



# **MASTERING STRATEGY EXECUTION**

18 BEST PRACTICES FOR STRATEGY EXECUTION

# STRATEGY EXECUTION AS COMPETITIVE ADVANTAGE

STRATEGY EXECUTION IS CRUCIAL FOR EVERY ORGANIZATION

- **Successful execution of strong and robust strategies gives any organization a significant competitive edge.**
  - 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.
- **Well-formulated strategies only produce superior performance for organizations when they are successfully executed.**
  - Even the best-made strategies are worthless if they are not executed successfully.

# **MOST STRATEGY EXECUTIONS FAIL**

STRATEGY EXECUTION IS A TOP PRIORITY OF EXECUTIVES WORLDWIDE

Companies on average only deliver only 63% of the financial performance their strategies promise.  
*Harvard Business Review*

82% of Fortune 500 CEO's feel their organization is effective at strategic planning. Only 14% indicated to be effective at implementing the strategy.  
*Forbes Magazine*

Executorial Excellence is the number one challenge facing global corporate leaders.  
*Harvard Business Review*

50% of well formulated strategies fail to deliver expected results because of poor execution.  
*Harvard Business Review*

Two-thirds to three-quarters of large organizations struggle to implement their strategies.  
*Harvard Business review*

# THE STRATEGY EXECUTION PROBLEM

MOST STRATEGIES FAIL IN THE EXECUTION PHASE

- **The all too frequent failure to create change after seemingly viable strategic plans have been developed.**
  - The majority of strategies fail in the execution phase.
  - Many organizations have a fundamental disconnect between the development of a strategy and its subsequent execution.
- **Survey after survey reveals that strategy execution is a top priority for executives worldwide.**
  - The focus of strategy scholars and practitioners is traditionally on strategy development while the real challenge lies in execution.

**70 to 90 % of organizations do not succeed in effectively executing their strategy.**

# THE STRATEGY EXECUTION MODEL

THE FIVE PILLARS OF SUCCESSFUL STRATEGY EXECUTION



# THE STRATEGY EXECUTION MODEL

18 BEST PRACTICES FOR SUCCESSFUL STRATEGY EXECUTION



# THE STRATEGY EXECUTION MODEL

DEVELOP THE STRATEGY



# DEVELOP A CLEAR AND ATTRACTIVE VISION

DEVELOP THE STRATEGY

1

STRATEGY

- **Successful strategy formulation and execution begins with formulating a sound and clear strategic vision.**
  - The vision describes the desired future state of the organization and clarifies the direction in which the organization is to move.
- **The strategic vision is attractive and easy to communicate to organizational members, customers and stakeholders.**
  - A clear and attractive strategic vision increases the confidence of employees in a successful outcome of the execution effort.
- **The vision is ambitious but realistic and feasible.**
  - Vision tend to be too ambitious to gain commitment to it but tends to result in disappointment during execution.



# DEVELOP A SOUND AND EXECUTABLE STRATEGY

DEVELOP THE STRATEGY

2

STRATEGY

- **Develop a sound and clear strategy that is able to achieve the vision.**
  - The strategy has clear and **concrete objectives**.
  - The strategy is **easy to understand** for employees and stakeholders.
- **Continuously adapt the strategy to maintain a fit with the changed internal and external business environment.**
  - Developing a strategy is never finished.
  - Organize an annual strategy development and execution cycle.

**No execution can save a strategy that is not sound to begin with.**

# INVOLVE EMPLOYEES AND STAKEHOLDERS

DEVELOP THE STRATEGY

3

STRATEGY

- **Discuss the strategy with managers and key employees to assess whether it is sound, realistic and feasible.**
  - A strategy formulated without much employee involvement is more likely to have **major flaws**.
  - Tapping into the **specialized knowledge** of lower-level employees improves the strategy and its execution.
- **Involving employees and stakeholders improves the understanding, acceptance and execution of the strategy.**
  - A strategy that is developed without the involvement of relevant employees is **likely to be resisted** during its execution.

# SECURE COMMITMENT TO THE STRATEGY

DEVELOP THE STRATEGY

4

STRATEGY

- **Commitment to the strategy from employees and especially managers is crucial in strategy execution.**
  - Committed organizational members are more motivated to execute the strategy and achieve its goals.
- **Uncommitted middle management and employees are a key barrier to strategy execution success.**
  - Employees are uncommitted to the strategy because of feeling uninformed, lacking communication and respect from managers and lacking participation in decision-making.
- **Secure commitment by involving employees in decision-making and by clearly communicating the strategy.**
  - Employees can only support a strategy they know and understand.

# THE STRATEGY EXECUTION MODEL

EXECUTE THE STRATEGY



# APPOINT ONE CLEAR LEADER

EXECUTE THE STRATEGY

1

EXECUTION

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

# TRANSLATE THE STRATEGY

EXECUTE THE STRATEGY

2

EXECUTION

- **Write an implementation plan that specifies the 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 execution requires clear objectives, tasks, activities and responsibilities.**
  - By allocating clear responsibilities for the execution of the implementation activities, progress can be controlled.
- **Specific and ambitious but realistic goals that are accepted by organizational members lead to the best execution performance.**
  - Involving employees in goal setting increases their acceptance.

# COMMUNICATE THE STRATEGY

EXECUTE THE STRATEGY

3

EXECUTION

- **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.
- **Explain the strategy 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.
- **Communicate the strategy in a simple way and sincerely listen to feedback and act upon it.**
  - Communicate the strategy **7 times in 7 different ways.**

# ACHIEVE AND CELEBRATE RESULTS

EXECUTE THE STRATEGY

4

EXECUTION

- **Visible results and especially ‘quick wins’ increase the motivation and commitment of employees to the strategy.**
  - People are more inclined to accept new things when they see that these things work and lead to results.
  - Achieving quick wins can restore the confidence of employees in the strategy and organization when the organization is in crisis.
- **By making change visible and tangible through for example a new logo, uniforms and offices.**
  - This way, management can show that they are committed to the strategy and things are really changing.
  - Achieving results enhance the performance of employees by making them proud and giving a feeling of competence.



# THE STRATEGY EXECUTION MODEL

ADAPT THE ORGANIZATION



# DESIGN A DECENTRALIZED STRUCTURE

ADAPT THE ORGANIZATION

1

ORGANIZATION

- **Design a 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 the strategy.
- **Avoid a hierarchical structure with rigid rules and procedures.**
  - Individuals in centralized organizations feel that managers do not trust their skills resulting in a sense of incompetence, reducing self-determination, motivation and performance.
- **Design a clear structure with clear procedures, rules and responsibilities that gives employees certainty during the execution.**

# CREATE A FEARLESS CULTURE

ADAPT THE ORGANIZATION

2

ORGANIZATION

- **A new strategy involving layoffs triggers intense emotions such as anxiety and fear for job security among employees.**
  - Job insecurity lowers job satisfaction, strategy commitment, trust in management and work effort and increases psychological withdrawal and resistance to change.
- **Many organizations have a culture of fear in which employees are afraid to lose their job or to be treated harshly by their superiors.**
  - A highly centralized structure with rigid rules creates a fear for making mistakes, responsibility, participation and change.
- **Cultivate a fearless culture in which people dare to take initiative, voice their opinion and are not afraid to make mistakes.**

# TAKE POLITICAL INTERESTS INTO ACCOUNT

ADAPT THE ORGANIZATION

3

ORGANIZATION

- **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 can undermine a strategy execution effort.**
  - Resistance to change may lead to passivity toward the strategy and its execution or even sabotage.
- **Overcome resistance by involving potential opponents in decision-making, taking their interests seriously and confronting dissidents.**

# HET STRATEGIE EXECUTIE MODEL

MOBILIZE THE PEOPLE



# APPOINT SKILLED MANAGEMENT

MOBILIZE THE PEOPLE

1

PEOPLE

- **Competent management and employees is the most important requirement for successful strategy execution.**
  - When employees have little confidence in the ability of management to execute the strategy then their strategy commitment will be low.
- **Incompetent colleagues and especially managers have a very negative influence on the performance of team members.**
  - Competent employees tend to leave an organization when they have to work for incompetent managers.
- **Hiring new managers and employees is one of the best ways to achieve (radical) strategic change.**

# USE PEOPLE SKILLS

MOBILIZE THE PEOPLE

2

PEOPLE

- **People management skills are crucial for mobilize employees to successfully execute the strategy.**
  - **Coach and counsel** employees to increase their motivation, performance, cooperation and commitment to the strategy.
  - Develop **personal relations** with subordinates by giving them sincere personal attention.
  - **Make employees feel proud** about themselves, their work and the organization.
  - **Organize social activities** to build better social relations among employees that increase their cooperation, motivation, and effectiveness.

# TRAIN AND DEVELOP EMPLOYEES

MOBILIZE THE PEOPLE

3

PEOPLE

- **Successful organizations place high importance on training and developing their managers and employees.**
  - 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.
- **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 coaching.



# EMPOWER MANAGERS AND EMPLOYEES

MOBILIZE THE PEOPLE

4

PEOPLE

- **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 can result from low self-confidence, a centralized organization culture, an authoritarian management style, and an environment in which many things fail.
- **Empower employees through coaching and counseling, delegation, role models and rewarding performance.**
  - Empowering employees gives them a sense of competence which greatly increases their work performance and innovative behavior.

# THE STRATEGY EXECUTION MODEL

BULD MANAGEMENT CONTROL SYSTEMS



# BUILD A STRATEGY CONTROL SYSTEM

BUILD MANAGEMENT CONTROL SYSTEMS

1

SYSTEMS

- **Build an annual strategy management control system for developing, monitoring and adjusting the strategy.**
  - Regularly meet in well-structured sessions to share information, reconfirm priorities and adjust the strategy or execution.
- **Hold those responsible accountable when performance is lacking.**
  - Many organizations have accountability problems resulting from a lack of planning, ineffective management information systems, or cultural values that do not encourage holding persons, especially in high positions, accountable.
- **Adapt the strategy when the assumptions underlying the strategy are flawed or obsolete.**

# REWARD PERFORMANCE AND GIVE COMPLIMENTS

BUILD MANAGEMENT CONTROL SYSTEMS

2

SYSTEMS

- **Build a reward system that monitors the progress of the execution and demonstrates top management's commitment to 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, pride, enthusiasm) increase the motivation, self-confidence and performance of employees.
- **Give task related feedback and compliments during the execution.**
  - Employees often do not get compliments when performing well but do get criticism for making mistakes. This reduces motivation, self-efficacy and execution performance.

# 5 KEY PRACTICES FOR STRATEGY EXECUTION

THE MOST IMPORTANT BEST PRACTICES FOR STRATEGY EXECUTION

My PhD research found the following five best practices to be the **most important success factors** for strategy execution in public and private organizations.

1

## COMPETENT MANAGEMENT

Appoint the right managers in the right place.

2

## PLAN THE EXECUTION

Translate the strategy into an implementation plan.

3

## USE PEOPLE SKILLS

Mobilize employees using people skills.

4

## ALIGN THE STRUCTURE

Design a decentralized organization structure.

5

## CHANGE THE CULTURE

Create a fearless organization culture.

# DR. ARNOUD VAN DER MAAS

STRATEGY CONSULTANT AND AUTHOR IN STRATEGY EXECUTION



**Dr. Arnaud van der Maas**

Owner Strataegos  
Consulting



- Strategy consultant and financial advisor in government, healthcare and start-ups.
- Author, researcher and international expert in strategy execution.
- Founder of Strataegos Consulting – a strategy consultancy specialized in strategy execution.
- Received a PhD in Strategy Execution from Rotterdam School of Management, Erasmus University.



# CONNECT WITH US

FOR LEADING EDGE KNOWLEDGE ON STRATEGY & EXECUTION.



**/arnoudvandermaas**

Connect with me for posts on strategy & execution.



**/arnoudvandermaas**

Follow me for presentations on strategy & execution.



**/arnoudvdmaas**

Follow me for blogs on strategy & execution



**arnoudvandermaas**

Connect with me to discuss strategy & execution.



# CONTACT US

COMMENTS OR QUESTIONS?



[info@strataegos.com](mailto:info@strataegos.com)

Mail iedere vraag over strategie & executie.



+31 6 4222 8093

Bel vrijblijvend voor advies over strategie & executie.



[/arnoudvandermaas](#)

Connect voor updates en blogs over strategie & executie.



[www.strataegos.com](http://www.strataegos.com)

Bezoek ons voor presentaties en artikelen over strategie & executie