

Sited Causes of Failure to Execute:

- Lack of clarity makes alignment of effort challenging.
- Failure to effectively communicate the strategy leads to confusion.
- Insufficient financial, human, or technological resources can render execution impossible.
- Resistance to change, usually driven by fear of job loss or discomfort with new processes or technologies.
- Lack of leadership vision, direction, or decisiveness.
- Inadequate skills to meet the new challenges of a transformed enterprise.
- Poor Performance Management: Ineffective performance measurement and management systems.
- A focus that is too short-term or just unrealistic and, therefore, not sustaining or even achievable.
- An organizational culture that does not support innovation, collaboration, or risk-taking.
- Lack of cross-functional collaboration can lead to inefficiencies and missed opportunities.

Addressing these challenges requires a concerted effort from leadership to effectively communicate, align resources, and enhance the enterprise's ability to collaborate and innovate with agility.

We're here to help: Bradley Schultz & Associates.

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this issue

According to Harvard Business School Professor Robert Kaplan's book *The Balanced Scorecard: Translating Strategy into Action*, 90% of organizations fail to execute their strategies successfully. Other sources say that 60%–90% of companies fail to execute their strategies.

Why Organizations Fail to Execute Strategy

Introduction:

I have read a lot of the literature on this topic. I have also worked with over 50 enterprises in a transformational context and an additional 400 in a “spot improvement” context. The most frequently cited causes of failure are manifold and listed in the sidebar to the left. It is hard to disagree with any of them. When viewed in aggregate, the list can be daunting, and this complicates diagnosis when performance is not meeting desired standards. However, this is a situation where a few key actions can prevent or significantly mitigate the failures described in the sidebar.

Critical Success Factors:

In my experience, those organizations that achieved a high degree of success in the execution of their strategy had four factors working for them that others did not:

- An unbroken link between strategy, tactics, process, and behavior.
- A transparent measurement of performance at all four levels defined above.

- Defined and interlocking accountability, especially regarding action to be taken when performance fails to meet standards.
- A strong bias toward action – including problem-solving and routine tightening of standards to expose next-level problems.

Most organizations possess these attributes, to an extent. However, it is more about how these factors interconnect and work together that makes the difference.

Let the Chain Be Unbroken:

In most of the organizations I have worked with, there was a strong cascade from strategy to supporting tactics. Fewer, took this a step further to analyze and define what key process improvements were required to achieve their tactics. Fewer yet, went the distance and defined the behaviors, required at a work-team level, to deliver the required process results. Many of those that did, faced the challenge that, while outcome metrics are easy to measure / hard to inflect, behavior-based process metrics are easy to inflect / but hard to measure.

Aligning the Organization Through Catchball

Creating organizational alignment through the catchball process is like crafting a symphony. Each musician not only knows their part but understands how it harmonizes with the whole. The process begins with senior leaders casting a clear vision and strategic goals (strategic outcomes), like the conductor setting the tempo and mood. This vision is then "thrown" to mid-level managers, who "catch" and refine it, tailoring the goals to their departments (tactics) while ensuring they resonate with the broader strategy. Managers engage their teams in this dialogue, encouraging feedback and suggestions, thus ensuring buy-in and clarity at every level, resulting in specific process improvements and behavior-based metrics for daily management. Through iterative rounds of discussion and adjustment, like a ball being tossed back and forth, everyone contributes to and internalizes the objectives. This method fosters a shared understanding, aligns efforts across departments, and empowers employees to see their roles in the larger mission. The result is a cohesive, motivated organization moving in unison towards common goals, much like a finely tuned orchestra performing a masterpiece.



About the author

Bradley has more than 25 years of consulting and executive coaching experience, primarily, within the healthcare industry, but also in several others including Manufacturing, Insurance, eCommerce, and other Professional Services. Bradley served as Principal, of Reliability and Management Systems for Vizient where he partnered with Vizient's Membership in making large-scale, transformational change within their organizations, using Lean, Six Sigma, and other, proven High-Reliability methods. Within this partnership, Bradley facilitated senior leadership by architecting the change, planning, coaching the implementation, and realizing/reinvesting the results.

Transparent Measurement:

When there is a transparent linkage of measurement, strategy – tactic – process – behavior, diagnostics becomes easy. When an outcome metric is not meeting its standard transparency allows us to see the tactics, processes, and behaviors involved, and to identify the causes of failure, quickly. Additionally, when we see behavior-based metrics failing, we know that process metrics, tactics, and strategic outcomes, like a domino effect, are not far behind. This allows for proactive intervention **before** outcomes fail.

Driving Accountability:

When the performance, of any metric along the chain, fails to meet the standard, it is leadership's responsibility, at the appropriate level, to act. In simplest terms, we want frontline teams performing the work, as intended (standard work, meeting behavior-based metrics). If that is not happening, we want the supervisor aware of it, and coaching to happen. If that is not happening, we want the mid-level leader aware of it and coaching the supervisor. This dynamic continues all the way to the executive level of the enterprise. Unless accountability is interlocking in nature (supervisor – mid-level – executive) and includes coaching, it is non-existent.

Taking Action:

There are two paths in this part of the model: Problem-Solving and Continuous Improvement. These are often lumped together as the same thing but there is a significant difference. Problem-solving occurs when performance fails to meet the standard. This means we need performance data, a target, and a performance gap, to problem solve. There are multiple methods available, but the critical success factors are: performed close to the problem in both space and time, performed by the team members that do the work, using scientific method, and supported by a coach.

Continuous improvement (kaizen) is not problem-solving, but rather, it involves routine tightening of standards to expose next-level problems. Problem-solving activity may close a performance gap, yet challenges with the process may still exist. Routine tightening of standards, like lowering the waterline of a river, exposes these rocks, next-level problems, leading to higher levels of performance.



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