

Making Strategy Deliver Results *

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Contrary to popular belief, **all** companies have a strategy. For companies who have not thought through their mission and how that will be translated into outcomes with value, their strategy boils down to reacting to opportunities and responding to crises as they occur. Such organizations rarely achieve their full potential and often do not survive.

Other companies – most companies – believe intellectually that some form of strategic plan is needed to guide operations and to assure good performance. Yet the majority of these companies will admit that strategic planning efforts have failed to live up to expectations and to deliver promised results.

So what is the problem?

In reality the problem is two-fold. First, many companies continue to use top-down, financially driven, tactically focused processes designed to run yesterday's organizations. Second, the traditional strategic planning process uses the 'analysis and recommendation' model. In this model, the strategy essentially pops out at the end of a one-time effort – often a top-down process. By the time the strategy sees the light of day, so much money and time has been invested, that there is little opportunity for input by those who have to make it happen. Without this input, those charged with implementing that strategy do not enjoy a sense of ownership in the plan, and flaws may go un-addressed.

There is a better way

Key thought shifts needed to move toward strategic planning that yields results include:

- Strategy a process not an event.
- Good execution is more important than good strategy .
- Understanding and commitment are key to execution.
- Executing the strategy is everyone's everyday job
- Monitoring and strategic adjustments must be made at frequent intervals.

Strategy is a Process Not An Event

Achieving an actionable plan requires participation that is broad but efficient; collaboration created by building on the best elements from many perspectives, experiences and capabilities; and consensus achieved through debate, dialog and resolution of differences. A process that incorporates these elements provides tactics and targets representing the best thinking of the business, and alignment around the goals, path, actions, and responsibilities. An alignment-driven

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strategic planning process will be a new concept for some. Yet it can provide a comprehensive, efficient means to adjust varying viewpoints behind a single strategy toward a common objective. Otherwise, even the best plan cannot be executed effectively.

Emphasize Execution

Even the best strategy will not deliver results if it is not well executed. However, superb execution of a less-than-ideal strategy will serve an organization very well. There are two aspects of execution that merit comment – both have to do with the “people” side of the ledger.

It’s not enough just to create new tactics around marketing, sales, production and other key functions. “People” issues must be addressed. Competencies – the capabilities an organization must have to succeed – must be present and in the right positions. Giving an individual job goals, performance metrics, and incentives will not produce desired results if the individual lacks the competencies needed to accomplish his or her part of the strategy. Sometimes dramatic changes in the business environment create large gaps between what is needed to do a job and the competencies resident within the individual charged with doing it. It is essential that such gaps be closed -- through development, addition or replacement. Failure to close the gap when the job is essential to strategy execution will sow the seeds for broader failure throughout the organization.

Behaviors are the second “people” factor that impacts an organization’s performance. Ask yourself the question: “Do I ever see behaviors in the organization that are counterproductive to where we are taking the company?” If the answer is even close to a “yes” or “maybe,” then the good news here is there are short term actions that can be taken to address the issue. Ignoring it, on the other hand, means wasted time, resources, people and money—costs that few companies can afford in today’s environment.

Organizations that incorporate behavioral change opportunities and incentives into their growth strategies can realize substantial bottom-line benefits if they effectively define expectations and communicate them throughout the organization. By aligning behaviors with its strategic goals in a continuous improvement process, the company has the opportunity to gain significant sustainable strategic advantage over its competitors.

Develop Understanding and Commitment

An effective strategic plan is well understood by the organization that must implement it and the organization is committed to the plan. Understanding and commitment are products of communications—and good communications take the form of a dialogue not a monologue.

Consistent, unambiguous communications up, down and across the organization are the lifeline of day-to-day execution. Studies have shown that one of the main reasons why companies do not successfully execute strategy is the lack of employee strategic awareness. Further, if managers put out different messages to their respective business units as to direction, priorities, and goals, redundancies, inefficiencies and errors will result. All detract from the bottom line.

Internal communications are an opportunity to reinforce key messages to the organization. Repetition of the same message by different people in authority is an effective means to not only

ingrain the message into everyone's behavior but to underscore that the entire organization "is on the same page." There is strong evidence that when managers communicate well and employees understand goals, organizations perform well.

Make Executing the Strategy "Job One"

Strategies that really work are strategies that are totally infused into the company's day-to-day activity—they are not golden guidance delivered from on high. Ensuring that each and every employee understands how their activities impact the strategic plan goes a long way to ensuring that they will not act in a way that is counterproductive or unsupportive.

Monitor Success Frequently and Adjust Accordingly

The dynamic, interconnected world we live in makes it mandatory that progress toward goals be measured frequently and adjustments made to accommodate changing conditions. Key customers may change direction unexpectedly, raw material supplies may be subject to price hikes or supply disruptions, and there is always the impact of world events that ripple through all sectors of the economy.

Strategies cannot remain static against such a backdrop. Therefore a key element of strategic plans must be a continual questioning of assumptions and measuring of progress. When gaps develop between what is happening and what was planned, changes must be made.

One of the best ways to prepare for developments outside the mainstream of assumptions is to build contingency plans into the strategy. Of course, even contingency plans need to be reviewed at the time they may be needed to assure continued validity. The point is to know about needed adjustments early and to make corrections in small increments. Waiting until things really get out of whack so that major adjustments are needed will destroy momentum and morale and deteriorate performance.

Summary

The essence of the message is that the trick to successful strategic planning is to develop the team along with the plan. The two cannot really be separated. Failure to recognize this has been the Achilles heel of strategic planning for decades. In the final analysis, everyone in the company needs to understand how their job fits into the bigger picture and how that bigger picture plays to their individual interests. The synergies that result can carry a company a long way, even in a competitive environment and tough economy where frequent course corrections may be needed.

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