

Five Barriers to Executing Your 2003 Plan... and Proven Methods to Overcome Them

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You may be familiar with Dwight D. Eisenhower's quote, "Plans are useless; planning is everything." The reason this quote resonates with so many of us in business is because we have all learned (some of us the hard way) that execution -- more so than planning -- is the battleground that determines success and failure. The function of planning should be thought of as much more than simply a means to generate plans and budgets. It should be thought of as a process that builds clarity and alignment, and positions the organization for efficient and effective execution.

Annual Planning: Powerful Management Tool or Exercise in Bureaucracy?

Each year the average organization spends 20,000 person hours in planning, budgeting and forecasting for every \$100 million in annual revenue (Source: The Hackett Group). With an investment of this magnitude, it would follow that most companies expect significant results from their plans.

Unfortunately, this is often not the case. The ability to bring together people, strategies, and operations to drive results evades even many seasoned management teams. Based on experience with over 50 companies on the topics of strategy, planning and execution, it is evident that the most critical barriers to successful execution typically fall into the five categories described below.

BARRIER #1 The Underlying Strategy is Not Clear

Surprisingly, in the vast majority of both large and small companies the basic strategy of the organization is not clear. Confusion ranges from "fuzziness" in direction to silent conflict in the executive ranks to a breakdown of understanding among managers and employees. It is estimated (Source: Fourth Floor Study—2001) that in most organizations:

- 36% of executives acknowledge a lack of clarity and/or consensus regarding overall strategic direction
- Up to 85% of employees have never been exposed to the strategy or plan in any form
- 68% of executives agree that day-to-day fire fighting inhibits focus on longer-term strategic priorities

These situations can have a direct effect on the organization and its ability to execute.

A strategy represents a set of decisions regarding the future and how the organization will ultimately be successful. Without a crisp articulation of these decisions, the organization -- most particularly the executive team -- must continually reinvent those decisions every time a new idea, opportunity and/or problem arises. This results in endless meetings, hallway conversations, email threads and ultimately missed opportunities while perpetuating a culture of indecision and inefficiency. In addition, organizations in this condition experience dramatically lower returns on executives' time, one of the most precious resources and important assets of any company.

Consider a somewhat tired, but telling example:

A group of people is planning a road trip from Chicago to Los Angeles. To be effective and build assurance that they will achieve their goal, they could decide on their "strategy" for the trip up-

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front. Do they want to focus on efficiency and arrive as quickly as possible? Perhaps beautiful scenery is the priority. What about access to comfortable lodging or frequency of historical landmarks? The possibilities are endless.

Without an upfront discussion and set of agreements, there will be many, many conversations (and quite possibly arguments) about route, schedule, and approach. The vacuum that is left without common understanding and perspective is inevitably filled by politics and emotion: one day Bill's point of view (or obsession or habit or ax to grind) prevails, the next day Sally gets her way. The route becomes circuitous, particularly confusing to anyone who may be trying to follow. In this situation, achievement of the goal (get to L.A.) may also be compromised.

The same situation happens in many businesses. A lack of clarity and agreement regarding the fundamental direction of the organization creates a void where personalities, politics, and one-upsmanship prevail. In addition, fundamental disagreements are seldom understood well enough to be tackled directly. They are instead played out in hundreds of fragments of daily conversations and emails about whether to attend this tradeshow or that one, or what the brochure should say, or what initiative is the priority at that moment. Although the direct effect is diluted progress, there are many other costly repercussions such as manager and employee frustration, missed opportunities, and loss of competitive edge.

CASE EXAMPLE: FORTUNE 50 MANUFACTURING COMPANY

We recently experienced an example of an unclear underlying strategy at a division of a Fortune 50 manufacturing company. The CEO reported flat performance and a feeling of "being stuck in second gear." Everyone was working more hours than ever but experiencing little progress and no success. While he attributed the situation to an overall lack of accountability, we helped uncover a fundamental disagreement regarding how the company was positioned to compete and win.

Roughly half of the executive team, including a very outspoken individual running the international operations, believed that the core competitive anchor for the company was rooted in its ability to provide great customer service. The CEO and the rest of the team thought the game would be decided based on their ability to innovate new products and services. This basic disagreement had some executives pushing in one direction while the others pushed against them. In this example, agreement on the company's core competitive anchor enabled the executive team to break through several decision "logjams," give rise to a clear strategy, and pave the way for efficient execution.

What To Do: Invest the Time to Get Clear

Every executive team must come to an agreement regarding the most fundamental aspects of their strategy:

- Who are we?
- Where are we going?
- How are we going to get there?

The level of clarity required for execution is derived from focusing on the practical, pragmatic and actionable

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answers to these basic questions. For example, in some cases there is more value in crisply defining the basic competitive advantage of the enterprise than in wordsmithing a mission statement or adding more color to an already flowery vision statement. Tools such as these have their place, but too much emphasis can foster belief that strategy is simply employee communications and marketing. We recommend employing a *strategic framework* to tie together and unify all of the important aspects of strategy.



One of the most important elements of a strategic framework is a Quantified Vision. In addressing where are we going, clarity comes from the numbers. It is extremely powerful to paint a picture of the future with numbers to depict how the organization is going to evolve-- not just financially, but also in terms of customers, products and services, locations, etc.

BARRIER #2 The Plan is Overly Optimistic

Most executive teams tend to take on too much. The very real and pronounced opportunities and issues they face make it exceedingly difficult to prioritize initiatives and activities. At the same time, as organizations evolve, they collect initiatives, management processes and pet projects from bygone eras that dilute focus and soak up resources. In addition, when executives plan, they often assume a perfect world-- one free of distractions, changes in the internal or external environment, and unexpected problems.

Unfortunately, this kind of environment doesn't exist. The effect of overly optimistic planning can be devastating for execution. Runaway optimism builds failure into the plan, corrupting the entire notion of execution in the minds of the people required to follow-through and in the processes required to maintain the plan.

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CASE EXAMPLE: \$500 MILLION TECHNOLOGY CONSULTING FIRM

In a recent project with a \$500 million technology consulting firm, we ran into some serious execution barriers. In interviews, several members of the executive team complained of a "flavor-of-the-month" culture and an inability to follow-through on projects and initiatives. To prove our hunch about the team's tendency to take on too much, we facilitated a session where each member of the executive team listed all of the initiatives they were currently managing (and considered "strategic") on flipcharts. The result was shocking to the CEO and the team. Collectively, these 10 executives were attempting to manage and execute over 200 strategic initiatives. After working with the group to sort through these and prioritize, we came to realize that the root cause of this situation was centered on avoidance of tough decisions. Making the calls on which initiatives were the true priorities represented a level of decision-making they were not comfortable with. In avoiding these challenging decisions, the team hindered any substantial progress. We worked with the team to deploy some specific decision making tools and forums that facilitated regular prioritization and pruning of initiatives. The firm went on to achieve record growth for the year.

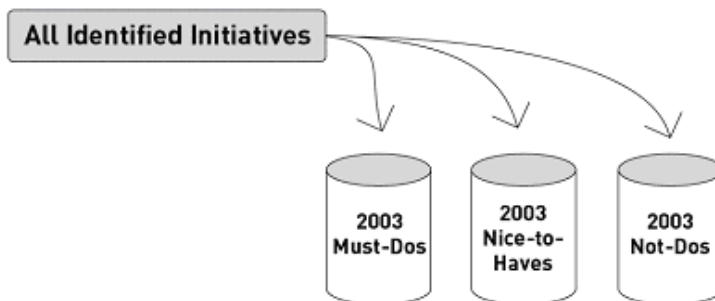
What To Do: Define Priorities

Creating an executable plan requires putting as much discipline and focus on those things that are not considered a priority for execution as those that are. In other words, the "Not-Do's" must be identified, captured and communicated along with the "Must-Do's."

Again, simplicity pays off. From a comprehensive list of all initiatives, projects, and activities currently underway or planned, create a rough-cut prioritization by assigning each item to one of three "buckets":

- Must-Do this year
- Nice-To-Have this year, and
- Not-Do this year.

The previously mentioned Strategic Framework and Quantified Vision serve as useful criteria for this prioritization. Basically, you are asking which of these items are most critical to execution of the strategy and achievement of the vision. When the prioritization is finalized (which may require further study), items that are Nice-To-Have's can be put into a holding bin for consideration in the next year. The Not-Do's, which are often comprised of initiatives, activities and pet projects peripheral to executing the strategy, must be clearly identified and put on hold. Typically, clear communication and disciplined follow-through are required to en-



sure activities relating to the Not-Do's do, in fact, cease. (These activities sometimes take on a life of their own as "skunkworks" and side projects.)

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BARRIER #3 No One is Accountable for Results

The lifeblood of execution is accountability. Accountability is the unseen force that motivates individuals to follow-through on their commitments. A primary driver of accountability is clarity on "who is on the hook for what."

Unfortunately, even organizations that are good at identifying accountabilities often focus the accountabilities on activities, as opposed to results. This creates many challenges in execution. Since there is always so much activity throughout an organization, it is difficult to gauge progress against strategy when looking solely at activities. The question that must be asked is, "does all of this activity add-up to real progress against strategic objectives?"

Everyday there are conversations between bosses and employees where employees articulate the many, many things they are working on. Despite these conversations, the boss is left wondering whether these employees are really making progress against their commitments. In this situation, absent a clearly defined "finish line," accountability can be confused or diluted.

Here is a quick example:

Fernando is trying to get in shape. Assuming his main goal is to lose weight, if his accountability (self-inflicted or otherwise) is not tied to a specific result (i.e., lose 20 pounds), Fernando may end up in a situation where he goes to the gym every day but makes no progress. There is no way for him to gauge his progress and therefore nothing to tell him if he needs to adjust his program to achieve results. By the same token, if Fernando is accountable to someone for losing weight, unless the result is specified, he can always hide behind the fact that he does, in fact, engage in a lot of "activity" by going to the gym everyday (even if he is just grabbing a Smoothie and sitting in the sauna).

In terms of a business example, consider the last IT project that was implemented in your company. Chances are it was sold on the basis of a specific ROI. Management of the effort, however, was focused on the activities of implementation, instead of the results associated with the Return on Investment. Did the system deliver the return? Many times the answer is a clear "no."

What To Do: Raise the Stakes

As initiatives are prioritized (see the Must-Do's mentioned above), tie the initiative to a specific time horizon. Then, take the time to define a specific business result associated with effective execution of that initiative. What do we expect to get out of this initiative? By when should we expect to realize this result? And, of course, who is on the hook to make this happen?

Defining initiatives in this manner raises the stakes for execution and enables the organization to fully commit. These "souped-up" initiatives become our *business commitments*.

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From Initiatives...	...to Business Commitments
1. Develop New Products	1.0 Develop 3 new products by 5/31 to generate \$6MM in incremental revenue by Q4. (Smith)
2. Train Sales Reps	2.0 Train 36 sales reps in new product specifications by end of Q2; drive \$2MM in incremental sales by Q4. (Lee)
3. Improve Access to Product Information	3.0 Develop online product info access by 5/31; increase average number of products sold/customer by 15% by Q4. (Jones)

BARRIER #4 The Plan Has Not Been Actively Deployed

Many executives complain about the difficulty in aligning their organizations around a specific vision or strategy. When asked what they actually do to deploy the vision or strategy to the organization, responses range from puzzled looks to explanations of employee communications programs. In either case, there is opportunity to more actively set a strategy in motion.

Issues of strategic complexity and importance require more than a 60-minute group presentation in order for people to internalize and act on them. At first hearing, most employees will not understand a strategy or plan enough to apply it to their activities and responsibilities. Although trying to bring clarity, the executive team treating complex issues in this manner usually reaps confusion at best. At worst, the result is mismatched expectations regarding what management has actually committed to. To do their jobs, managers need an opportunity to actively apply the strategy or plan to their part of the business in a safe, no-nonsense business environment. Ideally, this is accomplished working shoulder-to-shoulder with the executives who are the primary authors of the strategic plan.

What To Do: Mobilize the Troops

A first step in execution (or a last step in planning) should be a series of Deployment Workshops during which leaders will articulate the new strategy or plan to a group of managers. Both leaders and managers participate in planning exercises in which the managers, who are experts in their part of the business, make decisions regarding what they must do differently as a result of the new strategic plan. This is a very powerful approach that truly aligns the organization while motivating and mobilizing the troops to execute.

In most medium to large organizations, Deployment Workshops can be done at the business unit level and cascaded down into the organization as the need arises. While planning and conducting Deployment Workshops in several parts of the business represents an investment in time and money, many executive teams often cite this step as the most crucial. To some, it is considered more important than the development of

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the strategy itself, as it builds momentum "where the rubber hits the road."

CASE EXAMPLE: FORTUNE 100 PRINTING COMPANY

In working with a Fortune 100 printing company, we recommended an active deployment approach. After completing a Strategic Framework, the President of a key division and his key lieutenants spent two days in each of their facilities actively deploying the strategy and execution plans. While there were communications sessions for each of the plant shifts, the focus of the deployment was workshops with the executive team of each site. In these workshops, the CEO took the opportunity to clearly articulate the content of, and basis for, the strategy. He also got to work side-by-side with the team, helping them adjust their priorities and create plans to support execution. It was a profound experience for the site managers. They had never had the opportunity to think through and question the direction of the company -- and get answers straight from the horse's mouth. The deployment effort was also a clear signal to the organization that planning was indeed over and focus was now on execution.

BARRIER #5 The Plan is Static (in a dynamic world)

Within many of the high priced plans that end up in overstuffed binders locked away in the credenza, there is an unspoken assumption that nothing happening either inside or outside of the company can change the validity of the plan.

We know, of course, that this is not true. In fact, in today's environment, significant changes in the competitive landscape and economy, as well as in other key strategic areas, must be assumed - even inside the bounds of a 12-month planning horizon. More than ever, strategic plans that are static-- that do not account for change -- are doomed to the credenza. In these situations, as internal and external conditions drive changes in priorities and resource allocations (as they should), one of three things impedes use and management of the strategic plan:

- a. The strategic plan is not *visible* -- after planning, it was literally and figuratively locked away, forgotten, and therefore disconnected from the decision-making process;
- b. The strategic plan is not *accessible* -- it is held in secret and restricted to the strategy department or the most senior executives; or
- c. The strategic plan is not *changeable* -- it is a dense, hardcopy amalgam of many plan fragments, some very detailed and some very high-level, making it difficult to update and manage.

If any one of these situations exists, the effort required to maintain the plan becomes too unwieldy and the plan becomes obsolete -- quickly. The effect is serious: executives who are leading day-to-day battles must do so without the benefit of the analysis encompassed in the strategic plan or an understanding of how resources are to be applied to aid quick decision-making. It is like driving in a cross-country race -- where speed is important and wrong turns have real consequences-- without the aid of a roadmap.

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What To Do: Create an Execution Process

Companies that are accomplished in execution use strategy as a weapon to drive progress, manage accountabilities, evaluate performance and support decision-making. In order to do this, they make the plan visible, accessible and changeable. These companies use annual planning not to develop static plans, but to create dynamic processes for execution. Thick binders become single page Executive Dashboards. One thousand task project plans become single page Management Action Plans. Weekly staff meetings become Strategy Progress Meetings. A dynamic planning and execution process helps an executive team understand progress, make decisions based on that progress, and take action to effect the decisions in the organization.



CASE EXAMPLE: LARGE PROFESSIONAL SERVICES FIRM

A large professional services firm received a 50-100 page strategic plan from each of its 22 global offices. As a result, the corporate executive team found it nearly impossible to understand the relative direction of each office, hold anyone accountable for progress, or implement company-wide changes in direction. Making coordinated progress and replicating successes was difficult.

We worked with each office to understand its plan and boiled each down to a one-page integrated dashboard. We also worked with the corporate executive team to design a process that allowed them to understand progress in the field, make decisions based on that progress, and turn those decisions into coordinated, company-wide actions. The resulting Progress Management Process required each office to submit a monthly updated dashboard which, in turn, could be reviewed by the corporate executive team prior to their monthly meetings. Decisions made in the monthly meetings were fed back to the offices via email in real time. The revised dashboards were posted to an employee database so each employee could understand ongoing progress and priorities. This process enabled the organization to clarify their strategy, coordinate activities and optimize resource allocations, while remaining extremely nimble and efficient from a decision-making standpoint.

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Conclusion

Successful strategy execution is a living, dynamic process. Strategy itself begins life as a set of agreements about markets, products, revenues, growth and the like. The rest is execution. Unless there is an ongoing process for evaluating execution, making decisions about it, and closing the loop with the original strategy, the effort dies. That's why it is important to distinguish between strategic planning (those high-level agreements) and execution -- an ongoing process for reviewing and maintaining strategic progress.

Now, before the end of this annual planning cycle, take the time to refocus your planning activities on execution of plans, not on the plans themselves. Assess your own organization's performance against the five barriers and make changes to manage or overcome them. Use your planning process to create a dynamic set of levers for steering your organization around these barriers and on to success.