

Strategic implementation essay sample

[Business](#), [Management](#)



Strategic implementation processes require the work and attention of employees and managers at all levels within a business, especially when the changes occur in a small business environment. Because the implementation process has the potential to impact a wide range of duties and responsibilities, employees need to have a thorough understanding of their responsibilities during the process and afterward. A key role of a CEO's is to communicate a vision and to guide strategic planning. Those who have successfully implemented strategic plans have often reported that involving teams at all levels in strategic planning helps to build a shared vision, and increases each individual's motivation to see plans succeed. Implementing strategic plans may require leaders who lead through inspiration and coaching rather than command and control. Recognizing and rewarding success, inspiring, and modeling behaviors is more likely to result in true commitment than use of authority, which can lead to passive resistance and hidden rebellion.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work – implementing it throughout the organization – is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999b). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process. The

best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented, as Noble (1999b) notes.

Results from several surveys have confirmed this view: An Economist survey found that a discouraging 57 percent of firms were unsuccessful at executing strategic initiatives over the past three years, according to a survey of 276 senior operating executives in 2004 (Allio, 2005). Strategy implementation has become “ the most significant management challenge which all kinds of corporations face at the moment”.

The survey reported in that white paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process. It is thus obvious that strategy implementation is a key challenge for today’s organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control. How can we better understand these issues and their importance for successful strategy implementation? In this article, we try to respond to this question by analyzing existing research on the role of employee and managerial behavior in the success and failure of strategic implementation with a case study of first bank Nigeria plc Enugu branch.

An analysis was conducted in the most widely used literature databases to identify key factors influencing the process of strategy implementation, to surface current areas of agreement and disagreement. The study also

examines the ways in which strategy implementation has been researched so far, in terms of the applied research methods and the examined strategy contexts. It will consequently also reveal under-exploited methods or contexts. Brief history: First Bank of Nigeria today

FirstBank has solidified itself as a brand of fortitude, strength and innovation in the Nigerian financial sector since its inception in 1894. The iconic African elephant with navy blue and ivory colours has been a national symbol of one of the biggest international players in the financial services industry to date. The Bank has continued to be a leader in financing the long-term development of the Nigerian economy. Ever since 1947, when it advanced the first long-term loan to the Government, it has kept broadening its loan and credit portfolios to various sectors of the economy. To satisfy the needs of its customers, First Bank has diversified into a wide range of banking activities and services. These include corporate and retail banking, registrarship, pension fund custodianship, trusteeship and insurance brokerage. The Bank currently has 394 branches throughout Nigeria — the largest branch network in the industry. Over the years, the Bank has experienced phenomenal growth — from a share capital of N55.6 million in 1980, to N2.619 billion in March 2006.

Also in March 2006, the Bank's total asset base was N540.2 billion, its deposit base was N390.8 billion, and market capitalisation stood at N193.81 billion (N37,000 per share). The Bank has developed impressively, based on key criteria such as number of branches, growth in deposit base, asset size, and size of loans and advances. A strong track record of profitability and

reliability in sound banking has also helped it maintain a leadership position. As it keeps moving forward in its second century of banking to the nation, the Bank will change and adapt as necessary, to fulfil its mission statement, to ‘ remain true to our name by providing the best financial services possible.

Definitions of Strategy Implementation

Sashittal & Wilemon (1996) have pointed out that some terms synonymous with “ implementation”, such as “ execution”, and “ actualization of goals” are often employed in the management literature, but are not frequently used by managers themselves. As far as the terms „ execution“ or „ executing“ use strategy implementation as a key word or as a part of the title and only very few use the term strategy execution. There are no articles differentiating strategy implementation from strategy execution, while some authors take strategy execution as an exact synonym of strategy implementation. Hrebiniak (2006) notes for example: “ Formulating strategy is difficult. Making strategy work – executing or implementing it throughout the organization – is even more difficult”. Thompson & Strickland (2003) have stressed that the strategy-implementing / strategy-executing task is the most complicated and time-consuming part of strategic management (cited in Schaap, 2006).

Consequently, we will not distinguish strategy implementation from execution. We will use the former term as the descriptive domain label, as it is more widely used in the relevant literature. There is no universally accepted definition of “ strategy implementation”. Nevertheless, we have

been able to identify three distinct conceptions of the term: The first approach concentrates on a process perspective and takes strategy implementation as a sequence of carefully planned consecutive steps. The second approach treats strategy implementation as a series of more or less concerted (but 5 often parallel) actions and examines these actions from a behavior perspective. Some authors combine the process perspective and behavior or action perspective and form a third approach, which we label as a hybrid perspective.

Process perspective

Implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives. Kotler (1984) cited in Noble (1999b).

Implementation was found to be a highly complex and interactive process with many variables impinging upon it – more of a „ spring“ than a simple cascade. Many factors influence the flow and content of the „ spring“ (Wernham, 1985). Strategy implementation is also portrayed as a lively process by which companies identify future opportunities. Reid (1989) cited in Schaap (2006). Strategy implementation may be viewed as a process inducing various forms of organizational learning, because both environmental threats and strategic responses are a prime trigger for organizational learning processes (Lehner, 2004). Implementation is a process that takes longer than formulation (Hrebiniak, 2006). Strategy implementation is an iterative process of implementing strategies, policies, programs and action plans that allows a firm to utilize its resources to take

advantage of opportunities in the competitive environment (Harrington, 2006).

Behavior perspective

It is a series of decisions and resultant actions which commit resources to achieving intended outcomes. Grinyer & Spender (1979) cited in Wernham (1985). Implementation is a series of interventions concerning organizational structures, key personnel actions, and control systems designed to control performance with respect to desired ends. Hrebiniak & Joyce (1984) cited in Noble (1999b). Implementation designates the managerial interventions that align organizational action with strategic intention. Floyd & Wooldridge (1992a) cited in Noble (1999b). Implementation is the actions initiated within the organization and its relationships with external constituencies to realize the strategy. Varadarajan(1999) cited in Homburg & Krohmer & Workman (2004). Implementation is a hands-on operation and action-oriented human behavioral activity that calls for executive leadership and key managerial skills. Dekluyver & Pearce (2003) cited in Schaap (2006). Implementation is operationally defined as those senior-level leadership behaviors and activities that will transform. Implementation is defined as “...the sum total of the activities and choices required.

What is Strategic Planning?

Strategic planning is an organization’s process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy. Strategic planning became prominent in

corporations during the 1960s and remains an important aspect of strategic management. It is executed by strategic planners or strategists, who involve many parties and research sources in their analysis of the organization and its relationship to the environment in which it competes. Strategy has many definitions, but generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources).

The senior leadership of an organization is generally tasked with determining strategy. Strategy can be planned (intended) or can be observed as a pattern of activity (emergent) as the organization adapts to its environment or competes. Strategy includes processes of formulation and implementation; strategic planning helps coordinate both. However, strategic planning is analytical in nature (i. e., it involves “ finding the dots”); strategy formation itself involves synthesis (i. e., “ connecting the dots”) via strategic thinking. As such, strategic planning occurs around the strategy formation activity. Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization’s direction in response to a changing environment.

It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and

why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful. Job Impact

For process change to be successful, all employees must understand the changes that will directly and indirectly affect their job duties and responsibilities. Employees need to understand which duties and responsibilities will continue as normal and which ones will change. As far as indirect changes, employees need to be aware of the changes occurring throughout the organization and how that may impact their job function. For instance, a change in reporting requirements in another department may require employees to provide data in a different fashion. Strategic Implementation

Strategic implementation involves planning and executing strategies related to process changes. In businesses of all sizes, including small businesses, this type of implementation helps ensure that changes occur appropriately across all departments and teams within the company. On both a macro level, which involves the entire organization, and a micro level, which focuses on each individual within the organization, change needs to be well-thought-out and communicated effectively to be successful. Strategy formulation

It is clear that a poor or vague strategy can limit implementation efforts dramatically. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Several studies mention the fact that the kind of strategy that is developed (Alexander,

1985; Allio, 2005) and the actual process of strategy formulation, namely, how a strategy is developed (Kim & Mauborgne, 1991, 1993; Singh, 1998) will influence the effect of implementation. Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation. As Allio notes, good implementation naturally starts with good strategic input: the soup is only as good as the ingredients (Allio, 2005). Whether a strategy itself is consistent and fitting or not is a key question for successful strategy implementation, but even a consistent strategy cannot be all things to all people.

Bantel (1997) suggests that particular product/market strategies are effective at achieving particular performance goals to the exclusion of others. One of his conclusions is that synergies between strategy types and implementation capabilities exist and should be exploited. The central conclusion of the research of Kim & Mauborgne (1991) is that the procedural justice of the strategy formulation process ultimately affects the commitment, trust, and social harmony as well as the outcome satisfaction of managers in subsidiaries. Procedural justice provides a potentially useful but still unexplored way to mobilize a multinational's global network of subsidiaries. Kim & Mauborgne (1993) point out that a subsidiary's top managers want an open process, that is consistent and fair, and that allows for their input to be heard. In the presence of a so-called due (or open) process, subsidiary managers are motivated to implement global strategies.

They feel a strong sense of organizational commitment, trust in head office management, and social harmony with their head office counterparts. In the absence of such a due and fair process, the effect may be the opposite from the intended one (ibid). Singh (1998) discusses the specific cognitive requirements of the strategy implementation process and how they can be met with the help of software-based decision tools. The results indicate that computerized cognitive aids can successfully be designed into decision support systems (DSS) to support decision makers" strategy execution process and that such aids have a significant positive impact on both decision-making efficiency and effectiveness. In general, however, we can observe that the topic of DSS is much more strongly rooted in strategy formulation than in strategy implementation

Executors

Executors are comprised of top management, middle management, lower management and non-management. Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Govindarajan, 1989). Here, quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001). Viseras, Baines, and Sweeney (2005) group 36 key success factors into three research categories: people, organization, systems in the manufacturing environment. Their intriguing findings indicate that strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors. Similarly, Harrington (2006)

finds that a higher level in total organizational involvement during strategy implementation had positive effects on the level of implementation success, firm profits and overall firm success. Next to these overall findings regarding the “ who” of strategy implementation, we will now review the individual groups of strategy executors at different hierarchical levels.

Top management

Top management refers to senior-level leaders including presidents, owners, and other high ranking executives (CEO, CFO, COO etc.) and senior-level managers. Several researchers have emphasized the effect of top management on strategy implementation (Hrebiniak & Snow, 1982; Smith & Kofron, 1996; Schmidt & Brauer, 2006; Schaap, 2006). Most of them point out the important figurehead role of top management in the process of strategy implementation. Schmidt and Brauer (2006), for example, take the board as one of the key subjects of strategy implementation and discuss how to assess board effectiveness in guiding strategy execution. Hrebiniak and Snow (1982) find that the process of interaction and participation among the top management team typically leads to greater commitment to the firm’s goals and strategies.

This, in turn, serves to ensure the successful implementation of the firm’s chosen strategy (cited in Dess & Priem, 1995). Smith and Kofron (1996) believe that top managers play a critical role in the implementation – not just the formulation – of strategy. These studies tend to have a somewhat weak empirical (case) base for their prescriptive advice effective senior-level leadership behaviors will be directly related to successful strategy

implementation. This hypothesis, however, has resulted in mixed support; those senior-level leaders who have been trained in or studied strategic planning and implementation are more likely to meet the performance targets set for the company. This hypothesis also resulted in a weak confirmation. More empirical research is needed to clarify the role of top management for strategy implementation. Top management is essential to the effective implementation of strategic change. Top management provides a role model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables.

Top management also shapes the perceived relationships among organization components. Top management is largely responsible for the determination of organization structure (e. g., information flow, decision-making processes, and job assignments). Management must also recognize the existing organization culture and learn to work within or change its parameters. Top management is also responsible for the design and control of the organization's reward and incentive systems. Finally, top management are involved in the design of information systems for the organization. In this role, managers influence the environmental variables most likely to receive attention in the organization. They must also make certain that information concerning these key variables is available to affected managers. Top-level managers must also provide accurate and timely feedback concerning the organization's performance and the performance of individual business units within the organization. Organization members need information to maintain

a realistic view of their performance, the performance of the organization, and the organization's relationship to the environment.

Middle management We can divide the viewpoints and approaches regarding middle management's effect on strategy implementation into three categories: The first one emphasizes the match of strategy and middle managers' leadership style (Gupta & Govindarajan, 1984; Guth & MacMillan, 1986; Govindarajan, 1989; Judge & Stahl, 1995; Heracleous, 2000). This viewpoint assumes that personality is the primary determinant of strategy implementation actions. The second perspective considers the effect of context on behavior (Waldersee & Sheather, 1996). The third one analyzes the impact of relationships between top management and middle management on strategy implementation (Wooldridge & Floyd, 1990, 1992b, 1997; Qi, 2005). Below, we briefly summarize the findings of these studies. Gupta and Govindarajan (1984) point out that the greater the marketing and sales experience of middle managers, the greater their willingness to take risk, and the greater their tolerance for ambiguity.

These personal factors contribute to the implementation effectiveness in the case of a „ build“ strategy but hamper it in the case of a „ harvest“ strategy for SBUs. Govindarajan (1989) considers a more comprehensive set of managerial background and personality variables than Gupta and Govindarajan (1984). He analyzes the individual managerial characteristics (e. g., functional background, industry familiarity, locus of control, problem-solving style) and competitive strategy and finds that greater R&D experience and greater internal locus of control on the part of the SBU

general manager contribute to implementation effectiveness in the case of a differentiation strategy followed by an SBUs, but hamper it for a low-cost strategy SBUs; general managers who have manufacturing experience and who are feeling types contribute to performance in the case of low-cost SBUs, but hamper performance for differentiation-strategy SBUs; experience in general management and industry familiarity are beneficial in a universalistic sense; experience in finance and accounting (surprisingly) has a negative effect on performance.

Guth and MacMillan (1986) find that the level of effort that an individual manager will apply to the implementation of a particular strategy depends on his perception of his and the organization's potential to perform, and his perception of the likelihood that successful performance will lead to an outcome that he desires. Managers who believe their self-interest is being compromised can redirect a strategy, delay its implementation, reduce the quality of its implementation, or sabotage the effort by what Guth and Macmillian call "upward intervention". Upward intervention, in their conception, may include subversive behaviors such as verbal arguments, objecting memos, coalition formation, the deliberate creation of barriers to implementation, and even sabotage. Passive intervention can take the form of giving a strategy a low priority or taking too much time implementing strategic decisions, both of which can result in unnecessary delays and inhibit the implementation effort.

Judge and Stahl (1995) have set up a conceptual model of implementation effort by middle managers in a multinational context. They have refined

Guth and MacMillan's (1986) insights by identifying the relative importance of the three determinants of implementation effort: perceived ability, perceived probability of success, and perceived consistency between personal goals and the strategic change goals. As a further extension of this theory, they found that the personal characteristics of the middle managers influence their perceptions. They have also found that national culture characteristics influence the perceptions of middle managers. Heracleous (2000) also finds that if middle management do not think the strategy is the right one, or do not feel that they have the requisite skills to implement it, then they are likely to sabotage its implementation. He refers to groups within the organization who will inevitably disagree with the strategy. These groups may sabotage strategy implementation by deliberate actions or inactions, if implementing the strategy may reduce their power and influence.

Thus, Heracleous also sees the perceived ability and perceived consistency between personal goals and the strategic change goals as the decisive „soft“ factor. Waldersee & Sheather (1996) believe that the approach of matching strategy and managers' style ignores the causal role of the organizational context or the interaction of personality and context on implementation actions. It is widely accepted that different strategies need to be implemented in different ways. Their study demonstrates, at least in a laboratory setting, that strategy plays a significant role in shaping managers' intentions. Managers can alter their behaviors to suit different strategy situation. There are also studies that have examined the ambiguous relationships between top management and middle management in the

context of strategy implementation: On the one hand, middle managers expect direction and support from their top management. If they receive this guidance, then they will provide support for the strategy in return.

One of the key factors determining their level of support is their demographic situation (such as age, gender, educational background, and business experience) (Qi, 2005). On the other hand, top management should expect middle-level managers to question strategic decisions (Wooldridge & Floyd, 1990). Middle managers expect top management direction, but frequently feel that they are in a better position to start and evaluate alternative courses of action. Wooldridge & Floyd (1992b) consequently classify middle management involvement in strategy into four types: championing alternatives, synthesizing information, facilitating adaptability and implementing deliberate strategy. The first two represent upward forms of involvement, while the last two are downward forms. Floyd & Wooldridge (1997) investigate the relationships between middle managers' formal position, their strategic influence and organizational performance.

Their findings suggest that managers with formal positions in boundary-spanning sub-units report higher levels of strategic influence activities than others; firm performance is associated with more uniform levels of downward strategic influence, and more varied levels of upward influence among middle management cohorts; middle managers' strategic influence arises from their ability to mediate between internal and external environments. In addition, positive effects on organizational performance appear to depend on whether the overall pattern of upward influence is conducive to shifts in the

network centrality of individual managers, and whether the pattern of downward influence is consistent with an appropriate balance between the organization's need for control and flexibility (Floyd & Wooldridge, 1997, P465). Lower management and non-management Unfortunately, few authors study the impact of lower management and non-management on strategy implementation.

Gronroos (1985) believes that an organization must first persuade its employees about the importance of the strategy before turning to customers (cited in: Rapert & Lynch & Suter, 1996). Alexander (1985) suggests that there are many problems which over half of the corporations experienced frequently, such as the involved employees have insufficient capabilities to perform their jobs, lower-level employees are inadequately trained, and departmental managers provide inadequate leadership and direction. These three are the most frequent strategy implementation problems in relation to human resource. Line-level employees may use delay or prevent attempts toward change that they find particularly threatening or disagreeable. Nutt (1986) suggests that managerial tactics and leadership style can play a crucial role in overcoming the lower-level „obstructionism“ that is prevalent (to some degree) in many implementation efforts.

Strategic decisions are nevertheless formulated by senior-level managers of the firm and then administratively imposed on lower-level management and non-management employees with little consideration of the resulting functional-level perceptions (Nutt, 1987). If lower-level management and non-management personnel are not aware of the same information, or if

information must pass through several (management) layers in the organization, consensus regarding that information may never come about. Thus, the lack of shared knowledge with lower-level management and non-management employees creates a barrier to successful strategy implementation (Noble, 1999b)

COMMUNICATION

Forman and Argenti (2005) rightly note that, “ although an entire discipline is devoted to the study of organizational strategy, including strategy implementation, little attention has been given to the links between communication and strategy.” But Forman and Argenti also note that business communication researchers have become increasingly interested in the contribution of corporate communication to a company’s ability to create and disseminate its strategy in the last decade. However, very few authors have investigated the link between corporate communication and strategy, and – when they have – their focus has primarily been on how corporate communication affects the firm’s relationship with its various stakeholders. At least, numerous researchers have already emphasized the importance of communication for the process of strategy implementation (Alexander, 1985; Rapert & Wren, 1998; Peng & Litteljohn, 2001; Heide & Grønhaug & Johannessen, 2002; Rapert & Velliquette & Garretson, 2002; Forman & Argenti, 2005; Schaap, 2006).

That research in this area is needed is emphasized by an older finding by Alexander from 1985: Based on interviews with 21 presidents and 25 governmental agency heads, Alexander (1985) points out that

communication is mentioned more frequently than any other single item promoting successful strategy implementation. The content of such communications includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. It also includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly. Rapert and Wren (1998) find that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments (cited in Rapert, Velliquette and Garretson, 2002). Keeping the lines of communication open is perhaps the most important role of employees during the implementation process.

This includes taking the time to voice concerns, seek out answers and resolve any difficulties as changes are put in place. Staying in touch with management and helping co-workers overcome obstacles will help make the implementation process as simple and efficient as possible. Also the findings of Peng and Litteljohn (2001) show that effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. In fact, communication is pervasive in every aspect of strategy implementation, as it relates in a complex way to organizing processes, organizational context and implementation objectives which, in turn, have an effect on the process of implementation. Communication barriers are reported more frequently than any other type of barriers, such as organizational structure barriers, learning

barriers, personnel management barriers, or cultural barriers. Heide, Grønhaug and Johannessen's (2002), for example, indicate that there are various types of communication problems (without specifying what they are).

These communication issues may be influenced to some extent by the organizational structure. According to Heide, Grønhaug and Johannessen, they constitute the key barrier to the implementation of planned strategic activities. Rapert, Velliquette & Garretson (2002) state that communication and shared understandings play an important role in the implementation process. In particular, when vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced and an organization's performance improves. They explore vertical communication linkages as a means by which strategic consensus and performance can be enhanced. The study of Schaap (2006), which was conducted in the casino industry within the state of Nevada, shows that over 38 percent of the senior-level leaders do not communicate the company's direction and business strategy to all of their subordinates. This study also reinforces findings that frequent communication up and down in organization enhances strategic consensus through the fostering of shared attitudes and values.

The corporate communication function is the department or unit whose purpose is facilitate strategy implementation through communication (Forman and Argenti, 2005). This department can also serve as the „ antenna“ of an organization, receiving reactions from key constituencies to the strategy of the firm. Forman and Argenti (2005) find that the alignment

between the corporate communication function and the strategic implementation process was particularly visible in those companies that were going through fundamental strategic change: “ All of the firms studied were involved in significant efforts in internal communications and felt that IT was central to the success of the function, particularly in terms of implementing strategy and building reputation” (Forman and Argenti, 2005).

5 Essential Steps to Successful Strategy Implementation

Why Strategies Fail

There are three reasons strategy fails to execute. They are:

- Company initiatives don't aligned with strategy
- Company processes don't align with strategy
- Employees and stakeholder fail to engage

So how do we ensure that our strategies implement successfully? The answer is to build the execution into and across the strategy and the strategy planning process. Below are the 5 steps to successful strategy implementation. 1. Align your initiatives

A key road to failed implementation is when we create a new strategy but then continue to do the same things of old. A new strategy means new priorities and new activities across the organisation. Every activity (other than the most functional) must be reviewed against its relevance to the new strategy. A good way of doing this is to create a strategic value measurement tool for existing and new initiatives. Initiatives should be analysed against their strategic value and the impact to the organisation.

Kaplan & Norton developed a scorecard based on the following criteria:

Strategic Relevance/Benefit (weighted 50%), Resource Demands (30%) and Risks (20%). Measuring your initiatives against a scorecard will help highlight the priorities and ensure the right initiatives are adopted for delivery. 2.

Align budgets & performance

Ideally your capital budgets are decentralised, so each division can both allocate and manage the budgets to deliver the division's strategic initiatives. Norton and Kaplan in their recent book 'The Execution Premium' recommend cross functional strategic initiatives be allocated specific budget (STRATEX) alongside capital (CAPEX) and operating (OPEX) budgets. This protects strategic expenditure from being re-allocated to short-term requirements of OPEX whilst subjecting strategic initiatives to a rigorous review (eg. forecasted revenue growth and productivity) much like is done for CAPEX. Organisational performance should be closely aligned to strategy. Performance measures should be placed against strategic goals across the organisation and each division and staff member. All staff will have job functions that will impact on strategy.

Most staff will have impact across a series of strategic goals (eg. financial, customer service, product). Ensure employees are aware of their role and influence on strategy delivery and performance. This is also important to employee engagement (see below). Likewise performance incentives should be directly linked to performance against strategy. They should include a combination of individual, team and corporate performance measures that ensure staff recognise their direct and indirect impact on strategy performance. 3. Structure follows strategy

A transformational strategy may require a transformation to structure. Does the structure of your organisation allow strategy to cascade across and down the organisation in a way that meaningfully and efficiently delivers the strategy? Organisations that try and force a new strategy into an out-dated structure will find their strategy implementation eventually reaches a deadlock.

4. Engaging Staff

The key reason strategy execution fails is because the organisation doesn't get behind it. If you're staff and critical stakeholders don't understand the strategy and fail to engage, then the strategy has failed. The importance of this step cannot be understated. If you're staff are not delivering the strategy, then the strategy has failed. So how do we engage staff?

Prepare: Strategy involves change. Change is difficult and human tendency is to resist it. So not matter how enlightened and inspiring your new strategic vision, it will come up against hurdles. Tipping Point Leadership theory (a key principle of the Blue Ocean Strategy methodology) outlines four key hurdles that executives must overcome to achieve execution. Those hurdles are cognitive, resource, motivation and political hurdles. It is important we understand each of these hurdles and develop strategies to overcome them.

Include: Bring influential employees, not just executive team members into the planning process. Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organisation engages with the strategy.

Furthermore, listen across the organisation during strategy formulation. Some of your best ideas will come from within your organisation, not the

executive team (think 3M's Post-It Notes) Communicate: Ensure every staff member understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision. And enrich the communication experience. Communicate the strategy through a combination of presentations, workshops, meetings, newsletters, intranets and updates. Continue strategy and performance updates throughout the year. And engage them emotionally in the vision. The vision needs to give people goose bumps – a vision they believe in, that they want to invest and engage with. Clarify: It is important that all employees are aware of expectations. How are they expected to change? What and how are they expected to deliver? Each individual must understand their functions within the strategy, the expected outcomes and how they will be measured. As mentioned above performance measures and incentives should be aligned with performance against strategic KPIs. 5. Monitor and Adapt

A strategy must be a living, breathing document. As we all know: if there's one constant in business these days it's change. So our strategies must be adaptable and flexible so they can respond to changes in both our internal and external environments. Strategy meetings should be held regularly throughout the year, where initiatives and direction are assessed for performance and strategic relevance. At least once a year we should put our strategy under full review to check it against changes in our external and competitive environments as well as our internal environments. Strategy is not just a document written by executive teams and filed in the CEO's desk. It is a vision for the organisation, owned by the organisation.

And to succeed the whole organisation must engage with it and live and breathe it. Strategy should inform our operations, our structure, and how we go about doing what we do. It should be the pillar against which we assess our priorities, our actions and performance. When execution is brought into strategic planning we find that our strategy is weaved through our organisation, and it's from here that great leaps in growth and productivity can be achieved.

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