



STRATEGY EXECUTION

- TAKE CONTROL OF YOUR BUSINESS VALUATION

WHY EXECUTION MATTERS

CEOs and boards rank business strategy as the most important expertise of their job.

But as we zoom in on the actions guiding strategy, things get a little fuzzy.

All too often, business strategy is bolstered by lots of research and planning, yet when it comes to execution, there's a disconnect.

And that's not just our opinion; according to a survey by Economist Intelligence Unit (EIU).

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“90% of respondents admit that they fail to reach all their strategic goals because they don't implement well, and 53% agree that inadequate delivery capability leaves them unnecessarily exposed to competitors”



Simply put, execution and alignment are the most crucial elements of any winning business strategy.

And if your strategy is to succeed, you must get acquainted with the right processes and considerations to move things forward and not lose sight.

Here are some handy alignment and execution best practices to help you implement a business strategy that yields real, measurable results.

PLANNING & EXECUTION

Before delving too deep into best practices, let's start by exploring the anatomy of a business strategy—namely, its three crucial phases: **discovery, planning** and **execution**.

1

DISCOVERY

The first step is to ask the right question, what does our strategy seek to answer? It's about identifying the ambitious goal that creates substantial value for customers.

2

PLANNING

During the planning phase, long-term objectives are defined and aligned with the short-term ones. Typically, management teams and shareholders analyze their competitive advantage by identifying opportunities based on market trends. This also applies to holding groups that have to ensure which business units are aligned with the corporate entity.

Protip | *True strategic planning goes beyond financial targets. It represents goals the company wishes to reach based on its mission and longer-term aspirations.*

3

EXECUTION

During this phase, objectives are assigned to members across the organization, from the C-suite down to team players. Strategy execution is all about bringing a vision to reality.

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The right goals, once implemented, should increase the business multiple to which your business would be valued by external acquirers; the indication that your business is getting stronger and likely to generate more future cash flow.

While planning is indeed crucial to your business strategy, it's of no value if execution falls short. In fact, "research suggests that planning a strategy has no real effect on the performance of your business. It's aligning your activities to your strategies that makes the difference."

WHY ALIGNMENT IS SO CRUCIAL

A business plan is only effective when **strategic decisions align with strategic objectives**. And while this may all seem intuitive, alignment issues are often the root cause of business plan missteps.



Many variables can contribute to a company's alignment issues. For instance, the leadership team may not agree on the same end vision, causing efforts to cancel each other out.

There can also be alignment issues related to actions. Just because strategic objectives are clear to the group doesn't mean everyone is on the same page regarding the steps to be taken.



“up to 80% of the differences between organizations' performance can be explained by their level of strategic alignment.”

Example: a business may be looking to adapt to new markets, but whether this should be done through product innovation or marketing initiatives remains open to debate.

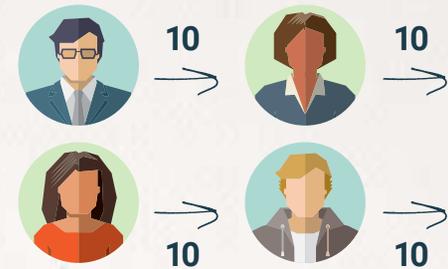
When actions are left unclear, efforts are at risk of veering down the wrong path or being de-prioritized over day-to-day emergencies. The chart below illustrates how impact can be rated based on alignment.



TOTAL IMPACT = 0



TOTAL IMPACT < 25



TOTAL IMPACT = 40

Having an executive group aligned and on the same page can exponentially affect the rest of the organization.

STEERING THE SHIP

The good news is that actions can be taken to ensure stakeholders share the same vision. The fairly straightforward task of measuring everyone's alignment, for instance, can make all the difference in the world.

Here's a quick 5-stepbreak down of how to do it

1

Identify misalignment areas through software, data analysis and individual surveys covering strategic vision roadblocks, processes, politics, and office culture.

2

Once misalignment sources are defined, it's time to get all decision-makers into the same room to debate these topics and reach a consensus.

Protip | *when meeting in large groups (10+ people), split everyone into smaller cells to facilitate discussion and reach consensus more easily. Then each cell can engage to align as a group.*

3

Once a consensus on the vision is reached, communicate it clearly to the rest of the company.



4

Now that the vision is aligned, it's time to take the same approach with company actions. Agree on the methodology to be used by everyone to track the execution.

5

Next, jot down the initiatives you'll leverage to reach your objectives. Prioritize each one and start working on those with the highest value.

Protip | *Allocating a defined period (i.e., one month) to complete initiatives helps determine everyone's bandwidth and the number of initiatives to work on.*



Remember,
 "88% of deals/management teams that track the execution of a strategic plan created above-average returns"

Involving your team throughout the strategic planning process unquestionably reduces resistance to change and speeds up strategy adoption.



Empower people to make better decisions when challenges arise. When people are involved in and understand the reasons for change, they're more likely to adopt it.



"Repeated communication of the organization's vision is critical throughout the implementation process to remind team members why change is being pursued."



As a manager, you can identify champions driven by the vision and encourage them to influence others to tag along.



REMAINING AGILE

Another phenomenon worth observing is the lack of agility in a business strategy's execution. The business world is fast-moving, and your strategy must adapt and evolve to remain ahead of the competition.

Even with a solid strategic plan, it's easy to lose sight of a long-term vision, investing all your energy instead into day-to-day operational realities. All too often, operations distract businesses from ever truly executing their strategy. And even when a strategy launches, it's easy for companies to lose sight of the results or neglect them altogether.

To stay focused, you need to leverage your team's experience and skills to make the best decisions for turning things around. Using an iterative process model helps get things moving quickly and lets you learn from past experiences.

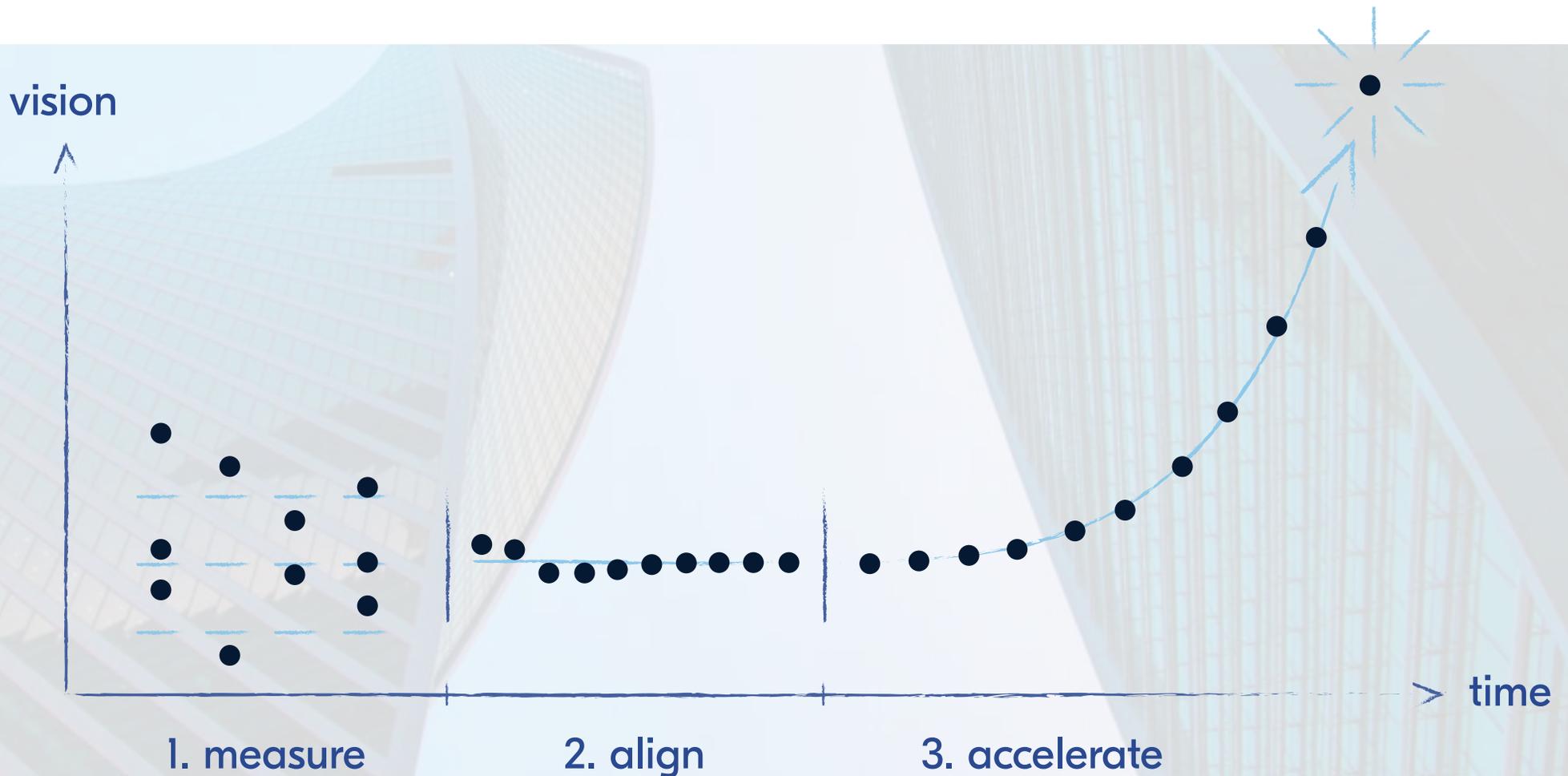
By the same token, listen to the data and don't hesitate to kill initiatives that no longer bring value, regardless of how brilliant they seem. "According to research by the PMI, 20% of projects in a portfolio contribute so little to strategic goals that they should be stopped."

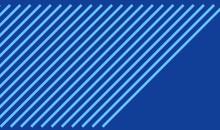
And lastly, keep resource allocation top of mind. Don't forget to allocate a budget for every key initiative. This process of aligning people and budget prevents magnitude issues where limited resources and bandwidth prevent the company from executing its strategy.



To create momentum, measure your initiative completion progress over time. Encourage your team to be realistic about what they can deliver and to deliver what they're committed to. Once you reach a certain **velocity** as a team, your strategy execution accelerates, and this is when you see the most significant results!

Protip | Adding a tracking system to measure progress increases velocity and impacts your business performance.





SUMMING IT ALL UP

Applying and executing a business strategy bolsters your competitive advantage. The process *“allows a company to achieve superior margins compared to its competition and generate value for the company and its shareholders.”*

The key to executing a winning strategy relies on the capacity of everyone to collectively stay focused on the big picture and the actions that bring the most value to your organization. On the one hand, your day-to-day business operations generate your revenue and profit; on the other hand, the quality and speed of strategy delivery increases the multiple to which your business would be valued.



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