Five Rules of Strategic Business Execution:
Achieving Immediate and Sustainable Strategy Implementation

Research Article

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Strategy implementation fails at an incredible rate. In 2013, the Economist Intelligence Unit (EIU)[1] reported that almost 90% of senior executives believe executing strategic initiatives is essential for their organization's competitive advantage. However, 61% of these executives reported that they struggle with the execution of strategies. Similarly, in 2014 PMI reported that only 42% of organizations feel that their projects are highly aligned to their organizational strategy[2]. And just last year, in 2016, the Bridge's Strategy Implementation Survey[3] reported that one in three leaders rate their organization's ability to implement strategy as poor or very poor. Further research supported this rating, finding that at least 70% of transformational initiatives fail[4]. PMO Advisory's own research shows the same trend, and suggests that only 9% of respondents are very satisfied with their organization's ability to achieve results[5].

Yet, the importance of strategic business execution cannot be understated. In the current state of rapid technological advancement, mass customization, global competition and changing regulations, the ability to achieve results becomes critical for survival[6]. Strategy alone is not enough; because a brilliant strategy failed in its execution is arguably as good as the absence of strategy altogether. Resources are wasted, opportunities are missed, and the competition passes ahead in the race for new business. Based on academic and field research, as well as many years of experience with client organizations, we have identified 5 rules to foster success and achieve results in execution.

1. Focus on the Vital Few

There is so much change in the world today. And with change comes opportunity. Many organizations are tempted into "seizing" these opportunities, *every* opportunity, until they have failed at all or most, and are left with depleted resources and an unfavorable reputation. In 2015, Harvard Business Review reported that as many as 8 in 10 managers say their companies fail to exit unsuccessful projects quickly enough[7]. But strategy and its execution are mutually dependent -- so just as strategy without execution is unlikely to achieve results, frivolous execution not guided by strategy is equally detrimental.

Thus, the first rule for effective business execution is that it must be guided by strategy. Allowing strategy to inform execution will automatically highlight those initiatives that are most important and most urgent. Focusing execution on these vital few will optimize the use of resources and achieve results that directly impact the organization's strategic objectives.

2. Determine What is "Good Enough" for the Rest

Every organization yearns for excellence, even perfection. But the price of perfection is higher than most can afford, because perfection requires thoroughness in every stage, and thoroughness requires time, and the competitive speed of the environment today does not offer this luxury of time. Still, at least 29% of organizations react so slowly that they cannot seize fleeting opportunities[7]. And only 11% of managers believe that all of their company's strategic priorities have the financial and human resources needed for success. In their attempt to avoid mistakes, organizations trade quality for time.

In the words of Pixar CEO, Ed Catmull, "*Mistakes aren't a necessary evil. Mistakes aren't evil at all. They are an inevitable consequence of doing something* *new… and should be seen as valuable*". The 'fail fast' framework supports this attitude, where projects are executed with the minimum resource requirement, and feedback is then used to make a quick decision to improve on future deliverables, or kill the project altogether[8]. Rather than achieve perfection too late (once the opportunity has already passed by), aim instead for achieving "good enough" deliverables in time for them to still be in demand. While the vital few (strategically impactful) initiatives may require a certain standard of excellence, for all the rest, decide instead to be practical, realistic and transparent. Assess the resources available (including people), make the important decisions early on, and be prepared to improve on deliverables in the next phase. Finding "sufficient" on the non-vital initiatives will reduce anxiety, workload, and save resources to focus on the vital few.

The first rule of "focusing on the few" often requires a set of complementary support processes that will not significantly endanger the value of the few. By balancing the vital few with many "good," organizations can deliver meaningful business value with lower resource requirements.

3. Establish Good Metric Systems

Achieving what one is supposed to achieve, or performing on what is measured, is only useful if the measure itself is meaningful. Often, though, organizations focus on measuring project deliverables, and neglect measures relating to the project process. Even those who use measures relating to the project management process tend to focus on the traditional narrow metrics of scope, schedule and cost[9]. Good metrics should be holistic; they should consider various stakeholder expectations, include an opportunity for agility, and clearly define key success factors in terms of both the project management process and project deliverables[10]. Appropriate metric systems that are well communicated and thoroughly adopted will ensure that effort is directed toward successful business execution, and aligned to strategy. Furthermore, success breeds more success. When stakeholders see this momentum of progress, they are more motivated to achieve even more.

4. Nurture and Motivate People

People are the glue that binds the organization together. A fully aligned project, program, and portfolio management strategy connects the whole organization, guides project execution at every level, and aims to deliver value at each step along the way[11]. But this is not the situation in many organizations. Research by Harvard Business Review[7] reported that only 9% of managers feel that they can rely on cross-functional colleagues all of the time, and only 50% say they can rely on them most of the time. More than 80% of the companies included in the research have at least one formal system for managing commitments across silos, but only 20% of managers believe that these systems actually work. Furthermore, when asked to identify the single greatest challenge to executing their company's strategy, 30% of managers named the failure to coordinate across units. This kind of disconnection between people poses a direct risk for strategic execution. Managers are three times more likely to miss performance commitments because of insufficient support from other units than because of their own team's failure to deliver[7].

In order to connect and align people -- training, teambuilding, and clear channels for communication and knowledge sharing are essential. Organizational leadership should actively find ways to nurture, encourage, and guide people through execution challenges. Furthermore, providing opportunities for celebrating and rewarding the achievement of smaller goals along the way can be effective in keeping people motivated.

5. Develop a Culture of Execution Readiness

Performance cultures do not guarantee the success of strategic business execution. In fact, even a high performance culture is often insufficient for achieving results. This is because a culture of execution readiness should recognize and incentivize more than just individual objectives for deliverables. But this is rarely the case. When Harvard Business Review asked survey respondents what the consequences would be for managers who meet their individual performance objectives, but fail to collaborate with other units, only 20% felt that this behavior would be addressed promptly[7].

Execution readiness is a culture that blends ownership, accountability, agility, collaboration, a proactive attitude and execution mindset, quality of delivery, and client expectation management. To achieve this culture, organizations need to repeatedly reflect on questions such as, *What does success look like for this endeavor? How can I make my work easier to accept and adopt?* and *What are the obstacles, and what can I do to overcome them?* This is not to say that individual performance is not critical. But it is not the *only* critical cultural characteristic for success in execution. For example, when AlliedSignal was operating under the leadership of Lawrence Bossidy, the company stock outperformed the market. However, not long after Bossidy's retirement as CEO, he reported that "*the discipline of execution [has] unraveled*" and the company stocks fell[7].

Conclusion

Strategic business execution is most effective when resources are focused on those initiatives that are most important and urgent, and an acceptable trade-off is made between time and quality on those initiatives that are not the critical few. Furthermore, relevant metric systems, motivated and connected people, and a culture of readiness will channel human resources toward execution rather than individual performance. Critically applying these five rules is likely to assist in the successful execution of strategy. This success must be sustained, which requires a comprehensive framework for continuous improvement. Sustainable execution excellence requires patience, diligence, and commitment to the integration of culture, processes, capabilities and core disciplines.

For more information and future articles on this topic, visit our research site at http://www.pmoadvisory.com/research/strategic-business-execution/.

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