How to Execute the Chosen Strategy Effectively

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Abstract

According to many studies and sources, strategy execution/implementation is much more difficult than strategy selection and 60-70% of selected strategies fail (Beer, M. and Nohria, N, 2000; Bruch, H., et al. 2005; Worley, C. G. and Lawler III, E. E., 2006). Strategy execution and implementation are used as synonyms in this article.

Therefore, ensuring and monitoring the implementation of the chosen strategies is one of the most important tasks for the boards of organizations. The information in this article is based both on Dr. Keijo Varis' more than 20 years of experience in strategic planning and strategy implementation in Finnish industrial companies and on 10 years of experience as an MBA trainer, and international research in the field. Dr. Varis spoke on this topic at the India Institute of Directors Global Conference in London on 14th November 2024 (Photo below).

Keywords: effective strategy execution, IOD ś Global Conference in 2024, London

1. The Most Common Obstacles to Executing the Strategy

Already in 2008, a study published in the Harvard Business Review, "The Secrets to Successful Strategy Execution" (Nelson, G., et al., HBR, June 2008, pages 2-12) highlighted several reasons why the chosen strategy could not be implemented. The study was based on a questionnaire sent to 31 companies, from which 26 743 responses were received. The survey found that lack of information sharing, unclear decision-making rights, lack of motivation and incentives and unclear organizational structures were the main perceived obstacles to strategy implementation, as shown in Figure 1 below.
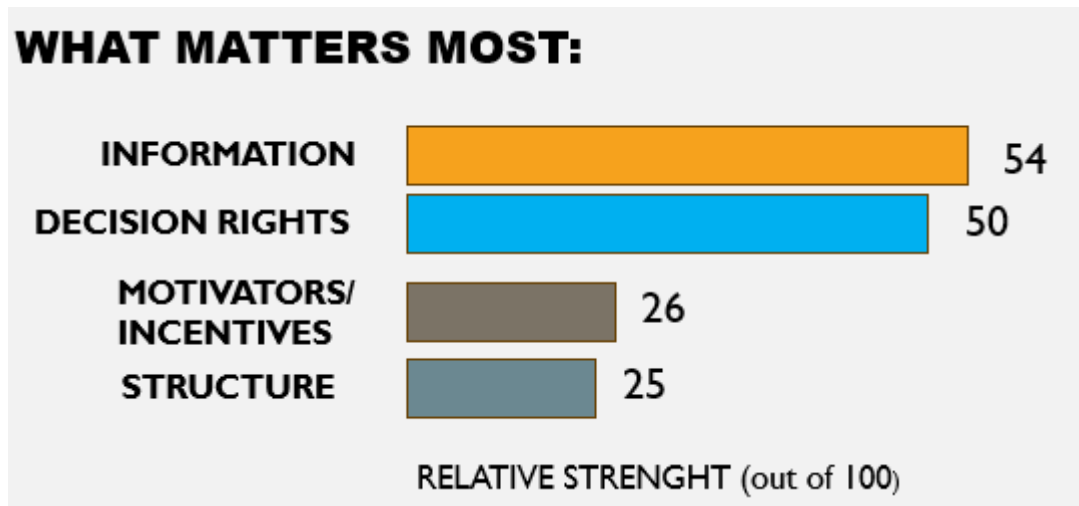

Figure 1. Main barriers to strategy execution in 2008 in the US

Around the same time and later, Wharton Business School Professor Lawrence Hrebiniak conducted his own research on the barriers to strategy execution and developed his own survey on the barriers to strategy execution and how to overcome them, and published his own book on the subject, Making Strategy Work - Leading Effective Execution and Change (Wharton Publishing Co, 2005 and FT Press, 2015). According to both Hrebiniak's research and Dr. Keijo Varis' own experience, a poor, unclear or unrealistic strategy is the biggest obstacle to strategy execution, because such a strategy either cannot be implemented or, if implemented, will only lead to poor results.

Hrebiniak developed a questionnaire that allows the management of any organization to ask themselves and their staff about their perceptions of obstacles to strategy implementation. The questionnaire is summarized in the table below and helps to outline potential barriers to strategy implementation before the strategy is implemented. If potential barriers are not known, they will either not be identified or not even attempted to be removed, with a relatively high probability of failure.

Table 1. Obstacles to strategy implementation survey

HREBINIAK´S SURVEY ON OBSTACLES IN STRATEGY EXECUTION:	NOT AT ALL A PROBLEM								A MAJOR PROBLEM	DON´T KNOW
		1	2	3	4	5	6	7		DK
1. Poor or vague strategy										
2. Not having guidelines or a model for STR execution										
3. Insufficient financial resources										
4. STR conflicts with power structure										
5. Inability to generate buy in or agreement on critical execution steps or actions										
6. Lack of upper management support of STR execution										
7. Lack of feelings of ownership of a strategy of execution plans among key employees										
8. Poor or inadequate information for strategy execution (how)										
9. Lack of incentives or inappropriate incentives to support execution										
10. Unclear responsibilities or accountability of STR execution										
11. Organizational structure or execution process										
12. Inability to manage change effectively or or to overcome internal resistance to change										

2. Models for Strategy Execution

2.1 Hrebiniak´s Model for Strategy Execution

The second issue mentioned in the Hrebiniak´s survey is the lack of guidelines or a model for executing the strategy. This was mentioned as a very common barrier to strategy implementation in Hrebiniak's own surveys. Therefore, Hrebiniak developed his own model for strategy implementation and its reduction is shown in Figure 2.
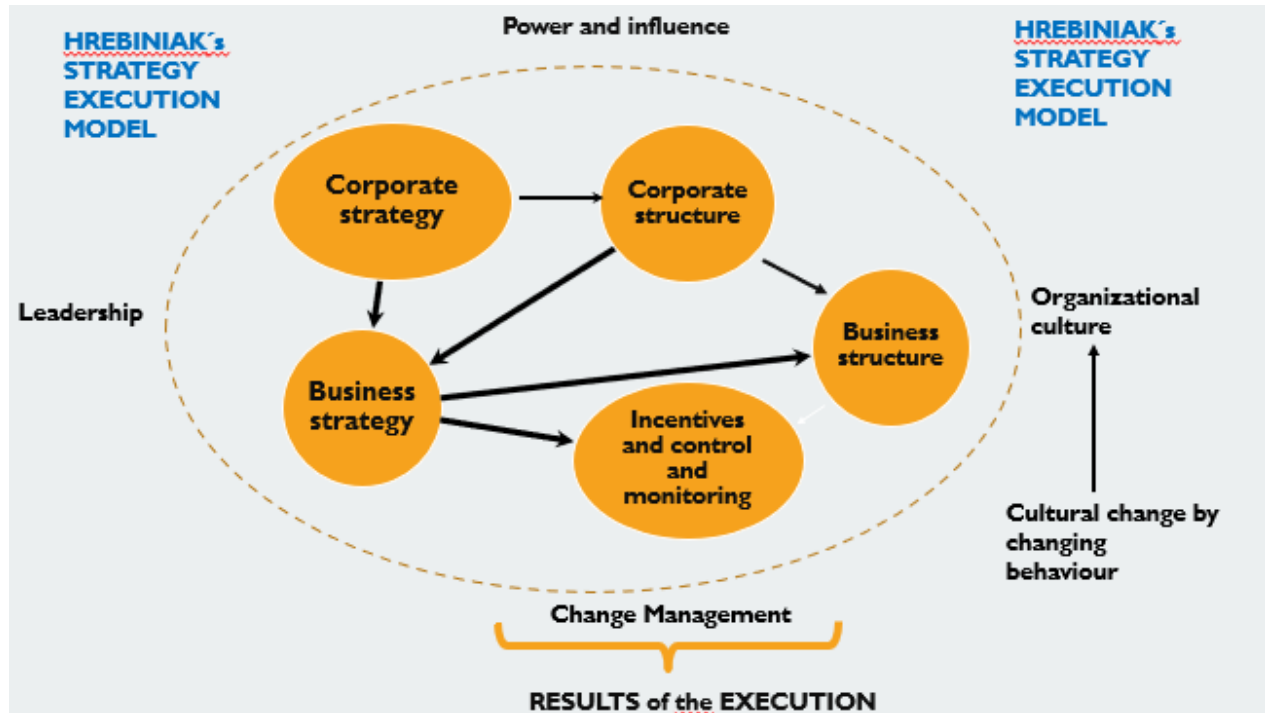
Figure 2. Hrebiniak ́s Strategy Execution Model

Hrebiniak's strategy implementation model has two parts - the inside and the outside. The inside - corporate strategy, corporate structure, business strategy, business structure and incentives, controls and monitoring - must be put in place and support each other. But simply doing this is not enough to ensure effective implementation of the strategy. Why?

Because they are submerged in a "sea" or "lake" of powerful winds and waves, which are shaped by power-influence-structures and networks, the quality of people and change leadership, and organizational culture. All of these can either support or hinder the execution of the chosen strategy. Therefore, before implementing a strategy, their status should be examined, and efforts should be made to change them if they do not support the implementation of the strategy. However, changing them can be a difficult and challenging, but necessary, task if the strategy is to be implemented.

2.2 Strategy Execution Model by Franken, Edwards and Lambert

In 2009, Franken, Lambert and Edwards, researchers from Cranfield Business School in the UK, presented their research and strategy implementation model in the California Management Review (Spring 2009, Vol. 51, No 3, p. 49-73). I present a reduction of the model in Figure 3 below and in Table 2 measures that they suggest can significantly improve strategy execution.
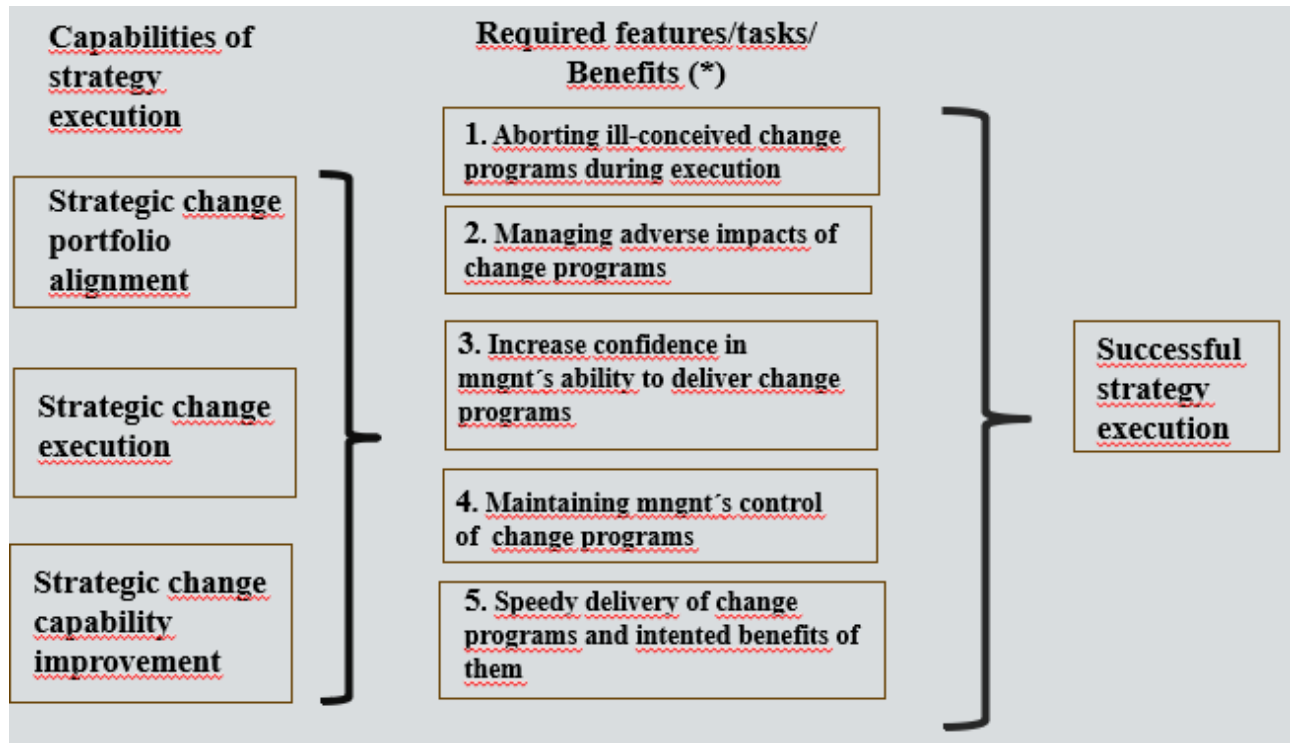
Figure 3. Strategy Execution Model by Franken, Edwards and Lambert

Their model emphasizes building, implementing and monitoring a realistic portfolio of strategic changes (projects). It also emphasizes the creation of organizational change capabilities and capacities, and the need to terminate ineffective strategic projects, i.e. to bury them in time. In addition, it should be possible to build a management team that agrees on the strategic change and the change portfolio it requires and should ensure that the change can be implemented. The few essential strategy projects should be able to be implemented quickly, at budgeted cost, and should prove their worth, or if not, be terminated and buried quickly.

According to Table 2, the key elements of strategy execution are: establishing an organizational culture for change; understanding the delivery and content of each change program at an early stage; aligning and filtering programs to drive strategic objectives and creating a change portfolio; aligning the strategic management team to support the change portfolio; developing detailed change programs and projects; and establishing governance for each program and project. However, it should be noted that effective strategy management requires successful and efficient implementation of strategic projects in accordance with Turner's (Turner, R., 1999), The Handbook of Project Based Management.

Table 2. The key elements of strategy execution

THE KEY ELEMENTS OF STRATEGY EXECUTION

STRATEGIC CHANGE PORTFOLIO ALIGNMENT	**1. REINFORCING AN ORGANIZATIONAL CULTURE OF CONTINUOUS CHANGE**
	* Understanding the existing culture and organization´s state of readiness
	* Communicating the vision of continuous change, the underlying reasons and urgency
	* Communicating the implications and sfaff
	2. UNDERSTANDING THE DRIVERS AND CONTENT OF EACH CHANGE PROGRAMS EARLY
	* Understanding the strategic goals, success drivers and urgency early
	* Define the initiative outline, overviewing the scale of benifits and resources involved
	3. ALIGNING AND FILTERING PROGRAMS IN RELATION TO THE STRATEGIC GOALS + CREATING THE CHANGE PORTFOLIO
	* Understanding the capacity for change (funds, people, skills, etc.)
	* Creating change programs and portfolio of them
	4. MARMONIZING THE STRATEGIC LEADERSHIP TEAM TO SUPPORT THE CHANGE PORTFOLIO
STRATEGIC CHANGE EXECUTION	**5. DEVELOPING DETAILED CHANGE PROGRAMS**
	* Developing projects
	* Allocating responsibilities and resources
	6. ESTABLISHING ACCOUNTABILITY AND GOVERNANCE OF EACH PROGRAM
	* Creating governance bodies (steering cimmittees) for each project
	* Practice good project management (Turner, R., Handbook of Project Management)

3. The Role of Separate Navigation Meetings of the Management Teams in the Execution of the Strategy

However, none of the above models and factors are sufficient to implement the chosen strategy if the meeting practices of the management teams at different levels of the organization do not support the implementation of the strategy. According to Dr. Keijo Varis' own long experience in corporate management, separate strategy implementation navigation meetings are needed approximately three (3) times a year, which should be scheduled for the year ahead according to the following figure 4. A strategy navigation meeting is therefore a separate management team meeting set aside for the supervision and planning of strategy implementation, where no other topics are discussed, but only strategy projects, strategic indicators and the implementation and forecasts of strategic tasks. These meetings should also decide on corrective measures for the implementation of the strategy.

For higher organizational levels to know and be able to consider what is happening at lower organizational levels, lower organizations' strategy navigation meetings should be scheduled to take place 1-2 weeks before higher organizational level navigation meetings, and navigation minutes of all meetings should be made available to the higher level before their meetings. All of this is illustrated in Figure 4, developed by Keijo Varis 15 years ago.
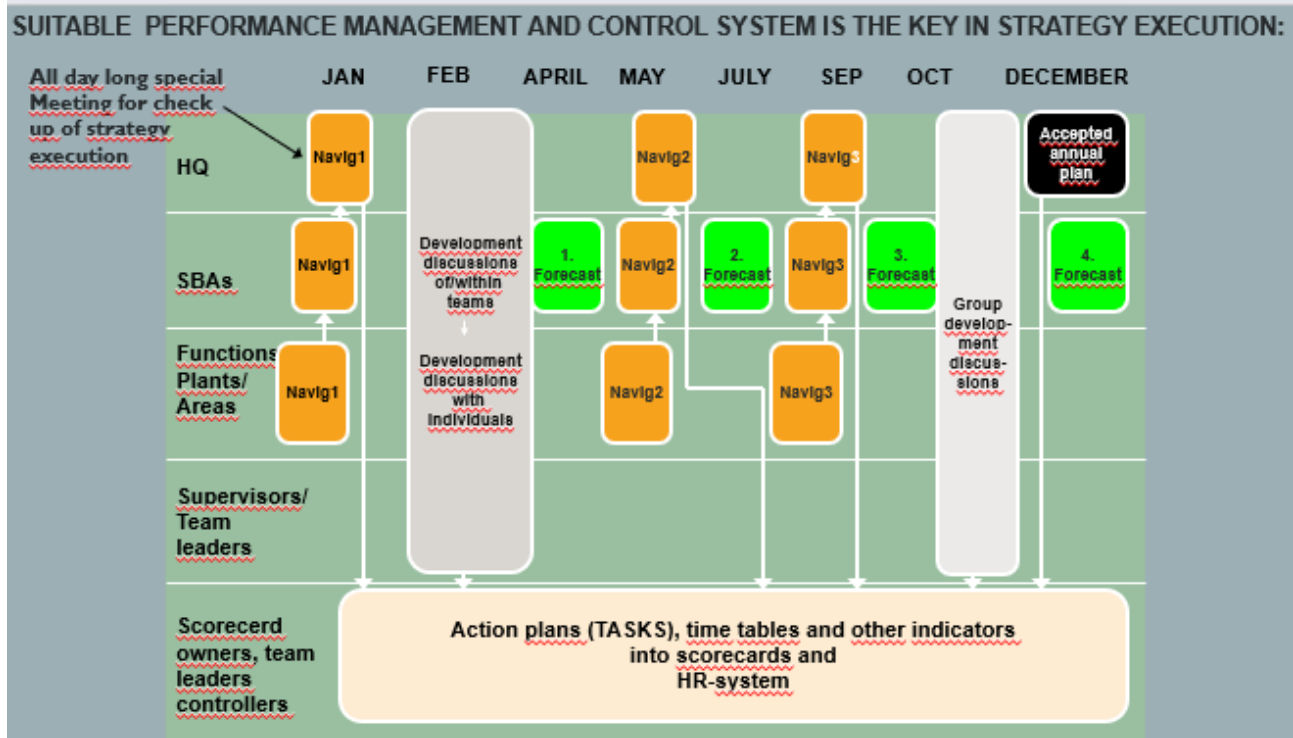
Figure 4. Suitable Performance Management and Control System for Strategy Execution

4. A Comprehensive Model for the Effective Execution of the Chosen Strategy

At the end of his presentation, Dr. Varis presented hir own model in Figure 5 for strategic planning and strategy selection and effective implementation.
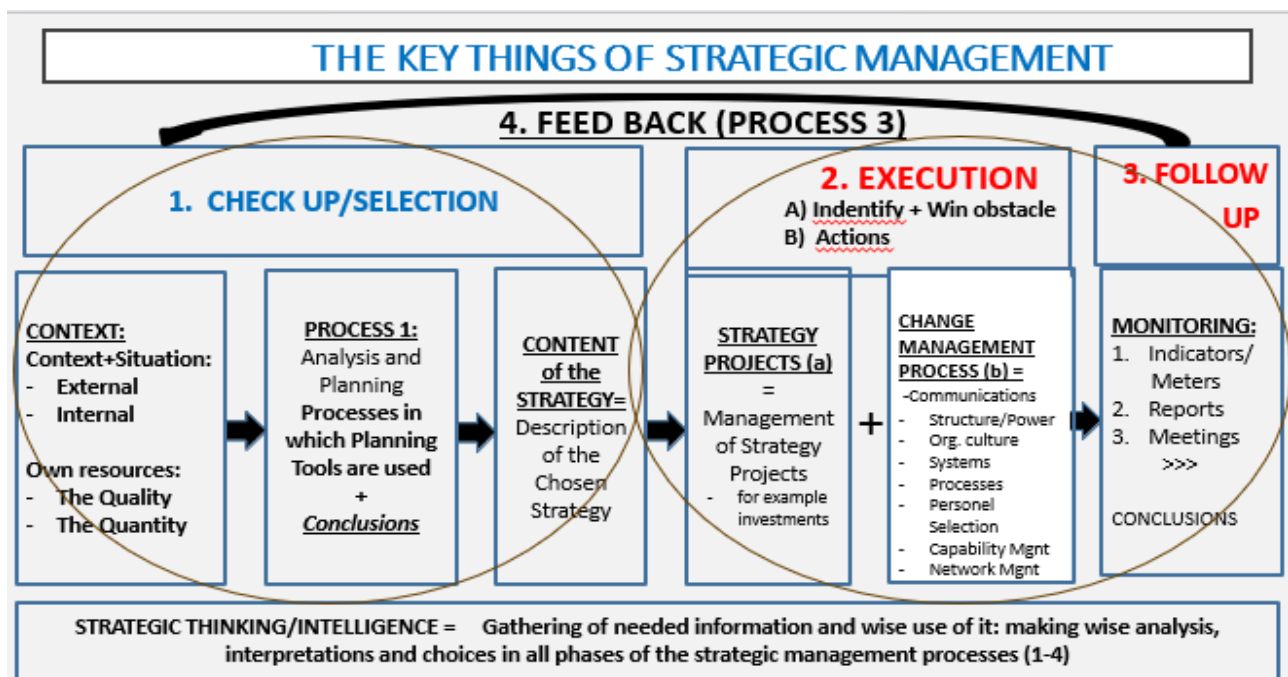

Figure 5. Strategic Management Model of Dr. Keijo Varis for Strategy Selection and Execution

The essential thing about the model is that strategic thinking and wisdom are needed in both choosing and executing a strategy. We need to identify obstacles to strategy execution and choose wise models and tools for strategy implementation.

The strategy cannot be implemented without strategy projects, change management, and strategy metrics and tasks, as well as monitoring their implementation and corrective measures. These are decided on in strategy execution review meetings, or navigation meetings. However, all of this requires a great deal of planning and discipline from the company management and personnel. Discipline is a prerequisite for the effective execution of all the models and methods presented here.

5. Summary

The chosen strategy will never be realized without effective and wise management and leadership. Based on his research, Hrebiniak from Wharton Business School, has identified several typical obstacles to strategy execution in organizations. With the help of Hrebiniak`s survey, the management and staff of any organization can express their opinions on the biggest obstacles to strategy implementation that they believe are in the way of strategy implementation in that organization. After conducting the survey and analyzing the results, one can then focus on removing these obstacles without either forgetting them or focusing on the wrong things in management. Hrebiniak has also created a model for effective strategy execution. Strategy execution is usually either supported or hindered by the organization's culture, the quality of leadership and skills of change management, power structures, incentives or organizational structures. These must be changed if necessary to enable the chosen strategy to be implemented.

Another very interesting and profound, but perhaps still somewhat unfinished, but nevertheless very valuable, model of strategy implementation has been created by researchers Franken, Edwards and Lambert from Granfield Business School in England.

It has many of the same elements as Hrebiniak`s strategy execution model but emphasizes the creation and maintenance of a portfolio of strategic change projects and the effective management and execution of strategy projects. Without effective execution of strategy projects, no strategy will be realized.

However, these two models and their use do not yet guarantee the effective implementation of the strategy, but the entire organization's management system must be tuned to be suitable for the implementation of the strategy. One part of this is organizing strategy navigation meetings at different levels, specializing in monitoring the implementation of the strategy, 2-3 times a year. These meetings must not discuss any other issues than strategy projects, the tasks they require, and the determination and prediction of the values of strategy indicators and the decision on corrective measures. In addition, the entire strategic management process must be able to be described to the entire organization in a single picture that everyone in the organization understands. Simplicity and clarity are an asset in strategy implementation, according to the author's personal experiences. The author also claims that implementing the strategy requires, above all, great discipline from management at all levels of the organization.

Competing interests

The author declares that he has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Informed consent

Obtained.

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Data sharing statement

No additional data are available.

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