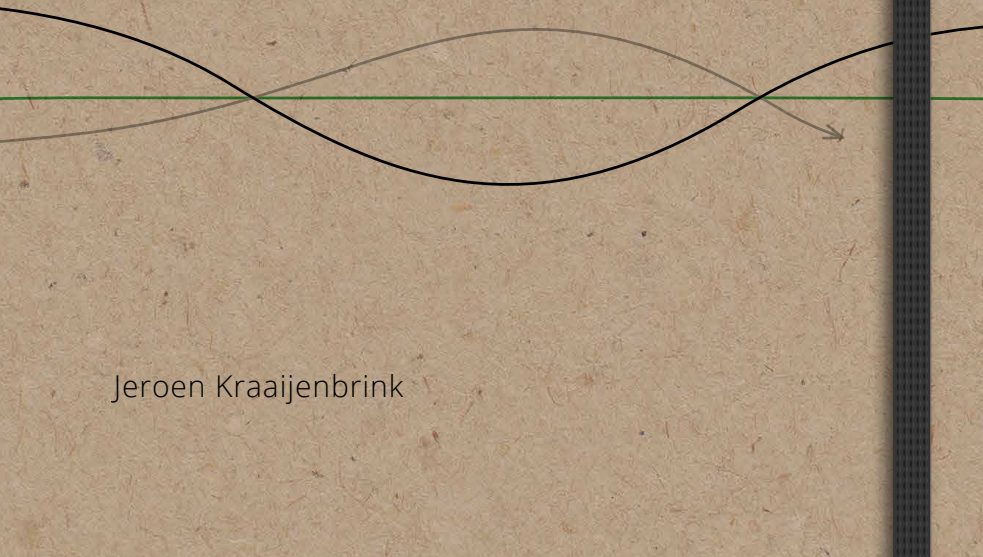


The Strategy Handbook

A practical and refreshing guide
for making strategy work

Part 2. Strategy Execution

Jeroen Kraaijenbrink



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1

Motivation

In this first chapter, you find out what this book is about and why I have written it. The chapter also gives you some background information on the foundations of the book and describes five ways you can use it. After reading this chapter, you should have a good idea of the relevance and nature of the book.

The strategy execution challenge

As you can infer from the title of this book, this is the second part of The Strategy Handbook. Part 1 covers strategy generation; it discusses what strategy is and the elements that make up strategy. Furthermore, it provides a framework - the Strategy Sketch - that visualizes the ten core elements of strategy coherently, as well as offering a five-step method that guides you through the process of strategy generation. As such, Part 1 sets out a comprehensive and practical approach to strategy generation that results in a concrete strategy that can be executed.

“The aim of this second part is to support you in actually turning your strategy into action.”

As explained there, the aim of The Strategy Handbook is to support you in making strategy work; that is precisely the aim of this second part as well. While Part 1 focused on generating executable strategy, the aim of this second part is to support you in actually turning your strategy into action.

Strategy execution is underestimated. In my consulting work, I have experienced this issue in two ways. First, after having supported them with generating a new strategy, various clients decided that they needed no further support with executing it. After all, once you know where to go, the rest is easy – so they thought. Unfortunately, several times this decision led to the new strategy not being executed, thereby not producing the result they could have had. A second way I have experienced the underestimation of strategy execution is that with some clients we found out that, even though we were hired to generate a new strategy, the actual problem was that they had not executed the previous strategy. While their strategy could be improved, the real issue was that they had made hardly any progress executing it. The fact that they were hiring us not for that, but for generating another strategy, indicates how much their focus was on strategy generation rather than on strategy execution.

Another, more objective indicator of the underestimation of strategy execution is the large proportion of strategy projects that fail. Scientific studies report failure rates of up to 90%. Even if a critical examination cuts this number in half, the failure rate is still high – and something we certainly wouldn't accept from any other business process. Part of this failure can be attributed to bad strategy generation: it is not rare for organizations to have strategies that are unclear, unspecific, unrealistic, unsuitable, or otherwise problematic. As studies show, however, bad execution is at least as important a cause of the high failure rates. Reported problems include unclear or no communication, lack of commitment, insufficient resources, poor leadership, misreading resistance, unclear responsibilities, conflicting priorities, no strategy execution process, too much complexity, no or inappropriate follow-through, and so on and so forth.

These high failure rates and long lists of problems show how difficult strategy execution is. Therefore, some argue that maybe a mediocre strategy executed well is better than a good strategy that is executed badly. In that vein, Dick Rumelt (an influential strategy scholar) argues that simply having a strategy is often already sufficient to give an organization a competitive advantage – because others don't even have a strategy. With 'having' a strategy Rumelt doesn't refer to nice words or plans, but to an actual strategy that the organization executes. If you think about it, this is quite astonishing. It shows that the level of aspiration has dropped to being satisfied simply if

something coherent is done, even if it is mediocre. My aspirations with this book are a bit higher than that.

Whether good strategy or good execution is most important is, at the end of the day, not so interesting. Both are needed. You need a good, executable strategy and also to execute it properly. If done well, both help you stand out by creating value in a unique and sustainable manner. If your strategy is currently not so good or your primary concern is what your strategy should be, your first step is to revisit your strategy and generate a new or improved one. For that, I am pleased to refer you to Part 1. If on the other hand, your main concern is how to get strategy actually working, this second part should be of most interest to you.

What kind of book can support strategy execution?

So, strategy execution is important and difficult. But, why would you need another book for this – and especially this one? Unlike strategy generation, there are not so many books on strategy execution; ‘not so many’ here means a few hundred instead of thousands. Of course, a few hundred is still a substantial number, but it shows the imbalance in strategy publications when it concerns these two aspects of strategy. If strategy generation and execution are equally important, or if the latter is even more important, then just that would be a sufficient reason to write more books on the subject.

However, there is more to say about why I think this book can really help you make strategy execution work. Let me therefore briefly summarize – and, bluntly, over-generalize – the kind of books that we currently have on strategy execution. Roughly, there are three kinds of books. The first category is not exclusively on strategy execution but strategy in general. Typically, these are the colorful 500+ page strategy textbooks that are used in MBA classes worldwide. Besides their emphasis on strategy generation, they usually contain a few chapters on strategy execution too. What they include is mostly a summary of what we find in the next two categories.

The second category of book on strategy execution consists of what we can call 'best practice' books. They bear titles such as 'Successful Strategy Execution', 'Execution Is the Strategy', 'The Strategy of Execution', or 'Strategy Execution Heroes'. Unlike the first category, these books focus explicitly on strategy execution. Based on an analysis of successful organizations, they typically contain command-style strategy execution dos and don'ts or lists of success factors. A strength of these books is that, together, they give quite a complete overview of all the challenges that organizations may face when trying to execute strategy. On the other hand, many lack the kind of concreteness and systematic approach that is needed to follow the dos and don'ts. Thus, although they do indicate what factors you should pay attention to, there is not so much structure in them, so in actual fact, they don't give enough guidance for how to make strategy work in practice.

This is where the third category of book comes in. This category consists of books that offer more structured frameworks and processes, specifically targeted at making you follow a particular approach to strategy execution. The classical approach here is Alfred Chandler's 'Strategy and Structure' which argues that a strategy is best implemented by choosing an appropriate organizational structure. Better known and probably most thought-through is Kaplan and Norton's integrative book series on the 'The Balanced Scorecard', 'Strategy Maps', and 'The Execution Premium' that they wrote over the past three decades. Also, famous in this respect is McKinsey's 7S framework, which focuses on making strategy work by aligning it with the core elements of an organization. Compared to the previous category, these kinds of books are more systematic in their approach. However, they are also rather one-sided because they focus on a particular perspective of strategy, such as structure, control or alignment. For effective strategy execution, though, you need to combine more than one perspective - especially because organizations and situations differ. Thus, while the books within this third category offer partial solutions, they don't provide a complete enough approach to strategy execution.

“This book offers a practical approach that covers all the main steps and elements of strategy execution.”

By putting existing books in these three boxes, I may have offended some authors, and I have certainly ignored important differences and exceptions. What I want to show, though, is that there currently is no book that provides a concrete and complete enough approach to strategy execution. This book aims to be such a book. It aims to offer a practical approach that covers all the main steps and elements of strategy execution. And, by making it part of this series of handbooks, it is also directly linked to strategy generation so that you can adopt one integrative approach for the entire strategy process.

When writing this book, I found it crucial that, even though it contains a single approach that you can follow, it also addresses the large variety of situations in practice. As you can guess from the previous pages, I don't believe in golden rules, recipes and one-size-fits-all solutions. Organizations are too different for that. Therefore, even more so than Part 1, this book provides information and tools to tailor the approach to your own situation.

Origins and methodological basis

For a book that has pretensions of being a handbook that supports making strategy actually work, it is important that its contents are well founded. Therefore, I can imagine that you want to know on what the contents of this book are based. The approach I followed in developing this book resembles the approach for Part 1. Like that part, this book is based on a substantial amount of literature combined with practical experience. But, there are differences as well, which become evident in the following steps.

The start: Problems and ‘solutions’

One thing that struck me while reading the literature on strategy execution was that many papers and books focus on the problems (or ‘challenges’, if you like) that organizations face when trying to

execute strategy. This was a useful starting point since these papers and books show what executives and managers encounter during strategy execution, and thus what kind of problems and challenges this handbook should help overcome. When comparing the studies over the past few decades, it turns out that the problems hardly change; there apparently is a core of practical problems that need to be addressed. These are summarized below. I often present this list of problems in the executive courses I teach. When doing that, I keep on being amazed by the almost unanimous recognition by participants - whatever type of industry or organization they come from.

“Often ‘solutions’ offered in one study are positive reformulations of problems found in other studies.”

On these problems, there is a stream of papers and books offering ‘solutions’ for successful strategy execution. I call them ‘solutions’ in quotation marks because they often take the form ‘avoid or solve the problems’. As such, they are not always very concrete in what to do. To illustrate this, below is a list of some of the most prevalent problems and ‘solutions’ reported in studies on strategy execution.

As you can see from this list, many of the ‘solutions’ suggested in one study are just positive formulations of the problems found in other studies. While they are probably correct, I don’t find them particularly helpful. Therefore, my aim with this book was to come up with something much more practical.

Typical strategy execution problems found	Typical strategy execution 'solutions' offered
Unclear communication	Instill a focus on clarity
No or insufficient communication	Listen and communicate
Lack of commitment	Generate commitment
Insufficient or inadequate resources	Allocate scant resources
Isolated and fragmented actions	Create effective alignment
Ambiguous or conflicting goals	Set clear goals and objectives
No or unclear strategy	Have a clear strategy
No clear priorities	Create the right milestones
Ambiguous responsibilities	Assign roles and duties carefully
Lack of performance information	Monitor and manage performance
Silo behavior and sub-optimization	Foster collaboration and sharing
Wrong or ineffective culture	Create a culture of innovation
Resistance to change	Embrace change
Over-complexity	Keep it simple
Insufficient management capabilities	Develop and train managers
Delay, plans are not met	Set the right pace, plan carefully
Budget is exceeded	Accurate resource planning
Lack of middle management support	Involve middle management
Strategy is not adapted to changes	Adapt strategy to changes
Poor leadership	Manage by example
Bad strategy execution	Execute flawlessly

Construction: Combining fragments from the literature

The next step was to search for hints in the literature on what a systematic and practical strategy execution approach should look like. After all, why invent something from scratch if we can borrow from what is already there? Therefore, my approach has been to gather what is there, filter it for useful contributions, integrate it, build on it, improve it, and turn it into a coherent approach to strategy execution.

This was quite a challenging step. Some literature was easily found since it explicitly used terms such as 'strategy execution' or 'strategy implementation'. This literature, though, only looks at the tip of the iceberg. Most of the relevant literature is only indirectly about strategy execution and, rather, focuses on topics such as change management, project management, or performance management. Altogether, that literature offers a rich set of perspectives that turns out to be of great value for understanding and dealing with strategy execution in practice. While going through this process, I have encountered relevant literature from no less than ten different perspectives (see below). The literature on these various perspectives provided me with the building blocks for creating the approach to strategy execution. And, afterwards, it also provided a checklist of perspectives by which I could confirm that the approach accounted enough for the variety of strategy execution in practice. The ten perspectives are:

- 1 **Performance management:** Turn strategy into objectives, targets, and KPIs and monitor progress against these.
- 2 **Alignment:** Make sure that all elements of the organization are aligned with the strategy.
- 3 **Resource allocation:** Allocate money and other resources to activities that support the strategy.
- 4 **Problem solving:** Take away key barriers to strategy execution and solve the most pressing problems.
- 5 **Project management:** Turn strategy into action plans, projects and programs and manage them carefully.
- 6 **Change management:** Transform the organization so that it supports and executes the strategy.
- 7 **Engagement:** Engage people so that they are highly motivated and committed to the strategy.
- 8 **Dialogue:** Create an open dialogue in the organization by listening and communicating.

- 9 **Emergence and learning:** Generate and execute strategy in an iterative trial and error approach.
- 10 **Organizational excellence:** Create an organization that is good at strategy generation and execution.

Next to these general perspectives, there were some publications that had a more profound influence and that served as sources of inspiration for the overall approach. Specifically, I would like to mention the following:

- Henry Mintzberg's various writings about emergent strategy, particularly his emphasis on the connection between strategy generation and execution and his learning approach to strategy.
- Fran Ackermann and Colin Eden's various publications on how to engage groups of people effectively in strategy making.
- Mike Cohn's book 'Succeeding with Agile', which offers a thorough explanation as to how to apply the scrum methodology in practice.
- Stuart Read and colleagues' 'Effectual Entrepreneurship', which contains a rich set of information, tools, and tips for a 'getting things done' approach to entrepreneurship.
- Marvin Weissbord and Sandra Janoff's work on 'Future Search', which provides a practical and interactive change management approach that is based on socio-technical systems theory.
- Hans Joas's 'The Creativity of Action' – a profound sociological and philosophical work rooted in American pragmatism and offering valuable insights into the creative nature of human action.

Given this eclectic set of perspectives and sources of inspiration, you can probably imagine that the main challenge in this phase was to distill the most valuable insights and combine them into a single coherent approach to strategy execution - and to make sure that it was also consistent with and complementary to the approach to strategy generation of Part 1.

“The challenge was to distill the most valuable insights and combine them into a single coherent approach.”

Practice: Observing, testing and learning

The main intellectual work for this book was carried out in the previous step. Partly in parallel and partly after that step, I also engaged actively with strategy practitioners to learn more about the details of strategy execution and to test my ideas. I did this in both my teaching and my consulting.

As part of my executive MBA courses on strategy, and also in a dedicated elective course on strategy execution that I taught a number of times, I had the opportunity to try out various versions of the approach outlined in this book. Based on the responses from participating managers and entrepreneurs from a wide range of very different organizations, I have further developed the approach and fine-tuned it until its current version.

Similarly, I also used the ideas outlined in this book in my coaching and consulting for various for-profit and non-profit organizations. Given the required time and intensity of such work, I obviously have only been able to engage in a limited number of projects myself. Therefore, I worked with and spoke to various other strategy consultants to learn from their experiences and to hear their views on the approach.

The end: The actual writing

After all these steps, the 'only' thing left was to write the book. As with the previous part, this turned out to be quite some undertaking. In particular, getting the overall approach right and finding an effective way to address the variety in practical strategy execution has been a long and tiresome process which I started several times from scratch. Once those hurdles were overcome, and I finally got the structure sorted out, writing the first draft went relatively smoothly – relatively. That draft was sent to various experts and reviewers to get feedback and, in this way, I worked iteratively to the final version that you have before you.

Obviously, this second part of The Strategy Handbook has been written as a complementary book to Part 1, on strategy generation. Therefore, at various places, I will refer to that part. However, if you have followed an alternative approach to strategy generation or if you already have your strategy clear, you can still use the book.

Five ways to use this book

Dependent on what you want to achieve and how you approach strategy execution, I have anticipated five ways in which you can use this book. There may be more, and it is of course up to you which parts you use and how you use them. However, the book was designed with the following five ways of using it in mind.

1 Full-fledged strategy execution

The most obvious way to use this book is to follow it from chapter to chapter and perform all the steps that are described. This is the most complete approach, and it will make sure you cover everything that might be relevant. After getting familiar with the overall approach (Chapter 2), you move on to a gap analysis between your current and aspired strategy (Chapter 3), a systematic evaluation of the organization and its fitness for executing the strategy (Chapter 4) and developing a dynamic plan with the most important actions to perform (Chapter 5). The approach also involves putting the strategy into action and reviewing how progress, relevance, and emotions develop (Chapter 6) and shaping the strategy process to the specific needs of your organization (Chapter 7).

2 Strategy first

The second way to use this book is more straightforward and focused. After you have developed your strategy or a draft version of it, you immediately work towards a brief action plan, which outlines the most important next steps to take in order to make the strategy work. For this approach, you focus on Chapters 3 and 5 ('Bridging gaps' and 'Planning strategy'). The basic idea outlined there is that you complete a gap analysis in which you identify and prioritize the most important gaps between your current and aspired strategy, and then develop a prioritized action plan for bridging these gaps.

3 Organization first

A third approach is to focus on the organization first and see where it can be improved. The basic idea is that if you focus on improving the organization first, this will foster future strategy generation and execution efforts. This approach is in line with the 'Organizational excellence' perspective on strategy execution mentioned on page 15). If you want to follow this approach, you should focus on Chapter 4 ('Organizing strategy'), followed by Chapters 5 and 6.

4 Execution first

A third, action-oriented way of using this book is to start with execution before you have generated a new strategy. This means that you start with defining projects and tasks (Chapter 5) and realizing and reviewing them (Chapter 6). While you do this, you iteratively work towards a new strategy. To do this, you can use the Strategy Sketch, which is summarized on page 20 and further explained in Part 1, to keep abreast of how the projects and tasks contribute to the ten elements of your strategy.

5 Process first

The final way of using this book is that you start with designing and creating a strategy process that suits your organization. So, rather than starting to generate or execute an actual strategy, you focus on developing a way of undertaking strategy that works for your organization. The overall process and steps outlined in both parts of the book can serve as a basis for this approach. Chapter 2 ('Getting started') and Chapter 7 ('Shaping the strategy process') are especially useful since they contain suggestions on how to adjust the process to the specific characteristics of your organization.

Enough said about the book and its background. Let's start.

2

Getting ready

This second chapter contains the core ideas of the book. After a summary of the strategy generation approach of Part 1, the chapter explains what strategy execution is, which steps it consists of, and which different paths there are to go through the process. It also describes the mindset and participative process needed for successful strategy execution. The chapter ends with re-introducing the four examples that ran through Part 1.

A brief recap of strategy generation

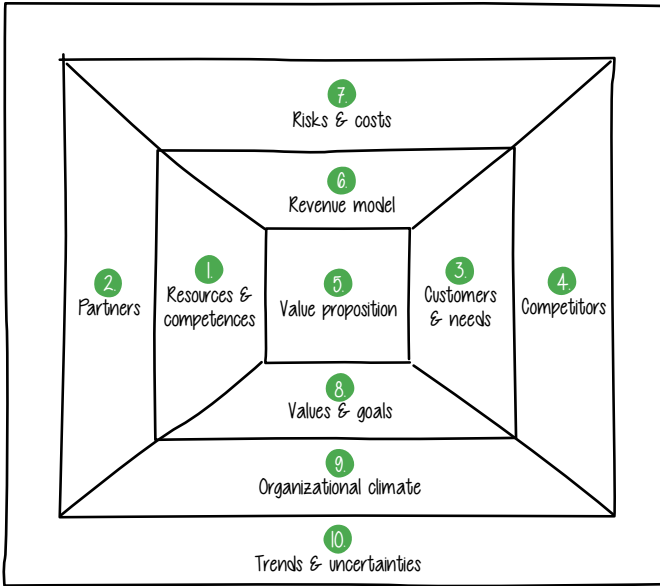
Before we dive into strategy execution, I will briefly summarize the approach to strategy and strategy generation that was laid out in Part 1; this will help you to better understand the complete approach and the relation between strategy generation and execution.

The definition and core elements of strategy

Strategy was defined as an organization's *unique way of sustainable value creation*. This definition emphasizes strategy's main purpose as creating value in a way that is distinctive from others, and that can be maintained for a while. With its emphasis on value creation, this definition points out that the core of strategy lies in the value proposition that the organization offers – its products and services and their value to customers. Also, with its emphasis on the way organizations create value, it points out that strategy is not just about intentions or making plans, but about what an organization does.

Based on this definition, Part 1 outlined a framework that provides a visual and integrative overview of the ten core elements of strategy. I called this framework the Strategy Sketch (see page 24 of Part 1), which is repeated below. Altogether, the ten elements of this framework break the black box of strategy open, and so the Strategy Sketch offers a practical tool to think and talk about strategy in a concrete manner.

The Strategy Sketch



The strategy generation process

To understand strategy execution and its relation to strategy generation, I also repeat here the strategy generation process that formed the backbone of Part 1. This process consists of five steps:

- 1 Activating key stakeholders.** Making key persons in the organization receptive to new strategy and mobilizing the resources needed for strategy generation.
- 2 Mapping strategy.** Identifying the organization's strategy by describing it on the basis of its ten core elements.
- 3 Assessing strategy.** Judging and testing the quality of the organization's strategy against relevant criteria.
- 4 Innovating strategy.** Renewing and redesigning the organization's strategy through incremental or radical innovation.

- 5 **Formulating strategy.** Capturing the organization's strategy in words and pictures that can be understood by the target audience.

Together, these five steps form an iterative strategy generation process in which Steps 2-4 especially might need to be repeated several times before a good enough strategy is generated (see page 32 of Part 1).

Defining strategy execution

In essence, strategy execution means *doing* strategy. Given the definition of strategy above, this means that strategy execution is the actual creation of unique and sustainable value. Strategy generation takes place in the conceptual world. This means it is a conceptual process focusing on ideas and aspirations. Of course, throughout the strategy generation process, these ideas are also confronted with the real world to assess and improve them. However, the main emphasis is still on generating a concrete idea about the new strategy. Strategy execution, on the other hand, happens in the material world. As such, it is about the actions and stuff involved in realizing strategy in practice. Along those lines, I define strategy execution as the process of closing the gaps between the actual and the aspired strategy.

“Strategy execution is the process of closing the gaps between the actual and the aspired strategy.”

Strategy execution and the gap between thinking and doing

In many ways, strategy execution is about closing the gap between thinking and doing; between ideas and actions. So, what you aim for in strategy execution is that the gap between the aspired strategy and the realized strategy is minimized. And of course, not by lowering your aspirations...

Thinking and doing are often separated in two ways. The first is over time. This is the cornerstone of the traditional approach to strategy, in that generation is supposed to occur before execution. As a result, it sometimes takes months or even years before a start is made with turning the strategy into practice. Second, thinking and doing are also separated within organizations. Strategy is often generated at the top of the organization, by its CEO or management team. Subsequently, the strategy is supposed to trickle down to the rest of the organization, which should then execute it.

This separation between thinking and doing over time and in organizations is one of the core reasons why there is so much failure in strategy. Therefore, this book aims at closing the gap between these two. As you will see throughout this book, closing the gap implies an iterative process in which strategy generation and execution go hand-in-hand and in which people from various levels and roles in the organization should be involved.

Successful strategy execution?

Before we move on to explaining the strategy execution process, I need to spend a few words explaining when strategy execution can be considered successful. After all, it is successful strategy execution that we are aiming for. If you adopt a planning approach to strategy execution, defining success is easy: if the strategy is executed according to plan (on time, within budget, etc.), it is successful. However, with the more iterative approach to strategy outlined in this handbook, such a definition of success doesn't really work. If there is no clear and complete plan up front, or if the plan is adjusted regularly, you can't measure your success against the plan.

Another frequently used approach would be to measure the performance of the organization. Along these lines, one would argue that strategy execution is successful if the organization performs well; for example, when it is profitable or when it grows. The problem with this way of defining success is that organizational performance depends on many factors that have nothing to do with the execution of the strategy, such as the state of the economy, the aggressiveness of competitors, or the price of resources. Furthermore, performance usually comes with a delay, and its measures are so general that it is very hard to link them to the strategy and its execution.

Because these two approaches don't work, we need to look at strategy execution success in a different way. A strategy is only successful if it is both a good strategy and if it is effectively executed. Therefore, we need to make a distinction between the quality of the strategy and the way it is executed. To assess the first, Part 1 contains a full chapter on strategy assessment (Chapter 5). As outlined there, a strategy can be considered good when it is 1) coherent, 2) efficient, 3) effective, 4) unique, 5) flexible, 6) robust, 7) scalable, 8) responsible, and 9) when its pros outweigh its cons.

“Strategy execution is successful if the gap between the aspired and the actual strategy is closed to a satisfying degree.”

To assess the second part – successful execution – I return to the idea that strategy execution is about closing the gaps between your aspired and your actual strategy. Of course, a 100% closure of these gaps is utopian; striving for this will just make you spend a lot of energy on not so useful activities. Therefore, strategy execution is successful if the gap between the aspired and the actual strategy is closed to a satisfying degree.

The strategy execution process

The majority of Part 1 aimed at offering a simple yet complete enough process for strategy generation. This second part aims to do the same for strategy execution. This section gives an overview of the main approach and its four steps, which are then explained in further detail in Chapters 3 through 6.

Strategy execution as emergent gap closing

Defining strategy execution as the process of closing the gap between the actual and the aspired strategy may, at first sight, seem like a fairly planned and static approach. Strategy, though, is inherently dynamic. While executing the strategy, important things may have changed inside or outside the organization. Or, you may have learned new things and

want to adjust the strategy that you are trying to execute. To embrace such dynamics in the strategy execution process, it should be seen as a process of – for want of a better formulation – ‘emergent gap closing’. What I mean is that the gaps that you have identified at the start will change during the execution process and that new gaps will emerge.

A good metaphor for this process is driving a car in fog. You have an idea where to go, but you can only see a few car-lengths ahead. Just like junctions, traffic lights and traffic that appear while you are driving, so do new situations, challenges, and gaps during the strategy execution process. This means you have to adapt to the things that you are facing while on your way. It may even mean you have to change course, stop for a while, or look for a different destination.

To think about this process of emergent gap closing more systematically, we can make a distinction between three types of gap that you will encounter during strategy execution:

- 1 **Manifest gaps:** these are the gaps you can identify upfront, once you have generated a strategy and mapped out the differences between the actual and the aspired strategy. For example, your new strategy requires technology X, which you currently don't have and which it is rather obvious you need to acquire.
- 2 **Latent gaps:** these are gaps that you could have identified upfront, but that you haven't. They were already present, but you just didn't see them. An example is that you thought you had the competences to enter a new market, but find out that in practice you don't have them.
- 3 **New gaps:** these gaps weren't there at the time you generated your strategy, and they are a result of changes within or outside the organization that you could not have foreseen. Examples are the unexpected resignation of key people or a sudden unexpected steep increase of the price of the materials you need.

At the start of the strategy execution process, you are only aware of the first type of gap. This means that throughout the strategy generation process, you must keep abreast of changes and take account of the possibility that latent and new gaps could emerge. The strategy process outlined in this book is designed to support you in this.

“Strategy making is like driving a car in fog. You have an idea where to go, but you can only see a few car-lengths ahead.”

The four steps of strategy execution

Strategy execution is often conceptualized as a single step within the overall strategy process. For example, you collect information and analyze it, you generate strategic options, you choose between them, you execute them, and you monitor whether you’re achieving what you planned to achieve. Strategy execution, though, is more complicated than that. I definitely don’t want to make things more complicated than they already are. Often, strategy execution is just a matter of actually doing something rather than waiting or carrying out further analysis. However, we also shouldn’t oversimplify things. Based on the research and experiences that led to this book, I identified four steps: 1) bridging, 2) organizing, 3) planning, and 4) realizing strategy.

Step 1 **Bridging gaps.** *Identifying the gaps between your current and your aspired strategy, and defining projects and tasks to bridge them.*

The first step of strategy execution is identifying the differences between your current and your new strategy. If you have followed the five steps for strategy generation, this is quite a straightforward step. You compare the Strategy Sketches for both situations and identify the gaps between them along all ten elements. Subsequently, you define what you can do to bridge the gaps. The result of this step is a *Strategy Backlog* – a list of projects and tasks to be executed. This step is discussed in Chapter 3.

Step 2 **Organizing strategy.** *Identifying the most important organizational deficiencies, and defining projects and tasks to solve them.*

Executing a strategy often requires substantial changes in the organization. Therefore, the second step of strategy execution is to evaluate your organization and its fitness for executing the strategy. Using a framework comparable to the Strategy Sketch – the Organizational Map – you assess your organization to identify those areas where changes are necessary. Similar to Step 1, for these

gaps you define projects and tasks, which you add to your Strategy Backlog. This step is discussed in Chapter 4.

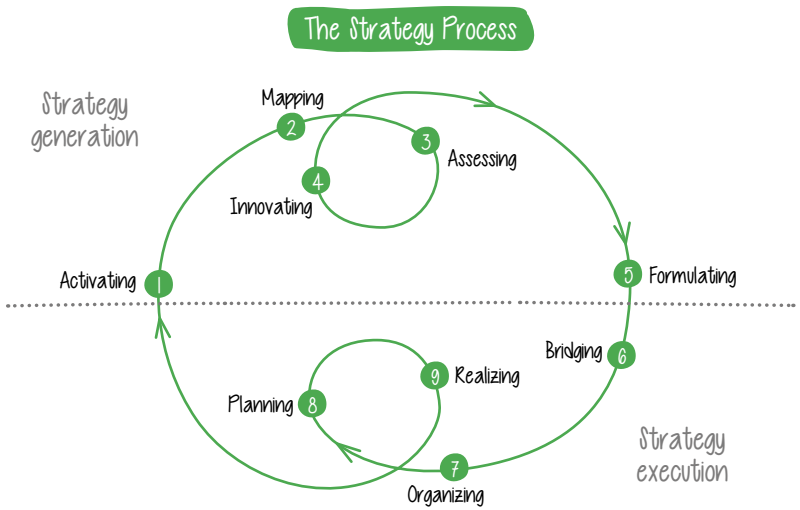
Step 3 **Planning strategy.** *Developing and committing to a dynamic, prioritized course of action and a way of working for closing the gap between the actual and the aspired strategy.*

In this third step, the Strategy Backlog from Steps 1 and 2 is turned into an action plan that contains the most important projects and tasks for the short and medium-term and to which the organization commits. As we will see, this step includes completing your Strategy Backlog, prioritizing actions, creating a 'realization rhythm', establishing the execution team, and setting up a way of communicating. This step is discussed in Chapter 5.

Step 4 **Realizing strategy.** *Effecting the aspired strategy by putting the execution plan into action and managing relevance, progress, and emotions over time.*

In this last step, the realization of the strategy takes place. Based on your prioritization, you turn your strategy into action, starting with those tasks that have the highest priority. To manage the process and keep it up to date, you actively track whether the strategy that was generated is still the right strategy to execute, whether you are making sufficient progress and whether people are still on board. This step is discussed in Chapter 6.

This four-step process is depicted in the figure below. To get a complete overview and, to show the interconnectedness with strategy generation, it also includes the five steps of strategy generation that were summarized on pages 20-21. In case you also have Part 1: this figure is a more detailed version of the figure on page 26 and an extended version of the figure on page 32.



Deliberation and emergence: a three-cycle-view of strategy

In Part 1 and also above, I mentioned several times that strategy is an iterative, emergent process of constant adjustment. The circles in the figure above illustrate this point. At the same time though, strategy is also a deliberate and stepwise process, which is illustrated by splitting up the process (and the book) into two phases and nine steps with a logical order. So, strategy is both deliberate and emergent, but how does this work in practice? To understand the answer, it is helpful to see strategy as a 'deliberately emergent' process consisting of three interrelated cycles.

“Strategy is a deliberately emergent process consisting of three interrelated cycles.”

The first cycle is the strategy generation cycle that we saw in Part 1. It starts deliberately with the activation step - a trigger that makes the organization think about strategy and the possibility to change or renew it. The next three steps form an iterative process in which new strategy emerges through a procedure of mapping, assessing

and innovating. This process is emergent because it is designed to benefit from unexpected events or unanticipated ideas. This first cycle is reflected in the upper half of the figure above.

The second cycle is formed by the four steps of strategy execution presented above. It also starts deliberately with the formulated strategy that results from the strategy generation stage. After that, it is a highly iterative process of bridging, organizing, planning and realizing the strategy. Through this process, strategy is executed in a step-by-step incremental manner. This cycle is presented in the lower half of the figure above.

Finally, we have the overall cycle in which strategy generation and strategy execution come together. This cycle is deliberate, since it starts with strategy generation and then moves on to strategy execution. It is also emergent since strategy execution feeds into strategy generation as well; this indicates that during execution you may face a need to change the strategy in ways that were originally unintended. Or you may develop or stumble upon ideas that make an even better strategy possible.

Maybe you wonder why we need three cycles and why just one would not be enough. You might, for example, be familiar with the lean startup approach to entrepreneurship, the scrum approach to project management, or the rapid prototyping approach to innovation. These approaches are mostly based on a single cycle in which an idea or product feature is quickly tested in practice. The insights of these iterative approaches are useful. However, generating and executing a strategy involves much more than pivoting around an idea or product.

If you were just focusing on the value proposition, such approaches could work. You would come up with a new value proposition and test and adjust it in practice. However, there are nine additional elements of strategy that you need to consider as well and an organization that needs to be changed. This would make it a costly exercise if you were to try immediately to execute the strategy and test it, rather than first putting a little more thought into it. It would mean, for example, that you would make investments before you were sure your strategy was worth executing. Iterating during strategy generation is usually much cheaper in terms of effort, time and money because you are still only changing an idea. This makes a three-cycle approach favorable over a one-cycle approach.

Choosing a strategy path

The fact that strategy making is presented as a nine-step process does not mean that you should follow this process dogmatically. On the contrary, organizations and situations differ so much that it would be absurd to think that everyone should always follow the same process from Step 1 to 9. Therefore, you should use the process as a basis for choosing and developing your own approach to strategy making.

I cannot emphasize this enough. In the years that I have used Part 1 in my executive teaching, I have experienced how strong the inclination is just to follow the steps that are suggested. Even though I have told participants repeatedly that they should use the contents of the book to develop their own approach, most still choose to follow the steps one-by-one. I can understand this. There is logic in their order, and it is easier simply to follow them rather than tailor the process to your situation. And, given the linear flow of a book, it seems natural to go through it from one step to the other.

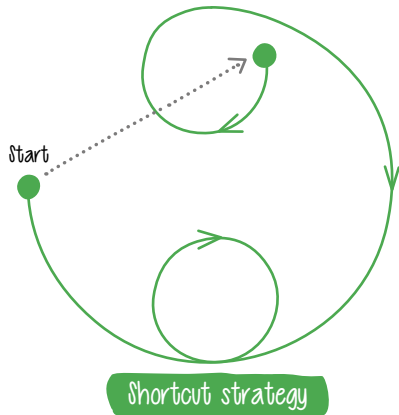
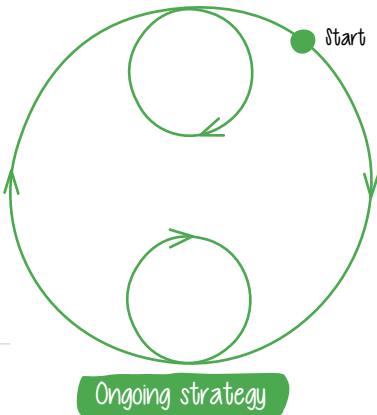
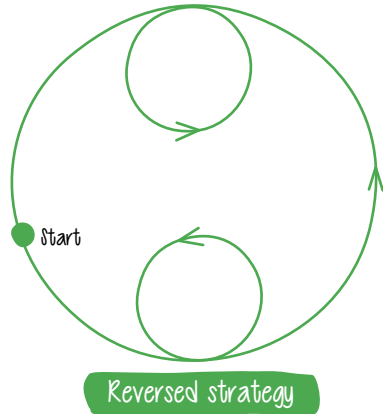
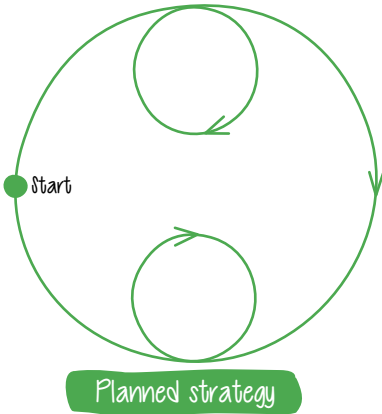
“It would be absurd to think that everyone should always follow the same process from Step 1 to 9.”

It is crucial, though, that you adjust the process to your particular situation. If you are still executing a previous strategy, for example, it may not be smart to generate a new one. Or, if you know you have serious organizational issues, you should probably solve these first, before thinking about a new strategy. Furthermore, a radical strategic change requiring big investments asks for a different approach than slightly tweaking your organization's value proposition. Therefore, you have to adjust the process.

Chapter 7 is dedicated to helping you tailor your approach to your specific situation. It contains ten trade-offs that you will need to deal with when generating and executing strategy in your organization. In addition, this section suggests, below, four different paths through the strategy process. While there may be more possibilities, these paths show you how you can use variations of the process while still

keeping its main logic in place. It is important to keep these variations in mind when you read Chapters 3-6.

Path | Planned strategy. Along this first, most obvious path you simply follow the strategy process in a clockwise, linear fashion from Step 1 to Step 9, exactly as outlined in the two parts of the book. When you follow this path, you try to be as complete as possible at every step and aim to do everything right the first time. This path works best in stable, mature markets, when you have never really thought about your strategy before, or when you need to make big, irreversible investments and changes.



Path 2 **Reversed strategy.** You can also follow the process in reverse, anti-clockwise order, with execution first, and then turn towards strategy generation. This approach can be fruitful if you already have projects running that you want to build further on, or if you can't afford any delay in taking action. If you follow this reversed path, the nine steps look as follows:

- 1 **Realizing:** you monitor what you do, whether this is still relevant, whether you are making progress, and whether people are still on board.
- 2 **Planning:** you turn the things that are left to do into a structured action plan by listing and prioritizing them in a Strategy Backlog.
- 3 **Organizing:** you assess whether and where your organization needs improvement and add relevant projects and tasks to the backlog.
- 4 **Bridging:** you assess whether what you do adds up to a coherent strategy and add projects and tasks for gaps that may exist.
- 5 **Formulating:** you reflect on the strategy that you find yourself currently executing and formulate it explicitly.
- 6 **Innovating:** you improve or innovate the strategy that you are currently executing along one or more innovation approaches.
- 7 **Assessing:** you assess the improved or new strategy against a set of criteria to find out whether it is good enough.
- 8 **Mapping:** you make the new strategy complete by mapping it along the ten elements of the Strategy Sketch.
- 9 **Activating:** you 'sell' the new strategy to others in the organization and show how it helps the organization create sustainable value.

Mind you, even though you start with execution, reversed strategy does not mean you focus on execution only. That would take you to unguided, reactive action, which is unproductive and possibly harmful. Therefore, make sure that the strategy generation steps are not forgotten.

Path 3 **Ongoing strategy.** The strategy process need not necessarily start at the beginning. Particularly in an existing company, all kinds of things are going on already, and you might find yourself somewhere along the strategy process. Perhaps stakeholders are already activated, you already have a new strategy generated, or you already have started executing a strategy. In these cases, it doesn't make much sense to start anew. Instead, it can be

better to identify the step that is most relevant to you now, and start there. It is important though, that if you do this, you check whether you have completed the preceding step well enough. If not, you probably want to start there.

Path 4 **Shortcut strategy.** A fourth path that you can follow is that you skip one or more steps because they are not relevant to you. For example, you might want to skip the activation step because relevant stakeholders are already convinced, the formulation step because you want to focus on action rather than on formulating the strategy, or the organizing step because you want to focus on improving your value proposition for customers before you change anything in the organization. If you follow this path, it is important that if you skip steps, you think carefully about the consequences and whether it really is wise to skip them. Thus, it is perfectly okay to skip steps, but only if you do it intentionally and when you have thought about the advantages and disadvantages of doing so.

The right mindset: ten mottos

To execute strategy successfully, it is not only important that you follow the right steps, as that could too easily result in following the approach dogmatically. It is also at least as important that you have the right mindset. Ultimately, it is your mindset that will drive how you perform the steps and, only with the right mindset, can you truly appreciate the approach. Illustrated by quotes of a number of expert entrepreneurs, I argued in Part 1 that the right mindset for strategy generation is one in which intuition, creativity, collaboration, learning, and taking responsibility are key. This same mindset is needed for strategy execution. At this point, I would like to go deeper and explain the mindset that you need by describing ten key mottos.

Motto 1: Just do it

For years, Nike's tagline has been 'just do it'. This tagline captures exactly the kind of mindset needed for strategy execution: a focus on action rather than on endless deliberation. Management gurus such as Robert Waterman, Tom Peters, Jim Collins, and Rosabeth Moss Kanter have all found in their research that organizations with this

'just do it' mentality perform much better than other organizations. Accordingly, they argue that there is nothing worse than an organization that gets 'paralyzed by analysis' – that is, stagnating because any decision is postponed until 'all' necessary information is available to make the decision. This view applies to strategy execution as well: it is better to do anything rather than do nothing and wait because you don't know what is the best thing to do.

Motto 2: Perfect is the enemy of good

In his bestselling book 'Good to Great' Jim Collins argues that 'good is the enemy of great'. What he means is that many organizations tend to settle for something that is good enough or okay rather than trying to achieve something really great. In that way, 'good' gets in the way of 'great'. The opposite, however, is true as well. Aiming for something great – especially if it is the 'perfect' strategy – can get in the way of executing good strategy. Striving for perfection is for most organizations like trying to find the pot of gold at the end of the rainbow: it will absorb a lot of effort, but it won't happen. Therefore, it is useful to keep the 'Pareto principle' in mind. It is better known as the 80/20 rule, saying that 80% of the outcomes can be achieved by 20% of the effort. The exact percentages don't matter, but there is quite some wisdom in this rule. Focusing on achieving 80% rather than 100% can save you a lot of time, money and effort that can be spent on other things, while still having good results.

“Striving for perfection is for most organizations like trying to find the pot of gold at the end of the rainbow.”

Motto 3: You can't have it both ways

In his other bestselling book 'Built to Last' Collins, together with Jerry Porras, tells us that you shouldn't focus on making choices between A and B, but on realizing both. Thus, you should focus on the long-term *and* the short-term, change *and* stability, and purpose *and* profit. Kim and Mauborgne, in their work on 'blue ocean strategy', argue the same: create products that have the best price *and* the highest added value. That is all nice, but in practice, you will need to make trade-offs all the time. Of course, it is good to try to achieve as much

as possible. At any given point in time though, you most likely don't have the luxury (time, money, people) to get everything you want. Instead, you have to set priorities and make tough decisions about what to do and what not to do. This applies both to the strategy that you want to execute and to the strategy process. For both, you will have to make difficult choices in the trade-offs you face.

Motto 4: There are many ways to skin a cat

A fourth thing to keep in mind is that there is no single best strategy or approach that works universally. This means that there is no golden recipe for successful strategy execution and that your creativity is needed. This is exactly the reason why this book doesn't offer a simple step-by-step guide or best practices that will lead you to 'guaranteed' success. There is no such thing. Instead, the main approach of this book is to show you all relevant aspects of strategy and provide you with ideas and tools for using them. In this way, you can use the book as a rich source for choosing ideas, solutions, and mechanisms for strategy execution that work in your specific context. This enables you to think of alternative solutions and helps you develop your own, personal approach to strategy.

Motto 5: Find 10,000 ways that won't work

Strategy requires an open mind and eagerness to learn and experiment; not only should you avoid striving for the single best and perfect strategy, but you should also actively try out new things about which you are not so certain. Thomas Edison (the inventor of the light bulb and about a 1,000 other things) had a nice way of saying this: "I have not failed. I've just found 10,000 ways that won't work." This is exactly the kind of mindset needed for strategy execution, with no fear of failure and even a willingness to fail deliberately, albeit quickly and cheaply. So, rather than sitting behind your desk or discussing things in a meeting room, strategy execution requires that you put things to the test, learn from this, and adjust.

Motto 6: Persist by pulling out

Most strategy literature assumes that organizations, and the world more generally, are rather malleable. This implies that organizations and environments can be designed and changed to your liking so that they are exactly as you need them to be for successful strategy execution. Consequently, the advice is to persist and make it happen and 'don't accept no for an answer'. While I am strongly in favor of persistence, and

would definitely encourage you to challenge the ‘not possibles’ that you may face, you should also be realistic and flexible. This means that you should be prepared to pull out or change the strategy you are pursuing once you find that it is not feasible. You might perceive this as weak. But expert entrepreneurs also work in this way: they would rather change their goals than chase ones they cannot achieve. Thus, you are in good company. And keep in mind that giving up a particular line of action doesn’t mean that you are quitting. On the contrary, it means that you persist, but challenge your initial assumptions and look for alternative ways for unique and sustainable value creation.

Motto 7: Speed up by taking it slow

There is a paradox in many strategy execution efforts: managers’ anxiety to quickly move to strategy execution leads to the execution of their strategy taking much longer than needed. What I mean is that often managers move directly from a rather abstract, newly-formulated strategic direction to detailed project planning. This doesn’t work, and this is exactly the reason why Part 1 focused so much on *generating executable strategy* along the ten elements of the Strategy Sketch. So, rather than rushing into execution, you should have a concrete idea of your strategy – otherwise, how do you know what to execute? You might think this is a bit at odds with the previous mottos, which emphasize action rather than deliberation. The thing I am highlighting here though is that any action is more likely to be productive if it is clear where it fits into the strategy.

Motto 8: The power of simplicity

Strategy is complex, in both its generation and its execution. As you have seen in Part 1, strategy generation includes no less than ten core elements which all need to be in place and mostly aligned for strategy to be successful. As you will see in Chapter 4, strategy execution involves another ten organizational elements to take into account. Thus, strategy is indeed complex, and it makes no sense to pretend it is not. But over-complexity is also a problem. Strategy is often turned into complicated projects or programs that are hard to manage, monitor and execute. Such complexity results from trying to develop a complete strategy and an execution plan upfront, before one actually starts executing. The approach in this book is to keep it simple and focus on the most important things and simple action plans. You should execute these first, and only then make new ones.

Motto 9: We're in this together

Traditionally, strategy is a top-down activity: it is generated at the top and executed further down in the organization. However, good strategy affects the entire organization, and it requires contributions from all over the organization. Therefore, it is quite obvious that people from all over the organization are involved. This does not mean that strategy should be made bottom-up, as that would suggest a democratic approach to strategy that misses the point. It does mean, though, that strategy is a collaborative process in which people from different levels and roles and with different views and experience contribute from their own particular perspective. This implies that the 'bottom' of the organization is also involved in strategy generation and that the 'top' is also included in strategy execution. As research shows, such a collaborative approach leads to strategy that is better in terms of quality and easier to execute because people want it.

Motto 10: No place for HiPPOs

The final motto concerns the kind of leadership that is required. As referred to above, the approach of this book does not align well with a top-down view on leadership. What is required is a modest, serving kind of leadership in which leaders' primary task is to do whatever it takes to get the best out of the organization. Of course, as a leader, you have to pursue your views and make tough decisions if necessary, or else you are not a leader. However, you should also acknowledge and embrace the possibility that others might know better, and get out of their way if that helps make progress. This means there is no place for HiPPOs. A HiPPO is someone who believes that the Highest Paid Person's Opinion is all that counts. HiPPOs are leaders who are so self-assured that they think their ideas and instincts are superior to anyone else's and any counter-evidence. If you are one, you need to urge yourself to adopt a different mindset. I am pleased to refer you to pages 20-21 of Chapter 7 for this.

In Sum: A philosophy of pragmatism

The mindset that is captured in these ten mottos can be best summarized as a *pragmatic* mindset. It focuses on results and getting things done, rather than finding and aiming for the best possible strategy. Pragmatism is not just a mindset. It is an entire philosophy, a relatively young one that developed in the late nineteenth century in the United States. It is mainly a response to overly rationalistic

'truth'-seeking philosophies that are dominant in Western thinking. It is also an attempt to bridge the gap between thinking and doing – between ideas and actions.

“By its focus on getting things done and on reconnecting thinking and doing, pragmatism provides a productive way out.”

By its focus on information gathering, analysis, and planning, the dominant approach to strategy is rather rationalistic and truth-seeking. And, as argued above, one of the key problems in strategy is exactly the disconnect between thinking and doing. By its focus on getting things done and on reconnecting thinking and doing, pragmatism provides a productive way out of this conundrum and is a useful stream of philosophy to serve as a basis for this handbook. This book is obviously not the place to engage in an in-depth discussion on pragmatist philosophy. In case you are interested though, I can recommend you read Hans Joas's 'The Creativity of Action' and his other books, as well as the writings of John Dewey.

Strategy as a participative process

At its heart, strategy is a people process. Even though the emphasis is often on the analytical side, at the end of the day it is people who drive the process, interpret how things are, come up with ideas for the future, and execute the strategy. Therefore, I favor a participative approach to strategy making, in which a wide range of people is involved throughout the strategy process. I will explain why and describe with whom and how it can be done.

Why? The importance of participation

The fact that strategy is traditionally generated at the top of the organization suggests that the more complex and important a decision is, the fewer people should be involved. If you think about it, this doesn't make sense. Wouldn't it be far more logical that, the more complex and important something is, the *more* people should

be involved? Strategy, especially in today's dynamic times, is pretty complex and important. Furthermore, with the fast changes around us, people's expertise is often the only available source that we can rely on because 'hard data' is lacking. Therefore, I can only conclude that strategy making needs to be participative to be successful because you simply need all the expertise that is available.

Research supports this conclusion. Both in practice and in the literature, there is quite some dispute about the advantages and disadvantages of participation in strategy making. Participation, it is argued, can lead to better strategies and more commitment, but also to delays, political games, and unproductive compromises. Empirical research, however, is quite clear about it: the advantages are real, while the disadvantages are not. As it turns out, if done well, participation even results in faster, less political, and less compromised strategy making.

“Empirical research is quite clear about participation: the advantages are real; the disadvantages are not.”

Participation enables strategy making to be more successful in two important ways:

- 1 **Better strategy:** the more people who participate, the bigger the knowledge base to tap and the more different perspectives can be taken into account. Especially if people have different types of expertise and experience, involving them in strategy making leads to more and better ideas. It also reduces the likelihood of narrow-minded groupthink. And, by having people from different parts of the organization collaborate, participation also creates more coherent and cohesive strategy.
- 2 **Smoother execution:** for effective execution, it is crucial that people *want* to execute a strategy; because people have had their say in the process, participation significantly increases the chances that they will. This is especially the case if they agree with the strategy and feel a bit of co-ownership: it is their strategy

too. But even if they disagree with the outcome, they will at least feel that the strategy process has been fair by involving people throughout the organization.

Who? Participants in the strategy process

As a starting point for deciding who should be involved in the strategy process, it is important that both people from the top and people from other parts of the organization participate in strategy generation and execution. This means that people from throughout the organization are involved in strategy generation so that their expertise and needs are taken into account. It also means that people from the top are involved in strategy execution. It is their responsibility to show the organization's commitment to the strategy and take the lead in the transformation. So, simply delegating execution to a process or project manager does not work.

The approach outlined in this book works best if strategy generation and execution are guided by a heterogeneous team of different people from within (and sometimes outside) the organization. Having experimented with various team sizes and compositions, I came to the following rules of thumb:

- **Team size.** A team size of about 10 (plus or minus 5) was found to be most appropriate. With a team size of ten people, a good balance was found between efficiency and quality. With a substantially lower number, quality decreases because there are too few perspectives and too limited a knowledge base. With a substantially higher number, the process becomes inefficient. If you really need to include more people, it makes most sense to split them into separate teams or involve them in selective parts of the process.
- **Member requirements.** For deciding who should be in the team, it is useful to include people who are both vocal and influential in the organization. They need to be vocal because they need to be able to express their views and actively contribute to discussions. They need to be influential – formally or informally – because they will have to take the lead in executing the strategy.
- **Team heterogeneity.** Teams should be heterogeneous. Ideally, they consist of a mix of:
 - *Disciplines:* all relevant disciplines in the organization, such as sales, production, and engineering are needed.

-
- *Levels*: representatives of all relevant management levels should join since all are needed for realizing the strategy.
 - *Experience*: you need people with different backgrounds and levels of experience who can bring in different perspectives.
 - *Attitudes*: a mix of enthusiasts and critics is desired to generate the necessary sharpness and help create a strategy that is both analytically sound and socially feasible.

Next to internal team members, external people can play an important role. Three roles were found to be particularly relevant:

- **Facilitators**: to effectively lead the process, you need external facilitators or internal dedicated strategy facilitators with no other role in the organization. Ideally, you should have at least two of them to make sure process, content and group dynamics are managed.
- **Experts**: it can be beneficial to include one or a few experts in the process. Typically, these are knowledgeable about a specific topic that can inspire the organization to think beyond their current way of working. Generally, they only need to participate in the specific sessions where their expertise makes a difference.
- **Stakeholders**: it can be fruitful to involve stakeholders, such as customers and suppliers in the process. They have their own specific expertise and perspective on the situation. Furthermore, since they will be affected by a change in strategy, fruitful collaboration will increase the probability of success for everyone involved.

How? Strategy making as joint problem solving

My preferred and recommended way of working is through team-based interactive sessions. With the team suggested above, you go through a series of half-day or full-day sessions in which together you map, assess, innovate, formulate, bridge, organize, and plan strategy. These sessions should be followed by shorter follow-up meetings during realization. Thus, the strategy is not generated by the board, management team or external consultants, but by the various members of the team together. Also, strategy execution is not delegated to a project manager but led by a strategy team with strong involvement of the leaders in the organization.

When engaging in such a series of sessions, it is key to have people participate in an effective way. Let me first summarize what this doesn't mean:

- Participation does not mean democratic strategy making. That would mean that the people who participate also decide the strategy. This could be the case, but this is not needed and often not recommended. It is mostly still leaders who make key decisions.
- Participation does not mean talking with everybody about the strategy as a whole. Because everyone has their specific role in the organization, most people don't have the information necessary to do that. Therefore, having everyone talk about the strategy as a whole would just lead to an ill-informed, overly-generic discussion.
- Participation does not mean turning strategy into a battle in which everyone fights for themselves. Of course, everyone has their own interest, needs and wants. This is good because it means that people will be engaged. However, the energy this creates needs to be channeled towards collaboration, not towards fights.

Flipping these descriptions of what participation is not shows what it should be: a productive dialogue focused on joint problem-solving. A productive dialogue is a conversation in which the team collaborates on generating and executing strategy with the organization's interest in mind; it is a dialogue in the sense that people listen to each other and focus on commonalities rather than differences. This dialogue becomes productive if everyone brings in their specific expertise and views. Therefore, rather than having people talk about the strategy in general, they talk about what it means for them in their role in the organization, and how they see the ten elements of strategy and organization from their perspective.

“Strategy making should be a productive dialogue focused on joint problem-solving.”

The focus on joint problem solving is key. To avoid people taking positions, it is crucial that the dialogue focuses on the problems that are there, on the improvements that can be made, and on how to realize these improvements together. An effective way to achieve

this is to separate clearly ideas from decisions throughout the strategy process. As long as people know that what they talk about is still just ideas, they will be quite willing to contribute productively. Once decisions are being made though, their own interests start interfering. This is one of the main reasons why the first two steps of strategy execution (bridging and organizing) focus on suggesting possible projects and tasks, and the last two steps (planning and realizing) on making decisions and commitments. This takes the politics out of the first two steps.

Making strategy in this way asks for an atmosphere of trust and transparency. You want people to be honest, and you want all issues and challenges on the table - especially the tough and nasty ones. This approach requires a particular type of leadership. Not the traditional directive leadership or charismatic visionary leadership, but a more servant type of leadership. At the end of the book, in Chapter 7, I return to this point. But let's first go through the four steps of strategy execution in the next four chapters.

Reintroducing the **four** examples

Throughout the first part of this book, I used four semi-real, semi-fictional cases as examples to illustrate the various steps of strategy generation. They reflect a variety of 'normal' organizations, and you should be able to relate to at least one. To make them sufficiently rich and at the same time anonymous, these examples were composed from a variety of real organizations complemented with bits of imagination. In this second part, we continue our journey with these four examples and follow them along the strategy execution process. Let me reintroduce them here:

Macman - the solid machine manufacturer

Size: 223 people

Turnover: €26 million

Age: 52 years

Main product:

Steel processing machines
(two large customers)

Led by:

Director Ivo and a management team of four

New strategy:

Offer complementary machines and personalized services (see Part 1, page 173)

Strategy execution challenge:

Transforming from a pure product-based company into a more sales and service-oriented company. This requires substantial changes in the resources and competences and revenue model. Furthermore, as we shall see, it asks for changes in the organization's structure, expertise and processes as well.

Hospicare: the business-like general hospital

Size: 4412 people

Turnover: €358 million

Age: 31 years

Main product:

General health care (1109 beds)

Led by:

A four-person board of directors with Ingrid as chairman

New Strategy:

A hub-and-spoke model with a general hospital as core, surrounded by private specialized health centers (see Part 1, page 174)

Strategy execution challenge:

While Ingrid's activation efforts have worked to get the strategy process going, there is a lot of resistance – including at the board level. Also, as it turns out, making the change to a hub-and-spoke model requires quite substantial changes in the structure of the organization, in its leadership, in the way it is controlled, and in its IT infrastructure.

GoforIT - the fast-growing IT new venture

Size: 21 people

Turnover: €2.3 million

Age: 4 years

Main product:

Online financial software and apps

Led by:

Frank (commercial) and Liu (technology)

New strategy:

Defend position and increase margins by aggressive growth strategy (see Part 1, page 175)

Strategic execution challenge:

As ambitious and self-assured entrepreneurs, Frank and Liu have greatly underestimated what it takes to realize their strategy. As a result, some of the issues they ignored during strategy generation have come back to bite them now. Particularly, we shall see that there are major challenges regarding the motivation and commitment of employees, company policies, processes and structure.

Comcom - the freelance communication advisor

Size: 1 person

Turnover: €50,000

Age: 13 years

Main product:

Communication plans, PR, and text writing
Anisha

Led by:

New strategy:

Increased scalability of communication services through standardization and gaining traffic for food blog (see Part 1, page 176)

Strategic execution challenge:

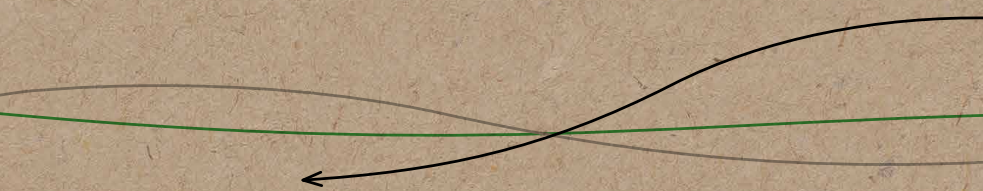
Anisha's main problem is how to make her current business (communication services) more efficient while at the same time building up her new business (food blog) and making a living. Her main challenges in doing so concern standardization of processes, communication with clients, and the use of information technology. Furthermore, prioritization turns out to be a challenge too.

In this second part of *The Strategy Handbook*, Jeroen Kraaijenbrink offers a refreshing and practical approach to strategy execution that completes the strategy process outlined in Part 1. Grounded in both research and practical experience, the book provides a structured approach to making strategy execution work.

In an enjoyable and to-the-point style, *The Strategy Handbook* guides you through a four-step approach to strategy execution and shows you how this approach can be tailored to the specific needs of an organization. Like Part 1, the book comes with a wealth of advice, tools and checklists that can be applied immediately in the everyday practice of any organization wanting to execute strategy. The book serves as a complement to Part 1 but can also be used separately.

The book is again easy to understand and to apply. Rooted in research though, it demonstrates a deep awareness of the complexity and difficulty of strategy execution in practice. Through this effective combination of simplicity and depth, Part 2 of *The Strategy Handbook* is a must-read for novices and more seasoned executives, managers and entrepreneurs.

For more information about *The Strategy Handbook*, please visit the official website: www.thestrategyhandbook.com



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