Why So Much Un-Executable Strategy? Part 3…

By Joseph B. Altonji on September 11, 2014

In two recent blog posts (*Why So Much Un-Executable Strategy*, and *Why So Much Un-Executable Strategy, Part 2…*) we've focused on two reasons why so many firm strategies (or "strategic plans") fail to result in strategic change: either the strategies were poorly designed, or the firms are poorly aligned internally to implement the strategies. In this post, we would like to focus on a third reason why so many strategies fail to result in change – or fail even to be executed – the implementation process itself.

Technically, of course, a flawed implementation process does not mean the strategy itself is "un-executable", as our title would suggest.   Maybe a better process would result in a different outcome. However, in practice it makes little difference if the failure to execute is preordained or emerges from a flawed implementation process. The outcome is the same, and the firm fails to achieve its goals.

In many cases, flawed execution is intricately linked to a poorly designed plan (already discussed), but in other cases the firm's approach to execution dooms the prospects for success of good plans. In situations where the strategy is well designed, it remains common for the firm to fall down on implementation. A typical early issue on this front comes in clearly communicating the strategy. We've noted in other contexts that while most firms have a "strategic plan," a surprisingly large percentage of partners we encounter have little if any real understanding of the firm's overall strategy. If they can't articulate it, it is almost certain that they also cannot articulate their role in its implementation – what does the strategy require of the individual partner? What behaviors is she supposed to change? So the firm creates a strategy, fails to embed it, and it dies on the vine. Why? Because the partners don't see the connection between their individual behaviors, or roles, and the greater purpose embedded in the firm's strategy. They just don't see how their own actions relate.

A second shortfall arises from the diffusion of responsibility so common in most firms. It's not possible, of course, to avoid distributing responsibility for action to numerous groups and individuals, but responsibility needs to be linked back to the core strategic objectives, and carry the imperative of leadership. "If this doesn't get done, we are not going to achieve our strategy. This is your primary objective, not something done in your spare time." Consider a hypothetical. A firm's strategy requires it to achieve a level of prominence in, say, corporate M&A that will drive overall brand recognition and pricing.   If you are the head of the corporate department in this firm, building the appropriate team, and working to upgrade the corporate client base (in conjunction with the Managing Partner, your department's partners, the marketing and BD teams, etc.) must be your *primary* responsibility.   More than likely, though, that is not your mindset. Your primary responsibility is to take care of your personal clients and maybe get more of them.   Your secondary responsibility might be to make sure the trains run on time in the department, or maybe make some operational improvements in the department. If you are like most people in this situation, your personal role in achieving the firm's strategy takes third place, at best, and maybe not even that – you are probably also on some other firm committees or have other distractions. So three years later, the firm's market position in M&A is exactly the same as it was at the launch of the plan, and the firm's strategy is moribund.

A third implementation shortfall can probably be easily recognized in the last paragraph: failure to chose, and hold people accountable to, the right metrics. Sticking with our corporate department chair for the moment, it is likely that he is worried first of all about his personal metrics and secondarily about his department's "averages," such as average hours, overall fees, etc. What happens if the game is changed so that his primary focus was on a few metrics that clearly relate to the firm's overall need to change its M&A market position? For example, what if the chair was evaluated solely on 1) improvements in the overall M&A client base's quality and volume and 2) attraction of top quality, market recognized practitioners to the group, measured over a multi-year time horizon? Would his focus change? (If not, you probably have the wrong chair.) Would the outcome be different three years later? Probably.

There are other ways that firms fall down on strategic implementation, and many of them stem from the basic orientation of the firm toward the status quo. Change is hard, and if the firm is going to achieve real strategic change it needs to recognize the need, identify the change, and align everything around achieving it. If you have truly identified the firm's strategic challenge and created a sound strategy to address it, the implementation process needs to be built on the idea that achieving the strategy is the most important thing the firm can do – *not* something that maybe we should work towards in our spare time.