

Strategy execution challenges

A behavioral approach

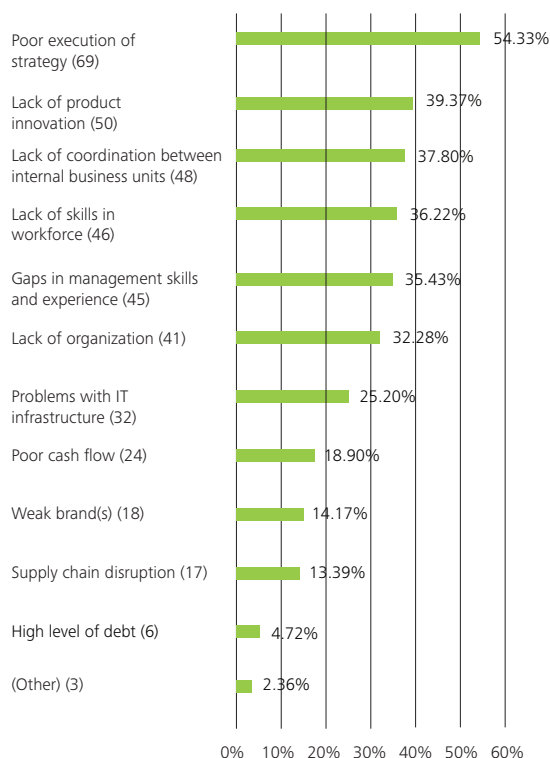
It goes without saying that the excellent execution of business strategy is a vital element for the success of any business. But very few businesses, in the Middle East especially, can proclaim a solid, long-term business strategy, let alone the successful execution of one.

Executing strategy is not as easy as formulating it

Formulating a new strategy is relatively easy: people convene to discuss opportunities and threats, set goals and maybe even create some action plans. After that they tend to go back to their offices and work on other day-to-day activities that may be more urgent but not necessarily more important.

In a recent Deloitte survey undertaken in the United Kingdom, top executives identified "poor execution of strategy" as their companies' single biggest hindrance to growth.

Which of the following internal factors are most likely to hinder your company's growth over the next three years?



Reasons for poor strategy execution

There are two main reasons for poor strategy execution. One is that strategy is too often communicated in broad conceptual terms and in abstract language that leaves people wondering how to convert it into practical action. Typically, a company might say that its strategy is to become “the regional leader in XYZ industry,” leaving employees unsure what actions they can take in their day-to-day jobs to accomplish this strategy.

The other main reason is that it is often very difficult to get people to change existing behaviors that are deeply rooted in workforce culture and can hamper the successful execution of strategy. As Mark Fields, President of The Americas for Ford Motor Company puts it: “Culture eats strategy for breakfast.”

What can be done?

Our experience with some of the world’s top companies leads us to believe that firms should not execute strategy by driving large-scale change throughout the entire organization. If companies focus on changing employee behavior around a few “Business Critical Events,” it can have a large and immediate impact on the successful execution of strategy. Business Critical Events are events that companies need to execute effectively for the strategy to be successful.

A Business Critical Event should not be broadly defined but rather, more focused on component selection. For example, “managing customer relationships” is too broad as a Business Critical Event, whilst “first meeting with a new customer” is more focused.

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The BLSE approach

Behavior Led Strategy Execution (BLSE) is an excellent tool for improving business and implementing large-scale change. It identifies and prioritizes Business Critical Events that are influenced by an organization’s strategy. It then defines the desired behaviors for each critical event and identifies the initiatives and key enablers necessary to support the desired behaviors and improve performance. Examples of these initiatives and enablers can range from new processes and systems to improvements in structure, training and reward.

Behavior change leads to strategy achievement.



The first step in a BLSE effort is to make sure that an organization’s strategy has been clearly defined and sufficiently detailed. If not, a company may need to invest time up front to clarify its strategic direction in terms of actionable business outcomes.

Once an organization’s strategy has been clarified and formulated in terms of actionable business outcomes, a firm needs to identify the Business Critical Events and the critical workforce segments needed to execute them. An organization may find that it has numerous Business Critical Events. Not all should be tackled at the same time. The key is to focus on those events that have the largest impact on a company’s ability to execute strategy successfully. Once a small number of critical events have been identified and addressed, the firm can move on to the next set.

Once the Business Critical Events have been identified, the next step is to establish the desired behaviors for each event. The idea is to create a behavioral blueprint for each Business Critical Event. The blueprint typically includes a list of the activities to be performed and detailed descriptions of the desired behaviors. These are often supplemented with story boards and sample scripts that help bring the required actions and behaviors to life.

The last step is to implement any initiatives that may be needed to enable the desired behaviors including, but not limited to, new or upgraded systems, processes, hiring practices, training and incentive programs. Performance measurement is also one of the most important enablers for Behavior Led Strategy Execution. Measuring performance results of Business Critical Events helps to promote the right behavior and provides clear evidence that the strategy is being executed effectively.

Tried and tested

The effectiveness of behavioral approach for strategy execution has already been tried and tested with the strategic goal of: 'Delivering the Firm.' Delivering the firm in this particular case meant delivering the firm's professional services to clients through a multi-disciplinary approach that put all of the service offerings at the disposal of the client to provide integrated solutions to their problems.

In order to truly 'Deliver the Firm,' one significant business critical event had to be identified and the focus set on changing the behavior of the people most responsible for this event.

With the business divided up into several different service lines, the business critical event identified was delivering more than one service line to the same client. Whenever the firm did this the performance indicators all turned strongly positive: cost of sales significantly decreased, the firm's reputation and the level of the clients' trust significantly increased, as did the complexity and challenge of the work the company was called upon to do.

The key people whose behavior would have to change in order to make this happen turned out to be the few senior partners who are on the front line of acquiring new business. They had to stop asking themselves "How can I best win this business?" and start asking, "Who is the best person in the organization to win this business and serve this client?"

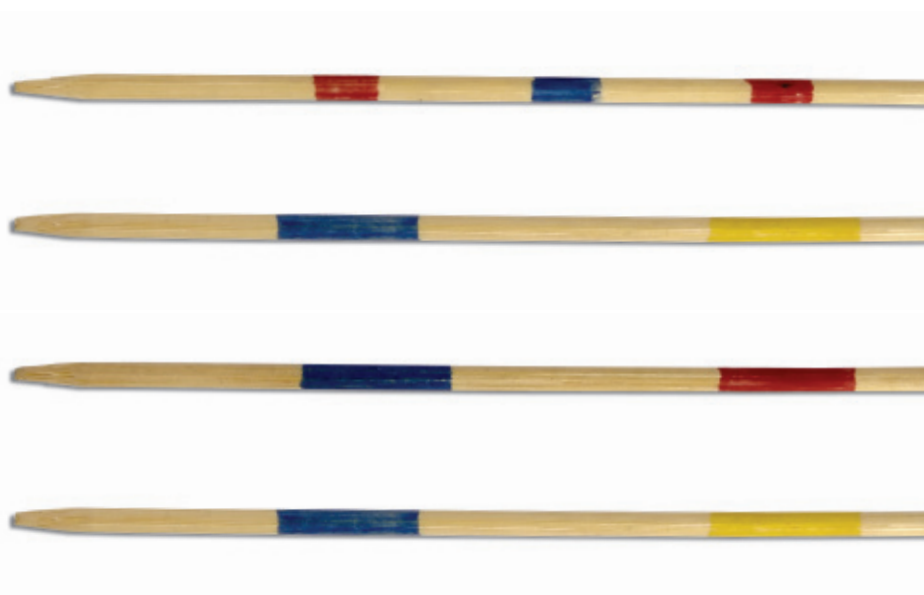
Several initiatives were implemented to achieve this desired behavior, such as reinforcing social networks across functional divisions and improving awareness of the various service offerings and the skills available across the firm. This has had a very profound and positive impact on the successful implementation of the strategic goal of 'Delivering the Firm.'

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Conclusion

It is easy to design strategy but hard to execute it. The key to executing strategy effectively lies in defining those events that are considered critical and have a profound impact on the business as a first step. This in itself should be followed by the determination to ensure that everyone in the organization embraces change by using intervention tools to reinforce such behavior such as organization, processes, rewards and leadership.

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Without the right culture, even the best strategy can fail