

# Six Strategy-Crushing Mistakes Organizations Make And How You Can Rise Above the Rubble

By Mark Morgan, CEO and Founder, StratEx Advisors, Inc.

Business plans or strategies usually sound fantastic at the outset. But far too often what sounded good at the beginning somehow just did not work out. In 35 years of business, I have my share of things that seemed like a slam dunk turn out to only be the slam without the points. Maybe it was a new branch of business or a new product line. Maybe it was the creation of new business processes or the installation of a new system. But somewhere along the way, it just did not happen.

Sound familiar?

Don't feel alone. About 90% of business strategies never make it to prime time. When it comes down to making things happen in organizations, it follows the old saying ...

**"When all is said and done, there is a lot more said than done!"**

This is very frustrating and expensive. Consider that it might cost a business 10-20% of annual revenue to significantly grow the business. For every million dollars of revenue, it could cost up to \$200k to invest in the products, promotion, channel development and customer service aspects of your business to really make it take off. If the strategy does not work or it just simply doesn't get implemented, that is a lot of cash down the drain!

Question: So what is it that organizations tend to miss here? Answer: There are 6 big mistakes that businesses make that crush their chances of success. Here they are:

1. **Forgetting to leverage the motivational part of the business.** People will do for a cause what they will never do for money. That has always been true but in the industrial age, we could get away with treating the organization like a machine. Not now. We have entered the age of the purpose driven organization. Part of the problem with strategic execution is that people in organizations lack a clear line of sight between what they do and what is important about what they do. Every organization serves a purpose or it goes out of business. Businesses that are founded to accomplish great things are far more likely to execute their strategies because their people know how important it is that they do what they do. Strategies die of apathy and a lack of emotional commitment.

2. **Being unclear on the direction.** A Harris poll once asked people in multiple organizations whether they understood the direction of the organizations they work in. 90% said No! This would be somewhat like a soccer team where only one person understands where the net is. What's worse is that because of reason number 1 above, not only do they not know which goal is theirs, they don't even care! Not knowing what the direction and goals are is a strategy killer because there is not enough time to allow people to find their way to the goal line in the dark.
3. **Being fuzzy about identity.** No business is all things to all people. Herb Kelleher once remarked that he hoped all the customers that did not like what Southwest Airlines offered would simply go use another airline instead of complaining about his. It was a way of saying that casting too big of a net is one of the fastest ways to fail. In the time that Southwest Airlines has been in business (and been profitable the whole time), over 100 airlines have failed. Knowing who the business is and who the business is not is critical to execution because it keeps the organization from pouring effort into too many things and succeeding at none of them. A diluted resource pool is a sure way to crush strategy because all the time the teams spend contending for resources lets the strategy slip into darkness.
4. **Meaningless measurement.** Many organizations have dashboards full of metrics that measure seemingly everything that can be measured. One organization had over 100 metrics on the dashboard with no connection to what could be done about any of them. Some organizations measure things because they CAN, not that they SHOULD. Most of the measurements are about things that have happened in the past and have no predictive value. For instance, income and expense from last year are not predictive of the same things this year or next year. The big mistake here is measuring things that do not matter to a client or customer and focusing on things in the rear view mirror. There is a great reason that airplanes don't have rear view mirrors: an airplane has no use for information about the air behind them.
5. **Faulty translation.** One big gap in this area is that the strategic planning process does not link up with the operating plan process. What happens is that the strategic plan "offsite" does not generate action "on site". Every strategy has to break down into component parts. The problem tends to be that when the strategy gets broken down into pieces, it is hard to tell what piece went with what strategy. The second big "swing and a miss" comes from a lack of resource application in priority order of value. There are always more ideas about what we could do than resources to accomplish them. The translation process often does not finish the task of putting our commitment (money) where our strategy (mouth) is.
6. **Poor follow through.** Like it or not, sexy or not, the ability to manage a project through to completion is how strategy gets delivered. Projects are the often messy and laborious part of pushing the ball across the goal line. And this is where it gets expensive. A strategy can be re-written in a short period of time at a relatively low cost but consider this: In the US, about 25% of the GDP is project related and about 30-40% of the projects will fail. That translates to a wasted effort of about 3-4 Trillion Dollars. (\$3,000,000,000,000 to \$4,000,000,000,000). A \$250 Million business might have \$25 Million in projects. That means that between \$7.5 million and \$10 Million is

being wasted at this very minute. The part of the process where all the dreams and schemes were created was fun and exciting. The part where we take accountability for delivery sometimes is less fun but according to the financials, this is a critical problem. Project, program and portfolio management get too little credit for the value they represent. This is where the rubber meets the road. It is also where many organizations run off the road

There may be a hundred ways to leave your lover as the old song goes but there are only three fundamental things needed to get a strategy executed

- 1. Clarify.** Take it from the top. First, consider the business purpose. Is there a reason for the business to exist that is bigger than anyone, will last longer than anyone and is a legacy worth leaving? Yes? Cool. No? Dig deeper. Because if the business is not up to something important, the team needs to re-think what the business is about. A team can't be expected to execute at top form if they don't have a reason that is bigger than their paycheck. Follow up the purpose check with a check on what longer term goal is served. The question being what ultimate achievement is the business dedicated to that has enduring value? Gaudi started building the Sagrada Familia Church in Barcelona that will take another several generations to finish even though he died in 1926. What is the long range achievement that the business is dedicated to? Next, the clarification of who the business is and who it is not must be razor sharp clear. What the organization stands for and what it does not must be vivid in the minds of every member of the team. Lastly, what are the goals? Split them into short, medium and long term. Make them SMART. (Specific, Measureable, Actionable, Realistic and Time Bound). If making them SMART fails, count the strategy as a candidate for the dead zone because without clear goals, strategy is meaningless. Having gotten this far, congratulations, the purpose, long range intention, identity and goals are now clear. This is a big step.
- 2. Align.** There is much written and even more said these days about the word "alignment". The question is align what? First, align metrics. Start with the three most important measurements of customer or client delight (more than satisfaction). Trace those back into the business to determine what measurements must be optimized internally to get the client facing measurements to a peak value. Next, align the action plans in priority order based on their contribution to goals and metrics. In other words, lay out the work plans according to the level of contribution to the goals and or the amount they will improve performance to metrics. (Hint: if there is a focus on what matters to clients, the metrics will probably take care of themselves). Next, align the resources in priority order to determine where additional resources are needed to reach your goals and perform to critical metrics. Last, align the way the team is organized to make it as easy as possible to focus on the right customer based metrics. Congratulations again. Goals, metrics, strategic initiatives, structure and strategic portfolio are now in alignment. One more giant leap.

**3. Mobilize.** Now the fun begins. The key to executing strategy is to assure that traceability is maintained between the work going on in the business to its payoff at the goal level. To do this, think of the collection of projects you have going as an investment portfolio. There will be projects that are doing well and returning value, and there will be some that sounded good at the beginning but are not paying off. On an ongoing basis, re-evaluate the projects on their own merit. Should some move ahead? Delay? Cancel? Replace with new? Most of the real hard part of execution is gaining clarity and alignment but the diligence of mobilization is where the payoff is generated. Mobilization of a well clarified and aligned portfolio of projects is far easier than diving into mobilizing a strategy that has been poorly clarified and aligned. The critical aspect of mobilization is keeping the eyes on the prize. Always concentrate on reaching goals and use strategy and execution as the means to the end. Nobody ever made a dime executing a strategy per se. Achieving goals as a result of executing a strategy is where the money is.

Conceptualizing strategy may be fun and exciting but realizing your goals is much more satisfying. By concentrating on the three main areas of executing strategy : Clarify, Align, Mobilize, organizations can avoid the 6 big mistakes businesses make and end up in the enviable position of being part of the 10% of businesses that execute effectively.

Now the question is... what part of the 6 strategy-crushing mistakes ring true for you? Are you ready to get going on what it will take to move your organization from where you are to what your potential has in store for you? If so, we should talk about how we can help you

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## About Mark Morgan

Senior Consultant & Executive Advisor

Mark has a 30 year history of creating wealth for his employers and customers. Starting off with a career in IBM, Mark implemented programs that put millions in the company bank account with changes to sourcing strategy and quality improvement. In his consulting work he has created hundreds of millions of dollars of benefit in one client alone. Clients find significant value in solutions that fit their DNA. Many consultants will attempt to implement a standardized approach to their success. The problem is that each organization has unique properties that must be taken into account if maximum wealth is to be created. Clients can count on Mark to deliver pragmatic solutions based on the best research available. This means that Mark's focus is on what the organization can accomplish given their situation, competency and desire. The real strategy of an organization depends on the decision process that determines actions that serve short term, medium term, long term and transformational goals. In the process of helping organizations create this for themselves, Mark is successful in creating one of the most critical sources of wealth and that is the creation of a superior place to work. This also creates a challenge because as Mark puts it "To get what we have never had, we must be willing to do what we have never done".



Throughout Mark's career, that covers engineering, line management, leadership development, business start-up, project management, program management, portfolio management, strategic planning, workshop facilitation and public speaking, Mark has worked with individuals and companies in the high-tech, bio-tech, construction, consumer goods, high volume manufacturing, software, healthcare and internet industries.

Mark creates a learning environment where clients make progress on addressing their issues while gaining the ability to address their future challenges. In this way, Mark combines today's "fishing" with tomorrow's "ability to catch fish". As one client put it:

*"I must tell you I am a tough grader and I thought you were fantastic. Moreover the CEO and several others liked your pragmatic approach and they appreciated your "cut to the point" approach." (Michael B.)*

### Other Experience

Prior to becoming an independent consultant, Mark started his professional life at IBM and served as a Senior Engineer in supply chain and manufacturing of storage products. After leaving IBM, Mark consulted with organizations in leadership development and executed two business start-ups. In 1997, Mark joined IPS, a company with a unique relationship with Stanford University. Mark worked to help create an award winning program at Stanford called Stanford Advanced Project Management and delivered education and consulting services in project, program and portfolio management. He is the lead author of two books. The first "Executing Your Strategy" was published in 2008 and became a business book best seller. The second book "Executing Your Business Transformation" was published in 2010 by Jossey-Bass.

### Clients

Mark's clients over the last 12 years span many industries and situations. Mark's skills and abilities are applicable in a wide range of situations and challenges that have been applied both in the US as well as internationally. Companies such as Blue Shield, Cisco Systems, Boeing, Power One, A123 Systems, FGX International, Procter and Gamble, ALLDATA, Schneider Electric, American Power Conversion, Symantec, The University of Iceland, Case Western University, and Stanford University have had the benefit of Mark's service.

### Degrees and Certifications

Mark holds a B.S. in Engineering from Cal Poly San Luis Obispo and an MBA from Golden Gate University. He is a Stanford Certified Project Manager and PMP Certified by the Project Management Institute. Mark is also certified in the delivery of the Insights Discovery Personal Profile