

MIND THE GAP

FROM STRATEGY TO EXECUTION

 undconsorten

MIND THE GAP - FROM STRATEGY TO EXECUTION

EXECUTIVE SUMMARY

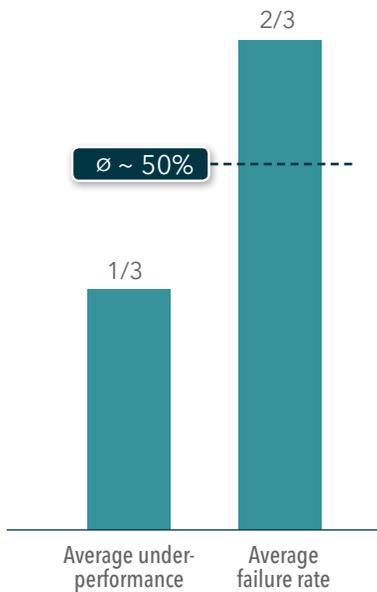
Strategy development has come a long way in recent years as companies have invested substantial resources in systematic strategy processes. Yet many strategies do not accord with expectations - not only as a result of analytical problems associated with strategy development, but also due to challenges in operationalization and mobilization of the developed strategy. As a consequence, there is a significant gap between resources expended and results obtained.

*undconsorten supports clients in bridging this gap with three approaches directed at different levels within an organization: **Strategy Coaching** for individual managers, **Strategy Facilitation** for management teams and **Strategy Dialogue** to engage the entire organization in the strategy process. This paper outlines these approaches.*

We combine extensive experience in strategy consulting with a deep understanding of people and change management. This allows us to effectively link strategy development with enabling our clients, their teams and their organizations, resulting in ambitious strategies tailored to the organization as well as enhanced capabilities and engagement of crucial stakeholders. We deliver this support in a flexible way, allowing you to set the pace while ensuring that we are at your side all the way from strategy to execution.

EXHIBIT 1: ON AVERAGE, ONLY HALF OF ALL STRATEGIES ARE SUCCESSFUL

SUCCESS OF STRATEGIC INITIATIVES



TOP „STRATEGY KILLERS“

- Top-down or laissez-faire management style
- Unclear strategy and conflicting priorities
- Ineffective senior management team
- Poor vertical communication
- Poor coordination across functions, businesses and borders
- Inadequate down-the-line leadership skills

Source: Decker et al 2012; Mankins & Steele, 2005; Beer & Eisenstaat 2000; undconsorten

STRATEGY - ENOUGH BANG FOR YOUR BUCK?

MORE STRATEGIC FIREPOWER HAS . . .

In recent years, more resources have been invested in strategy processes than ever before. Strategy processes have become both *more sophisticated* and *more frequent*. Companies seek to respond strategically to faster changes in the market environment. As strategy cycles shorten, they inevitably also overlap because implementation cannot be further abridged. Consequently, strategies are often being reviewed or altered before full implementation of the previous initiative has occurred.

At the same time, academic case studies and expert literature have multiplied; a plethora of frameworks have been developed that inform the work of experienced strategists. This leads to the expectation that strategy should be a fairly standard process.

. . . NOT ALWAYS LED TO BETTER RESULTS

However, increasing investments of both human and financial resources have not led to better results: In our experience, and confirmed through academic studies about *1/3 - 2/3 of strategies underperform or fail almost completely*.

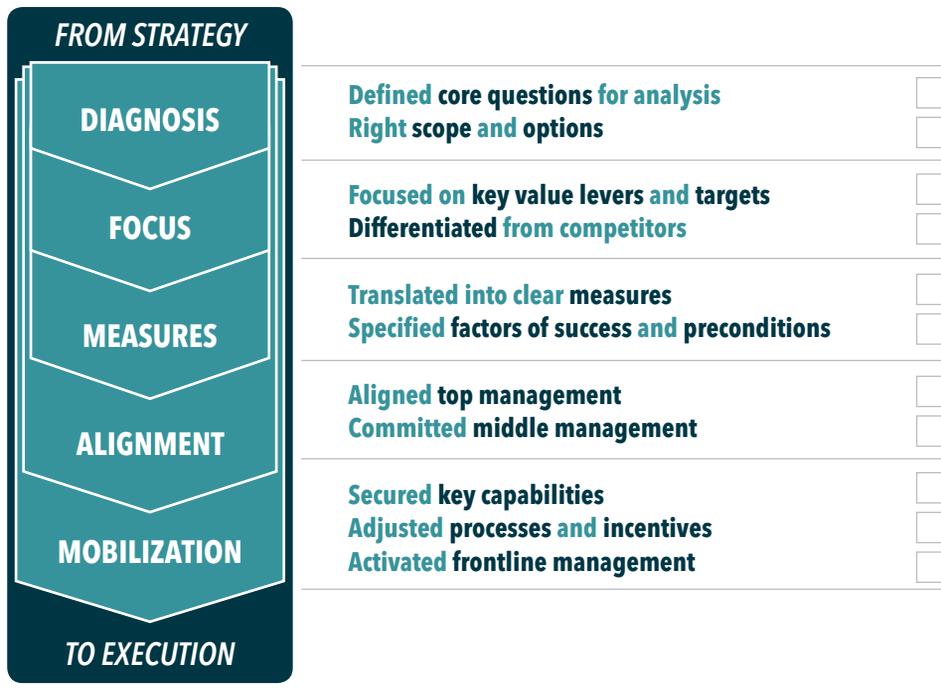
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In most cases, the reasons are not to be found in a lack of analytical rigor during strategy development. Instead, the real "Strategy Killers" are often lack of focus, unaligned management and ineffective mobilization.

So what are the key prerequisites for developing and implementing a successful strategy?

” EXECUTION IS A NOTORIOUS AND PERENNIAL CHALLENGE. “
– Robert Kaplan and David Norton

EXHIBIT 2: KEY PREREQUISITES FOR SUCCESSFUL STRATEGIES



STRONG STRATEGIES START WITH EXECUTION IN MIND

There is no simple recipe for strategic success - yet, certain prerequisites are crucial during different stages of strategy processes. » see opposite page

STRATEGY WITH THE ORGANIZATION

Working recently with a major European energy provider, we supported a functional strategy process from diagnosis to mobilization. Key to success was *engaging different levels* of the organization and ensuring that their input was integrated into a coherent strategic plan. In a challenging environment between top-down cost-saving targets and many operational projects, we developed strategic solutions in collaboration with the managers directly affected by these changes.

We found that *involving more people* in the strategy process was crucial to

ensuring that the right questions were asked and the appropriate analyses were run. Discussing the results with the next level of management in workshops further *sharpened focus and differentiation*. In defining suitable actions, we involved frontline management as experts in identifying the most effective levers for improvement. This approach helped gather valuable input while simultaneously contributing to alignment and mobilization of the frontline. Because frontline managers felt they had significantly *contributed to the strategy*, they were fully committed to it.

” STRATEGY IS A COMMODITY,
EXECUTION IS AN ART. “
– Peter Drucker

This example shows how important it is to engage the organization in a balanced way across the different phases of the strategy process.

THROUGH BALANCE COMES SUCCESS - ALSO IN STRATEGY

It may sound like zen philosophy, but striking the right balance along multiple dimensions is crucial to any successful strategy process, e.g.:

- *Top-down vs. bottom-up*
- *Radical vs. evolutionary change*
- *Internal vs. external views*
- *Hard facts vs. soft factors*

The following examples may help illustrate how this works. For a management team developing a strategy, it is clear that analyzing customers, markets, competitors and

value levers is key, but including knowledge and *feedback from throughout the organization* is also vital to ensure the right fit. Similarly, apart from hard data,

a team tasked with developing a strategy should also take *team dynamics* into account

in order to prevent those dynamics from distorting strategic decisions. When cascading into the organization, clear guidance is essential, but involving and aligning the relevant stakeholders in the development process can greatly enhance execution.

THREE APPROACHES FOR THREE TARGET GROUPS

For individual managers leading strategy processes, we offer *Strategy Coaching*, linking sparring and coaching.

For management teams, we provide for balance through our *Strategy Facilitation* approach, working both on direction and collaboration.

If the aim is to include the entire organization in the strategy process, we help to ensure alignment and implementation through a *Strategy Dialogue*. » see opposite page

„ THE OUTCOME OF STRATEGIC THINKING IS AN INTEGRATED PERSPECTIVE OF THE ENTERPRISE. “
– Henry Mintzberg

EXHIBIT 3: UNDCONSORTEN SUPPORTS ON THREE LEVELS

APPROACH

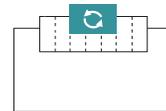
TARGET GROUP AND TYPICAL USE CASES

STRATEGY COACHING

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INDIVIDUAL MANAGER

- New to organization
- New tasks within organization
- Changed strategic context

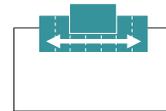


STRATEGY FACILITATION

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MANAGEMENT TEAMS

- New team set-up
- Strategy review
- Changed strategic context

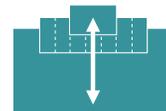


STRATEGY DIALOGUE

[Page 20 - 25]

ENTIRE ORGANIZATION

- Bridging strategy, learning & communications
- Buy-in of line management
- Frontline input



STRATEGY COACHING

FOR INDIVIDUAL MANAGERS

EVEN THE MOST TALENTED PLAYERS NEED COACHES

THE TIMES THEY ARE A-CHANGIN'...

“As the present now/will later be past/
and the first one now/will later be last...”
– As Bob Dylan put it, radical changes
in one’s environment will occur, requir-
ing managers to adapt quickly in order
to succeed. When a manager joins a
new company, takes up a *new position*
within the company or has to face a *new*
environment after a significant strategic
shift or a merger, he needs to respond
effectively. He needs to reassess not only
external factors and circumstances, but
also set the targets he aspires to and de-
velop a plan how to achieve them.

... BUT GOING IT ALONE IS DIFFICULT

Assessing one’s strategic position is not
easy in the rush of daily business. And it
is difficult to do this alone because of one’s
own blind spots and biases. Following a

change in governance structures, the new
global head of a corporate unit was as-
signed the task of drawing up a radically
new strategy. Through a series of strategic
coaching sessions, we helped him to *refine*
his own strategic agenda. Starting with an
initial roadmap developed collaboratively,
we assisted him in refining it for the first
global functional management summit.

Strategy coaching
helps managers to
clarify their own
views and positions.
Coaching skills and
strong strategic ex-

pertise allow us to *develop our clients’*
strategic capabilities by sparring and chal-
lenging assumptions in a focused and con-
structive way, equipping them to play a
leading role in strategy processes.

” **MANY, IF NOT MOST,
STRATEGIC ERRORS
COME FROM WITHIN.** “
– Michael Porter

EXHIBIT 4: KEY QUESTIONS FOR STRATEGY COACHING



WORKING THROUGH YOUR STRATEGIC POSITION IN USING A STRUCTURED PROCESS

As a results-orientated process, *Strategy Coaching* starts with defining goals and ends with an action plan. Between the two, strategic sparring occurs along four key questions. » see opposite page

FROM STRATEGIC CONTEXT TO LEADERSHIP

To clarify the *strategic scope*, coach and coachee discuss the environment in which the manager operates - a focus lies on analyzing which parameters are given and which can be changed. The client's *strategic focus*, together with clear targets and measures to reach them are discussed as available capabilities and necessary *changes for the organization*. Personal leadership style and development also play a key part of the process, to help the coachee reflect on how to lead his team and the organization effectively in the ongoing strategy process.

HELPING MANAGERS SUCCEED

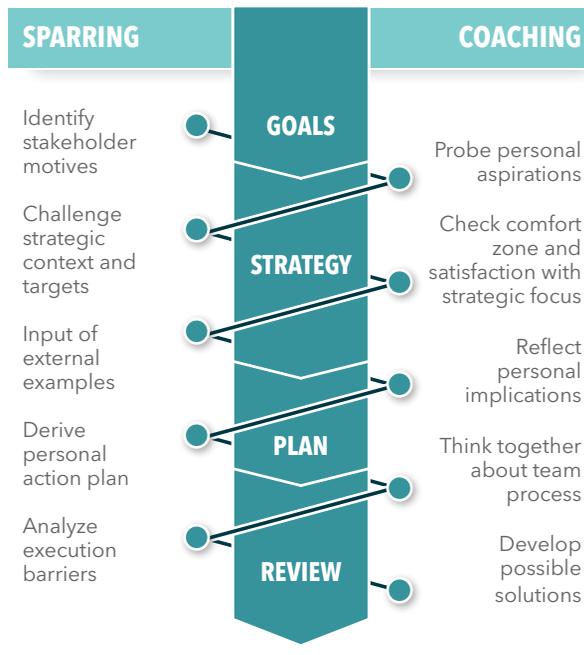
In a typical strategy coaching situation we supported a manager suddenly in charge of a complex strategy project in a difficult stakeholder context.

Given that market opportunities depended on uncertain regulation, technology and demand, this required thinking in options and modeling scenarios. In addition, the client had to convey some counter-intuitive results to the board members with very different perspectives. He ultimately succeeded, both in convincing the board of the right strategic direction, and with a better personal standing.

” IT JUST HELPED A LOT
TO JOINTLY THINK
THROUGH MY
STRATEGIC AGENDA. “
– Divisional Manager

BALANCING SPARRING WITH COACHING

EXHIBIT 5: TYPICAL PROCESS



Our experience in both strategy as well as mobilization allows us to be an *effective sparring partner as well as a supportive coach*.

With our consulting background, we provide case examples and frameworks or run background analyses which we use as part of the sparring process. Our senior staff has gained deep *interpersonal know-how* from numerous coaching relationships, trainings and workshops. They can detect and understand particular psychological biases or barriers and help to overcome them.

The *flexibility of our consulting approach* provides coaching that fits your schedule: You set the pace in determining the frequency and the length of the coaching sessions.

*A **senior business manager**, responsible for a large team, had to formulate a new strategy for his area while dealing with a lot of operational issues.*

*Since the overall strategy was too generic, we researched and presented a variety of case examples to provide him with **external stimuli**. In a series of brief discussions, we jointly designed a clear-cut strategy for his functional area and formulated a **strategic roadmap** which he communicated to and operationalized with his team in a separate offsite.*

*Sometimes facts help in coaching: A couple of months later a **brief survey** among his direct reports uncovered some frustration. A **calendar analysis** revealed that the manager spent only 2% of his time on the defined strategic initiatives. His calendar was in effect operating as a bottleneck, hindering strategic progress. He then took steps with his executive assistant to **reprioritize** the way he spent his time, pushing back on some of the many day-to-day stakeholder requests but also empowering project leads while sharpening their accountabilities.*

*Three months later, his time spent on strategic initiatives had **increased by a factor of 10** and strategy implementation was back on track. At the same time, the operations ran much more smoothly.*



STRATEGY FACILITATION

FOR MANAGEMENT TEAMS

STRATEGY IS A GAME ONLY A STRONG TEAM CAN WIN

To say that alignment starts from the top is almost a cliché. But the top team needs a *shared understanding* of the organization's *strategic direction* and an *effective way of collaborating* as a team. Without strong performance in both dimensions, the top team cannot drive effective strategy processes.

OBVIOUS, BUT NO LESS DIFFICULT

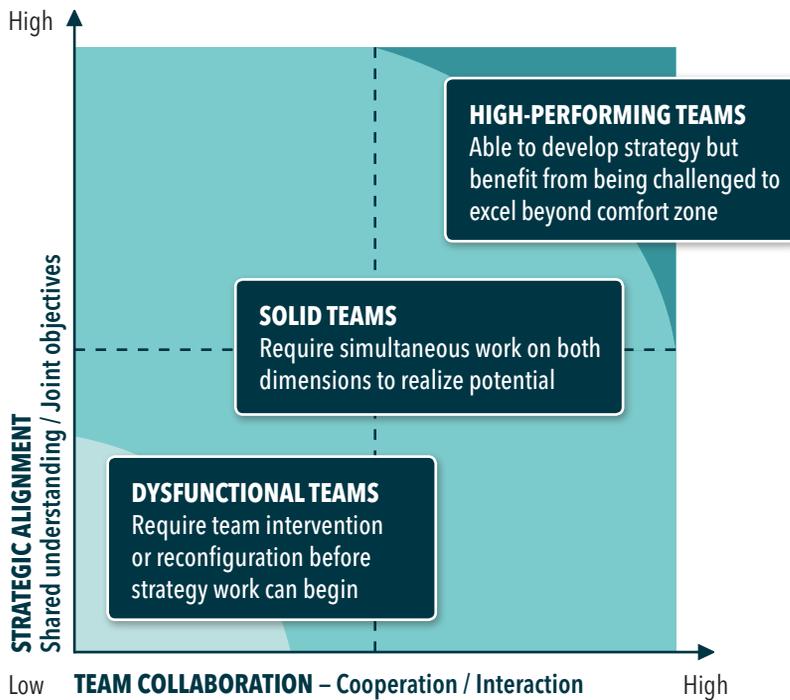
And yet, surprisingly, management teams often fall short on one or both dimensions, especially when faced with challenging situations such as strategic transitions following a merger or a reorganization of the business unit. Conflicting personalities, differing perceptions among group members, disagreements in the past or personal reservations often hinder pragmatic, *results-focused discussions* as options are considered in a tactical light.

Since the team leader is part of these dynamics he often cannot address them in a way necessary to *separate personal issues from strategic direction*. Working with the divisional board of a services company, deep-structure interviews were necessary to distinguish between these two levels.

The facilitator challenges answers that are too complacent and pushes the team out of its comfort zone to find the right strategy. The resulting strategy discussions are more ambitious, the top team functions much more effectively and the wider organization can be aligned by a management team better able to speak with one voice on matter of strategy.

**” THOSE WHO LEARNED
TO COLLABORATE MOST
EFFECTIVELY
HAVE PREVAILED. “**
– Charles Darwin

EXHIBIT 6: DIFFERENT STARTING POINTS FOR STRATEGY FACILITATION



DIFFERENT TEAMS, DIFFERENT CHALLENGES – DIFFERENT ANSWERS

No two teams are alike. Each team needs a different combination of measures to find a shared strategic direction and to improve their team collaboration.

» see *opposite page*

HIGH PERFORMING TEAMS

All good managers aspire to form high performing teams, but in our experience only 20% belong to this group. Such teams are aligned and can review and shape their strategy without outside help. Nevertheless, a tough sparring partner can help promote greater collaboration aimed at raising the bar, while pushing teams to work outside their normal comfort zone. This guards against complacency and a future drop in performance.

DYSFUNCTIONAL TEAMS

About 10% of teams cannot work together in the manner required to address

strategic issues as *personal conflicts crowd out productive discussions* of strategic direction. If these conflicts are severe, team reconfiguration may be the only option. Sometimes, deep team interventions can rebuild the trust which strategy development requires.

SOLID TEAMS

Most of the teams we work with fall in this category. Its members have distinct skills and work together reasonably well. Yet there are often smoldering conflicts that affect decision-making negatively. With the help of an external partner, these teams can *address collaboration* issues openly and *discuss strategic options* objectively to *achieve results jointly*.

” THE ESSENCE OF A TEAM IS COMMON COMMITMENT. WITHOUT IT, GROUPS PERFORM AS INDIVIDUALS. “
– Jon Katzenbach

WE LEAVE YOU WITH A SMARTER STRATEGY – AND A STRONGER TEAM

Multiple ingredients are necessary for a team to reach a joint strategic decision based on *effective collaboration and strong commitment* by all team members.

ALIGNING ON DIRECTION BASED ON FACTS

As strategy consultants, we bring strong *fact-based input* to team discussions, such as a quick and thorough analysis of a unit's latest earnings performance. We help the team navigate strategy frameworks to refine questions and options. Our experienced consultants have *the courage to ask the tough questions* necessary to drive open discussions about numbers, but also about different perceptions within teams.

BUILDING A MORE COLLABORATIVE TEAM

In our experience, the “soft” side of team collaboration is critical to improving outcomes. We use a combination of tools ranging from *deep-structure interviews*,

team diagnostics, *mobile polls* or *quick online surveys* of lower levels of the organization. We summarize these fact-based findings for the team to provide a transparent picture, crucial to building trust. From many interventions with different teams from industries ranging from banking and media to raw materials, we have the experience needed to read team dynamics and address emotional conflicts.

METICULOUS FACILITATION IS CRUCIAL

We use various workshop formats and interventions to align the team. Detailed planning and preparation to ensure a *continuously optimized flow*, a clear *end-product orientation*, while remaining aware of alternate solutions are all key to the success of our approach. We are proud to work flexibly with clients and effectively enable management teams so that a *conventional strategy project is often no longer necessary*.

The top management and investors of a leading European online retailer needed to agree on a path forward. undconsorten was asked to facilitate the strategy discussion to ensure both candid discussion and clear commitment.

***1:1 interviews** revealed conflicting goals and, together with a **market analysis**, resulted in three very different strategic options. The investors and top management gathered for a one-day workshop, meticulously prepared to reach a decision despite their differing goals.*

- *First, we summarized and **visualized** the different **goals** that had become apparent during the interviews and thereby created a workshop situation which enabled a **content-driven** rather than a personality-driven **discussion**. Every participant understood the reasoning behind the arguments offered by other team members.*
- *Second, we laid out the **strategic options** available and provided **financial modeling** of their implications.*
- *Third, we orchestrated a discussion supported by **quick polls** and **online simulation** to produce agreement on a way forward.*

As a result the investor group was clear about the path ahead. It was followed by the next round of financing with changes in the investor structure. Due to the forthright discussion in the workshop, the team smoothly and successfully managed this process.



STRATEGY DIALOGUE
WITH THE ENTIRE ORGANIZATION

STRATEGY OF, FOR AND BY THE FRONTLINE

While reshaping strategy may not quite equal the task of rebuilding the United States after the Civil War, the emphasis on the importance of and commitment by those most affected is not dissimilar.

UNITING STRATEGY AND THE FRONTLINE

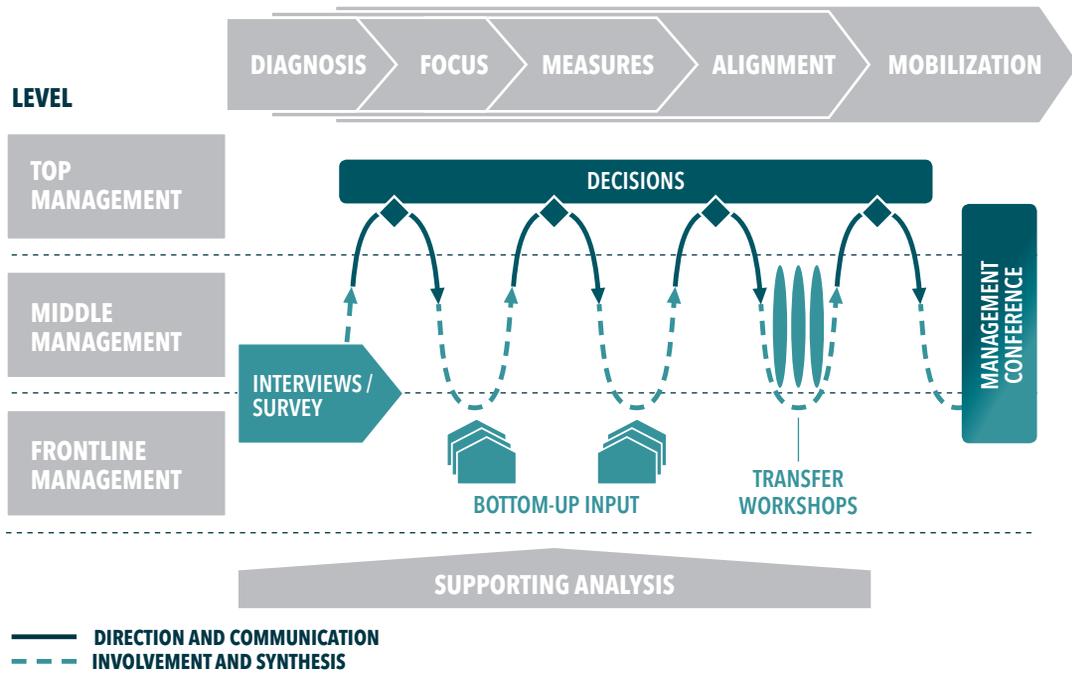
Superior strategies start and end with the business frontline. This is the only way to *address the significant execution gap* that is the key cause of so many failed strategies. While there are a few situations where strategy is rightly developed behind closed doors, such as during critical mergers or divestments, these should be rare. In all other cases, it is crucial to gather the implicit knowledge of the organization early in the process, and to engage in a two-way dialogue with the frontline. This helps to ensure, on the

one hand a *smarter strategy* with ambitious, but realistic goals and, on the other, a *profound commitment to the strategy* with an involved frontline that embraces it as its own.

FASTER INITIATIVES, MORE BATTLES

To rephrase Clausewitz, most strategies do not survive the first contact with the frontline. Strategy processes are increasingly becoming iterative to allow fast responses to an ever changing environment. But this flexibility requires a *strategically agile frontline*, something that conventional strategy processes often fail to achieve. A dialogue process anchors strategy more firmly in the ways an organization works and thinks as a whole through a well-orchestrated process that balances top-down and bottom-up elements.

EXHIBIT 7: STRATEGY DIALOGUE BALANCES TOP-DOWN AND BOTTOM-UP



LIKE ARCHITECTURE, STRATEGY IS ART AND DESIGN

Engaging the entire organization in the strategy process adds substantial complexity. The *range of perspectives* expands and the danger of alienating or confusing employees increases.

INVOLVEMENT REQUIRES DESIGN

Like the construction of a large building requires a detailed architectural blueprint, any successful strategy dialogue is built on a *meticulously designed process*. This helps to control the complexity of the dialogue by orchestrating multiple loops of frontline involvement, providing bottom-up synthesis for top management decision and aiding the communication and cascading of options and directions into the organization. This process must be open for feedback and input from the frontline. » see opposite page

How well this process is designed and executed will determine the *chances for success* – not just of the dialogue but of the strategy itself.

TAPPING THE WISDOM OF CROWDS

The heart of the dialogue focuses on tapping into the knowledge of the organization and using that process for mobilization. In working with a decentralized services company, we used an open dialogue platform as well as semi-structured interviews and strategy templates to *involve the organization* in defining strategies for local markets. Other formats, like webcrawlers or online jambores also offer effective ways to gain novel insights. These *insights* are then integrated into the strategy definition process, led by top-level management.

MORE VALUE FROM STRATEGY – THROUGH DIALOGUE

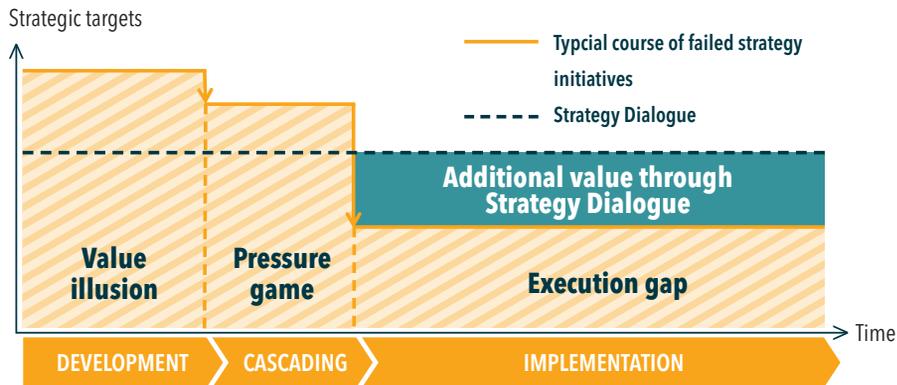
The results of many conventional strategy processes often disappoint despite significant pressure being put on line management, thereby losing commitment of the people who matter most for success.

We help clients to design strategy dialogues that can *close the gap between strategy and execution*. This makes a real difference to how the strategy is anchored in the organization: During one strategy

dialogue we had 400 managers work on their business cases and jointly develop a new understanding of performance.

This approach results in *ambitious strategic targets that match with the organization's capabilities*. Already mobilized, cascading can take place without a pressure game, avoiding the execution gap in implementation while adding substantial value to your strategy process.

EXHIBIT 8: STRATEGY DIALOGUE ADDRESSES THREE CHALLENGES



A European consumer goods company had begun devising an ambitious global growth strategy for their main product category, prioritizing growth opportunities, especially in emerging markets. The underlying challenge was to develop a truly global growth strategy, reflecting local market needs in order to sustain growth while maintaining a differentiated global brand. This required a well-designed process architecture.

*It was therefore clear that we had to **bring together all relevant perspectives** to develop a robust strategy ready for implementation – e.g. global brand management, R&D, consumer analytics and the sales organizations in core markets. In our approach, we **blended different elements** and aimed at better enabling the organization:*

- *Structured development of cornerstones for a global growth strategy in a series of **four top management workshops**.*
- ***Focus workshops** with frontline marketing and sales to identify options in brand positioning.*
- ***Business case and scenario modeling tool** to immediately visualize implications of strategic choices.*
- ***Analytical support** for market and consumer data.*

While the management was initially skeptical, the approach was highly effective and ready for communication and implementation. In addition, the developed business model was used beyond the project.

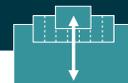
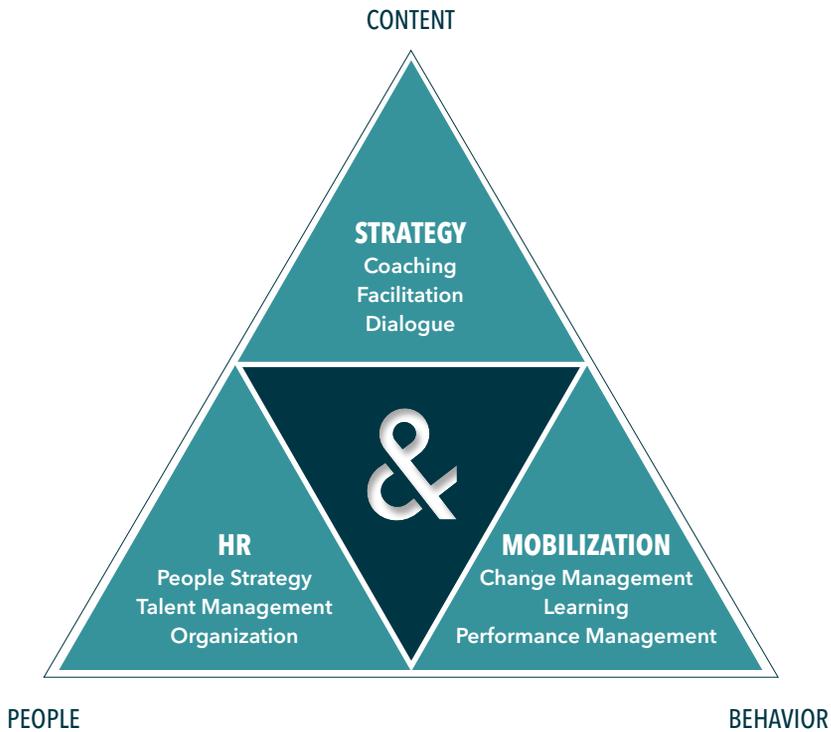


EXHIBIT 9: UNDCONSORTEN INTEGRATES STRATEGY WITH HR AND MOBILIZATION



UNDCONSORTEN AND YOUR STRATEGY PROCESS

undconsorten offers an efficient and effective way to support strategy processes by working with you and your organization on different levels. We integrate all three pillars of our consulting approach – *content, people and behavior* – to improve your strategy and make both you and your organization stronger and more able to respond to a changing strategic environment.

GREAT IDEAS AND EXECUTION EXPERIENCE

We offer you a team of senior consultants, whose experience in strategy projects is strengthened further by a deep understanding of *HR and mobilization*. We tailor our approach to different types of organizations and have successfully provided support to a broad range of complex, large-scale organizations.

FOCUSED, FLEXIBLE SUPPORT FOR RESULTS

We deliver support services that are flexible and tailored to your specific needs.

That means: *You set the pace* and get the support you need, precisely when you need it. In this way we can be at your side during the most intense phase of defining strategic options as well as during longer periods of alignment and implementation. Leveraging your own resources allows for an efficient project structure and creates a *lasting impact* as your organization itself is enabled as part of the process.

COMBINING STRATEGY AND YOUR PEOPLE

We believe that *people are key to successful strategies*. Therefore, mobilization needs to be part of strategy from day one. Involving staff, management teams and the frontline in strategy development and implementation is not easy – but we know from experience that it is worth the effort. We can help you tackle it and thereby take strategy at your organization to the next level.

**„QUOTES“, WHERE NOT CREDITED, ARE
TAKEN FROM CLIENT FEEDBACK.**



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