



MASTERING STRATEGY EXECUTION

18 BEST PRACTICES FOR STRATEGY EXECUTION

STRATEGY EXECUTION AS COMPETITIVE ADVANTAGE

STRATEGY EXECUTION IS CRUCIAL FOR EVERY ORGANIZATION

- **Successful execution of strong and robust strategies gives any organization a significant competitive edge.**
 - In current turbulent environments, the ability to develop and execute new strategies quickly and effectively may be the difference between success and failure for organizations.
- **Well-formulated strategies only produce superior performance for organizations when they are successfully executed.**
 - Even the best-made strategies are worthless if they are not executed successfully.

MOST STRATEGY EXECUTIONS FAIL

STRATEGY EXECUTION IS A TOP PRIORITY OF EXECUTIVES WORLDWIDE

Companies on average only deliver only 63% of the financial performance their strategies promise.
Harvard Business Review

82% of Fortune 500 CEO's feel their organization is effective at strategic planning. Only 14% indicated to be effective at implementing the strategy.
Forbes Magazine

Executorial Excellence is the number one challenge facing global corporate leaders.
Harvard Business Review

50% of well formulated strategies fail to deliver expected results because of poor execution.
Harvard Business Review

Two-thirds to three-quarters of large organizations struggle to implement their strategies.
Harvard Business review

THE STRATEGY EXECUTION PROBLEM

MOST STRATEGIES FAIL IN THE EXECUTION PHASE

- **The all too frequent failure to create change after seemingly viable strategic plans have been developed.**
 - The majority of strategies fail in the execution phase.
 - Many organizations have a fundamental disconnect between the development of a strategy and its subsequent execution.
- **Survey after survey reveals that strategy execution is a top priority for executives worldwide.**
 - The focus of strategy scholars and practitioners is traditionally on strategy development while the real challenge lies in execution.

70 to 90 % of organizations do not succeed in effectively executing their strategy.

THE STRATEGY EXECUTION MODEL

THE FIVE PILLARS OF SUCCESSFUL STRATEGY EXECUTION



THE STRATEGY EXECUTION MODEL

18 BEST PRACTICES FOR SUCCESSFUL STRATEGY EXECUTION



THE STRATEGY EXECUTION MODEL

DEVELOP THE STRATEGY



DEVELOP A CLEAR AND ATTRACTIVE VISION

DEVELOP THE STRATEGY

1

STRATEGY

- **Successful strategy formulation and execution begins with formulating a sound and clear strategic vision.**
 - The vision describes the desired future state of the organization and clarifies the direction in which the organization is to move.
- **The strategic vision is attractive and easy to communicate to organizational members, customers and stakeholders.**
 - A clear and attractive strategic vision increases the confidence of employees in a successful outcome of the execution effort.
- **The vision is ambitious but realistic and feasible.**
 - Vision tend to be too ambitious to gain commitment to it but tends to result in disappointment during execution.

DEVELOP A SOUND AND EXECUTABLE STRATEGY

DEVELOP THE STRATEGY

2

STRATEGY

- **Develop a sound and clear strategy that is able to achieve the vision.**
 - The strategy has clear and **concrete objectives**.
 - The strategy is **easy to understand** for employees and stakeholders.
- **Continuously adapt the strategy to maintain a fit with the changed internal and external business environment.**
 - Developing a strategy is never finished.
 - Organize an annual strategy development and execution cycle.

No execution can save a strategy that is not sound to begin with.

INVOLVE EMPLOYEES AND STAKEHOLDERS

DEVELOP THE STRATEGY

3

STRATEGY

- **Discuss the strategy with managers and key employees to assess whether it is sound, realistic and feasible.**
 - A strategy formulated without much employee involvement is more likely to have **major flaws**.
 - Tapping into the **specialized knowledge** of lower-level employees improves the strategy and its execution.
- **Involving employees and stakeholders improves the understanding, acceptance and execution of the strategy.**
 - A strategy that is developed without the involvement of relevant employees is **likely to be resisted** during its execution.

SECURE COMMITMENT TO THE STRATEGY

DEVELOP THE STRATEGY

4

STRATEGY

- **Commitment to the strategy from employees and especially managers is crucial in strategy execution.**
 - Committed organizational members are more motivated to execute the strategy and achieve its goals.
- **Uncommitted middle management and employees are a key barrier to strategy execution success.**
 - Employees are uncommitted to the strategy because of feeling uninformed, lacking communication and respect from managers and lacking participation in decision-making.
- **Secure commitment by involving employees in decision-making and by clearly communicating the strategy.**
 - Employees can only support a strategy they know and understand.

THE STRATEGY EXECUTION MODEL

EXECUTE THE STRATEGY



APPOINT ONE CLEAR LEADER

EXECUTE THE STRATEGY

1

EXECUTION

- **Appoint one board member who is responsible for the execution of the strategy – preferably the CEO.**
 - Strategy execution is a task that leaders cannot delegate.
- **The leader articulates and communicates an attractive strategic vision that guides the execution.**
 - A successful leader inspires followers by communicating a captivating vision designed to motivate followers to achieve ambitious goals.
- **Increase the willingness of employees to follow by practicing moral virtues such as fairness, integrity, honesty, loyalty, determination, courage and responsibility.**

TRANSLATE THE STRATEGY

EXECUTE THE STRATEGY

2

EXECUTION

- **Write an implementation plan that specifies the objectives, activities and processes required to achieve the goals of the strategy.**
 - Translate the strategic objectives into measurable operational objectives linked to departmental and individual goals.
- **Effective strategy execution requires clear objectives, tasks, activities and responsibilities.**
 - By allocating clear responsibilities for the execution of the implementation activities, progress can be controlled.
- **Specific and ambitious but realistic goals that are accepted by organizational members lead to the best execution performance.**
 - Involving employees in goal setting increases their acceptance.

COMMUNICATE THE STRATEGY

EXECUTE THE STRATEGY

3

EXECUTION

- **No less than 95 percent of employees do not understand the strategy of their own organization.**
 - The objective is to make employees understand what the strategy is all about and what its goals are.
- **Explain the strategy in a way that employees understand and may become convinced that the strategy is sound and effective.**
 - Employees are more accepting of undesirable decisions when they receive clear and adequate explanations for those decisions.
- **Communicate the strategy in a simple way and sincerely listen to feedback and act upon it.**
 - Communicate the strategy **7 times in 7 different ways.**

ACHIEVE AND CELEBRATE RESULTS

EXECUTE THE STRATEGY

4

EXECUTION

- **Visible results and especially ‘quick wins’ increase the motivation and commitment of employees to the strategy.**
 - People are more inclined to accept new things when they see that these things work and lead to results.
 - Achieving quick wins can restore the confidence of employees in the strategy and organization when the organization is in crisis.
- **By making change visible and tangible through for example a new logo, uniforms and offices.**
 - This way, management can show that they are committed to the strategy and things are really changing.
 - Achieving results enhance the performance of employees by making them proud and giving a feeling of competence.

THE STRATEGY EXECUTION MODEL

ADAPT THE ORGANIZATION



DESIGN A DECENTRALIZED STRUCTURE

ADAPT THE ORGANIZATION

1

ORGANIZATION

- **Design a decentralized organization structure that is aligned to the strategy.**
 - A decentralized structure increases commitment of employees to decision-making, speed of decision-making, and improves the quality of the strategy.
- **Avoid a hierarchical structure with rigid rules and procedures.**
 - Individuals in centralized organizations feel that managers do not trust their skills resulting in a sense of incompetence, reducing self-determination, motivation and performance.
- **Design a clear structure with clear procedures, rules and responsibilities that gives employees certainty during the execution.**

CREATE A FEARLESS CULTURE

ADAPT THE ORGANIZATION

2

ORGANIZATION

- **A new strategy involving layoffs triggers intense emotions such as anxiety and fear for job security among employees.**
 - Job insecurity lowers job satisfaction, strategy commitment, trust in management and work effort and increases psychological withdrawal and resistance to change.
- **Many organizations have a culture of fear in which employees are afraid to lose their job or to be treated harshly by their superiors.**
 - A highly centralized structure with rigid rules creates a fear for making mistakes, responsibility, participation and change.
- **Cultivate a fearless culture in which people dare to take initiative, voice their opinion and are not afraid to make mistakes.**

TAKE POLITICAL INTERESTS INTO ACCOUNT

ADAPT THE ORGANIZATION

3

ORGANIZATION

- **Strategic change inevitably raises questions of power within an organization.**
 - The very prospect of organizational change confronts established positions and may lead to resistance to change.
- **Politics and struggles over power and leadership can undermine a strategy execution effort.**
 - Resistance to change may lead to passivity toward the strategy and its execution or even sabotage.
- **Overcome resistance by involving potential opponents in decision-making, taking their interests seriously and confronting dissidents.**

HET STRATEGIE EXECUTIE MODEL

MOBILIZE THE PEOPLE



APPOINT SKILLED MANAGEMENT

MOBILIZE THE PEOPLE

1

PEOPLE

- **Competent management and employees is the most important requirement for successful strategy execution.**
 - When employees have little confidence in the ability of management to execute the strategy then their strategy commitment will be low.
- **Incompetent colleagues and especially managers have a very negative influence on the performance of team members.**
 - Competent employees tend to leave an organization when they have to work for incompetent managers.
- **Hiring new managers and employees is one of the best ways to achieve (radical) strategic change.**

USE PEOPLE SKILLS

MOBILIZE THE PEOPLE

2

PEOPLE

- **People management skills are crucial for mobilize employees to successfully execute the strategy.**
 - **Coach and counsel** employees to increase their motivation, performance, cooperation and commitment to the strategy.
 - Develop **personal relations** with subordinates by giving them sincere personal attention.
 - **Make employees feel proud** about themselves, their work and the organization.
 - **Organize social activities** to build better social relations among employees that increase their cooperation, motivation, and effectiveness.

TRAIN AND DEVELOP EMPLOYEES

MOBILIZE THE PEOPLE

3

PEOPLE

- **Successful organizations place high importance on training and developing their managers and employees.**
 - Adequately trained staff is one of the most critical steps top management can take to ensure successful strategy execution.
 - Executing a new strategy often requires new activities and ways of thinking, which can be learned by training and educating.
- **Training and education improves employee knowledge, skills, and self-confidence and makes them perform better.**
 - Training and education can consist of courses, collective classes, (on-the-job) training, and individual coaching.

EMPOWER MANAGERS AND EMPLOYEES

MOBILIZE THE PEOPLE

4

PEOPLE

- **When employees have high self-efficacy and believe that they can perform the new execution tasks successfully, they are likely to perform well.**
 - Low self-efficacy can result from low self-confidence, a centralized organization culture, an authoritarian management style, and an environment in which many things fail.
- **Empower employees through coaching and counseling, delegation, role models and rewarding performance.**
 - Empowering employees gives them a sense of competence which greatly increases their work performance and innovative behavior.

THE STRATEGY EXECUTION MODEL

BULD MANAGEMENT CONTROL SYSTEMS



BUILD A STRATEGY CONTROL SYSTEM

BUILD MANAGEMENT CONTROL SYSTEMS

1

SYSTEMS

- **Build an annual strategy management control system for developing, monitoring and adjusting the strategy.**
 - Regularly meet in well-structured sessions to share information, reconfirm priorities and adjust the strategy or execution.
- **Hold those responsible accountable when performance is lacking.**
 - Many organizations have accountability problems resulting from a lack of planning, ineffective management information systems, or cultural values that do not encourage holding persons, especially in high positions, accountable.
- **Adapt the strategy when the assumptions underlying the strategy are flawed or obsolete.**

REWARD PERFORMANCE AND GIVE COMPLIMENTS

BUILD MANAGEMENT CONTROL SYSTEMS

2

SYSTEMS

- **Build a reward system that monitors the progress of the execution and demonstrates top management's commitment to the strategy.**
 - Reward systems are essential for motivating staff and ensuring appropriate behavior in relation to the strategy.
- **Rewarding execution performance increases the motivation, commitment and performance of organizational members.**
 - Informal rewards (pats on the back, pride, enthusiasm) increase the motivation, self-confidence and performance of employees.
- **Give task related feedback and compliments during the execution.**
 - Employees often do not get compliments when performing well but do get criticism for making mistakes. This reduces motivation, self-efficacy and execution performance.

5 KEY PRACTICES FOR STRATEGY EXECUTION

THE MOST IMPORTANT BEST PRACTICES FOR STRATEGY EXECUTION

My PhD research found the following five best practices to be the **most important success factors** for strategy execution in public and private organizations.

1

COMPETENT MANAGEMENT

Appoint the right managers in the right place.

2

PLAN THE EXECUTION

Translate the strategy into an implementation plan.

3

USE PEOPLE SKILLS

Mobilize employees using people skills.

4

ALIGN THE STRUCTURE

Design a decentralized organization structure.

5

CHANGE THE CULTURE

Create a fearless organization culture.

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