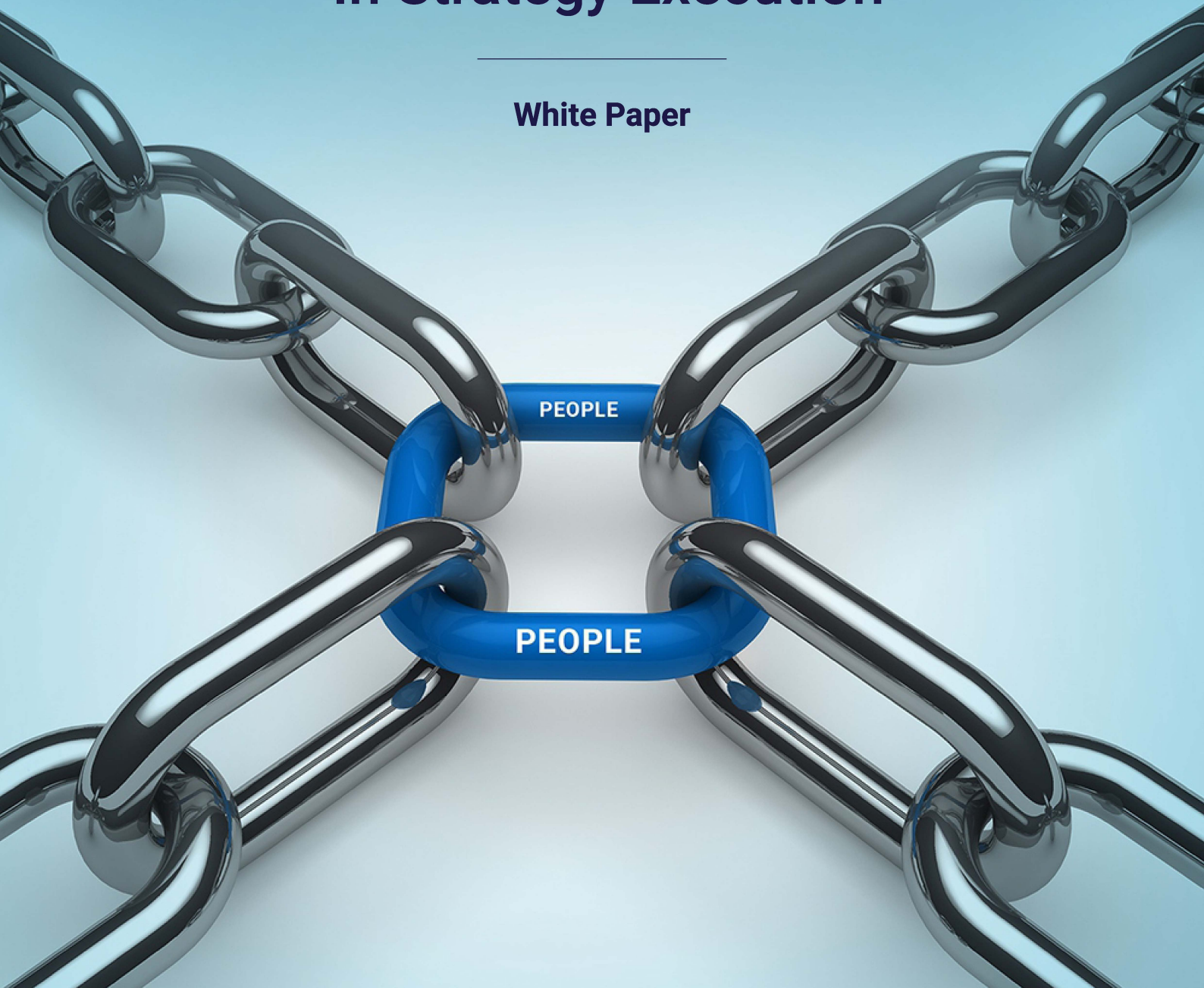


PEOPLE CAPABILITY

The X Factor In Strategy Execution

White Paper



Most companies understand that they need to have some kind of plan in place - a plan to get the business from point X to point Y, whatever those points may be. For a Sales Manager, this may mean, formulating a plan to grow sales by a certain percentage from the last year or to capture a new market segment. A brilliant plan puts you on the competitive map, but only solid execution can keep you there. You have to be able to deliver on your intent!

Most managers know to how to plan and are aware of the fundamentals in sales planning i.e. to meet basic standards for being specific, measurable, limited in scope, and sufficiently funded. If your plan is weak, then you are out of the league for successful execution in any case because missing any of those standards can create vague, ill-defined goals that are therefore nearly impossible to meet. Having said that, what happens to well-defined strategies? Why is there a problem in executing a well-planned, well defined strategy that is formulated taking care of all essential parameters? According to research, “60 percent of strategy execution fails.” Successful leaders know these

numbers and understand it takes much more than a great plan to achieve the results outlined in the business plan.

As a HBR article states, “In efforts to improve performance, most organizations go right to structural measures because moving lines around the organization chart seems the most obvious solution and the changes are visible and concrete. Such steps generally reap some

markets are changing, create strategies based on those judgements, and translate the strategies into operational realities. Fundamentally, most problems related to strategy execution have their roots in the people element.

Whether communication challenges, lack of buy in, or motivation to perform, it all boils down to 'the people' who are involved the execution process.

{ People are the differentiating factor for successful strategy execution. }

short-term efficiency quickly, but in actuality address only the symptoms of dysfunction, not its root causes. Several years later, companies usually end up in the same place they started”.²

The element we are missing here is asking ourselves 'how' we execute strategy and 'who' does it? ‘Execution is the result of thousands of decisions made every day by employees acting according to the information they have and their own self-interest.’ It is the **'people'** of an organization who make judgements about how

“The companies that succeed are those which concentrate on creating strategy which has people and implementation at its heart rather than having annual planning exercises masquerading as strategy.”³ Structural change can and should be part of the path to improved execution, but its best to think that the people are the cornerstones of any execution process. Thus, ‘people are the differentiating factor for successful strategy execution’. As Ram Charan and Larry Bossidy put it “If you don't get the people processes right, you will never fulfill the potential of your business”.⁴



¹ Robert S. Kaplin, (2008), Creating the Office of Strategy Management

² Harvard Business Review study, (June 2008), “The Secrets to successful strategy execution”

³ INSEAD Knowledge article, (February 2014) “The ‘People’ Part of Successful Strategy Implementation

<http://knowledge.insead.edu/strategy/the-people-part-of-successful-strategy-implementation-3167#dZEIKw5gzAs8IIha.99>

⁴ Larry Bossidy, Ram Charan, Execution: The Discipline of Getting Things Done

Communicating the Strategy Effectively

Top managers formulate the strategy as a part of the planning process and divide the responsibility of execution among the lower management.

While top management formulates strategy, the employees executing it need to understand this strategy. Moreover, understanding what it means to “each employee” is more crucial. People have to be able to relate their role to the strategy formulated by the top management. Employees need to see how their efforts contribute to the organization and know they are making a meaningful contribution to their organization's success. This helps employees create a vision - in line with the vision of the organization.

Apple's Steve Jobs intuitively understood the power of communicating his vision to his employees. As those who know him put it “Steve Jobs was a magical storyteller, he talked about how personal computers were going to change the world. He painted a picture of how it would change everything about the way we worked, educated our children and entertained ourselves. You couldn't help but buy in.”⁵

Is the heart of your message consistent or are you constantly changing it?

Communication is the medium through which the organization strategy aligns with individual strategies. But only a few managers can articulate effectively and communicate a shared description of what their strategy is, much less what makes it distinctive. Perhaps the

greatest challenge managers face when converting “strategy” into actions is communicating in terms that everyone can understand. Here are reasons why communication may fail and what can be done to communicate your strategy effectively.

i. Keep it simple

Have you ever bought something that needed to be assembled but got discouraged because the directions

Execution is the result of thousands of decisions made every day by employees acting according to the information they have and their own self-interest.

looked too complicated? Or the instructions were too wordy and loaded with technical jargon? Communicating strategies in such a manner similarly discourages employees from getting involved in strategies since it may seem too complicated. Write and organize your communication plan in a way that everyone will understand it: simple, approachable and to the point.

ii. Don't withhold information from certain groups

If you are only communicating to your investors or your board members, you are doing it wrong. Your employees are arguably your most important stakeholders and brand ambassadors. They need to know just as much, if not more than, the big shots at the top of the leadership chain. Hiding details or withholding information for whatever reason is a good way to create paranoia. Get everyone on the same page so that your

employees have all the information they need to do their jobs.

iii. Don't tailor information to different stakeholders

Every department has its own dynamic and will have different concerns/ insights about the project or change initiative. For example, your marketing team won't have the same day-to-day goals regarding the project as your accounting staff will. And your board members will often

have different concerns than your IT specialists. A good manager will know (or ask about) these concerns and specifically address them in the communication plan. A generic plan won't help anyone do their jobs effectively.

iv. Remain consistent

This problem addresses two issues. First, ‘is the heart of your message consistent or are you constantly changing it’? If you are always changing the plan, employees might feel like you are always changing your mind, and if you are always changing your mind (without good reasons), their confidence in your leadership will probably decline. Second, can your employees expect to be updated on a regular basis? Or do they never know when you are going to communicate with them? Establish a consistent schedule, like weekly staff meetings or daily emails, so your employees can be confident that they will hear from you regularly.

⁵ Carmine Gallo, (Forbes 2012), Steve Jobs and the Power of Vision by Carmine Gallo
<http://www.forbes.com/sites/carminegallo/2011/01/18/steve-jobs-and-the-power-of-vision>

Commitment of Employees to the Strategy

Effective communication lets employees know what is to be done but why would the employee be committed in performing the tasks assigned to them? Employees need to see the strategic plan not as just the leader's plan, but as THEIR plan. Failing that, you are asking your employees to be more committed to your goals than their own. In strategy execution, emotional commitment of employees is critical. Employees will only adopt a new initiative if they believe that it is the right strategy for them. Here are some aspects to consider to get employees to 'BUY' into the strategy.



i. Sell the desirable future

Employees must see the value of a strategy before they accept it. Identify the positive benefits of the strategy and explain why the future is better than the current reality. Explain the better opportunities that will come from diving into the sea and show clearly why following you is better than staying on a melting iceberg! To get employees onboard with change, make sure your communication plan emphasizes

how the changes will benefit them (and the company overall). Execution takes hard work and effective incentives to get managers to buy into the execution process.

ii. Confirm your support through constant communication

It is a human failing but we generally need to hear most points more than once before we finally "get it". Reinforce the need for the required change by communicating your message several times through the spoken and written word. Listen to your team for what is said and what is not said and respond as appropriate.

 To get employees onboard with change, make sure your communication plan emphasizes how the changes will benefit them. 

In general, let your employees know that you are there with them throughout this strategy to help alleviate their fear of a new strategy. Remember that if the deep blue sea is dark, keep making that funny

noise as you swim ahead of them so that they know that you are still nearby!

iii. Model the change behaviors that you want to see from your team

There are few situations that are more troubling to followers than to learn that their leader does not "walk the talk." This breeds cynicism and heightens employee fears that the strategy you advocate will not be positive. From their perspective, if you do not believe in the strategy enough to implement the required behaviors yourself then why should they do it?

Walk the talk and you will show them through your powerful example the value of the strategy and your own willingness to do yourself what you require of others.

Developing Capabilities

Several studies over the years have tried to establish the connection between people skills and strategy execution. An IBM's 2009 report titled "Getting Smart About Your Workforce: Why Analytics Matter," found that "It is vital to define the requisite knowledge, skills, and capability requirements needed for the execution of business strategy. Organizations must have a firm understanding of what skills and capabilities they have in-house,

where gaps exist, and the best ways to fill those gaps through external hires or internal mobility."

Another IBM 2010 Global CEO Study⁷ – "Capitalizing on Complexity, threw up an interesting statistic – while getting closer to customer was a number 1 imperative for 88% CEO's, 'developing the people skills of their employees to execute strategy was equally important for 81% of CEO's surveyed'.

In 2010, the Economist Intelligence Unit released research study findings, which established that a lack of business acumen skills needed to achieve the goals of the strategy led to failure in implementation of strategy⁸. The survey of more than 330 senior leaders, conducted by the Economist Intelligence Unit, found that **business-skills shortage is a key challenge to successful strategy execution**. The study unearthed that two-thirds of respondents said a lack

of business acumen in their organization significantly limits their ability to accomplish strategic goals. The report concluded that the highest-performing organizations have taken steps to ensure they have the business acumen they need among managers and senior leaders and thus ensure consistent business performance.

A recent Business Readiness Survey research study⁹ released in March 2017 by Advantex, also confirms the above findings. The study aimed to understand how employees at any level of a company recognize their strategy and assess if they had the skills to execute it so that company and individual goals could be met. Interestingly, 'the study showed that most employees have a clear understanding of the company strategy but struggled to execute it, primarily due to a gap in the business acumen and skills needed to execute



Their fear may be valid (as they recognize a missing skill that they do not possess) or it may be invalid (an unfounded emotional reaction arising from their anxiety surrounding the change). Whatever the source of the fear, it will help if you provide training and development opportunities for your team. This will give them the confidence they need to implement the required strategy.

pitfalls with respect to the changing external environment that can trip up even the best of strategies.

ii. Agility

You need to move with speed and pace so that when change is required, do it quickly, get there first and try and outrun your competition. More often than not, executing on strategy requires adopting a change in approach and new ways of doing things. Agility would not mean chasing every opportunity. While adopting a new approach, the strategic focus is key. Without focus, resources are allocated to wrong projects and key initiatives do not get the resources they need. Great strategies have laser focus.

iii. Functional Skills

Successful strategy execution often requires new functional skills and capabilities among leaders and employees. "The idea of building capabilities to tackle new business challenges isn't revolutionary. But here's the surprise: A few capabilities accelerate strategic execution and deliver a lot of business impact. This means that rather than engaging in the exhausting task of developing a

Business Acumen Skills are a critical part of People capability and often the X Factor of Strategy Execution.

strategy'. The study also confirmed that employees with a stronger comfort level in core business skills had significantly higher levels of goal achievement. Thus, Business Acumen Skills are a critical part of People capability and often the X Factor of Strategy Execution.

In this context, it is important to ensure that your team has the skills necessary for change. Employees are often fearful about a new strategy because they are not sure that they will be able to perform as well as they have done in the past.

First, define the requisite knowledge, skills, and capability requirements needed for the execution of business strategy. Second, organizations must have a firm understanding of what skills and capabilities they have in-house, where gaps exist, and the best ways to fill those gaps.

There are some general capabilities needed for strategy execution in any industry.

i. Awareness

This is vital if you are to avoid the

⁶ IBM 2009 study Getting Smart About Your Workforce: Why Analytics Matter

⁷ IBM 2010 Global CEO Study – "Capitalizing on Complexity"

⁸ Skills Mismatch: Does Business Acumen Enable Strategy Execution? Survey conducted by The Economist Intelligence Unit <https://www.bts.com/docs/white-papers/skills-mismatch-business-acumen-and-strategy-execution-research>

⁹ Jim Brodo (March 2017), Advantex

generic and overly broad competency model, firms can get better results, faster, by targeting and developing a small number of high leverage behaviors that directly impact strategy execution.”¹⁰

iv. Mindset

It is perhaps the least understood, but most important driver of exceptional strategy execution. It is the turbo-boost in the execution engine. Frequently undervalued and dismissed as soft or intangible, mindset delivers real business results. To some managers, execution related issues are not as exciting or conceptual, resulting in less than enthusiastic attention or energy being focused on these activities. These factors, among others, increase the

difficulty of strategy execution and cause managers to avoid critical implementation requirements. The key here is management support and collaborative involvement of all employees in execution.

The traditional top down approach to create a culture of execution and maintain a focus on execution has to evolve to become more participative and encouraging. This would require development of thinking capabilities and creating motivation including urgency to execute strategy.

v. People skills

Managers need good people skills to motivate and empower their employees to successfully perform

the new tasks and activities. As each person is different, executives and managers need insight in the motivations, attitudes and behaviors of their subordinates. Each person must often be treated differently to compel them to execute the strategy.

vi. Team building skills

Not only is it important to motivate individuals to execute the strategy but groups as well. ‘Strategy execution is by definition a group effort that involves the execution of activities that cross the boundaries of teams and organizational units.’ Executives and managers must have the skills to forge effective teams and achieve effective cooperation between teams and departments.

PEOPLE - Key to Strategy Execution



Review and Course Correction

As Peter Drucker stated, “If you can't measure it, you can't manage it” – or as the old saying goes “What gets measured gets DONE”. There have to be measures that track the execution of strategy. While organizations are becoming increasingly sophisticated at measuring strategy execution through initiatives such as the 'Balanced Scorecard' and the use of

strategy maps, often these measures are post facto or after the business results cycle is over. In order to make execution more robust, we need measures that focus on efforts. Apart from the results, you should measure and monitor how well your organization or division actively supports and is aligned to your strategy, and if required uncover the reasons why this may not be the

case. Effective measurements are the ones in line with the strategic objectives of the organization, and in line with each other.

i. Choose to track Lead Measures

Tracking efforts can predict results, especially if they are lead measures. Lead measures tell you if you are likely to achieve the goal or not while you are working towards the goal. A

¹⁰ BTS study 'Strategy Execution – Expertise and Impact' <https://www.bts.com/strategy-execution/expertise-and-impact>

lead measure is predictive, meaning that if the lead measure changes, you can predict that the end result will also change. For example a sales report is a lag measure but monitoring the number of customers called on is a lead measure as it can influence the sales result. These are extremely important measures while tracking execution since they are influenceable and controllable before the end result. These lead measures enable you to close the gap between what you know your team should do and what they are actually doing. Organizations need to reward behaviors that support execution rather than merely rewarding employees “hitting the number.”

ii. Accountability is key

In today's world where everything revolves around teamwork, often the

accountability edge is lost. Individual accountability is a mindset and the process of regular review of effort and results is vital to bring in a sense of accountability.

Lead measures tell you if you are likely to achieve the goal or not while you are working towards the goal.

iii. Focus on planning not on post mortems.

Weekly reviews through phone / Skype together with monthly reviews need to be scheduled. Reviews must begin with assessing efforts/results of last period. Typically, managers spend 80% of the review meeting time on analysis and review of the past. Thus only

20% time is available for detailed planning for the future, leaving employees clueless as to what need to be changed to get ‘breakthrough’ results. This approach leads to

frustration and demoralization of the team. A better approach would be to reverse the process with a mere 20% time to be spent in review, thus freeing up 80% time for addressing challenges of implementation and setting goals for next week/month, and helping the team resolve issues or obstacles in achieving goals.

Conclusion

Everyone agrees that strategy execution is a key business challenge. How an organization works to address this challenge will determine its success with strategy and to what degree it will achieve its business results. As discussed in this paper, People Capability is the missing X factor in strategy execution. While investing financial and physical resources gets the ground ready, the players are the employees who drive the organization towards the winning run. Hence, building people capability especially business acumen will give an organization the execution edge. Improving how an organization **shares the strategy** so that everyone can understand and relate to it, getting employees to **buy in, developing employees business skills and capabilities** to boost strategy execution and finally effective processes to review strategy will help organizations' narrow the gap between strategy and execution.

We at InteGreat People have been working with our clients to improve the Business Acumen skills and People Capability for execution. We have a variety of program offerings for different hierarchies of Sales and Marketing. Each program focuses on building skills and enabling teams with the tools, techniques and approaches to improve execution. If you would like to know more about how we can assist, do get in touch with us.

About the Author

Dr. Ruth D'Souza is the Managing Director of InteGreat People, a training and development firm that focuses on 'Empowering people with the skills to Perform'. Dr. Ruth D'Souza is a much sought after strategy consultant and trainer known for delivering practical, implementation-oriented interventions that sharpen the skills of organisational teams to perform. Her core areas are Sales Management, Leadership development, Marketing Management and Personal Effectiveness Skills. She is a certified management consultant (CMC), an avid researcher and writer, and she holds a Doctorate in Management and a Master's degree in Marketing.

About InteGreat People

InteGreat People is a leading Corporate Training firm, specializing in helping organizations develop the Sales Performance and Execution Edge. Backed by 3 decades of expertise, InteGreat People delivers training interventions that:

- Are built on an "Uncompromising Focus on Fundamentals"
- Are relevant to business goals
- Challenge mind-sets, build confidence and develop core drills for superior execution
- Are backed by real world consulting expertise
- Are facilitated by subject matter experts with deep domain knowledge

Each program focuses on transforming mind-sets and developing skills necessary to improve execution and business performance.

We have been privileged to work for...



InteGreat people

Let the future begin...

Contact us to build your people capability to perform in current roles and to make them future ready.

Contact Dr. Ruth D'Souza

- ruth.dsouza@integreatpeople.in
- +91 98210 74763
- www.integreatpeople.in