

White Paper

Building Strategy Execution Officer to Enable execution of Strategic Initiatives

Submitted By:

Ashish Garg

Student, MBA Batch 2016-18

Symbiosis Institute of Business Management, Bengaluru

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Introduction

Strategy execution has always been the essential complement of strategy formulation. In an intensely competitive business environment and with the increasing speed of technology-enabled change, the importance of strategy implementation has increased exponentially. However, there is a significant gap between the strategy formulation and strategy execution. McKinsey research suggests that 70 percent of strategic change efforts fail to yield the desired results. There is clearly a gap between the plan outlined by leadership and the on-the-ground strategy execution by employees on the front-line. This gap has a significant effect on organizational success, as failure to realize strategy often means missed deadlines, lost opportunities, and other more significant repercussions. The financial losses implied by statistics like these are massive. Many companies try to bridge the gap by the hiring an external consultant, but that intervention comes after the company has already suffered losses.

In this project, we try to find out the reasons for the gap between strategy formation and strategy execution. This project also proposes a solution to bridge the gap. The solution is in the form of introducing a new role, A Strategy Execution Officer (SEO), in the organisational structure of the company, that helps enables execution at the activity level or it can be in the form of additional responsibility to an existing role in the organisation.

This new role is formed with the purpose of keeping a check on the company progress towards the goals, and in turn enable execution in the company. This role will help prevent the losses that the company faces due to execution failures.

This paper covers the objectives, authority, governing structure and the operating principles of this new role and how it will act as a profit centre for the organisation.

About the Problem

To find out why the companies were not able to execute their strategies properly, a qualitative survey was done to find out the various reasons the companies were unable to execute their strategies properly. The various reasons have been listed below.

1. Lack of resources

There were two resources that were identified, causing execution failures, financial resources and human resources.

- Lack of financial resources can be caused by opting a wrong strategy, or lower skilled employees and external factors.
- Lack of talented employees directly affects strategy execution in terms of time required to execute, effectiveness of execution, cost of execution.

2. Communication

- Communication problem refers to the lack of proper communication of leadership vision to all the employees of the company. Due to this, the execution activities get misaligned from the goals, that is, the individual activities do not contribute towards the team achieving the goal.
- Poor communication also leads to lack of clarity in the scope projects. This causes the strategy to be viewed as a burden on the employees. This in turn affects the goals and milestones of the strategy.

3. No Buy-ins

No Buy-ins refers to the lack of strong involvement of the employees in the strategy making process. Due to this, the employees do not have clarity on the goals that the company wants to achieve; they do not understand how their individual efforts lead to the successful execution of the strategy. The employees hesitate to take accountability and ownership of the task which degrades their performance.

4. Wrong goals

Departmental goal setting can go wrong by making too many or very idealistic assumptions, or by taking into consideration only one-sided view, or due to changing market conditions. For better understanding, the goals have been classified into three categories: the company vision – the targets set by the senior management for the entire organisation; the departmental goals – the goals that each vertical in the

organisation must achieve in order to achieve the overall vision of the organisation; and milestones – the goals for each individual in the organisation.

5. Strategy itself was wrong

The organisation is bound to fail to achieve its goals if the strategy itself is wrong.

This happens due to various reasons

- The milestones were wrong. Setting milestones based on the previous performance and not on the market opportunity leads to comparatively lower performance.
- The strategy was not aligned towards the goals
- Time and resource constraints did not permit the use of the better strategy
- The strategic checkpoints were wrong.

6. Team Capability

There are various employee related problems that affect strategy execution.

- Technical skills – This refers to the lack of experienced and talented pool of employees with the technical knowledge required to execute a task properly, in other words, how to execute a strategy. Lack of required technical skills leads to various other problems like increased deliver time, which in turn affects the cost of execution, more defects in products which again requires more time to rectify.
- Management skills – Lack of management and leadership skills leads to lost opportunities; inability to take quick decisions leads to increased delivery time. These affect the effectiveness of execution activities.
- Lesser number of employees means more time is needed to complete a given task, affecting the time constraint of strategies.
- Changing market conditions require that the employees change with the changing customer expectations. Employees are not always able to change as frequently and thus reduce strategy execution effectiveness.

7. External factors

External factors constitute fast evolving technological changes, changing market conditions, and the economic and political environment. External factors are unpredictable and are caused by the lack of proper research before selecting a strategy.

It is important to note that these reasons are not independent of each other i.e. one problem affects another which in turn affect another and the chain continues. For example, if the vision of the leadership is not communicated to all the employees in the organisation, then the employees lack clarity on goals they have to achieve. Due to lack of clarity, their individual efforts get misaligned with the goals. this happens due to no buy-ins by the employees in the strategy making process. This in turn leads to wrong goal setting. Wrong goals lead to wrong strategy being chosen for execution. This happens by setting the wrong milestones in the strategy. Wrong strategy leads to misalignment of execution activities with the vision of the leadership. This misalignment depletes the resources of the organisation, both financial and human resources. Reduced financial resources then affects the team capability. A team incapable team requires more time and uses resources less efficiently, which in turn challenges the constraints that were assumed during strategy formation, making the strategy itself wrong. Apart from all these, there are external factors, that are not in the organisation's control, that can affect any one of the major categories. This case is illustrated in the web below.

This however is only one case starting from a problem with communication and linking all the other factors. But, in fact the problem can begin form any of the broad categories, and start to affect the others like a chain reaction, and eventually lead to strategy execution failures.

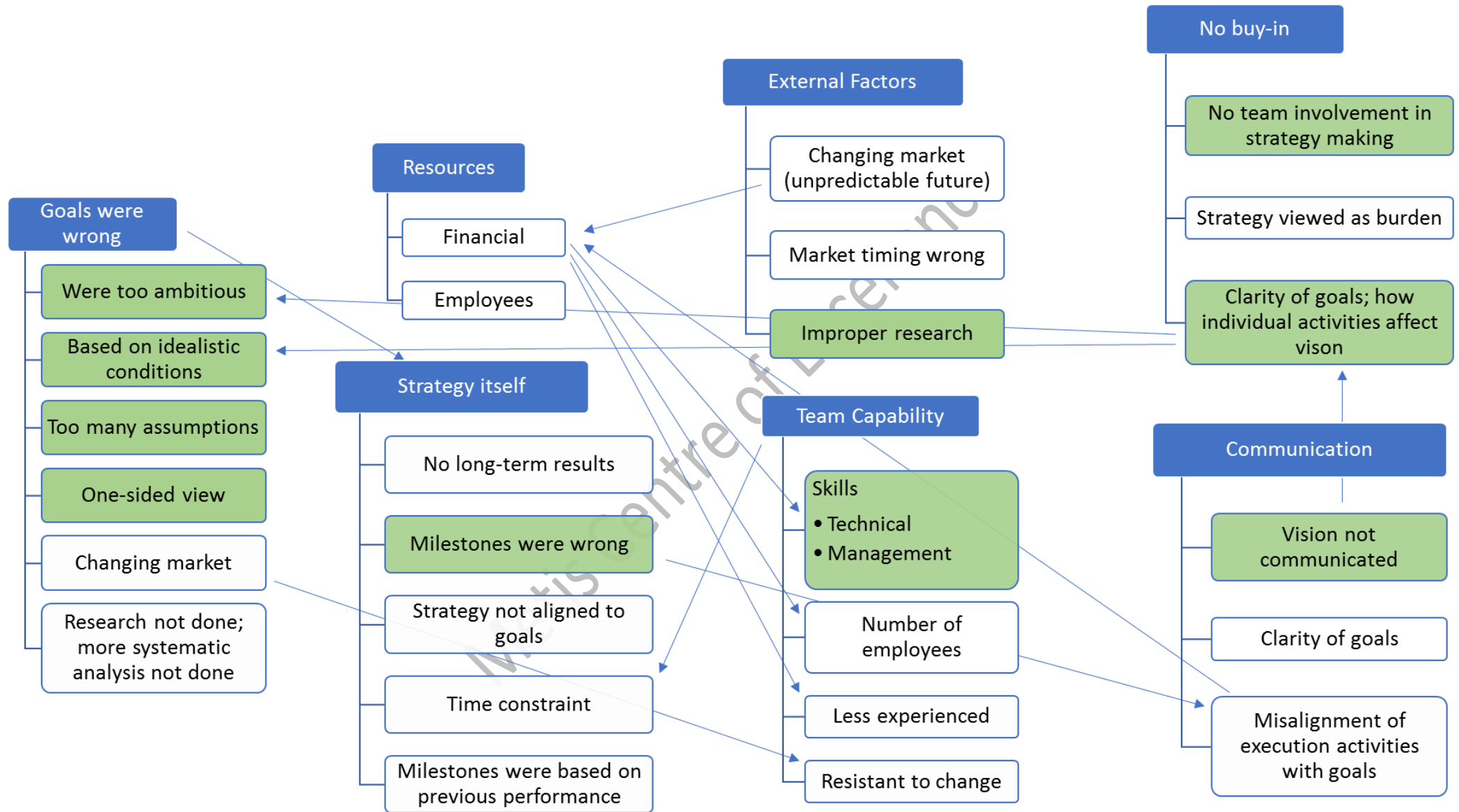


Figure 1 The Strategy Execution Problem

The Solution

The problems stated above can be solved by introducing a new role in the organisation structure called the Strategy Execution Officer (SEO).

Objective

The main objective of the Strategy Execution Officer is to enable execution in the organisation. He is responsible for aligning execution activities to achieve organisation goals.

The SEO acts as an assistant to every role in an organisation assisting them in execution and thus enabling execution.

A good analogy of this role is the navigation system in vehicles. The navigation system in vehicles does 4 main tasks for the driver:

1. It suggests the best routes to reach the destination
2. It offers alternates routes to reach the same destination.
3. It assists the driver in navigating through the course through display and voice commands. With live traffic feed, it suggests if the current course is the best course or whether there is another better course available.
4. It re-routes the course if the driver deviates from the best route.

Thus, by these 4 functionalities, a navigation system assists and enables the driver to reach the destination in the shortest amount of time.

The situation is very similar to an organisation. The Chief Executive officer is the driver of the organisation, who decides the future goals the organisation has to reach and the Strategy Execution Officer is like the navigation system, whose task is to assist the CEO to reach the goals.

It is very important to note here that the strategy execution officer acts as an assistant only; the CEO does not have to necessarily follow his advice every time. This freedom to act or not act on the SEO's suggestions is needed to avoid tensions and conflicts among team members, and thus enable the execution in the organisation.

Authority

Authority is directly related to decision making. Hence, to define the level of authority for SEO, various decision-making models were observed. The decision-making models have various roles that are involved in any decision-making process. The various models differ from each other in terms of the various roles they have identified as necessary, under certain situations. Therefore, on comparing these models the following common roles were identified.

- Coordinator

The coordinator is the person who have been delegated with the responsibility to oversee the project to completion. He coordinates all the activities on behalf of the person accountable for the project. The coordinator himself is not held accountable, by the organisation, if the project execution goes wrong.

- Accountable

The Accountable is the person responsible for the entire project. He is answerable for the thorough and correct execution of the project. This is the role that in some models delegates his responsibility to coordinators.

- Consulted

Consulted are the people with domain knowledge and expertise. These are the people who should be consulted before making a decision. There is a two-way communication with them.

- Informed

Informed are the people who need to be kept informed that a decision has been made of a project work has been completed. These are the people who are affected by the decision/ project. There is only one-way communication with them.

- Quality Controller

These are the people who are responsible to ensure the output is of the best quality. They review the results of the execution activities to ensure best quality output. They generally have a right to veto and their advice is binding.

- Doers

These are the people who execute a task once the decision has been made. They are responsible for the deliverables. Doers are also the best source of input for the recommenders.

- Supporters

These are the people who help the doers execute tasks. For example, the back-end services in the office like administrative department, information technology department etc.

- Signatories

Under certain circumstances, it becomes necessary for certain people to sign off on the decisions. E.g. Compliance department for compliance related issues or legal department sign-off on certain issues.

- Externals

Externals are the people whose involvement in a decision is not needed. They are not part of the execution activities. This identification is done to maintain clarity in roles among team members.

- Recommenders

Recommenders are the people who recommend a change in the existing system. They gather the relevant information regarding the flaws in the current system and propose alternative approaches to improve the execution.

Out of the eleven roles identified, the Strategy Execution Officer plays the role of:

- Consulted
- Supporter
- Recommender

The Strategy Execution Officer helps enable:

- The Coordinators
- The Accountable, and
- The Doers

RACI		Accountable	Consulted	Informed		Responsible				
PASCI		Accountable	Suggest	Informed	Control	Perform				
RASCI		Accountable	Consulted	Informed		Responsible	Support			
RASI		Accountable		Informed		Responsible	Support			
RACIQ		Accountable	Consulted	Informed	Quality Review	Responsible				
RACI- VS		Accountable	Consulted	Informed	Verifier	Responsible		Signatory		
CAIRO		Accountable	Consulted	Informed		Responsible			Out of Loop	
DACI	Driver	Approve		Informed		Contributor				
RAPID		Decide	Input			Perform		Agree		Recommend
RATSI	Responsible	Authority		Informed		Task	Support			
RACI alt.			Consulted	Informed		Responsible	Assist			
ARCI		Approve	Consulted	Informed						Recommend
	Coordinator	Accountable	Consulted	Informed	Quality Controller	Doers	Supporters	Signatories	Externals	Recommend

Table 1 Comparison of various Responsibility Assignment Matrix models

The strategy execution officer takes the “Consulted” role by:

- Providing information about the best industry practices to enable execution
- Suggesting new processes for improving the quality of the output from each individual in the organisation

The strategy execution officer takes the “Supporter” role by:

- Monitoring the daily execution operations of the organisation, keeping a check that the execution activities are aligned towards the goals, and sounding an alert when there are deviations.
- Monitoring the execution activities and performance of employees to ensure good quality output and optimum resource utilisation.
- Facilitating decision making process by helping explore all the options. His aim will be to oversee the strategy making process, to avoid selecting strategies based on less researched one-sided view, and helping keep realistic assumptions in the planning process.

The strategy execution officer takes the “Recommender” role by:

- Constantly monitoring the execution activities in the organisation and finding flaws that can be removed to enable execution.
- Recommending alternative approaches to strategy execution with pros and cons to help the decision maker take an informed decision to improve efficiency of the current system.

For the SEO role to work, it requires the following inputs from the organisation;

- Information on execution progress, employee performance and customer feedback.
- Involvement in the strategy making process and goal setting activities.

The inputs required by the SEO vary based on the management tools he will be using.

The important aspect of the SEO’s role is the authority to ask questions, about the existing practices in the organisation, and get the answers.

Governing Structure

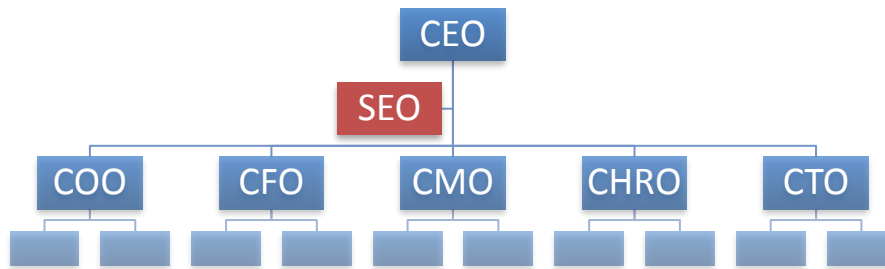


Figure 2 SEO Governing Structure

A Strategy Execution Officer will directly report to the CEO, but acts as an assistant to every role in the organisation.

The SEO collects information from all the different departments of the organisation like marketing, finance, human resources, operations etc. and analyses the data to improve execution. Thus, the SEO role is integrated horizontally in the organisation, across various departments.

The SEO also requires data from all the hierarchical levels of the organisation, that is, the SEO needs to interact and have good relations with the senior management all the way down to the execution staff of the organisation. Thus, the SEO role is also integrated vertically in the organisation, along various levels of the hierarchy.

This way, the SEO acts as an assistant to every role in the organisation, assisting and enabling employees in execution and recommending changes to the senior management.

However, depending on the size of the organisation, one SEO might not be able to assist all the roles effectively. In such a case, the organisation can have more than one SEO in the organisation. The SEOs can divide the various business verticals among themselves and collectively report to the CEO. There will not be any hierarchy amongst the SEOs themselves; they will follow a flat organisational structure.

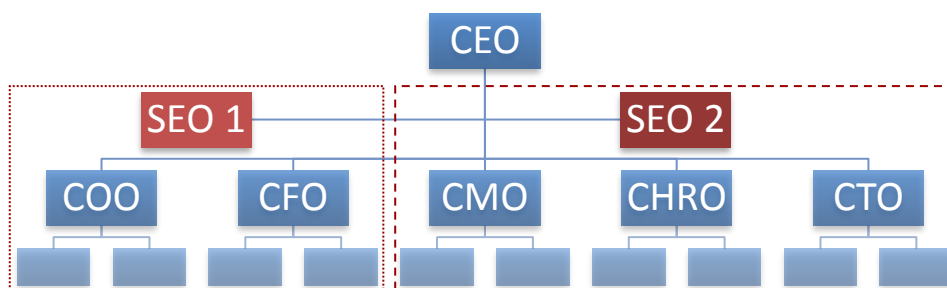


Figure 3 Multiple SEO Organisation Structure

Operating Principles

To determine the principles the Strategy Execution Officer should operate on, the Myers-Briggs Personality model was observed. In this model, various personality functions are categorised into 4 pairs of contrasting personality traits. This results in 16 different personality combinations.

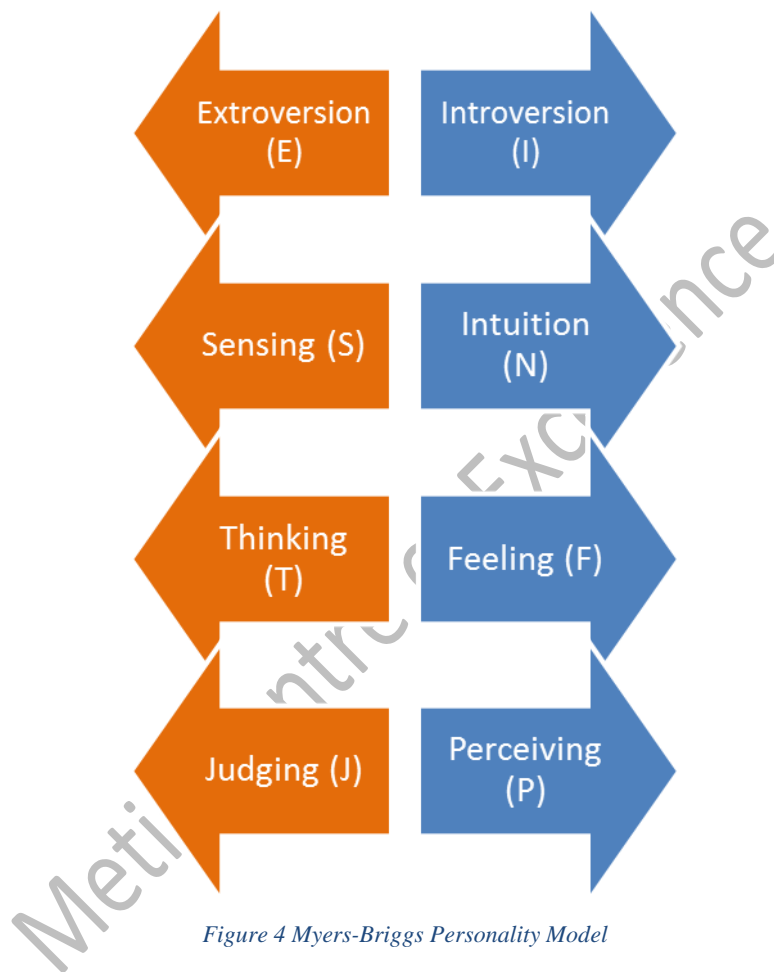


Figure 4 Myers-Briggs Personality Model

The personality combination most suitable for the Strategy Execution Officer is – ESTJ.

- Extrovert (E)

The SEO needs to have an extroverted nature because his role requires him to interact horizontally as well as vertically in the organisation. Thus, having an outgoing personality, being able to work well with others is very essential for the person to succeed in doing his task.

- Sensing (S)

The SEO should rely on facts and pay attention to details. He should look at the practicality of the ideas and recommendations that he proposes. He should focus on

the reality of how things are and work to improve them rather than imagine the possibilities of how things could be. And he should be able to describe in detail how things are to be done.

- Thinking (T)

The SEO should have a logical thought process. He should be good at finding flaws in the current system. He should value fairness and be level-headed and reasonable.

- Judging (J)

The SEO must be disciplined in nature. He should respect the deadlines and stay organised. He should prefer stability and have a planned approach towards any task.

Apart from the above-mentioned qualities, the SEO should:

- Be creative and have excellent problem-solving skills
- Be analytical and have a research oriented mindset (one of the reasons, for the failure to execute strategies, identified was lack of proper research before deciding a strategy)
- have strong working knowledge of management strategies and implementation of new technologies
- have strong ethical values. This is very important as the SEO role has influence over the entire organisation, he interacts regularly vertically along all the levels of the organisation and horizontally across all the departments. Therefore, a person with the power to influence the entire organisation needs strong ethical values.
- Have high emotional stability. Due to the monitoring nature of work, that is collecting performance information from all the employees and reporting to the senior management, such a role will be faced with a lot of opposition. Thus, the SEO needs to be emotionally stable, and understand his role and its importance to the organisation.
- Be self-motivated as he has to sometimes initiate a change in the organisation. He should also be able to work independently.
- Be able to work effectively and constructively with team members.
- Stay up-to-date with the latest developments in the industry, and implement best practices in the organisation.

SEO as a Profit Centre

The Strategy Execution Officer role will act as profit centre by:

1. Reducing costs of operation
 - This is achieved by recommending changes in the current system to best industry practices that improve the efficiency of execution activities
 - By continuously keeping a check on the execution activities for misalignment with goals, ensuring employees are working at their best capability, the SEO eliminates wastage of resources, both human and financial.
 - Due to continuous monitoring, the SEO is able to detect faults early and alert the management. This early detection of faults helps save time and money of the organisation, which otherwise would have been wasted before the fault is identified.
 - The SEO will improve communication within the team to improve clarity of goals for each individual in the organisation.
2. The SEO will help in goals setting is done with proper research, keeping in mind the capability of the execution team, reducing assumptions based on idealistic conditions. This will help in keeping strategies aligned with the vision of the leadership and hence enable successful execution.

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