

MIND THE GAP

FROM STRATEGY TO EXECUTION

 undconsorten

MIND THE GAP - FROM STRATEGY TO EXECUTION

EXECUTIVE SUMMARY

Strategy development has come a long way in recent years as companies have invested substantial resources in sophisticated, systematic and iterative strategy processes. Yet many strategies underperform, not only as a result of analytical problems as part of the strategy development, but due to challenges in operationalization and mobilization of the developed strategy. There is a significant gap in the amount of resources expended and the results after execution.

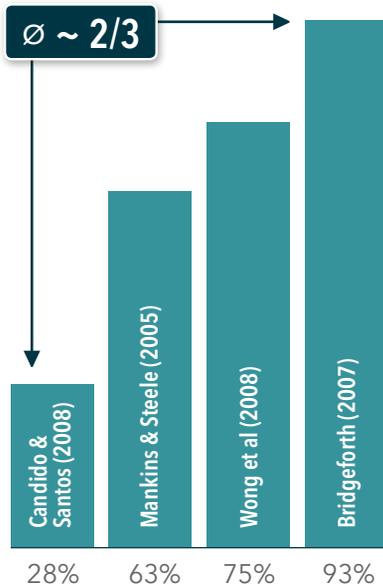
undconsorten supports clients to bridge this gap with three approaches on the three levels of an organization: Strategy Coaching for individual managers, Strategy Facilitation for the management team and Strategy Dialogue to engage the entire organization in the strategy process. This paper outlines these approaches.

We combine extensive experience in strategy consulting with deep understanding of people and change management. This allows us to effectively combine strategy development with enabling our clients, their teams and their organizations. This results in ambitious strategies tailored to the organization as well as enhanced capabilities and engagement of crucial stakeholders. We deliver this support in a flexible way, allowing you to set the pace and ensuring that we can be at your side all the way from strategy to execution.

EXHIBIT 1: ABOUT TWO-THIRDS OF STRATEGIC INITIATIVES FAIL

EMPIRIC FAILURE RATES OF STRATEGIC INITIATIVES

TOP „STRATEGY KILLERS“



- Top-down or laissez faire management style
- Unclear strategy and conflicting priorities
- Ineffective senior management team
- Poor vertical communication
- Poor coordination across functions, businesses and borders
- Inadequate down-the-line leadership skills

Source: Multiple studies; Beer & Eisenstaat 2000; undconsorten

STRATEGY - ENOUGH BUYING FOR YOUR BUCK?

MORE STRATEGIC FIREPOWER HAS . . .

In recent years, more resources have been invested into strategy processes than ever before. Strategy processes have both become *more sophisticated*, as well as *more frequent*. Companies seek to respond strategically to ever faster changes in the market environment. As strategy cycles shorten, they necessarily also overlap because implementation cannot be further compromised. Consequently, strategies are now often reviewed or altered before full implementation of the previous initiative.

At the same time, academic case studies and advisory literature have multiplied; a plethora of frameworks has been developed that inform the work of experienced strategists. This leads to the expectation that strategy should be a fairly standard process by now.

. . . NOT ALWAYS LED TO BETTER RESULTS

However, increasing investment of both human and financial resources has not led to better results: In our experience, approximately *two-thirds of strategies still fail to achieve their potential*.

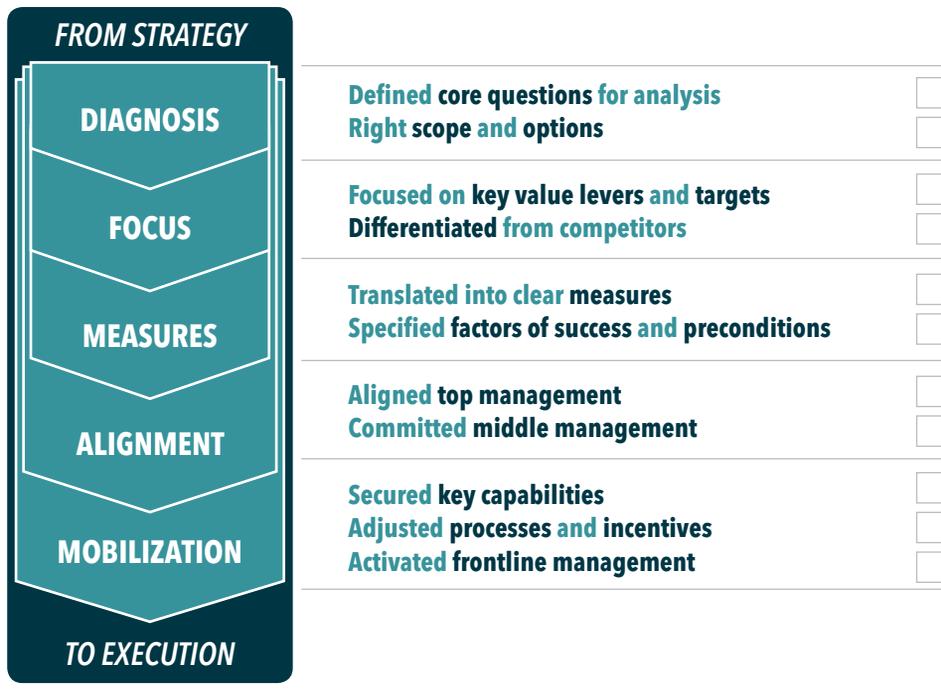
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The reasons lie not in lacking analytical rigor during strategy development. Rather, many strategies underperform partly due to flawed operationalization and ineffective mobilization. These are the real 'Strategy Killers' at play.

So what are the key prerequisites for developing and implementing a successful strategy?

” EXECUTION IS A NOTORIOUS AND PERENNIAL CHALLENGE. “
– Robert Kaplan and David Norton

EXHIBIT 2: KEY PREREQUISITES FOR SUCCESSFUL STRATEGIES



STRONG STRATEGIES START WITH EXECUTION IN MIND

There is no simple recipe for strategic success - yet, certain prerequisites are crucial during different stages of strategy processes. » see opposite page

STRATEGY WITH THE ORGANIZATION

Working recently with a major European energy provider, we supported a functional strategy process from diagnosis to mobilization. Key to success was *engaging different levels* of the organization and ensuring that their input was integrated into a coherent strategic plan. In a challenging environment of necessary savings on the one side and many tasks on the other side, we developed strategic solutions together with the management affected by these changes.

We found that involving more people was crucial to ensure that the right, often non-obvious questions were asked and

the corresponding analyses were run. Discussing the results with the next level of management in workshops sharpened focus and differentiation further. In defining measures, we involved the frontline as experts identify the most effective levers for improvement. These processes helped gather valuable input while simultaneously contributing to alignment and mobilization of the frontline. As frontline managers felt they had significantly contributed to the strategy, they were fully committed to it and mobilization and execution flowed directly from this development process.

” STRATEGY IS A COMMODITY,
EXECUTION IS AN ART. “
– Peter Drucker

This experience shows how important it is to engage the organization in a balanced way across the different phases of the strategy process.

THROUGH BALANCE COMES SUCCESS - ALSO IN STRATEGY

It may sound like zen philosophy, but striking the right balance along multiple dimensions is crucial for a successful strategy process, e.g.:

- *Top-down vs. bottom-up*
- *Radical vs. evolutionary change*
- *Internal vs. external views*
- *Hard facts vs. soft factors*

To illustrate, the following examples may help. When looking at a management team developing a strategy, it is clear that analysis of customers, markets, competitors and value levers is key, but inclusion of knowledge and *feedback from throughout the organization* can be vital to ensure fit. Similarly, apart from hard data, a team that is developing strategy

should also take *team dynamics* take into account in order to prevent them from distorting strategic decisions. When cascading into the organization, clear guidance is necessary, but inclusion in development phases can greatly enhance execution.

THREE APPROACHES FOR THREE TARGET GROUPS

For individual managers leading strategy processes we offer *Strategy Coaching*.

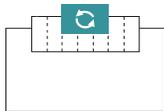
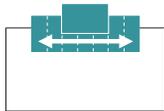
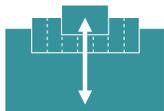
For management teams, we provide this balance through our *Strategy Facilitation* approach.

If the aim is to include the entire organization into the strategy process, we help to ensure alignment and implementation through a *Strategy Dialogue*.

» see opposite page

” THE OUTCOME OF STRATEGIC THINKING IS AN INTEGRATED PERSPECTIVE OF THE ENTERPRISE. “
– Henry Mintzberg

EXHIBIT 3: UNDCONSORTEN SUPPORTS ON THREE LEVELS

APPROACH	TARGET GROUP	
STRATEGY COACHING [Page 8 - 13]	INDIVIDUAL MANAGER <ul style="list-style-type: none">• New to organization• New tasks within organization• Changed strategic context	
STRATEGY FACILITATION [Page 14 - 19]	MANAGEMENT TEAMS <ul style="list-style-type: none">• New team set-ups• Strategy review• Changed strategic context	
STRATEGY DIALOGUE [Page 20 - 25]	ENTIRE ORGANIZATION <ul style="list-style-type: none">• Bridging strategy, learning & communications• Buy-in of line management• Frontline input	

STRATEGY COACHING

FOR INDIVIDUAL MANAGERS

EVEN THE MOST TALENTED PLAYERS HAVE A COACH

THE TIMES THEY ARE A' CHANGIN'...

“As the present now, will later be past, and the first one now, will later be last...”
– As Bob Dylan sang, radical changes in one’s environment occur and require managers to adapt quickly to succeed. When a manager joins a *new company*, takes up a *new position* within his company or has to face a *new environment after a significant strategic shift* or a merger, he needs to respond effectively. He needs to reassess not just his external playing field, but also set targets she aspires to and a plan how he attempts to reach them.

... BUT ADAPTING ALONE IS DIFFICULT

Assessing one’s strategic position is not easy in the rush of daily business. And it is difficult to do this alone because one’s own blind spots and biases complicate

the process. After a change in governance structures, the new global head of a corporate function faced the opportunity and expectation to draw up a radically new strategy. Through a series of strategic coaching sessions, we helped him to *refine his own strategic agenda*. Starting from a first roadmap we developed together we supported him in refining it for the first global functional management summit.

Strategy coaching helps managers to clarify their own position. Coaching skills and strong strategic expertise allow us to *develop our clients’ strategic capabilities* through sparring and challenging in a focused and constructive way, equipping them to play a *leading role* in strategy processes.

” **MANY, IF NOT MOST, STRATEGIC ERRORS COME FROM WITHIN.** “
– Michael Porter

EXHIBIT 4: KEY QUESTIONS FOR STRATEGY COACHING



WORKING THROUGH YOUR STRATEGIC POSITION IN A STRUCTURED PROCESS

As a results-orientated process *Strategy Coaching* starts with defining goals and ends with an action plan. Between this, strategic sparring occurs along four key questions. » see *opposite page*

FROM STRATEGIC CONTEXT TO LEADERSHIP

To clarify the *strategic scope*, coach and coachee discuss the environment in which the manager operates - a focus lies on analyzing which parameters are given and which can be changed. The coachee's *strategic focus* and clear targets and measures to reach them are discussed as available capabilities and necessary *changes for the organization*. Personal leadership style and development are also a key part of the process, to give the coachee the tools to lead his team and the organization effectively in the further strategy process which does not end at the coachee.

HELPING MANAGERS SUCCEED

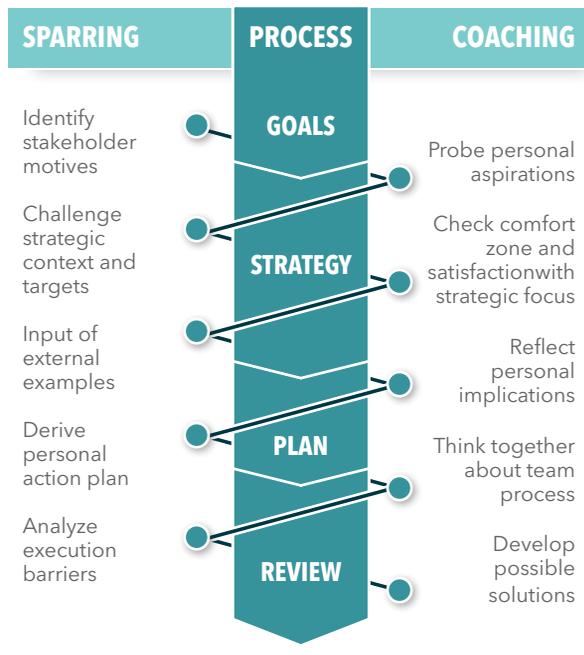
In a typical strategy coaching situation we supported a manager suddenly responsible for a complex strategy project in a difficult stakeholder context.

As market opportunities depended on uncertain regulation, technology and demand, this required defining option modeling scenarios. In addition, he had to consider how to convince unaligned board members with radically different perspectives of some counterintuitive results. He ultimately succeeded, both in convincing the board of the right strategic direction, and personally in this challenge.

„ IT JUST HELPED A LOT TO JOINTLY THINK THROUGH MY STRATEGIC AGENDA. “
– *Divisional Manager*

STRATEGY COACHING BALANCED BETWEEN SPARRING AND COACHING

EXHIBIT 5: TYPICAL PROCESS



Our experience in both strategy as well as mobilization allows us to be an *effective sparring partner and a supportive coach*.

With our consulting-background, we provide case examples and frameworks or run background analyses which we use as part of the sparring process. Our senior staff has deep *interpersonal experience* from numerous coaching relationships, trainings and facilitation experience. They detect and understand particular psychological biases or barriers and can help to overcome them.

The *flexibility of our consulting approach* allows coaching according to your time table: You set the pace in determining the frequency and the length of the coaching sessions.

*A **senior business manager**, responsible for a large team, had to formulate a new strategy for his area while dealing with a lot of operational issues.*

*The overall strategy was too generic so that we researched and presented a variety of case examples to provide him with **external stimuli**. In a series of brief discussions, we designed together a clear-cut strategy for his functional area and formulated a **strategic roadmap** which he communicated to and operationalized with his team in a separate offsite.*

*Sometimes facts help in coaching: A couple of months later a **brief survey** among his direct reports uncovered some frustration. A **calendar analysis** revealed that the manager spent only 2% of his time on the defined strategic initiatives. His calendar was in effect the bottleneck of strategic progress. He then took steps with his EA to **reprioritize** the way he spent his time, pushing back on some of the many day-to-day stakeholder requests but also empowering project leads while sharpening their accountabilities.*

*Three months later, his time spent on strategic initiatives had **increased by a factor of 10 to 20%** and strategy implementation was back on track while operations ran more smoothly at the same time.*



STRATEGY FACILITATION

FOR MANAGEMENT TEAMS

STRATEGY IS A GAME ONLY A STRONG TEAM CAN WIN

To say that alignment starts from the top is almost a cliché. The top team needs a *shared understanding* of the organizations *strategic direction* and an *effective way of collaborating* as a team. Without strong performance in both dimensions, the top team cannot drive effective strategy processes.

OBVIOUS, BUT DIFFICULT

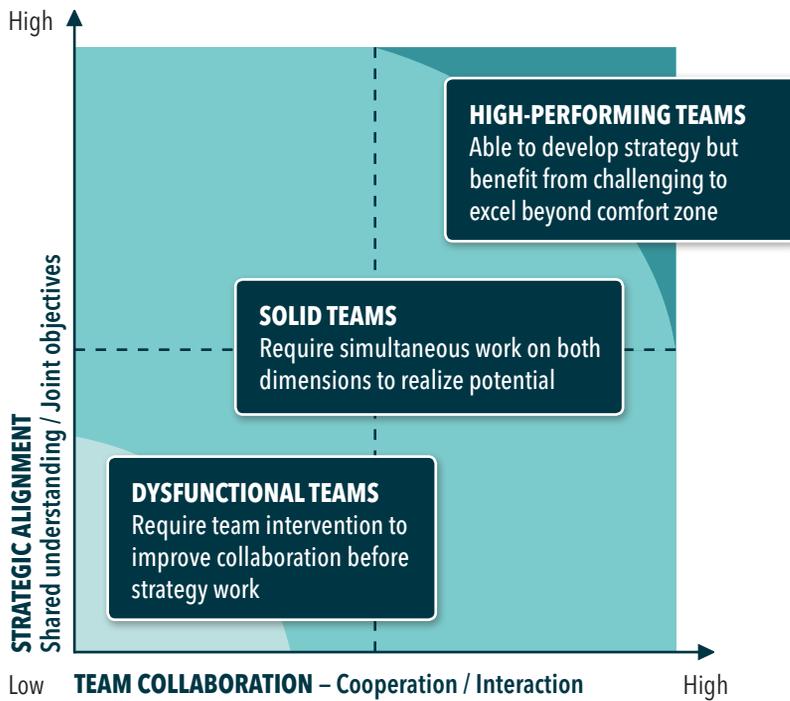
Yet surprisingly often management teams fall short on one or both dimensions, especially when faced with challenging situations such as strategic transitions after a merger or a reorganization the business unit. Different personalities, different perceptions among group members, disagreements in the past and personal reservations often hinder pragmatic, *results-focused discussions* as options are considered in a tactical light.

As the team leader is part of these dynamics he often cannot address them in a way necessary to separate personal issues from strategic direction. Working with the divisional board of a services company, we addressed these issues through separate interviews with all top managers before a board workshop.

The facilitator challenges answers that are too easy and pushes the team out of its comfort zone to find the right strategy. The resulting strategy discussions are more ambitious, the top team functions much more effectively and the wider organization can be aligned with positions articulated by a convincing management team speaking on strategy with one voice.

” **THOSE WHO LEARNED TO COLLABORATE MOST EFFECTIVELY HAVE PREVAILED.** “
– Charles Darwin

EXHIBIT 6: DIFFERENT STARTING POINTS FOR STRATEGY FACILITATION



DIFFERENT TEAMS, DIFFERENT CHALLENGES – DIFFERENT ANSWERS

No two teams are alike. Each team needs a different combination of support measures to find a shared strategic direction and to improve their team collaboration.

» see *opposite page*

HIGH PERFORMING TEAMS

All good managers aspire to be high performing teams, but in our experience only 20% belong to this group. Such teams are aligned and can review and shape their strategy by themselves. Nevertheless, a sparring partner does help with *tough challenging* to raise the bar and *push team collaboration* through unexpected interventions beyond its comfort zone. This guards against complacency and a future drop in performance.

DYSFUNCTIONAL TEAMS

About 10% of all teams cannot work together in the ways strategic issues require them to as *personal conflicts*

crowd out any productive discussion of strategic direction. Team interventions need to address collaboration and rebuild trust before conceptual work can begin.

SOLID TEAMS

Most teams we work with fall in this category. Most members have distinct skills and work together reasonably well. Yet, there are often smoldering conflicts that affect decision making negatively. With the help of an external partner, these teams can *address collaboration* issues openly, *discuss strategic options* objectively and *reach a shared conclusion*.

” THE ESSENCE OF A TEAM IS COMMON COMMITMENT. WITHOUT IT, GROUPS PERFORM AS INDIVIDUALS. “
– Jon Katzenbach

WE LEAVE YOU WITH A SMARTER STRATEGY – AND A STRONGER TEAM

Multiple ingredients are necessary for a team to reach a joint strategic decision, based on *effective collaboration and strong commitment* by all members.

ALIGNING ON DIRECTION BASED ON FACTS

As strategy consultants, we bring strong *fact-based input* to the team discussion, such as quick results from a close analysis of a unit's latest profit development. We help the team navigate strategy frameworks to refine questions and options. Our experienced consultants have *the courage to ask the tough questions* required to drive open discussions about figures, but equally about differing perceptions.

BUILDING A MORE COLLABORATIVE TEAM

In our experience, the soft side of team collaboration is a critical lever to improve results. We use a combination of tools from *deep-structure interviews, team*

diagnostics, mobile polls or quick online surveys of lower levels of the organization. We present these fact-based findings to the team as a transparent picture. Working with teams coming from different industries such as banking, media, raw materials or consulting itself proved again and again, how important this transparency is to building trust.

METICULOUS FACILITATION IS CRUCIAL

We use different workshop formats and interventions to align the team. Detailed planning and preparation to ensure a *continuously optimized flow*, a clear *end-product orientation*, while staying open for other solutions are key to the success of our facilitations. We are proud to work flexibly with clients and enable management teams in this way so effectively that a *conventional strategy project is often no longer necessary*.

The top management and investors of a leading European online retailer needed to agree on a path forward. undconsorten was asked to facilitate the strategy discussion to ensure an open discussion and clear commitment.

***1:1 interviews** unveiled conflicting goals and, together with a **market analysis**, resulted in three very different strategic options. The investors and top management gathered for a one-day workshop, meticulously prepared to get to a decision despite the different goals.*

- First, we summarized and **visualized** the different **goals** that had become clear during the interviews and thereby created a workshop situation which enabled a **content-driven** rather than a political **discussion**. Every participant understood the reasoning behind the others' argumentation.*
- Second, we laid out the **strategic options** along with the **financial modeling** of their implications.*
- Third, we orchestrated a discussion supported by **quick polls** and **online simulation** to actually agree on a way forward*

As a result the investor group was clear about the path ahead. It was followed by the next round of financing with changes in the investor structure. Due to the straight discussion in the workshop, the team successfully managed the change process very smoothly and professionally for the benefit of the business.



STRATEGY DIALOGUE
WITH THE ENTIRE ORGANIZATION

STRATEGY OF, FOR AND BY THE FRONTLINE

While reshaping strategy does not quite rival Lincoln's task of rebuilding the United States after the Civil War, the emphasis on the importance and commitment by those most affected still stands.

FROM THE FRONTLINE, NOT THE IVORY TOWER

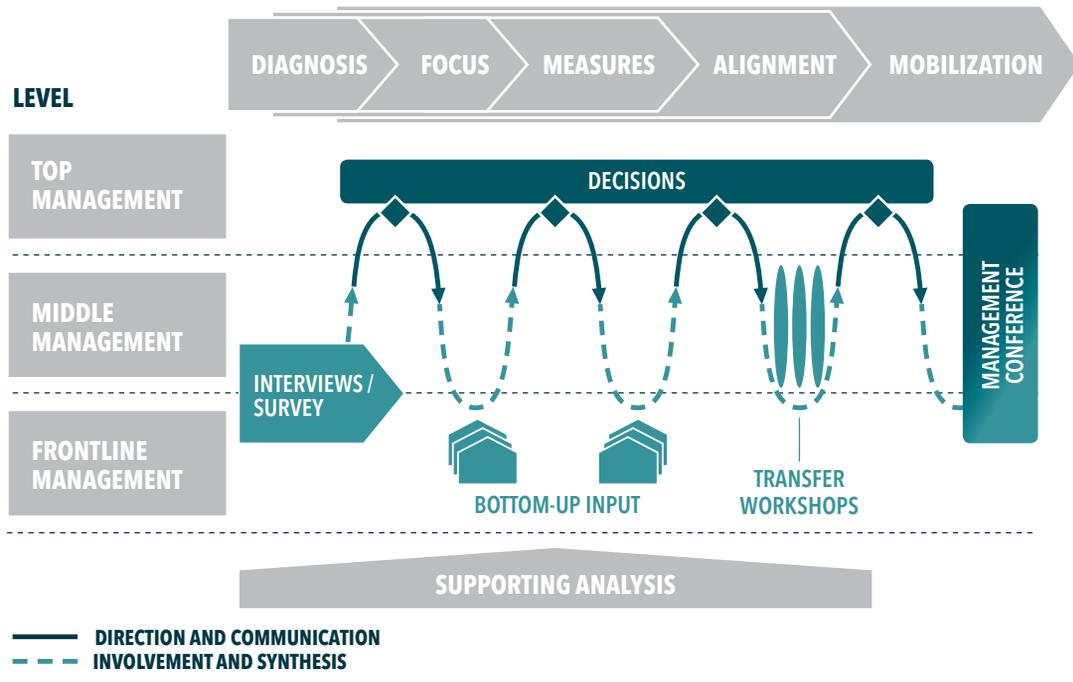
Superior strategies start and end with the business frontline. This is simply the only way to *address the significant execution gap* that is the key reason of the many failed strategies. While there are a few cases where strategy is rightly developed behind closed doors, such as during critical mergers or divestments, these should be rare. In all other cases, gathering the implicit knowledge of the organization early in the process, and engaging in a two-way dialogue with the frontline is crucial: to ensure, on the

one hand a *smarter strategy* with ambitious, but realistic goals and on the other a *profound commitment to the strategy* as an involved frontline embraces it as its own.

FASTER INITIATIVES, MORE BATTLES

To paraphrase Clausewitz most strategies do not survive the first contact with the frontline. Strategy processes are increasingly becoming iterative to allow fast responses to an ever changing environment, but this flexibility requires a *strategically agile frontline*, something that conventional strategy processes often fail to achieve. A dialogue process anchors strategy firmly in the working and thinking of the entire organization in through a well-orchestrated process balancing top-down and bottom-up elements.

EXHIBIT 7: STRATEGY DIALOGUE BALANCES TOP-DOWN AND BOTTOM-UP



LIKE ARCHITECTURE, STRATEGY IS HIGH ART THAT REQUIRES DESIGN

Engaging the entire organization in the strategy process adds substantial complexity. The *range of perspectives* multiplies and the danger of alienating or confusing employees increases.

BEFORE EXECUTION, DESIGN!

Like the construction of a great building requires a detailed architectural blueprint, any successful strategy dialogue is built on a *meticulously designed process*. The process controls the complexity and risks of the dialogue by orchestrating multiple loops of frontline involvement, synthesis for and decision by top management and cascading and communicating options and directions into the organization. This has to be open for feedback and input from the frontline. » *see opposite page*

How well this process is designed and executed will determine the *chances for success* – not just of the dialogue but of the strategy itself.

TAPPING THE WISDOM OF CROWDS

The heart of the dialogue is how you tap the knowledge of the organization and how to use that process instantly for mobilization. Working with a decentralized services company, we used an open dialogue platforms as well as semi-structured interviews and strategy templates to *involve the organization* in defining strategies for local markets. Other formats, like webcrawlers or online jambores also offer effective ways to gain novel insights. These *insights* are then integrated into the top management-led strategy definition process.

WE HELP YOU ADD REAL VALUE TO YOUR STRATEGY PROCESS

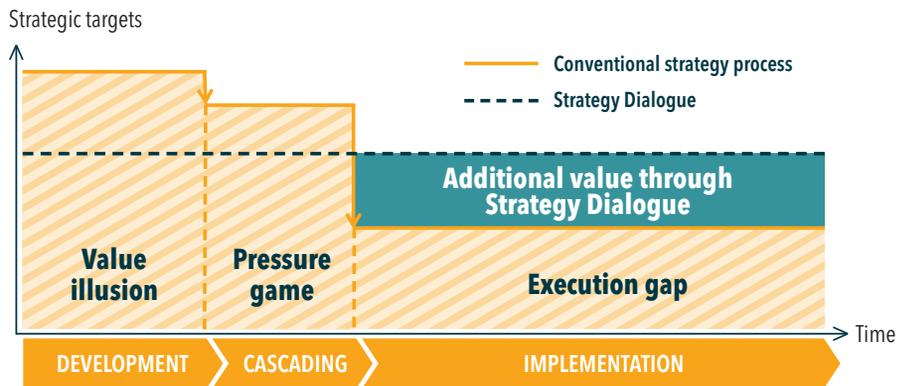
Conventional strategy process often disappoint in their results despite significant pressure being put on line management, alienating the people that matter most for success.

We help clients to design strategy dialogues that can close this gap between strategy and execution. This makes substantial difference to how the strategy is anchored in the organization: In one strategy

dialogue we had 400 managers work on business cases and jointly develop a new understanding of performance.

This approach results in ambitious strategic targets match with the organization's capabilities. Already mobilized, cascading and mobilization can take place without a pressure game and the execution gap can be avoided, adding substantial value to your strategy process.

EXHIBIT 8: STRATEGY DIALOGUE CREATES ADDITIONAL VALUE



A European consumer goods company had begun devising an ambitious global growth strategy for their main product category, prioritizing growth opportunities, especially in emerging markets. The underlying challenge was to develop a truly global growth strategy, reflecting local market needs to sustain growth while maintaining a differentiated global brand. This required a well-designed process architecture.

*It was therefore clear that we had to **bring together all relevant perspectives** to develop a robust strategy ready for implementation – e.g. global brand management, R&D, consumer analytics and the sales organizations in core markets. In our approach, we **blended different elements** and aimed at enabling the organization:*

- *Structured development of cornerstones for a global growth strategy in a series of **four top management workshops**.*
- ***Focus workshops** with the frontline of brand management to identify options in brand positioning.*
- ***Business case and scenario modeling tool** to immediately visualize implications of strategic choices.*
- ***Analytical support** for market and consumer data.*

While the management was skeptical initially, the approach was highly effective and ready for communication and implementation. In addition, the developed business model was used beyond the project.

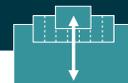
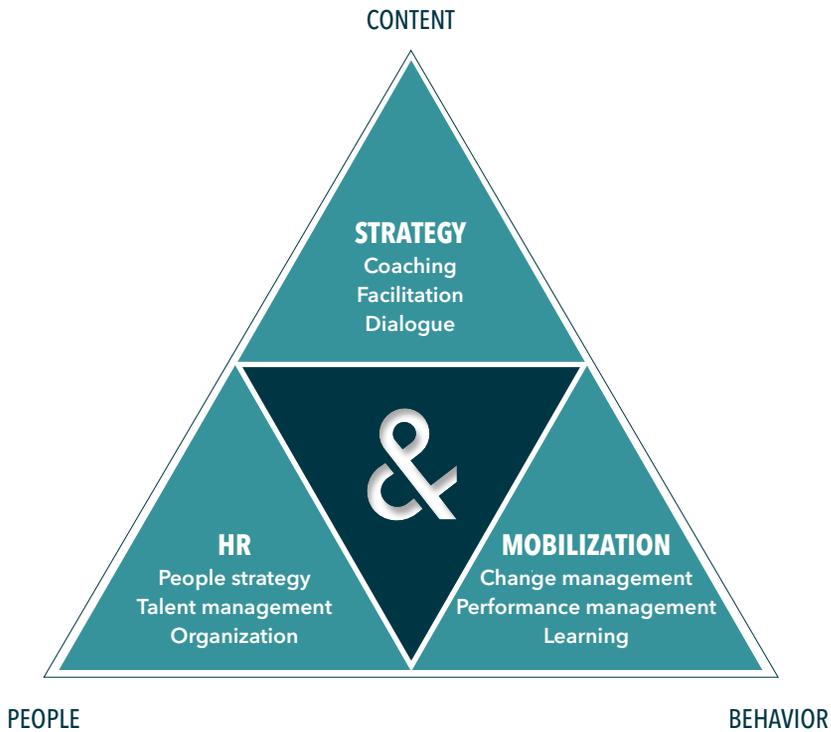


EXHIBIT 9: UNDCONSORTEN INTEGRATES STRATEGY WITH HR AND MOBILIZATION



UNDCONSORTEN AND YOUR STRATEGY PROCESS

undconsorten offers an *efficient and effective way to support strategy processes* through working with you and your organization on all crucial levels. We integrate all three pillars of our consulting approach – *Content, people and behavior* – to make your strategy better and you and your organization stronger and more able to respond to a changing strategic environment.

GREAT IDEAS AND EXECUTION EXPERIENCE

We offer you a team of senior consultants, whose experience in strategy project is strengthened further by a deep understanding of *HR and mobilization* topics. We tailor our approach to different types of organization and have successfully supported a range of complex, large-scale organizations.

FOCUSED, FLEXIBLE SUPPORT FOR RESULTS

We deliver our support to you in a flexible, needs-based way: *You set the pace* and get the support you need, when you

need it. In this way we can be at your side during the intense phase of defining strategic options as well as during longer periods of alignment and implementation. Leveraging your own resources allows for an efficient project structure and creates a *lasting impact* as your organization itself is enabled.

COMBINING STRATEGY AND YOUR PEOPLE

We believe that people are key to successful strategies. Therefore mobilization needs to be part of strategy from day one. *Combining strategy* work and people is not easy – but we know from experience that it is worth the effort. We can help you tackle it and thereby truly take strategy at your organization to the next level.

**“ QUOTES ” ARE TAKEN FROM CONFIDENTIAL
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LAYOUT & DESIGN

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