

Point of view

Lost in translation:

Why good strategies fail to deliver

Overview

Why good strategies fail to deliver

In our experience it is rare to find a new strategy that is fundamentally wrong. Even in today's complex and fast-moving world the majority of business leaders, sometimes assisted by consultants, are more often than not capable of working out what their business needs to do differently in the future to survive and thrive.

However, it is also rare to see a strategy executed well. Unlocking the full potential of an organisation is significantly easier to write about than it is to deliver. Time after time the cleverly articulated and well thought through strategy fails to make it out of the neatly bound pack on the CEO's shelf and into the real world. Instead execution falls victim to a predictable series of leadership stumbles. This happens more often than you'd expect - around three quarters of the time even the most neatly drawn strategies perish once they hit the shop floor. In fact, only 11% of leaders say they effectively connect strategy formulation to its practical, day-to-day implementation (source: The Economist Intelligence Unit). That is not to say that these organisations are doing nothing, on the contrary, most companies are trying to execute dozens or even hundreds of initiatives. The trouble is, they are not necessarily the right things and they are not well executed. So, why are strategies so often lost in translation?

Boxwood works with ambitious business leaders to deliver profitable growth. This typically involves fundamental business transformation. In many cases, the CEOs that hire us already have a strategy pack that depicts a compelling future for that organisation. Many organisations also have a Programme Office with a myriad of initiatives across multiple work streams and reams of progress reports. Excellent, you might think, they must be making progress. Sadly, this is not often the case and, if progress is being made, it is misdirected or too slow. This is because there is a translation gap between strategy and execution. Time after time, the leadership team under-estimate the work required to effectively translate a strategy and prepare the organisation to deliver it. This paper explores the reasons for this gap and some of the things you can do to close it.

Here are five common leadership misconceptions that contribute to the translation gap.

Why good strategies fail to deliver

1.

'The leadership team all contributed to creating the strategy and signed it off, we must be aligned'.

Wrong. It's easy to think that just because the Board and Executive team signed off a new strategy that they are aligned with it. Voting in favour is one thing. Understanding the full implications and being able to lead and communicate important changes consistently is quite another. Until the leadership team has really understood the full implications of the strategy, what it will mean to them as individuals and how their teams will need to work differently, they are not aligned. The result is that each member of the leadership team interprets the strategy slightly differently and communication is inconsistent. As word spreads through the organisation these differences amplify until chaos and confusion take hold. The feedback from the front line is: 'the Exec don't know what they're doing, they are all going in different directions'. The result: inertia.

2.

'We've completed the strategy creation process, that's the hard work over. Now it's time for the team to take it on'.

Sadly not true. While the strategy creation process may have been intense and sometimes painful, the hard work for the leadership team is only just beginning. Accountability for making sure the organisation is capable of making the changes necessary to deliver the new strategy sits firmly with the leadership team. Underestimating what it takes to achieve effective implementation is a common mistake. Thinking that a simple, linear 'planning' process can prepare the organisation to deliver is an over-simplification. Delegation too early will result in failure. That does not mean you shouldn't engage the organisation; just avoid throwing the hospital pass that will over-burden your team by asking them to do things they are not ready or able to do.

3.

'So now our task is to simplify the strategy so that it's easy to understand and execute'.

Yes and no. The need for simple, clear and compelling communication is spot on. A clear and memorable mantra that the organisation can get behind and holds meaning is a great way to mobilise the troops. However, many organisations also try to simplify the task that needs to be done into its component parts, losing the big picture. When this happens, the strategy will often fail. In the current market the customer is demanding convenience, personalisation and great service – all at rock bottom prices. The solution is not simple. The reality is that your business's offer and operating model will need to deliver a more complex set of propositions through multiple channels. It's complicated, get over it. The trick is to keep the complexity 'out there' and not let it drive cost into your business. The leader's task is to help their people understand the complexity and not get distracted by it.

4.

'Now that I have a strategy, we will just split up the targets into our functions and task our people to make the necessary changes'.

Unfortunately this approach doesn't work when you need to make a transformational change. It may work for incremental improvements, but certainly not when you need a fundamental shift to a new business model or customer proposition. The complex changes demanded by today's market require a 'one company' approach. This requires decision making that cuts across functional silos, engagement of the whole organisation and leaders that take personal accountability for collective targets. This is uncomfortable, as it challenges traditional paradigms around autonomy, requires real teamwork and is difficult to explain to the business. This capability rarely exists in most organisations. After all, it is not business-as-usual to implement a fundamentally new strategy or proposition. When the approach is not joined up or well considered, you end up with competing and disconnected initiatives. This leads to fragmentation and deeper silos, most often between the core business functions and IT. The result is that the complex, whole-business problems simply cannot be resolved and execution grinds to a halt.

5.

'We have a compelling strategy, our people will love it and go out there and change the world'.

Unlikely. Drucker is renowned for saying 'culture eats strategy for breakfast'. He was right. The best strategy in the world will still fail unless your people embrace it fully and have the right mind-set, capability and headroom to execute. In most cases 'the way things get done around here' will need to change if the new strategy is to succeed. Old operating paradigms will need to be broken, the rules of the game will need to change and new heroes will emerge. Leaders consistently under-estimate what it takes to create the right culture where their strategy can be successfully executed. A 'communication and engagement plan' won't cut it. It is deeper than that and usually requires a fundamental change in the leaders themselves. Not an easy thing to acknowledge; even harder to do.

How to avoid getting lost in translation:

So what can the leadership team do to avoid getting lost in translation? It is a leader's responsibility to effectively prepare their organisation to deliver the strategy, effectively bridging the gap.

Here are five top tips based on recent experiences across the Boxwood portfolio.

1.

Embrace the act of translation as a team, commit yourselves to it and prepare to lead.

The translation process is, if anything, more important than creating the strategy in the first place. A whole new level of commitment is required to prepare the organisation to make the shift necessary to deliver the strategic goals. This activity usually takes 3-4 months and is both a structured decision-making process and a very deliberate rational and psychological journey that sits between the strategy creation phase and implementation. Without it, the leadership team will not be properly aligned or committed and they will fail.

The process is demanding on both leaders' time and emotions. When done well, the dialogue is robust and fact-based, sacred cows are slain and the team becomes much closer and more effective. It is also a great opportunity to demonstrate leadership to the organisation. Remember: you get back what you exhibit or tolerate. If your people don't notice a change in leadership behaviour or the organisational 'mood music', you are missing the point. Leaders that do not commit to the journey and take accountability for the future need to find a new job. In our experience, it is rare that the team that signed off the strategy is the same one who successfully delivered it three years on. The translation process is a great way to make sure you have the right team at the helm at the start of the journey.

2.

Use an iterative decision cycle to make the right choices and achieve genuine alignment.

Effective translation is not a linear process. Leadership teams must be prepared to embrace an iterative cycle of decision making to ensure that the right choices are made about **what** should be done and **how** to execute it. By doing this well and in parallel, you create deep and lasting commitment across the leadership team, enabling a much faster and more effective implementation phase. There are three critical translation components that leaders need to consider in this process:

- The 'so what?'

A deep understanding of how the new strategy creates a relevant and sustainable competitive advantage. What it means in terms of how you will make money in the future, the value proposition, target customers, go to market approach and what the organisation needs

to do differently to deliver. A strategy should cover these topics but, in our experience, rarely does so in sufficient detail to make it real.

- How the business will work

A clear description of how the strategy changes who does what in the future. This includes organisational structures, processes, how IT will enable activity, what capabilities are required and how the culture will change. Creating this picture and comparing it to how the organisation currently works creates clarity, consensus and urgency.

- The implementation approach

Often known as 'the plan', it describes how to successfully move from where we are to where we want to be. What needs to be done first, second and third (and what should be stopped), how to govern effectively, reduce risk, assign resources, measure success and incentivise people. This roadmap for implementation should be built in parallel with the picture of the future business to ensure that reality of execution is firmly baked into the decisions that are being made.

By combining a deep understanding of the strategic 'so what' with implications for how your business will work and the practicalities of how you will implement it, you create a powerful decision cycle. Although the emphasis of leadership attention naturally shifts between the topics over time, considering them collectively improves the quality of the solution and reduces the execution risk.

3.

Remember: less is more.

Most organisations have a natural activity bias that makes people feel good by being busy but often leads to a strategic misfire. Avoiding well-intentioned 'initiative-itus' feels counter-intuitive because, once the strategy is published, the natural instinct is to get on and do. There is nothing wrong with well thought through 'quick wins' or 'no-regrets' projects that save money or create the right type of momentum. 'Pilots' that test out parts of the strategy are also a great way to prove the concept and get people on board. However, when you see 12 work-streams with 50 initiatives emerge, all trying to change every aspect of the business at once in no particular order, things are not going to go well. At this stage 'No' is a key word. The translation phase must ruthlessly prioritise new activity and stop old projects that do not add value.

You are much more likely to make a difference if you pick the right five priorities and execute well in a coordinated way, than if you try to do fifty things at once. Shrinking the scale of the change into bite-sized chunks also helps people to understand and accept it. There is an old military saying: 'it is much easier to punch through and reinforce, than to advance on a broad front'. The same is true in business.

4.

‘Take the change early’ - predict and proactively address implementation risk.

The translation journey is a great way to overcome an organisation's natural resistance to change by dealing with the difficult changes in a structured way early on. Many organisations shy away from tough decisions, leaving them to be resolved during the implementation phase. This is one of the principal causes of transformation failure.

Resistance to change tends to build over time if not addressed, and then have a catastrophic impact on your plans, usually at the critical moment of implementation! To avoid this, you must spot trouble early. Whether it is from individuals or whole departments, predicting the source and reason for resistance is critical. This allows you to address issues openly and with facts as part of a decision cycle. It also allows you to make the necessary team changes to ensure that you have the right people in the right seats on the bus. You will need the correct mind-set and capability in your management and front-line teams if you are to succeed.

It is rare that a leadership team regrets addressing difficult issues or making people change because they did it too early. There are many who regret leaving it too late.

5.

Set the scene for success.

Preparing the organisation for change requires the leadership team to be clear on 'how things need to be done differently around here' and deliberately role model these changes. Call it culture change if you like. Most people react badly to the word culture and, of course, it takes years to genuinely change it. However, in the few months that the translation process takes, it is possible for the leadership team to send a powerful signal of how things need to be in the future. Role modelling, listening to customers, walking the talk, changing the rules of the game, rewarding the right behaviours, creating new myths and legends, rituals and routines. When a strategy has just been unveiled, people in most organisations operate with heightened senses, watching leaders even more closely than usual for clues about the new direction, cynically assessing whether the words and deeds are aligned. 'Is this just another load of management bullshit?' they say to each other. As leaders, it is critical to do what you say you will do, work as one team and never allow yourself to get distracted. It is, after all, your job to create the right environment, build execution capability and motivate the team to deliver the strategy.

The burden of accountability for translation falls firmly on the leadership team. The reality is that many leadership teams fail to understand the need for translation and others fail to commit the necessary time and attention to it. If leaders saw strategy translation as of equal importance to strategy creation, their organisations would stand a much greater chance of successfully delivering the desired outcomes. Taking a deliberate and considered approach to translate the strategy and prepare the business for the change has been proven time and again to reap rewards. The leadership team that did the translation are well-armed to lead the charge. Plans will always change, but the shared understanding of why you are doing this, where you are going and how you will work together is invaluable.

As Eisenhower once said: 'Plans are nothing, planning is everything'.

Talk to Boxwood.

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