

Strategy execution involves managing the six elements of the Strategy Execution System: the strategy of the organization, its primary process, structure, culture and people and the systems that monitor and control the execution.

MANAGING THE STRATEGY EXECUTION SYSTEM

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Strategy execution or strategy implementation is essential for the success of any organization. The successful execution of a strong and robust strategy gives any organization a competitive advantage. Most organizations fail at strategy execution despite its strategic importance to any organization. Strategy implementation is a multifaceted and highly complex organizational phenomenon. This article presents the Strategy Execution System with six interconnected aspects: the strategy of the organization, its primary process, structure, culture and people that deliver the strategy, and systems that monitor and control the execution of the strategy. By understanding and managing these six elements managers can successfully execute their strategy.

THE STRATEGY EXECUTION SYSTEM

The overall performance of an organization is the result of the interplay of six mutually reinforcing aspects: the strategy of the organization, its primary process, structure, culture and people that deliver the strategy, and systems that monitor and control the execution of the strategy (see Figure). This is what I call the Strategy Execution System. Mastering strategy execution requires that all the six elements of the Strategy Execution System are in alignment with each other. Each of the six elements consists of two to four best practices. There are in total 20 best practices. This Strategy Execution System gives executives and managers a comprehensive overview of the many factors that influence the complex science and art of strategy execution. Next, we discuss each of the six elements and the practices that are part of it.

DEVELOPING THE STRATEGY

Successful strategy execution starts with four best practices for strategy development. First, articulate a clear and attractive vision of the future organization. Next, develop a sound and executable strategy that is able to achieve the desired vision. Third, involve key employees and external stakeholders in the strategy process to gain their commitment. Fourth, secure commitment to the strategy from employees and middle managers.

Articulate an attractive strategic vision.

Successful strategy execution begins with the formulation of a clear and attractive strategic vision by top management. The strategic vision describes the desired future state of the organization. Organizations that are successful in strategy execution often have a guiding purpose that remains stable while their strategy and activities continuously adapt to an ever-changing world. The strategic vision gives meaning and direction to the strategy and its execution.

Develop a sound strategy. After formulating the strategic vision top management needs to develop a strategy that is able to turn the vision into reality. The task of top management is to choose and work out a strategy that fits the current organization most and allows the organization to achieve its strategic vision and goals. In order to guide the strategy implementation effectively, the strategy needs to be realistic, based on a sound idea and be well thought out. No execution can save a strategy, which is not sound or feasible to begin with.

Involve employees and stakeholders.

During the strategy development and execution process it is essential to involve middle managers and key lower level employees in decision-making about the strategy and its execution. Successful strategy formulation and implementation requires the involvement and commitment of managers and employees on all levels. Involving employees has many advantages: better quality of decisions, better understanding of the strategy, better organizational learning, higher commitment to the strategy and organization, higher job

satisfaction, less resistance to change and better adaptability of the strategy.

Secure commitment to the strategy.

Successful strategy formulation and implementation requires the commitment of managers and employees on all levels of the organization. Strategy commitment is the extent to which managers and employees comprehend, support and intend to carry out a strategy. Managerial commitment to the strategy and its implementation is especially important. Explicit management support to the implementation is needed because management provides leadership and rewards to organizational members. Unsuccessful strategy execution is often caused by middle managers who are either ill-informed or unsupportive of the chosen direction.

2 MANAGING THE STRATEGY EXECUTION

After the strategy is developed it needs to be executed. Even the best strategy is useless without execution. This is where most strategies fail. Managing the strategy execution involves four essential practices. First, develop a concrete execution plan with clear objectives, activities, processes and responsibilities. Next, provide strong, hands on and moral leadership. Third, communicate the strategy extensively and in way that is easy to understand for employees and stakeholder. Finally, achieve visible results early on during the execution to gain the confidence and commitment of employees to the strategy.

Develop a strategy execution plan.

Successful strategy execution requires translating the strategy into a well worked out and comprehensive strategy execution plan. A strategy execution plan is a comprehensive plan that clearly outlines the objectives of the execution, the activities which are needed to achieve these objectives and who are responsible for achieving the objectives and performing the activities. The strategy execution plan translates the strategy into day-to-day management.

Strategy execution leadership.

Leadership is crucial for the success of a strategy execution effort. During the execution effort there needs to be one clear

leader who is responsible for the outcome of the strategy implementation. The implementation leader needs to be board member, especially for strategic implementations. The strategy execution leader serves as problem owner of the strategy implementation. The strategy execution leader must (1) articulate an attractive vision, (2) be decisive in decision making, (3) stand their ground when faced with resistance, (4) be able to take unpleasant decisions, (5) practice moral virtues, (6) take decisions that are perceived as fair, and (7) serve as a role model.

Communicate the strategy. After the strategy is developed it needs to be communicated to the rest of the organization, and especially to organizational members with implementation responsibilities and those who are directly influenced by its execution. Organizational members cannot implement a strategy if they do not know what the strategy is and what its goals are. This involves describing the content of the goals of strategy, its content, how it influences the day-to-day work of organizational members, and the difference between before and after the strategy implementation.

Achieve visible results. Achieving visible improvements in performance, especially in the beginning of the strategy implementation (quick wins) increases the motivation and commitment of organizational members. It is especially important to achieve results in the beginning of a strategy implementation, in order to gain the confidence of the employees that the strategy might work.

3 MANAGING PEOPLE

Every organization, strategy and execution is only as good as its people. People are the ones who make the strategy and its execution a reality. Managing people involves four essential practices. First, appoint the right managers in the right positions. Second, make sure that managers and employees are adequately developed to execute strategy successfully. Third, use people skills to motivate and empower employees to perform their execution tasks successfully.

Appointing the right people. Putting the right people in the right place is one of the most important aspects of strategy execution. Especially competent management is important. When management is incompetent, the whole organization is affected and thus the strategy implementation effort as well.

Developing people. Adequately trained staff is one of the most critical steps top management can take to ensure successful strategy implementation. A new strategy often requires a change in the optimal mix of human resources for the organization requiring that employees are to be retrained through training programs. The training should provide the needed competent personnel for the implementation.

People management. Having a people-management style is a key competence for leaders and managers. In strategy execution soft skills are as important as hard skills if not more important. A successful manager or executive must be both task and people oriented. A people-manager listens, provides encouragement and support, coaching and counseling, develops social relations with subordinates, makes employees feel proud and celebrates social activities during a strategy implementation effort. Empowering people. When organizational members are empowered and have a high feeling of competence or sense of self-efficacy and believe that they can perform the new strategy implementation tasks successfully, they are more likely to perform well. Organizational members can be empowered by making them independent, delegating responsibilities, allowing participation, giving them more control over their work, giving information about the strategy and its implementation, and providing training and leadership courses. Self-responsibility and self-empowerment of organizational participants makes them more motivated, more self-confident and more willing to take initiative, which is beneficial to the strategy implementation effort.

4 ALIGNING STRUCTURE TO STRATEGY

To make the strategy a success the organization structure must be aligned to

the strategy. Designing a structure that supports the strategy and its execution involves three essential practices. First, design a decentralized organization structure that empowers employees to engage in innovative behavior. Second, make sure that all employees know who is responsible for what. Finally, align the primary process of the organization to its strategy.

Redesigning a decentralized organization structure. A decentralized organization structure results in more effective execution. The main advantage of a decentralized structure is that it increases the commitment of organizational members to decision-making, decisions can be made more quickly, and improves the quality of decisions as it makes more use of specialized knowledge of organizational members at lower levels in the organization.

Formalizing the structure. A moderately formalized organization structure creates clarity for organizational members. Clear procedures, rules and responsibilities give employees certainty during the implementation. When problems arise and responsibilities are not clear, organizational members may blame each other.

Managing processes. Successful strategy execution requires the alignment of the strategy to the processes of the organization. Different strategies require different primary processes. Since processes are the way in which work gets done in any organization, processes should be tightly linked to its strategy. Especially the primary process is crucial. The primary process consists of the activities that need to be performed to produce a product or service and deliver it to external customers.

5 CHANGING THE CULTURE

The culture and core values of an organization must support the strategy. Changing the culture involves three essential practices. First, create a fearless and innovative culture that empowers employees to take initiative and engage in innovative behavior. Second, deal delicately but firmly with office politics and resistance to change. Finally create a culture of cooperation as strategy exe-

cution requires a coordinated work effort of many employees across departments.

Create a fearless and innovative culture. To execute a strategy successfully, proactive managers and employees are needed who participate in strategy formulation and implementation. In order to participate, organizational members need to dare to take initiative, voice their opinion, and not be afraid to make mistakes. Therefore, an empowering and fearless organization culture needs to be created in which organizational members are able to make mistakes without being punished for it. However, many organizations have a culture of fear.

Deal with office politics. Politics and struggles over power and leadership are just a few obstacles that may undermine an implementation effort. Strategy formulation and implementation inevitably raise questions of power within an organization. The existence of conflicts, and the use of individual and group power needs to be taken into consideration. The very prospect of change confronts established positions often leading to resistance to change.

Foster a culture of cooperation. A culture of cooperation is crucial for strategy execution. Successful strategy execution requires the cooperation of many organizational members and often the whole organization. When organizational members with implementation responsibilities do not cooperate much, this has a negative influence on implementation performance. As a strategy transcends functional and departmental boundaries cooperation is needed to develop and execute it.

6 BUILDING STRATEGY CONTROL SYSTEMS

During the execution of the strategy two types of systems need to be build. First, a planning and control system is needed that monitors the execution of the strategy. Second, a reward system is needed that motivates and rewards people to achieve the goals of the strategy.

Crafting a management control system. During strategy execution, it is crucial to monitor whether the goals of the imple-

mentation are being met and whether adjustments need to be made. Regular strategy execution review meetings must be held in which the progress of the implementation is discussed, and where measures can be taken when adjustments are needed. Implementation control implies that organizational members who do not perform well with respect to the implementation effort have to be addressed about this.

Building a reward system. Organizations need a reward system that monitors and controls the progress of the execution and demonstrates top management's interest and investment in attaining the goals of the strategy. The greater the internal change required by a strategy, the more important effective incentives become. Reward systems are essential for motivating staff and ensuring appropriate behavior in relation to the strategy.

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