A Framework for Aligning Strategy and Execution

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IPS Learning
What CEO’s are Thinking

Trouble Implementing Strategy

55% Company *not focused* on executing strategy

42% Company *not aligned* behind their strategies

40% Strategies ask people to work on *too many & conflicting priorities*

Strategy-Execution Gap, Strategy& (formerly Booz & Company, now part of the PwC network), May 2014
Even Good Strategies Fail

Lessons from the C-Suite…

- **56%** Strategic Initiatives have been successful
- **9%** Excellent on successful execution
- **61%** Struggle to bridge strategy-execution gap

The Economist Intelligence Unit, March 2013
What are your strategic challenges?

- **Alignment** between strategy and execution unclear
- Impact of **organizational dynamics** are misunderstood or ignored
- Lack of **aligned** performance metrics
- Programs/projects extremely complex
- **Inconsistent processes** on how to manage projects and programs
- Lack of clear agreements around interfaces and interdependencies
- Failure to accurately predict results in **scope creep**
- **Risks** not well understood
- Lack of **resources**, people spread too thin
- Required skill sets don’t match required **needs**
- Other organizational functions and members **not on board**
- Difficult to **manage without authority** over people who are on multiple projects, not functional reports
Global CEO’s #1 quest is to seek better alignment between strategy, objectives and organizational capabilities

The Conference Board's 2014 global CEO study
Objectives for Today

- Outline a framework for improving organizational alignment of project-based work (PBW)
- Summarize the 6 critical business skills to enhance the PBW Leader’s capabilities
- Take away actionable concepts to improve alignment strategy, execution, and capabilities
Our Strategic Execution Journey

Stanford Center for Professional Development
The Strategic Execution Framework (SEF)

Who are you?

What is the context?

Where are you going?

What needs creating?

How will we build it?

How will you operate?
Unpacking the SEF

Strategy Making

Strategy Execution
What’s Your External Environment?

Health Care
- Affordable Healthcare Act
- Improve care effectiveness and drive down administrative costs

Financial Services
- Hyper competitive market
- New emerging technologies
- Faster time to market
Align the Strategy Making Domains
Do the Right Projects
The Ideation Domain

IDEATION

- Purpose: The reason the organization exists
- Identity: Character, image, brand, and values
- Long-Range Intention: What the organization is dedicated to in the long term
Xerox’s Ideation, 1981

“Xerox perceived itself as only in the office copier business.”
— Malcolm Gladwell
Google’s mission is to organize the world’s information and make it universally accessible and useful.
The Nature Domain

The artifacts, core values, and behaviors of the organization

How an organization designs relationships between areas or functions

The path an organization designs to achieve its purpose and goals
Misaligned Ideation, Culture and Strategy
Four Core Cultures

Every organization has a predominant culture and usually has subordinate cultures.

Your Culture Maps

Draw a culture map for:
- Your Organization (red)
- Your Team (green)
The Vision Domain

The path an organization designs to achieve its purpose and goals

The determination of specific desired results

The vehicle to evaluate progress to the achievement of strategic goals
The Measurement Conundrum

Tell me how you measure me and I will tell you how I behave.
— Eliyahu Goldratt
The Engagement Domain

The path an organization designs to achieve its purpose and goals

Strategy

ENGAGEMENT

Portfolio

Strategy based, prioritized set of projects and programs, reconciled to the resources required to accomplish them
Clear Strategic Vision: SW Airlines

Strategy Execution Mapping

Southwest Airlines SEM:
Showing the cause and effect relationships between strategic objectives

**Strategic Theme:**
Operating Efficiency

<table>
<thead>
<tr>
<th>Customer Outcomes</th>
<th>Competitive Objectives</th>
<th>Core Objectives</th>
<th>Goals</th>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel any time</td>
<td>Get there on time</td>
<td>Frequent, reliable flights</td>
<td>• At gate time</td>
<td>• 15 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Number of round trips</td>
<td>• 5 round trips</td>
</tr>
</tbody>
</table>

**Execution Capabilities**
- Fast, simple boarding
- Planes always available

Statement of what strategy must achieve and what’s critical to its success
How success in achieving the strategy will be measured and tracked
The level of performance or rate of improvement needed
The Synthesis Domain

Strategy-based, prioritized set of projects and programs, reconciled to the resources required to accomplish them

SYNTHESIS

Multiple interdependent projects managed as a single unit

Unique, temporary efforts defined by deliverables, schedule, and resources
Culture and Today’s Work Approaches

Collaboration

Cultivation

AGILE

LEAN

Control

TRADITIONAL

Competence
Balancing Plan-Driven & Agile Approaches

The Transition Domain

Multiple interdependent projects managed as a single unit

Unique, temporary efforts defined by deliverables, schedule, and resources

The ongoing processes of the enterprise that deliver value to the customer
IKEA in China
What Works Well

Not Perfect Yet
Where are your Strengths and Opportunities?
Imperatives of Strategic Execution

INVEST
## Imperatives of Strategic Execution

<table>
<thead>
<tr>
<th>Idealation</th>
<th>Know who you are, why you exist and where you are going</th>
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</thead>
<tbody>
<tr>
<td>Nature</td>
<td>Align your strategy, structure and culture</td>
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<tr>
<td>Vision</td>
<td>Continually rearticulate and quantify your desired outcomes</td>
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<tr>
<td>Engagement</td>
<td>Continually reinvest in the right portfolio of strategic projects to achieve current strategic outcomes</td>
</tr>
<tr>
<td>Synthesis</td>
<td>Execute your strategic projects balancing appropriate levels of PM 1.0 (discipline) vs. PM 2.0 (agility)</td>
</tr>
<tr>
<td>Transition</td>
<td>Transition your projects’ benefits into operations, and reinvest the project resources</td>
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</tbody>
</table>
The Stanford Research Shows…

As a PBW Leader – you will be called to…

**ORGANIZATIONAL**
- Convert Strategy into Action
- Lead Change from the Middle
- Lead for Strategic Execution

**PORTFOLIO**
- Master the Project Portfolio

**PROGRAM & PROJECTS**
- Manage without Authority
- Execute Complex Programs
- Innovate through Design Thinking
- Lead Effective Teams
- Master the Finances on Projects
- Leverage the Customer Relationship

**MECHANICS/EXECUTION**
- Exhibit Project Management Mastery

**TACTICS**
- Integration
- Scope
- Time
- Cost
- Quality
- HR
- Communications
- Risk
- Procurement
- Stakeholders

Strategic Execution Mastery
The 6 Critical Meta-Skills

Managing Alignment
Making the Right Decisions
Leveraging Networks
Thinking Ahead
The Advanced PBW Leader
Learning to Innovate
Being an Interpreter
Given the SEF and the six Meta-Skills we can address the Global CEO’s #1 quest to seek better alignment between strategy, objectives and organizational capabilities.
Questions and Additional Discussion
Thank you!

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