

Engaging People to Deliver Results

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Something is not working. As leaders, we have refined our vision and mission, our strategic objectives, and values until they mean something to each of us and they feel compelling and real. We have debated over our critical success factors and initiatives, our KPIs, and balanced scorecards until we have reached a comfortable consensus. We have presented a unified front as we boldly announced our strategic plans and rallied the troops at our annual conferences. We have done all we should, but our best-laid plans are not delivering. Our elegant strategies are not being optimized, and we are left to ask why and what more can we possibly do?

Let's begin with what we know:

- ✓ Strategies are not being optimized.
- ✓ Strategy execution is the most important factor in delivering results.
- ✓ People are the key to successfully executing strategies.
- ✓ People are not engaged or equipped to execute strategy effectively.

What is wrong with this picture?

- ✓ Strategies are not being optimized.

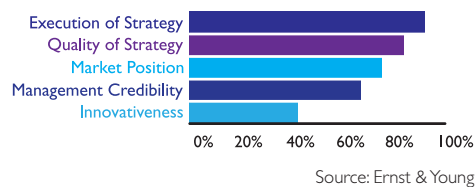
It comes as no surprise to any architect of a strategic plan that the best-framed plans rarely deliver optimal results. According to



Robert Kaplan and David Norton, authors of *The Balanced Scorecard*, fewer than 10% of well-formulated strategies are successfully implemented. Many remain grudgingly on the paper on which they were written; others find the half-hearted fortune of partial implementation. So, while many of our companies can boast survival from a rocky period, how many of us can say we are truly thriving and delivering the best possible results to our stakeholders?

- ✓ Strategy execution is the most important factor in delivering results.

Top Measures That Matter To Investors



We have heard about the importance of concise vision statements, focused strategies, core competence...but what really drives sustained business results?

Studies by Ernst & Young tell us that investors believe the "execution of strategy" is more essential than market position, innovation, or even the quality of strategy itself! We see this play out time and time again.

At Root Learning, clients include strategy creators and sponsors from companies across a wide range of industries. Root often finds that its clients' strategies are eerily similar, right down to the metrics, values, and catchphrases each selects after much debate. Larry Bossidy, former CEO of Honeywell, said in his book *Execution* (co-authored by Ram Charan) that strategy is "no longer an intellectual challenge. You can rent any strategy you want from a consulting firm." While many consulting firms may disagree with this assessment, the meaning could not be more clear: Strategy on paper cannot be the prime differentiator. To deliver results, we must find a way to give strategy a life beyond the paper on which it was written.

However, most leaders devote their energy to the intellectual aspects of the strategy and then delegate its execution to others. This sends a powerful and precarious message. By checking the box once their role in crafting the strategy is "complete," leaders tacitly proclaim that the quality of the strategy trumps its execution. And so, it becomes clearer why 90% of our strategies are not delivering.



✓ People are the key to executing strategies.

If strategic execution is the key, then what is the key to strategy execution? Bossidy and Charan state that the “heart of execution lies in three core processes: the people process, the strategy process, and the operations process.” More and more, companies recognize people as the cornerstone of the three. In fact, when Watson Wyatt’s Human Capital Index rated companies in managing their human capital performance, they found that “scoring high in 30 key areas of people management relates to about 30 percentage points of return to shareholders.” So, if our strategy and operations are critical arteries, then our people are at the heart of strategy execution.

✓ People are not engaged or equipped to execute strategy effectively.

The Cost of Disengagement
 More than half of employees say they put in “as little effort as possible at work.”

We know what we must do. Are we doing it? Put simply, no. In fact, Gallup reports that 71% of employees do not consider themselves actively engaged in their work. Why does it matter? Disengaged employees are less focused, less effective, and less able to engage customers. In total,

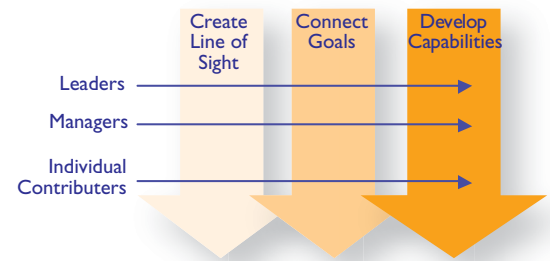
this translates to disengaged employees costing the U.S. economy \$300 billion per year in lost productivity.

Of course, we all have employees who are engaged in their work, who have all the best intentions to contribute and to deliver. However, many of these employees simply do not know *how* to deliver according to the expectations placed on them. In fact, only 43% of employees feel they are given the skills needed to fulfill their job responsibilities and achieve their company’s goals (Watson Wyatt). These employees may feel engaged in their workplace, but they are not engaged to effectively execute strategy.

An Alternative: Strategic Engagement

Most organizations have a three-to-five-year strategic plan and an operating plan to go with it. When it comes to engaging people in these plans, the effort tends to be event-driven rather than process-driven. An alternative is to develop a long-term, strategic engagement process that enables employees at all levels to share a common mental model around the strategy. Strategic learning begins with an integrated process where people are at the heart of strategy execution.

Companies that successfully execute strategy take employee engagement to the next level by fundamentally grounding it in the strategy. These companies not only focus on creating the culture of employee satisfaction or even engagement, but also connect those feelings to real strategic priorities. In fact, there are three core elements to true “Strategic Engagement”:



- Creating Line of Sight, or common understanding of strategic plans.
- Connecting Goals, so each team or person can make a meaningful, consistent, and personal connection to the bigger strategic picture.
- Developing Capabilities in a way that is clearly and inherently connected to the strategic direction and goals.

Of course, not everyone in an organization has the same learning needs. How we expect CEOs to execute their role in the strategy is typically quite different from how we expect frontline workers to contribute. In order to bring a strategy engagement process to life, the responsibilities vary based on where we sit in the organization. Let’s explore the particular responsibilities unique to each level.

Senior Leaders

Clarity and alignment at the most senior level sets the foundation for how a strategy will be executed. Although tough to acknowledge, it is not unusual to have a wide variance between what is said and what is meant at the senior leadership level. McKinsey Quarterly points to a well-known energy company where five top executives were asked to list the company’s 10 highest priorities. Alarmingly, they listed a total of 23 priorities; only two appeared on every executive’s list and only seven were on the lists of more than three members. In

fact, 13 of the 23 priorities appeared on only one list. Root Learning's experience is similar. Root's CEO, Jim Haudan, often speaks of the *three great lies* he hears from senior leaders: "We have a strategy; we are aligned on our strategy; and we have data to support our strategy." If this is true at the most senior level, how then are expectations translated to the broader organization? The messages must be mixed at best.

Create an Aligned Mental Model

Sometimes, leaders are not aligned because our perspectives are simply different. Picture your hometown. What do you see? If six leaders are gathered in a room, we will have six different pictures in our minds. Now, picture "world-class customer service" or "value chain." When we read our strategic documents, we all agree on those priorities. But, what is the picture in each of our minds? Just like our home town, we interpret these words through our individual lenses. While our unaligned interpretation may be completely unintentional, without a common picture, we cannot translate the strategy from paper to action. This is why strategy execution trumps all else. Words say only so much; the translation of the words to meaning and action is difficult. Those who can do it, win.

Promote Individual Ownership of the Whole

In most organizations, individuals on senior leadership teams hold direct responsibility and ownership over particular functions, geographies, business units, or "silos." Performance in these individual areas is expected and typically delivered with the

understanding that the parts will contribute to the success of the whole. Whether it is because of human nature, organizational culture, or leadership team dynamics, our focus on our individual area often "trumps" our focus on the whole by even the most well-intentioned leader. When our hearts and minds and actions are geared toward our individual area, we lose the opportunity to truly connect our personal strengths, functional expertise, and business resources in a way that builds the whole more than the sum of its parts ever could. Building the case for ownership of the whole and enabling individual leaders to keep one eye on the bigger picture brings powerful results.

Cultivate Aligned Behaviors



Sometimes our lack of alignment happens tacitly, but quite intentionally. This happens when our leaders' behaviors do not support the overall strategy through to its full execution, often because team-based rewards compete with corporate results. When this happens, the functional becomes more important than the overall. Leaders' intentions and behaviors then become the core for how strategy is interpreted, prioritized, and executed throughout the functional organizations. The cascade effect can be devastating.

When leaders prioritize people as critical drivers of organizational success, we send a powerfully positive message. When we delegate people to the next level, we send a conflicting message to our high-potential managers about what they should focus on to advance their careers to the executive level. This demands clarity, alignment, and accountability among our senior leaders.

Managers

Perhaps the most untapped source for unleashing momentum and driving change lies in the hands of management. Managers are closest to the people who are working on the front lines every day, and they have a tremendous ability to directly influence the translation of strategy to action. Perhaps they are labeled "middle" management not because they are in the mid-stage of their career, but because they are centrally positioned to bridge the gap between senior leaders' strategic plans and individual contributors' daily work. Yet, many managers lack the confidence, experience, and tools necessary to manage effectively.

Interpret Strategy Consistently

This often starts with an inconsistent interpretation of the strategy itself. This may happen because the executive leading a manager's functional area has intentionally or unintentionally shared unaligned perspective and priorities. Or it may happen because the manager simply has not been given opportunity to develop understanding of the strategy. In either case, this inconsistent interpretation leads to unpredictability in executing the strategy.

Connect Team Efforts to Corporate Goals

Creating critical connections so that efforts are aligned to deliver results at all levels is difficult. Often, managers do not have the capability or the supporting tools to help them prioritize activities and make decisions that directly contribute to the overall performance. Too often, decisions that managers make for their teams not only sub-optimize the corporate goals, but actually conflict with other teams' priorities and goals. This leads to disconnected siloed efforts that do not foster optimized corporate results.

Engage People and Teams

Too often, this group is unprepared to understand the bigger picture and ill-equipped to engage their employees to perform. Managers have a hard time *getting it* and have a harder time transferring it to others and translating it to results. This is often the natural consequence of the "head violinist" being promoted to "conductor" as a reward for stellar performance. Individual performance does not automatically translate to group leadership.



Should we expect managers to automatically be prepared to lead upon their promotion? It turns out that

the experience they have as individual contributors may not prepare them, and the preparation they receive in the classroom is ineffective. There must be a more efficient way to prepare leaders than waiting for 20+ years of experience to sink in. To suggest that only the most tenured managers are capable of leading is to miss a critical developmental opportunity.

Individual Employees

Frontline workers are the closest to the customer, to the line, and to the opportunities for tangible change and results. Through them, the strategy will ultimately live or die. However, Gallup tells us that about 71% of employees are not engaged in their work and many do not feel they are prepared to do their job.

Understand Organizational and Team Strategies

Like (and often because of) their managers, individual employees' interpretation of strategy is typically incomplete. Often, frontline employees have limited information about the organizational direction and priorities. As a result, they may view strategic initiatives as "flavor of the month" because they have not made the critical connections to the bigger picture. We have not presented the strategies in a way that is meaningful and relevant.

Connect Individual Efforts to Strategic Goals

For many reasons, frontline employees don't connect their actions to the whole and don't understand their role in executing strategy. They patiently or impatiently wait for someone to tell

them what to do or they vehemently follow what has been outlined for them in their job description. In today's fast-paced world, we must ask employees to make decisions at the frontline and with customers – and align these decisions with organizational objectives. We rely on their judgment, but employees are often unclear how to act. Providing them with clarity on how to connect their actions to the bigger picture, along with opportunities to prioritize their personal objectives through performance management systems, will ensure that their actions are executed in the best interest of the organization.

Develop Strategic Skills

Once they understand the strategy and their role in it, employees must begin to apply that knowledge to their daily work. Employees must translate understanding to action in a way that builds judgment and confidence. Very often, however, skills-training is disconnected from strategic and operational planning, employees can't prioritize or connect the training on particular skills to the business results or career development opportunity.

Individuals at the front lines are too entrenched in the demands of their daily work to step back and prioritize their efforts or understand the value they contribute in the broader context. And, the training they are provided often exacerbates this situation when it provides formal instruction that is disconnected from strategic priorities. We must find new ways to engage frontline employees so they align their efforts with business priorities, improve

their confidence and judgment to make sound decisions, and commit to developing their careers within the organization.



Engaging People Strategically to Deliver Results

Deploying strategy is all about creating connections. . .from the strategic big picture to the tactical daily work, from

corporate goals to team performance, and from leaders and managers to frontline employees. By building critical connections, people at all levels understand the drivers of change and own the strategic response. Teams and individuals can then focus their efforts appropriately, and our businesses move strategic plans to focused action and desired results through the broad engagement of our people.

A systems approach to strategy deployment demands a systems approach to people engagement. As we focus on the three core processes at the "heart of execution," we create systems for engaging our people that are directly linked to our overall strategy and operations processes. We must integrate learning into our organizations in a way that is strategic, natural, and purposeful. This means creating formal and informal learning opportunities in areas that drive individual performance and business results. It means equipping people with contextual understanding,

providing them with relevant and applicable content, and giving them an opportunity to apply and practice their new knowledge. Equally important, it requires engaging an increasingly diverse, global, and sophisticated employee base with creative and engaging methodologies to keep the learning interactive and fun. By combining engaging learning activities with strategic relevance, personal and organizational effectiveness is sure to blossom.

Focusing our smartest leaders on designing sound strategic plans will no longer set us apart. Exceptional leadership is being redefined. It is about engaging the broader group to execute strategy and deliver results. It doesn't matter how smart we are in the boardrooms. Execution is more important than strategy. It doesn't matter what the brightest few know – it only matters how engaged *all* employees are to act and deliver.



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