The Seven Top Reasons Why Leaders Fail to Implement Strategy &

What They Must Do About It

Last year Bridges Business Consultancy Int (the company I work for) published its 2012 research that it first started in 2002 into the challenges leaders are facing in implementing strategy.

The research revealed that due to the economic situation many companies have been forced to revisit their strategy and vision over the last 24 months. Startling is that 80% of leaders feel their company is good at crafting strategy but only 44% are confident that it will be implemented successfully. It is concerning that 70% of the leaders interviewed spend less than 12 hours in a month reviewing the strategy and its implementation and only 5% of staff members have a basic understanding of their company's strategy. To see the full results please visit Implementation survey results

From the research and our client work we have captured the reasons why leaders fail to implementation strategy. The seven top reasons are:

1. **Strategy is long-term and they run the business short-term**
2. **Leaders underestimate the implementation challenge**
3. **Leaders are trained to plan not to execute**
4. **Implementation never goes according to plan**
5. **People do not understands what the new strategy is, why we need it and how it impacts the business**
6. **Leaders do not align the implementation to the company's culture**
7. **Failing to align everyone in the organization to take the right actions**

1. **Strategy is long-term and they run the business short-term**

Leaders face a juxtaposition every day - do they focus on implementing the long-term strategy or delivering short-term results? These two positions are frequently in conflict of each other, such as manage strategic costs over the long run versus increase sales immediately by additional marketing. The positions seldom complement each other and this places leaders in a difficult position. Which do they focus on?

By default most leaders will focus on what they are measured against. If the company manages the business by closely watching the quarterly stock price and what will impact it, then when in that juxtaposition, the leader will take the actions that impact the share price, even when it is damaging to the long-term strategy. This is because there are positive consequences for their decisions and very few if any negative consequences for their actions.

Conversely if they are predominantly measured against the long-term implementation of the strategy then they will react accordingly. Companies do strive to have a balance of short and long term measures but it is very difficult to manage the business daily around these measures.

Thus leaders constantly have to juggle these two positions. The measures will drive their behaviour but they will also be influenced by company politics, their boss, current events and their peers. They will respond almost instinctively to look good and more often than not that will result in addressing the immediate consequence – managing the business short-term.

It is essential that the right measures are identified which hold leaders accountable for both the short and long term performance. It is also essential that these measures are upheld during the everyday running of the business.

2. Leaders underestimate the implementation challenge

Leaders habitually underestimate what it takes to implement the strategy. After doing the hard work of crafting the right strategy, often they believe they've completed most of the job. It is a fate accompli.

But what happens? Many delegate the implementation and take their eyes off what needs to be done and when the leaders don't pay attention to the implementation neither will the staff members.

Implementing strategy can be at least *twice as hard* as creating the right strategy. The fact that nine out of ten implementations fail supports this statement —not because the strategy was wrong, but because the execution was poorly done, see Bridges 10 Years Implementation Survey Results.

Joseph Bowler, Professor of Business Admin, Harvard Business School says, "Implementation is tough and complex. "One of the criticisms we would have of some of our colleagues who have studied strategy (and some consultants who advice on strategy) is that they assume that once you design strategy it gets executed. They don't look inside the process and realize that it's much more complicated"

Leaders succeed when they can translate the strategy into actions that staff members can take every day while also monitoring the progress over time.

They must recognize that the implementation requires as much as their attention as the crafting of the strategy and that during the implementation they must guide the staff members to take the right actions and oversee the whole implementation.

3. Leaders are trained to plan not to execute

Traditionally, leaders have been taught in business schools around the world the importance of strategy but not how to implement it or execute it (implementation and execution are synonymous). Any leader who has a business degree will have had a module on strategy but very few if any had a module on strategy implementation. This has created a major void in the leader's ability to implement the strategy.

Many companies are recognizing this gap in their leader's skill set and are educating their leaders through SMU, such as SingHealth, MSIG Insurance and UOB.

A modern leader needs the ability to craft the right strategy and the skill to implement it.

Leaders must recognize where they need support and fill that gap.

4. Implementation never goes according to plan

This is because there are too many factors that influence it. Customer expectations change, as do markets and the competition. Internally there is staff turnover, operational issues and new challenges to overcome. Leader's must, therefore, closely monitor the implementation and address unanticipated problems as they arise. Implementation without proper reviews is like the man falling from a 30 storey building. At each floor someone asks him how he is doing and he replies, "So far looking good|!"

If leaders identify small problems and address them before they grow into big problems they will stay on the right track. If leaders don't review implementation regularly then they will not know what you don't know.

A few years ago MacDonald's initiated a growth strategy for China. It was playing catch-up to Kentucky Fried Chicken who entered the China market much earlier. As part of the strategy to maximize customer revenue it introduced "drive-throughs" and individual locations were refurnished. One day a manager was outside watching to see how the new revenue producer was performing. The customer drove up to the machine to place his order. He then drove forward to collect his meal and pay for it. The manager then watched a gasp as the customer parked his car in the car park, picked up his brown bag, walked into the restaurant and sat down to eat his meal. It turned out that not only had MacDonald's introduced the first fast food drive-through but the first drive-through in the whole of China.

The strategy of maximizing revenue from each location by having customers purchase their meal but eating it outside the restaurant did not go according to plan. In fact one of the few absolutes in business is that implementation never goes according to plan.

Leaders must adapt and amend the strategy and implementation as required.

5. **People do not understand what the new strategy is, why we need it and how it impacts the business**

Leaders must initially create a sense of urgency around the new strategy. This will explain why the company needs a new strategy and takes into account both the emotional and logical reasons the organization must change, while appealing to both the hearts and the minds of individuals.

Leaders must explain why the company must change, what will happen if it doesn't and how the new strategy will impact the way people work.

When leaders fail to explain this the implementation takes significantly slower. Coupled with that, the rejection rate of the strategy across the company is higher.

Creating a sense of urgency doesn't guarantee a successful strategy execution but without doing it, the chances of success are dramatically reduced.

By the time leaders are ready to launch a new strategy, they have been living and breathing it commonly for six months or more. They have come to understand not only why it's important but what needs to be done. But many leaders forget that many staff members are seeing and hearing the new strategy for the first time at the launch. Staff members still need to go through the same emotional experience the leaders have just been through to understand why it's important. Often, they expect staff members to have the same level of commitment and engagement to the strategy after only a 45-minute brief as they themselves do after several months of living and breathing it.

Jeff Smirk, former CEO of Continental United, shared lessons he learned from the merger that saved Continental in the mid-1990s. Referring to the company's business plan, called the Go Forward Plan (a short statement of the company objectives on marketing, finance, operations and employees), he said, "It's a simple plan, easy to understand no matter where you work in the company. It's one piece of paper that focuses everyone." He told his people, "If you're doing something and can't track it back to the Go Forward Plan, stop what you're doing and do something else as it is not worthwhile."

Leaders are responsible for ensuring staff members know why the company is changing, what the new strategy means to the business and the actions they are expected to take.

6. **Leaders do not align the implementation to the company's culture**

A company's culture drives the way it implements it strategy.

Culture has many different meanings. In the context of strategy implementation, I define culture as "the way that people do things in organizations." Culture drives the way people deal with customers, how they do their work, and how they deal with problems. It drives human behaviour. Culture is, in fact, what makes Dell different from HP, Citigroup different from JP Morgan, and Southwest Airlines different from Singapore Airlines. After all, computer companies all offer technical solutions, banks all deal with money and airlines fly people from place to place.

Leaders must ensure that the implementation approach is in alignment to the culture of their organization. For example, if the implementation of the strategy moves too fast for the culture, they end up overpromising and under delivering—and the effort fails. If the implementation moves too slowly for the culture, then they lose momentum and key people lose interest and the implementation fails.

Singapore Airlines' culture, for example, is to work by consensus in meetings. Key decisions are discussed among the leaders. Apple's culture is that there are no committees. In both of these organizations the leaders understand the very strong culture and lead the implementation accordingly.

Culture does not always have a positive impact on behaviors. Enron had a culture that people had to lock their computer screen when they went to the toilet because of the competitive atmosphere. If you achieved targets you were left alone. Incredibly traders would sabotage other traders. If a trader did not lock their computer screen, another trader would change their position on a trade to make them look bad. No one ever helped each other.

Leaders must carefully consider their own company's culture and the impact on the implementation.

7. **Failing to align everyone in the organization to take the right actions**

In business, you are always taking action, filling up the amount of time you have with activity. But the difference between success and failure is that successful leaders ask: "Are we taking the right actions?" Sure, staff members are always busy, but are they doing the work today that will deliver the planned strategy, tomorrow?

Strategy is about making the right choices. Implementation is about taking the right actions.

Leaders must translate the 50,000ft strategy to what it means to staff members on the ground. Leaders must explain what actions they must take differently. For example, too many people attend a town-hall meeting for the launch of a new strategy and then return to their desk and carry on doing what they were doing before. There general reaction is, "That was interesting but does not effect me."

The critical question becomes, "What are the actions staff members need to take to implement the strategy?" A simplistic question in nature but in practice the driver of successful implementation because successful implementation is all about identifying the right actions to take and then ensuring they are done and create the right results.

This is the poorest performing area of leaders today in implementation. The odds of successfully executing a strategy that isn’t reviewed frequently are slim to none. Implementation is all about taking the right actions and leaders are responsible for these actions to be taken. Strategy must be reviewed twice a month at least.

During these reviews, you are not analyzing the whole strategy. Rather, you break it down into small chunks. You would examine, for example, the actions being taken, the behaviors and the measures every two weeks. Then every quarter, the strategy would be reviewed in its entirety.

To predict where an organization will be in two years, therefore, do not look at its strategy on paper. Instead, pay attention to the daily actions its leaders and staff members take.

Implementation is a business differentiator. It is the difference between success and failure and can no longer be ignored. If nine out of ten companies fail to implement strategy then by correcting your implementation you create outstanding results.