

Executing the Strategy

By Drive, Inc.

EXECUTION

In our last series, we covered the creation of a strategy that aligns across the entire organization. In this new series, we will discuss how to ensure the organization is executing that strategy. This is a critical step once the strategy has been developed. We have created the plan; now we must do something with it.

In the book The Four Disciplines of Execution Sean Covey describes a survey of the Fortune 500 companies that asked, "What is the number one gap within your organization?" The overwhelming majority stated that EXECUTION of their strategic plan was the number one gap. When we dive deeper into the reasons for this gap, we find that results are driven by two factors-- those we cannot control (economy, competition and market) and those we can control (strategy and execution).

In the case of strategy, there are two facets:

- 1) Stroke of Pen Strategy (most companies do not struggle here)
 - Capital Investments
 - Expansion of Staff
 - Acquisitions
 - Change in Policy or Programs
- 2) Behavior Change (most companies do struggle here)
 - Improved Customer Experience
 - Process Adoption
 - Higher Quality of Service
 - Faster Responsiveness
 - Operational Efficiencies

When we consider that most companies struggle with executing Behavior Change, we conclude that this is the area in which we must focus our efforts. However, looking more closely at occurrences within any given business, we see there are two forces constantly competing against each other.

Our Day Job (The Whirlwind)

- Required to keep the doors open; maintain operations
- Be good today
- Urgent
- It acts on us



Aligned for Results...
The Competitive Advantage in a Global Marketplace

P.O. Box 23031, Knoxville, TN 37933-1031

Phone 865.323.3491

Fax 865.288.3304

www.DriveInc.com

Goals (New Activities)

- Moves the organization forward
- Helps us be better tomorrow
- Important
- We act on it

THE CHALLENGE

When our day job (the whirlwind) and our goals (new activities) are competing for our time and attention, which one typically wins? The whirlwind wins, of course. The challenge for any leadership team is to execute the strategy in the midst of a 100mph whirlwind. To do this, we must narrow our focus on the Wildly Important Goals, not on the whirlwind. We cannot narrow our focus on something that acts on us! Below is another statistic from Sean's book where he surveyed Fortune 100 companies.

NUMBER OF GOALS In Addition to the Whirlwind	2 - 3	4 - 11	12 - 20
GOALS ACHIEVED With Excellence	2 - 3	1 - 2	0

FEWER GOALS

The data support the conclusion that fewer goals will generate a better chance of success for the business. The easiest way to paralyze an organization is to over-goal the business and let the whirlwind take over completely. There will always be more good ideas for the organization than there are resources to execute those ideas with success. There are two focus traps that we must be aware of-- turning everything in the whirlwind into a goal and saying YES to every good idea. This type of thinking will lead to the mentality of "playing not to lose" rather than "playing to win."

"We are the most focused company that I know of or have read of or have any knowledge of. We say no to good ideas every day. We say no to great ideas in order to keep the amount of things we focus on very small in number so that we can put enormous energy behind the ones we do choose. The table each of you are sitting at today, you could probably put every product on it that Apple makes, yet Apple's revenue last year was \$40 billion." - Tim Cook, Apple CEO (At the time of this writing, Apple's market capitalization stands at \$626B)

SIMPLICITY

When Steve Jobs returned to rejuvenate Apple in 1997, he said NO to multiple things. The company had fallen into both focus traps mentioned above. His first order of business, after ousting the CEO at the time, was to reduce the complexity of the organization. He consolidated departments, reduced the product line by 70%, and reduced the research development to a handful of projects. When he was finished, all of their products could be



placed on a single, small table. The strategy at the time was to develop desktops (personal and business) and laptops (personal and business). In research, they were focusing on what would later become the iPod, the precursor to the iPhone, and the iPad. The iPhone now comprises greater than 70% of Apple's sales, and the iPad makes up >12% of Apples sales. In the design department, simplicity became the mantra, and in the supply base, the number of supply partners was reduced from one hundred to twenty-four key partners. The results speak for themselves.

"The difference between successful people and very successful people is that very successful people say no to almost everything."- Warren Buffet, Berkshire-Hathaway CEO

At DRIVE our experience shows that the number one cause of a lack of execution to the strategic plan is that we assigned too many initiatives for the resources available while not taking enough off of the plate of those already too busy to absorb the new assignments. We said yes to too many good ideas which resulted in a lack of time to work on the strategic items. The end result is that the organization has allowed the Whirlwind to win.

If we find ourselves in the execution gap, we must ask ourselves the following questions:

What is keeping us from being fully successful with strategic initiatives as planned?
What should we do differently?

Stay tuned for next month's newsletter when we provide practical solutions to this execution dilemma.

If your organization is having issues with execution, Drive can help. We have a team of proven experts in improving business performance, and we offer a 200% guarantee, so that there is no risk. For a no-obligation introduction meeting, please contact Paul Eakle at paul.eakle@driveinc.com or 865-323-3491.

