

The Strategy Execution Epidemic



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The Strategy Execution Epidemic: part 1 of the 'Execution Excellence' series

FOCUS Management has produced a five part series on tackling the many challenges corporations face associated with strategic execution – the number one issue facing CEOs according to a recent study by the Harvard Business Review.

The disease is called strategy “executionitis”. It can be deadly, and it’s spreading.

In 2008 the Harvard Business Review (HBR) reported that 60 per cent of business leaders struggled to implement their strategies. And it is getting worse.

More recently, HBR published results of a large-scale study of 8,000 managers from 250 organizations around the globe, which found that 75 per cent of business leaders were execution challenged.

In fact, CEOs who participated in the study identified “execution excellence” as the number one challenge among a list of 80 issues—including innovation, geopolitical instability and top-line growth.

This is not good news for equity owners whose return on investment depends on its companies’ strategies being successfully and efficiently deployed.

So, what is the antidote? There are many road blocks to execution excellence. Many books have been written on how to create and execute plans whether they are strategic, annual or project based. Countless seminars and consultants are available to help you with strategic planning and execution. You can buy execution software that will map your strategic plan elements and track progress. It’s all good stuff, but the studies indicate that great execution remains elusive. How come?

According to the 2008 HBR article, a study of 1,000 organizations in over 50 countries reported 17 obstacles to turning strategy into results. The number one obstacle by far was that employees weren't clear on the actions or decisions for which he or she was responsible.

The answer lies partially in the 80/20 rule or Pareto's Law of Distribution, which states that most of the value in a list of items can be found in 20 per cent of the items.

Twenty per cent of your inventory represents 80 per cent of the cost; most customer complaints come from a short list of customers. Most fund raisers count on a few investors.

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Couple this with research reported in Stephen Covey's The 8th Habit, that only 37 per cent say they have a clear understanding of what their organization is trying to achieve and you have the key reasons for "executionitis".

In my 25 years of consulting experience, there are two powerful solutions to strategy execution excellence. I'm certain there are many more, but none will give you the same impact or the same bang for the buck than having clarity, alignment and commitment to:

- The strategic focus and direction
- Individual accountability

When you have lots of both, you will get the "Great Execution of What Matters Most" as depicted here:



When you are short of clarity, alignment and commitment, for either the strategic focus and direction or individual accountability then you will land on one of the other squares. None are desirable. All exist in most organizations as the studies indicate and the business obituaries testify.

In the next four articles we cover some practical and pragmatic ideas on how to assess your current state on both dimensions and how to get better. Your return on investment may depend on it.