Why Good Strategies Go Bad
And What You Can Do About It

Jeff Scott
VP/ Business & Technology Strategy
Who is Accelare?

Thought Leadership

Innovative Process

Powerful Technology

Experts in strategy management

Business Architect Advocate

• Writer:
  – Currently publish the blog: The Business Architect
  – Have written over 50 research reports and articles for Forrester Research, Cutter Consortium and others

• Speaker:
  – Regularly speak at industry conferences, universities, user groups, and companies on the topics of strategy management, business architecture, and organizational innovation

• Consultant & Mentor:
  – Work with a small number of business leaders and business architects to facilitate their growth and success
First: A word about strategy
All strategy is not the same

Where we play and how we win

Business Strategy

Operational Strategy
How we design our organization

Transformational Strategy
Changing how we work
Not all strategy is strategy

Strategic planning
- Financial forecasting
- Demand projections
- Incremental change
- Resource alignment
- Demand awareness

Managing resources

Strategy crafting
- Envisioning new futures
- Organizational transformation
- Substantive change
- Insight and perspective

Growing capabilities
# Strategy is difficult to define

<table>
<thead>
<tr>
<th>Usage</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy as goal</td>
<td>“Our strategy is to double the size of the company.”</td>
</tr>
<tr>
<td>Strategy as direction</td>
<td>“Our strategy is to become a global company.”</td>
</tr>
<tr>
<td>Strategy as plan</td>
<td>“Our strategy is to move our New York offices to San Francisco.”</td>
</tr>
<tr>
<td>Strategy as strategic landscape</td>
<td>Strategy refers collectively to: vision, goals, strategies, and objectives.</td>
</tr>
</tbody>
</table>
Why good strategy goes bad
Strategy execution is the **BIG** problem

- **37%** of executives say their companies are “very good or excellent” at strategy execution.
- **Only 23%** blame current economic conditions as a major factor in their lack of execution
- **53%** of implementers cannot state their company’s strategy in its entirety

2010 HBR survey of 1,000 executives

- **60%** of typical organizations do not link their strategic priorities to their budget
- **66%** of HR and IT organizations develop strategic plans that are not linked to the enterprise strategy
- **95%** of employees in most organizations do not understand their organization’s strategy


- **70%** of typical organizations do not link their strategic priorities to their budget

Mark Hughes, *Journal of Change Management*
The strategy articulation problem

STRATEGIC PLANS HAVE LESS STRATEGY THAN YOU THINK

Examples

- Simplify existing process to increase efficiencies
- Explore new services for customers
- Maximize marketing effectiveness
- Develop products and services that are customer centered
- Deliver high value to customers
- Make education and outreach more effective
- Develop strategic partnerships to maximize value of services offered
- Lead the industry in deriving business insight from data
The strategy context problem

STRATEGY DOESN’T “FIT” THE PROBLEM

Context eats strategy for lunch!
The motivation problem
CROSSING THE CHASM IS MORE DIFFICULT THAN EVERYONE THINKS

Innovators: 2.5%
Early Adopters: 13.5%
Chasm: 34%
Early Majority: 34%
Late Majority: 34%
Laggards: 16%

Crossing the Chasm, Geoffrey Moore
The strategy diffusion problem
FEW PEOPLE UNDERSTAND THE REAL STRATEGY
Where is your strategy process?

Order → Cash
Prospect → Client
Concept → Product

Order office supplies
Travel expense management
Performance reviews

Strategy → Execution
Order Post-it® notes process

Order Mgmt.
- Fill out online request
- Reject order

General Ledger
- Check budget
  - Funds available (Yes) → Debit budget
  - Funds available (No) → Check inventory

Warehouse
- Check inventory
  - Inventory available (Yes) → Debit inventory
  - Inventory available (No) → Send update notification
    - Order replenishment
- Schedule order
- Pick & pack

Interoffice mail
- Item pickup
- Schedule delivery
- Update route
  - Deliver Post-it® Notes

External Provider

9/24/2013

Implement strategy process

Executive Management

Go do something !!!!

Everyone Else
Manage your strategy execution
Strategy to execution management
A FRAMEWORK FOR MANAGING STRATEGY
Create strategy definitions

- **Vision** — the future state of the organization
- **Goal** — qualitative results that define the attributes of the vision
- **Strategies** — courses of action that drive activities toward a goal
- **Road maps** — time-sequenced initiatives within a strategy
- **Objectives** — quantitative, measurable results that define strategy milestones
- **Initiatives/programs** — broad actions that accomplish strategy objectives
- **Projects** — activities that organize initiatives to attain objectives
Create a simple strategy model

- **Capabilities**
  - Customer community
  - Social listening
  - Personalized messages

- **Strategy**
  - Leverage internet channel

- **Initiative**
  - Select partner

- **Objective**
  - Proof of concept

- **Roadmap**
  - Goal A
  - Goal B
  - Goal C

- **Projects**
  - Evaluate partners
  - Evaluate platforms
  - Create pilot agreement
Review what you have

Things to look for
- Corporate annual reports
- Mission, vision, and goals presentations
- Product strategy documents
- Departmental planning documents
- Roadmap presentations
- Public relations documents
- Marketing documents
- Support services strategy documents (IT, HR, Finance, etc.)

Examples
- Strategy Group Charter
- Strategic Plan (current year)
- Customer Service Roadmap-Strategy
- Strategic Drivers and PIE Strategy
- Goals and Mission Seminar Output
- Goals & Status Report
- Customer Experience Vision and Roadmap
- Technology Strategy Charter
- Customer Operations Strategic Business Plan
- IT Strategic Plan
- Strategic Plan - 5 Year View
Organize into a cohesive picture
# Build a strategy template

<table>
<thead>
<tr>
<th>Strategy Name:</th>
<th>IT Innovation</th>
<th>Owner:</th>
<th>Cindy Burk</th>
<th>Scope:</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong></td>
<td>Create the organization, processes, tools, and culture to drive a ten-fold increase in IT’s ability to find, experiment with, develop, and implement new ways to exploit technology that create new products and service models for our business customers.</td>
<td></td>
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</tr>
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</table>
| **Drivers:** | • Competitive analysis indicates competitors are more aggressive in incorporating new technologies such as smart phones and tablets into their product offerings and internal processes.  
• Business strategy to acquire younger customers in the 22 – 35 age bracket. This age group expects high quality, any time, any place, self-service via the latest devices.  
• Business strategy to reduce workforce by 3% per year for the next 4 years in non-customer facing roles will require new technology solutions at a lower price point. |
| **Known Challenges:** | • Risk adverse culture  
• Historically poor cross-organizational collaboration  
• Low innovation process maturity |
| **Implications:** | • Will require an additional funding pool for innovation projects  
• Must move from ROI funding to risk based funding model for innovation projects |
| **Critical Success Factors:** | • Overcoming cultural challenges  
• Developing new capabilities along with the skills, processes, and technologies to support them  
• Improving the speed to market of IT delivery |
Differentiate & illuminate
VALUE MAP - STARBUCKS
Differentiate & illuminate
IT INC. - CURRENT VERSUS FUTURE STATE

- Identify New Opportunities
- Lower Project Costs
- Predictable Outcomes
- Speed to Market
- Operational Efficiency

Start > Strategy > Value Map > IT Inc.

6/11/2013
10 Steps for crafting business strategy from the bottom up

1. **Strategy Review**
2. **Summarize Strategy**
3. **Capture Strategic Requirements**
4. **Sort Requirements Into Themes**
5. **Summarize Strategy**
6. **Translate Themes Into Capabilities**
7. **Translate Themes Into Initiatives**
8. **Sort Implications Into Themes**
9. **Identify Implications**
10. **Review with management**
Stay in touch

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Questions and discussion
THANK YOU