

The Crucial Step 75% of Companies Get Wrong

It's not enough to have a plan. You also need to figure out how to execute it

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I once surveyed a group of middle managers at a mid-sized manufacturing company, and learned that less than half could name even *one* of the organization's top three strategic priorities.

At the time, the lack of knowledge puzzled me, since the company's CEO had often mentioned his team's excitement about the strategic plan and shared stories of how it had been unveiled to great acclaim just eight months prior to our meeting. He felt strongly that the approach would open new market segments, increase customer engagement and most importantly, one-up the competition.

The only problem: his plan had yet to yield results.

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Thinking back, many of the signs of what I call 'execution inertia' were already in place at this company. More unfortunate still, its experience is far from unique. According to *Harvard Business Review*, a full 75 per cent of organizations assess themselves as 'poor' at turning plans into results. And a recent HBR survey of more than 400 global CEOs found 'execution excellence' to be the top challenge facing corporate leaders in the US, Europe and Asia.

Much has been written about how to get better at strategy execution, about why organizations don't seem to get it right. With the best of intentions, companies we spend millions of dollars and hours of time on "solutions." We install new systems and management processes with acronyms such as CRM, TQM, MRM and ZBB. We set out to build performance cultures with training, team building and work-style assessments. We change organizational structures by downsizing, right-sizing and designing requisite structures.

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Yet we still have a hard time turning plans into results. Why?

Interestingly, the answer is so simple that it's often overlooked. And amazingly, even when the solution is identified, we don't immediately address it. In my experience, organizations that can't turn strategy into action usually fall short on one (or all) of three key measures:

- **Clarity:** Is your strategic plan infused with laser-like clarity? Does each individual on the team have the exact same understanding of the strategy? Do they support it? And how do you know this for sure—have you asked them? Great leaders take time to address even the smallest of concerns so that the strategy is crystal clear to everyone, and everyone understands the actions and decisions for which he or she is responsible.
- **Alignment:** Is the strategic plan aligned to both the external business landscape, and the internal environment of the organization? Do team members, especially those from different functional units, have a shared vision and purpose, and measurable goals for success? Great leaders ensure that each team member's objectives and activities are laser aligned with the strategic priorities of the plan. They also help team members to define what success means to them.
- **Accountability:** Have you established accountability *and* authority for team members to make decisions or take action? This is a straightforward process that is rarely done because authority is usually implied or assumed in a role. Too often authority is assumed by aggressive individuals with a need to have their voice heard; too often it is avoided by non-committals. Great leaders assign specific levels of authority, and align them with the tasks to be done, and the expected, already- clarified results. They also discuss authority levels openly within the team that is being held accountable.

The CEO of the manufacturing company I mentioned eventually realized that even though he *thought* he had communicated his strategic plan effectively, the strategy was poorly understood in many parts of the organization. Moreover, while he thought the strategy was creative and timely, it was seen as complex and overwhelming by many team members, who did not support it, and consequently reverted to formerly used strategies and tactics.

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By running his leadership team through a strategic alignment process with clarity, alignment and accountability measures, the CEO was able to fine tune his strategy, focus on executing two rather than three, of his strategic priorities, and galvanize employee support.

The results? Sales doubled in less than a year and a larger manufacturer targeted the company for acquisition.

Now that's what I call gold-standard strategy execution.