CREATING a CULTURE of STRATEGY EXECUTION

How to foster an environment in which everyone is focused on achieving a shared set of goals

BY TROY SCHROCK

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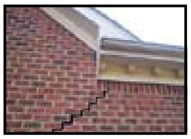
SUCCESS IS NOT rocket science. One might think that the most successful organizations have some key insight that sets them apart, but nothing could be further from the truth. We live in a time in which knowledge is accessible to just about anyone for very little (if any) cost. Indeed, the basic principles of success are well known, but most people and organizations struggle to put them into practice. What differentiates the greats from the rest is an understanding of the *knowing-doing gap*, the difference between what people know they *need* to do and what they *actually* do. It's not access to knowledge or even lack of desire that holds people back. It's simply poor execution.

Strategy execution is about more than completing a checklist; it's about creating a culture. How does an organization foster an environment in which everyone is focused on achieving a shared set of goals? This article shares a few observations and disciplines from my work with clients using The CEO Advantage Process™. These ideas are not new, and they are definitely simple, but they are difficult to implement. My hope is that you will glean from this article a better understanding of what you must do to strengthen the culture of strategy execution in your organization.

IT'S NOT WHAT YOU DO. IT'S HOW YOU THINK.



Look at these pictures. Do you see a common theme among them? Each shows the results of a faulty foundation. The impact of a poor foundation is seen all the way to the top of the building.

So it is with business organizations. While I intend to share a few disciplines to help you execute your strategy, these "best practices" will do little good if placed on faulty thinking. It is not as much about *what you do* as *how you think*. "Southwest's essential difference is not machines and 'things,'" says Southwest CEO Herb Kelleher. "Our essential difference is minds, hearts, spirits, and souls." Without the right thinking, any gain from the best of practices will be marginal at best–and negative at worst. Yes, performance may actually *decline* when poor thinking patterns clash with the attempted implementation of even the most proven practices.

CHANGING CULTURE MEANS CHANGING BEHAVIOR.

Creating a culture is really about *changing* a culture. Any organization already has a culture, but that culture will not naturally drive strategy execution without deliberate action by the CEO and executive team. The linchpin to cultural change is change in human behavior (patterns of thinking and habits of action), so before going any further, I would like to discuss four aspects of human behavior as they relate to strategy execution.

The first is what I call the 90 Day Results Window. I've been told it takes 21 days to break a habit, but I think this is too short to establish lasting change. Ninety days–a full calendar quarter–is more likely the required time to replace old behaviors with a new set of habits and see meaningful results. (This must be why diet and rehabilitation programs frequently last for 90 days.) Why 90 days? I'm sure there is research that provides a deeper explanation, but my observation is that the 90 Day Results Window is large enough to see meaningful results but short enough to feel attainable. Those who commit to achieving a goal almost always start with great momentum and see encouraging early returns. These early successes, however, are rarely indicative of real change (e.g., the "fluid loss" phenomenon in weight loss). Inevitably, the real tests of one's resolve come *after* this initial high. The person who can sustain a new behavior for 90 days will have passed several of these tests and can carry some real momentum into the next 90 days.

The second is what I call the 70/30 Curve (see figure at right). Two significant outside agents help in change: the process framework (the right exercise plan, for example) and the accountability structure. These two agents work together. In the beginning, the process is the dominant driver (probably 70%) of the change. The remaining 30% is nurtured by an accountability structure such as regular reports to an outside party. In their article "Leadership is a Contact Sport," Marshall Goldsmith and Howard Morgan present research showing how the simple act of follow-up increases the likelihood of a new skill being implemented into real practice over time.

As time goes on, the process framework and accountability structure will shift in their relative impact. The framework always holds value, but as the individual or team gets more comfortable with it, the accountability structure increases in importance. We tend toward laziness in application once something becomes familiar. An accountability structure provides value simply by reminding you of what you already know, but too often forget.

The third is that change invites tension between rational and emotional thinking. Rational thinking pursues the long-term benefits of a change; emotional thinking seeks to avoid the short-term pain of change. Chip and Dan Heath address this tension in *Switch*, and it's a real hurdle for anyone working to change organizational culture.

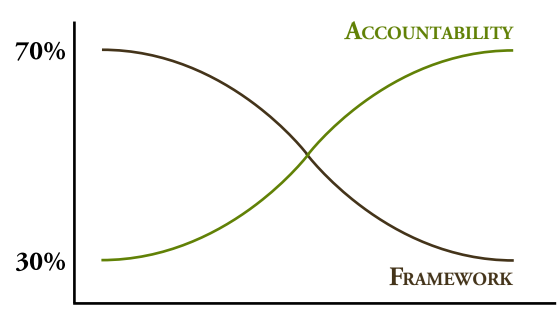
The fourth aspect of human behavior I want to acknowledge is the importance of *daily* disciplines in the practice of one's craft. Writer Jack London wrote 10,000 words each day. Basketball star Ray Allen makes five shots from 25 spots on the floor plus 25 free throws (that's 150 total makes) before each game. High-performing salespeople make a certain number of calls each day. What are your daily habits? What *should* they be to help you become the best in your position?

FOUR DISCIPLINES OF STRATEGY EXECUTION

Let's turn our attention now to four disciplines of strategy execution. These disciplines include a concept, a rhythm, a framework, and a personal tool.

The *concept* of strategy execution is prioritization. The CEO and executive team need to identify *the most important* objective for the organization for all significant time frames (at least the next year and next quarter). I call this the Lead Domino Theory. The #1 objective is the lead domino that must fall in order to most effectively meet all other organizational goals.

The 70/30 Curve



Listing objectives is easy. Executive teams have little trouble identifying fifteen or more things that need to be done. It takes more effort to get that list down to seven or ten, and it's downright difficult to focus on three to five with a clear number one. This exercise is critical to strategy execution. As Peter Drucker said, "You have not prioritized unless you have excused items from the list; you've merely rearranged the list."

One thing that made former Apple CEO Steve Jobs unique was his reported ability to listen to three or four high quality ideas and very matter-of-factly say, "dumb idea…dumb idea…good idea! That's the one!" Contrast that with many executive teams who, when faced with several worthy ideas, want to pursue each one. I call it engorging at the trough of opportunity. There is lots of appealing food, it tastes good, but you walk away bloated and weighted down. Businesses rarely suffer from lack of opportunity, but few have the discipline to choose the best opportunity and let the others go.

Rarely is multi-tasking really a virtue. People perform better when focused on one thing. We see this with distracted driving, which clearly leads to more accidents. Yet, we practice distracted management all the time and seem to think we are being effective. Dan Sullivan, founder of the Strategic Coach program, maintains that the ability to focus will be the key competitive advantage for individuals in the 21st Century.

Prioritization is hard work, and it takes time. Some leadership teams are tempted to bypass this exercise so they can get to work, but the time spent narrowing your focus will save much more time later on. Mark Twain quipped, "I wrote you a long letter because I didn't have time to write you a short one." Indeed, we frequently waste time with lots of mediocre objectives because we don't take the time to focus on the best few.

Let's talk about *rhythm.* Jazz musicians–who sometimes have never played together before–are able to create music together on the fly because their individual improvisation is all performed within the container provided by the rhythm section (piano, bass, and drums). Similarly, a culture of strategy execution exists within the container of a quarterly rhythm.

The quarterly rhythm begins with an annual strategic planning session in which the year's initiatives and first quarter's priorities are set. Three additional quarterly sessions carry the team to the next annual planning session. Each quarterly recalibration meeting should provide four distinct outcomes for the executive team:

1. Performance Review (based on the previous quarter's priorities)
2. Perspective on the Annual Plan (based on performance relative to annual priorities)
3. Priority Focus (based on a few company priorities for the next quarter)
4. Progress Acceleration (a quickened pace of operational results and progress toward the organization's envisioned future)

Recommended Reading: For more insight on setting an effective meeting rhythm., I highly recommend *Death By Meeting* by Patrick Lencioni and *Mastering the Rockefeller Habits* by Verne Harnish.

Dwight D. Eisenhower once said, "Plans are nothing, planning is everything." Circumstances constantly change, but you must anticipate and plan to the best of your ability. The quarterly recalibration meeting allows you to continually examine current priorities in light of your long-term objectives and the changing reality. It keeps you nimble, but with a plan.

The *framework* of strategic execution is the one page strategic plan. Based on many years of work with clients, CEO Advantage advisors have developed and consistently used the One Page Translator™. This framework quickly focuses the executive team on:

- who they are as an organization (core ideology),
- where they are heading as an organization (envisioned future),
- what they do as an organization (brand and market position), and
- how they are going to realize their envisioned future (clear priorities for the next three years, the current year, and the current quarter).

The One Page Translator is a powerful tool for guiding sound strategic thinking and aligning the entire organization around a single plan. (You can download the One Page Translator at www.theceoadvantage.com/advantage/translator.html.)

The *personal tool* of strategy execution is the priority card. Research has clearly demonstrated the link between writing goals and achieving them. Start each day by writing on an index card the most important thing you need to accomplish that day. Next, record another two to four items. (Depending on the nature of your work, you may find weekly priorities to make more sense or you may want to do *both* daily and weekly priorities.) In the course of your work, you will undoubtedly be pulled into other concerns. When this happens, make sure you return to your priority card and refocus your efforts and energy on the top of the list. I have practiced this discipline for years, and my feeling of accomplishment for a given week rests on the degree to which I stay focused on the priorities I lay out in advance.

These four disciplines of strategic execution are simple to describe, but they require–well, *discipline* to implement over the long term. The effort is well worth it, however, and the more proactive you are in addressing the aspects of human behavior discussed earlier, the more successful you will be.

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ORGANIZATIONAL BARRIERS TO STRATEGY EXECUTION

Even with the right tools, strategy execution is tough. Sometimes the hurdle is one or more of the individual behaviors discussed earlier. Other times, organizational barriers stand in the way. Perhaps the best list of organizational barriers to converting knowledge to action is provided by Jeffrey Pfeffer and Robert Sutton in *The Knowing-Doing Gap*.

1. *Internal competition turns employees within the same organization against each other.* Some time ago, I worked with an organization that included several legal entities (sister companies). For several years, management wrestled with contention over talent resources, service rates charged between the companies, and management's allocations of overhead. They eventually realized that much of the tension between the sister companies resulted from incentives based on individual company gross margin and profitability. Implementing an organization-wide profitability incentive structure went a long way toward solving the problem. The employees in each organization can now focus on beating the competition instead of beating each other.
2. *Talk substitutes for action.* Some companies spend too much time planning and presenting ideas rather than actually implementing those ideas. In these situations, those who present well are rewarded with higher levels of responsibility–sometimes before the actual results of their ideas are evaluated. Even if the ideas failed, the one who proposed them is already carrying similar thinking to higher levels.
3. *Institutional memory substitutes for thinking.* We all know of things people do simply because that is the way it has always been done. It is worth asking why things are done and whether they should continue to be done that way.
4. *Fear prevents action on new knowledge.* When leadership penalizes failure too heavily, employees are afraid to try anything new. Fierce protection of the status quo suffocates a spirit of innovation.
5. *Measurement systems obstruct good judgment.* Recall the company that had to change its incentive structure before its various sister companies would work together. Measuring the wrong things can encourage the wrong behaviors.

IT ALL BEGINS WITH LEADERSHIP.

We have examined the challenges in changing human behavior, the disciplines of strategic execution, and the organizational barriers to conquering the knowing-doing gap. Now, let's consider the most important influence in any organization: the CEO and executive team.

It's common to see a pyramid diagram with the CEO and executive team at the top. I prefer to invert this diagram and put the leadership team at the bottom. They are the foundation, and everything above them (people, culture, policies, systems, etc.) represents the reach of their influence. Like a building, the structural integrity of the organization depends on the soundness of the leadership foundation.

Therefore, the CEO and executive team must be willing to hold themselves to a higher standard than the rest of the organization. Years ago, Scott McNealy, then CEO of Sun Mircrosystems, commented that organizational leaders must be willing to live "beyond themselves"–modeling right thinking and right acting in a way that serves the good of the organization rather than their own self-interests. This requires a certain level of humility along with a strong desire to see the organization succeed.

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In my experience advising executive teams, I have found four specific characteristics of leaders who successfully create cultures of strategy execution in their organizations. First, they take direct accountability for building a strong executive team. If you are not already familiar with *The Five Dysfunctions of a Team* by Patrick Lencioni, you need to be. Any executive team should constantly be reviewing the health of their team in light of Lencioni's framework.

Second, they make sure the leadership team spends ample time working *together.* Actually, I have yet to find an executive team that could not benefit from doing this more. Most think that "real work" is not getting done when they are stuck in meetings with each other. In reality, solo work by individual executives can never accomplish as much as productive work together. I'm not talking about meetings with no clear objective where everyone arrives unprepared and endures a boring monologue of "report outs." Those meetings are a waste of time and *should* be avoided. I'm talking about focused meetings with real debate over matters critical to the organization's objectives. That's where "real work" happens for the executive team, and those meetings are *fun!*

Third, successful leaders prepare for meetings. (This relates to the previous point.) A good meeting starts *before* the actual meeting time. You must block time in your calendar prior to the meeting to prepare anything that will contribute to productive dialogue. You should not waste your colleagues' and your organization's time by showing up unprepared.

Fourth, successful leaders are patient for results. We all want instant gratification, but leaders set a poor example when they constantly jump from one program to the next in search of a silver bullet. When employees see this enough times, they begin ignoring new initiatives in anticipation of it changing again. Consistency in management disciplines allows results to accrue over time.

These four behaviors–taking accountability for the executive team, making sure the team spends time working together, demanding advance preparation for team meetings, and exhibiting patience for results–set a tone of strategic execution that will carry over into the entire organization.

AVOID FOUNDATION PROBLEMS

What does the foundation of your organization look like? Is there faulty thinking in your organization that prevents strategy execution? More specifically, is there faulty thinking at the leadership team level? To find out, just look at the front-line employees. How they approach their work reflects how the leaders approach their work. The culture of the organization begins with the leadership team.

In this article, I have reviewed some disciplines that will help you build a culture of strategy execution. I have also covered some of the important aspects of positive change for both individuals and organizations. Now, I ask you: please do *not* go back to your organization and roll out a new program. *Do* go back and implement these disciplines with your leadership team. You don't need a silver bullet (which is good, because it doesn't exist). You need a lifestyle change. Your employees will not live the disciplines of strategy execution unless they first see those disciplines modeled by you.

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