

EXECUTIVE STUDY - 2016

„The most powerful levers of strategy execution“

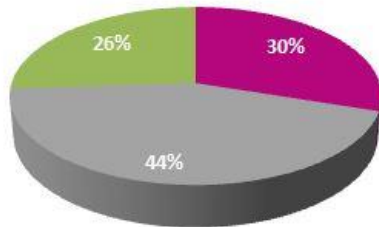


by Volker Rau | Andreas Liebrecht

MANAGEMENT SUMMARY

Nearly 200 CEOs and members of top management from 29 industries participated in the survey.

- Company sizes -



■ Large enterprise ■ Medium size Enterprise ■ Small enterprise

The TOP 5 levers

What are the most powerful levers of successful strategy execution?

In the quantitative section of the survey (multiple choice), the executives polled reached the following conclusions:

1. **Clear strategic focus (79%),**
2. **Willingness to engage in dialogue in case of conflicts (69%),**
3. **Clearly stated business case (67%),**
4. **Taking all stakeholders seriously (66%),**
5. **Inclusion of the line organization (60%).**

Managing relationships as a key factor

In the qualitative section of the survey, we allocated the more than 600 single statements to three analysis levels: the relationship, the self-management and the objective level.

- Analysis levels -



■ Relationship level ■ Self-management level ■ Objective level

The relationship level – the dialogue, managing the relationship with the stakeholders – has the greatest impact on the success or failure of strategy execution.

We arrived at three core propositions:

The relationship level as a success factor:

Those who proactively build the network of relationships with all stakeholders will win.

The self-management level as a success factor:

Quality expectations based on sound judgment instead of perfectionism; leveraging networks instead of heroism.

The objective level as a success factor:

Profound understanding of the business by the decision makers leads to well-formulated strategies.

On the following pages, we have described the impressive results of our study in detail, and **are sharing our hypotheses and recommendations.**

On the last page, we have summarized **valuable tips & tricks from executives for executives**, clear, succinct and straightforward.

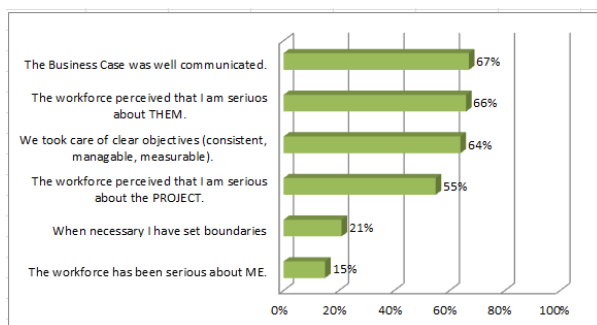
I. QUANTITATIVE ANALYSIS

"It's always good to be brave."

We asked the decision makers what the most powerful levers of successful strategy execution were from their perspective. Multiple choices were possible.

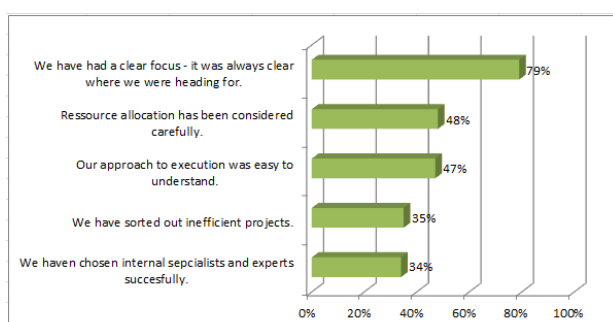
Step 1: Energizing the team for the strategy project.

Communication of the **business case** and the objectives derived from it was deemed to be very important, plus the team's perception that the boss **is serious** about the team.



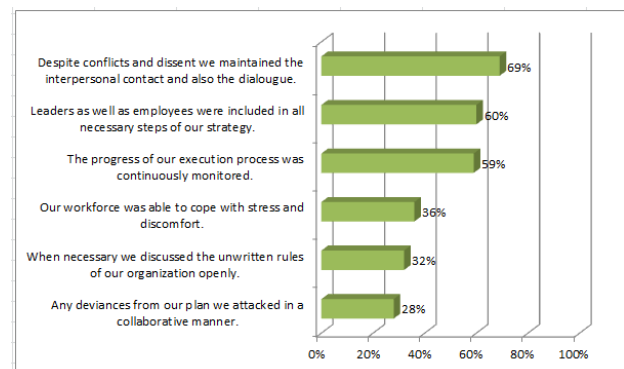
Step 2: Keeping the team energized for the strategy project.

Responses in this case by far referred to a consistently **clear strategic focus**. Once more, this shows the importance of providing and receiving orientation. The **allocation of resources** and an **implementation method that is easy to understand** play an important part as well.



Step 3: Receiving honest and open feedback about current results.

Maintaining dialogue in the event of conflicts is decisive for success from the bosses' perspectives. The same applies to **involving all the stakeholders and monitoring (interim) results** to detect variances and to deal with them in a solution-oriented manner.



Our hypotheses

Being clear and focused about **business objectives** as well as capable of dealing with **interpersonal dissent** - both obviously contribute to successful strategy execution. We wouldn't have expected such a well-balanced result.

On the other hand, some success factors seem to be underrated by the executives. They are not inclined **to stop conflicting or inefficient projects** that get in the way of the current strategic initiative.

"Culture eats strategy for breakfast"

They also underestimate the importance of tackling the **unwritten rules** of the organization, the **hidden agendas**, the **holy cows**. These **cultural factors** are eager to have the strategy and its execution for breakfast. Executives should develop a language and an approach to addressing this issue.

II. QUALITATIVE ANALYSIS

We sorted the **more than 600 single statements** by the following criteria: objective level, self-management level and relationship level.

- Objective level (strategy and goal formulation, strategic resources, setting the framework)
- Self-management level (coping with stress, making decisions)
- Relationship level (dialogue with stakeholders)

Objective level

Profound understanding of the business leads to well formulated strategies.

Executives are highly aware of the methods of strategy formulation and execution planning. They regard this as: "Homework that needs to be done."



Securing and maintaining strategic focus, application of simple procedural models and clear resource and budget allocation are of vital importance to them.

Our hypothesis: Based on profound understanding of the business, decision makers establish the required boundary conditions for successful execution.

Self-management level

Quality expectations based on sound judgement instead of perfectionism; leveraging networks instead of heroism.

People who have achieved a senior managerial level in the course of their career have a strong will and firm belief in the effectiveness of their decisions. In the



strategy process – naturally with an uncertain outcome – this self-image is put to the test: "Will it lead to success or will I ultimately be left empty-handed?" or: "I had doubts myself whether it would meet with positive response," or "Have I thought about all the angles?" The executive is under stress of achieving success. A number of those polled said that in this situation they responded by expecting themselves to have **perfectly thought about all the angles** on their own.

It is the self-image of **the perfect strategist** who anticipates any contingency; excluding the possibility of making mistakes. Consequently, when asked "What was your most useful mistake?" some of the respondents were struggling with the answer: "Even in terms of semantics, mistakes cannot be useful," or "Mistakes have no place in the strategy process."

Our hypothesis: Due to their claim to perfection, and occasionally to heroism, executives neglect regarding **the strategy process as a team effort**. However, in an age marked by rapid, exponential growth of knowledge, we consider the provision of single-handed strategic orientation a feat that is improbable, if not impossible, to achieve.

Our recommendation: Decision makers should involve internal and external expert teams into strategy formulation at an early stage. Even though the subsequent choice of a strategic option may not become any easier that way, multiple perspectives generally lead to greater robustness of strategy development and execution.

Relationship level

“Those who actively build the network of relationships will win.”

Notably, about half of all the responses referred to the relationship level. Statements such as: “I was confronted with the arbitrariness of stakeholders” have a high emotional quality. They suggest particularly intensive learning but, nonetheless, are associated with disappointing and to some extent even painful experiences: “Plenty of machinations – my mistake was to trust people on the job” or: “Constant delays caused by troublemakers.”

Our hypothesis: Even though it is important for



executives and CEOs to involve stakeholders they stumble over the relationship level in the execution process.

Our recommendation: Executives should **continually** reflect on what is happening in relationships during the execution process. Otherwise, stress induced by relationships and the need to succeed will produce an

explosive or implosive mix that keeps quite a few executives awake at night: “It’s awful when values like reliability, trust and honesty are violated.”

Building trust between people is what matters.

It is always the others that decide whether or not the executive is perceived as trustworthy. Still: If he or she takes owners, shareholders, investors, works councils, other managers or teams seriously with respect to their expectations and needs, values and expertise then they will jointly be able to elevate the strategy to incredible heights.

In a nutshell: What makes strategy execution successful?

To quote a successful CEO who obviously is guided intensively by common sense:

“Relations, atmosphere and the vision of where we’re headed: if they fit, then the execution process will be a success!”

III. TIPS AND TRICKS FROM EXECUTIVES FOR EXECUTIVES



What have executives learned from their – useful – mistakes? We have summarized their tips and tricks for day-to-day strategy work.

Objective level

- "Think from step to step instead of two or three steps ahead."
- "Don't underestimate the scope of your project either in terms of the time it takes or the depth of the analyses involved."
- "Don't lose control of time management and budget planning."
- "Always get the total picture."
- "Clear vision, solid communication across all levels, simple and clear visualization of the goal."

Self-management level

- "It's always good to be brave."
- "Don't adjust too early."
- "Listen to your gut feeling."
- "Don't try to shoot for too much too soon."
- "Make spirited decisions."
- "Don't try to be perfect."
- "Don't rely strictly on verbal commitments."
- "Just act as if you were the owner of the company."

Relationship level

- "It's about respect, honesty, reliability, quality."
- "Don't think too early that you've brought everyone on board."
- "Don't keep explaining things in various colors if the people you're talking to actually couldn't care less. Don't use objective arguments when the relationship is the real issue."
- "Don't justify yourself in front of skeptics."
- "Don't decide without close coordination with the owners."
- "To believe that employees always deal with you honestly and constructively is an illusion."
- "Watch out for politics and recognize machinations."
- "Don't hand important decisions over to the team too early; employees want to be 'led by involvement.' Orientation is what matters."
- "Move away from the push toward the pull principle."

ACKNOWLEDGEMENT

30% of the executives we asked to participate in the survey responded. That's a resounding success. We would like to express our sincere appreciation to you for having shared your experiences and impressions with us!

With best regards from Cologne,





Your partner at a crucial moment

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