

Tip 9: Build and use a dashboard. I am a big fan of a dashboard covering all three quality criteria that offer a multi-year perspective. Even break it down by business unit, department or team and make interesting comparisons.

Or benchmark yourself with other companies!

The results are a great starting point to develop a targeted action plan aimed at increasing individual objective-setting maturity in your organisation.

A view on Strategy Execution by Michael Smith, Vice President Group Strategy and Planning, Coca-Cola North America

What do you consider to be the most important Strategy Execution challenge for an executive team?

A senior team has many challenges but one of the most important is to agree on the time window when discussing strategy and its execution. You want all members to discuss these important topics with the same time frame (window) in mind. This is crucial as each time horizon has its specific challenges.

Let me explain about the three strategy windows I see and give you some examples of the differences between them.

1. One-year outlook

This time frame demands a leadership team to be focusing very much on the execution of the strategy. The team should have *a shared picture of what success looks like* for the different business areas (brands, channels, consumers, customers ...).

And it needs to be a detailed view as the one-year time frame needs to be concrete with regards to the execution of the strategy. Don't be satisfied with the perception that everyone is aligned, you need to be 100 percent sure.

In my experience a good way to achieve this crucial alignment is to define *common execution metrics* to monitor success. When you have

a shared picture of what success looks like, and agreed upon metrics to monitor the progress towards this goal, your team is in an excellent position to make choices and achieve its objectives.

When things are not going as planned, this common view of success and its metrics will help the executive team to evaluate if problems are related either to the quality of the strategy or to its execution. And it will make a huge difference for an organisation if the leadership decides to change the strategy versus a modification of the execution of the existing one.

2. Three-year outlook

The second time horizon is the three-year outlook. The leadership agenda will be different. It will be not so much focused on a clear short-term view of success but on building *core capabilities to sustainably capture growth*. It's about, or should be about, identifying those capabilities – such as the right consumer-driven portfolio, customer marketing or other go-to-market business models – you need to develop as a system to maintain/develop your competitive advantage.

I'm a strong believer in having this discussion within this three-year time frame as it *takes time* for an organisation to further develop an existing capability or develop a new one. So start well ahead and avoid having these crucial capability discussions when you only have one year to master them. In most cases, in my view, that would not be realistic.

The key three-year Strategy Execution question is: 'What does it take to extract value in identified (the identification is done in your long-term plan) profit areas?'. In other words, 'What are the capabilities I need to develop in the coming two-to-three years to realise my long-term vision in a sustainable way?'. And the answer will be to either further develop one or more existing capabilities or start developing new ones.

And again you need to define and agree on *metrics to measure your progress*. These metrics need to help you decide – when needed – whether to continue to build certain capabilities or shift to others. There is no point in building capabilities for a strategy that is no longer valid.

3. Five-year outlook

The third and final time horizon that merits a specific discussion is the long-term outlook. The time frame will *vary from industry to industry*. Five years in the consumer industry is an eternity for example, whereas in the car industry it would be a mid-term horizon.

But no matter what the industry, it's important to have a *separate agenda* and a moment with the leadership team to talk about these long-term aspirations.

These discussions will fuel the capability discussions and help to screen crucial investment decisions. The long-term is a yardstick for everything else that happens in the organisation and crucial for long-term success.

What Strategy Execution advice would you give to an ambitious manager?

Strategy Execution is an important skill for any manager. Based on my experience, here's my advice:

- 1. *Steer the frontline.*** Make sure you are able to take a complex strategy and turn it into three-to-five priorities for the frontline. Not everything can be important. And it's your job to take a decision and guide the people in the field.
- 2. *Develop a sixth sense.*** Superior results demand a great strategy and great execution. Make sure you develop both skills. But maybe even more importantly, develop a sixth sense to know when your strategy is good enough to move to execution.
- 3. *Stay in touch.*** Make sure you are – and stay – in touch with the execution of your strategy. It will quite likely go wrong if you don't keep in touch.
- 4. *Learn to allocate the problem.*** When a problem arises, you need to be able to evaluate if the problem is related to a bad strategy or a bad execution. I see quite a lot of managers changing their strategy too quickly when things are not working out as they had planned.

After a closer look, the strategy is often okay but the quality of its execution isn't. So make sure you are able to allocate issues and don't kill your strategy too quickly.

5. ***Be honest about your ability to build capabilities.*** As I mentioned before, it takes time to develop or build new capabilities. History shows that you don't build capabilities overnight. It takes time before a specific capability becomes a competitive advantage.

Based on my experience, managers are also too optimistic and try to combine capability building and execution too much in the same time frame. You need to ask yourself 'What can I really expect from my organisation ... do they have the capacity to both execute against my short-term plan while simultaneously building capabilities?'

So, be realistic from the start and avoid having to come back on something you said or planned at the start, secretly knowing it wasn't realistic in the first place.

6. ***Aim for continuity.*** People in the field are looking for continuity. Your strategy should not constantly change. And if you do change something, spend the necessary time explaining why. And make sure you communicate if there is a change in the strategy or a shift in the execution.

7. ***Define and agree upon the right execution metrics.*** Strategy Execution isn't an exact science. And things can, and will go wrong from time-to-time. If you only use lagging indicators, it's too late to see what is going wrong. So make sure you have put in place, and agreed upon, a set of leading metrics that predict future success.

This approach will also reduce finger pointing between departments when things do go wrong. We all know the following corporate saying 'People in the field did not execute' versus the local branch indicating that 'This was not the right approach for our market' and the frontline responding 'You gave me too much so I could not prioritise'.

So look and agree upfront on those six or seven execution metrics and track/discuss them consistently.

8. Introduce a Strategy Execution approach that fits your company. I believe your Strategy Execution approach should depend on the speed at which your environment is changing. In an environment that is changing slowly, the execution focus should be on consistency and productivity to create a better alignment than the competition. In a fast-changing environment, you need to put a flexible execution process in place that can follow your innovation speed.

Based on your experience, what's a classic Strategy Execution mistake?

The first thing that comes to mind is strategy communication and strategy cascading, two crucial elements of Strategy Execution that are closely linked. The overall message needs to be *consistently communicated and cascaded across all the hierarchical lines*. And you will probably agree that this creates problems in many organisations. If your strategy was called a horse, many organisations will end up with a zebra after cascading it to the troops. And while a zebra might still be okay, you definitely don't want to end up with a chicken.

So, to avoid these classical mistakes, make sure your organisation has a *flexible, high-quality cascade and communication approach* – whether it's the Balanced Scorecard, OGSM or other – to make sure that the horse stays a horse.

Looking at Strategy Execution from a 'strategy department' point of view, what are important topics for you?

I find it very important that a candidate for a senior strategy position has had *a fair amount of Strategy Execution experience*. This helps to put strategy into a different perspective. Managers with vertical careers in strategy departments alone risk being too academic and fail to evaluate the execution challenges in the right way. So horizontal moves are a must.

And I like to stress the importance of *a partnership between the finance and strategy department* in order to make sure content and numbers reinforce each other.