Mark Morgan (left) is an independent consultant and the former Chief Learning Officer at IP Solutions, LLC. (IPS) and former practice director of the Stanford Advanced Project Management curriculum offered by the Stanford Center for Professional Development. At IPS he was responsible for the development of learning technology and has contributed extensively to courses including Converting Strategy into Action, Leadership for Strategic Execution, and Mastering the Integrated Programme.

Dr. Raymond E. Levitt (right) is Professor of Civil & Environmental Engineering and Coordinator of the Construction Engineering and Management Programme at Stanford University. Ray previously served on the faculty of MIT, helping to launch MIT’s Construction Engineering and Project Management programme. Ray’s teaching, research, and consulting focus is on designing organizations to execute complex, fast-track projects and service/maintenance work such as IT and healthcare delivery.

William A. Malek (bottom) is the former programme director for the Stanford Advanced Project Management programme at Stanford University. William has more than 28 years of corporate experience in strategic planning, management consulting, and organizational alignment and his focus is on the study of strategy execution and leading a positive organization. William concentrates on effective group planning techniques to generate the leadership required to convert strategy into reality.

The authors’ new book Executing your Strategy: How to Break it Down & Get it Done provides a visual representation of the interconnected elements that make up what might be called the moving parts of the enterprise.

This model has been shown to be truly powerful on a number of levels. Individuals have used it to redesign decisions to create their own individual success. Teams have used it to find critical improvements in their performance and enterprises have used it to realign strategies and lead transformation.

Guru interview: Mark Morgan, Raymond E. Levitt & William A. Malek

While businesses have spent more than a trillion dollars on business management consulting and training in the past decade, research shows that a large majority of organizations are still failing to execute their strategies effectively...

Interview by Alistair Craven
Can you shed some light on why strategy execution seems to be such a sticking point for today’s companies?

Morgan, Levitt & Malek:

Today’s problems of strategic execution are a relic of many factors including the absence of goal clarity. Most organizations find it difficult to state their short, medium and long-range goals in such a way that strategic initiatives can be formulated to achieve those goals. Much of this brought on by the short-term focus that is inherent in the pressure of rapidly developing marketplaces, globalization and the relentless Wall Street pressure to deliver in the short-term. In many organizations this generates an “action du jour” mentality that derails strategic execution because of a lack of steady focus, coupled with systemic work overload.

Aside from ensuring that a strategy itself is of value in the marketplace, managers in many organizations lack the will to embed disciplined execution processes into the organization. Performance management software can help, but managers must first create the discipline of having the management team accountable for a consistent and truly systemic approach to execution that:

- Focuses on the entire process from strategy development to execution and cascades the strategy process down into the organization, so that lower level project portfolios follow a “strategic” process that builds alignment to the high level purpose, goals and metrics of the organization
- Employs an annual strategy execution audit process, so that strategy management is part of the ongoing Board oversight and senior management reporting to build a continuous improvement approach around strategic execution processes

Can you describe the concept of ideation to us?

Morgan, Levitt & Malek:

Ideation basically means “to conceptualize”. A number of different names have been used for this concept over time. Some people call ideation the “core ideal” – the “underpinning theory of the business”; some refer to it as mission; some people refer to it as “aim”. No matter the name used to describe it, ideation provides consistent and coherent answers to three simple questions:

- The first question is: why the organization does what it does. Why was it founded? How will it make the world a better place? And why is it being redirected to pursue a different strategy now? This is the aspect of ideation known as purpose.
- The second question is: who the company is. This is often expressed as brand image or brand promise and measured by brand equity at the corporate level. It defines the organization as belonging to a set of organizations with similar values and beliefs.
- The third question is: what longer-term value and benefits the enterprise is dedicated to achieve.

The theory of ideation is that when ideation is clear, the organization benefits from a shared sense of the obvious that guides decision-making, speed of action, and intrinsic motivation. Many organizations refer to a “way” as in the Toyota Way, the HP Way, the IBM Way etc. Ideation is the foundation and the source of how the “way” is formulated.

You note that corporations spend $100 billion per year on management consulting and training, yet only 10 per cent of effectively formulated strategies carry through to successful implementation. Can you share your thoughts and comments on this?

Morgan, Levitt & Malek:

First of all, it points to the challenges of applying management practices that are inappropriate or ones that simply do not work in a given context. It also points to the fallacy that best practices are fungible across organizations. Entirely too much time has been spent trying to find a silver bullet, and apply practices that worked in one company in another company whose context is not the same. A casual glance at the strategic execution framework would tell us that any given practice may or may not work in any given organization. This is because of the unique characteristics of an organization based on their ideation, nature and vision. No two organizations are exactly alike. Therefore, following methodologies that are based on successes achieved using them in other companies must be weighed carefully to assess how context-dependent they might be, before they are blindly implemented.

The second fundamental problem is the one of focused investment. Many organizations invest in a strategy that requires a central investment but forget about the ancillary investments required to make it work (e.g., the “hidden projects” to realign the structure or the culture of
the organization with this new strategy) and the amount of time that it takes to make it work. The person who conceptualized universal credit scores spent 10 years selling the concept. Many companies either invest in too many things or get distracted before any of them get implemented.

Can you tell us about the background research which led to the creation of your six strategic execution domains?

Morgan, Levitt & Malek:

The background research and theories which led to the creation of the 6 domains comes from a broad range of knowledge and management science. Here is a short list that we drew upon:

A: Ray Levitt Micro-Organizational Contingency Theory and ideas about Global Project Governance

B: William Schneider’s research on workplace cultures

C: Geoffrey Moore’s work on customer value disciplines

D: Sayan Chatterjee’s work on strategic organizational risk

E: Richard Burton’s work on organizational design

F: Jay Gailbraith’s work on Matrix Management and global organizations

G: Sam Savage’s work on portfolio risk management

H: Ron Howard’s work on decision sciences

I: Robert Cooper’s work on product portfolio management

J: Michael Hammer’s work on process re-engineering

K: Steve Barley’s work on the social structure of the workplace

L: Deb Meyersen’s work on change management

M: ISO 9000 research on quality management systems

N: The Path-Goal Theory of Leadership of Robert House

O: Bob Sutton’s and Jeffrey Pfeffer’s work on the Knowing Doing Gap

P: PMI work on project management practices

Q: The Lean Construction Institute’s work on Lean systems

R: General Systems Theory of Ludwig von Bertalanffy

It was not just research that led to the creation of the domains themselves but also our experience as consultants and trainers in learning how all these key disciplines and domains must interact and interface in an aligned system of systems to be effective.

“Executives need to understand the language of project management for the sake of being able to translate effectively from ‘boardroom speak’ to the implementation layer.”

Why must senior executives learn the language of project management in order to accomplish strategic transformation?

Morgan, Levitt & Malek:

Successful execution of strategy requires continuous alignment between the organization’s strategic intent, which must constantly evolve to address rapidly changing markets and technologies, and the resources invested in its portfolio of strategic programmes and projects – its real emerging strategy – which is also constantly changing as programmes and projects perform better or worse than expected. Maintaining alignment between formulation of strategic intent and strategic execution requires executives who formulate strategy to be in constant communication with the programme and project managers who are attempting to execute the strategy. However, there is a linguistic disconnect between them. The language of strategy is largely about alternative products and services, market size, market share, mergers and acquisition, corporate finance, off-shoring, outsourcing, rightsizing, differentiation, globalization, etc. The language of programme and project management is about deliverables,
"What has been missing for a long time is a realization that enterprise strategy, organizational change and project management are all different views of exactly the same thing. Strategies don’t get implemented without changes. Changes do not get implemented without projects."

Executives need to understand the language of project management for the sake of being able to translate effectively from “boardroom speak” to the implementation layer. At the same time, we contend that people at the project and programme management level need to understand boardroom speak with equal skill. Our experience in education and consulting suggests that strategic execution is dramatically improved when there is truly a bilingual conversation. Our evidence for this is what our graduates from the SAPM programme have been able to accomplish in their career trajectories. Bottom line, this means that strategy must be formulated with execution in mind and that execution must be accomplished with strategy in mind. Anything less is an opportunity lost.

You note culture is a difficult aspect to tackle. How would you define culture and its role within a company?

Morgan, Levitt & Malek:

In the post industrial, post information era we now call the “human network” era, culture is prime differentiator and the central issue in strategic execution. Culture defines what gets done, how it gets done, and by whom. Culture is the carrier of strategy through complex and subtle sets of rules about what is appropriate behaviour in different situations. It defines intangibles such as the nuances of communication, and tangibles such as processes. It is broad, deep and stable. Changing it is a long term investment.

A strategically aligned culture is probably the most important competitive advantage an organization can create. At the end of the day, culture either carries the strategy through to completion or is the invisible force that kills strategy. It is simultaneously the most critical aspect of strategic execution and the most elusive. Therefore, in executing strategy, it becomes imperative that the strategy accounts for and is aligned with culture. Investments must be made according to strategic options that create a reasonable level of risk relative to culture. If a different culture is needed, further investments must be made in order to shape the new culture.

A massive cultural change was exactly what Lou Gerstner implemented so effectively at IBM, as the key element of changing its strategy from one of selling leading edge products to a strategy of being a global custom IT solutions provider. But it took Gerstner almost a decade to do this.

You talk about “optimization” – the process of choosing and constantly monitoring what an organization commits to do. Can you tell us a bit more about this and who should be responsible for optimization?

Morgan, Levitt & Malek:

Many businesses run at a frenetic pace. New customers, new products, new markets and changes to existing customers, products and markets drive many organizations to the limits of their capability for adaptation and beyond. The key is to match the strategic planning and resource allocation system to the frequency of the environment. Constantly monitoring what an organization commits to do will regulate what must be planned and executed on a frequency matched basis.

Many times our commitments are made in a planning cycle that is far too slow to respond to the changing global landscape. All too often this results in a process that adds work without ever taking work away. Most organizations we work with have a “do it all” problem. If optimization is not done by the executive team as a whole, this function needs to be handled by a strategic planning office or programme office with direct sponsorship in the executive team. Annual capital budgeting processes must evolve into real time portfolio planning and management processes. Companies like Cisco and eBay are well on the way to achieving this transition.

Speaking of eBay, in terms of company growth, you highlight this company as a striking example of how control and growth can be compatible. What makes eBay special?
eBay is an example of a company where information technology is not a part of the business, it is the business. If the payroll system in a company doesn’t work for four hours, it may cause an inconvenience but it will not cause a financial meltdown. With eBay, things are different. A system outage or an interface failure flows directly to the bottom line at the speed of light. eBay also faces the challenge of a never-ending list of possibilities for adding features and functions. They have a unique need to innovate and to control simultaneously. Functions within eBay must work with other functions. Interfaces must work between eBay, e-mail providers, search engines, etc. Delivering features and functions at a flawless level of quality are not optional. A failure at eBay is completely transparent to the marketplace. Therefore, portfolio control to ensure resource allocation on the most strategically important projects and programmes is one way that eBay can innovate in an extremely high-quality fashion.

Some organizations use the dynamics of the marketplace as a feeble excuse for lack of executive decision-making and resource utilization discipline. eBay is indeed special in this regard. People who follow eBay and have witnessed the challenges posed by their acquisition of Skype and PayPal have an opportunity to witness what portfolio acquisitions have worked well for them and which have not. This is to say that even the best portfolio management systems are subject to mistakes, but are infinitely superior to any default system.

Why do handoffs present some of the most difficult challenges of strategic execution?

The world of strategic execution for most people consists of hundreds if not thousands of handoffs of information and decisions between a wide variety of people globally to get the job done. These interfaces are between people from different countries, who speak different languages, who work for different companies, and are sometimes spread across different industries. The opportunity for miscommunication is almost infinite. In a lean world where time to market has meant that schedules have zero or negative slack, a missed interface is synonymous with missed opportunity. Handoffs at every interface within a system and especially at the interfaces that cross different functional organizational boundaries provide the greatest risk to the project or initiative. The risk is that the interfaces are not identified and not managed well, and that no system accountability exists at the interfaces. This can create a single point of failure to transfer information and knowledge across boundaries and processes.

“Execution is a relay race run by hundreds of people passing thousands of batons. No matter the vantage point, the fact remains that without passing the baton cleanly, there is no way to win a relay race.”

Interfaces exist in many different ways. We might think about interfaces being a handoff between one task owner and another within a project. We also might consider that the interface between strategy formulation and portfolio management processes is a critical interface. Additionally the interface between portfolio management and project/programme management is critical. The point of bringing up transition as a domain name in our strategic execution framework was to highlight the interface between project management and ongoing operations. Execution is a relay race run by hundreds of people passing thousands of batons. No matter the vantage point, the fact remains that without passing the baton cleanly, there is no way to win a relay race.

What steps can an organization’s leaders take when they encounter strong resistance to change projects?

What has been missing for a long time is a realization that enterprise strategy, organizational change and project management are all different views of exactly the same thing. Strategies don’t get implemented without changes. Changes do not get implemented without projects. Projects do not get successfully implemented if they do not cope effectively with organizational resistance.

We have come to realize that all organizational changes are not created equal. Some change processes. Others change the organizational structure. But some cut much deeper. The change projects that cut into the ideation of the company and alter the sense of identity, purpose and long-range intention are the most likely to encounter the greatest resistance. This is one...
reason why mergers and acquisitions are so difficult to carry out. No matter who acquired whom, everyone’s ideation gets modified by a merger. So organizations’ leaders need to evaluate organizational change on a more systemic level and recognize the broad range of investments needed to rebrand, repurpose, and redirect the organization. They must also account for strategic losses of personnel who will not be part of what is to be created moving forward. This needs to be a conscious process as opposed to what is done today which is largely a default process where people become alienated and create organizational damage, prior to their inevitable exit. Organizational change is about orchestration and connecting with people. It cannot be done on a part-time basis, nor by edict.

What is the best type of organizational structure to embrace the concepts you espouse in the book?

Morgan, Levitt & Malek:

There is no one best type of structure because as we suggest in the book, the structure is dependent both upon the strategy that is being implemented to realize a specific value proposition in the marketplace and the percentage of work that is process versus project. Structural alignment must be triangulated with both strategy and culture to work effectively.

Are your ideas equally applicable across different sizes/types of organization?

Morgan, Levitt & Malek:

Yes, one of the more profound realizations of the Strategy Execution Framework is that it can be applied in any organizational context because it is based on General Systems Theory and it gives guiding principles for the alignment and adaption of various management practices and cultures based on the type of strategy or value discipline that is being executed. It applied equally to Lance Armstrong’s Tour de France cycle racing team and to IBM or eBay.

You close by suggesting that the role of CEO could be better described as “Chief Execution Officer.” Can you elaborate?

Morgan, Levitt & Malek:

There is a recent Harvard Business Review article on the rise of the Chief Strategy Officer. It defines the need for a senior executive to be accountable for the translation of strategy throughout the organization so that people can connect their work to a bigger purpose. The article points to the need to drive the change projects that are required for the strategy and to establish the decision process and criteria. Strategy comes from a Latin word that means to lead and Execution comes from a Latin word that means to follow through. The first word in Executive is “Ex” and the second word in Executive is “execut[e]” so if managers want to avoid being ex-executives, they should both lead and follow through. So the “E” in CEO should stand for execution as well as executive. Perhaps, if the name were changed, it would increase the emphasis on following through.

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