

MARKET INSIGHTS

Beyond 2018

Connecting the Dots between Great Strategy and Excellent Execution



Anne Woods
Director



We have finely honed our ability to develop great strategy, we have created blue oceans, figured out where to play and how to win, and built our strategy maps, yet as a recent survey shows, only 5% of employees have a clear understanding of the corporate strategy.¹ How easily can you recall the strategic imperatives of your organization? Are you clear how the choices you make each day drive the strategy of the organization? If you answered no to these questions, you are not alone.

Most, if not all pharmaceutical companies, recognize the importance of having a strategic plan. A good plan provides direction and a framework for decision making. It can strengthen employee engagement, create operational efficiencies and drive results. We invest significant time and resources developing plans so why do so many organizations struggle with the execution of those plans? Our work in recent years has uncovered three main hurdles that get in the way as well as some best practices for overcoming these hurdles.

Awareness Does Not Equal Understanding

The classic strategy communication plan involves a town hall, a well-designed graphic, and a twenty-minute presentation by leadership. Everyone walks out of the room feeling motivated but a week later are back at their desk fire-fighting tactical details with little understanding how the plan should impact their decision making. The town hall may have achieved awareness, but if it didn't help employees understand how their day-to-day activities can drive the strategic objectives forward then it is difficult to translate that plan into results.

Strategy communication must be approached with the same level of attention as a brand communication

plan. The leadership team must develop a simple yet meaningful message that will make strategy everyone's job. Both the message and the medium used for communication should be tailored to the audience and it is critical that it be reinforced through the year. Finally, communication must flow in two directions. Employees need to have the opportunity to provide feedback, and leadership must be willing to listen and learn from the insights gathered from the entire organization.

Alignment & Empowerment – A Difficult Balance

To be sure, finding alignment in the Canadian affiliate of a global organization with global brand and function plans, competing priorities and complicated reporting structures is a challenge. That said, some organizations have achieved alignment success through the great efforts of a corporate planning team. The brand and function plans are informed by and aligned to the corporate plan. Performance objectives and incentive plans of both leadership and their teams are tied to effective execution of plan objectives. Even with this in place, some organizations continue to report challenges achieving results. This is not because there is a failure to align but because the alignment is both prescriptive and restrictive, stifling creativity or the ability to take advantage of new opportunities at lower levels.

Operational excellence should be seen as a set of choices guided by strategy. The concrete tools described above are necessary to create alignment. However, once those are in place, excellence in execution comes from empowered employees who have the flexibility to make decisions and explore new opportunities, as long as those choices fall within the strategic direction set by the leadership team.

What Gets Measured Gets Done

A common cliché but accurate nonetheless. If leadership has gone to the effort of developing a well-thought-out, two-way communication plan; if they have aligned and empowered the organization and its employees; they must also learn and adapt when required. Typically, organizations are excellent at setting financial goals (or having those goals provided to them, as is often the case in Canada) but a gap remains when it comes to setting key performance indicators that measure not just the ends but



A continual process links great strategy to excellent communication.

the means. Do we have the right culture, competencies, capabilities, and processes? Are we meeting our customers' needs? These are the things that will enable us to achieve our strategic objectives and can be looked to through the year to better understand where we may need to course correct to meet our financial commitments.

Connecting the Dots

Historically, strategic planning was an annual process of plan and then do. The pace of change in our environment means that the process now looks more like 'plan-do-learn-refine-do'. In other words, great strategy and excellent execution do not occur in isolation, they are happening at the same time and are linked together through a continual process.

How this will look in your organization will be unique, but the reward will justify the effort. A recent survey by the Economist Intelligence Unit reveals that companies that are ranked as "best executors" have financial performance that is well above the average for their industry.²

1. Kaplan, Robert S., Norton, David P., The Office of Strategy Management, Harvard Business Review, 2005.
2. Why Good Strategies Fail Lessons For The C-suite, The Economist Intelligence Unit Limited, 2013.

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For more information, contact Anne Woods at awoods@pangaea-consultants.com.