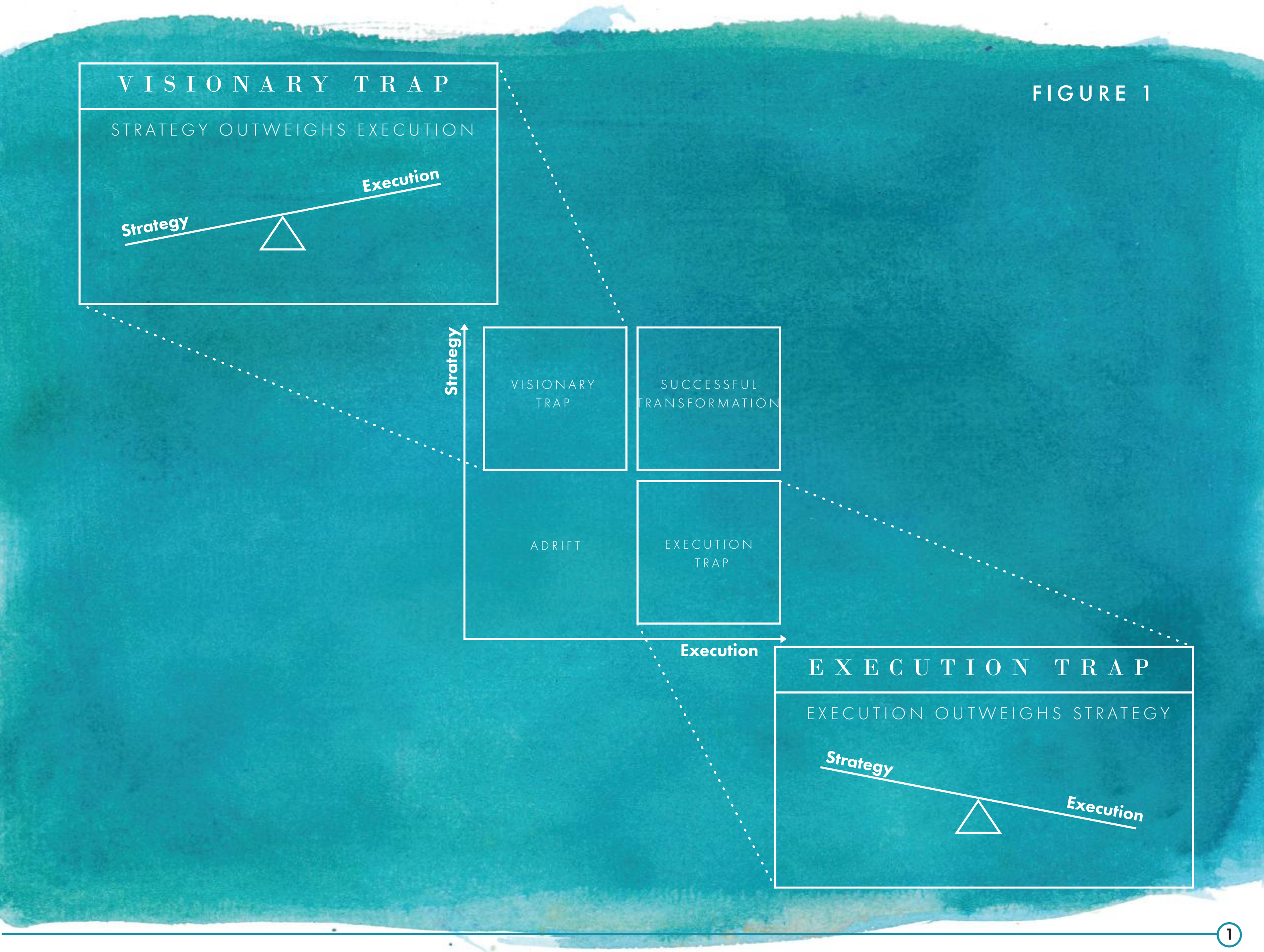
BRIDGING THE
STRATEGY TO EXECUTION GAP

Across any business transformation, a strategy without execution is just an exciting story – and action without a strategy is just aimless wandering. Balancing strategy with execution (and vice versa) is a critical foundational pillar to ensure organizations can create change that is both transformational and sustainable.

As we work with our clients to help them achieve ambitious business transformations across the life sciences, retail, and consumer products industries, we see that most organizations will fall under two (highly simplified) scenarios. These scenarios can be described as either a “Visionary Trap” – when strategy outweighs execution, or an “Execution Trap” – when execution outweighs strategy (Figure 1).

Grounded in years of experience addressing these fundamental imbalances, we developed a framework to help executives spot the early signs for these common traps. We dive into various examples of strategies that lost inertia due to a lack of executional detail as well as strategies that were disproportionately focused on execution over flexibility.

More importantly, we propose a set of proven solutions and considerations to address these fundamental dynamics (Figures 2 and 3). Whether you need to forge your strategy or enforce its execution, we provide clear and concise steps to ensure your business transformation journey is on the right path.



THE VISIONARY TRAP:
Signs That Organizational Strategy Outweighs Execution

A strategy that outweighs execution (scenario A) typically presents several common organizational challenges, including:

- LACK OF ORGANIZATIONAL FOLLOW THROUGH
- OVERCROWDED PORTFOLIO OF STRATEGIC IMPERATIVES
- FUNDING SHORTFALLS LEAD TO RESOURCE SCARCITY AND CAPABILITY GAPS
- CULTURAL RIGIDITY

LACK OF ORGANIZATIONAL FOLLOW THROUGH

Employees have seen strategy after strategy in their professional lives, often with mixed results, differing levels of communication and engagement, and/or coming from a variety of new executives. Companies will jumpstart a program, redraw organizational lines or business units, and/or launch ambitious initiatives only to let them quietly sunset without broader communication about results or directional changes, leading to no closure.




For companies who demonstrate these types of organizational challenges, we see several types of employee behaviors that prevent companies from executing a new strategy:

- **Wait it out behavior.**
  Exemplified by an overall lack of commitment, low participation levels, skepticism towards new ideas/strategy, and impatience, among others. Employees embody an attitude of "this is just one more initiative… if I wait it out, it will pass." The strategy is set, but there is no energy or sense of urgency to execute against it.

- **Shiny new object behavior.**
  High-performing executives who were key in strategy development during the discovery phases of a business transformation find themselves moving quickly to the next exciting initiative. With those shifts comes an inevitable time constraint and the key leader(s) who helped generate the initial idea stop being the visible champion of the execution.

- **Back sliding behavior.**
  Transformational change is hard, and early successes might be far into the future and not always financially quantifiable (e.g., benefits of cultural transformations are harder to quantify than top-line improvements). As such, it is easy to revert to what organizations have always done. Whether this behavior is driven from impatience for results by the CEO, board of directors, shareholders, or other stakeholders or because the organization is not buying into the change, leaders need to be aware of this common strategy trap.

Consider the example of a life sciences organization who sought to develop its first eCommerce platform. After a year of hearing directly from the CEO how critical eCommerce was for the organization, senior leadership decided to pull the plug. Employees who had worked on the initiative for over a year were left to wonder why – after months of messaging on the criticality of the initiative – there was a lack of follow through from the management team. Ultimately, senior executives realized the strategy had overpowered their ability to execute with the available resources. Given the lack of organizational follow through, reenergizing a team for the "next big thing" would be challenging.

OVERCROWDED PORTFOLIO OF STRATEGIC IMPERATIVES

Employees exhibit certain behaviors or even express frustration by articulating thoughts like "which of the 13 new strategies that senior leadership wants us to pursue this quarter should we execute against?" At the end of the day, too much of anything – no matter how good – is rarely a good thing. In the case of operationalizing a new strategy, adding new initiatives on top of existing activities creates confusion and prioritization issues that lead to inaction.

Organizations can lack a disciplined approach to stop initiatives and/or to introspectively reevaluate workflows to drive out inefficiencies. It is not uncommon for executives to want consistent results (i.e., continue with the baseline of everything that we are doing) but also want to inject new ideas and initiatives on top of that. Prioritization is key – but a critical part of this process requires a methodical approach to stopping activities that are no longer aligned to the overall strategy.

FUNDING SHORTFALLS LEAD TO RESOURCE SCARCITY AND CAPABILITY GAPS

Oftentimes the strategy hits on all the right marks (e.g., framed correctly, it is ambitious but grounded with realistic goals, journey is well-funded, etc.), but when digging deeper, it's apparent that the organization lacks the operational skills required to jumpstart the transformation and sustain it for the long run.

Without the right resources the strategy will falter given the lack of operational support. While capabilities seem to be the culprit, sometimes the root cause is a lack of funding to fuel the transformation. Large-scale business change can take years to complete and senior leaders are constantly pressured from multiple stakeholders – the board, investors, customers, employees – to deliver results.

Without proper long-term planning, funding shortfalls lead to fewer resources and slower ramp-up of the necessary capabilities to execute a new strategy. The alternative scenario is also possible: business leaders have the necessary funds but are reluctant to invest as part of the transformation. They invest in smaller increments in hopes of seeing immediate results. This piecemeal approach (when not stipulated as part of a broader strategic plan) significantly slows execution and lowers the probability for success.

CULTURAL RIGIDITY

Sometimes a broader cultural change is required to operate in significantly different ways – challenging the status quo requires a lot of energy, resilience, long work hours, and adaptability to roll with the unknown.

For organizations seeking transformational change, overcoming the gravitational force of cultural inertia, the tendency for people to hold on to previous traditions and ways of operating, is always a major roadblock to transformational business change. Solutions for cultural rigidity are never easy – they typically require people changes and/or streamlining an organization to ensure decisions are made faster. Without the necessary agility to make effective use of an organization's talent, strategy will overpower a company's ability to execute.

THE EXECUTION TRAP:
Signs That Organizational Execution Outweighs Strategy

Like the previous scenario, we see several common organizational challenges when execution outweighs strategy (scenario B). These practices include:

NO THINKING OR PLANNING TIME

It's not uncommon for organizations to experience shortfalls in the necessary systems and/or processes to run their businesses as efficiently as possible. However, in some cases, the combination of system/process gaps cause organizations to get bogged down with operational tasks that are cumbersome and time consuming. Overcome with "busy work," companies and employees lack time to take a step back and assess whether the work being done aligns with the future.

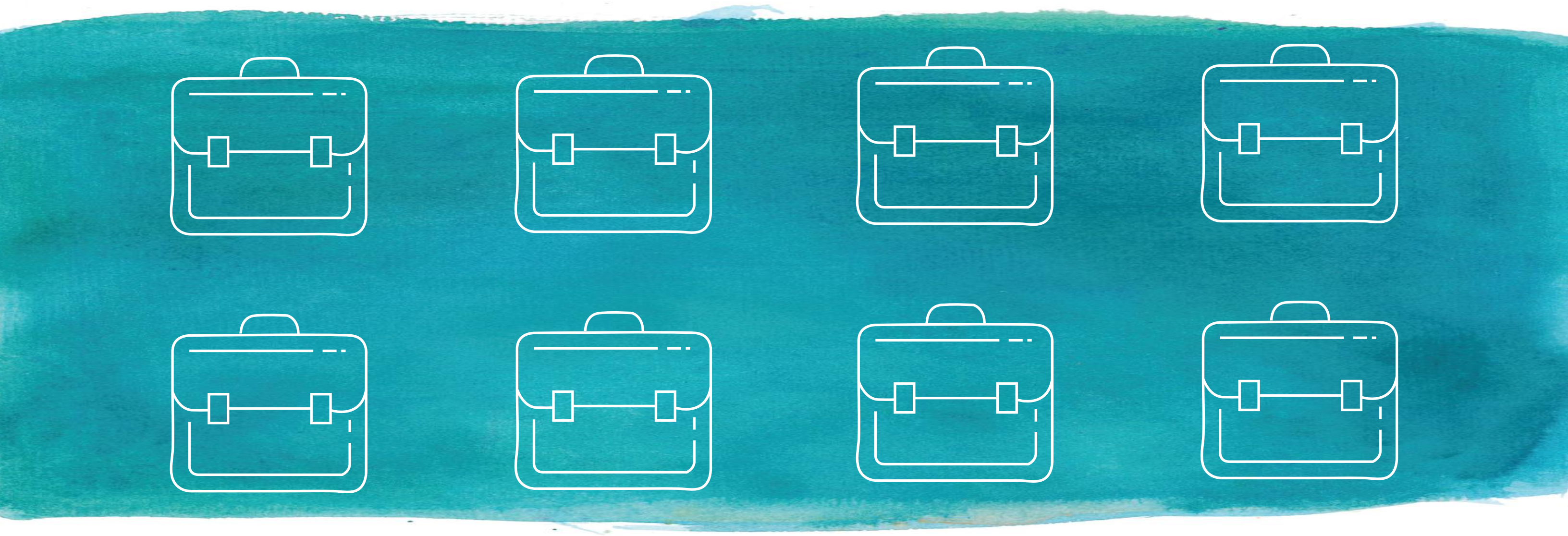
In other instances, companies invest in resources (the proverbial "throw bodies at the problem") to address short-term issues without finding a long-term solution. Years of operating under these circumstances cause companies to wake up one day and realize that what got them to where they are is not what will get them to where they are headed.

Companies under these circumstances are good at executing block-and-tackle work, but lack the ability to adapt to new, bolder directions. The adage “go slow to go fast” is fitting here – a well-thought-out strategy and plan takes time to construct but ensures organizations can move faster in the future.

TOO MUCH KNOWLEDGE CONCENTRATED IN A FEW INDIVIDUALS

As organizations grow, expertise concentrates in tenured individuals or functions/business units – senior executives who were promoted for individual achievement rather than broader team efforts. Over time, some organizations will disproportionately rely on these individuals as knowledge drivers within a function/business unit. This is a double-edged sword, particularly when key functional leaders are averse to new strategic changes.

We often witness the ability for a few “hidden dissenters” to appropriate initiatives and try to morph corporate strategy to fit their individual agendas. In these instances, executional gravity overpowers strategy and can slowdown a transformation, or even worse, stop it all together.



UNHEALTHY BIAS FOR ACTION

Don’t get us wrong – a bias for action is key because speed matters in business. But often organizations are too focused on executing a plan that was carried over for several years with incremental changes. A bias for action allows executives to be successful but changing market conditions require new ways of thinking. In other words, there is a reluctance to pause, assess the business, analyze the situation, and create a new and different roadmap for activation.

Consider the example of a senior leader inside a consumer brand that was undergoing a big transformation as a strategic mandate from the CEO. Exasperated with what this executive perceived as too much planning and not enough doing, one day the executive stated during an executive steering committee, “just tell me what to do and I will do it.” Similarly, companies that exhibit unhealthy biases for action will perform certain actions just to check the box, without the necessary critical thinking that is required when building something that has never been built before. Pausing to design a plan in the face of biases for action is key for organizations whose execution outweighs their ability to plan for the long run.

THE IKEA COGNITIVE BIAS

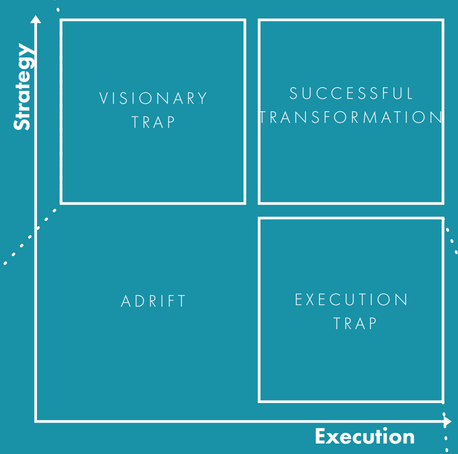
An experiment was conducted by several behavioral economists who concluded people place a higher value on things they helped create vs. things they had no direct participation in creating. For business transformations, employees can be resistant to a new strategic direction when it is seen as an exogenous push for change – and, just like the IKEA example, they can undervalue the effort if they are not involved in its construction. As such, we sometimes see organizations focus on "the way things have always been done" by placing a higher value on the things they helped create as opposed to embracing the art of the possible and believing and supporting the need for transformational change.

WHAT ARE THE SOLUTIONS?

FIGURE 2

ENFORCE EXECUTION

- Develop a robust execution roadmap
- Have a sunset strategy
- Actively prioritize work
- Remove barriers to execution
- Develop a thorough multi-year financial business case
- Properly fund the journey
- Identify your capability gaps
- Move fast on people issues



FORGE YOUR STRATEGY

- Create environment suitable for strategic thinking
- Ensure right systems & processes are in place
- Move fast on people issues
- Redraw organizational lines
- Partner "doers" with "thinkers"
- Involve the entire organization

While there is no silver bullet to strike the right balance, organizations should strive to be on the right-hand side quadrant – where strategy is in check with the right execution support. It is natural for companies to ebb and flow and move from quadrant to quadrant – a natural state of ever-changing conditions.

However, it is important for organizational leaders to be aware of these dynamics and strive to develop the right conditions to cultivate and promote an environment that avoids either one of the two traps. Below we offer some considerations to jumpstart your journey to successfully bridge the strategy to execution gap.

FIGURE 3

VISIONARY TRAP SYMPTOMS	KEY ACTIONS
LACK OF ORGANIZATIONAL FOLLOW-THROUGH	▪ Develop a robust execution roadmap including a sunset strategy that allows you to actively prioritize work and remove barriers to execution ▪ Develop a thorough multi-year financial business case to ensure your business is prepared to properly fund the journey ▪ Identify your capability gaps and ensure the business is ready to move fast on people issues
OVERCROWDED PORTFOLIO OF STRATEGIC IMPERATIVES	▪ Actively prioritize work and initiatives to drive executional focus. ▪ Remove barriers (perceived and/or actual) for execution. ▪ Create a framework and repeatable process to help the organization stop initiatives and/or work that does not align to the overall strategy.
FUNDING SHORTFALLS LEAD TO RESOURCE SCARCITY AND CAPABILITY GAPS	▪ Develop a thorough multi-year financial business case with the realistic necessary investments across people, enabling technologies, and outside support. ▪ Roleplay potential scenarios (pressure test from board of directors, employees, customers, etc.) And prepare a plan B to fund the transformation. ▪ Assess your internal capabilities to identify and close critical gaps stopping the organization from executing.
CULTURAL RIGIDITY	▪ Move fast to hire the necessary resources, to upskill, reskill, defund, and/or shift investments in areas that will help with execution.

EXECUTION TRAP SYMPTOMS	KEY ACTIONS
NO THINKING OR PLANNING TIME	▪ Ensure the right systems and processes are in place so employees can focus on value-added activities. ▪ Create an environment suitable for strategic thinking – e.g., build repeatable planning sessions, institutionalize collaboration, workshops, innovation days, gather employee engagement feedback, etc.
TOO MUCH KNOWLEDGE CONCENTRATED IN A FEW INDIVIDUALS	▪ Move fast to make tough organizational decisions. ▪ Provide less-experienced resources “stretch” assignments that will inject new thinking into the organization. ▪ Don’t be afraid to redraw reporting lines. ▪ Longer-term, create rotational programs to build cross-functionally trained next-generation leaders.
UNHEALTHY BIAS FOR ACTION	▪ Partner “doers” with “thinkers” and provide the right program management support, ideally from an unbiased 3rd party source. ▪ Start top-down, not bottom-up: ensure your strategy is not just a list of tasks rolled up into an objective; start with the end in mind and then design the activities.
THE IKEA COGNITIVE BIAS	▪ Ensure the entire organization is involved across key components of the transformation. ▪ Conduct interviews, surveys, and town halls to solicit a wide array of feedback from the organization’s constituents.

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