

Strategy Execution 2020

Your next competitive advantage?

Next Generation Strategy Event
Jeroen De Flander

Programme



Roger L. MARTIN

Strategy &
Design Thinking



Costas MARKIDES

Strategy &
New Markets



Michael PORTER

Strategy &
Competitiveness

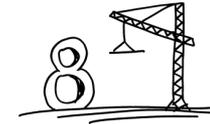


Jeroen DE FLANDER

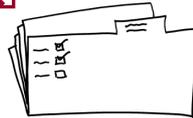
Strategy &
Implementation

Strategy Execution – your next competitive advantage?

STRATEGY
EXECUTION
BAROMETER

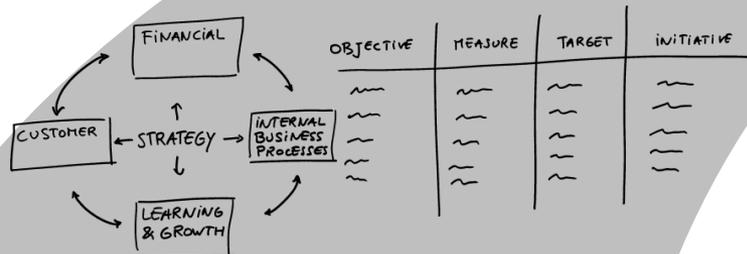


BECOME A
STRATEGY
EXECUTION
HERO



2020

2010



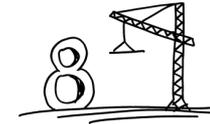
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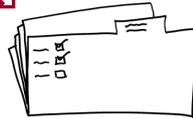
1990

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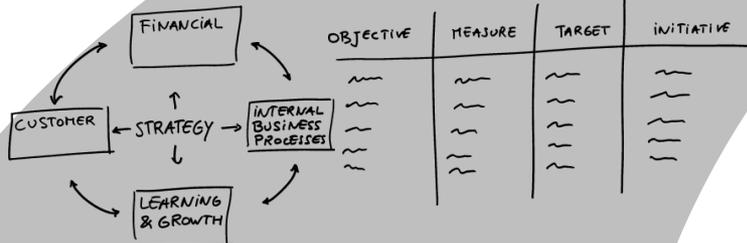
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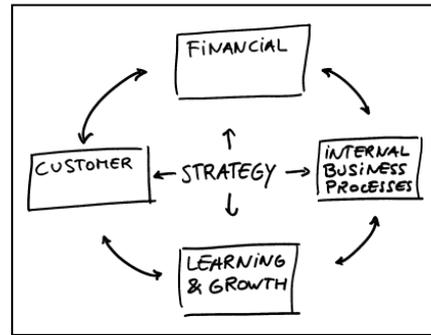
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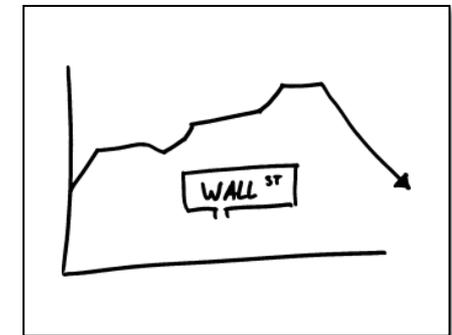
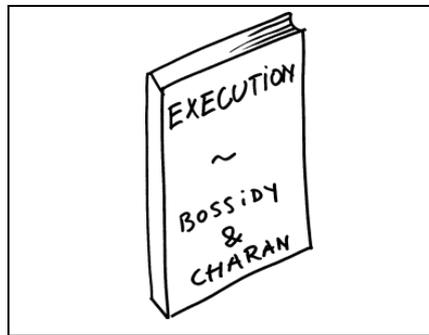
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1990... Strategy Execution: the new kid on the block



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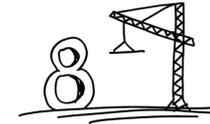


12 things every leader should know about Strategy Execution

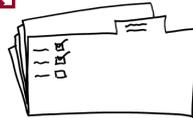
1. ... is a discipline of its own
2. ... is a vast area with blurred borders
3. ... is on its way to maturity
4. ... requires a great strategy
5. ... requires your attention from the start
6. ... has a strong timing sequence
7. ... should integrate organisational and individual performance
8. ... demands clear responsibilities
9. ... requires horizontal alignment
10. ... asks for measurement
11. ... is a resident
12. ... needs heroes

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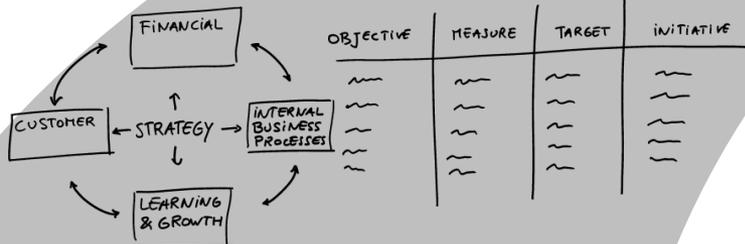
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OBJECTIVE	MEASURE	TARGET	INITIATIVE
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2010: companies loose millions due to poor Strategy Execution

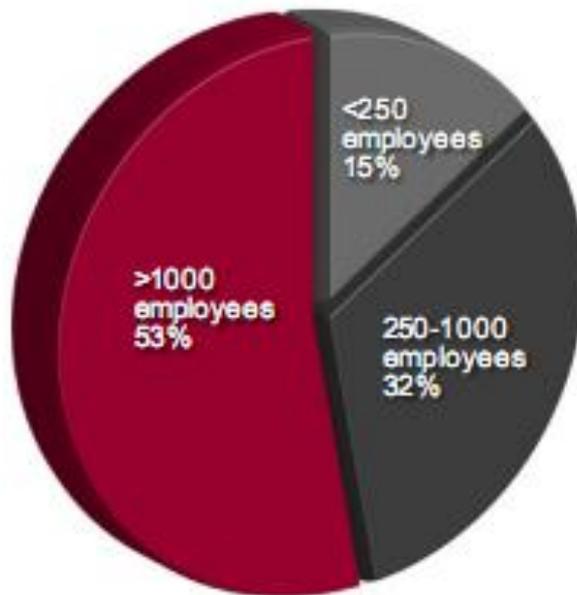
1. Did you know that companies loose between 40 to 60% of their strategy during implementation?
Harvard Business Review
2. Do I know exactly where my company, department or team is losing performance?
3. What can I do to close the execution gap?

*“However beautiful the strategy,
you should occasionally look at the results”*

- Sir Winston Churchill

Strategy Execution Barometer[®]: actionable, fact-based SE benchmarking data

Company Size



Functional split respondents

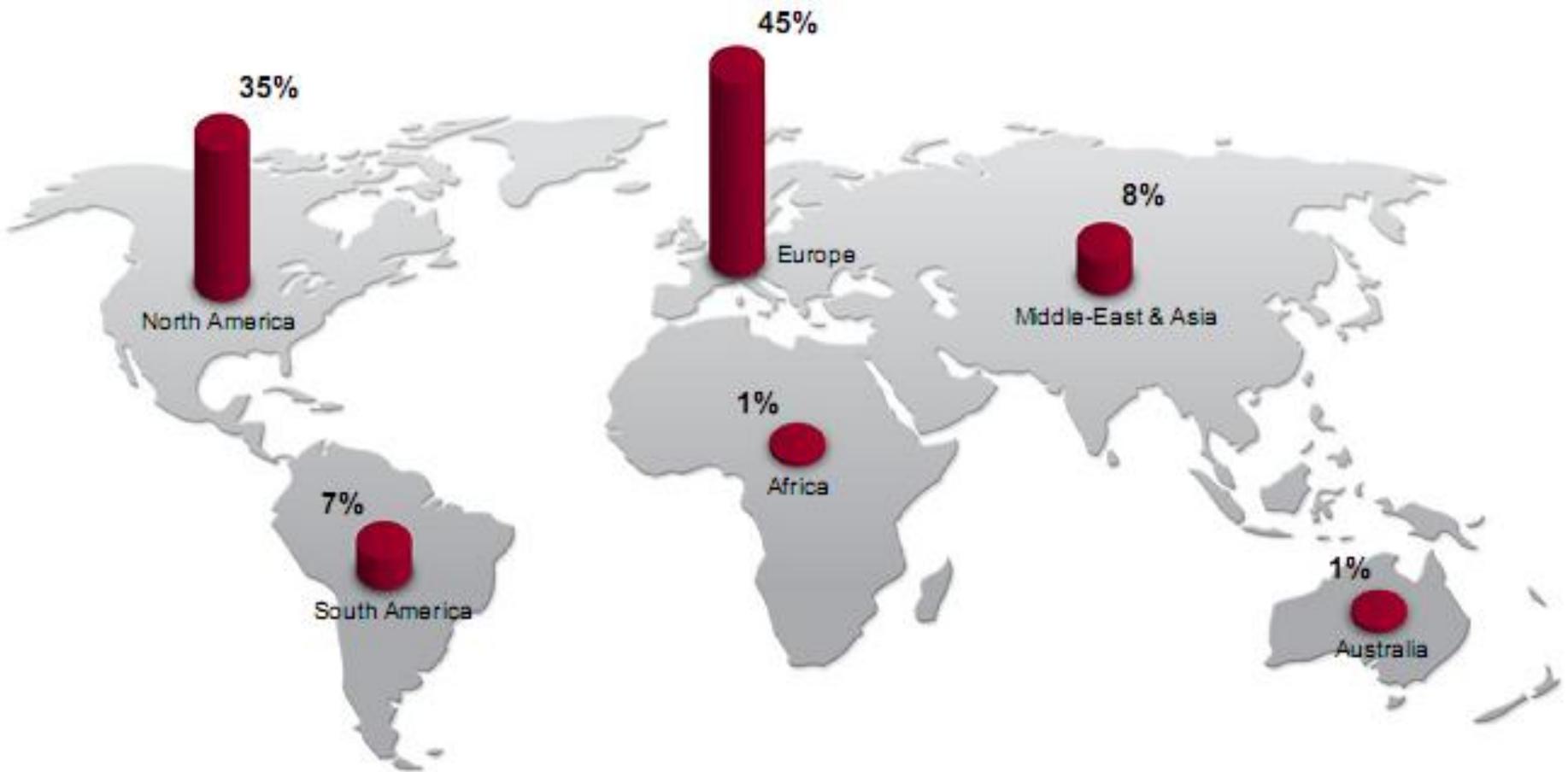


1400+ companies from 39 industries

Sample



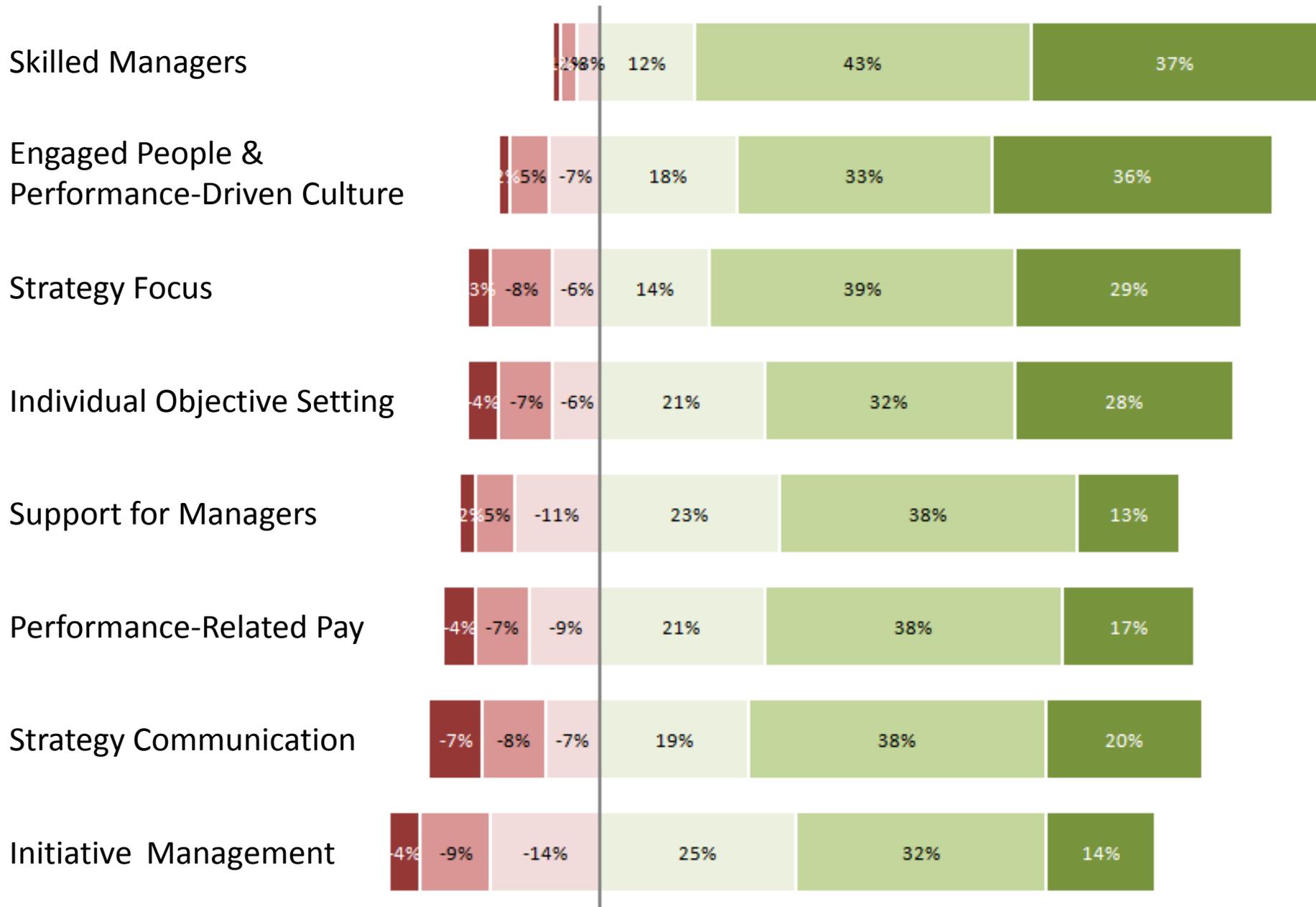
Where are the headquarters located?



Strategy Execution Barometer® looks at SE from eight different perspectives

1. Strategy Focus
2. Strategy Communication
3. Initiative Management
4. Individual Objective Setting
5. Skilled Managers
6. Engaged People and Performance-Driven Culture
7. Performance-Related Pay
8. Support for Managers

“Don’t measure performance by what you have accomplished, but by what you should have accomplished within your capabilities.”



Initiative Management, 3 striking conclusions

“Initiative management is the spot where strategy translates into practice or remains on paper forever”

Initiative Management, **first** striking conclusion

1. Strategic initiatives: poorly staffed and budgeted
 - _ 49% of all strategic initiatives are poorly budgeted and staffed
 - _ 92% of all managers are unhappy with resource allocation

2. Strategic projects lack transparent accountabilities
 - _ 1 in 4 managers: responsible for key strategic projects?
 - _ 79% of all managers find the project accountabilities unclear

3. Mismatch between project portfolio and strategy
 - _ 1 in 5 projects fail to support the strategy
 - _ 85%: mismatch between project portfolio and strategy

Initiative Management, **second** striking conclusion

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Initiative Management, **third** striking conclusion

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Why do managers find it so difficult?

- _ Initiative management builds on the results of something else.
- _ It crosses the traditional silos so the ownership is often blurred
- _ It requires sound decision-making – decisions which are not always yours to take
- _ It's often in addition to the daily work

“Initiative management is the fleet of trucks that you use to deliver your strategy to its final destination. They are your main strategy transporters.”

Strategy Communication, 3 striking conclusions

“Look beyond the send button and shift your focus to the receiving end”

Strategy Communication, **first** striking conclusion

1. SM: know (care?) if managers understand the strategy?
 - _ 33% of all managers are never actually asked the question
 - _ worst score of all communication elements surveyed

2. Managers lack information on their colleagues' goals
 - _ 83% is unhappy with the strategy info from colleagues
 - _ 24% don't receive anything at all

3. Managers: no clear view on SE process
 - _ 44% receives no information
 - _ Comes in last after strategy understanding (point 1)

Strategy Communication, **second** striking conclusion

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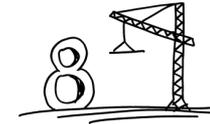
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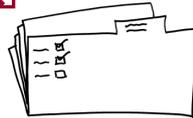
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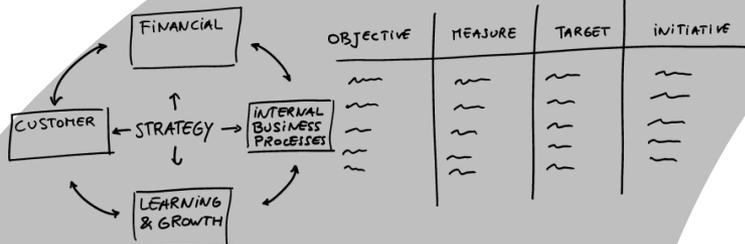
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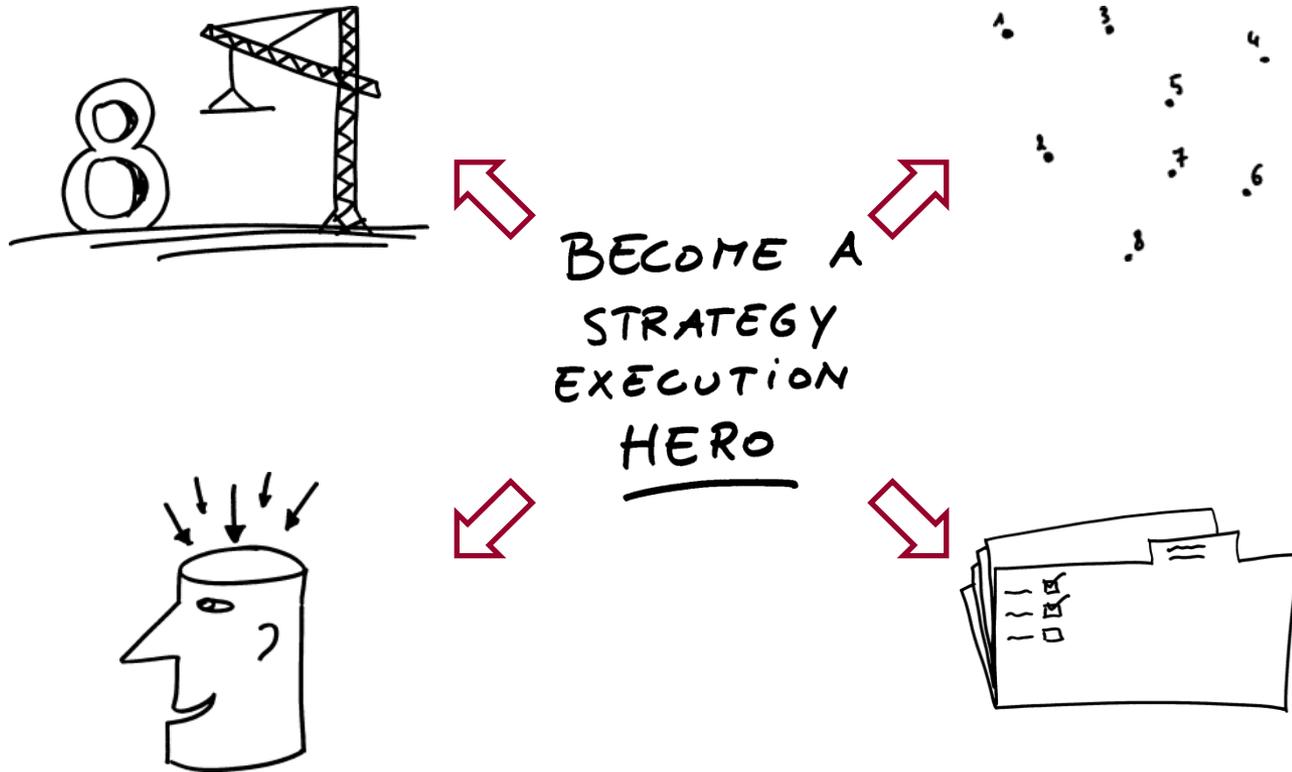
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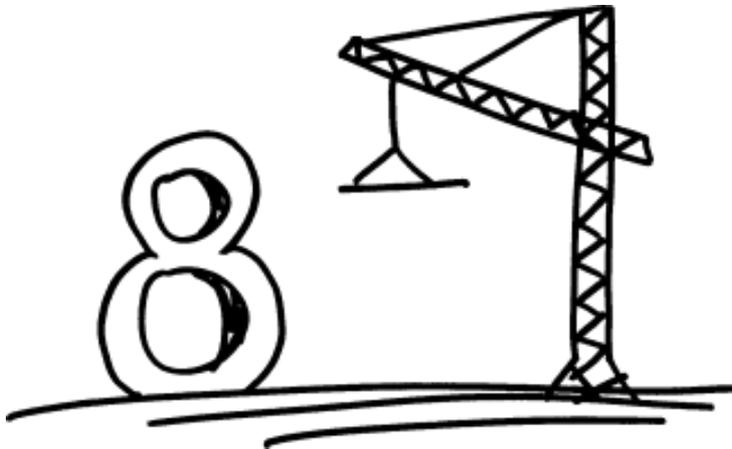
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2010 – 2020: become a SE hero!



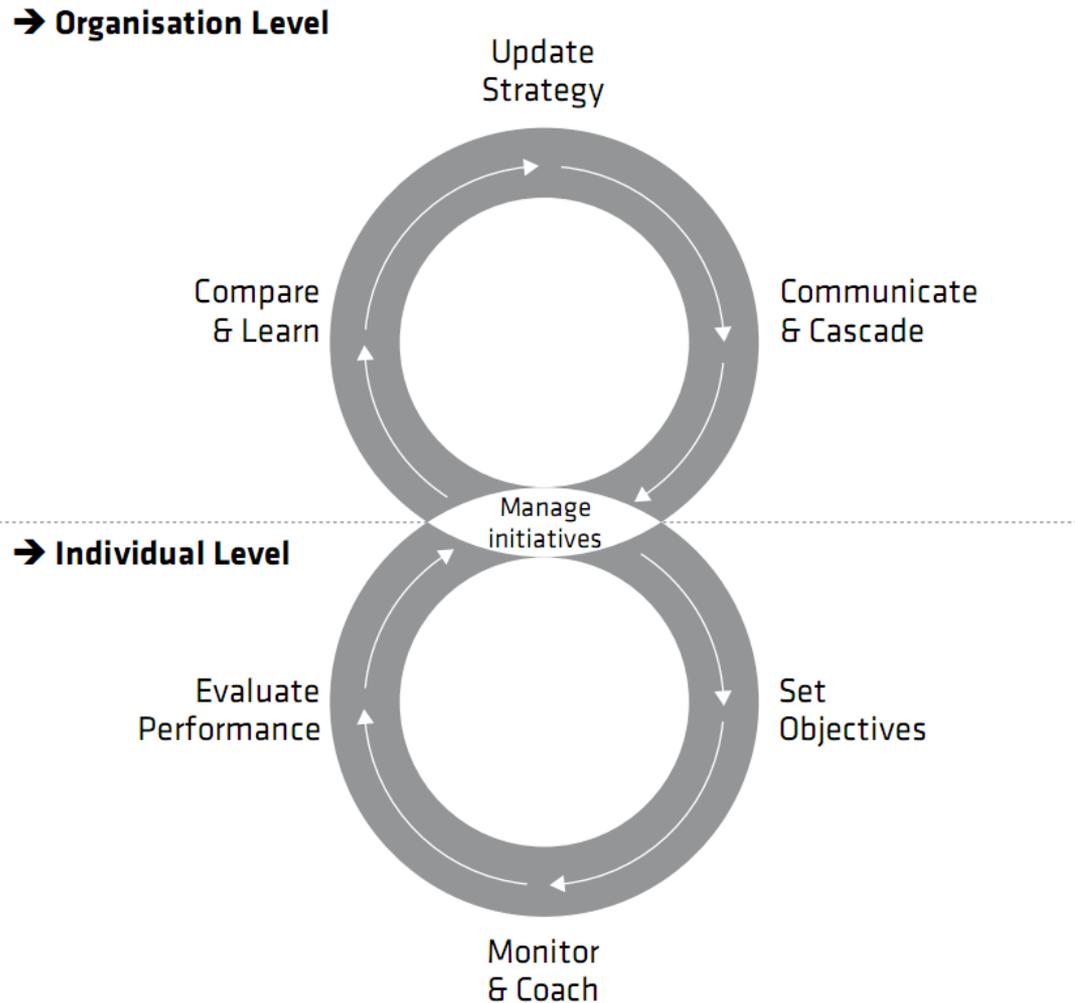
2010 – 2020: become a SE hero!



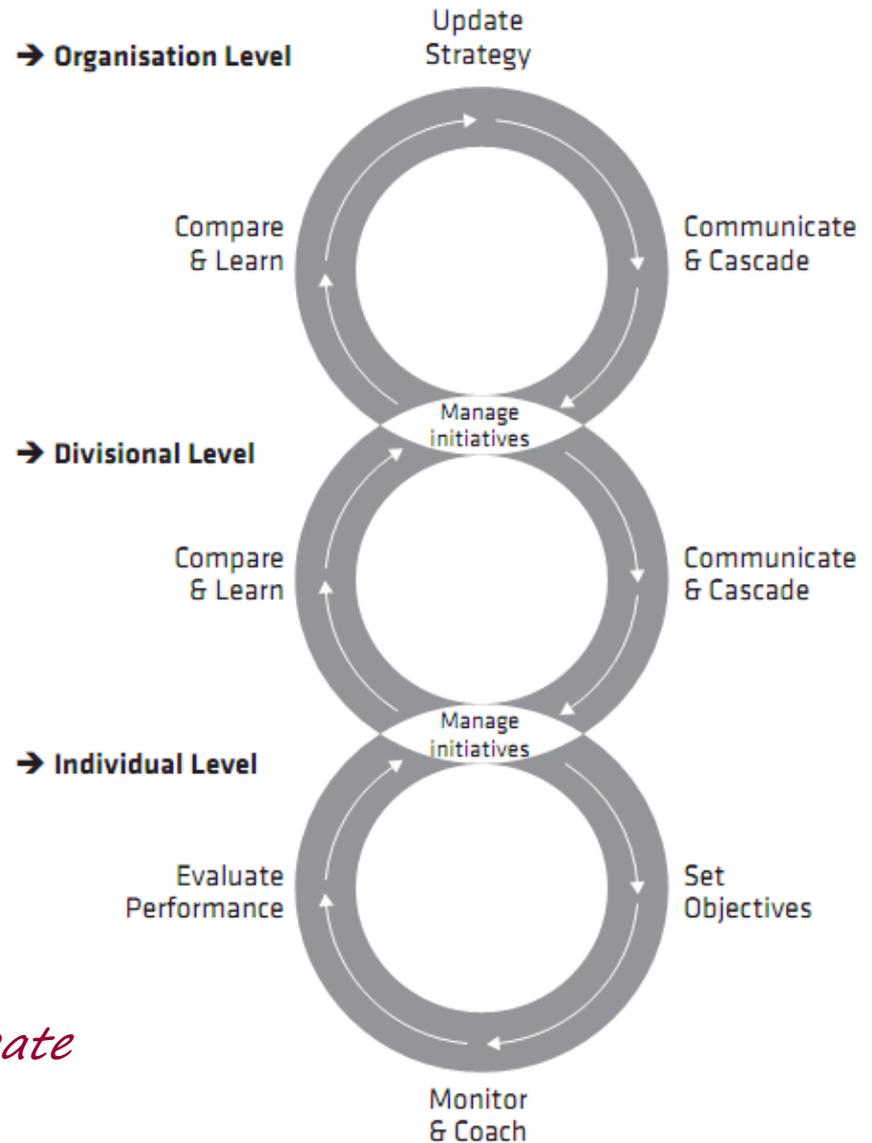
Build your SE framework

- 1 Performance $0+0=8$
- 2 Get rid of the strategy tourists
- 3 Simplify

The '8' - a simple SE framework



The extended '8'



“A strategy Execution framework should be simple, easy-to-communicate and visually strong”



“A strategy, even a great one, doesn’t implement itself”

*“Strategy Execution is the responsibility that makes or breaks executives”**

“Strategy Execution is all about realising the full potential of your strategy – and not limiting yourself to only 50, 60 or 70 percent”

Hero or tourist? You choose!



PowerPoint fanatic

Do as I say, not as I do

We need to start from scratch

I'm too important to focus on execution



From PowerPoint to practice

Actions speak louder than words

Let's see what works

Execution is my priority

“Strategy Execution isn’t something others are doing while you are working on something more important.”

“Your Strategy Execution role is part of your overall leadership role.”

“A good leader is a strategist as well as an implementer. It’s not a question of either/or.”

“Most managers find it easier to define a new strategy than it is to implement the existing one.”

“Execution is part of your management job. It may sound boring, but nevertheless it is your job.”

2 Get rid of the strategy tourists

How to turn your company into a holiday retreat for strategy tourists

- ✓ You launch a new strategy every six months
- ✓ You stimulate power play
- ✓ You don't punish low performers
- ✓ Your promotion policy is based on 'who knows who'
- ✓ You put everyone in a silo and clearly communicate that everyone outside the silo is considered less valuable and not worth talking to

The best way to get me *ANGRY!*
VERY ANGRY!!

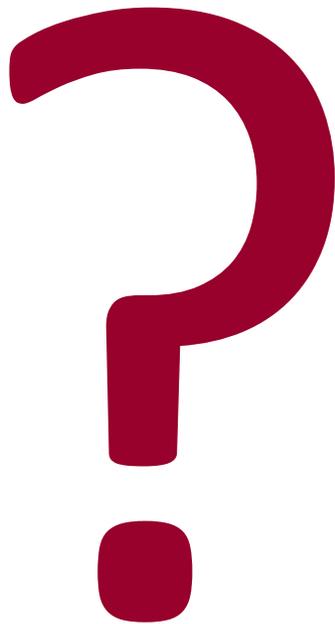
*“Oh, but this action demands only 1 hour
... every quarter
... from each employee”*

1 hour every quarter in a company with 1000 employees
=
2.6 full time equivalents !

*“Any intelligent fool can make things bigger and more complex.
It takes a touch of genius – and a lot of courage – to
move in the opposite direction”*
- Albert Einstein

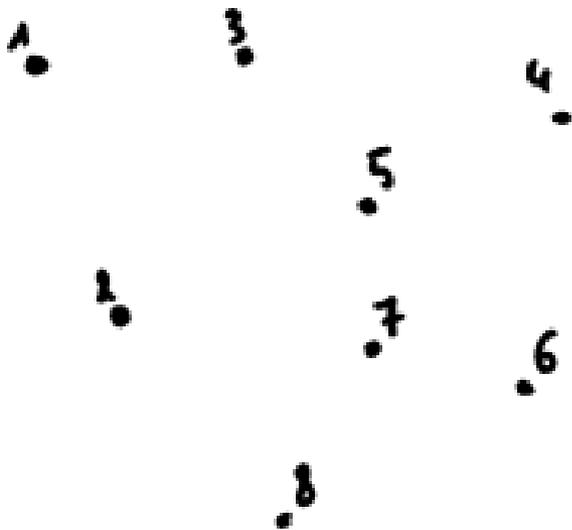
Are you Strategy Execution Zen...or do you create complexity?

So...



- Would you like to introduce something that worked very well in your former company?
- Would you like that everyone implements the models you have designed?
- Do you get a kick out of complex theoretical models?
- Do you know what already exists?
- Did you think about creating something completely new?
- Have you tested it?
- Did you decide that integration was needed?
- Never thought about eliminating ‘dead wood’?

2010 – 2020: become a SE hero!



Connect the dots

- 4 Avoid the budget boomerang
- 5 A 10 minutes BSC master class
- 6 12 crucial tips to set objectives

Never waste a good crisis

- Start with a solid strategy review
- Debate assumptions
- Finish what you started
- Don't put the support departments on a yo-yo, stop-go diet
- Think like Johan Cruijff
- Review all project spending
- Make sure you are ready for the turnaround
- Budgeting = the perfect airline
- Cost cutting ≠ stop investing
- Avoid complex financial transfer mechanisms

6 Balanced Scorecard secrets

1. Don't believe IT companies
 - It's a process, not a tool
 - It's about cascading strategy, not KPI's
2. Get your vocabulary strait
 - An objective is not a measure is not a target
3. Less is more or "20 = plenty"
4. The BSC is not the end station... so don't stop!
5. BSC \neq ideal solution for improving individual performance
6. Automate with care!

8 Balanced Scorecard beginner mistakes

1. Senior management is not convinced and shows little commitment
2. BSC = developed by 'the happy few'
3. The internal/external project members have limited or only theoretical knowledge
4. BSC = only used by top management
5. The scorecard stays too long in the development stage before it's launched and used
6. There are not enough links to the strategy and planning processes
7. The content of the BSC is unrealistic
8. BSC = only used for remuneration purposes

Yes, we can!are you sure?

1. Promote benefits / not mechanics
2. Keep it simple
3. Set goals for goal setting
4. Develop the necessary skills
5. Make sure the top also have individual objectives
6. Make sure it all adds up
7. Don't be too smart
8. Don't assume a yes is always a yes
9. Get the leadership objectives right
10. Build a feedback culture
11. Monitor the quality

*"No goal commitment
means no performance,
whatever else you try"*

Don't assume a 'yes' is always a 'yes!'

**When your employee says 'yes' to the strategy....
....what does (s)he really say?**

I will make the strategy happen, no matter what
or

I will work hard (effort) to implement the strategy
or

I see the benefits of the strategy and will contribute to the implementation
or

I don't see the benefits but don't want to loose my job
or

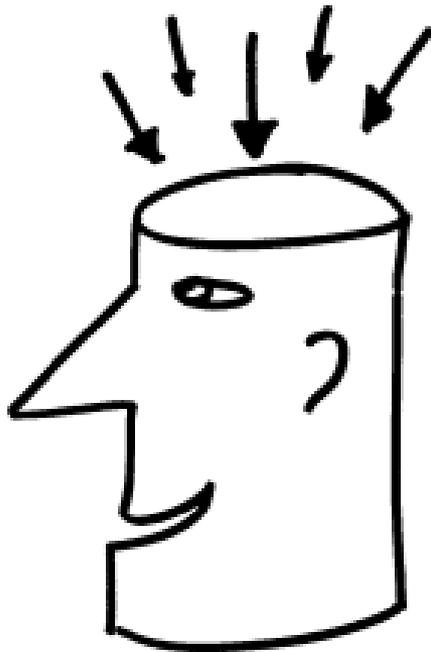
I'm against the strategy, don't want to implement but I don't tell it in your face

Do I break the strategy chain?

Ask yourself the follow 5 questions:

1. Do I understand the overall strategy?
2. Do I understand the objectives defined on the organisational level above you?
3. Do I communicate the strategy to my team / stakeholders?
4. Do I visualise the link between lower – and higher level objectives?
5. Do I take responsibility to align objectives across hierarchical levels?

2010 – 2020: become a SE hero!



Learn new skills

- 7 Take coaching to the next level
- 8 Strategy Communication:
helicopters, pyramids and more
- 9 What they did not teach you in college...

It all comes down to...

AWARENESS

+

RESPONSIBILITY

“Coaching is unlocking a person’s potential to maximise their own performance. It’s helping them to learn rather than teaching them.

- Tim Gallwey

It all started with Socrates 2000 years ago...

- Meteoric rise in popularity over the last 20 years
- Unlock future performance <> current performance
- Ask questions and learn to listen
- Strategy Execution hero = coaching predominant style
- Need for a new leadership style in many companies
- The end of “do as I say, not as do “
- Watch out for the Wild, Wild West of coaching

... and you should continue the journey!

Coaching - the 7 maturity stages

Coaching is 'how we do business' with all our stakeholders **7**

Coaching is the predominant style of managing throughout the organisation **6**

Coaching is embedded in the HR and performance management processes **5**

Coaching is a norm for individuals, teams and the whole organisation **4**

The organisation actively supports coaching endeavours **3**

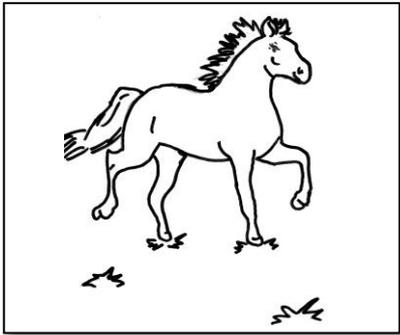
The organisation develops its own coaching and mentoring capacity **2**

The organisation employs coaches for some of its executives **1**

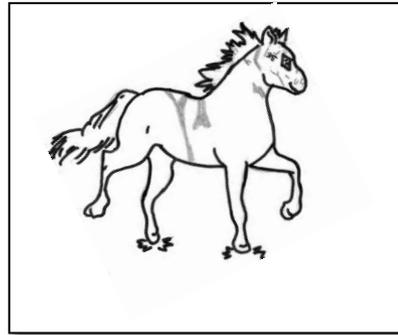
5 actions you should take tomorrow

1. Develop & communicate a shared vision on coaching
2. Create a coaching culture
3. Understand and solve the drama triangle
4. Implement a coaching development platform
5. Coach the coach

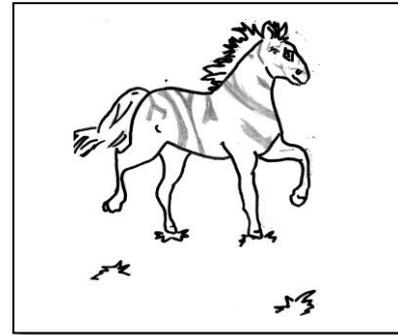
A horse is not a zebra!



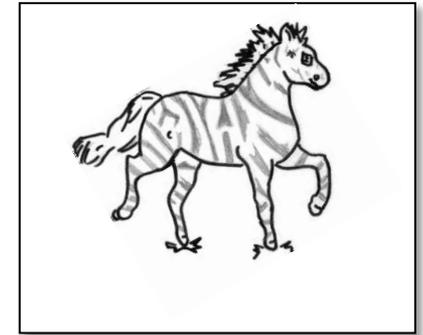
Your strategy



.. you told someone

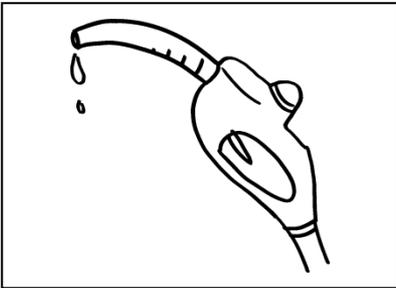


.. who told someone



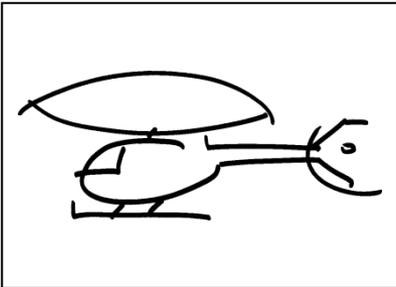
.. who told someone

Strategic thinking is like flying helicopters...



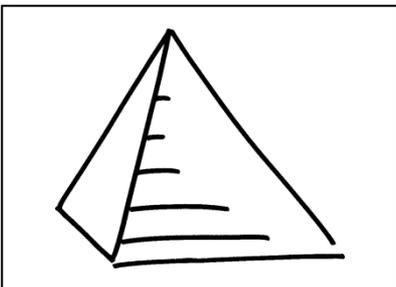
You need fuel...

- Continuously collect data
- Be inspired
- Dig & digest



You need to get in the air...

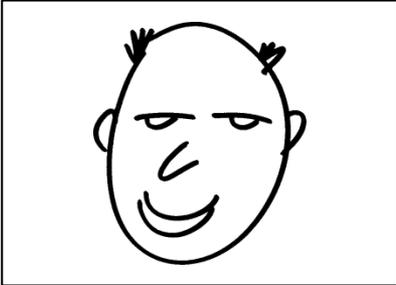
- Turn data & ideas into ambition
- Your conceptual skills and fuel are the limit



You need to land...

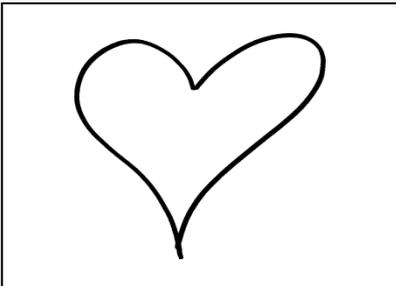
- Master The Pyramid Principle®
- Become an author
- Think quality and absorption

Reach for the Head, Hart and Hands



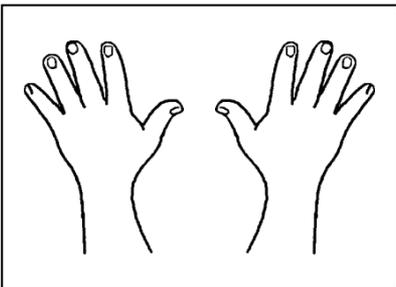
Provide the right knowledge

- Who needs to know what?
- How are we going to make the knowledge available?
- The platform



Motivate individuals to absorb

- What are the best learning methods?
- How can we motivate people to learn?
- Awareness, Connectivity, Motivation & Responsibility



Apply the knowledge

- Manage the time lag between learning and doing

A strategy story needs...

- ... a **compelling business case** that creates enthusiasm and inspires people.
- ... a **simple storyline** so it's easy for employees to pick it up and repeat the story vividly at the kitchen table.
- ... **consistency**. Stick to the message and make sure others do too.
- ... to be **easy to relate to**. People need to see how they fit in.
- ... **great communication skills** to get the strategy into the heads, hands and hearts of the employees.
- ... a heavy investment in **awareness creation**.
- ... **role models**.

5 crucial strategy communication tips!

1. Work on the communication skills of your CEO
2. Give your strategy a face
3. Be able to answer the question “What’s in it for me?”
4. Treat your strategy as your core product
5. Don’t rush but avoid gold-plating

“When you are tired of the strategy story, you have probably reached 3% of the target population”

9 What they did not teach you in college...

The best advice from successful senior executives

Develop a sixth sense

Learn to allocate the problem

Pick the right size

Be honest about your ability to build capabilities

Work on your basic skill set first

Discuss people development at every opportunity

Coach and be coached

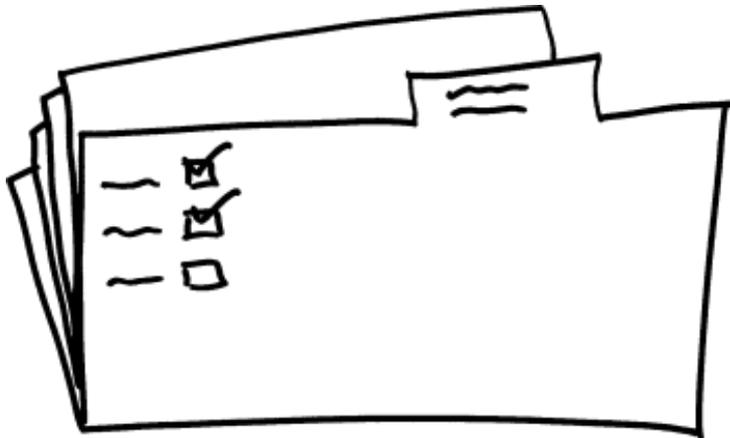
Get know as someone who gets things done

Value people who make a difference

Stay hungry

Build a network of peers

2010 – 2020: become a Hero!



Get organised today

- 10** Review your strategy review process
- 11** Grow leaders and capabilities
- 12** Master the matrix

“Future performance is born today...”

“... even in times of crisis”

Harvard Management Update (Baveja, Ellis, Rigby March 2008): a study of more than 700 companies over a six-year period found that “twice as many companies made the leap from laggards to leaders during the last recession (90-91) as during surrounding periods of economic calm.” And most of these changes lasted long after the recession was over - a clear indication that **what you do during the crisis determines your position when it’s over.**

Don't rely on past research...

1. Industry dynamics:

- Don't limit yourself to listening to what others write or say. Dig in!
- 50%* of the companies are changing – or planning to change – their business model. Find out what changes have occurred in your industry.

2. Leadership dynamics:

- How well did the captains on the ship perform during this extreme crisis?
- Any signs of burn-out?
- Is their style suitable to guiding the company through the recovery period?
- Key people: are they going to stay or waiting for the right moment to leave?

3. Budget dynamics:

- How fast can we make budget changes?

...do your homework. Today!

4. Customer dynamics:

- You were well aware of your customers' needs before the crisis. But do you still know what they are today?
- What's the impact on my customers' needs, loyalty, ...?

5. Decision dynamics:

- The crisis has scared many executives.
- Many of them became hyper-vigilant and risk averse.
- Are your executives just risk averse or paralyzed?

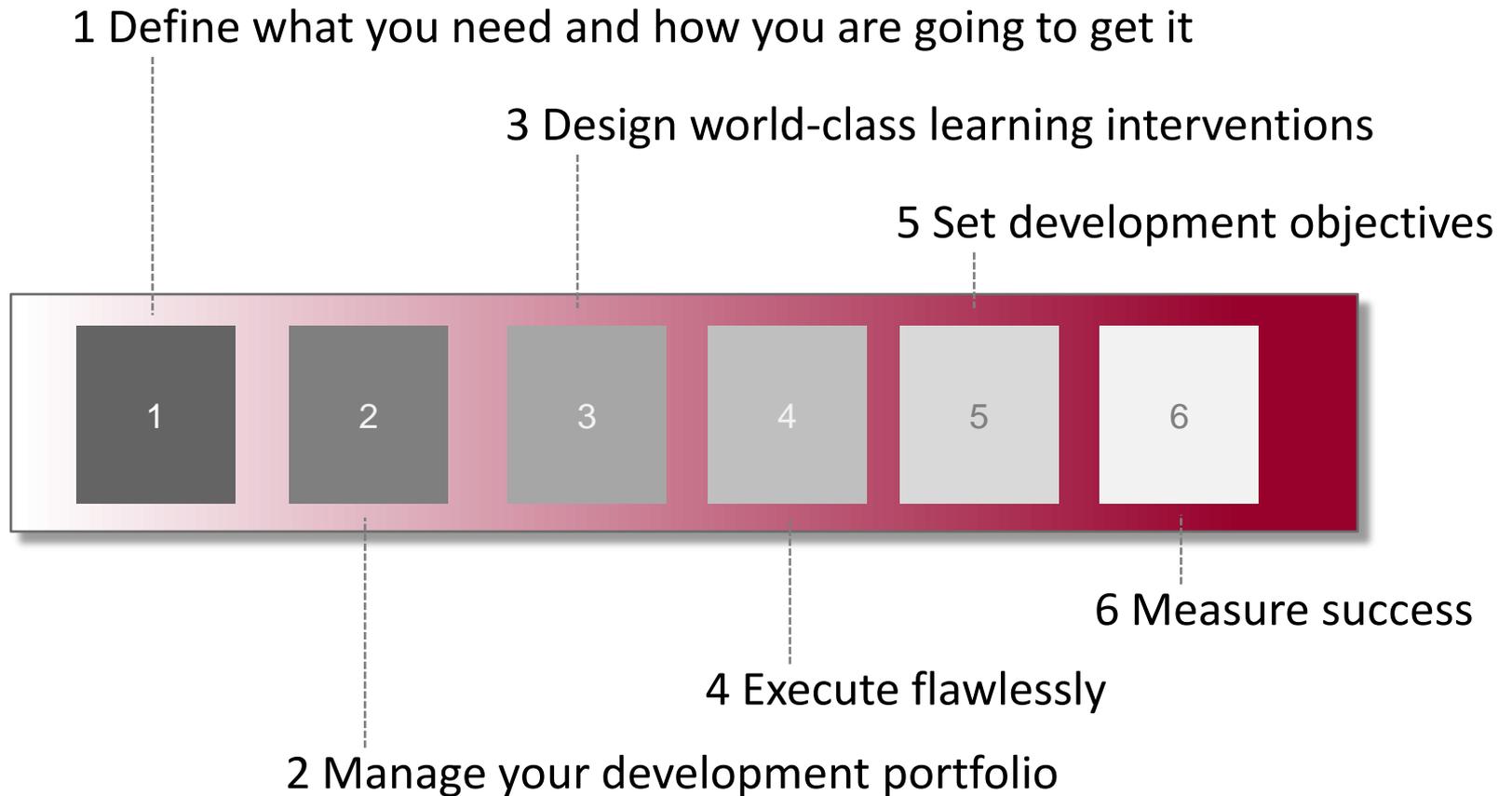
6. Execution dynamics:

- Restructuring = negative impact on morale and change capacity.
- Key take-away = previously approved strategy could very well be less realistic today, due to reduced execution capacity in your organisation.

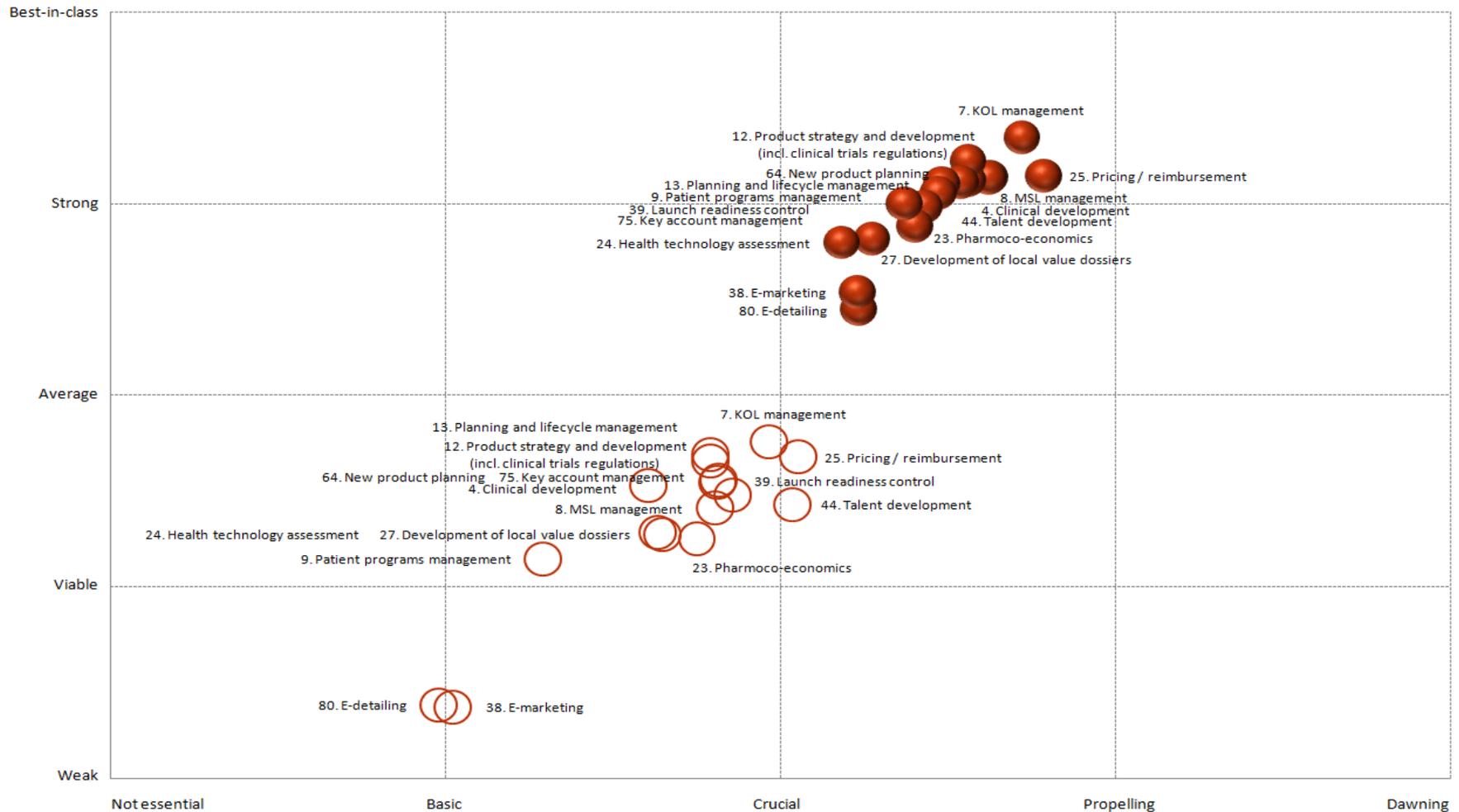
Avoid the 7 classical leadership development mistakes

1. No company-wide view on skills development
2. Too much at once
3. Assumed that senior managers meet the skills standard
4. Successful development isn't clearly understood
5. Training starts before the process is clear
6. All efforts goes into the development of a few skills
7. Too expensive
8. Average quality trainers and coaches

Your strategy needs a best-in-class development platform



Define what you need - an example



Legend key: ○ current ● future

Challenge your operating model

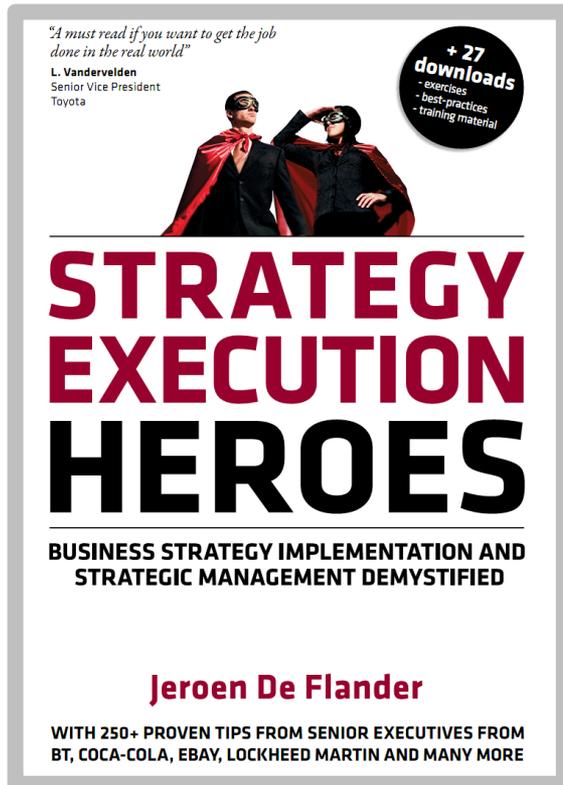
1. Get it on paper
2. Mastering the matrix = organisational design
3. Include size and growth rate in the equation
4. Dare to change the power balance
5. A necessary topic at your next management team meeting
6. Rotate
7. Steer projects together
8. Take care of strategic planning.
9. Relationship-building takes time
10. Learn to live with it
11. Who's the boss?

Performance takeaways

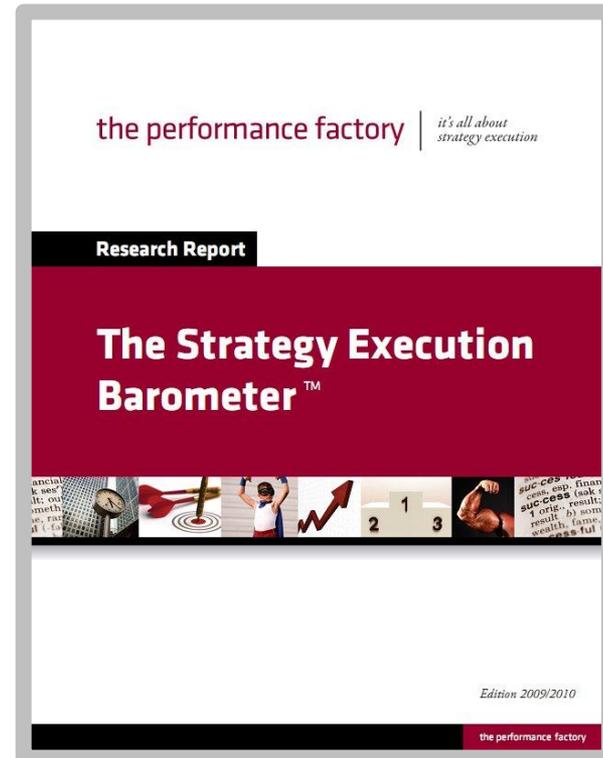
1. *“A strategy, even a great one, doesn’t implement itself”*
2. Most companies lose 40 to 60% of their strategic potential
3. You need to know exactly where you lose performance
4. Use the concept of the 8 to link individual and organisational performance
5. Sound Strategy Execution creates competitive advantage
6. *“Future performance is born today...even in times of crisis”*
7. Remember the managers’ crucial role. Take on the challenge and be a hero!

The execution challenge – our contribution

250+ useful
implementation tips



Actionable, up-to-date
benchmark information



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Jeroen De Flander – Strategy Execution Ambassador



Jeroen De Flander is a seasoned international Strategy Execution expert, top executive coach, seminar leader and highly regarded keynote speaker.

Jeroen has helped more than 19,500 managers in 24 countries master the necessary execution skills.

He is co-founder of *the performance factory* – a leading research, training and advisory firm which is solely focused on helping individuals and organisations increase performance through best-in-class Strategy Execution.

For several years, he was the responsible manager worldwide of the Balanced Scorecard product line for Arthur D. Little – a leading strategy consulting firm.

The 50+ companies he has advised on various strategy execution topics include Atos Worldline, AXA, Base, Bridgestone, CEMEX, GDFSuez, Honda, ING, Johnson & Johnson, Komatsu and Sony.

To book Jeroen to speak at your next event or to run a strategy execution seminar for your company, please contact him through his website www.jeroendeflander.com or jeroen@jeroen-de-flander.com

Strategy Execution 2020

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