

# *Breaking Through the Strexecution Point*

By Kelly Nelsen & Gary Tomlinson

Once a year in conference rooms everywhere senior management gets together to conduct the annual strategic planning process. They collect financial and operational data, discuss trends, make forecasts, create budgets and prepare lengthy presentations about the future direction of the organization. When they're finished, they get the whole company together to share the strategic plan. Everyone leaves the meeting feeling great about what's been accomplished and the direction the company is going in.

That's when things start to fall apart. Too often, everyone goes back to work and the strategic plan goes on the shelf. With the exception of some of the sales and financial goals, it really doesn't get looked at or reviewed much until the end of the year when it gets pulled back out to see if the plan was met. It's a frustrating reality and one that happens all the time. The planning process was great; unfortunately, the execution wasn't so great.

The problem stems from the huge gap that seems to exist between strategizing and executing -- the *strexecution point*. The *strexecution point* is the exact point of transition between strategy and execution and is where most organizations commonly falter. In fact, 83% of all organizations fail to fully execute their strategic plan due to their inability to bridge this gap. They fail to recognize the importance of managing execution, instead allowing it to be eclipsed by the urgency of day-to-day activities.

The most important foundational capability any organization can have is knowing how to plan and execute while overcoming "today's surprises." The idea of balancing strategy and execution is not new. And of the two, execution is by far the hardest to achieve. It is the place where most businesses fail.

Why is executing strategy so difficult, especially during today's tough economic conditions, when strategy is really so crucial to both short-term and long-term success? Is it economic conditions? Increasing competition? New government regulations? No, no and no. When executives were asked to name their number one barrier to effective strategy execution, the top two answers were *company culture* and *past habits*. Maybe it's just how we're wired as humans. Think about it: we set New Year's resolutions, only to have the overwhelming majority of them fail by the end of January. Or we get our annual physical and find out that we need to exercise more, eat healthier and quit smoking. So, we try for a few weeks or months but eventually we fall back on our old habits. It happens all the time.

So why should organizations that are made up of humans be any different? And how can we learn to break through the *strexecution point*?

There are two schools of thought about the best way to improve execution. One school emphasizes people. Like Jim Collins says in his book *Good to Great*, "Get the right

people on the bus, get them in the right seat and get the wrong people off the bus.” The idea is that you hire great employees, train them well and improve their performance through the creation of a culture of accountability. The second school of thought emphasizes process rather than people. In his book *The E-Myth Manager*, Michael Gerber says, “The system is the solution. Without a system you’re playing Russian Roulette with the results.” According to this school, you should manage the systems and let the employees manage themselves.

History has shown that organizations that combine both schools of thought have delivered the best results to their stakeholders. The top organizations combine attention to process with attention to their people, and this combination leads them to experience the greatest success in executing their strategy. They realize that people are the ones who both drive and follow the processes and systems necessary to execute the corporate strategy. They realize that both systems and people are essential, and successful companies incorporate the two exceptionally well.

So what does a good strategy execution management system look like? It should:

- Clarify expectations across the organization
- Communicate the vision, mission, values, and strategic initiatives of the organization
- Align individual responsibilities and goals to strategic initiatives
- Engage employees at all levels in both the determination and the management of expectations and goals
- Drive regular communication between manager and employee through a series of regular progress meetings throughout the year
- Be dynamic, allowing for changes at any level as circumstances warrant

A good strategy execution management system is a *system* that emphasizes the *people*. It’s a system that drives the processes that encourage clarity, alignment, and engagement amongst the people in an organization. It promotes communication – not just top-down, but bottom-up and peer-to-peer as well. It promotes alignment so that everyone can see how what they do on a daily basis actually impacts where the organization is going. It promotes accountability at all levels and eliminates the subjective popularity contest that all-too-often takes place in companies. It allows people to actually make a difference in an organization and be rewarded for their contributions. And most of all, it allows organizations to, once and for all, consistently execute their strategic plan each year.

So what makes this different from a performance management system? Well, performance management systems are really performance *appraisal* systems. They’re owned and driven by human resources. Their goal is to make the performance appraisal process easier. They focus on automating the process by providing pre-written appraisal language to be cut and pasted into an employee’s record according to how positive or negative the judgment should sound. They usually contain competencies, and they may provide an area for goal entry. They may also provide a way to indicate whether a goal links to an initiative. What they *don’t* do is drive regular communication throughout the

organization, and above all, what they *don't* do is focus on the execution of organizational strategy.

A strategy execution management system is owned and driven by the senior executive team. An execution management system's outputs may serve as inputs to human resources, but the system is never owned by human resources because the responsibility of ensuring the execution of the organizational strategic plan doesn't reside with human resources. It resides with the senior executive team.

If you come across a system that claims to be a strategy execution management system, look closely at it. Does it have all of the qualities of a good execution management system? Does it promote clarity, alignment and engagement, or does it just pay lip-service to these things? Is it really a strategy execution management system, or is it an automated performance appraisal masquerading as one?

A high-quality strategy execution management system is a system that emphasizes the people. It drives the processes that encourage clarity, alignment, and engagement. It promotes communication, accountability, and transparency. It allows people to actually make a difference in an organization and be rewarded for their contributions. And most of all, it allows organizations to consistently execute their strategic plan each year.

What about you? Do you want to make sure, at long last, your strategic plan gets realized this year? Do you want to be in that elite 20% of successful companies that manages to bridge that gap between strategy and execution? If your answer is yes, it would be well worth your time to investigate a strategy execution management system because managing execution is critical in today's environment. There's still time to hit the ground running!

*To learn more about execution management systems and to see a demonstration on Keynelink's Strategy Execution Management System contact Gary Tomlinson at: (919) 847-6235 or gary@gary-tomlinson.com.*