

Why do strategies fail to reach implementation?

How to translate strategic direction into accountability, decisions and consistent execution.

STARTING POINT

Strategy most often does not fail when it is created. It fails later.

A company may have a well-defined direction, a sound diagnosis, ambitious goals and a convincing presentation for the board.

It may know where it wants to go.

And yet after a few months it turns out that the organisation still operates almost exactly as before.

Not because the strategy was wrong.

Because between the strategic decision and the organisation's day-to-day way of operating, no sufficiently strong mechanism of translation was created.

Strategy does not implement itself.

Once it is approved, it still has to be settled:

- who is accountable for the result,
- who has the right to take decisions,
- which actions are truly priorities,
- how conflicts between functions will be resolved,
- how often the board will review progress,
- and what will happen when delivery starts to deviate from the plan.

The problem of implementation therefore rarely lies solely in a lack of commitment from people.

Far more often the organisation has not created a system that allows people to act in line with the new direction.

Strategy answers the question "where to".
Implementation must answer the question "who, what, when and with
what right to decide".

THE IMPLEMENTATION GAP

Between strategy and result stands the organisation.

This is where most problems arise.

Strategy may require faster development of the digital channel, but functional targets still reward traditional sales.

It may assume an improvement in margin, while sales teams are still rewarded mainly for turnover.

It may require simplifying the portfolio, but nobody has sufficient authority to end unprofitable initiatives.

It may assume a transformation of the business model, while the budget, organisational structure and decision-making process remain unchanged.

The organisation then receives two instructions at once:

STRATEGY SAYS:

change.

THE MANAGEMENT SYSTEM SAYS:

act as before.

In such an environment the status quo usually wins.

Not because of resistance.

Because of the way the organisation is built.

FIRST TASK AFTER APPROVING THE STRATEGY

So the first task after approving a strategy should be to check which elements of the current management model support the new direction, and which will systematically block it.

FIVE MOST COMMON CAUSES

Why does an organisation stop executing its strategy?

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- 01 **NO SINGLE ACCOUNTABILITY.**
Many people take part in the project, but nobody is accountable for the end-to-end result.
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- 02 **TOO MANY PRIORITIES.**
The strategy was added to the existing agenda instead of changing it.
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- 03 **NO DECISION-MAKING RIGHTS.**
The person responsible for the result cannot take the key decision without multi-level approvals.
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- 04 **FUNCTIONS OPTIMISE THEIR OWN GOALS.**
Sales, operations, finance, marketing and HR may each perform well from their own perspective, while together blocking the result of the whole transformation.
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- 05 **NO CONSISTENT EXECUTION.**
The organisation measures activity, schedule and number of tasks, but does not assess quickly enough whether the actions taken change the business result.
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Each of these situations looks different.

Their common denominator is the same, however:

COMMON DENOMINATOR

there is no mechanism that turns strategy into operational decisions.

GOVERNANCE

Governance is not a calendar of meetings. It is a system of taking decisions.

STATUS RHYTHM

In many transformations, governance is reduced to a rhythm of statuses:

- a project meeting,
- a Steering Committee,
- a monthly report,
- an issues list,
- a schedule update.

That is necessary.

But not sufficient.

GOOD GOVERNANCE SHOULD ABOVE ALL DEFINE

- which decisions are taken at which level;
- who has a recommending voice;
- who has the final right of decision;
- when a problem must be escalated;
- how quickly the organisation is obliged to resolve it.

If every significant matter returns to the board, the transformation starts to move at the pace of the board's calendar.

If, on the other hand, decisions are decentralised without clear boundaries, the organisation starts to deliver several different versions of the same strategy.

The aim of governance is not greater control.
The aim is to take the right decisions faster, at the right level.

PMO OR TMO?

Coordinating a project and leading a transformation are not always the same thing.

PMO

Classic PMO is extremely valuable when you need to:

- keep to the schedule,
- coordinate dependencies,
- manage risks,
- report status,
- control budget and scope.

Are we delivering the plan?

TMO — TRANSFORMATION MANAGEMENT OFFICE

Transformation, however, often requires broader powers. A TMO should look not only at whether the project is delivered according to plan, but above all at:

- whether the initiatives still lead to the expected result,
- whether priorities remain right,
- whether the organisation takes decisions fast enough,
- whether business benefits are actually starting to materialise,
- and where the board should intervene.

Does the plan still lead us to the result?

The difference can be reduced to two questions — PMO: **Are we delivering the plan?** TMO: **Does the plan still lead us to the result?**

A large transformation needs **both ways of thinking.**

FROM INITIATIVE TO RESULT

Progress should not be measured by the number of tasks completed.

A project can be green.
And the result red.

- You can complete the system implementation.
- Carry out the training.
- Open new locations.
- Change the process.
- Launch a new channel.

And still not achieve the effect for which these actions were started.

That is why every significant transformation initiative should have three levels of measurement:

Output

what has been done?

Adoption

has the organisation actually started to act differently?

Outcome

has the change improved the business result?

If we measure only output, we can very efficiently deliver actions that do not create value.

A transformation should be managed from the result backwards.
Not from the schedule to the result.

QUESTIONS FOR THE BOARD

10 questions before launching strategy execution

01 Are the three to five most important strategic priorities unambiguous across the whole organisation?

02 Does every priority have one owner responsible for the result?

03 Is accountability for the result linked with a real right to take decisions?

04 Which current initiatives should be stopped to make room for the new priorities?

05 Do functional targets and the incentive system support the strategy, or entrench the previous model?

06 Which decisions can be taken outside the board?

07 How quickly should an unresolved problem be escalated?

08 Do we measure the execution of actions, or also adoption and impact on the result?

09 Does the PMO/TMO have the authority to challenge priorities and escalate problems?

10 Does the board have one consistent picture of the transformation's progress?

HEFT7 PERSPECTIVE

Strategy does not end when the decision is taken.

That is when its hardest part begins.

Implementation requires combining, at the same time: priorities, accountability, decision-making rights, governance, resources and measurement of value.

If any of these elements is missing, the organisation starts to compensate with more meetings, reports and escalations.

This increases activity. It does not always increase the capacity to execute.

That is why, when strategy execution runs into problems, it is worth settling whether the organisation needs:

01 BETTER PRIORITISATION

02 A CHANGE OF GOVERNANCE AND DECISION RIGHTS

03 A STRONGER PMO/TMO

04 A REBUILD OF THE ACCOUNTABILITY MODEL

05 A COMPLETE REDESIGN OF HOW THE TRANSFORMATION IS RUN

A strategy is worth as much as the organisation's ability to turn it into **decisions, actions and results.**

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