

Building a Culture of Successful Execution

Kathy Pearson, PhD

kpearson@ELSLearning.com

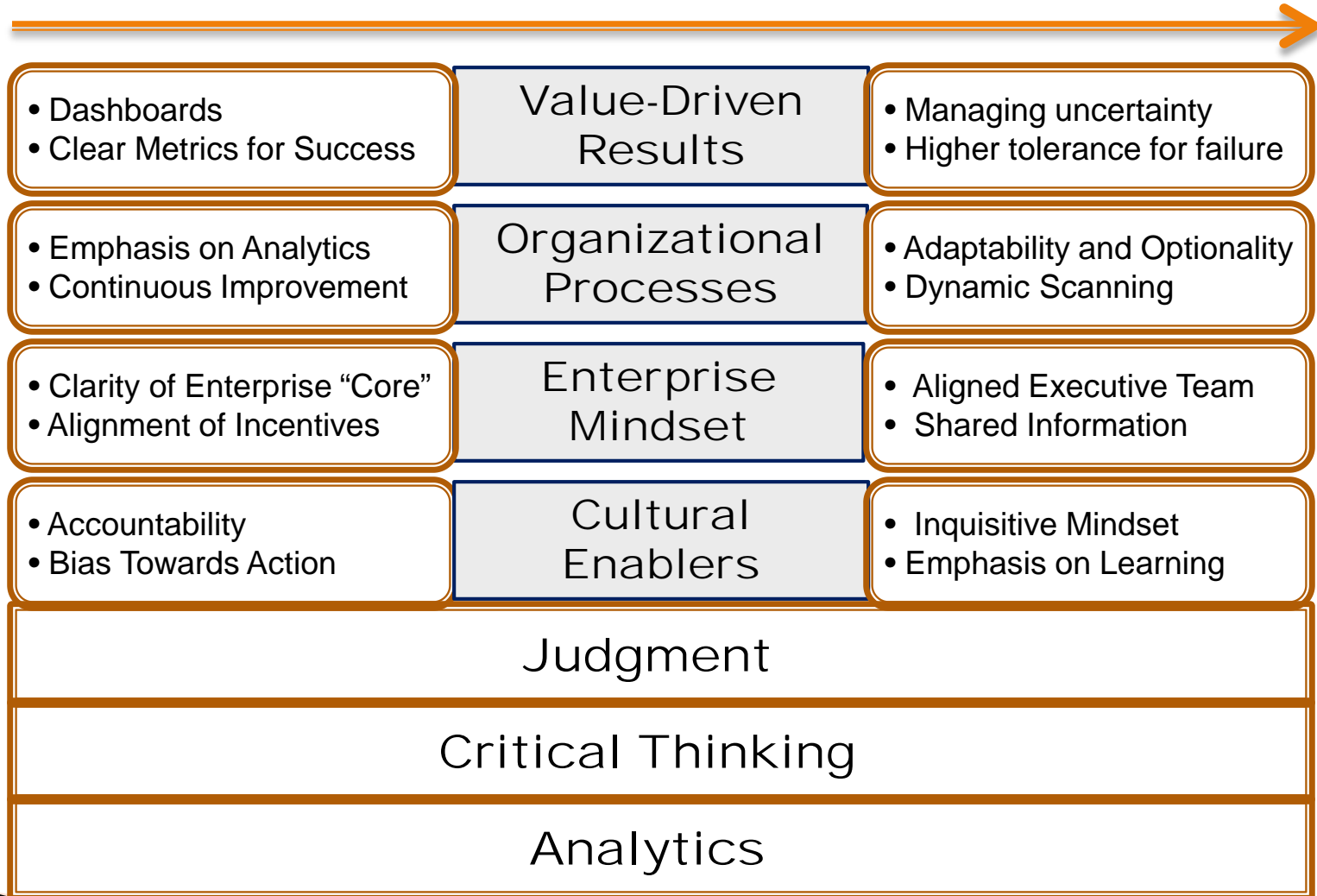
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Short Term Business Objectives

Long Term Business Objectives



Culture

The **PERSONALITY** of the Organization

Culture is comprised of the assumptions, values, norms and tangible signs (artifacts) of organization members and their behaviors.

Summary of the HBR Study

- Used an in-depth survey of over 7600 managers in 262 companies across 30 industries.
- Complex organizations with high volatility in their markets.
- Surveyed managers who are “in the know” – those most critical to driving the execution, across the vertical spectrum.
- Gathered objective data when possible.
- Engaged the participants by varying questions and format – over 95% completed the survey.
- Linked the results to existing, credible research.

Source: Why Strategy Execution Unravels-And What To Do About It, Harvard Business Review, March 2015, pp 60-66



Strategic Execution Myths

Myth 1: Communication Equals Understanding

REALITY: Not about volume – it's also about clarity and prioritization

Clarity of the Intent

Priorities: Strategic Initiatives Mapping

Impact

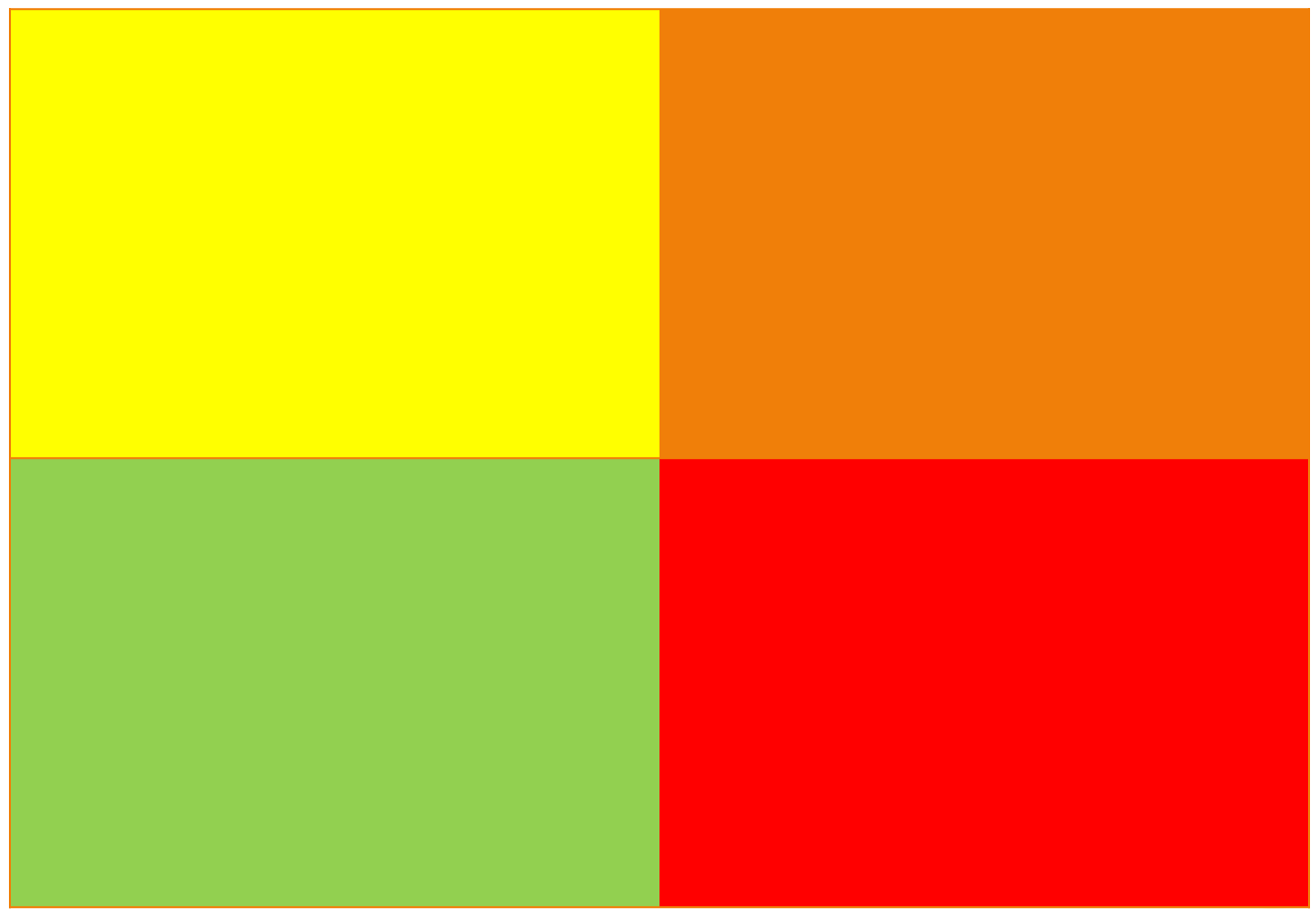
Low

High

Easy

**Difficulty in
Implementing**

Difficult



Strategic Execution Myths

- Myth 1:** Communication Equals Understanding
REALITY: Not about volume – it's also about clarity and prioritization
- Myth 2:** Execution Equals Vertical Alignment
REALITY: More coordination across units

Systems Thinking

Enterprise Mindset

A system is any group of *interacting, interrelated, or interdependent* parts that form a complex and unified whole that has a specific purpose.

- ▶ The whole has at least one purpose or function that cannot be achieved optimally without all of its parts.
- ▶ Each part can affect the performance of the whole, and of at least some of the other parts.
- ▶ The whole cannot be divided into independent parts without achieving optimal performance.

Key Concept of Enterprise Thinking

The performance of a system cannot be optimized by optimizing each individual part within the system.

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- Myth 3:** Execution Should Be Driven from the Top
REALITY: Drive execution from the middle, guide from the top

Organizational Sustainability

Organizations that “live long” have a balance of four characteristics, according to research conducted by Arie de Geus (*The Living Company*):

Financially Frugal

Operationally efficient, wise use of finances including leverage and cash

Persona

Cohesive with a strong sense of identity or Persona – a deep, uncompromising set of core values and purpose that do not change over time

Organizational Sustainability

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Adaptability

Ability to adapt to a changing environment by carefully monitoring the external environment

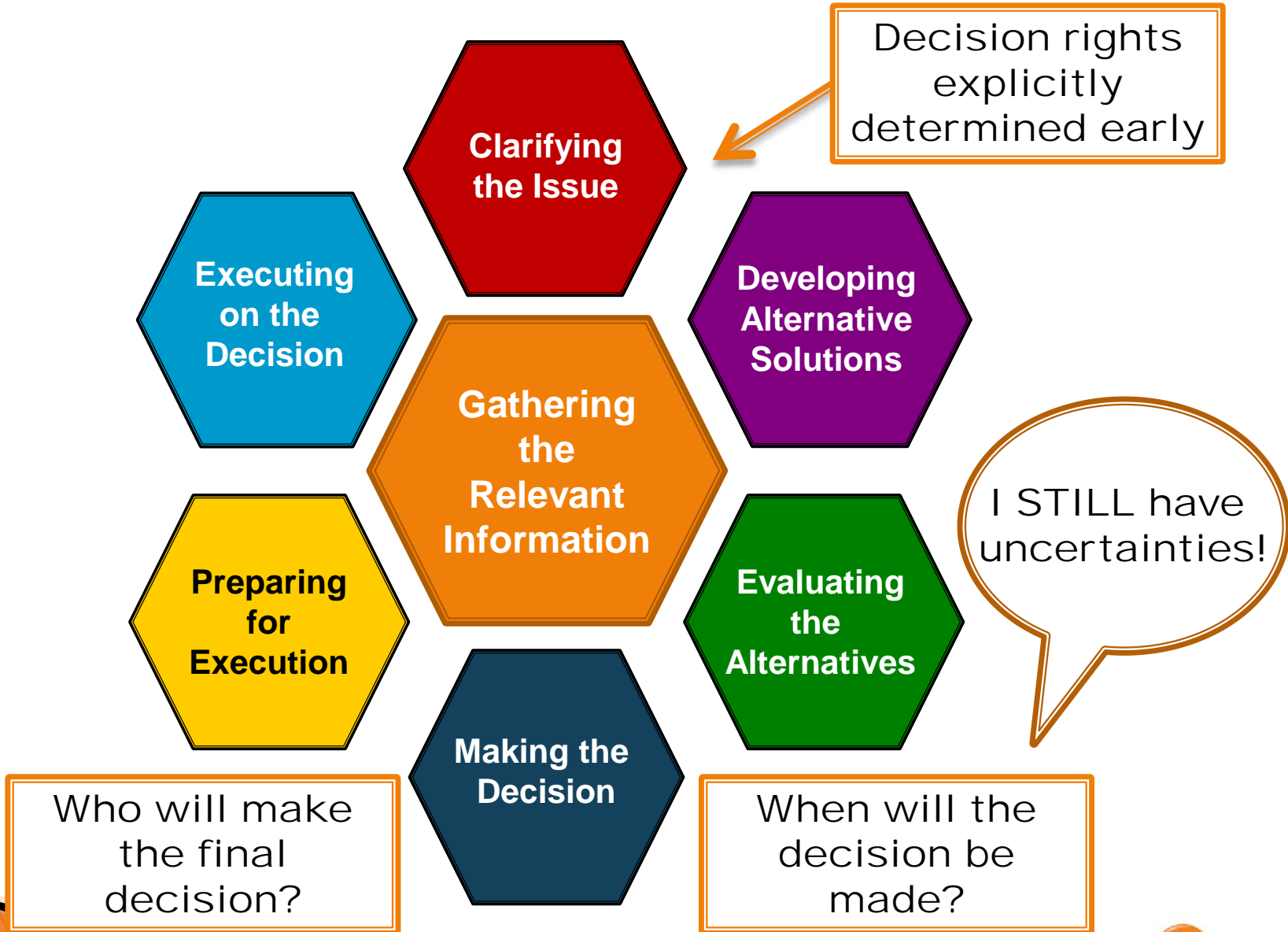
Tolerance

Encouragement of experimentation and unconventional thinking – initially described as “decentralization”

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- Myth 4:** Execution Means Sticking to the Plan
REALITY: Agility balanced with alignment

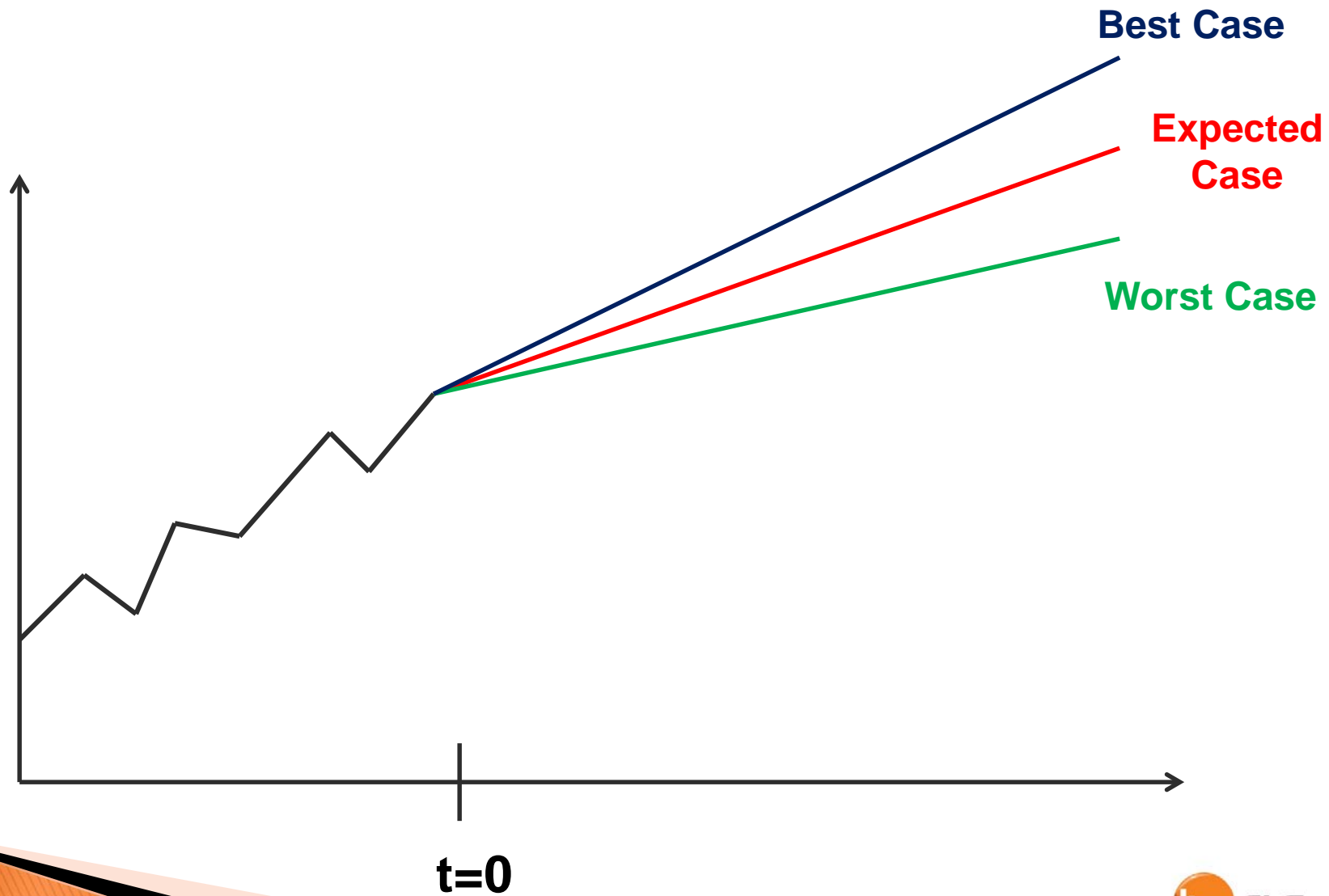
Decision Rights



Three Actions for Strategic Agility

- ▶ Identify the key uncertainties:
 - Plan for the key trends
 - Manage the key uncertainties
- ▶ Track the key uncertainties:
 - “Trendspotting”
 - “Sense-making”
- ▶ Take action around the key uncertainties:
 - Conduct rapid experiments
 - Make small bets
 - Build adaptability and flexibility

Overconfidence Bias

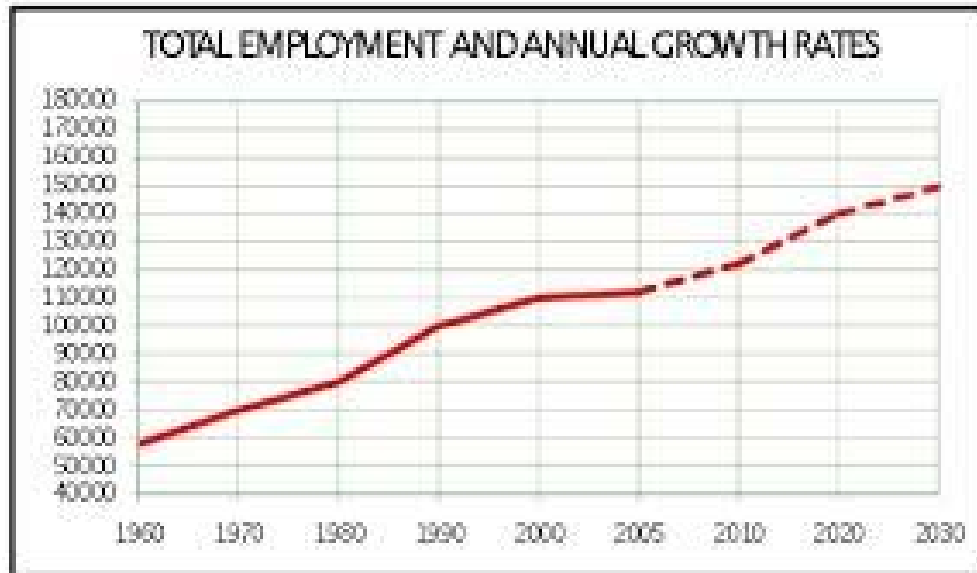


“Selective Information Processing”: The Confirmation Bias

- ▶ We tend to concentrate on information or “select” data that supports our pre-conceived beliefs – the confirmation bias.
- ▶ With more complex situations, the confirmation bias becomes even stronger.
- ▶ In situations with information “overload”, the confirmation bias becomes even stronger.

Trends and Uncertainties

A **trend** is a future force in which the outcome is very predictable - a *known known* or a *“predictable”*



Trends and Uncertainties

An **uncertainty** is a future force in which the outcome is unknown

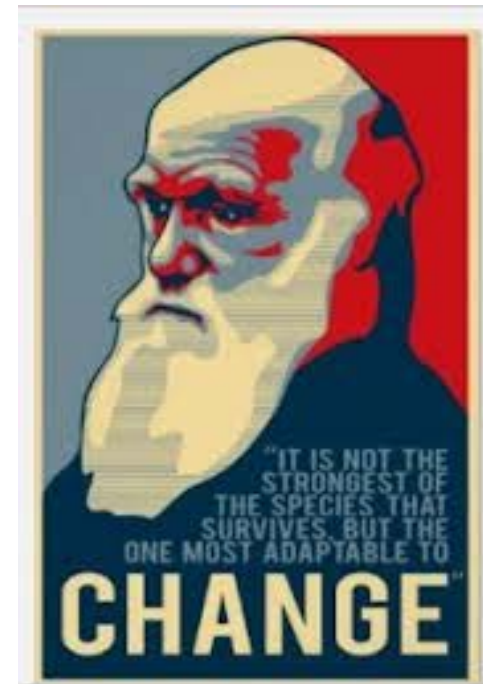


Black Swan

Known Unknown

Unknown Unknown

Manage with
Adaptability



Future Forces Worksheet

Key Trends	Key Uncertainties

Key Concept in Strategic Agility

Manage uncertainty by using a process of agility or flexibility:

- ▶ **SMALL BET:** Invest a minimal amount initially in one or a variety of options
- ▶ **RAPID EXPERIMENT:** Test a hypothesis for the purposes of learning about the uncertainty
- ▶ **PHASED APPROACH:** Execute on a portion of the initiative that is less vulnerable to uncertainty

Testing the Initiatives

Initiative	U1	U2	U3	U4	U5	U6
Initiative 1						
Initiative 2						
Initiative 3						
Initiative 4						
Initiative 5						
Initiative 6						

 = Vulnerable to the uncertainty

 = Invulnerable to the uncertainty

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- Myth 5:** A Performance Culture Drives Execution
REALITY: Also reward agility, teamwork, ambition

Defining Culture

Behaviors:

- ▶ Pace of work
- ▶ Percentage of focus on short vs. long term goals
- ▶ Management's communication style with staff
- ▶ Competition vs. cooperation
- ▶ Team vs. individual orientation
- ▶ Creative vs. analytical
- ▶ Intense vs. relaxed
- ▶ Acknowledgment and praise
- ▶ Philosophy on work life balance
- ▶ Age of the workforce
- ▶ Ethics

Questions to Ask:

- What kind of behavior is rewarded?
- What stories are told as "legend"?
- Who has the real power?
- What do employees expect?
- What do other organizations think about your organization?
- What do customers or clients say about your organization?

An Agile Culture

Is the Person Willing to Challenge Directly and Speak Candidly?

No

Yes

Yes

Does the Person Care Personally?

No

From Kim Scott

Learning Organization Characteristics

