

Strategy Implementation Insights

Chapter 13 / Version 1.0

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IMPLEMENTING STRATEGIC CHANGE . . . AN INTEGRATED VIEW

We have seen the most successful companies integrate strategic change from the top down, and across silos, to achieve their target goals. In this issue of *Strategy Implementation Insights*, we provide an overview of our framework for implementing strategic change as an integrated, holistic connection of initiatives, assets, and competencies across an enterprise.

In today's business environment, the complexities and challenges in implementing strategic change are greater, "time to change" has become a competitive differentiator, and the risks and stakes are higher.

Frequently, strategic success involves making painful decisions to stop or refocus established initiatives, in order to reallocate resources, including leaders, to a higher priority initiative. We believe the following framework provides the tools to evaluate, refine, implement, and track initiatives to achieve strategic change and long-term, sustainable success.

Strategy Implementation Framework – A Definition

A strategy implementation framework encompasses:

- clear and quantifiable strategic goals,
- enabling strategic initiatives,
- enabling strategic assets, and
- enabling change management competencies and tools,
. . . with frequent progress milestones.



January 2006
Implementing
Strategic Change



Our examples are hypothetical, for discussion purposes. Each company would develop its unique goals, initiatives, assets, management competencies, tools, quantitative measures, and time frame.

Stopping or refining existing strategic initiatives is generally more difficult, and sometimes more important, than launching new ones.

Strategic Goals With Time-Oriented Quantitative Measures

Strategic change is difficult, complex, and expensive to implement. There are barriers and resistance to change in every organization. Creating a dynamic strategic vision, supported from the top to the bottom, requires a holistic perspective and integrated participation at all levels.

The board and senior management must define strategic goals in concrete terms that can be understood and supported across the enterprise. Key questions to answer include: what good will come from it, in what time frame, and how will success be measured quantitatively... in the end and at least quarterly during completion.

Strategic goals should be designed by the CEO and senior leadership team (SLT), then approved in the boardroom. At the highest level, strategic goals are developed to create significant, sustainable, and scalable increases in shareholder value. These goals are then cascaded down into the business units and departments to define supporting initiatives at every level.

Quantitative goals should be tracked and communicated to all stakeholders on a quarterly basis, to maintain focus. Clearly defined intermediate and end-game strategic goals can help leadership track progress, communicate with key stakeholders, and align priorities within the corporation in conjunction with other challenges and initiatives.

It is important to present quantitative goals in the context of the past three to five years of actual performance and projected three to five years, for historical context and to ensure alignment with the longer term planning horizon.

Strategic Goals

Examples – Quantitative Goals in upcoming three to five years:

- Quarterly – product, geography, and business segment goals, measured in terms of:
 - \$ revenue
 - \$ profit contribution
 - % employee and customer satisfaction
 - % employee turnover
 - % margins
 - % market share
 - % return on assets
- Credit rating
- R & D effectiveness
- Stock price and market capitalization
- Structural change. For example:
 - transitioning from private to public ownership
 - joint venture, alliance partnership, or merger

January 2006
Implementing
Strategic Change



Be wary of “turf protection.” It is natural for executives and employees to maneuver to highlight the importance of their initiatives over others.

Be independent and objective in prioritizing. For one company, a large, long-term initiative that seems important today might not be strategically important two years from now. However, for another company the same initiative may be an important prerequisite on which other initiatives are based.

Enabling Strategic Initiatives

Once strategic goals are defined, then the initiatives to achieve those goals can be defined. Too often this is another point of failure in the change process. Companies do not identify and solve the right problems, in the right sequence, to attain sustainable, scalable change.

When strategic initiatives have been defined, we find it beneficial to create a chart, such as the one below, to better understand the interdependencies of each initiative throughout the organization. Senior management can identify gaps or overlaps in initiatives, and mitigate implementation resource challenges.

The following chart reflects a map of strategic initiatives under way at one of our clients. The initiatives were included in this map so that the client could piece together each initiative’s role in enabling corporate strategy.



For example, the client defined “talent” as a strategic initiative. They carefully planned, staffed, and executed the global search for a new president, CFO, and two new directors to strengthen the company’s goal of increasing market share in Asia and Europe.

In another situation, our client acquired a company with a brand and skills that were essential to quickly broaden our client’s reach, improve profitability, and strengthen worldwide market share.

January 2006
Implementing
Strategic Change



Too frequently, companies fail to recognize gaps between their current assets and those needed to achieve their goals.

Organizations must quickly prioritize and reallocate resources, or invest in augmenting resources, for effective implementation of their strategic initiatives.

Enabling Strategic Assets

Organizations must inventory assets available to support strategic initiatives. Enabling assets may be distributed across an enterprise. Organizations with superior agility to share and integrate assets across departments and business units will be capable of meeting strategic goals more efficiently and effectively than their less agile competitors.

Outlining enabling assets across the enterprise, such as those highlighted in the table below, provides a tool to communicate to the enterprise. Using this tool has enabled our clients to recognize gaps between their assets and what they would need to implement their strategic initiatives. In these cases, clients can invest in building enabling strategic assets as a prerequisite to launching strategic initiatives.

One client planned dramatic initiatives to upgrade its technology infrastructure and develop value-added product enhancements. When senior leaders mapped their assets, they realized they did not have skilled technology program managers competent to effectively manage internal and external resources. The client quickly recruited several senior program managers to fill the gap.

Enabling Strategic Assets				
Agility	Board and Director Effectiveness	Brands	Competence	Confidence
Courage	Creativity	Culture	Distribution Networks	Financial Resources
Governance	Image	Intellectual Property	Leadership	Location
Partners	Passion	Processes	Products	Services
Talent	Technology	Time	Will	Others

In other cases, clients have identified strategic opportunities based on assets, or combinations of assets, that they had not recognized before performing this analysis.

January 2006
 Implementing
 Strategic Change



We encourage directors, CEOs, and senior leaders to identify and take prudent risks. Companies that take no risks will eventually stagnate and then collapse.

There are countless instances where short-term risks are prerequisites to achieving long-term competitive advantage. For example, a company may need to judiciously exit a currently profitable product line in order to free up talent or technology required to develop a more sustainable and profitable product line for future growth. A drop in revenue and profits in the short term may be necessary to invest in a long-term strategy change.

See: Board Effectiveness Insights, Chapter 3, Identifying and Mitigating Corporate Risk, on www.bepartners.com.

Enabling Change Management Competencies and Tools

Even clear, well-founded strategies and strategic initiatives can fail if they are not tenaciously supported throughout the enterprise.

The following is an outline the senior leadership team could create to describe the competencies, tools, and resources necessary for sustainable strategic change. This outline can serve as a reminder of what is important for successful implementation of strategic initiatives.



- Program management is focused on the competence, energy, and tools necessary to lead and manage the talent, technology, and funding essential to implementing one or several strategic initiatives . . . on-time, on-target, and on-budget. Successful program managers are, in our terms, “maze-bright.” They can think across the spectrum of obstacles and mitigation resources available to them and redeploy or refocus whatever is necessary. They react, but more importantly, they anticipate and mitigate obstacles to success.
- Many reward systems discourage prudent risk taking. The systems do not effectively align rewards with desirable and measurable results. As enterprises define strategic initiatives, with specific milestones, reward systems should be carefully refined to be certain that they encourage the behaviors that will help an organization achieve its objectives.
- While adequate funding is obviously important, it is seldom the primary missing ingredient when strategic initiatives fail. Leadership support is often overlooked or fades too quickly. Countless clients, successfully executing strategy, have listed visible, unflagging support from the CEO and senior leaders among the most important reasons they were successful.

January 2006
 Implementing
 Strategic Change

Strategic Initiatives – Inventory

It has been our experience that most successful CEOs and SLTs focus on no more than five strategic initiatives at one time. When implementation is complete on initiative X, it is celebrated and then retired, and replaced by the next highest priority strategic initiative.

Form A is a tool for developing an inventory of strategic initiatives (SI) which are under way, and in the queue, to help understand the present state and to set focused priorities for ongoing change.

The CEO and SLT, as strategic initiative owners, can populate the table. The form provides a basis for collaborative discussions and partnering with the board of directors for final review and approval. *Form A* can also be used, over time, to help adjust priorities and to ensure that lower priority initiatives remain visible.

Form A – Strategic Initiatives – Inventory, tailored to the idiosyncrasies of each enterprise, can be a valuable tool in sizing and then prioritizing strategic initiatives.

The inventory shows at a glance the responsible senior corporate officer, linkages with other strategic initiatives, and anticipated one-time and recurring implementation costs.

Form A – Strategic Initiatives – Inventory

Strategic Initiative (SI)			Priority Considerations							Priority Decision		
ID#	Focus	Owner	Impact on Goals	SI Linkages		One-Time Cost		Recurring Cost		High	Med	Low
				ID#	ID#	200X	Later	200X	Later			
1	Share Protection – Define business plan and establish market and brand strategy to prevent loss of share, revenue, and profit contribution to new market entries.	CMO	Increase US Brand X revenue by \$10M in 200X, reduce SGA by 5%, and offset exit from Brand Y market.	#	#	\$	\$	\$	\$	X		
2	Asia Share – Develop and implement action plan to move Asia core product market share from 5% to 25%.	BU#1	Accelerate renovation of Asian manufacturing to deliver products to market.	#	#	\$	\$	\$	\$	X		
3	India – Execute plans to operate in India and ensure business continuity in the event of a catastrophic loss.	BU#2	Complete plant and disaster recovery plan to support increased sales in SI#5.	#	#	\$	\$	\$	\$		X	
4	Strategy Effectiveness – Launch strategy implementation management process.	CEO	Increase probability of executing strategic initiatives being completed; on-time, on-target, and on-budget.	#	#	\$	\$	\$	\$		X	
5	Internet Channel – Launch direct to customer Internet channel.	CMO	Increase global sales by 25% at existing margins.	#	#	\$	\$	\$	\$			X

In our experience, the most successful strategic change leaders ensure that initiative owners collaborate, using *Form A* or a similar presentation of key information, to create a context for evaluating each strategic initiative, combinations of initiatives, and alternatives to present plans. An exhaustive review of initiatives can highlight opportunities or landmines based on:

- the timing and extent of initiative costs, and the success risks;
- the impact that a failure or gain in one initiative might have on others;
- the ability, or inability, of management to lead the initiatives, including the availability of effective program management resources, including talent;
- changes in priorities; and
- the reaction, over time, to changes in technology, global competition, and market conditions.

January 2006
 Implementing
 Strategic Change

Strategic Initiatives – Roadmap and Timeline

Successful strategy implementation relies on a continuous focus on achieving clear objectives on-time, on-target, and on-budget. *Form B* encourages time-based thinking in planning strategic initiatives. In addition, using a time-based tool can help the senior leadership team, and strategic initiative owners, track progress and anticipate and mitigate the implementation obstacles that are inevitable.

Form B – Strategic Initiatives – Roadmap and Timeline

Strategic Initiatives – Roadmap and Timeline								
ID#	Strategic Initiative	Key Milestones – 200X						Key Milestones – Beyond 200X
		Jan – Feb	Mar – Apr	May – Jun	Jul – Aug	Sep – Oct	Nov – Dec	
1	Share Protection – Define business plan and establish market and brand strategy to prevent loss of share, revenue, and profit contribution to new market entries.							
2	Asia Share – Develop and implement action plan to move Asia core product market share from 5% to 25%.							
3	India – Execute plans to operate in India and ensure business continuity in the event of a catastrophic loss.							
4	Strategy Effectiveness – Launch strategy implementation management process.							
5	Internet Channel – Launch direct to customer Internet channel.							

This document could be used to portray the duration of key activities and milestones in a timeline format. Alternatively, it could be used in a narrative format to list key activities and milestones.

Our experience affirms that CEOs and SLTs who use time-based implementation tools are more likely to identify implementation obstacles earlier, when mitigation is possible, easier, and less expensive.

Clients using this tool have:

- quickly identified and mitigated resource shortages that might have occurred in a given month,
- quickly changed initiative priorities based on interdependencies,
- refined communications plans to be more proactive in managing expectations, and
- made leadership changes, based on the early identification of slow progress.

January 2006
Implementing
Strategic Change

Strategic Initiatives – Highlights

We have found that CEOs and their SLTs are better able to understand, manage, and communicate progress when they consolidate plans and actions into one short format.

The rigor required to fully understand each element of a strategic initiative, in order to create such a concise summary, often leads to unexpected insights about progress, in terms of challenges and opportunities. In addition, a concise method of stating objectives and progress toward those objectives is a valuable tool for enabling communications with leaders, peers, employees, board members, customers, and other key stakeholders.

Form C provides critical information about each strategic initiative, from quantitative and qualitative descriptions of the objective and its impact, to progress, next steps, and the leader responsible for successful implementation. Documents similar to *Form C* can be valuable in guiding discussions regarding initiative challenges, progress, and priorities, in comparison with an organization’s other strategic priorities.

CEOs and SLTs who evaluate *Form C – Strategic Initiatives – Highlights*, on a regular basis, have a strong foundation for gauging and managing progress.

In addition, describing multiple initiatives in similar formats provides a more consistent way to evaluate the progress of one initiative in comparison with others.

Form C – Strategic Initiatives – Highlights (Front)

Strategic Initiatives – Highlights														
What are we changing . . . from our customers' perspective?							Why are we changing . . . from our customers' perspective? How will they benefit?							
What are we changing . . . from our employees' perspective?							Why are we changing . . . from our employees' perspective? How will they benefit?							
How and when will this strategic initiative benefit shareholders? Will the benefit be sustainable?														
Last Update	Impact on Strategic Goals				Cost Impact				Strategic Initiative					
	TBD	Date	TBD	Date	200X		Later		ID#	Focus	SLT Owner	Implementation Dates		Risk Status
					One-Time	Recurring	One-Time	Recurring				Start	Complete	
xx.xx.xx	+ xx%	xx.x	+ \$\$	xx.x	\$\$	\$\$	\$\$	\$\$	1	US Share Protection	John Smith	xx.x	xx.x	●

“Risk status” (lower right-hand box) should be coded green, yellow, or red, to indicate whether the initiative’s implementation is progressing as planned, is experiencing difficulties, or has stopped.

January 2006
Implementing
Strategic Change

Strategy and enabling initiatives should be frequently challenged and refreshed. The world is changing very quickly!

Three-year projections that account for the costs and benefits of strategic initiatives are helpful in describing performance-improvement goals.

Poor performance in a given quarter, for example, might be expected and cause less concern if described in the context of a long-term strategic plan.

Form C – Strategic Initiatives – Highlights (Back)

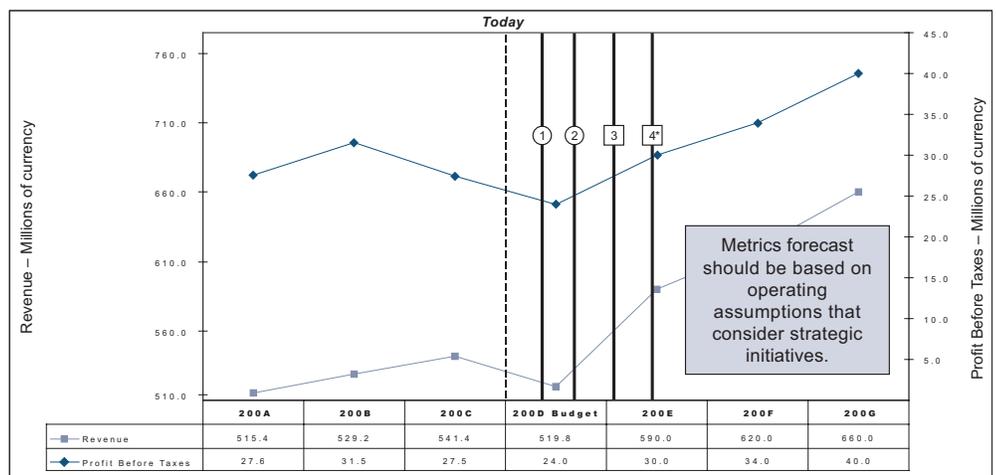
Strategic Initiatives – Highlights														
<i>What resources (talent, technology, \$, facilities, partners, intellectual property, etc.) are essential to success? When?</i>														
<i>How confident should we be about success – on-time, on-target, and on-budget? What are the most significant implementation obstacles and what are our mitigation plans and resources?</i>														
Milestones and Timeline							Interdependencies – Linkage with Other Strategic Initiatives							
Milestone	Timeline 200X					SI#	Need	Give	Focus					
	Jan	Feb	Mar	Apr	Later				xx	X	(Placeholder)			
Summary	██████████					xx		X	(Placeholder)					
A. (Placeholder)	██████████					xx		X	(Placeholder)					
B. (Placeholder)	██████████					xx	X		(Placeholder)					
C. (Placeholder)	██████████					xx		X	(Placeholder)					
D. (Placeholder)	██████████					xx	X		(Placeholder)					
Last Update	Impact on Strategic Goals				Cost Impact				Strategic Initiative					
	TBD	Date	TBD	Date	200X		Later		ID#	Focus	SLT Owner	Implementation Dates		Risk Status
					One-Time	Recurring	One-Time	Recurring				Start	Complete	
xx.xx.xx	+ xx%	xx.x	+ \$\$	xx.x	\$\$	\$\$	\$\$	\$\$	1	US Share Protection	John Smith	xx.x	xx.x	●

Strategic Initiatives – Impact Projection

Senior leaders and boards need to track the impact of strategic initiatives on a company’s performance. *Form D* is a tool to plot strategic initiatives based on when they will impact financial performance. By plotting multiple strategic initiatives, an organization can better understand the impact of those initiatives on performance before, during, and following implementation.

It is also possible to identify implementation obstacles. For example, several strategic initiatives might be planned for completion within a very narrow time window. The strain on an organization can cause initiative leaders to exceed budgets or deadlines. Competing or interdependent initiatives should be structured to optimize the change impact.

Form D – Strategic Initiatives – Impact Projection



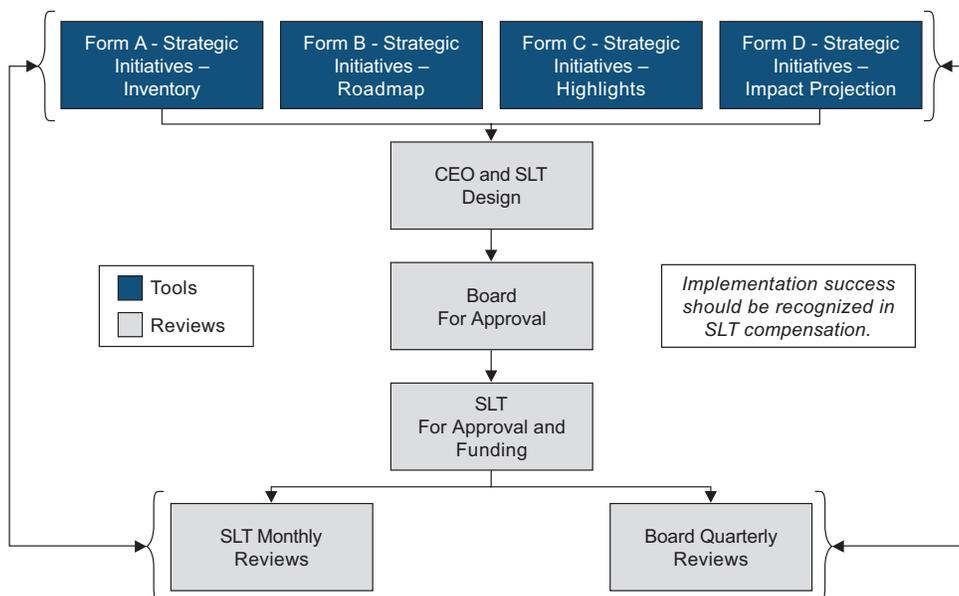
*Initiatives ① and ② launched; initiatives ③ and ④ in place.

Strategic Initiatives – Management Process

We have learned that CEOs and SLTs are better able to guide, lead, manage, communicate, refine, and create sustainable and scalable strategic change when they collaborate with the board of directors in developing and tenaciously implementing strategic initiatives.

The following flow chart outlines a strategy implementation management process that provides for the involvement of the CEO, SLT, and the company’s board in developing, refining, approving, and funding a strategy and its strategic initiatives.

This management process calls for periodic reviews, at least once a month for corporate leaders, and quarterly for the board. These reviews are essential, collaborative sessions that allow leaders to understand progress, obstacles, and interdependencies and to plan next steps and resource allocation to ensure successful implementation.



Strategic change never comes naturally.

We encourage leaders responsible for the success of strategic initiatives to have available, on-line and in hard copy, current updates of the charts and forms that highlight goals and status. These will serve as a constant reminder that implementation progress must be tirelessly monitored, nurtured, and enabled.

We look forward to sharing our lessons learned in more detail.

We welcome your suggestions, thoughts, and agreement or disagreement. Please contact our *Insights* editor, Sharon Carrigan, at 203.801.5000 or sec@implementstrategy.com

January 2006
 Implementing
 Strategic Change

Strategy Implementation – In Practice

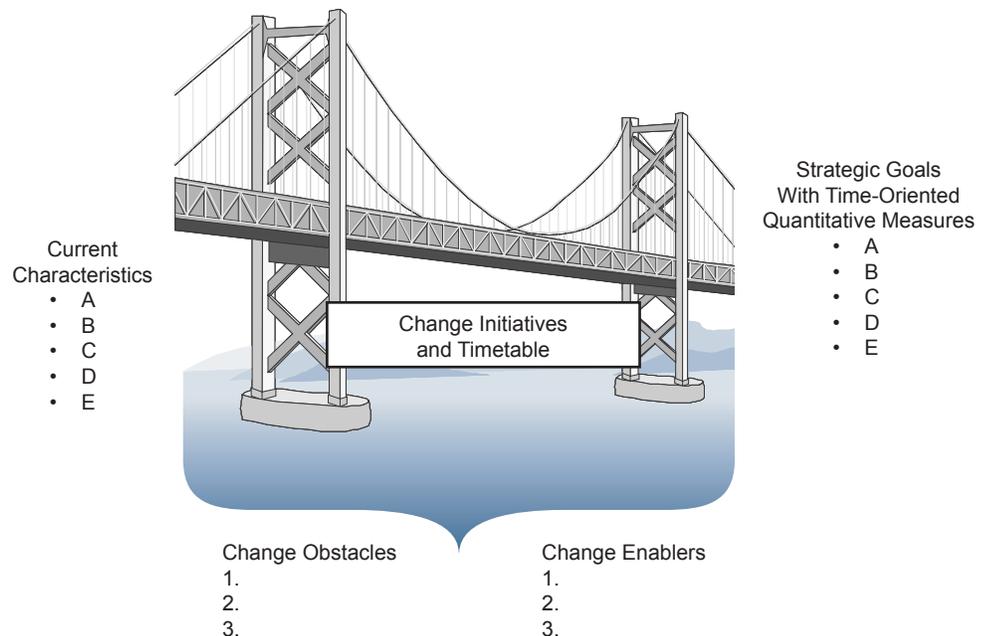
In a recent engagement, we partnered with a client well-known worldwide. Their senior leaders have been committed for years to ensuring their preeminence. However, implementing strategic initiatives has sometimes been disappointing in the past.

We assisted in defining five major initiatives that would require over two years, over \$50 million, and over 100 new people. Each of the initiatives had four or five sub-initiatives critical for success, and many of the sub-initiatives were interdependent.

To help stakeholders understand the change highlights, and then manage change, we developed the following bridge as a metaphor for a change path . . . from “as is” to “must be.” The bridge graphic helped outline a change journey sharply focused on essential resources and commitment to achieving end goals.

Strategic change is always complex, with many important facets, interdependencies, and priorities.

To ensure success, we recommended, and the client appointed, a senior executive with single-point accountability for implementing a set of strategic initiatives that had an impact across the enterprise – worldwide.



The following matrix was created to demonstrate relative priorities and complex interdependencies of the initiatives.

#	Initiative	A	B	C	D	E
A	(Placeholder - Title for Initiative A)		High	Medium	Medium	Medium
B	(Placeholder - Title for Initiative B)	High		Medium	Medium	Medium
C	(Placeholder - Title for Initiative C)	Medium	Medium		High	Medium
D	(Placeholder - Title for Initiative D)	Medium	Medium	High		Medium
E	(Placeholder - Title for Initiative E)	Medium	Medium	Medium	Medium	

Interdependency Legend:



To complete the stakeholder communications package, detailed timelines were created for each sub-initiative. These tools serve as a constant reminder of the end goals and the implementation framework to demonstrate progress to success.

January 2006
Implementing
Strategic Change

INSIGHTS

We publish *Strategy Implementation Insights* periodically to encourage dialogue on strategy implementation effectiveness.

Our readers are encouraged to pass this *Insights* chapter along to others, or contact us for additional copies in printed or electronic format.

Please visit our web site at, www.implementstrategy.com for other chapters of *Strategy Implementation Insights*.

Our Firms

McCreight & Company, Inc. partners with clients worldwide, helping to ensure their competitive superiority, designing and guiding the implementation of sound and sustainable strategy. Our unique consulting and operating experience evolved while partnering with many of the world’s most respected leaders and most dynamic organizations. Our capabilities are further enhanced by our two sister firms – Board Effectiveness Partners and the CIO Group.

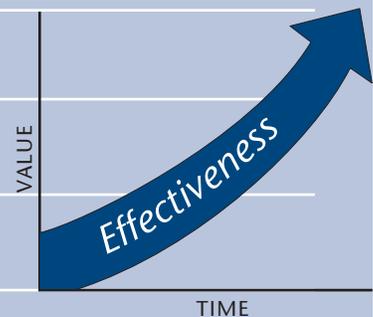
How We Add Value

Analyze and refine strategy

Define implementation initiatives with timelines and milestones

Define implementation roles, accountability, and resources

Monitor implementation progress and identify and help mitigate roadblocks



Our Goal

Our goal is to ensure strategy is sound, sustainable, scalable, and successfully implemented, on-time, on-target, and on-budget. We partner with clients in designing and implementing strategic change, including: global growth, leadership transitions, board and director effectiveness, business restructurings, new business launches, mergers, acquisitions, joint ventures, and alliance partnerships.

Industry Competencies

- Aerospace
- Automotive
- Defense
- Foundations
- Information & Media
- Intelligence
- Life Sciences
- Professional Services
- Technology

Our Chairman

JOHN MCCREIGHT has devoted over 35 years to consulting and partnering with CEOs, senior management, boards, and investors, defining and implementing large-scale strategic change. Mr. McCreight leads every engagement and is professionally involved on site.

Alliance Partners

Each strategy implementation engagement is unique in terms of our client’s needs, our response, and the consulting competencies and professionals involved. McCreight & Company nurtures relationships with over 100 alliance partners worldwide. They strengthen our capacity to ensure our client’s success. Our alliance partners exemplify preeminence in their fields and complement our core competencies.

Research & Operations Center (ROC)

Our ROC professionals are linked globally to our clients, alliance partners, industry experts, and the academic community. We focus daily on monitoring facts, opinions, successes, disappointments, lessons learned, and emerging best practices in many areas, including board and director effectiveness, information and technology, and the issues and challenges that impact strategy development and implementation.

