



SUCCESSFUL STRATEGY IMPLEMENTATION

STRATEGY IMPLEMENTATION PROCESS, CONTENT, CONTEXT

STRATEGY IMPLEMENTATION AS COMPETITIVE ADVANTAGE

1

Successful execution of strong and robust strategies gives any organization a significant competitive edge.

2

In current turbulent environments, the ability to develop and execute new strategies quickly and effectively may be the difference between success and failure for organizations.

3

Well-formulated strategies only produce superior performance for organizations when they are successfully executed.

4

Even the best-made strategies are worthless if they are not executed successfully.

MOST STRATEGY IMPLEMENTATIONS FAIL

MOST ORGANIZATIONS HAVE A DISCONNECT BETWEEN STRATEGY AND EXECUTION

1

Fewer than 15 percent of organizations around the world report that they are successful at strategy implementation.

2

Various studies have reported strategy implementation failure rates at 60 to 90 percent.

3

The majority of strategies fail in the strategy implementation phase.

4

Many organizations have a fundamental disconnect between the formulation of their strategy and the implementation of that strategy into useful action.

THE STRATEGY IMPLEMENTATION PROBLEM

STRATEGY EXECUTION IMPLEMENTATION IS TOP PRIORITY FOR EXECUTIVES WORLDWIDE

1

After a comprehensive strategy has been formulated, significant difficulties often arise during the following strategy implementation process.

2

The strategy implementation problem: 'the all too frequent failure to create change after seemingly viable strategic plans have been developed'.

3

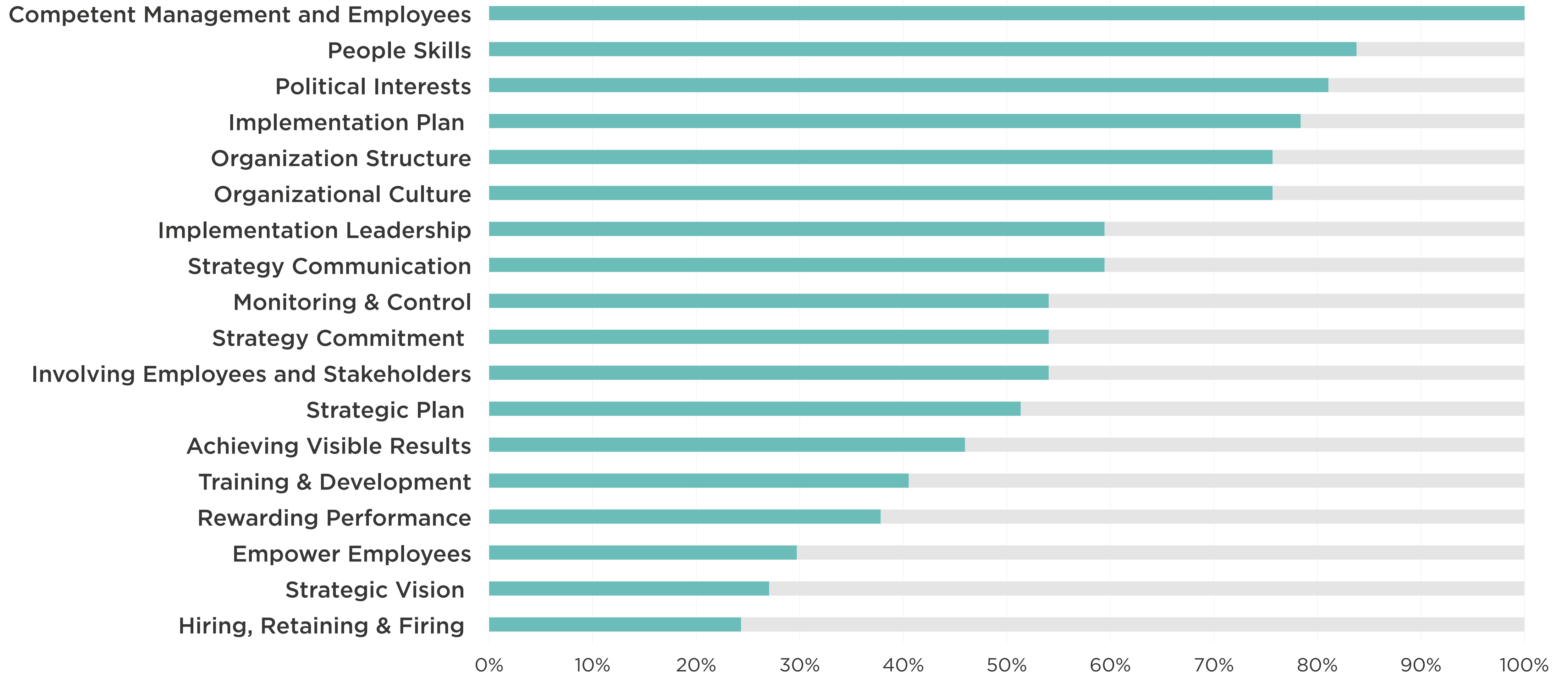
Achieving successful implementation remains a continuing challenge for managers and executives.

4

Survey after survey reveals that strategy implementation is a top priority for executives worldwide.

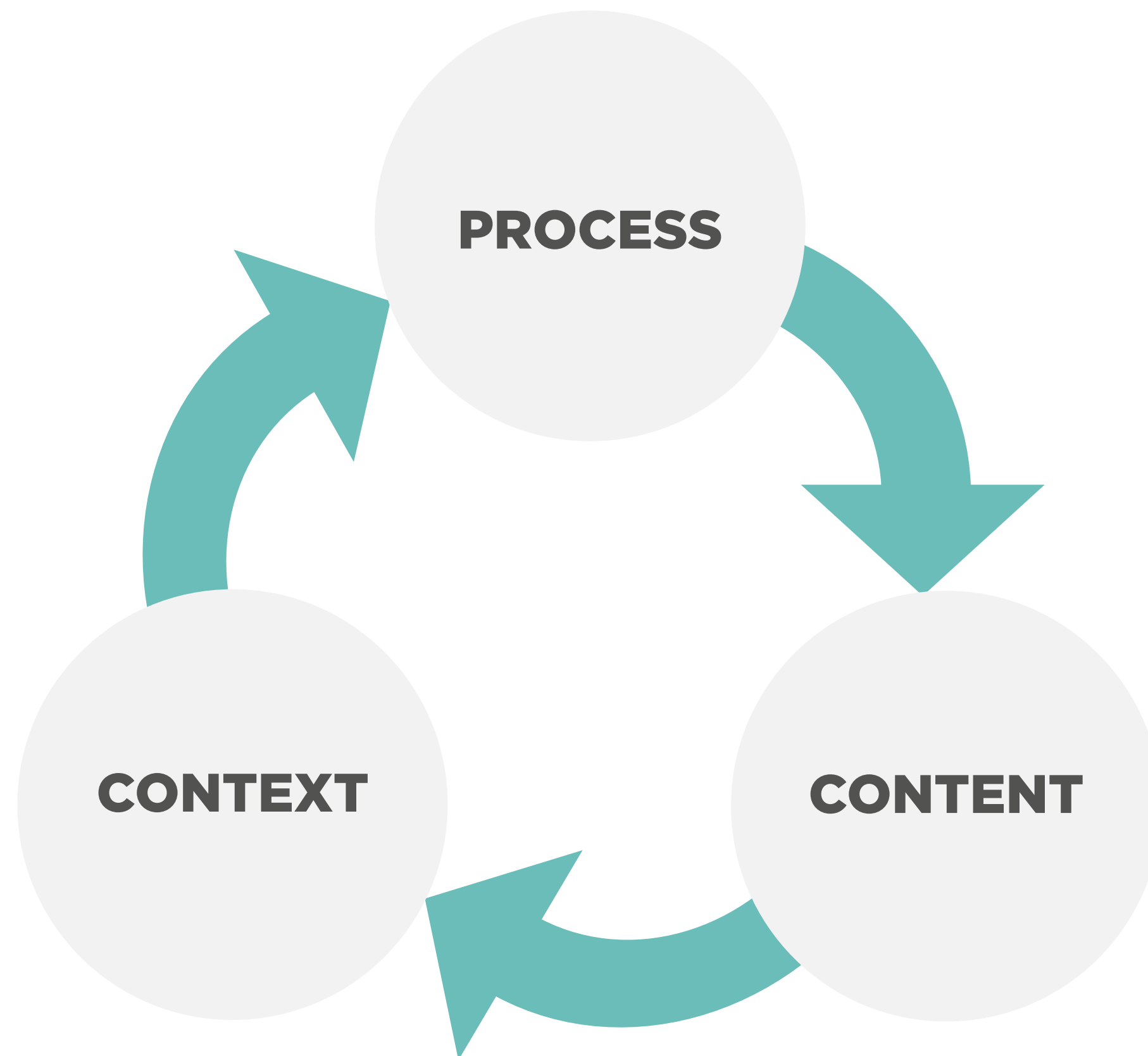
WHY STRATEGY IMPLEMENTATION SUCCEED

18 SUCCESS FACTORS BASED ON RIGOROUS SCIENTIFIC RESEARCH



THE STRATEGY EXECUTION FRAMEWORK

AN INTEGRAL APPROACH TO STRATEGY, EXECUTION AND CONTROL



1

STRATEGY EXECUTION PROCES

Refers to the ‘how’ or the manner in which a strategy is implemented.

2

STRATEGY EXECUTION CONTENT

Refers to the ‘where’ or the circumstances under which the strategy is implemented.

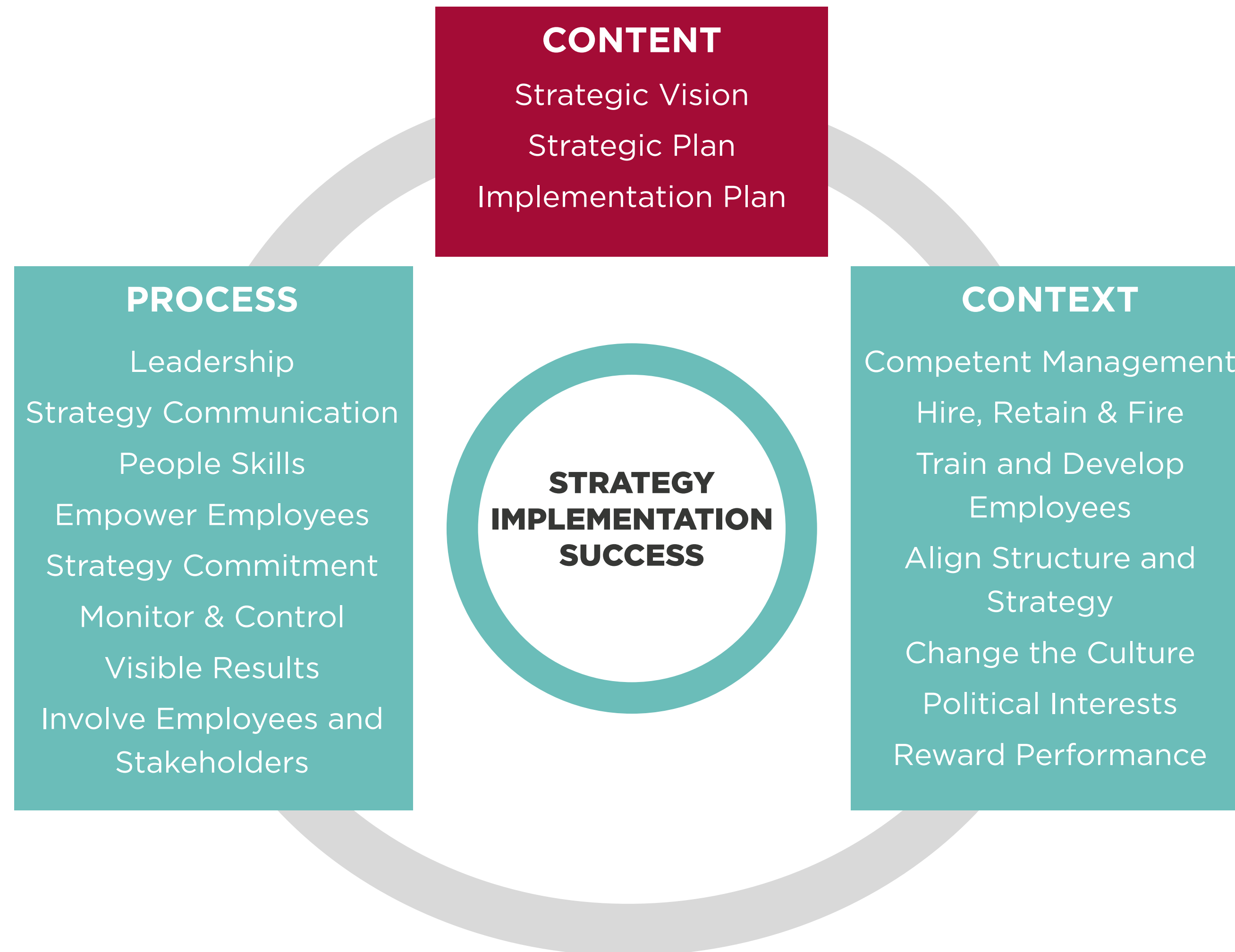
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STRATEGY EXECUTION CONTEXT

Refers to the ‘what’ or the product of the strategy implementation.

STRATEGY IMPLEMENTATION CONTENT

AN INTEGRAL APPROACH TO STRATEGY, EXECUTION AND CONTROL



DEVELOP A CLEAR AND ATTRACTIVE VISION

A CLEAR AND ATTRACTIVE VISION CREATES EMPLOYEE COMMITMENT TO THE STRATEGY

1

STRATEGY EXECUTION CONTENT

- Successful strategy formulation and implementation begins with developing a sound and clear strategic vision.
- The strategic vision describes the desired future state of the organization and clarifies the direction in which an organization is to move.
- The strategic vision needs to be attractive and easy to communicate to organizational members, customers and other stakeholders.
- A clear and attractive strategic vision increases the confidence of employees in a successful outcome of the implementation effort.

DEVELOP A SOUND AND CLEAR STRATEGY

NO STRATEGY IMPLEMENTATION CAN SAVE A STRATEGY THAT NOT SOUND TO BEGIN WITH

2

STRATEGY EXECUTION CONTENT

- After formulating the strategic vision, top management must develop a strategy that is able to achieve it.
- A strategy is a combination of the goals the organization is striving for and the means by which it seeks to achieve them (Porter, 1980).
- The strategy needs to be realistic, based on a sound idea and be well thought out.
- No implementation can save a strategy that is not feasible or sound to begin with.
- Discuss the strategy with managers and key employees to assess whether it is sound, realistic and feasible.
- The strategy needs to be easy to understand for employees and stakeholders.

DEVELOP AN IMPLEMENTATION PLAN

TRANSLATE THE STRATEGY INTO A CONCRETE OBJECTIVES AND ACTIVITIES

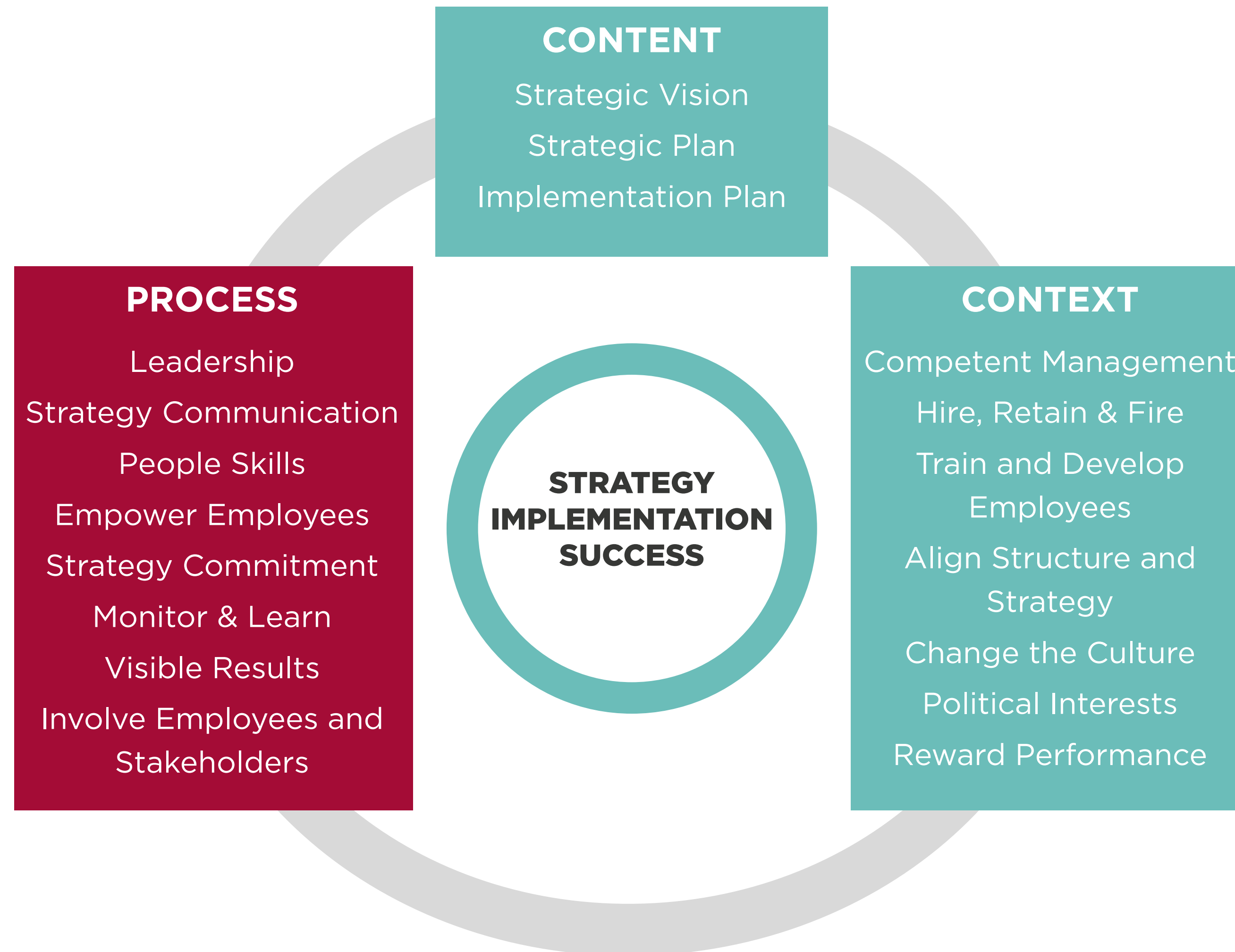
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STRATEGY EXECUTION CONTENT

- Write an implementation plan that specifies the operational objectives, activities and processes required to achieve the goals of the strategy.
- Translate the strategic objectives into measurable operational objectives linked to departmental and individual goals.
- Effective strategy implementation requires clear implementation tasks, activities and responsibilities.
- Allocating clear responsibilities for the performance of the implementation activities allows progress measuring and control.
- Specific and ambitious but realistic goals that are accepted by organizational members lead to the best execution performance.

STRATEGY IMPLEMENTATION PROCESS

AN INTEGRAL APPROACH TO STRATEGY, EXECUTION AND CONTROL



APPOINT A STRATEGY IMPLEMENTATION LEADER

STRATEGY IMPLEMENTATION IS A KEY TASK OF EXECUTIVES AND ESPECIALLY THE CEO

1

STRATEGY EXECUTION PROCESS

- Appoint one board member – preferably the CEO – who is responsible for the outcome of the strategy implementation.
- Strategy execution is a task that leaders cannot delegate.
- The implementation leader is responsible for articulating and communicating an attractive strategic vision that guides the execution.
- A successful leader inspires followers through the communication of a captivating vision designed to motivate followers to ambitious goals.
- Increase the willingness of employees to follow a leader by practicing moral virtues such as fairness, integrity, honesty, loyalty, determination, courage and responsibility.

COMMUNICATE THE STRATEGY

A STRATEGY CANNOT BE EXECUTED IF EMPLOYEES DO NOT UNDERSTAND IT

2

STRATEGY EXECUTION PROCESS

- No less than 95 percent of employees do not understand the strategy of their own organization.
- The objective is to make employees understand what the strategy is all about and what its goals are.
- The strategy needs to be clearly explained in a way that employees understand and may become convinced that the strategy is sound and effective.
- Employees are more accepting of undesirable decisions when they receive clear and adequate explanations for those decisions. This is called procedural justice.
- Not only is it important to communicate the strategy to the people but also to listen to their reactions to the strategy.

INVOLVE EMPLOYEES AND STAKEHOLDERS

INVOLVING EMPLOYEES AND STAKEHOLDERS CREATES COMMITMENT TO THE STRATEGY

3

STRATEGY EXECUTION PROCESS

- Participation allows management to tap into the specialized knowledge of lower-level employees. This can improve the strategy and its execution.
- A strategy formulated without much employee involvement is more likely to have major flaws.
- Involving managers, employees, customers and external stakeholders increases the communication, commitment and execution of the strategy.
- A strategy that is developed and implemented without the involvement of relevant employees is likely to be resisted during implementation by the affected employees.
- When employees feel that they have significant input in the strategy they tend to be very committed to that strategy.

USE PEOPLE SKILLS

EXTENSIVE PEOPLE SKILLS ARE REQUIRED TO MOBILIZE EMPLOYEES

4

STRATEGY EXECUTION PROCESS

- People management is a key practice for successful execution.
- A manager with people skills sincerely listens, provides support and encouragement, coaches and counsels, develops personal relations with subordinates and celebrates social activities.
- Better social relations increase the cooperation, motivation, and effectiveness of organizational members.
- As individuals go to work for both instrumental and social reasons, managers need to pay attention to both task performance and social relationships.

EMPOWER ORGANIZATIONAL MEMBERS

EMPOWERING EMPLOYEES MAKES THEM PERFORM BETTER

5

STRATEGY EXECUTION PROCESS

- When employees have high self-efficacy and believe that they can perform the new execution tasks successfully, they are likely to perform well.
- Low self-efficacy results in employees that are afraid to make mistakes, take initiative, participate in decision-making and ultimately poor work performance.
- Low self-efficacy can result from low self-confidence and self-esteem, an authoritarian management style, and an environment in which many things fail.
- Empower employees through coaching and counseling, role models, rewarding performance and an organizational culture in which people are able to make mistakes and learn from them.
- Empowering employees gives them a sense of competence which greatly increases their work performance and innovative behavior.

SECURE COMMITMENT TO THE STRATEGY

EMPLOYEE AND ESPECIALLY MANAGERIAL COMMITMENT IS CRUCIAL FOR EXECUTION SUCCESS

6

STRATEGY EXECUTION PROCESS

- Commitment to the strategy and especially managerial commitment is crucial to strategy execution success.
- When organizational participants are committed to a strategy and its execution, they are more motivated to execute the strategy and achieve its goals.
- Uncommitment middle management and employees are a key barrier to strategy execution success.
- Employees are uncommitted to the strategy and its execution because of the following reasons: feeling uninformed, lack of communication and respect from managers, negative disposition and lacking participation in decision-making.
- Secure employee commitment by involving employees in the strategy formulation and execution process and by clearly communicating the strategy to them.

MONITOR AND ADAPT THE STRATEGY

MONITOR AND ADAPT THE EXECUTION AS PLANS ARE DESTINED TO CHANGE

7

STRATEGY EXECUTION PROCESS

- As implementation plans are destined to change, execution teams regularly share information, reconfirm priorities and make adjustments when objectives are not achieved.
- Assign clear responsibilities and hold people accountable.
- Many organizations have accountability problems resulting from lack of planning, absence of a functional management information system, or cultural values which do not encourage holding persons, especially in high positions, accountable.
- When objectives are not being met it may be that the assumptions underlying the strategy are flawed or obsolete. When this happens it must be decided whether incremental improvements will suffice or that a new strategy is required.

ACHIEVE AND CELEBRATE VISIBLE RESULTS

VISIBLE RESULTS INCREASE MOTIVATION AND COMMITMENT OF EMPLOYEES

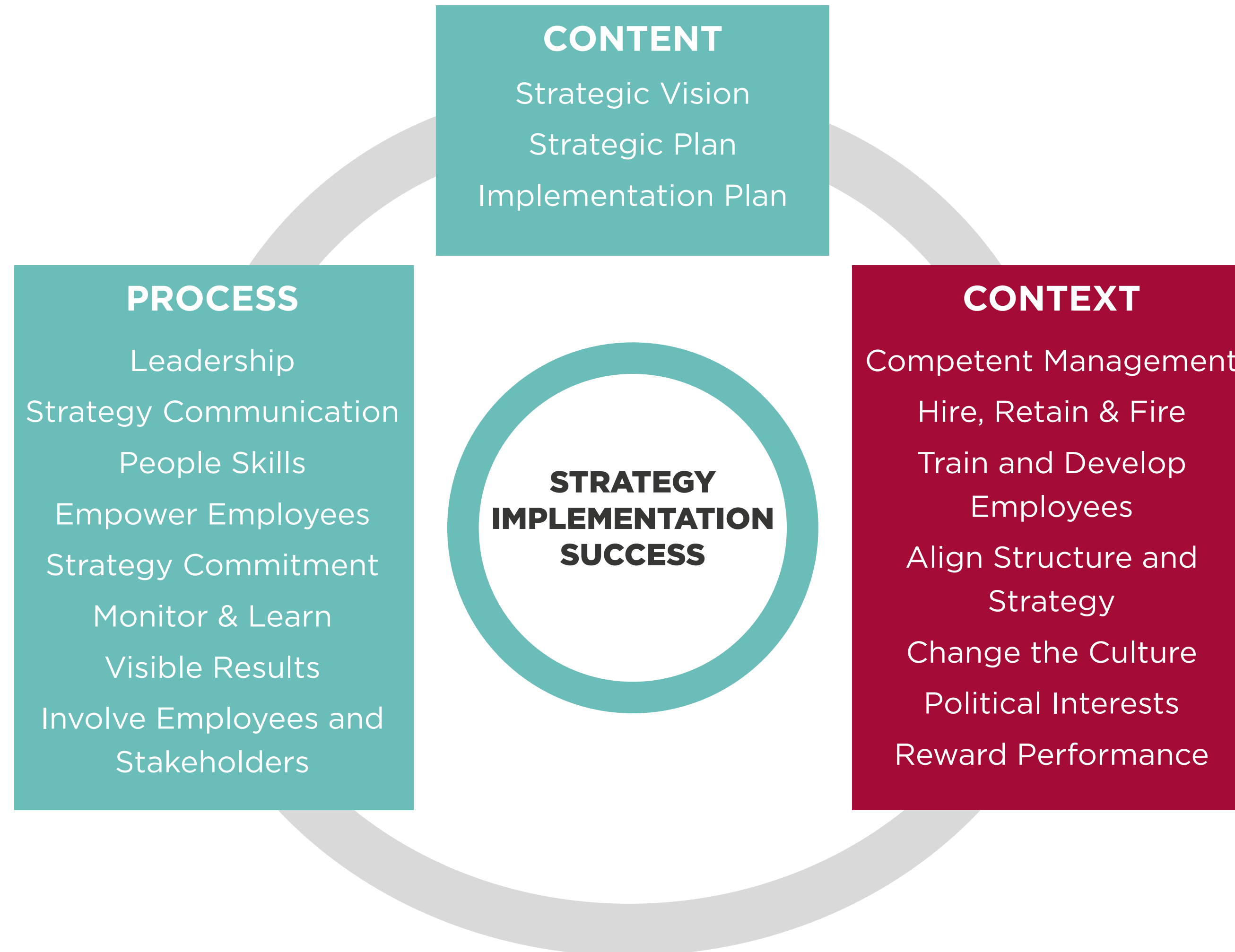
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STRATEGY EXECUTION PROCESS

- Achieving visible improvements in performance, especially in the beginning of the strategy implementation (quick wins) increases the motivation and commitment of employees.
- People are more inclined to accept new things when they see that these things work and lead to results.
- By making change visible to the organization (a new logo, uniforms and offices) management can show that they are committed to the strategy and things are really changing.
- Achieving quick wins is even more important when the company is in crisis and short-term results are needed to let employees regain confidence.

STRATEGY IMPLEMENTATION CONTEXT

AN INTEGRAL APPROACH TO STRATEGY, EXECUTION AND CONTROL



APPOINT COMPETENT MANAGEMENT

COMPETENT MANAGEMENT IS THE MOST IMPORTANT FACTOR FOR STRATEGY EXECUTION

1

STRATEGY EXECUTION CONTEXT

- Competent management is the most important success factor for strategy execution.
- Inadequate capabilities of managers are a common cause of strategy implementation failure.
- When employees have little confidence in the ability of management to execute the strategy then their commitment to the strategy will be low.
- Incompetent colleagues and especially managers have a very negative influence mistakes the performance of team members.
- Competent employees tend to leave an organization when they have to work for incompetent managers and feel that their performance is not appreciated or even worked against.

HIRE, RETAIN AND FIRE EMPLOYEES

MAKE SURE THAT MANAGERS AND EMPLOYEES HAVE THE REQUIRED SKILLS

2

STRATEGY EXECUTION CONTEXT

- Ensure managers and employees have sufficient skills to execute the strategy through recruitment, promotion and demotion.
- Recruiting new employees and especially managers is often required to achieve radical organizational change.
- Transfer, demote or lay off managers and employees who do not have the required skills and attitudes to execute the strategy.
- Some employees may have to be removed to show that resistance to change is not tolerated.
- Layoffs that are perceived as unfair by employees reduce the motivation, commitment and performance of survivors.

TRAIN AND DEVELOP EMPLOYEES

TRAINING AND DEVELOPMENT BUILDS SKILLS AND PERFORMANCE

3

STRATEGY EXECUTION CONTEXT

- Successful organizations place high importance on training and developing their staff.
- Adequately trained staff is one of the most critical steps top management can take to ensure successful strategy execution.
- Executing a new strategy often requires new activities and ways of thinking, which can be learned by training and educating employees.
- Training and education improves employee knowledge, skills, and self-confidence and makes them perform better.
- Training and education can consist of courses, collective classes, (on-the-job) training, and individual guidance and coaching.

ALIGN STRUCTURE TO STRATEGY

DESIGN A DECENTRALIZED AND CLEAR ORGANIZATION STRUCTURE

4

STRATEGY EXECUTION CONTEXT

- Design a clear and decentralized organization structure that is aligned to the strategy.
- A decentralized structure increases commitment of employees to decision-making, speed of decision-making, and improves the quality of decisions using specialized knowledge of employees at lower levels in the organization.
- Individuals working in centralized organizations tend to feel that management does not trust their skills and abilities resulting in a sense of incompetence, reducing self-determination and intrinsic motivation and performance.
- Design a clear structure with clear procedures, rules and responsibilities that gives employees certainty during the execution.

CREATE A SAFE AND INNOVATIVE CULTURE

CULTIVATE A CULTURE IN WHICH EMPLOYEES DARE TO MAKE MISTAKES

5

STRATEGY EXECUTION CONTEXT

- A new strategy involving layoffs triggers intense emotions such as anxiety and fear for job security among organizational members.
- Job insecurity lowers job satisfaction, strategy commitment, job involvement, trust in management and work effort and increases psychological withdrawal, resistance to change and the propensity to leave the organization
- Many organizations have a culture of fear in which employees are afraid to lose their job or to be treated harshly by their superiors.
- Highly centralized and formalized structures with rigid rules create a fear for making mistakes, responsibility, participation and change, acting as major barriers to strategy implementation.
- Cultivate a fearless culture in which employees dare to take initiative, voice their opinion and are not afraid to make mistakes.

TAKE POLITICAL INTERESTS INTO ACCOUNT

OVERCOME RESISTANCE TO CHANGE BY INVOLVING OPPONENTS

6

STRATEGY EXECUTION CONTEXT

- Strategic change inevitably raises questions of power within an organization.
- The very prospect of organizational change confronts established positions and may lead to resistance to change.
- Politics and struggles over power and leadership undermine a strategy execution effort.
- Resistance to change may lead to passivity toward the strategy and its execution or even sabotage.
- Overcome resistance to change by involving potential opponents in decision-making, taking their interests seriously, clearly communicating the new strategy to them and confronting dissidents.

REWARD PERFORMANCE

REWARDING PERFORMANCE BUILDS MOTIVATION AND PERFORMANCE

7

STRATEGY EXECUTION CONTEXT

- Build a reward system that monitors the progress of the execution and demonstrates top management's commitment to the realization of the strategy.
- Reward systems are essential for motivating staff and ensuring appropriate behavior in relation to the strategy.
- Rewarding execution performance increases the motivation, commitment and performance of organizational members.
- Informal rewards (pats on the back, a sense of pride, enthusiasm) greatly increase the motivation, self-confidence and performance of organizational members.
- Employees often do not get compliments when performing well but do get criticism for making mistakes. This reduces motivation, self-efficacy and performance.

9 KEY FACTORS FOR STRATEGY EXECUTION

HOW TO SUCCESSFULLY EXECUTE STRATEGY

09 MONITOR AND ADAPT THE EXECUTION

08 COMMUNICATE THE STRATEGY

07 PROVIDE LEADERSHIP

06 CREATE A FEARLESS CULTURE

05 ALIGN STRATEGY AND STRUCTURE



APPOINT COMPETENT MANAGEMENT **01**

USE PEOPLE MANAGEMENT SKILLS **02**

DEAL WITH POLITICAL BEHAVIOR **03**

DEVELOP AN EXECUTION PLAN **04**

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