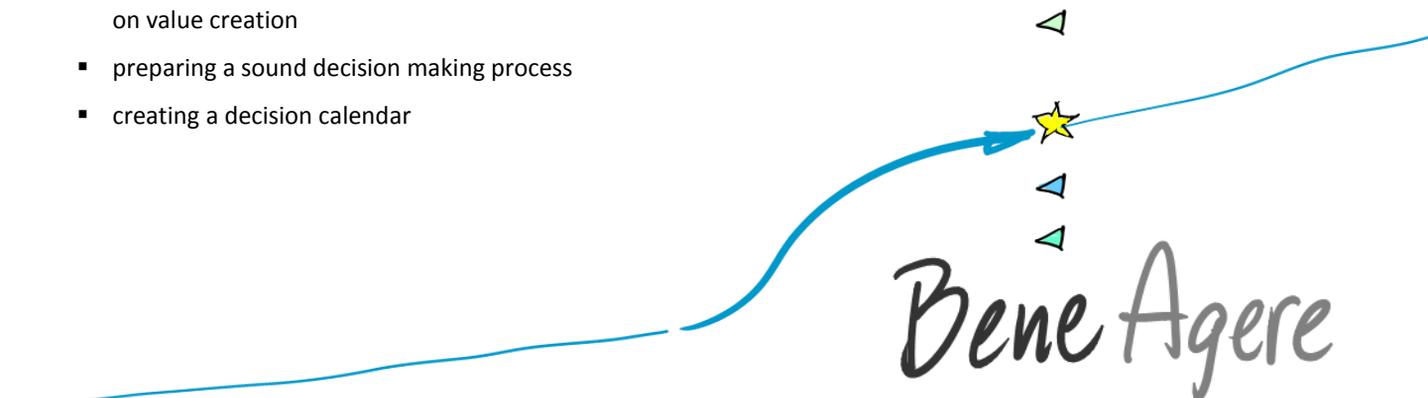
- measuring and following up
- ensuring involvement and communication
- integrating deliverables into something that can be implemented in a role based manner
- managing dependencies

Make sure to get your own people into the key roles here, and make sure they get some support if they are not experienced so that they can learn, as transformation is likely to become a constant in most industries.

Then the relevant projects need to be "kicked off", and they should be

- adequately resourced
- with a project owner/sponsor
- a project lead
- an internal consultant offloading the lead
- a cross-functional team
- an experienced pilot and coach

The role of the latter is to enable the owner, lead and internal consultant to succeed. Many argue that it is hard to measure results from strategic changes, and they are often right, but it is also very important, so you should make every effort to track it.



In the beginning you need to track progress - key activity indicators. If these are not ok, you cannot expect to reap the results in time. Therefore, it is important to keep a tight track of them.

Later, leading key performance indicators (KPI's) should be evolving, so identify and track them as well. Finally, lagging indicators and final reports from core systems and scorecards will demonstrate whether the efforts were worthwhile, and what you can learn from them.

So, now you are executing your strategy, by building new assets and experimenting towards renewal. You have achieved it by having inspired your organisation, defined targets, mobilised and enabled, organised, governed and measured the efforts. Now one final aspect of taking strategies to results remains – learning – which is the topic of a later posting.

*During 2014 I have been 25 years in consulting. Some people say I must have learnt a lot working with top executives on their most pressing issues. That is true. Some of what I have learnt comes from working with them one on one, some from engaging them in surveys understanding their beliefs, their experience and how they resonate. I will share some of what I have learnt with you in a series of articles under the name Bene Agere Tidbits.*

*- Pål Wæhle*

