From Strategy to Execution[1]

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Our business world is full of expensive, well-intended strategies that failed in the execution phase. Some of them make the front pages and the evening news. Many others disappear into desk drawers and forgotten PowerPoint presentations. All represent a significant drain on resources that could have been used more profitably elsewhere. The spectacular flameouts of Carli Fiorina at HP, John Akers at IBM, John Sculley at Apple are merely a few high-profile examples among thousands of CEOs whose strategies fail every year because of poor execution.

Corporations spend about $100 billion a year on management consulting and training, most of it aimed at creating brilliant strategy. Business schools unleash throngs of aspiring strategists and big-picture thinkers into the corporate world every year. Yet studies have found that less than 10 percent of effectively formulated strategies carry through to successful implementation. So something like 90 percent of companies consistently fail to execute strategies effectively.

However, senior executives regularly retreat to their corner offices, to their boardrooms, or to elegant Conference Centers where they plan the next big think, leaving the grunt work of

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execution to the lower echelons. That is precisely where strategy goes awry. When strategy makers neglect the critical connections between words and deeds-between ideas and action– they are almost guaranteed to fail.

Many executives understand this instinctively, but they lack a systematic approach for identifying and implementing the right array of actions to deliver on their promises. Worse, they ignore their own responsibilities toward the people at execution level of the company. Repeatedly, they make broad –and mistaken-assumptions about how well the strategy they have in mind converts into understandable work at all levels of the organization, and whether the organization is capable of making the changes needed to implement the latest strategic vision. When executives think of the people who will implement strategy as mere lines and boxes on an organization chart, they inevitably fail to tap the full power of the enterprise.

In the midst of last-changing technologies and increasingly competitive global markets, senior executives face extreme pressure from customers, competitors, market analysts, shareholders, boards of directors, and employees. All of these forces place a premium on the executives' ability to articulate strategy clearly and provide adequate resources for middle managers and workers to implement it within the context of the corporate structure, culture, attitudes, goals, measurement and reward systems, and ongoing operations. Often this requires reshaping the organization, developing new systems, learning new behaviors, and creating new types of interactions.

One top management's biggest blind spots is the failure to recognize that any significant shift in strategy requires changes in day-to-day activities throughout the organization. Small shifts may require only minor changes. Significant shifts require significant changes –from subtle to sweeping- that can only be successful if implemented systematically. In addition, people at all levels can either help or hinder the transition.

How do you know where your organization will be two years from now?

Executives regularly find themselves responding to a simple question: Where do you expect to take your organization in two years' time? Most executives answer by pulling out their strategy documents and launching into their official presentations.

A more important question, in my view is how do you know you will get there? Corporate leaders would come much closer to describing where their organization will be in two years' time but describing their current investments – the array of projects, programs, and activities where they have chosen to apply the scarce resources of time, money, energy, and attention. Put another way, the best indicator of strategic direction and future outcomes is an enterprise-wide look at what the company is doing rather than what it is saying – what the strategy makers are empowering people at the execution level to accomplish.

Do not believe it? Just go back two years and look at the major activities that have been completed in any given company. Compare that record with the strategy the company was espousing two years ago (if anyone can remember it). Chances are that the list of completed

actions (initiatives, projects, programs, or work packages), along with another list of failed or aborted actions and those that were never undertaken, will offer a better explanation of the company's current position than its two-year-old strategy documents.

What a company is doing – its de facto strategy – can be summed up by identifying the group of projects in which it invests. In fact, for the espoused strategy to become a reality, it must be converted into the packets of work we call projects. Projects are the temporary initiatives that companies put into place alongside their ongoing operations to achieve specific goals. They are clearly defined packages of work, bound by deadlines and endowed with resources including budgets, people, and facilities.

The project is the true traction point for strategic execution. The project builds new products, new services, new systems, new skills, new alliances, or new delivery mechanisms for internal or external customers. A company's project portfolio drives its future value. New businesses, new services, new channels, and new markets are open by projects. The project portfolio – the array of investments in projects and programs a company chooses to pursue – is the agent of change, and the success of change initiatives depends on the ability to select and manage the projects that deliver the change.

Successful strategic execution requires tightly aligning the project portfolio to the corporate strategy. I call this the engagement domain, where the objectives of strategy meet constraints of resources. It is the fundamental responsibility of executives to ensure that the corporation engages itself continuously in the right projects, invests project resources in the right amounts, and establishes the right priorities in an evolving competitive environment. It also one of the most difficult challenges that leaders face.

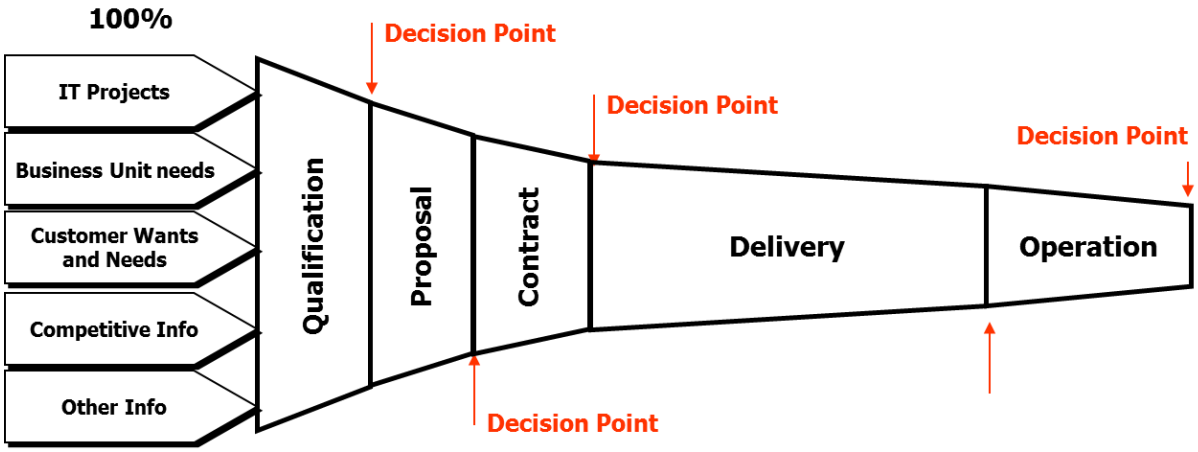
The engagement domain, which requires companies to engage the strategy via the project investment stream, is the most central of the six domains of strategic execution. Executives have a tendency to think of this kind of work as being too "tactical" to take up their precious time. Nothing could be further from the truth – and this attitude can signal the unraveling of an organization. Some executives really get this, but too many do not.

Every project investment either contributes to successful strategic execution or sucks resources away from successful strategic execution. Only by continuously reviewing the project portfolio, carefully allocating available resources, and consciously realigning the organization can a company bring its espoused strategy to life. Only through effective engagement in the strategic project portfolio will every working moment of every person's time , every dollar invested, and every activity undertaken align with the overall strategy rather than work against it.

Strategy makers can only align the engagement domain by working with and through project leaders at the execution level.

The strategic role of project portfolio management

Effective strategy consists of choosing to do the right things. Effective execution means doing those things right. Strategic execution results from executing the right set of strategic projects in the right way. It lies at the crossroads of corporate leadership and project portfolio management – the place where an organization's purpose, vision, and culture translate into performance and results. The only path to executing strategy is the one that runs through project portfolio management.



Project portfolio management is always on, whether executives at the top of the corporation recognize it or not. Everywhere in the organization, people must take thousands of small project investment decisions every day. The most subtle –and perhaps the most elusive- of such decisions are how to spend each working moment of every person's time. If the company's leaders fail to engage actively in strategic portfolio management, those small but critical daily portfolio management decisions are delegated–by default-to the lowest level of the organization.

Without clear leadership that aligns each activity and every project investment to the espoused strategy, individuals will use other decision rules in choosing what to work on: first in, first out; last in, first out: loudest demand; squeakiest wheel; boss's whim; least risk; easiest; best guess as to what organization needs; most likely to lead to raises and promotion; most politically correct; wild guess – or whatever they feel like at the time. Portfolio management still takes place, but it is not necessarily aligned with strategy, and it occurs at the wrong level of the organization.

Many executives fail to understand how crucial is to determine the degree of alignment between investments and strategy. All one need do is look at the project portfolio to see whether the project work of the organization is aligned with the strategy or not. Whatever the cause, competent and well-meaning executives routinely fail to integrate and align the work of the organization with the strategic vision of the organization.

The hidden language barrier

There is no way for senior management to accomplish a strategic transformation without getting deeply engaged in project management, the organizational systems that surround it, and the behaviors and terminology required to lead it. In some cases, particularly for radically new or transformative strategies, the senior executives themselves must become the project leaders.

Unfortunately, most executives and strategic thinkers have not yet learned the language of project management. Even though leaders who emphasize the importance of strategic action or activities invariably fail to take the next step by recognizing that the most important – indeed, the only-actions and activities that serve to execute strategy are the projects and programs that will bring the organization from its current state to its desired future state.

I do not claim that this is a new idea. However, in my experience, what has been missing is a systematic framework within which to apply decades of important contributions on the subject. The essence of strategy is in the activities – choosing to perform activities differently or to perform different activities than rivals. Otherwise, a strategy is nothing more than a marketing slogan that will not withstand competition. Activities or processes created change through projects. Therefore, a strategy that requires new processes or activities requires projects to design and implement them. Yet this crucial role for projects is lost in almost all writing on the subject of strategy.

I believe execution is a process. It is not the result of a single decision or action. It is the result of a series of integrated decisions or actions over time. This helps explain why sound execution confers competitive advantage. Firms will try to benchmark a successful execution of strategy. However, if execution involves a series of internally consistent, integrated activities, activity systems, or processes, initiation will be extremely difficult, if not impossible.

The hidden language barrier prevents many senior executives from communicating effectively with the people who will actually bring the strategy to life. Executives speak of high-level strategic outcomes rather than specific project outputs, and too often, they fail to link the two. The converse is also true: project and program managers rarely have the opportunity or inclination to think about the strategic implications of their work. Thy focus on project outputs rather than strategic outcomes.

To counteract this dangerous disconnect, corporate executives and strategy makers must eradicate the idea that the details of project and program management are beneath them. Likewise, project and program leaders must take responsibility for understanding and internalizing strategy.

The language of strategy formulation covers high-level concepts such as the company's identity, intention, and purpose. It connects this collective who, what, and why with the corporate culture and the appropriate structure, and with the goals and metrics that will be used to measure strategic success. The language of the project portfolio covers the specifics of getting things done-who, how, when, and with which resources. It links the strategic project investment with ongoing operations and supports the transfer of new capabilities to the line.

In the human brain, the corpus callosum links the two brain hemispheres to align a person's actions with her visions and intentions. Research has shown that when the corpus callosum is severed, people are unable to translate their plans and desires into coordinated actions. Similarly, engagement serves as the corpus callosum of strategic execution, if it is severed or malfunctions – if the project portfolio becomes disengaged from strategy – a lethal disconnect is created. Actions do not align with one another or with strategic visions and intentions, and the strategy has no hope of execution.

Two types of disconnect

A couple of examples from the mobile telephone industry illustrate two important ways in which faulty translation in the engagement domain can undercut execution. In essence, one company executed flawlessly, but its leaders failed to notice that they were investing in the wrong projects. The other company failed to invest the resources necessary to manage a crucial project well.

In the first case, the low. Earth-orbit satellite telephone service known as Iridium grew out of a complex development program that met all of its extremely aggressive technical and schedule targets within its original cost parameters. However. Somewhere in its eleven-year duration, the program's initial strategic goals became irrelevant, as convenient and inexpensive cell phone technologies rose up to replace Iridium's value for customers.

In contrast, the program code-named Odyssey at AT&T Wireless represents a different kind of failure. The Odyssey number portability program was strategically critical when launched, with an immutable external deadline imposed by the FCC. The program remained crucial throughout its life cycle, but it failed catastrophically in execution. Within months of this dismal outcome, the Wireless division was absorbed by Cingular, at a considerable loss of value to AT&T.

What was wrong in the Execution of these endeavors?

No matter how well or how frequently the organization selects and updates a portfolio of strategic programs and projects. Success in execution ultimately depends on two things: whether the planned objectives for each program and project remain relevant and feasible,

given dynamic changes in the organization's competitive environment, and whether each of the strategic programs and projects are managed well enough to achieve the objectives that justified it at the time it was selected for investment. In other words:

- **Do the right projects and programs**! Executives must continually ask themselves tough questions about the market considerations and strategic rationale for all the work in the portfolio. What has changed since the last re planning session? Are the desired strategic outcomes still relevant in the evolving environment? Should some specific work redirect or even cancelled? Does the strategy require investment in systems and structures that goes well beyond the central investment in products and services?

- **Do the projects and programs right!** Is the work on plan? How do we know? Can we view the aggregate status of all work and utilization of all resources across projects? Are the targeted project outputs still relevant and feasible? Do people understand the strategic purpose and priorities of each project? Are they making all the necessary connections so that their work can transfer to the ongoing operations? Do they have access to all the resources they need?
  How are they managing changes?

Great execution in the absence of reasonable strategy is no better than great strategy with poor execution. Combine either one with poor ongoing portfolio management and you get the exact mixture needed for failure. The only way to deal with is to think systemically in linking the evolving strategy to the project investments that will bring it to life.

Strategic execution requires systemic thinking

Strategic execution requires a system-wide approach that consistently drives organizations to do the right things – and to do those things right. Such an approach helps identify, map out, and prioritize the necessary project investments so that everyone understands what they must do and how they should interact with others to execute strategy. It also revisits the investment decisions regularly to make sure they stay on track.

The bigger the shift in strategy, the greater the need for investments in projects and programs to accomplish it. Together, the leaders and managers must engage in conversations that identify and allocate resources to projects that accomplish three types of work:

- Working in the business
- Working on the business
- Working to transform the business

Working in the business means delivering products and services based on existing processes. Most of the ongoing work in a pure professional services firm or a custom solutions provider of hardware and/or software is project based. Such firms must engage continually in portfolio management to discern between those sales opportunities to engage in and those to decline.

However, even a "make to offer" manufacturer must regularly initiate projects in the business to develop new products on a make to offer basis.

Working on the business is about improving current business processes to create better levels of performance. Working on the business requires prioritizing projects aimed at improving the current way of designing and delivering products or services. Working to transform the business is almost totally project oriented because transformation involves onetime strategic initiatives to move the enterprise to entirely new ground.

Summary

I have emphasized that strategy makers must work together with strategy implementers to achieve strategic execution. Both groups must recognize project portfolio leadership as a core competency, with different responsibilities at different levels of the organization. When the system works well, everybody in the organization has a role to play.

Senior executives must take responsibility for deciding and communicating the company's purpose, identify, and long-range interactions, and creating the organizational structure and culture that will further those strategic directives. They must translate strategic intent into specific goals and metrics, and work with project leaders to determine which investments are required to attain them. They must take pains to identify the hidden work of realigning the SEF domains as needed, and undertake the projects necessary to accomplish it – in short, to do the right projects. They must establish a sponsorship system to ensure that the project leaders have the resources to do the projects right. And they must revisit these decisions regularly, with the top of project leaders, in a continuous mutual commitment to doing the rights things right.

The project leaders, for their part, must go beyond a narrow focus on doing their projects right. They must pay attention to the broader strategic picture and understand the organization well enough to identify the barriers to execution. They must develop the communication skills to help influence the choice of projects, to question strategy when appropriate, to identify and secure required resources, and to seek help with the project work when necessary.

We have observed that when strategic project portfolio management works well, project managers are empowered to lead from the middle with support from the top. Fortunately, this creates valuable learning opportunities for project leaders and begins to sketch out a career path that could prepare them for executive positions.

On a personal level, each individual has the ultimate responsibility for deciding how to invest the time, energy, and other resources available on any given workday. At this level, too, the strategic execution framework offers a guide to investment choices both big and small.

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Alfonso Bucero, MSc, CPS, PMP, PMI-RMP, PfMP, PMI Fellow, is an International Correspondent and Contributing Editor for the ***PM World Journal*** in Madrid, Spain. Mr. Bucero is also founder and Managing Partner of BUCERO PM Consulting. Alfonso was the founder, sponsor and president of the PMI Barcelona Chapter until April 2005, and belongs to PMI's LIAG (Leadership Institute Advisory Group). He was the past President of the PMI Madrid Spain Chapter, and then nominated as a PMI EMEA Region 8 Component Mentor. Now he is a member of the PMIEF Engagement Committee. Alfonso has a Computer Science Engineering degree from Universidad Politécnica in Madrid and is studying for his Ph.D. in Project Management. He has 32 years of practical experience and is actively engaged in advancing the PM profession in Spain and throughout Europe. He received the PMI Distinguished Contribution Award on October 9th, 2010, the PMI Fellow Award on October 22nd 2011 and the PMI Eric Jenett Excellence Award on October 28th, 2017.

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