

1. Strategy Implementation
2. Strategic Choice
3. Strategy = Proactive + Reactive
4. 4.5 Strategy Implementation • Sum total of the activities and choices required for the execution of a strategic plan. • Process by which strategies and policies are put into action through programs, budgets, and procedures. • The toughest phase in Strategy Management
5. 5.6 The greatest strategy will fail if it is implemented badly. Successful strategy formulation does not guarantee successful strategy implementation. Less than 10% of strategies formulated are successfully implemented! The Nature of Strategy Implementation
6. 6.7 Shift in responsibility Nature of Strategy Implementation Division or Functional Managers Strategists
7. 7.8 Hurdles in Strategy Implementation Problems in Implementing Strategic plans •More time required than planned •Unanticipated problems crop up •Activities are ineffectively coordinated •Crises distract attention away •Employees are lacking capabilities •Inadequate employee training •Uncontrollable external factors •Inadequate leadership (vision) •Poorly defined tasks •Inadequate information systems
8. 8. Issues in Strategy Implementation Following text from <http://bergconsulting.com.au/>
9. 9. Align your initiatives • A key road to failed implementation is when we create a new strategy but then continue to do the same things of old. A new strategy means new priorities and new activities across the organisation. Every activity (other than the most functional) must be reviewed against its relevance to the new strategy. • A good way of

doing this is to create a strategic value measurement tool for existing and new initiatives. Initiatives should be analysed against their strategic value and the impact to the organisation. • Kaplan & Norton developed a scorecard based on the following criteria: Strategic Relevance/Benefit (weighted 50%), Resource Demands (30%) and Risks (20%).

- Measuring your initiatives against a scorecard will help highlight the priorities and ensure the right initiatives are adopted for delivery.

#### 10. 10. Balanced Scorecard

11. 11. Align budgets & performance • Ideally your capital budgets are decentralised, so each division can both allocate and manage the budgets to deliver the division's strategic initiatives. Norton and Kaplan in their recent book 'The Execution Premium' recommend cross functional strategic initiatives be allocated specific budget (STRATEX) alongside capital (CAPEX) and operating (OPEX) budgets. This protects strategic expenditure from being re-allocated to short-term requirements of OPEX whilst subjecting strategic initiatives to a rigorous review (eg. forecasted revenue growth and productivity) much like is done for CAPEX. • Organisational performance should be closely aligned to strategy. Performance measures should be placed against strategic goals across the organisation and each division and staff member. All staff will have job functions that will impact on strategy. Most staff will have impact across a series of strategic goals (eg. financial, customer service, product). Ensure employees are aware of their role and influence on strategy delivery and performance. This is also important to employee engagement (see below). • Likewise performance incentives should be directly linked to performance against strategy. They should include a combination of individual, team and

corporate performance measures that ensure staff recognise their direct and indirect impact on strategy performance.

12. **12. Structure follows strategy** • A transformational strategy may require a transformation to structure. Does the structure of your organisation allow strategy to cascade across and down the organisation in a way that meaningfully and efficiently delivers the strategy? • Organisations that try and force a new strategy into an out-dated structure will find their strategy implementation eventually reaches a deadlock.

13. **13. Engaging Employees** • The key reason strategy execution fails is because the organisation doesn't get behind it. If you're staff and critical stakeholders don't understand the strategy and fail to engage, then the strategy has failed. • Prepare: Strategy involves change. Change is difficult and human tendency is to resist it. So not matter how enlightened and inspiring your new strategic vision, it will come up against hurdles. Tipping Point Leadership theory (a key principle of the Blue Ocean Strategy methodology) outlines four key hurdles that executives must overcome to achieve execution. Those hurdles are cognitive, resource, motivation and political hurdles. It is important we understand each of these hurdles and develop strategies to overcome them. • Include: Bring influential employees, not just executive team members into the planning process. Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organisation engages with the strategy. Furthermore, listen across the organisation during strategy formulation. Some of your best ideas will come from within your organisation, not the executive team (think 3M's Post-It Notes) • Communicate: Ensure every staff member understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision. Communicate the strategy through a

combination of presentations, workshops, meetings, newsletters, intranets and updates. Continue strategy and performance updates throughout the year. And engage them emotionally in the vision. The vision needs to give people goose bumps – a vision they believe in, that they want to invest and engage with. • Clarify: It is important that all employees are aware of expectations. How are they expected to change? What and how are they expected to deliver? Each individual must understand their functions within the strategy, the expected outcomes and how they will be measured. As mentioned above performance measures and incentives should be aligned with performance against strategic KPIs.

14. 14. Monitor and Adapt • A strategy must be a living, breathing document. As we all know: if there's one constant in business these days it's change. So our strategies must be adaptable and flexible so they can respond to changes in both our internal and external environments. • Strategy meetings should be held regularly throughout the year, where initiatives and direction are assessed for performance and strategic relevance. At least once a year we should put our strategy under full review to check it against changes in our external and competitive environments as well as our internal environments. • Strategy is not just a document written by executive teams and filed in the CEO's desk. It is a vision for the organisation, owned by the organisation. And to succeed the whole organisation must engage with it and live and breathe it. Strategy should inform our operations, our structure, and how we go about doing what we do. It should be the pillar against which we assess our priorities, our actions and performance. • When execution is brought into strategic planning we find that our strategy is weaved through our

organisation, and it's from here that great leaps in growth and productivity can be achieved.

15. **15.17 McKinsey's 7 S Model** Strategy Structure Systems Style Staff Skills Super Ordinate Goals- Shared Values

16. **16. McKinsey 7s framework** • The McKinsey 7S Framework is a management model developed by well-known business consultants Robert H. Waterman, Jr. and Tom Peters in the 1980s. • The 7s are structure, strategy, systems, skills, style, staff and shared values. • The model is most often used as a tool to assess and monitor changes in the internal situation of an organization.

17. **17. Use of 7s Model** • The model is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing. So, the model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change. • Objective: To analyze how well an organization is positioned to achieve its intended objective

18. **18. Use of 7s Model** • Improve the performance of a company • Examine the likely effects of future changes within a company • Align departments and processes during a merger or acquisition • Determine how best to implement a proposed strategy

19. **19. Alignment of Hard & Soft elements** • The 7 elements are internal to an org. and are interdependent • The basic premise of the model is that these 7 internal aspects of an organization need to be aligned for success • Hard Elements: Strategy, Structure, Systems • Soft Elements: Shared Values, Skills, Style & Staff