

August 2012 Edition

Why Companies Struggle to Execute Strategy?

The focus of many of our past newsletters has been the importance of strategy execution (*i.e.*, *realizing an organization's vision* [February 2011]; *the principles of good strategy execution* [March 2012]). Yet, recent research suggests that senior management continues to struggle with the challenge of executing strategy (*McKinsey*, January 2011; *Strategy institute for thought leadership*, July 2012).

We have seen in our own practice how privately held or family owned companies are good at managing their company operations. Having been in business for decades, they have successfully learned to navigate through economic downturns like the recent 2007/08 recession. So why can these companies successfully execute their operational plans, yet struggle with executing strategy? Most likely it is a lack of organizational readiness to execute the strategic plan.

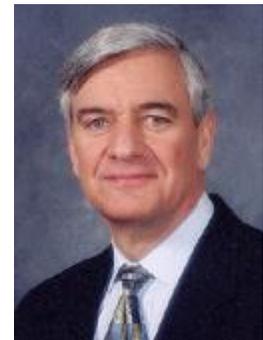
Here are three suggestions to help you and your senior management teams improve strategy execution:

Emphasize Progress versus Perfection: Senior manager's struggle with execution because they might not feel they are ready to take action... everything is "not perfect". It could be that some strategic issues are not yet resolved, or they feel capabilities or resources are missing. This reluctance to take action stands in the way of getting started and delays the organization progress toward achieving the company's strategic objectives.

Instead of striving for "perfection", strive instead for "progress" through consistent activities that drive towards the achievement of the company's strategic objectives with capabilities and resources available.

Spend More Time on Strategy: Change is challenging. It takes time to redirect an organization's strategy. Unfortunately, in companies that struggle to execute strategy, most of management's time is spent on near-term operating decisions, and specifically delivering the annual plan. As a result, many of the decisions that shape the future organization are made unconsciously in the day-to-day running of the business, or annual budget process.

We recommend that senior managers spend as much time together



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"There are many ways of going forward, but only one way of standing still"

Franklin D. Roosevelt

Albert Einstein reportedly had a sign on his office wall that said:

"Not everything that counts can be counted, and not everything that can be

discussing strategy as they spend on operational (day-to-day) issues. The more time managers spend together discussing strategy, the more opportunity they will have to resolve strategic issues, gain commitment on the actions to be taken, and create a more integrated strategy management process.

Monitor Progress, Not Just Numbers: Remember the Maxim, “What gets measured gets done.” There is a lot of truth to that statement. However, in our experience companies get too engrossed on metrics and measuring and lose sight of what really matters...making progress. We have been in too many strategy review meetings where time is wasted challenging the reported numbers, rather than reviewing what actual progress is being made toward achieving the strategic initiatives.

We believe what really matters is having a continuous dialogue about the progress being made to achieve the strategic initiatives. We are not suggesting that metrics are unimportant. We are suggesting that it is not all about the numbers. It is about guiding and monitoring change toward a measurable, observable outcome through progress.

We hope these suggestions will help address the challenges that have been impacting your ability to execute strategy. We would be interested in hearing about your experience dealing with your strategy execution efforts.

AlbuInfo

Albu consulting is a strategy consulting firm with a focus on establishing strategy management as an organizational competency. We work closely with goal driven, proactive owners/CEOs of middle market private companies that are passionate and open to new ideas about increasing the value of their businesses today and tomorrow. We engage and energize leadership teams to formulate robust business strategies and follow through on execution of strategic initiatives.

To learn more, call us for a free consultation. For more information about Albu Consulting, visit our website at <http://www.albuconsulting.com/>.

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