

Why a Brilliant Business Strategy Isn't Enough

Clarity is key in strategy execution

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Many believe that having a first-rate business strategy is the key to bolstering a company's growth, gaining the competitive edge and increasing shareholder value. But if that's true, why do so many companies with "great" strategies fail? And what, then, is the real key to success?

According to a *Harvard Business Review* article, a study by Neilson, Martin and Powers of 1,000 organizations in over 50 countries reported that 60 per cent of companies rated themselves poor at turning strategy into action.

Businessman and author Steven Covey, in his book *The 8th Habit*, explains some of the common blockages to great strategy execution:

- › Only a third of employees say they clearly understand their company's direction
- › Only 22 per cent have a clear sight line between their own goals and the organization's

› Only nine per cent are highly energized and committed

So what's missing from many organizations' strategy execution?

It's clarity.

Is everyone crystal clear on the actions and decisions for which he or she is accountable?

Alongside clarity are close cousins alignment and commitment. Are your employees' objectives and plans laser-aligned with the strategic priorities? Are they unstoppable when it comes to their commitment levels?

The question is how can organizations ensure clarity, alignment and commitment in order to celebrate the execution of what matters most?

The clarity, alignment and commitment process consists of five activities:

1. **Align the top team (It only gets worse if they are not).** It all begins with the top team's involvement in a practical meeting known as

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the strategic alignment meeting (SAM), which creates, based upon strategic and operational priorities, the focus and direction for the total organization

In this working meeting, the top leadership team reaches consensus on the enterprise-wide strategic focus areas such as operational excellence or

leading edge product innovation, success metrics such as incremental GP from shop floor, goals such as increase GP by 20 per cent within two years, strategic initiatives such as lean manufacturing and who does this by when.

2. **Cascade the alignment.** The outcome of the top team's meeting becomes the template for cascading the alignment through the organization, level-by-level and function-by-function with a team member at one level becoming a leader at the next. This ensures continuity and linkage of the alignment process throughout the enterprise, enhanced by all levels being involved and having a voice.
3. **Roll it back up to check the fit** at each cascading level

to ensure focus areas, success metrics, goals and action plans reflect internal and external realities.

4. **Deal with any inter-team concerns** with a meeting of two teams to examine the perceptions, realities and blockages leading to actions that will increase the success of both teams.
5. **Track results** easily with software and re-visit the process as necessary.

Does it work?

- › A major grocery retailer saved \$10 million with better alignment of its people to strategic goals.
- › A telecom company returned 500 per cent ROI for its private equity owners in less than four years.
- › A manufacturer of floor care products increased capacity by 15 per cent and re-directed the newfound capacity to product innovation.
- › And on the softer side, a CEO of an electrical utility said, "I sleep better at night knowing that our execution capability is significantly better."

This is the first in a series of articles on how to effectively align your organization to overcome the key obstacles identified by research and the author's 25 years of experience working with over 300 leadership teams in Canada, the United States and Mexico. n

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