Closing the Strategy Execution Gap

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Contents

Maybe this sounds familiar

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After months (or even years) of meetings upon meetings, a CEO and her team finalize an ambitious strategy. They sell the vision to the board and roll out the details to employees with excitement, generating much fanfare. They work in eager anticipation, watching for all of the moving parts to click into place.

The months tick by. Then, as data on the results begin to roll in, **the team discovers** that those results are **lackluster at best**.

The plan never came to fruition. Energy wanes, leadership loses traction with employees, and everyone loses confidence. It's hard to muster fresh hope for the next round of strategic planning.

Maybe this sounds familiar

Companies of all sizes struggle with strategy execution. In fact, a survey of CEOs revealed that they're so concerned about strategy execution that they rated it as both their number one and number two most challenging issue.

70%

of strategists are concerned they're not actually able to close the strategy execution gap

The **#1 concern of CEOs** and the #1 risk identified by CEOs is faltering strategy execution.

Slow strategic execution is a **leading frustration** for executives year after year.

Maybe this sounds familiar

A study published in the Journal of Management and Organization reveals these executives' fears are not unfounded.

Just 10% of strategic plans are ever fully implemented.

If you're part of that 90%, and feel like you just can't get stuff done, like you're left wondering "Where exactly is the breakdown?" then keep reading. What will it take to start closing the gap?

90% of strategic plans are never fully implemented

What is strategy execution?

Strategy execution is creating a plan for how to best accomplish an objective (the strategy), then putting that plan into action (the execution). It's meeting organizational goals on time, on budget, and on target.

But of course, that is much easier said than done. Strategy execution may involve any or all of the following:

- Identifying and allocating the resources needed to meet the objective(s)
- Translating the strategic plan into concrete steps for all levels in the organization
- Assigning roles, responsibilities, and deadlines
- Constantly prioritizing and reprioritizing, then clearly communicating the changes
- Determining how to best measure success
- Tracking progress with data
- Inevitably deviating from the original plan

It's a complex undertaking, but organizations able to successfully bring their growth strategies to fruition are poised to increase profitability by 77%. But for those who don't, what goes wrong in the first place?

Cause of strategy execution gap

The cliche couldn't be more true in this situation: "failing to plan is planning to fail."

Research from Harvard Business Review shows that the highest-performing executive teams invest 54% more time in setting initial direction, crafting their vision, and transcribing it into clear, tangible objectives before moving to action.

They then spend an additional 25% more time focusing on the practical and procedural aspects of the plan – things like establishing financial and operational metrics, correlating objectives with strategy, assigning resources, and reviewing key metrics.

Cause of strategy execution gap

What does that tell us? Execution starts before anyone moves a muscle.

Teams who fail to close the strategy execution gap often have some or all of the following blind spots:

- Failing to align the strategy with company vision and values
- Poorly defining priorities, and/or having too many of them
- Basing plans on faulty assumptions rather than facts (i.e. bad data or poor interpretation)
- Neglecting to translate objectives into clear and actionable steps
- Allocating insufficient resources (e.g. time, money, talent)
- Failing to communicate consistently with employees (leading to poor engagement and targets)
- Inadequately training, supporting, and resourcing managers
- Creating a rigid plan that blocks employee ownership, ingenuity, and flexibility
- Failing to assess along the way (e.g. checking benchmark data, employee sentiment, at key intervals)
- Not adequately planning for necessary pivots
- Ignoring employee sentiment and well-being

How to close the strategy gaps

As you can see, there are a lot of reasons why companies fail at strategy execution. But we're here to help you succeed. Let's take the things not to do and turn it into a punch list of things to do. We'll dig deeper into each of these as we go.

- Step 1: Align execution to strategy
- Step 2: Share priorities widely
- Step 3: Measure outcomes, not activities
- Step 4: Make progress (or a lack thereof) visible Step 5: Course correct quickly
- Step 6: Embrace a growth mindset

How to close the strategy gaps

Step 1: Align execution to strategy

It's tempting to think that a great plan naturally leads to clear action steps.
But that's not a given.

74%
of executives
admit their strategies are not well-translated into concrete actions.

79%
of executives
are concerned their organization doesn't allocate sufficient resources to implement their strategy

74%
of executives
say their organization's strategy asks employees to focus on too many priorities

67%
of integral functions
in most organizations aren't aligned with corporate strategy (that's a lot of wasted manpower)

How to close the strategy gaps

The bottom line? Even the best employees will miss the mark if their leaders aim them at the wrong targets. Alignment is what happens when everyone in the organization — from top to bottom — understands the plan of execution and knows what to aim for. It means you can release your team of talented, intrinsically-motivated workers to do what they do best.

So, assuming you've got a first-rate strategy already in hand, how do you translate it into action that stays true to your goals?
It starts by:

- Clearly defining priorities
- Making those priorities actionable & measurable
- Identifying the resources, infrastructure, and support required
- Developing a communication plan that spans the strategy's life cycle
- Investing in people and culture
- Adapting or dying
- Evaluating and rewarding success

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1. Clearly define priorities

If everything is a priority, then nothing is a priority. Make it clear to everyone involved what is most important. Your goal is to focus your employees' energy into a concentrated stream. Check, and continually re-check, that the priorities are moving your organization toward its vision.

2. Make those priorities actionable and measurable

You see it everywhere because it's true — what gets measured gets managed. Providing numerical, time-bound reference points is the only way to know if you're on track. Adopt a framework for defining what success looks like in the end (like objectives and key results or OKRs), then another one for measuring it as you go (like key performance indicators or KPIs). Defining metrics of success is a key part of strategic execution that we'll be circling back to it with more detail in a moment.

3. Identify the resources, infrastructure, and support required

You can't just execute out of thin air. Many great plans have been brought down by failure to wisely allocate resources. So align your spending with your strategy. A few critical questions asked early on can help: What will it take to see these objectives become reality? New technology? Additional training? More people? Increased funding for a particular geographical region or department?

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4. Develop a communication plan that spans the strategy's life cycle
Do the right people have the right information at the right time? From rollout to review, alignment depends in large part on communication. We'll be taking a closer look at this in a moment – it's that huge.

5. Invest in people and culture
Your execution plan is only as strong as your people are talented. As you develop the action steps of your strategy, consider what has historically motivated and connected your employees. Leveraging cultural capital helps ensure your strategy makes it all the way through to execution.

6. Adapt or die
Have you planned for pivots based on data and feedback? Remaining aligned during execution means embracing inevitable change. So create structures for tracking progress and adjusting before getting started.

7. Evaluate and reward success
This is where strategy comes full circle. In order to stay aligned in execution, you must keep those clearly-defined priorities front and center. But what will you do once you get there? Buy-in for the next strategic plan will be conditioned on how well you care for employees in the execution of this one.

How to close the strategy gaps

Step 2: Share priorities widely

It’s hard for employees to feel invested in what they don’t know or don’t understand.

That’s why executives who are at the top of their performance game spend 12% more time creating alignment through frequent communication.

They break strategy into pieces, then push messages of clear, practical steps downward throughout the entire organization. The power of clear communication just can’t be oversold.

95%
of employees
are unaware of or don’t understand their organization’s strategy at all

67%
of employees
don’t understand how new growth initiatives impact their individual work

4in5
executives
admit their overall strategy isn’t well understood within their own company

How to close the strategy gaps

Here are some things to think about as you develop your communication plan:

Why to communicate
If the vast majority of organizational members don't understand what the strategy is or how it impacts them, they won't be able to execute it. Being transparent about what your organizational objectives are, why they're important, and how you plan to achieve them is not only the first step in execution, it also builds trust between company leaders and team members.

What to communicate
The answer is everything you can. Err on the side of sharing more rather than less. A few things you'll want to communicate are the company vision, targets, roles and responsibilities, leadership structure, timelines, process maps, and opportunities for reward. While this is not an exhaustive list, it's a great place to start.

With whom to communicate
Start with managers, leaders, and influencers. Cast your vision, share the strategy, check for understanding, invite buy-in, and release them to steer others. The goal is to equip leaders to empower their employees with all the details they may need.

How to close the strategy gaps

How to communicate

The more outlets you use, the more people will likely receive the message. Use everything from all hands meetings, 1-on-1s with managers, emails, and Slack to make sure things are communicated clearly. Hone your language to a fine point. It should be exceptionally clear, concise, and empowering.

When to communicate

Through all stages of the plan, from pre-rollout through recap. Your communication plan for every phase should be established before you ever say a word to employees about what's coming.

How often to communicate

Repetition is key. Communicate more often than you think you need to.

How to close the strategy gaps

Step 3: Measure outcome over activities

Outcomes are evidence. Activities — those day-to-day tasks being executed by individuals in your organization — do matter; but they will never, on their own, indicate how close you are to meeting your goals.

This is where a framework from OilXetra comes in. In addition to defining the end goal (or objective), you also define the evidence (the key results) that indicates whether or not that goal has been met.

Then, and only then, is it time to draw the line between Point A (the objective) and Point B (the key results) and decide which activities will help you get there.

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Step 4: Make progress (or lack thereof) viable

Ongoing reporting empowers faster, smarter pivoting with less waste of time and resources.
That's why high-performing teams spend 14% more time measuring progress against strategic goals by checking key metrics, then adjusting resources in response.
Ask the right data and feedback questions during strategy execution planning:

- What data do we need to track progress toward objectives and key results?

What do we not need?

- Who will gather, interpret, and share these numbers? How often?
- How will we share progress with everyone involved?

How to close the strategy gaps

Step 5: Course correct quickly

Achieving strategy execution without expecting the unexpected is impossible. Your company will experience challenges like changing markets or customer preferences, projects getting delayed, or a key employee leaving.

Seeing strategy through the execution phase demands agility. But how do you build it?

McKinsey identified 5 characteristics of nimble organizations:

- A North Star vision communicated throughout the organization
- Empowered, autonomous-yet-connected teams
- Fast cycles of decision-making, learning, and adapting
- A people model that capitalizes on passion
- Systems, technology/tools, and training that make work workable

A North Star vision communicated throughout the organization
Leadership defines what the mission is. That mission is narrow enough to give direction and inspire, but broad enough to allow teams to define their own objectives.

Empowered, autonomous-yet-connected teams
Think of a large fleet of small ships, rather than a small fleet of large ships. You need a system of distributed decision making that's carried out by capable people you can trust. There's just no time to run every move by senior leadership. Empower teams to act within their areas of expertise.

Fast cycles of decision-making, learning, and adapting
Who are the key players in making that work? Managers. The kind of performance management that leads to strong strategic execution centers around: continual feedback and development conversations, frequent input gathering, and savvy coaching that includes roadblock removal (technical, situational, or otherwise), skill-building, and collaborative goal-setting.

A people model that capitalizes on passion

Managers build strategic alignment by tying employee actions to priorities, keeping objectives front and center in conversations, and acknowledging (and rewarding) effort and achievement.

Systems, technology/tools, and training that make work workable

Your strategy's execution depends on strong performance management to power impact. Supply your managers with the systems, training, and data they need to keep their teams on track all the way to the finish.

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Step 6: Embrace a growth mindset

The strategy you set today will likely not work for you five years from now. Successful strategy execution requires an environment that actively promotes risk-taking, failing forward, and adapting fast. In short, it requires a mindset of constant learning and growth.

Made famous by Carol Dweck, the growth mindset sees setbacks as a normal part of growth and meets them with curiosity.

Growth mindset characteristics

- Embraces challenges
- Accepts constructive feedback as help
- Works to find creative solutions
- Finds inspiration and instruction in others' success Sees continued effort as the path forward
- Is future-oriented

How do you integrate a growth mindset into your company culture?

Teach it, reinforce it with rewards, then measure it with surveys.
Teach it by integrating growth mindset training into your employee onboarding program.

Reinforce it by offering recognition and rewards to employees who model a growth mindset. (This is where it pays to notice activities over outcomes.)

Measure it by collecting employee feedback about how safe they feel making mistakes and offering new, out-of-the-box ideas, rather than feeling punished for making mistakes or ignored for being innovative.

Conclusion

Strategy execution is a complex journey. It takes a well-thought-out plan, an executive team that communicates clearly and consistently, and (perhaps most of all) a workforce that stays aligned through the process.

That's how the magic happens……

And it's absolutely possible!

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