

Strategy Execution

Translating strategy into action
in complex organizations

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 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published 2011

by Routledge

2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada

by Routledge

270 Madison Ave, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group, an informa business

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Typeset in Times by

HWA Text and Data Management, London

Printed and bound in Great Britain by

CPI Antony Rowe, Chippenham, Wiltshire

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing in Publication Data

Strategy execution: translating strategy into action in complex organizations / edited by Andrew MacLennan.

p. cm.

Includes bibliographical references and index.

1. Strategic planning. 2. Management. I. MacLennan, Andrew.

HD30.28.S739679 2010

658.4'012-dc22

2010002286

ISBN: 978-0-415-38055-3 (hbk)

ISBN: 978-0-415-38056-0 (pbk)

ISBN: 978-0-203-84733-6 (ebk)

Chapter 1

Introduction

Words are easy and many, while great deeds are difficult and rare.

Winston Churchill

The strategy execution challenge

This book is about one of the most important and exciting fields in management – strategy execution. The challenge of implementing strategy successfully is one that faces managers across the globe and in organizations of every kind. However, few organizations have discovered how to make strategy work reliably – the failure rate of planned strategies remains remarkably high.

A survey conducted by the *Economist Intelligence Unit* revealed that barely 40 per cent of executives rated their companies as being successful at execution.¹ Another survey suggested that companies typically realize only about 60 per cent of their strategies' potential values because of breakdowns in both planning and execution.² *Fortune* magazine estimated that 70 per cent of chief executive officer departures are the consequences of strategy execution failures.³ Yet another study found that half of all strategic decisions fail to get implemented.⁴ Others have suggested that upward of 70 per cent of strategies fail to achieve intended objectives upon implementation.⁵ Each of these studies has limitations, but together they paint a picture that reflects the impression of experts in the field – an alarmingly small proportion of strategies are implemented successfully.

There are many causes of strategy execution failure but, intriguingly, even the largest and most resourceful organizations have generally failed to overcome them. Given they can attract the most talented executives and access the world's finest consulting and business school minds, one might expect they should be able to navigate the challenges successfully. However, incredibly little guidance on strategy execution is available to managers from these sources. Only a handful of books have been written on the topic, many of which are out of print. A review of articles in academic journals paints a similar picture. This is in stark contrast to the field of strategic planning, where numerous theories and tools are available to managers. A quick Internet search illustrates this discrepancy – at the time of writing, a Google search using the term *strategic planning* retrieves nearly 13.9

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million hits, whereas searches for the terms *strategy implementation* and *strategy execution* retrieve only 520,000 and 283,000, respectively.⁶

This book aims to help plug that gap, and the rest of this introductory chapter outlines how.

A focus on ‘real’ strategy execution

The boundaries of *strategy execution* (a term used interchangeably with *strategy implementation*) are hazy, and there is no doubt the subject has important links to other areas of management. However, for clarity it is worth distinguishing *strategy execution* from two other important fields that are often misleadingly confused with this area.

Strategic change is a similarly important and ill-defined topic but relates mainly to changes in the *content* of strategy and how decision makers decide upon these.⁷ These issues, though relevant to *strategy execution*, are obviously not its focus. Correspondingly, the substantial body of knowledge on *strategic change* generally does not address the issues important to *strategy execution*.

Change management has long been an important area of interest to managers. An increasing number of business authors are tackling this topic, focused on the challenge of ‘execution’ and ‘making things happen’.⁸ These are worthwhile endeavours, but not all organizational changes are ‘strategic’, and most of what is written in the *change management* field does not address the issue of *strategy*. Managing change successfully is, of course, important, but it logically *follows* the challenge of translating conceptual strategic objectives into sets of concrete actions that can actually be implemented. That challenge is *strategy execution*’s principle role and the focus of this book.

In my view, these subtle distinctions are the reason that many organizations have apparently sound strategies and well-managed operations but cannot demonstrate any real connections between the two. Some books, titled as if focused on *strategy execution*, actually discuss changes to planned strategy at the cost of how to implement it. Others explore general organizational change without that critical link to *strategy*. This book seeks to bridge the gap between *strategy* and action and, hence, it really is about *strategy execution*!

A rigorous but practical guide

This book is specifically intended to be of high practical value to managers and serve those pursuing academic qualifications and undertaking research. It combines existing knowledge and the findings of rigorous empirical research with wide practical experience to produce insights that should take practitioners’ thinking well beyond where it would be with experience alone but aims to avoid the pitfall of irrelevance encountered in some research-based literature. Some interesting material has been published on *strategy implementation* in recent years⁹ but, generally, it does not explore the detail necessary to inform concrete

decisions for practicing managers under pressure to deliver; this book aims to do that. It is partly for this reason that many of the learning materials generally associated with a textbook have been migrated to the companion website rather than letting them impede the flow of the book itself. Writing a book for audiences that are often treated separately requires a delicate balance, but I am passionate that we need to draw management practice, education, and research closer together to make valuable progress in these arenas. The medical profession benefits from tightly integrated practice, teaching, and research – and I believe management can gain from a similarly rounded approach.

A focus on rigorous thinking

Management ideas and theories often have an alluring quality that makes them hugely popular – for a while. It is perhaps the implication that complex management challenges can be distilled into short, sharp programmes of change delivered according to a simple template that is so attractive to overwhelmed managers. For authors, it is tempting to stack books full of popular management ideas that keep them ‘up-to-date’. However, a glance back through management history confirms that most management ideas fall out of favour before long, only to be replaced by something new. The speed with which this cycle passes is increasing as publishers, consulting firms, and conference organizers devour each sellable idea as it appears. Actually, few of the popular ‘fashions’ are new ideas, and even fewer live up to the promises made about them.¹⁰ Many of them suffer from significant problems, and organizations can create more problems than they solve when attempting to implement them.

The focus of this book is the *clear-headed thinking* necessary to tackle management challenges. A small number of key frameworks are presented – some of which are new, others of which have preexisting roots – but no claim is made that they can be used successfully on ‘autopilot’. Strategy execution is difficult, and the techniques discussed need intelligent and diligent application.

A strong research underpinning

Strategy execution is a seriously under-researched area without an established theoretical basis, so this book has to do more than pull together what is already known about the challenge. The findings from original research are also presented. This research, conducted over the last 10 years, includes a number of in-depth case studies, some lasting many years, making it the largest study ever undertaken in the strategy execution field. A range of data collection methods has been used within these studies, including the following:

- Document and archival analysis
- Semi-structured, multi-level interviews

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- Passive and participant observation
- Action research via interventions to test structured techniques

Sophisticated qualitative data analysis techniques have been employed to distill these data and tease out the findings presented in this book. For those with an interest in them, further details of the research methodologies used for the studies that underpin this book are set out in the appendices. In addition to the case studies, the presentation of ideas here draws on strategy execution consultancy and executive education work with dozens of organizations and thousands of managers. Effort has been made to complement each idea – whether original or not – with a calibration of how valid and reliable the evidence base for it is. As discussed, strategy execution science is at best patchy – and it’s important to recognize this when making decisions based upon the ideas emerging from it. For example, where considerable uncertainties remain, managers are wise to use pilot exercises to test and refine ideas before full-scale implementation.

The identities of many of the organizations involved in these case studies has been veiled. The issues explored are commercially sensitive, and data were collected under agreements to protect the identities of the individuals and organizations involved. However, general information about each organization is provided insofar as is possible and necessary to provide a rich context.

The audiences and format of this book

This book is aimed at several audiences – practicing managers, those in advanced management education and, to a lesser extent, researchers. Correspondingly, the format of the book has been designed to suit the needs of these groups.

Ultimately, this book is intended to help practicing managers tackle the challenge of executing strategy. Hence, the book sets out to demystify some conceptual issues and provide a structured and elegant framework for strategy execution that is oriented toward enabling *decisions* and *action*. Managers seeking clear guidance can read the text flexibly without necessarily troubling themselves with the endnotes, appendices, and companion website.

However, as noted earlier, strategy execution is an extremely difficult area. ‘Airport’ books do not do it justice. They are often crammed with the names of well-known corporations but barely scratch the surface of complex topics and can leave intelligent managers feeling short-changed when they return to the realities of their work. Many of those interested in moving beyond this superficiality will have chosen to study strategy execution at a business school or through another learning route. Hence, this book focuses more on the necessary detail than the tales of corporate heroes and their conquests and seeks to assist these scholars to *apply* the ideas presented and hence learn by doing. These students can work through the book methodically, dip into the endnotes and appendices for further information, and explore the references and suggested further reading. They can also make use of the additional resources available on the companion website at

www.strategy-execution.net. All of the learning aids useful in a good textbook, such as learning summaries, case studies, videos, and multiple-choice questions, are available. So, too, are interactive learning tools that will usefully aid study.

Finally, within the context of management science, the subject of strategy execution is in its infancy. Much of what we think we know must be held contingently – subject to revision and refinement in years to come. Hence, this book has to balance the need to inform practitioners with the duty to stimulate thinking and support the work of other researchers in this area. They will wish not only to read the main text but to explore the endnotes and appendices in detail, where these deal with topics of interest. The book is intended to signpost existing strategy execution literature and present original research. Those with the additional responsibility (and challenge!) of teaching strategy execution will be interested in the companion website at www.strategy-execution.net, which includes material for teachers and students of the subject.

The companion website also provides all interested readers with a constantly updated source of information about strategy execution. This includes news about developments in the subject and a list of references to other publications.

The structure of the book

The remainder of the book is structured as outlined in Table 1.1, which explains the purpose, and underlying rationale, behind the structure of the book.

Summary of key points

- Strategy execution is difficult. Research suggests that around half of strategic decisions are not executed at all and that a substantially higher proportion of strategies fail to achieve their objectives upon implementation. Executives seem to recognize this – a significant majority of them do not rate their organizations as being successful at strategy execution.
- There is little guidance on strategy execution to help these executives – we know far more about how to plan strategy than how to execute it. Strategy execution and strategy implementation are terms used interchangeably.
- Strategic change is not the same as strategy execution – it relates to changes in the *content* of strategy. Change management is not the same as strategy execution – even changes that improve performance do not *necessarily* execute strategy. Many organizations have sound strategies and efficient operations but only a vague relationship between the two – strategy execution deals with this gap.
- This book is aimed at both practitioners and advanced management students – it is intended to be both a practical and rigorous guide that encourages disciplined thinking about what is a complex topic. This book weaves together existing ideas and new insights from original empirical research.

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Table 1.1 Structure of the book

Chapter	Purpose
1 Introduction	Introduces the book, what it seeks to achieve and how it is set out.
2 What is Strategy Execution?	Locates strategy execution within the field of strategy and provides a clear definition of the term and related concepts.
3 The Strategy Execution Challenge	Explores how the environment is changing and making strategy execution more important but also more difficult.
4 Diagnosing Strategy Execution Problems	Explores how strategy execution problems in organizations can best be diagnosed and identifies the commonest ones, to ensure that strategy execution efforts are properly directed.
5 A Framework for Strategy Execution	Introduces a set of core principles and a framework to manage the strategy execution process, covering how it should be applied and important caveats. The following three chapters explore the elements of this model in depth.
6 Translating Strategy into Action	Tackles probably the greatest strategy execution challenge – identifying what actions to undertake in order to achieve strategic objectives. Introduces strategy execution maps and shows how they can be used to explore competitive advantage generated by strategy execution capability.
7 Aligning Action with Strategy	Introduces a series of techniques to complement and validate 'top-down' planning with a systematic approach to ensure activities planned 'bottom-up' are aligned with strategic objectives.
8 Aligning Organizational Designs & Systems	Explores the key organizational components which affect strategy execution, including the allocation of accountability and responsibility, organization structure, performance measurement, targets and reward systems.
9 Conclusion	Summarises the key points made in the book and reflects on the strategy execution challenge set out.

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