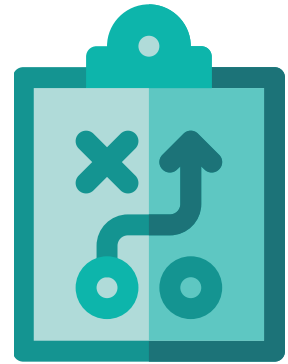


Accelerating execution: how leaders can shift mindsets and drive strategy

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The ability to execute is a principal quality of organizations that become and remain great. As increasingly volatile environments pressure executives and their teams to adjust their strategies more frequently, successful execution is more critical than ever.

Based on more than 30 years of experience working with executives leading strategy implementation, we see three typical organization barriers that prevent execution: **speed**, **siloes**, and the **struggle** for employees to understand what a new strategy really looks like. We also uncovered three key levers for leaders to pull to make the greatest impact on employees' ability to connect strategy and execution: **alignment**, **mindset**, and **capability**.

In this paper, we'll explore the three main challenges organizations face and the three critical elements leaders need to deploy to ensure great execution.

The strategy execution challenge

Strategy execution has never been easy. Research shows that 67 percent of well-formulated strategies fail in execution.¹ Still, strategy execution remains a top priority and key challenge for executives. Based on our work with executives, there are three common roadblocks leaders encounter with trying to bring the organization along:

- **Speed** – execution is slow. Strategy teams spend too long planning instead of shifting to implementation.
- **Siloes** – leaders and their teams are disconnected and often misaligned. This makes successful strategy implementation nearly impossible.
- **The struggle** – lacking communication and line of site from their leaders, employees have a hard time making the connection to the strategy's implications for their individual roles.

Speed is the first issue. Strategy execution is slow because leaders often get stuck in the formulation stage, typically exploratory, gratifying, and inspiring, but delay considering the concrete implications of implementation, typically fraught with challenges, ambiguity, and the complexity of doing it while the business balances different priorities. This transition demands that leaders substantially shift their mindsets to execution, a hurdle that many leadership teams fail to overcome.²

¹ Carucci, Ron (2017) Executives Fail to Execute Strategy Because They're Too Internally Focused. Harvard Business Review. <https://hbr.org/2017/11/executives-fail-to-execute-strategy-because-theyre-too-internally-focused>

² Tawse, Patrick & Vera (2019) Crossing the chasm: Leadership nudges to help transition from strategy formulation to strategy implementation, Business Horizons

Leadership discussions about execution are often derailed by operational concerns, "Can we deploy strategy without breaking the operational model?"; process concerns, "Do we have the right processes and systems in place to reflect how we do things now?"; and financial concerns, "How do we know we're driving value?"

While legitimate concerns, these questions fail to address the larger enterprise goals that underpin the strategy, which leads us to **siloes**. Strategy execution is as much of a people issue as it is a business one, as the most critical element of its success is a strong, shared sense of direction amongst the leaders who are responsible for leading the execution, and their teams who need to make it real.

Even the most senior leaders fall prey to the pressures and constraints of delivering on their goals, whether for their business unit, functional or department level. This is the challenge that leaders face, balancing the enterprise strategic view with guiding their teams to deliver on what they report on their dashboard every month. This in turn makes it hard for leaders to create the enterprise vision necessary for their teams to understand the strategy and where they fit in. Leaders and their teams alike benefit from building their enterprise focus, ability to set and translate a vision, and capability to align and inspire others, to remain connected and focused while executing the strategy in their daily work.

Lastly, the **struggle**. As challenging as it can be for executives to get past strategy formulation, it is that much more difficult for front-line leaders to fully grasp what a new strategy means for them and make decisions accordingly. While the executive leadership team may benefit from the analytical boardroom debates that led to a new strategy, employees are not privy to those conversations. This is compounded by the failure of those leaders to ensure that the connection is made throughout the enterprise. The missing link is often robust and systematic engagement around the "how" of strategy execution. Leaders' expectation that their teams will figure it out as they go adds to the challenge of speed to execution and makes it painful for all involved.

Successfully bringing a strategy from the boardroom to the front line requires meeting these common challenges with the right alignment, mindset, and capability to drive success.

Keys to successful execution

Alignment and capability are two of the most well-known and well-regarded drivers of strategy execution.

1. Alignment

Well aligned teams share a common understanding of the organization's strategic priorities, and show it in a very concrete way – by being able to prioritize the decisions they and their teams make in a way that is consistent with the organization's strategy. It's the leaders' job to align their teams, starting with setting the vision, and enabling individuals to understand how they can contribute to executing the new strategy regardless of their role. The challenge for leaders is communicating and engaging with

their team members to create clarity around the impact of the different trade-offs they will face while executing strategy and developing a line of sight into the organization-wide consequences of implementation. This *strategic foresight* helps leaders create the environment for cross-functional empathy and a more intentional approach to collaboration driven by the understanding of how a decision's impact goes beyond one's function—thus driving stronger alignment.



2. Capability

Capability, in this context, refers to the leadership skills required to implement strategy throughout the organization. Most organizations typically regard capability development as the clearest path towards short-term strategy execution, and this starts at the top with the leaders themselves.

Take, for example, a financial institution where senior executives were working to deploy a new strategy. To be successful, the organization's leadership team needed to develop alignment, which meant cultivating a better understanding how their decision-making impacted other business units and functions. This shift was mission critical in light of the interdependencies built into the new strategy. To accelerate their ability to visualize and deeply understand those impacts, the leadership team experimented with the strategy through a customized business simulation where they experienced different, realistic scenarios and market conditions that allowed them to stress test the strategy and see how key metrics were impacted by their decisions. As a result of this initiative, senior leaders developed a stronger understanding of the key decisions impacting their business, which in turn enabled them to gain a more sophisticated knowledge of how the business worked end-to-end. This increased their ability to understand the different levers that impacted the business' success, failure, and how the organization as a whole would respond to the changes that would occur as part of their new strategy. They were then able to articulate and share this deep understanding with their teams, thus accelerating strategy integration.

In terms of strategy execution, alignment and capability development receive plenty of attention. Leaders know that their strategic initiatives are futile without strong organizational alignment, and many even go so far as to say that alignment is their top priority.³ This makes sense, as misalignment within senior teams has been proven to negatively impact organization and employee performance.^{4,5,6}

The final component of effective strategy execution is just as critical as alignment and capability, but often overlooked: **mindset**.

³ The disconnected enterprise – Leadership challenges in 2021 and beyond. Research report by Temporal.

⁴ Ates et al (2018) Strategy Implementation: Strategic Alignment, Strategic Consensus, and Commitment, Journal of Management.

⁵ Pork et al (2018) Do Group and Organizational Identification Help or Hurt Intergroup Strategic Consensus?, Journal of Management

⁶ Tarakci et al (2014) Strategic Consensus mapping: a new method for testing and visualizing strategic consensus within and between teams, SMJ

3. Mindset for execution

Mindset describes an individual's worldview; it is their beliefs, attitudes, and physiology. Mindset also plays a pivotal role in how an individual thinks, learns, and behaves.⁷ Surveyed executives agree that mindset has the largest potential to impact an organization's ability to execute strategy successfully.⁸ Therefore, shifting mindsets is an incredibly powerful way to strengthen leaders for times of change.

At the organizational level, outcomes are shaped by the company's collective mindset. Adopting an enterprise mindset helps leaders and their teams better understand the existing business and its future direction, as well as their role in contributing to the new strategic direction.

For example, a global financial institution adopted an Agile way of working to support its strategy of becoming more customer centric. This required a consistent, systematic mindset shift from people at all levels within the organization to think differently about how their work connected to the customer, and what the customer needed from them. After leaders were able to work with their teams to identify new ways to contribute in the context of their own roles and responsibilities, employees brought the strategy to life through ownership, empowerment, and self-organization.

While shared mindsets are critical at the enterprise level and must be led and embraced by the leadership team, it is ultimately up to each employee to shift their individual mindset to make a collective shift a reality. In the context of executing strategy, a single person's unique blind spots, experiences, personal worldviews, or attitudes and beliefs can make or break a strategy. This is because each individual must understand and buy in to the collective mindset to implement the strategic shift.

For instance, imagine an engineer eager to devise a more advanced and technically rich product. The engineer's sole focus is on the product and its features, rather than the outcomes for the end-user. Therefore, the engineer struggles to adopt a customer-centric

⁷ Gottfredson & Reina (2020) To be a great leader, you need the right mindset, Harvard Business Review

⁸ Survey carried out by the author at the Annual Conference of the Corporate Research Forum in London, 2021



mindset because they fail to put the customer first. And if the engineer doesn't receive any framing or perspective from the organization's leaders as to what a customer-centric mindset means, they have no context to make the shift.

Executing strategy requires a corresponding mindset shift at both an individual and organizational level. A shared mindset, when aligned with strategy, makes execution faster, better connected, and less painful. In summary:

Strategy execution is....

Predominant mindset		Enlightened mindset	
Slow	"I need to (over)analyse the strategy before putting any of its components into action."	Fast	"My role is to act and execute, seeking to understand what my role within the strategy is and making decisions that advance execution."
Disconnected	"It's all about my part of the organization, as this is where my view of the world starts (and ends)."	Interconnected	"I need to continuously adopt an enterprise point of view to anticipate the impact of our strategic choices."
Painful	"Execution brings disruption to my work and I need to minimize this disruption."	Exciting	"I can see how this strategy will help the organization, and also what exactly what will be asked of me and others."

So, how do the world's leading organizations build the right strategy execution capabilities from the C-suite to the front line? And how do they do it in a way that both caters to their organization's specific challenges and drives tangible changes?

Safe and relevant interventions that start with your top leaders and provide them with powerful set of behaviors, tools, and coaching platforms to help their teams are key. Immersing leaders in a realistic environment that reflects board room tensions and trade-offs, while allowing them to safely practice their new strategy, will ultimately lay the foundation for the mindset shifts required by transformation.

Strategy execution is a complex, multi-faceted challenge that most organizations struggle to enact. However, by focusing on people, developing the proper alignment and capabilities, and integrating the required mindset, any organization can achieve strategy execution.