PETER MILLS

THE LEADERSHIP FRAMEWORK SERIES

MAKE IT WORK!

HOW TO
Successfully Implement Your Business Strategy
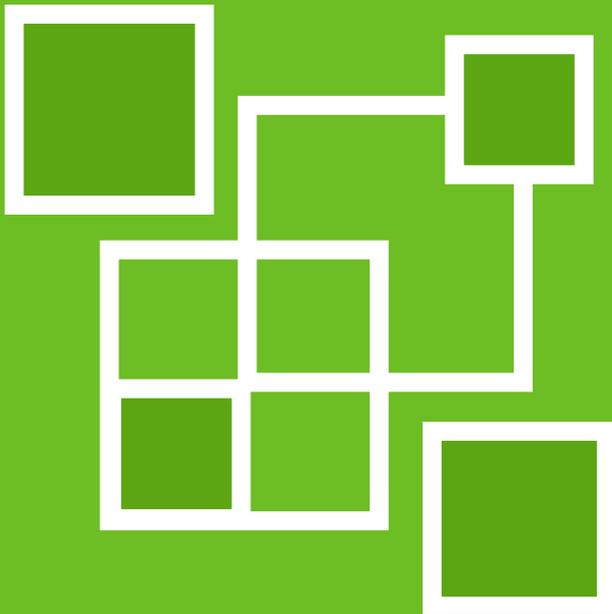
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Make It Work: How to Successfully Implement Your Business Strategy
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Acknowledgments

Using This Book

THIS IS THE THIRD BOOK in a series based on The Leadership Framework, a holistic and integrated framework for managerial leadership.

The first book in the series, *Leading People – The 10 Things Successful Managers Know and Do*, identified what managers, at all levels in an organization, need to know and do to be successful. It focused on the role of the manager and the required accountabilities and authorities for managing people. It detailed how to create effective teams and build the strong manager–team member working relationship required to achieve business goals.

The second book of the series, *Don't Fix Me, Fix the Workplace – A Guide to Building Constructive Working Relationships*, demonstrated how to create the working environment necessary for constructive and productive working relationships. It explained how to create purpose-built organizational structures with specified role relationships and authorized and productive systems of work that, when combined with effective managerial leadership, enable all employees to work together to achieve their business goals.

This third book in *The Leadership Framework Series* is about strategy implementation. The book describes what leaders must do to support successful strategy implementation. After reading this book, the reader will gain a strong understanding of the importance of clearly defining a business strategy and how to align the whole

organization, as well as each employee, to support strategy implementation. The reader will not only understand how to implement an organization's strategy, but will also have a clear understanding of the various roles, role relationships and the accountabilities and authorities required for effective strategy implementation.

To assist implementation, each chapter has a clear summary of the key points and some tips for getting started. There is also a companion website available for those who want to access additional information and tools:

www.theleadershipframework.com.au

This book, like the others, is based on The Leadership Framework. Therefore you will find the concepts in all the books in the series are aligned and use consistent terms, definitions, principles, concepts, methods and processes.

Each book gives focus to one area of managerial leadership. Used together, they are a powerful tool for leaders at all levels.

Contents

Chapter 1

About Strategy

*Strategy describes what an organization
is attempting to accomplish over a
period of years, as represented by the
organization's collective objectives.*

EACH YEAR MOST ORGANIZATIONS turn their attention to strategic planning, where the leadership team comes together to plan the organization's future. The leadership team often take a one- or two-day retreat and then, over the next few months, formulate the organization's three- to five-year strategic plan. It will be used to guide the organization's future and to solve its problems. It's new and they are excited.

And then? Nothing but talk or blame as to why it wasn't implemented. The following year the process starts again and there is a new "strategy".

Why did it fail? Because the leadership team didn't build execution into their strategic planning process. They failed to set the organization up for success.

Good strategic planning doesn't end with strategy creation, it ends with implementation. Unless done well, even the best strategy will fail, and the time and effort taken to

create it will be wasted. More critically, the organization will not do what it needed to do to be successful.

The focus of this book is on strategy implementation, not strategy development. It is important, however, to understand what strategy is and is not. Put simply:

Strategy describes what an organization is attempting to accomplish over a period of years, as represented by the organization's collective objectives.

A strategy specifies what you do and don't do. It results in initiatives designed to achieve defined objectives. Furthermore, strategy is a long-term commitment. Strategic initiatives take time to implement. Initiatives such as developing new workforce competencies, redefining a brand, creating new product lines, building new customer relationships and reengineering key business processes cannot be implemented quickly.

Furthermore, strategy implementation often requires trade-offs, as gains in one area can often only be achieved at the expense of another area.

Strategic vs Operational Effectiveness

Strategic effectiveness and operational effectiveness are both essential for superior performance, but they are different. Strategy exists to drive change, and its resulting initiatives are discretionary to day-to-day work. Strategy requires an organization to make trade-offs; to choose what to do and what not to do.

Operational initiatives are not discretionary, they are part of day-to-day work. Operational excellence means performing similar activities better than competitors, i.e. performing the myriad of activities that go into creating, producing, selling and delivering the organization's products and services.

Why Strategy Implementation Fails

While a good strategy is a great start, organizations must be able to deliver on their intent. Unfortunately, many organizations are not very good at this. Strategy involves change, and change is difficult. Human tendency is to resist it. So, no matter how inspiring a new strategic vision is or how fantastic the products or innovative the technology, it will come up against hurdles. Only solid execution will put an organization on the competitive map.

There are many reasons why strategy implementation plan fails. The most common are:

- **An overwhelming strategic plan:** Managers don't know where to begin. The goals and initiatives generated in the strategic planning process are too numerous because the leadership team failed to make tough choices to eliminate non-critical actions.
- **Unrealistic goals:** While strategic objectives may stretch the organization, they still must be realistic. If people feel the goals are unachievable they may not try.
- **Lack of leadership:** This issue is at multiple levels. It is not only about ensuring that each manager at each level is clear about the accountabilities and authorities they have for strategy implementation, it is about all managers understanding their role as a people manager.
- **Focus on structural changes:** Many organizations overly rely on structural change to execute strategy. While changing structure has its place, it is only part of the requirement for successful strategy implementation.
- **Unclear accountability:** If people are not clear of their role and their accountabilities for strategy delivery, or are not held accountable for their work, it'll be business as usual for all but a few frustrated individuals. Clear accountability helps drive change.

- **Lack of empowerment:** Accountability needs matching authority to deliver outcomes. It also needs the tools and resources necessary to achieve strategic initiatives.
- **Lack of communication:** Communication helps with organizational alignment. If a plan doesn't get communicated to employees, they won't understand their role or how they contribute to achieving the organization's strategy.
- **Getting caught up in the day-to-day:** Managers are often consumed by daily operational problems and lose sight of long-term goals. Unless there is an organizational focus on strategy implementation, managers will focus on their day-to-day work.
- **Lack of clarity on actions required**: The actions required to execute the strategy are not specified or clearly defined.
- **Inadequate monitoring:** Managers are unable to assess if the strategy is being achieved. Without clear information on how and why performance is falling short, it is virtually impossible to take appropriate action.
- **No progress reporting:** There's no method to track progress, or the plan only measures what's easy, not what's important, so no one feels any forward momentum.
- **Lack of alignment:** The organization has not been aligned for strategy implementation. Organizational silos and culture blocks execution and/or organizational processes don't support strategic requirements.

These issues can be overcome by using a planned, step-by-step approach to strategy implementation. This book uses the principles and practices of The Leadership Framework, a holistic and integrated system of managerial leadership, as the basis for strategy implementation (see Appendix 1).

Key Concepts

- Strategy describes what an organization is attempting to accomplish over a period of years, as represented by the organization's collective objectives.
- A good strategy is a great start. However, organizations must be able to deliver on their intent, and only solid execution will put an organization on the competitive map.
- Strategy involves change, and change is difficult. Human tendency is to resist it.
- While there are many barriers to successful strategy implementation, these barriers can be overcome by using a planned, step-by-step approach to strategy implementation.

Tips for Getting Started

1. Review 'Why Strategy Implementation Fails' in this chapter. Identify three issues that you feel impact strategy implementation in your organization or business. Write these down and assess possible solutions at the end of each of the following chapters.

Additional information available at: www.theleadershipframework.com.au

1. Implement business strategy.
2. Understand your role.
3. What is a working organization?

Chapter 2

The Strategy Implementation Process – An Overview

Strategic planning defines what an organization believes it must do to be successful and why. Strategy implementation is about converting strategic objectives into clear initiatives and aligning the organization to deliver the strategy, i.e. how, who, when *and* where.

DELIVERING STRATEGY HAS TWO PARTS: strategic planning and strategy implementation. The strategic planning process addresses the *why* and *what* an organization needs to change to be successful. The outcome of this process is a set of strategic objectives for implementation.

Strategy implementation is about converting these strategic objectives into initiatives to deliver the strategic plan, i.e. *how, who, when* and *where*. Competitive advantage is only gained when both planning and implementation are performed well.

The process to plan a strategy and implement that strategy is summarized in the diagram below.

Developing & implementing strategy
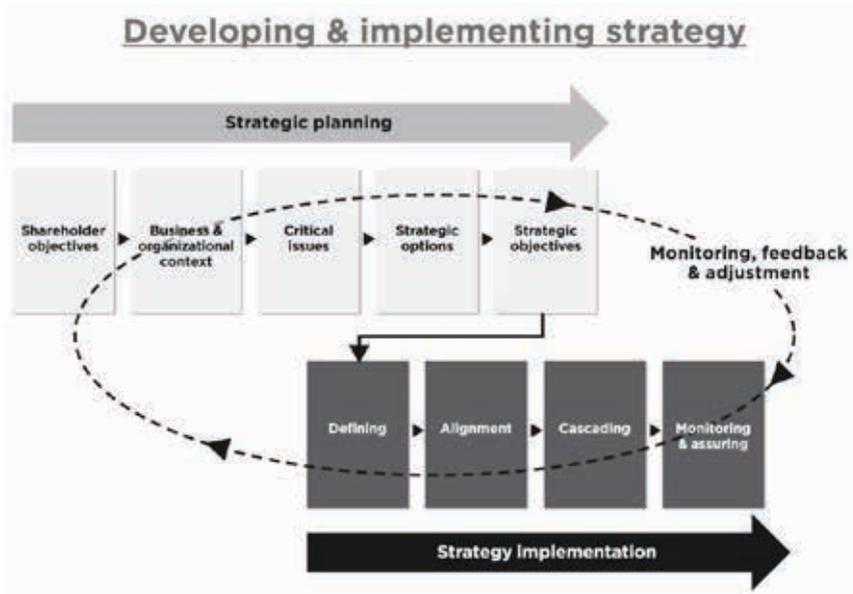
Strategy Implementation

Strategy implementation begins after the strategic planning process has been completed, i.e. when all strategic options have been assessed and a set of strategic objectives is produced.

Strategy implementation has four steps:

1. **Defining the strategy:** Clarifying strategic objectives and their related initiatives so they can be implemented (see Chapter 3: The Strategy Implementation Process – Defining the Strategy).
2. **Aligning the organization:** Getting the organization ready for strategy deployment by aligning the working organization to support strategy implementation, connecting planning and budgeting and allocating

accountability and authority at a high level (see 'Chapter 4: The Strategy Implementation Process – Aligning the Organization for Strategy Deployment').

3. **Cascading work:** Engaging employees and assigning tasks with appropriate measures throughout the organization (see Chapter 5: The Strategy Implementation Process – Cascading and Deploying Strategy).

4. **Monitoring and assuring strategy implementation:** Reviewing the progress of strategy implementation and the effectiveness of the strategy itself (see Chapter 6: The Strategy Implementation Process – Monitoring and Assuring the Strategy).

Each step is performed in the context of a *working organization*, so before directly outlining each step of strategy implementation, it is important to understand the components of a working organization.

The Working Organization

Good strategy implementation is the result of the thousands of decisions made every day by employees, acting in accordance with the information they have. This information comes through the working organization. Working organizations exist to coordinate the work of many people toward a common business purpose, i.e. to produce the organization's products and/or services.

In efforts to implement a new strategy, many organizations go straight to structural changes, as these changes are immediately visible and are seen as concrete. It shows that action is occurring. But organizations are more complex than this. The implementation of business strategy often requires adjustments to all aspects of the working organization, as it is the whole organization that impacts people, culture and strategy delivery. So, what are the critical parts of the working organization?

Working organizations have physical assets; however, strategy is delivered by people working together. This work is coordinated through the organization's structure (functions, roles and role relationships) and its systems of work (policies, processes and information and communication technologies) with the application of effective managerial leadership practices. Each component provides the context for people's work, and together they create the working environment that impacts upon the effectiveness of all employees, including managers (see diagram below).

The working organization

Business purpose & direction

We need to effectively *design* the organization & *deploy* the design with leadership...

The organization

...to effectively & efficiently produce the work we do together.

Design structure, functions, roles & role relationships

Integrated systems of work

Consistent effective managerial leadership practices

Work output in the value chain

In brief, the working organization is made up of:

i.   Business purpose and direction.

The direction of a working organization is defined by the organization's business purpose, part of which is its strategy. An organization's purpose and direction provides the focus

and context for all work, with strategy specifying what the organization will and will not do.

Without this focus, the context of people's work will be confused and unproductive work will occur. There will be a lack of prioritization of projects and a waste of time, effort and resources. There will be confusion on what is important to the organization, and therefore people's day-to-day work. This resultant confusion will impact on strategy implementation.

ii.   Structure, functions, roles and role relationship.

To deliver its purpose and strategy, roles are created and organized into functions. An organization's structure provides the shared understanding of accountability and authority that exists between people whose work is aligned and integrated with other roles to deliver the organization's products and services in line with the strategy. Each role has a specific purpose, with specific accountabilities and authorities that enable people to work together effectively and collaboratively. These roles are commonly represented on paper as a two-dimensional organization chart.

- The horizontal dimension illustrates how work is organized into core functions, such as sales, service and manufacturing, and how this work is supported by specialist functions such as finance and human resources.
- The vertical layers reflect the complexity of work at different levels, and that work in organizations occurs over differing time periods; with each layer adding value in a different way.

When well designed, the right type of work will be performed at the right level by the right roles, and each role will have clear accountabilities with matching authority for the work. If poorly designed, there will be gaps or duplication of effort, and there will be misaligned accountabilities

and authorities for work. This has the potential to cause unnecessary conflict and loss of focus on what is important to the organization.

   iii. Systems of work.

Systems of work provide "standardizing" methods for work to be done to deliver an organization's products and services. They consist of the organization's policies, procedures, processes and information and communication technologies. They enable roles to work together, within teams, across teams and across the organization. They enable roles (people) to work together to deliver the organization's purpose and direction (strategy).

If well designed, systems of work will assist with strategy implementation and enable effective allocation of resources and tools to deliver and monitor strategy implementation. When poorly designed and/or poorly implemented, systems of work will not support or will adversely impact strategy implementation.

   iv. Effective managerial leadership.

In a working organization, managers at every level must be able to achieve the business goal set for them in line with the organization's strategy. Managers:

- Build teams that are capable and committed to achieving business outcomes.
- Set the purpose and direction for their team and enable team members to move together in that direction with competence, commitment and enthusiasm.
- Provide the environment that allows their team to be effective and satisfied in the work while developing their full potential.
- Design and deploy the organization's structure, roles, role relationships and systems of work.

To achieve these outcomes, managers must apply effective management practices.

To ensure a successful strategy implementation, each part of the working organization must be aligned and integrated to operate effectively. Without clear direction; an effective structure (with clearly defined roles and role relationships); and integrated systems of work, all activated by effective managerial leadership practices, the organization's strategy and purpose may not be delivered. The causes of failure will not be clear. Focus will be on individuals and not the working organization.

Strategy and Culture

A book on strategy implementation would not be complete without touching on organizational culture. Culture is the shared assumptions and beliefs a group of people has about certain behaviors based on what that group values or does not value. The more beliefs people share, the stronger the culture. Culture gives people a framework within which they can begin to organize their world and their behavior. Put simply, culture is the accepted standards of behavior, i.e. "the way we do things around here".

While all employees come to work with a complete set of values, preferences, and inhibitors (VP&I), an innate level of work ability (LoWA) and their knowledge, skills, and experience (KSE), their behavior, and therefore an organization's culture, is impacted by the working organization, i.e. the organization's:

- Managerial leadership practices and behavior of managers in the organization;
- The organization's systems, which include its structure; and
- The symbols created in relation to the above, such as recognition, uniforms, car parks and rewards.

The following diagram outlines these impacts on employee behavior.

Impacts on employee behavior

Note: In the above diagram, organizational design is part of *Systems*.

While not wanting to understate the role of managers in creating culture, the importance of systems, including organizational structure, in creating culture should not be underestimated. An organization's leadership team defines and sustains its culture through what it values and embeds through the design and deployment of its structure and systems of work, i.e. its rules, regulations, policies, procedures, and symbols. These are the things that create custom, practices, traditions, beliefs and assumptions and create standards and expectations on how work is done. They are a significant influence on how people experience work.

Leadership that is dependent on role modeling alone will not last, as behavior will revert unless it is reinforced by a system of work. This is because systems of work and structure:

- Reinforce what is valued in the organization.
- Embed required behavior in the processes and, as processes are repeated, like habits, employees get used to them and act according to their requirements— "It's the way we do things around here."
- Operate all the time, all day, every day. Unlike the manager, they are ever-present.

It is the working organization that drives culture, so changes to any aspect of the working organization will impact an organization's culture and the effectiveness of its strategy implementation.

Key Concepts

- The starting point for strategy implementation is after strategy planning has been completed.
- A strategic plan addresses *what* an organization needs to do and *why*. Strategy implementation addresses *how, who, when* and *where*.
- Strategy implementation has four steps:
  - ➢ Defining the strategy—clarifying strategic objectives and the related initiatives.
  - ➢ Aligning the organization—getting ready for deployment.
  - ➢ Cascading work to relevant employees.
  - ➢ Monitoring and assuring strategy implementation.
- Working organizations exist to coordinate the work of many people toward a common business purpose. Managers need to understand the impacts of the whole working organization to be able to implement business strategy.

- Leadership dependent on role modeling alone will not last, as behavior will revert unless it is reinforced by structure and a system of work.
- Changes to the working organization will impact organizational culture and strategy implementation.

Tips for Getting Started

1. Consider the nature of a working organization. How does it impact your team?
2. The work environment critically influences an individual's ability to do their best work. Identify aspects of the work environment that impact your team's ability to deliver the organization's strategy.
3. If you are interested in organizational impacts on employees working together, read *Don't Fix Me, Fix the Workplace – A Guide to Building Constructive Working Relationships* by Peter Mills.

Additional information available at: www.theleadershipframework.com.au

1. Implement business strategy.
2. Design the organization.
3. Design and maintain productive systems of work.
4. Role of the manager.
5. Understand the role of others.

HOW TO SUCCESSFULLY IMPLEMENT YOUR BUSINESS STRATEGY

A good business strategy is a great start; however, many organizations are not able to deliver on their intent. Strategy involves change, and change is difficult as human tendency is to resist it. No matter how inspiring the vision, how fantastic the product, or how innovative the technology, it will come up against hurdles. Only solid execution will put an organization on the competitive map.

Good strategy implementation is about effective leadership. Effective leadership is not only about setting direction but also creating a working environment that both enables and supports strategy implementation. This environment includes the organization's structure (functions, roles and role relationships); its systems of work (policies, processes and information and communication technologies); and the application of effective managerial leadership practices. Each component provides the context for work and together they create the working environment that impacts all employees, including managers.

To successfully implement a strategy, leaders must be able to:
- Clearly define the strategy
- Align the organization for success
- Cascade and deploy the strategy to relevant employees
- Monitor and assure implementation

Without clear direction, a productive working environment and an effective strategy implementation process, integrated with all aspects of the working organization, an organization's strategy may not be delivered and the causes of failure will not be clear.

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