

IMPLEMENTING STRATEGY.

Checklist 259

» INTRODUCTION

The development of organisational strategy is a complex and demanding process, and leaders who have devoted time, effort and resources to the selection of a strategy they believe will secure the ongoing success of their company may feel they have reason to be confident about the future. Nonetheless, their chosen strategy stands little chance of success unless it is acted on. Effective implementation is critical to the success of organisational strategy.

If strategy is to be more than an expression of hopes and aspirations for the future, the practical implications for organisational operations and activities must be thought through and put into practice. Strategy implementation requires organisations to put initiatives in place which are focussed and realisable. A strategic focus should encourage an organisation to develop disciplined processes for feeding strategic initiatives across the organisation in a meaningful, realistic and achievable way.

The implementation or execution of strategy, however, is often neglected and its results are frequently unpredictable. Problems encountered with the implementation of strategy often lie not with any flaws in the strategy itself, but rather in a failure to implement it effectively. Such failures can mean that strategic initiatives are only partially successful and lead to frustration as the hoped for strategic benefits are not realised. Ultimately, they can result in the decline or even, failure of the business as a whole.

Translating strategy aims into actionable processes in an ordered fashion is, however, not easy. The setting of priorities and the development of plans may present organisations with formidable management challenges. The effective execution of strategy can be impeded by many and varied difficulties including; weak or inconsistent senior-level commitment, a lack of support from managers and employees, cross-departmental conflicts, ambiguity in roles and responsibilities or a lack of accountability.

This checklist, therefore, aims to help managers to understand the complexities of strategy implementation and to provide guidance on the factors which will help organisations to achieve optimal, rather than maximal implementation of strategy.

» DEFINITION

Strategy implementation is the process by which an organisation translates its chosen strategy into action plans and activities, which will steer the organisation in the direction set out in the strategy and enable the organisation to achieve its strategic objectives.

1. **Ensure that plans are aligned with organisational mission, vision and values**

Strategic development is an important business activity which involves defining the strategic direction an organisation will take and the objectives it aims to achieve. Obvious as this may seem, it is vital to ensure that implementation plans are based on the stated organisational strategy and objectives. Just as strategy must be derived from the organisation's mission and vision and in line with organisational values, so implementation must follow the direction which has been set out in the organisation's strategic documents and prioritise those things which are seen to be most important for the future success of the organisation. Bear in mind, however, that organisational mission and vision, or even values may need to change in response to changing circumstances and should be reviewed regularly.

2. **Build an effective leadership team**

The optimal implementation of strategy is highly dependent on the professional people management and leadership capabilities of both strategic and operational managers. New strategies may create new requirements for leaders and the organisations that they lead. Strategic change may require new personnel with fresh perspectives, or differing skills and experience. Strategic shifts may well entail a change in emphasis involving new customers or markets, technologies or business processes. Leaders may need to adjust their leadership styles, or learn new management techniques and approaches. The implementation of a new strategy may alter priorities, change resource allocations, and involve a shift in relationships. This can sometimes pose a threat to the power and status of some significant and influential people within the organisation.

Processes for assessing and developing leadership, should be seen as a normal part of strategic implementation. Leaders will have to take an objective view of the existing management team, including themselves, and assess whether the team is capable of implementing the strategy. Ideally, coaching or development should be offered to help individuals to improve their performance or develop new skills, if necessary, so that they are better able to achieve the goals and objectives required of them. Our checklists on managing plateaued or passive people may be helpful here. (See Additional Resources below.) However, some people may be incapable of adapting, resistant to change or unwilling to accept a revised role and prefer to move on to another organisation. These are sensitive issues and must be handled carefully, and with due regard for legislation relating to issues such as redundancy and constructive dismissal.

Building the right team is crucial to the success of strategy execution. Organisations need to have human resource personnel and processes in place to recruit new people as required. The selection of team members should not, however, lie solely with the human resources department but must involve senior management. This will reinforce the importance of the initiative and can also be a means of identifying talent within an organisation. Involvement in implementation teams should be seen as a positive career move.

3. **Create an implementation plan**

A full implementation plan with milestones needs to be created for all levels of the organisation. The plan should lay out the steps necessary to achieve the objectives and include schedules for key activities. The resources needed to achieve the objectives must also be detailed. The plan should quantify the financial, personnel, operational, time, and technological resources which will be required, as well as identifying those responsible for individual initiatives.

The implementation plan sets priorities and accountabilities, including short-term and long-term objectives. Strategic objectives should: be broken down into manageable pieces; establish a chain of command; and may also outline additional organisational structures which will need to be aligned with the strategy initiative – the creation of cross-functional teams for example. Accountability is an important factor in successfully delivering strategy and acts as a motivator which concentrates people's minds on following through on the

responsibilities allocated to them. It is important that personal accountabilities are clearly defined so that individuals understand what they are responsible for.

A fundamental task when drawing up a strategic implementation plan is to draft it in such a way that it can be articulated into separate action plans for each project and initiative. Ensure that good project management practices are followed and that training in project management methods is given as appropriate. The plan also needs to be visible so that it does not become disconnected from the decision-making process, and accessible to all, not restricted to the strategy department or senior executives and managers.

Strategy implementation is a dynamic process which has to take account of changing conditions impacting upon the strategy and its implementation. The plan therefore must be capable of change and amendment as circumstances dictate and the latest version should incorporate the results of ongoing learning.

4. Allocate budgetary resources

Securing a satisfactory budget is one of the main requirements when implementing strategy. A new strategy may entail the development of new processes, the purchase of new equipment, the recruitment of additional employees, staff training or development activities, or the upgrading of information technology. The budgeting process needs to ensure that strategic initiatives are properly resourced and can be implemented in the agreed timescales.

Organisations use budgets to make sure that what is important gets done, but it is all too easy to focus on tactical challenges and short-term financial targets and allow this to take up a large amount of time and resources. Strategic initiatives can become the victim of this process, so it's vital for the budgetary process to be aligned with strategy. Each aspect of the strategy must be linked to operating and capital budgets.

Budgetary processes can also be used to track whether activities are behind schedule or not achieving the anticipated results. Financial forecasts, key performance indicators and actual expenditure can be compared to assess progress and to decide whether the costs involved are worth the results being produced. In some cases, it may become necessary to adjust the budget in order to reallocate or redistribute resources and get the strategy back on track.

5. Assign objectives and responsibilities

A formal planning and measurement structure is needed to implement strategy effectively. Strategic responsibilities and objectives need to be clearly assigned so that individuals understand their roles within the strategy and are able to take responsibility for or ownership of specific strategic tasks and outcomes. All those who have a role to play in the implementation of the strategy need to be clear about intended outcomes and their responsibilities for the achievement of these outcomes. The task of ensuring that employees know and understand their roles and how these contribute to organisational objectives rests with those who have drawn up the strategy and those who are responsible for ensuring that it is being implemented effectively.

Objectives and responsibilities should be made explicit and where possible they should be assigned to individuals rather than teams as this makes for clear personal accountability. Employees at all levels also need to know how their performance will be measured and evaluated. Metrics should be created for each task and documented so that everybody knows what the intended outcomes and the expected timeframes are. Organisations will be unable to hold individuals to account if strategic objectives or outcomes are not measured.

It is important to break strategic goals down into smaller specific objectives which can be measured and tracked. As specific objectives are met, step by step, this will give individuals and teams a sense of achievement, generate a sense of momentum and help to maintain enthusiasm. Be aware that while some outcomes, such as a growth in profits are relatively easy to record and measure, other matters such as staff morale and engagement will require softer metrics.

6. Align structures and processes

All organisations have existing business processes, plans and structures in place to manage their operations. Often these operate in isolation from one another and can bear little relationship to each other or to organisational strategy. If separate business units set their objectives independently, the contribution they make to organisational success could well turn out to be less than expected.

For an organisation to be capable of effectively implementing strategy, structures and processes need to be aligned with the strategic objectives. The strategy may be set out in a plan but organisational structures will determine how it is defined and executed. The activities of business units need to be coordinated and the skills and capabilities of each unit made available for the benefit of the organisation as a whole. Think about how this can be achieved, perhaps by individual directors championing a particular strand of the business across the organisation. Alignment assists in clarifying the strategy and in coordinating the activities of those who put it into action. It will also ensure consistency of purpose from the top of the organisation down to operating level as strategy is embedded throughout the organisation.

Ongoing and proposed projects also need to be aligned with strategic objectives. To achieve this, each project must be evaluated to determine whether and to what extent it will contribute to the achievement of strategic objectives. This will inform decisions as to which projects should be resourced and carried through to completion. Review points should be built into implementation plans.

7. Align people

Effective people management is a critical issue in the successful implementation of strategy. The work of employees needs to be aligned with the strategy, so that their efforts contribute to the achievement of organisational objectives. Organisations should define the behaviours required throughout the organisation. It may be necessary to ask employees to change the way that they work. Cultural issues will need to be considered here. For example, in organisations where internal collaboration has traditionally been weak, employees may need to start working cross-functionally.

Organisations need to create a cohesive strategy which employees can understand and get engaged with. Employees need to know that they are making a meaningful contribution to the success of the organisation and senior leaders must ensure that employees at all levels can articulate and evaluate how their personal job roles help to achieve specific strategic objectives.

Organisations need to consider what skills and capabilities they need to meet their strategic aims, both now and in the future. For this reason, leaders should attempt to anticipate how the organisation and the strategy are likely to evolve in the foreseeable future and identify those skills which will be of greater or lesser importance.

8. Communicate the strategy

All employees will need to have a clear understanding of the core elements of the strategy and how it is to be executed, so the strategy must be effectively communicated to everyone. This will encourage employee buy-in, commitment and engagement and should have a positive impact on productivity. Develop a communication strategy that will promote the overall vision and strategy of the organisation and articulate and define a set of well-defined goals. Avoid vague statements and ensure that objectives are expressed in concrete and measurable terms with tangible results and expected time frames.

Issues to be considered include: messages to be communicated; audience to be reached; behavioural changes needed; communication channels to be used; and measures to evaluate the level of success or failure. Simply giving employees a copy of the strategy plan is rarely effective. Instead, prepare a separate document, summarising the most important and significant points and providing a clear, concise summary. Remember to include information on why this particular strategy has been adopted and explain the rationale for the priorities which have been established. Avoid jargon and aim to make the messaging clear, concise, consistent and as convincing and compelling as possible. To ensure that the message becomes embedded,

be prepared to repeat messages often, possibly using different channels, media and formats. Aligning your communications with organisational objectives will make them more relevant and effective, and help you to make a convincing case for the resourcing of communications activity within the organisation. In the case of a long-term strategy, identify some quick wins which will demonstrate the success of the new strategy and increase the visibility of the changes at regular intervals.

9. Review and report on progress

Progress should be reviewed regularly to check that the strategy is being implemented as envisioned. Strategy reviews allow managers to track progress, reflect on priorities and identify any issues that may need to be tackled. Remember, though, that strategy reviews have more to do with whether the strategy is producing results than with controlling performance.

Review meetings must be held often enough to keep the implementation process on course and to enable leaders to take decisions about any strategic adjustments which are needed to be made. Initially, this may be weekly, bi-weekly, monthly or quarterly. Frequency can be scaled back later when it is clear that the implementation process has been established and is working well. More frequent meetings may be necessary if the strategy is introducing major organisational change or if the business environment is evolving rapidly. There must be sufficient time for meaningful discussion to take place. Meetings may be time consuming at first but the need for frequent meetings will decrease as time goes on. Time spent productively in the early states will save time later on.

The regular reporting and reviewing process should be supported by an effective tracking system which can describe and measure performance. Such measures, or key performance indicators (KPIs), can be developed using a framework such as Kaplan and Norton's balanced scorecard. This uses financial and non-financial perspectives to describe progress in consistent, insightful, operational terms and to translate strategic objectives into measurable performance. The use of such a framework can facilitate improvements as the effectiveness of the strategy is tested in the real world.

10. Make strategic adjustments as necessary

Strategy implementation is a dynamic process which takes place against the background of changing economic, social and competitive circumstances. This is where the leadership skills, capabilities and judgement of managers will be called upon to steer the organisation, underlining what was said in section 2 about the importance of building a good leadership team. This will involve decisions on the allocation of resources for optimal benefits as the competitive context evolves and judgements as to when changes are warranted. A balance between frequent changes of direction which may result in loss of organisational momentum and coordination and rigid adherence to plans when these are manifestly not achieving results needs to be found. Just as important, is the need for managers to align people, communicating changes, explaining how individual and team contributions contribute to outcomes and how engagement with the strategy will help them to achieve personal goals and aspirations, and effectively motivating and energising employees across the organisation.

11. Develop an organisational culture that supports the strategy

Organisational culture plays a significant role in successfully translating strategic plans and initiatives into action. No matter how good an organisation's strategy may be, implementation will be hindered if the organisational culture does not support it.

Culture is to the organisation what personality and character are to individuals. It consists of the assumptions, values and beliefs that employees share and which influence their activities, opinions and behaviour at work. A culture which is aligned with organisational strategy will help organisations to implement strategy successfully as a shared belief in organisational aims and objectives will promote commitment. Conversely, an organisational culture which is not aligned may stand in the way of adjustments to changing business needs and weaken the ability of an organisation to achieve its strategic aims.

Managers should avoid:

- › thinking that strategy implementation is a simple process
- › being caught unawares by unanticipated market changes which necessitate adjustments
- › committing insufficient resources to execute the strategy
- › failing to align organisational design and capabilities with the strategy
- › failing to communicate the strategy consistently and persistently throughout the organisation
- › making the strategy implementation and reporting process overly bureaucratic and time-consuming, leaving little time to put real changes into action.

BOOKS

Exploring strategy, 9th ed, Gerry Johnson, Richard Whittington and Kevan Scholes, Harlow: Pearson Education, 2011

Good strategy bad strategy: the difference and why it matters, Richard P Rumelt, London: Profile Books, 2011

Strategy safari: the complete guide through the wilds of strategic management, 2nd ed, Henry Mintzberg, Bruce Ahlstrand, Joseph Lampel, Harlow: Financial Times Prentice Hall, 2009

The execution premium: linking strategies to operations for competitive advantage, Robert S. Kaplan, and David. P. Norton, Boston Mass.: Harvard Business Press, 2008

Smarter execution: seven steps to getting results, Xavier Gilbert, Bettina Buchel, Rhoda Davidson, Harlow: Pearson Education, 2007

Execution the discipline of getting things done, Larry Bossidy, and Ram Charan, London: Random House, 2002

This is a selection of books available for loan to members from CMI's library. More information at:

www.managers.org.uk/library

RELATED CHECKLISTS

- 052** Setting objectives
- 086** Development for passive people
- 140** Managing plateaued performers

RELATED MODELS

Johnson and Scholes cultural web
McKinsey's 7s framework

INTERNET RESOURCES

W.K. Kellogg Foundation - Template for Strategic Communications Plan

<http://www.wkkf.org/knowledge-center/resources/2006/01/template-for-strategic-communications-plan.aspx>

Advanced Institute of Management Research - (AIM) - Building a strategy toolkit

http://www.aimresearch.org/uploads/File/Publications/Executive%20Briefings%202/Building_a_strategy_toolkit.pdf

» NATIONAL OCCUPATIONAL STANDARDS FOR MANAGEMENT AND LEADERSHIP

This checklist has relevance for the following standards:

- › Unit BA5: Develop your organisation's vision and strategy
- › Unit FA1: Implement and evaluate strategic business plans

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