

From strategy to execution

shifting mindsets and driving behaviors



By Ignacio Vaccaro, Head of Strategy Execution and Business Alignment for BTS Europe, Senior Director

The ability to execute is a principal quality of organizations that become and remain great. As increasingly volatile environments pressure executive teams to adjust their strategies more frequently, successful execution is more critical than ever.

Based on more than 30 years of experience working with executives leading strategy implementation, there are three typical barriers that prevent execution: **speed**, **siloes**, and the **struggle** to understand what a new strategy really looks like. We also uncovered three key elements that make the greatest impact on employees' ability to connect strategy and execution: **alignment**, **mindset**, and **capability**.

In this paper, we'll explore the three main challenges organizations face and the three critical elements organizations need to ensure great execution.

The strategy execution challenge

Strategy execution has never been easy. Research shows that 67% of well-formulated strategies fail in execution.¹ Still, strategy execution remains a top priority and key challenge for executives. Based on our work with executives, there are three common roadblocks that executives encounter:

- **Speed** – execution is slow. People spend too long planning instead of shifting to implementation.
- **Siloes** – people are disconnected and often misaligned. This makes strategy implementation nearly impossible.
- **The struggle** – implementation is painful, especially when people can't fully grasp its effects on their individual roles.

Speed is the first issue. Strategy execution is slow because leaders get stuck in the formulation stage, which is often seen as fun and gratifying, rather than moving to implementation, which is perceived as more difficult and frustrating. This transition demands that leaders substantially shift their mindsets, a hurdle that most strategies fail to overcome.²

1 Carucci, Ron (2017) Executives Fail to Execute Strategy Because They're Too Internally Focused. Harvard Business Review. <https://hbr.org/2017/11/executives-fail-to-execute-strategy-because-theyre-too-internally-focused>

2 Tawse, Patrick & Vera (2019) Crossing the chasm: Leadership nudges to help transition from strategy formulation to strategy implementation, Business Horizons

Discussions about execution are commonly drowned out by operational concerns, "Can we deploy strategy without breaking the operational model?"; process concerns, "Do we have the right processes and systems in place to reflect how we do things now?"; and finance concerns, "How do we know we're driving value?"

While legitimate, these questions miss the point, which leads us to **siloes**. Strategy execution is as much of a people issue as it is a business one, as the most critical element of its success is a strong, shared sense of direction amongst the people responsible for executing the strategy. People tend to work in siloes, struggling to reconcile individual goals with those of the overall enterprise. With pressure to attain department-specific goals, employees and leaders alike need a higher level of business acumen and strong leadership to remain both connected and focused while executing the strategy in their daily work.

Lastly, the **struggle**. It is often difficult for employees to fully grasp what a new strategy means for them, which makes its execution painful. While executives may benefit from the analytical boardroom debates that led to a new strategy, employees not privy to those conversations will pay the price.

Successfully bringing a strategy from the boardroom to the front line requires meeting these common challenges with the right alignment, mindset, and capability to drive success.

Keys to successful execution

Alignment and capability are two of the most well-known and well-regarded drivers of strategy execution.

1. **Alignment** accounts for employees' understanding of the strategy itself. To achieve alignment, regardless of their role, each employee must understand how they can contribute to executing the new strategy. They must also understand the impact of different trade-offs they will face while executing strategy and organization-wide consequences. This *strategic foresight* allows for cross-functional empathy and a more intentional approach to collaboration driven by the understanding of how a decision's impact goes beyond one's function thus driving stronger alignment.
2. **Capability**, in this context, refers to the skills required to implement strategy at all levels in the organization. Most organizations typically regard capability development as the clearest path towards short-term strategy execution.

Take, for example, a financial institution seeking to integrate a new strategy. Firstly, the organization's leaders needed to develop alignment

by better understanding how their decision-making impacted other business units. To do so, leaders experienced a customized business simulation during which they practiced making decisions in an environment directly modelled after the business. This allowed them to develop stronger business acumen capabilities and better comprehend the organization as a whole, thus accelerating strategy integration.



However, capability development is more than just a short-term solution; it can also support strategy execution in the long term.

In the case of a leading food-industry organization, capability development was instrumental to strengthening value creation. After experiencing a customized executive development program, focused on both leadership behaviors and strategy by using a tailored, context-rich business simulation, the organization's leaders developed a deeper understanding of their end-to-end value creation. The leaders gained clarity around the interdependencies of their differing functions and how decisions made by other parts of the organization would impact the business overall.

In terms of strategy execution, alignment and capability development receive plenty of attention. Leaders know that their strategic initiatives are futile without strong organizational alignment, and many even go so far as to say that alignment is their top priority.³ This makes sense, as misalignment of senior teams has been proven to negatively impact organization and employee performance.^{4,5,6} Similarly, capability development is critical to organizations, whether in executing new strategies marking a departure from past ways of working, or in stable strategies where the criticality is around having a strong command of the value creation process across the entire organization.

The final component of effective strategy execution is just as critical as alignment and capability, but often overlooked: **mindset**.

Mindset for execution

Mindset describes an individual's worldview; it is their beliefs, attitudes, and physiology. Mindset also plays a pivotal role in how one thinks, learns, and behaves.⁷ Surveyed executives agree that mindset has the largest potential to impact an organization's ability to execute

3 The disconnected enterprise – Leadership challenges in 2021 and beyond. Research report by Temporal.

4 Ates et al (2018) Strategy Implementation: Strategic Alignment, Strategic Consensus, and Commitment, Journal of Management.

5 Pork et al (2018) Do Group and Organizational Identification Help or Hurt Intergroup Strategic Consensus?, Journal of Management

6 Tarakci et al (2014) Strategic Consensus mapping: a new method for testing and visualizing strategic consensus within and between teams, SMJ

7 Gottfredson & Reina (2020) To be a great leader, you need the right mindset, Harvard Business Review

strategy successfully.⁸ Therefore, shifting mindsets is an incredibly powerful way to strengthen leaders for times of change.

At the organizational level, outcomes are shaped by the company's collective mindset. Adopting a shared mindset helps employees better understand the existing business and its future direction, as well as buy-in to the collective momentum of the strategic shift.

For example, a global financial institution adopted an Agile way of working to support its strategy of becoming more customer centric. This required a consistent, systematic mindset shift from people at all levels within the organization. After identifying new ways to contribute, employees brought the strategy to life through ownership, empowerment, and self-organization.

While shared mindsets are critical at the organizational level, it is ultimately up to each employee to shift their individual mindset to make a collective shift a reality. In the context of executing strategy, a single person's unique blind spots, experiences, personal worldviews, or attitudes and beliefs can make or break a strategy. This is because each individual must buy in to the collective mindset to implement the strategic shift.

For instance, imagine an engineer eager to devise more advanced and technically rich product. The engineer's sole focus is on the product and its features, rather than the outcomes for the end-user. Therefore, the engineer struggles to adopt a customer-centric mindset because they fail to put the customer first. Executing strategy requires a corresponding mindset shift at both an individual and organizational level.

⁸ Survey carried out by the author at the Annual Conference of the Corporate Research Forum in London, 2021



A shared mindset, when aligned with strategy, makes execution faster, better connected, and less painful. In summary:

Strategy execution is....

Predominant mindset		Enlightened mindset	
Slow	"I need to (over)analyse the strategy before putting any of its components into action."	Fast	"My role is to act and execute, seeking to understand what my role within the strategy is and making decisions that advance execution."
Disconnected	"It's all about my part of the organization, as this is where my view of the world starts (and ends)."	Interconnected	"I need to continuously adopt an enterprise point of view to anticipate the impact of our strategic choices."
Painful	"Execution brings disruption to my work and I need to minimize this disruption."	Exciting	"I can see how this strategy will help the organization, and also what exactly what will be asked of me and others."

So, how do the world's leading organizations build the right strategy execution capabilities from the C-suite to the front line? And how do they do it in a way that both caters to their organization's specific challenges and drives tangible changes?

Safe and relevant interventions that target leaders and provide them with a powerful coaching platform are key. Immersing leaders in a realistic environment that reflects board room tensions and trade-offs, while allowing them to safely practice their new strategy, will ultimately lay the foundation for the mindset shifts required by transformation.

Strategy execution is a complex, multi-faceted challenge that most organizations struggle to enact. However, by focusing on people, developing the proper alignment and capabilities, and integrating the required mindset, any organization can achieve strategy execution.

