the performance factory | *it's all about strategy execution*

The Strategy Execution Barometer ™

Expanded edition
- Largest Strategy Execution benchmark in the world
- 29 sectors, 36 countries
- 9 new trends

the performance factory

- The Strategy Execution Barometer: expanded edition -

Practical fact-based strategy implementation and performance management market data benchmark based on extensive survey research

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Strategy Execution: your next competitive advantage?

Dear Reader,

You are reading the research report of our latest international study – *The Strategy Execution Barometer - expanded edition.*

Since 2001, we have been studying Strategy Execution trends and best practices. And during these last 12 years, we have seen Strategy Execution evolve from a token discussion to a top priority in most organisations.

But this meteoric rise in importance doesn't mean all execution problems have been solved. On the contrary, international research published in *The Harvard Business Review* shows that companies continue to lose 40-to-60 percent of their strategic potential while trying to execute it.

Our research will help you close the performance gap in your organisation. *The Strategy Execution Barometer - expanded edition* offers you:

- Up-to-date Strategy Execution market data from 1400+ organisations, 36 countries and 29 sectors.

- 30 key findings with experts' comments.

- 12 insights into Strategy Execution as it should be.

- Key ingredients to build a solid action plan.

- Nine strategy and strategy execution trends to watch

In short, this unique report will provide you with all the necessary information and insights to boost your Strategy Execution.

Best regards

Koen Schreurs, Director Benchmarks & Surveys
the performance factory | *it's all about strategy execution*
http://www.the-performance-factory.com

PS. Any questions?
Please send me an email at koen.schreurs@the-performance-factory.com

How to get the most out of this report

Join the largest Strategy Execution group on LinkedIn

If you are interested in sharing ideas with fellow strategy implementation devotees, or if you simply want to stay up-to-date on the latest Strategy Execution research and trends, join the official LinkedIn group for free.

Click here or go to http://www.linkedin.com/groupRegistration?gid=2325487. As a member, you will be notified of useful information, be able to post questions to an expert panel and have access to exclusive content.

Benchmark yourself

We offer you the opportunity to compare your Strategy Execution strengths and weaknesses with all our market and industry data. You can also opt for an internal comparison between divisions, countries or units. Read the last 2 pages of this document or contact us via mail or phone for more information.

Strategy Execution Heroes - expanded edition

The Amazon bestseller *Strategy Execution Heroes* is a useful companion to help craft your action plan. It's packed with 300+ tips from seasoned senior executives and top experts. You can order your copy from Amazon.

8 dimensions of Strategy Execution

Strategy Execution is no longer the black hole that drains performance. Today's organisations are aware of the performance lost through bad Strategy Execution.

But in order to take the next step – to close that gap – organisations need a more detailed view of exactly where they are losing performance.

Knowing that your organisation loses between 40 and 60 percent of its strategic potential on the execution highway between the city 'strategy' and the city 'performance', is an interesting fact but doesn't really help solve your problem.

This research goes beyond 'global trend' figures and looks in detail at 8 different dimensions of Strategy Execution. Each dimension gives you execution strengths and weaknesses from a different perspective. Together, they give you a unique dashboard of your overall execution capability.

01 | Dimension I. Strategy Focus

Your strategy is the long-term action plan designed to achieve your vision. Depending on the industry you are in, it maps the road your company should take for the next 3-to-10 years. It's designed to help you gain the competitive advantage over your industry peers.

Great Strategy Execution starts with a great strategy, known and supported by all employees – from the senior executives to the employees on the shop-floor. The first dimension – *Strategy Focus* – refers to this key success factor. More specifically, the questions related to the dimension help you determine if your strategy is ready for execution.

The dimension *Strategy Focus* looks at 6 fundamental components, 4 relating to the strategy itself, the other 2 to the readiness of the execution process. Here's a short overview of all 6 components:

1 | A strategy needs to inspire.

2 | A strategy requires buy-in from all top executives.

3 | A strategy needs to be properly cascaded towards the lower levels of the organisation.

4 | A strategy requires horizontal alignment. In other words, strategic plans from different divisions or departments need to be coherent and add up to the overall company strategy.

5 | Strategy Execution should be an ongoing, institutionalised process within the entire organisation.

6 | Strategy Execution requires continuous monitoring.

02 | **Dimension II. Strategy Communication**

Before managers can execute company strategy, they must know and understand it. This is where the dimension *Strategy Communication* comes into the picture. As soon as your strategy (or strategy update) is finalised and approved by all stakeholders, you should focus on the communication part. Transparent and easy-to-understand communication creates the necessary understanding and engagement for the new (or adapted) strategy.

The dimension *Strategy Communication* evaluates the strategy communication from 2 angles: quality of the communication and communication management. For *quality*, the topics examined include: 'How much information is communicated?', 'What message is communicated?' and 'How does the communication take place?'. *Managing* the communication implies the ability to direct efforts to enhance strategy understanding. Measurement is one of the keys to assessing strategy understanding.

To fall short on strategy communication costs dearly in terms of engagement and alignment of the strategy.

03 | **Dimension III. Initiative Management**

Initiative Management is all about selecting, prioritising and executing the right strategic initiatives: those actions that will lead to the realisation of your strategy. Strategic initiatives are a collection of carefully selected programmes and projects, operating outside of the day-to-day business, and reinforcing each other to help the organisation reach its targeted performance.

The dimension *Initiative Management* answers the following 5 questions:

   1 | Have you selected the right initiatives?

   2 | Are they all properly resourced?

   3 | Is accountability clear to all?

   4 | Are they monitored and managed as they should be?

   5 | Do you also manage important processes?

By managing your initiatives, you are linking strategy on the organisational level to the individual level. This is the point where it all becomes concrete. Initiative management is the activity in which your dreams run up against reality, where your strategy meets operations and where resources are added to the strategy formula. Without proper initiative management, your strategy remains a paper exercise.

04 | **Dimension IV. Individual Objective Setting**

The positive impact of goal setting is one of the most widely researched and scientifically validated aspects of today's organisational science. Two key researchers of goal setting and task motivation theory are Edwin Locke from the University of Maryland and Gary Latham from Toronto University.

Setting individual objectives is one of the best things you can do to improve performance – yours, your team's or even that of an entire organisation. It's paramount to direct action and behaviour.

The fourth Strategy Execution dimension – *Individual Objective Setting* – looks in detail at the different factors that determine goal-setting success. These success factors not only relate to the overall quality of the individual objectives – influenced positively by elements like specificity and the degree of challenge that a certain set of objectives presents the performer – but also covers elements such as the fit with the overall company strategy and goal acceptance by the future performer.

05 | **Dimension V. Skilled Managers**

Managers are the crucial linchpin to the execution of your corporate strategy on the shopfloor. But in order to succeed, they need the right knowledge and skill set to get the job done.

The dimension of *Skilled Managers* evaluates how companies deal with the development of these crucial management skills. More specifically, it looks at the *development offer* – the management skills targeted and the opportunity given to develop them – and the *development approach* – the learning methods, measurement tools and feedback mechanisms used along the way.

06 | **Dimension VI. Engaged People and Performance-Driven Culture**

The sixth dimension measures employee engagement and cultural performance traits within an organisation.

Employee engagement is a crucial performance lever and the first one that is covered. Without the proper workforce motivation, your strategy does not have a chance of implementation. We all know that motivated people produce more, improved results at a faster pace.

The second performance lever covered is a performance-driven culture – the commonly shared value system within the organisation that strengthens individuals to focus on achievement. Critical success factors include stimulation of continuous improvement, providing feedback and systematically addressing non-performance.

07 ❘ **Dimension VII. Performance-Related Pay**

We define *Performance-related Pay* as a financial or non-financial reward for employees who reached or surpassed a required performance standard.

Dimension 7 – *Performance-Related Pay* – takes a holistic view of remuneration. It should be seen not only as a way to encourage top performance, but as a management tool to strengthen a performance-driven culture within the organisation. Other critical success factors covered include: the balance between team and individual achievement reward, the fairness of appraisals and the balance between short- and long-term incentives.

08 ❘ **Dimension VIII. Support for Managers**

Strategy Execution isn't a one-man show. It's a blockbuster movie, involving both business and support functions across various divisions, departments and teams. Each team member has a specific role to play, and it takes every member's contribution – collectively – to win.

But it's the managers who play a lead role in the execution process.

Organisations need to design the execution process in such a way that they enable the manager to do his/her job – to make life easier. To achieve the above, an organisation needs to work on the following critical success factors: the manager's understanding of the process and the expectations towards them, the ease of compliance with the process and the degree to which the execution process simplifies the manager's job.

Market data

01 │ 8 dimensions

We have analysed the 8 different dimensions of Strategy Execution.

| Figure 1 │ 8 dimensions |

Dimension I. Strategy Focus

-3% | -8% | -6% | 14% | 39% | 29%

Dimension II. Strategy Communication

-7% | -8% | -7% | 19% | 38% | 20%

Dimension III. Initiative Management

-4% | -9% | -14% | 25% | 32% | 14%

Dimension IV. Individual Objective Setting

-4% | -7% | -6% | 21% | 32% | 28%

Dimension V. Skilled Managers

-1% | -2% | -3% | 12% | 43% | 37%

Dimension VI. Engaged People and Performance-Driven Culture

-1% | -1% | -2% | 7% | 29% | 60%

Dimension VII. Performance-Related Pay

-4% | -7% | -9% | 21% | 38% | 17%

Dimension VIII. Support for Managers

-2% | -5% | -11% | 23% | 38% | 13%

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

02 │ **Detailed scores per dimension**

We have analysed the different scores per dimension.

Figure 2 │ Dimension I. Strategy Focus

I.7. The company's strategy is tested during the year
-4% | -4% | -10% | 18% | 32% | 28%

I.6. I have indicators and targets against which progress is continuously tracked
-5% | -4% | -6% | 17% | 30% | 36%

I.5. My objectives not only relate to financials but also to customers, processes, people or other elements
-2% | -2% | -2% | 6% | 23% | 66%

I.4. Other parts of the organisation have similar strategic objectives for their activities
-1% | -4% | -5% | 15% | 35% | 33%

I.3. My unit or department has specific strategic objectives
-2% | -3% | -4% | 13% | 30% | 44%

I.2. I think the strategy is the right one for our company
-3% | -6% | -7% | 13% | 36% | 34%

I.1. I feel excited by my company's strategy
-3% | -5% | -6% | 8% | 28% | 50%

Strongly disagree · Moderately disagree · Slightly disagree · Slightly agree · Moderately agree · Strongly agree

Figure 3 │ Dimension II. Strategy Communication

II.23. I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department

| -9% | -11% | -12% | 21% | 22% | 18% |

II.22. I would be able to explain my company's strategy to a neighbour if I wanted to

| -2% | -4% | -6% | 13% | 34% | 37% |

II.21. When I ask for further information or when I pose a question, I receive an individual response

| -3% | -6% | -8% | 20% | 32% | 24% |

II.20. I receive information about the strategy as soon as it is available in the rest of the organisation

| -4% | -7% | -11% | 18% | 32% | 24% |

II.19. I also receive information about the strategy process (e.g., method of formulation, intentions regarding updates, ways it will be monitored, etc.)

| -6% | -11% | -13% | 27% | 23% | 17% |

II.18. I receive useful information regarding the strategy of other departments or units

| -4% | -9% | -11% | 25% | 30% | 17% |

II.17. I find information that is directly relevant to me in the communication of the overall strategy

| -1% | -6% | -6% | 15% | 38% | 31% |

II.16. When I communicate the strategy myself, I leave time for questions and discussion

| 0% | 0% | -2% | 8% | 34% | 47% |

II.15. There is time for questions and discussion when our company's strategy is presented

| -3% | -8% | -10% | 18% | 34% | 25% |

II.14. I feel the communication of my company's strategy is handled in an open way

| -3% | -5% | -8% | 19% | 35% | 29% |

II.13. I explain to my team how we will reach the objectives that have been set

| -1% | -2% | -2% | 10% | 33% | 46% |

II.12. I also communicate strategic initiatives to my team

| -1% | -1% | -4% | 10% | 31% | 45% |

II.11. I myself communicate our strategy to my team

| -1% | -2% | -4% | 11% | 30% | 44% |

II.10. Our CEO or top executive(s) are sufficiently involved in communicating the overall strategy

| -4% | -5% | -7% | 12% | 30% | 41% |

II.9. The company's strategy has been communicated to me in a variety of ways (e.g., e-mail, live presentation, intranet, brochure, etc.)

| -3% | -3% | -5% | 16% | 29% | 39% |

Legend: ■ Strongly disagree ■ Moderately disagree ■ Slightly disagree □ Slightly agree ■ Moderately agree ■ Strongly agree

Figure 4 | Dimension III. Initiative Management

III.30. Processes that are important for the realisation of our strategy are identified and managed accordingly

| -3% | -8% | -13% | 26% | 32% | 16% |

III.29. All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives

| -3% | -8% | -12% | 25% | 33% | 17% |

III.28. I always know (or can easily find out) exactly who is responsible for a strategic initiative or project

| -4% | -10% | -13% | 22% | 29% | 21% |

III.27. All strategic initiatives or projects that I know of have an adequate budget allocated to them

| -6% | -11% | -17% | 27% | 26% | 8% |

III.26. All strategic initiatives or projects that I know of are staffed with the right people

| -8% | -9% | -20% | 31% | 24% | 6% |

III.25. All strategic initiatives or projects that I know of support the strategy

| -7% | -12% | 23% | 40% | 15% |

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

Figure 5 ⏐ Dimension IV. Individual Objective Setting

IV.46. I feel inspired after an objective-setting meeting with my manager

-4% -5% -10% | 20% | 27% | 25%

IV.45. My objectives are changed during the year when a change in the context makes this necessary

-4% -5% -7% | 13% | 30% | 38%

IV.44. I can explain how my individual objectives relate to those of my unit or department

-1% -4% -4% | 10% | 25% | 53%

IV.43. My objectives help me find better ways to execute my tasks

-2% -4% -10% | 21% | 33% | 28%

IV.42. I am allowed to control the time I spend on tasks

-1% -3% -4% | 10% | 27% | 53%

IV.41. My objectives give me the energy to go the extra mile

-3% -2% -7% | 16% | 32% | 40%

IV.40. My objectives help me decide what tasks are important

-1% -3% -4% | 14% | 37% | 40%

IV.39. In addition to performance objectives, I also have learning objectives

-4% -6% -8% | 16% | 25% | 39%

IV.38. I make my commitment to an objective known to others in addition to my manager

-1% -2% -4% | 12% | 30% | 46%

IV.37. I believe I can attain the objectives that have been set

-1% -1% -3% | 9% | 35% | 50%

IV.36. I consider reaching my objectives to be important

-1% -1% -1% | 4% | 19% | 75%

IV.35. I receive regular feedback on my progress in relation to my objectives

-3% -10% -14% | 23% | 28% | 20%

IV.34. I do influence the setting of my own objectives

-1% -2% -4% | 12% | 30% | 49%

IV.33. I consider my objectives to be challenging

-2% -2% -4% | 10% | 33% | 47%

IV.32. My objectives are specific regarding what is to be attained

-3% -4% -7% | 12% | 32% | 42%

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

Figure 6 | Dimension V. Skilled Managers

V.56. My manager is involved in evaluating a training or coaching programme that I have followed

| -19% | -15% | -11% | | 19% | 13% | 12% |

V.55. When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job

| -15% | -13% | -9% | | 14% | 19% | 19% |

V.54. I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills

| -8% | -11% | -11% | | 20% | 22% | 25% |

V.53. I have the opportunity to participate in a 360° (or similar) exercise where I receive feedback from my manager, colleagues or direct reports

| -16% | -12% | -8% | | 16% | 15% | 25% |

V.52. I believe that managerial skills are crucial to performing my job well

| 0% -1% -2% | | 6% | 23% | 66% |

V.51. I regularly have the opportunity to follow a training programme or to receive coaching on management skills

| -11% | -11% | -11% | | 20% | 21% | 21% |

V.50. My company provides me with training or coaching on three or more of the above topics

| -19% | -14% | -15% | | 13% | 13% | 20% |

V.49. My company provides me with training or coaching on at least two of the above topics

| -13% | -10% | -9% | | 16% | 18% | 29% |

V.48. My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people

| -10% | -9% | -8% | | 18% | 19% | 32% |

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

Figure 7 | Dimension VI. Engaged People and Performance-Driven Culture

VI.69. I stimulate my direct reports to continuously learn new skills and challenge themselves

0% 0% -1% | 10% | 34% | 48%

VI.68. If someone in my team doesn't perform as I expect him/her to, I talk to him/her myself

0% -1% -2% | 8% | 29% | 56%

VI.67. If I don't perform, my manager talks to me about it

-2% -6% -7% | 17% | 30% | 28%

VI.66. I value the opportunity to organise my work myself

0% 0% 0% | 1% | 22% | 75%

VI.65. I am persistent when confronted with a task that isn't easy to finish

0% 0% -1% | 6% | 33% | 59%

VI.64. I believe my success is the result of my own actions

0% -1% -3% | 12% | 39% | 44%

VI.63. I like looking for better ways to do my job

0% 0% -1% | 6% | 30% | 63%

VI.62. I always look for ways to learn more, even if it isn't directly useful in my job

0% 0% -1% | 5% | 30% | 63%

VI.61. I like competing with others

-3% -4% -9% | 21% | 30% | 33%

VI.60. I am willing to take responsibility if something goes wrong

0% 0% 0% | 5% | 27% | 67%

VI.59. In general, I am comfortable with changes in my work environment (e.g., reorganisation of departments, change of strategy, new operating policies, etc.)

-2% -3% -4% | 10% | 42% | 38%

VI.58. I am not particularly concerned when I have to perform a difficult task

-7% -4% -6% | 13% | 38% | 32%

■ Strongly disagree　■ Moderately disagree　■ Slightly disagree　■ Slightly agree　■ Moderately agree　■ Strongly agree

Figure 8 | Dimension VII. Performance-Related Pay

VII.81. I always find it easy to talk with my manager about my training needs

-2% | -6% | -10% | 15% | 28% | 30%

VII.80. I often tell people they've done a good job

0% -1% -2% | 12% | 38% | 45%

VII.79. I have received adequate training on how to evaluate my direct reports

-8% | -9% | -10% | 20% | 22% | 23%

VII.78. In general, appraisals are made on the same basis by all managers

-8% | -13% | -14% | 19% | 24% | 14%

VII.77. I find the evaluation system useful in making reward decisions for my team members

-7% | -9% | -10% | 16% | 30% | 18%

VII.76. There is a good balance between team and individual reward

-10% | -12% | -17% | 18% | 26% | 11%

VII.75. I could explain my company's reward system to my neighbour if I wanted to

-7% | -8% | -8% | 15% | 21% | 36%

VII.74. Rewards generally follow quickly after the performance for which they were earned

-9% | -14% | -20% | 24% | 23% | 9%

VII.73. Poor performers generally face the consequences of not meeting expectations

-7% | -11% | -19% | 23% | 24% | 13%

VII.72. Good performers generally receive some sort of recognition or reward

-4% -4% -7% | 19% | 38% | 27%

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

Figure 9 | Dimension VIII. Support for ManagersCulture

VIII.88. My job as a manager is made easier by the procedures and tools that are provided to me with regard to setting and evaluating individual objectives

| -4% | -5% | -11% | 22% | 32% | 19% |

VIII.87. My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up

| -4% | -7% | -15% | 23% | 30% | 12% |

VIII.86. I find it easy to follow the procedures for setting and evaluating individual objectives

| -2% | -4% | -9% | 20% | 36% | 25% |

VIII.85. I find it easy to follow the procedures for strategy definition and follow-up

| -4% | -7% | -12% | 23% | 30% | 18% |

VIII.84. If I wanted to, I could explain to my neighbour the way we set objectives and evaluate employees

| -3% | -6% | -8% | 18% | 29% | 34% |

VIII.83. If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete

| -3% | -8% | -8% | 21% | 33% | 25% |

■ Strongly disagree ■ Moderately disagree ■ Slightly disagree ■ Slightly agree ■ Moderately agree ■ Strongly agree

03 │ **Detailed overview of all scores ranked top-to-bottom**

Figure 10
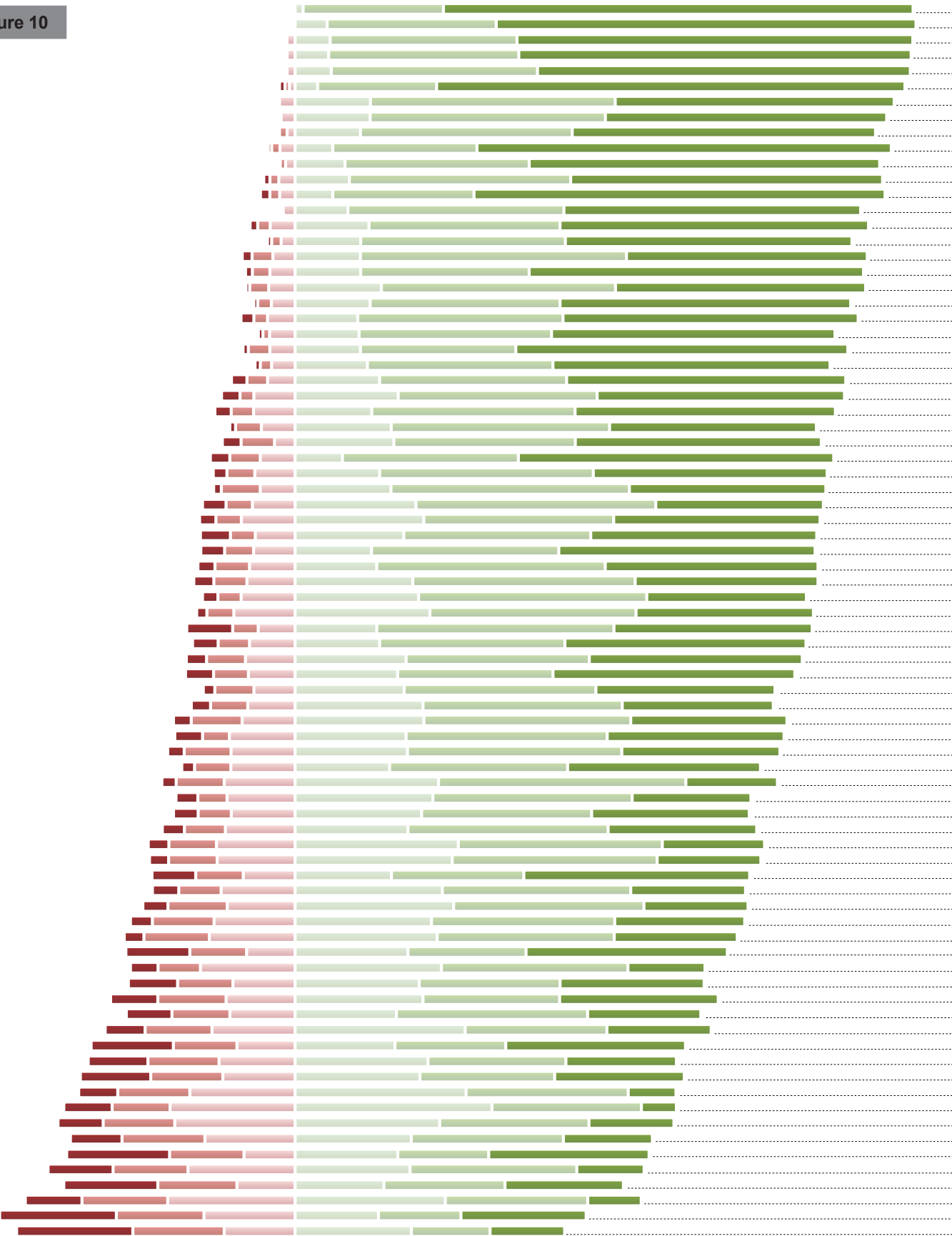
.... VI.66. I value the opportunity to organise my work myself
.... VI.60. I am willing to take responsibility if something goes wrong
.... VI.63. I like looking for better ways to do my job
.... VI.62. I always look for ways to learn more, even if it isn't directly useful in my job
.... VI.65. I am persistent when confronted with a task that isn't easy to finish
.... IV.36. I consider reaching my objectives to be important
.... VI.64. I believe my success is the result of my own actions
.... VII.80. I often tell people they've done a good job
.... VI.69. I stimulate my direct reports to continuously learn new skills and challenge themselves
.... V.52. I believe that managerial skills are crucial to performing my job well
.... VI.68. If someone in my team doesn't perform as I expect him/her to, I talk to him/her myself
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.... 1.5. My objectives not only relate to financials but also to customers, processes, people or other elements
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.... IV.34. I do influence the setting of my own objectives
.... II.13. I explain to my team how we will reach the objectives that have been set
.... VI.59. In general, I am comfortable with changes in my work environment (e.g., reorganisation of departments, change of strategy, new operating policies, etc.)
.... IV.42. I am allowed to control the time I spend on tasks
.... IV.40. My objectives help me decide what tasks are important
.... IV.38. I make my commitment to an objective known to others in addition to my manager
.... IV.33. I consider my objectives to be challenging
.... II.12. I also communicate strategic initiatives to my team
.... IV.44. I can explain how my individual objectives relate to those of my unit or department
.... II.11. I myself communicate our strategy to my team
.... 1.3. My unit or department has specific strategic objectives
.... IV.41. My objectives give me the energy to go the extra mile
.... IV.32. My objectives are specific regarding what is to be attained
.... I.4. Other parts of the organisation have similar strategic objectives for their activities
.... II.09. The company's strategy has been communicated to me in a variety of ways (e.g., e-mail, live presentation, intranet, brochure, etc.)
.... I.1. I feel excited by my company's strategy
.... II.22. I would be able to explain my company's strategy to a neighbour if I wanted to
.... II.17. I find information that is directly relevant to me in the communication of the overall strategy
.... VII.72. Good performers generally receive some sort of recognition or reward
.... VI.61. I like competing with others
.... I.6. I have indicators and targets against which progress is continuously tracked
.... II.10. Our CEO or top executive(s) are sufficiently involved in communicating the overall strategy
.... I.2. I think the strategy is the right one for our company
.... I.14. I feel the communication of my company's strategy is handled in an open way
.... VIII.86. I find it easy to follow the procedures for setting and evaluating individual objectives
.... IV.43. My objectives help me find better ways to execute my tasks
.... VI.58. I am not particularly concerned when I have to perform a difficult task
.... IV.45. My objectives are changed during the year when a change in the context makes this necessary
.... VIII.84. If I wanted to, I could explain to my neighbour the way we set objectives and evaluate employees
.... IV.39. In addition to performance objectives, I also have learning objectives
.... VI.67. If I don't perform, my manager talks to me about it
.... II.21. When I ask for further information or when I pose a question, I receive an individual response
.... VIII.83. If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete
.... I.7. The company's strategy is tested during the year
.... II.15. There is time for questions and discussion when our company's strategy is presented
.... VII.81. I always find it easy to talk with my manager about my training needs
.... III.25. All strategic initiatives or projects that I know of support the strategy
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.... III.29. All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives
.... VII.75. I could explain my company's reward system to my neighbour if I wanted to
.... VIII.85. I find it easy to follow the procedures for strategy definition and follow-up
.... I.18. I receive useful information regarding the strategy of other departments or units
.... III.28. I always know (or can easily find out) exactly who is responsible for a strategic initiative or project
.... III.35. I receive regular feedback on my progress in relation to my objectives
.... V.48. My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people
.... VIII.87. My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up
.... VII.79. I have received adequate training on how to evaluate my direct reports
.... V.54. I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills
.... VII.77. I find the evaluation system useful in making reward decisions for my team members
.... II.19. I also receive information about the strategy process (e.g., method of formulation, intentions regarding updates, ways it will be monitored, etc.)
.... V.49. My company provides me with training or coaching on at least two of the above topics
.... II.23. I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department
.... V.51. I regularly have the opportunity to follow a training programme or to receive coaching on management skills
.... III.27. All strategic initiatives or projects that I know of have an adequate budget allocated to them
.... III.26. All strategic initiatives or projects that I know of are staffed with the right people
.... VII.73. Poor performers generally face the consequences of not meeting expectations
.... VII.78. In general, appraisals are made on the same basis by all managers
.... V.53. I have the opportunity to participate in a 360° (or similar) exercise where I receive feedback from my manager, colleagues or direct reports
.... VII.76. There is a good balance between team and individual reward
.... V.55. When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job
.... VII.74. Rewards generally follow quickly after the performance for which they were earned
.... V.50. My company provides me with training or coaching on three or more of the above topics
.... V.56. My manager is involved in evaluating a training or coaching programme that I have followed

04 │ **Best 3 per dimension**

We have analysed the 3 best scores per dimension. The scoring ranks from best-to-worst.
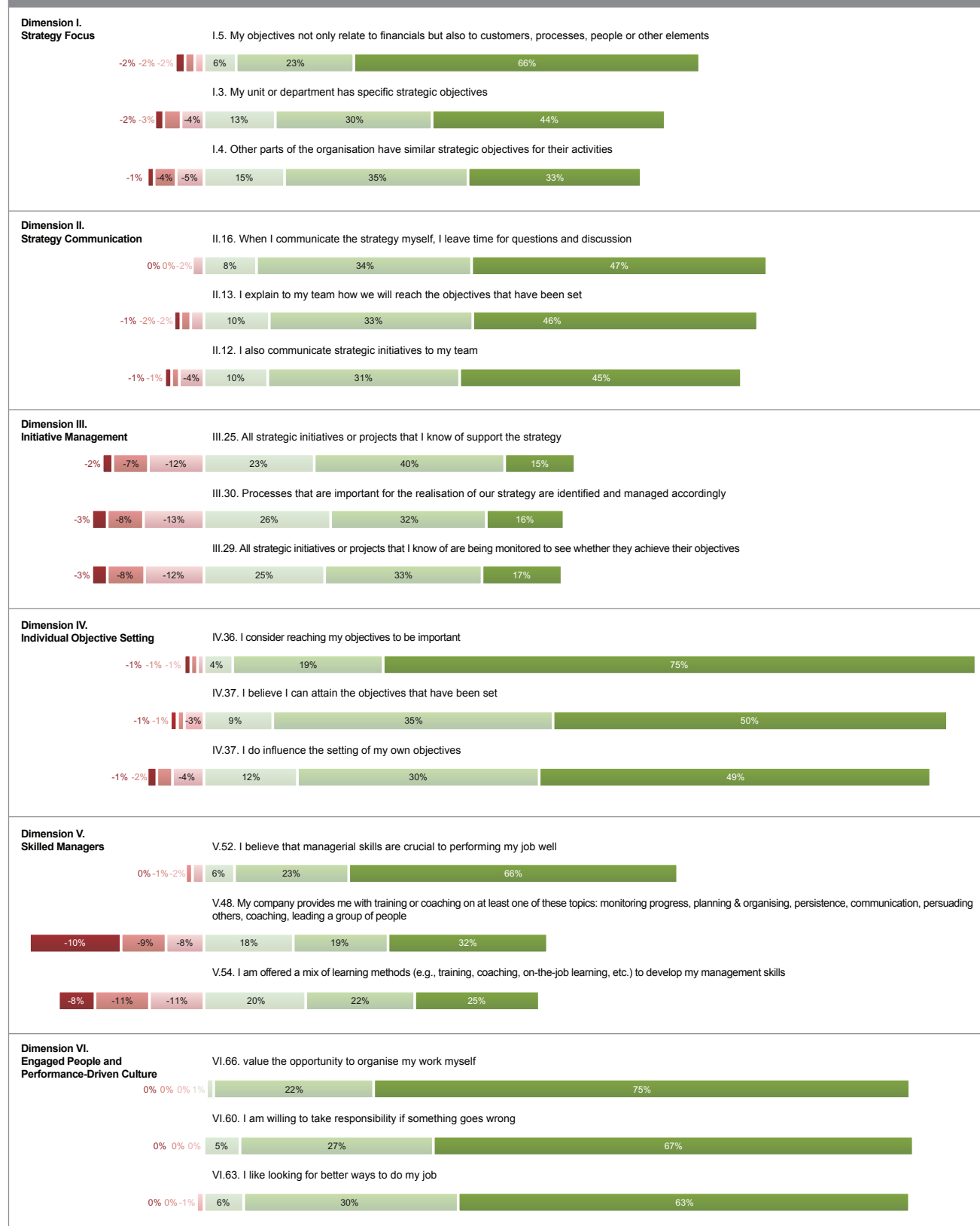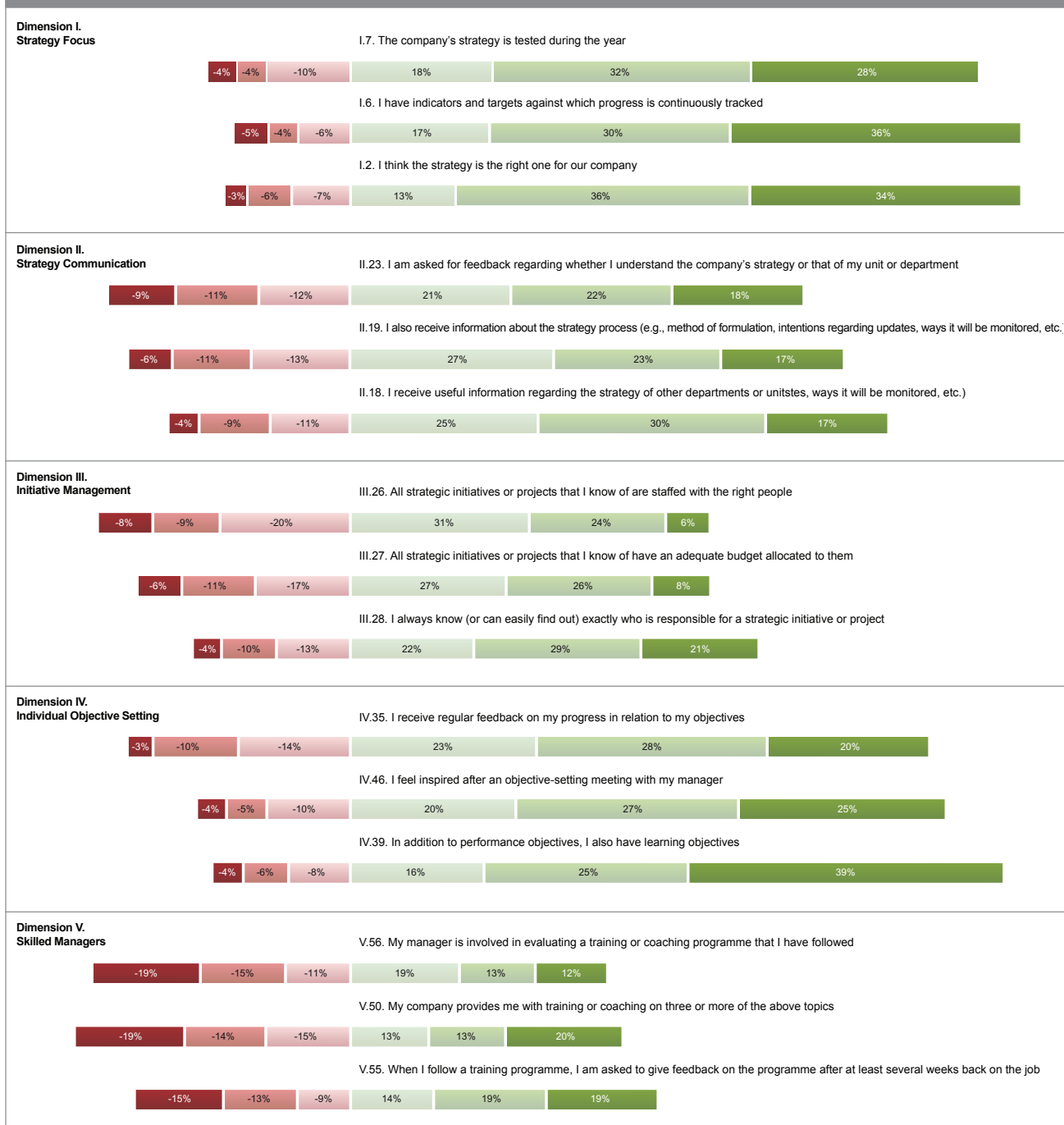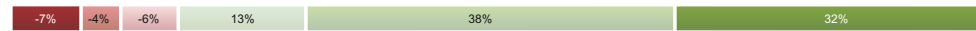
Figure 11 │ Best 3 per dimension (1/2)

Dimension I.
Strategy Focus

I.5. My objectives not only relate to financials but also to customers, processes, people or other elements

-2% -2% -2% | 6% | 23% | 66%

I.3. My unit or department has specific strategic objectives

-2% -3% | -4% | 13% | 30% | 44%

I.4. Other parts of the organisation have similar strategic objectives for their activities

-1% | -4% -5% | 15% | 35% | 33%

Dimension II.
Strategy Communication

II.16. When I communicate the strategy myself, I leave time for questions and discussion

0% 0% -2% | 8% | 34% | 47%

II.13. I explain to my team how we will reach the objectives that have been set

-1% -2% -2% | 10% | 33% | 46%

II.12. I also communicate strategic initiatives to my team

-1% -1% | -4% | 10% | 31% | 45%

Dimension III.
Initiative Management

III.25. All strategic initiatives or projects that I know of support the strategy

-2% | -7% | -12% | 23% | 40% | 15%

III.30. Processes that are important for the realisation of our strategy are identified and managed accordingly

-3% | -8% | -13% | 26% | 32% | 16%

III.29. All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives

-3% | -8% | -12% | 25% | 33% | 17%

Dimension IV.
Individual Objective Setting

IV.36. I consider reaching my objectives to be important

-1% -1% -1% | 4% | 19% | 75%

IV.37. I believe I can attain the objectives that have been set

-1% -1% | -3% | 9% | 35% | 50%

IV.37. I do influence the setting of my own objectives

-1% -2% | -4% | 12% | 30% | 49%

Dimension V.
Skilled Managers

V.52. I believe that managerial skills are crucial to performing my job well

0% -1% -2% | 6% | 23% | 66%

V.48. My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people

-10% | -9% | -8% | 18% | 19% | 32%

V.54. I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills

-8% | -11% | -11% | 20% | 22% | 25%

Dimension VI.
Engaged People and
Performance-Driven Culture

VI.66. value the opportunity to organise my work myself

0% 0% 0% 1% | 22% | 75%

VI.60. I am willing to take responsibility if something goes wrong

0% 0% 0% | 5% | 27% | 67%

VI.63. I like looking for better ways to do my job

0% 0% -1% | 6% | 30% | 63%

Figure 11 | Best 3 per dimension (2/2)

Dimension VII.
Performance-Related Pay

VII.80. I often tell people they've done a good job

| 0% | -1% | -2% | 12% | 38% | 45% |

VII.72. Good performers generally receive some sort of recognition or reward

| -4% | -4% | -7% | 19% | 38% | 27% |

VII.81. I always find it easy to talk with my manager about my training needs

| -2% | -6% | -10% | 15% | 28% | 30% |

Dimension VIII.
Support for Managers

VIII.86. I find it easy to follow the procedures for setting and evaluating individual objectives

| -2% | -4% | -9% | 20% | 36% | 25% |

VIII.84. If I wanted to, I could explain to my neighbour the way we set objectives and evaluate employees

| -3% | -6% | -8% | 18% | 29% | 34% |

VIII.83. If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete

| -3% | -8% | -8% | 21% | 33% | 25% |

05 | **Worst 3 per dimension**

We have analysed the 3 worst scores per dimension. The scoring ranks from worst-to-best.

| **Figure 12** | Worst 3 per dimension (1/2) |

Dimension I.
Strategy Focus

I.7. The company's strategy is tested during the year

| -4% | -4% | -10% | 18% | 32% | 28% |

I.6. I have indicators and targets against which progress is continuously tracked

| -5% | -4% | -6% | 17% | 30% | 36% |

I.2. I think the strategy is the right one for our company

| -3% | -6% | -7% | 13% | 36% | 34% |

Dimension II.
Strategy Communication

II.23. I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department

| -9% | -11% | -12% | 21% | 22% | 18% |

II.19. I also receive information about the strategy process (e.g., method of formulation, intentions regarding updates, ways it will be monitored, etc.)

| -6% | -11% | -13% | 27% | 23% | 17% |

II.18. I receive useful information regarding the strategy of other departments or unitstes, ways it will be monitored, etc.)

| -4% | -9% | -11% | 25% | 30% | 17% |

Dimension III.
Initiative Management

III.26. All strategic initiatives or projects that I know of are staffed with the right people

| -8% | -9% | -20% | 31% | 24% | 6% |

III.27. All strategic initiatives or projects that I know of have an adequate budget allocated to them

| -6% | -11% | -17% | 27% | 26% | 8% |

III.28. I always know (or can easily find out) exactly who is responsible for a strategic initiative or project

| -4% | -10% | -13% | 22% | 29% | 21% |

Dimension IV.
Individual Objective Setting

IV.35. I receive regular feedback on my progress in relation to my objectives

| -3% | -10% | -14% | 23% | 28% | 20% |

IV.46. I feel inspired after an objective-setting meeting with my manager

| -4% | -5% | -10% | 20% | 27% | 25% |

IV.39. In addition to performance objectives, I also have learning objectives

| -4% | -6% | -8% | 16% | 25% | 39% |

Dimension V.
Skilled Managers

V.56. My manager is involved in evaluating a training or coaching programme that I have followed

| -19% | -15% | -11% | 19% | 13% | 12% |

V.50. My company provides me with training or coaching on three or more of the above topics

| -19% | -14% | -15% | 13% | 13% | 20% |

V.55. When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job

| -15% | -13% | -9% | 14% | 19% | 19% |

Figure 12 | Worst 3 per dimension (2/2)

Dimension VI.
Engaged People and
Performance-Driven Culture

VI.67. If I don't perform, my manager talks to me about it

| -2% | -6% | -7% | 17% | 30% | 28% |

VI.58. I am not particularly concerned when I have to perform a difficult task

| -7% | -4% | -6% | 13% | 38% | 32% |

VI.61. I like competing with others

| -3% | -4% | -9% | 21% | 33% | 30% |

Dimension VII.
Performance-Related Pay

VII.76. There is a good balance between team and individual reward

| -10% | -12% | -17% | 18% | 26% | 11% |

VII.74. Rewards generally follow quickly after the performance for which they were earned

| -9% | -14% | -20% | 24% | 23% | 9% |

VII.78. In general, appraisals are made on the same basis by all managers

| -8% | -13% | -14% | 19% | 24% | 14% |

Dimension VIII.
Support for Managers

VIII.87. My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up

| -4% | -7% | -15% | 23% | 30% | 12% |

VIII.85. I find it easy to follow the procedures for strategy definition and follow-up

| -4% | -7% | -12% | 23% | 30% | 18% |

VIII.88. My job as a manager is made easier by the procedures and tools that are provided to me with regard to setting and evaluating individual objectives

| -4% | -5% | -11% | 22% | 32% | 19% |

30 key findings with expert comments

01 | Finding 1. An overwhelming majority of organisations adopt a balanced view of objectives

Sound Strategy Execution requires a balanced set of objectives. Apart from traditional financial objectives, those on customer satisfaction, how the business is running from a process perspective and how we cope with learning or self-improvement, are all equally important.

Our research confirms that organisations understand the importance of having a balanced set of objectives: 94 percent (⬇) of the participating organisations have objectives that not only relate to financials, but also to customers, processes, people or other dimensions.

This high score, compared to other Strategy Execution findings, clearly demonstrates that companies have embraced one of the core principles of the Balanced Scorecard: cascading strategy.

QUOTE

"To the person who does not know where he wants to go there is no favourable wind."

Seneca

Figure 13 | Score I.5

My objectives not only relate to financials but also to customers, processes, people or other elements

(⬇)

| 2% | 2% | 2% | 6% | 23% | 66% |

02 | Finding 2. The overall strategy needs to – and does – inspire most managers

There's no implementation without inspiration. Or in other words, a strategy needs to inspire managers to take action. By itself. Having all the mechanics and incentives in place to stimulate execution is one thing – invoking passion to execute is quite another.

Are managers inspired by the company's strategy? The majority – 86 per cent (⬇) – are. Even more so, 50 percent (⬇⬇) of all respondents indicate that they get very excited by their company strategy.

A positive score of 86 percent is well above the scoring average in our research. It confirms a maturity level in the rating of the dimension of Strategy Focus.

FAST FACT

One in two managers feel strongly inspired by the overall company strategy.

Figure 14 | Score I.1

I feel excited by my company's strategy

(⬇)

(⬇⬇)

| -3% | -5% | -6% | 8% | 28% | 50% |

03 | **Finding 3. The strategy adjustment cycle is too long in many organisations**

The strategic time horizon varies from industry to industry and spans from 24 months to 15 years or more. But no matter what the time horizon, a periodic check on the validity – thorough or superficial – should be carried out on a regular basis. This helps to fine-tune the strategic objectives to the ever-changing context and provides an excellent starting point for the yearly performance and budget cycle.

But 19 percent (↓) of all respondents believe that the strategy adjustment process isn't working properly and hasn't adapted to the fast pace of change. Only 28 percent (↓) of participants indicate that the strategy is adjusted over a one-year period.

The strategy adjustment cycle scores the worst of all the elements in the Strategy Focus dimension. Companies should carefully evaluate the quality and speed of their strategy adjustment cycle and make sure that they can respond adequately and especially timely to the constantly changing business environment. Adjusting the strategic objectives when needed should be institutionalised within the performance management process.

Figure 15 | Score I.7

The company's strategy is tested during the year

(↓)

(↓)

| -4% | -4% | -10% | 18% | 32% | 28% |
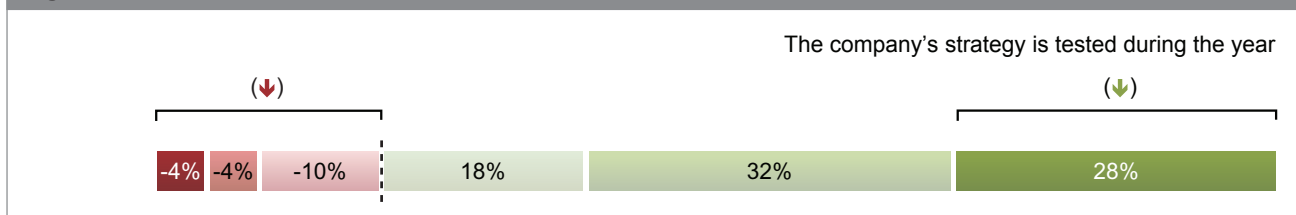
04 | Finding 4. Middle management takes its role in strategy communication seriously, but this offers no quality guarantee

Senior managers play a crucial role in communicating the strategy. But this doesn't mean that the role of the middle managers is any less important. They are the essential link in the communication chain as many employees rely on them to bring the strategy to life. Their communication doesn't stop at the 'what' but should also include the 'how' – the steps needed to get the strategy executed. Moreover, their communication attitude is crucial to the overall communication climate.

Let's look at how well middle managers handle strategy communication. What can we learn from the results? First of all, we can conclude that they take their role in strategy communication seriously. Of all managers:

— 85 percent (⬇)talk with their team about the strategy itself.
— 86 percent (⬇)comment on the resulting initiatives or projects.
— 89 percent (⬇)explain the process required to reach the set objectives.
— 90 percent (⬇)stimulate participation by leaving time for questions and discussions.

We can conclude that middle managers demonstrate the proper attitude towards strategy communication. The quality of their communication how ever, is not looked at. To judge the quality of communication, we have to look at three elements: how much information is communicated, what is communicated and how that communication takes place.

Figure 16 | Scores II.11. - II.12. - II.13. - II.16.

I myself communicate our strategy to my team
(⬇)

-1% -2% | -4% | 11% | 30% | 44%

I also communicate strategic initiatives to my team
(⬇)

-1% -2% | -4% | 10% | 31% | 45%

I explain to my team how we will reach the objectives that have been set
(⬇)

-1% -2% -2% | 10% | 33% | 46%

When I communicate the strategy myself, I leave time for questions and discussion
(⬇)

-2% | 8% | 34% | 47%
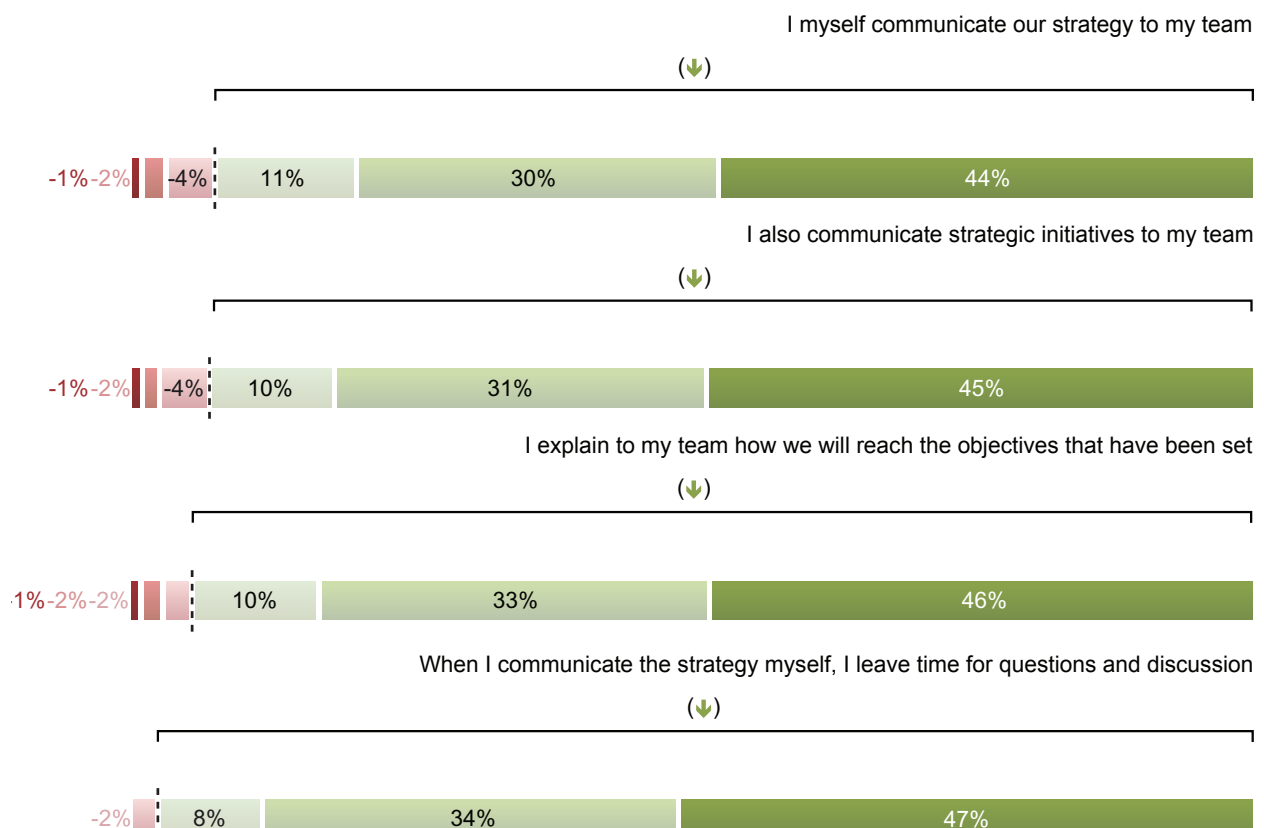
05 | Finding 5. Managers believe their CEOs to be sufficiently involved in communicating the strategy

Leaders don't only need to formulate the strategy. They also need to communicate the overall company ambition. And they need to take an active role in the process as visual leadership has a positive impact on employee engagement.

83 percent (⬇) of all managers believe their top executives to be sufficiently involved in the strategy communication process. Only 15 percent (⬇) expect even more top management engagement with regards to strategy communication.

Figure 17 | Score II.10.

Our CEO or top executive(s) are sufficiently involved in communicating the overall strategy

(⬇)   (⬇)

| -4% | -5% | -7% | 12% | 30% | 41% |
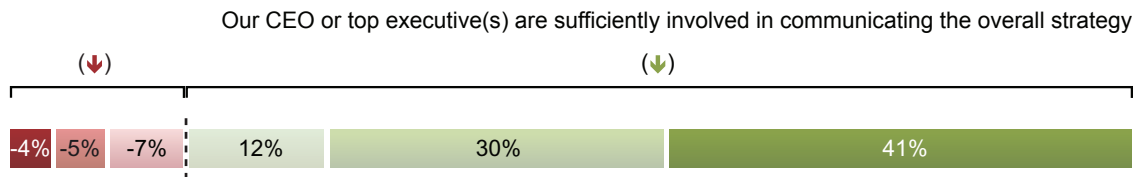
06 | Finding 6. Companies use various channels to communicate their strategy

Strategy communication can take place via many channels including emails, live presentations, intranet sites and newsletters. An organisation that is serious about strategy communication needs a solid communication plan that includes a detailed view on how to use the variety of communication channels to the best advantage.

What does the research teach us about the variety of channels used? Around 84 percent (⬇) of all respondents are happy with the execution of the communication strategy across a variety of communication channels. Only 11 percent (⬇) are not.

We can conclude that these scores are pretty good as the sample group includes quite a few organisations with less than 250 employees which have fewer communication channels available.

Figure 18 | Score II.?.

The company's strategy has been communicated to me in a variety of ways

(⬇)   (⬇)

| -3% | -5% | -3% | 16% | 29% | 39% |
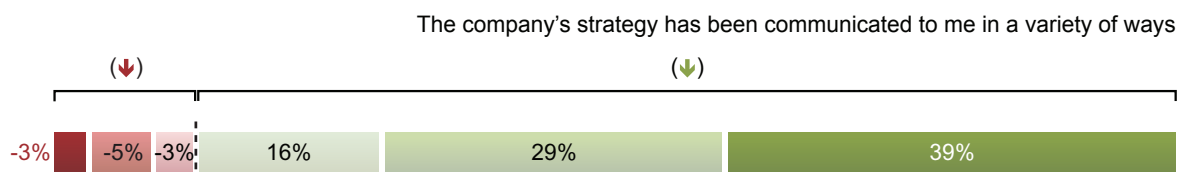
07 | **Finding 7. Senior management is ignorant of managers' true under standing of the strategy**

Knowing if managers understand the strategy is essential information for topexecutives. In fact, it is indispensable to manage the overall strategy communication process.

Remarkably, the research proves that senior management remains largely in the dark as to whether managers understand the strategy. 33 percent (⬇) of participating managers are never actually asked the question.

The measurement of strategy understanding receives the worst overall scores from all strategy communication elements that we surveyed. It should be the first step to improving strategy communication. There is an abundance of feedback tools including surveys, interviews, FAQs, informal conversations, managers' meetings, senior management walkabouts and focus groups. Determine which suit your organisation best and use them.

Figure 19 │ Score II.23.

I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department

(⬇)

| -9% | -11% | -12% | 21% | 22% | 18% |

08 | **Finding 8. Managers lack information on their colleagues' goals**

It's crucial that you know the strategy priorities of other departments. It helps you to see the big picture and enables smooth-running, cross-functional collaboration. This requires information about goals and priorities to flow freely throughout the entire organisation.

That's how it should be. But our research shows that critical strategy information is often missing. In fact, just 17 percent(⬇)are happy with the strategy intelligence received from colleagues. And 24 percent (⬇)don't receive anything at all.

When we compare these results with the other strategy communication findings, we can conclude that sharing information on strategic priorities is one of the first steps you should take to improve your overall communication scores. Think beyond your silo and be part of the bigger picture.

FAST FACT

Of all managers, 24 percent do not receive any useful strategy information from other departments.

Figure 20 │ Score II.18.

I receive useful information regarding the strategy of other departments or units

(⬇)   (⬇)

| -4% | -9% | -11% | 25% | 30% | 17% |
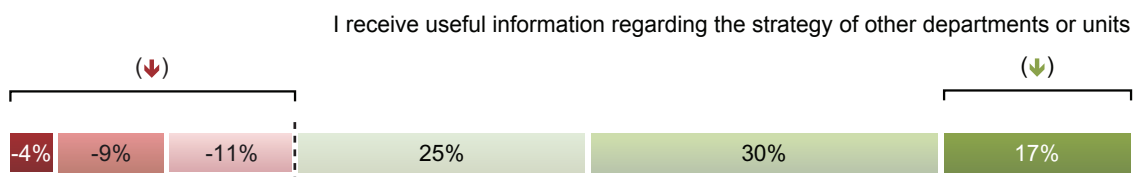
09 | **Finding 9. Managers lack a clear view of the overall Strategy Execution process**

It's quite obvious that managers need to understand the strategy content. But they also need a thorough insight of the Strategy Execution process. This includes the method of strategy cascading, the way strategic initiatives are selected, monitored and managed and the link with the individual objective-setting process. Research shows that sharing this information positively influences participation and therefore increases commitment to execute the strategy.

But do organisations share information on the Strategy Execution process? Only to a very limited degree. Just 66 percent (⬇) of respondents indicate that they receive information on the Strategy Execution process.

Of all the 15 elements that determine the quality of the strategy communication, this one scores poorly and ends up in 14th place. If you want to improve the strategy communication in your organisation, make sure you provide all managers with a clear picture of the Strategy Execution process. It will surely have a positive impact on their overall understanding and boost their buy-in.

Figure 21 │ Score II.19.

I also receive information about the strategy process

(⬇)

| -6% | -11% | -13% | 27% | 23% | 17% |

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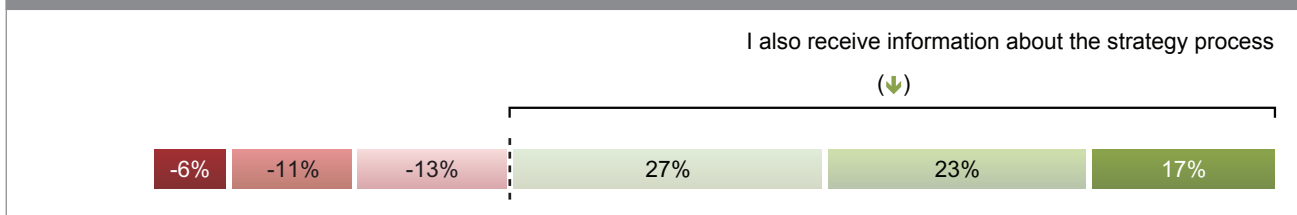
10 | **Finding 10. Executives fail to establish an open communication climate**

Open communication encourages employees to connect with the strategy and make it their own. Leaving room for questions and discussion when presenting the strategy is the first step towards this desired communication climate.

Our research shows that top management fails to establish such an open communication climate. 20 percent (⬇) of the respondents – all middle managers – find there is no time for questions and discussions when their company's strategy is presented. We found no correlation between company size and the perceived level of openness. The scores are relatively constant no matter what the size of the organisation.

Note that middle management believes that they do a lot better themselves. Only 2 percent leaves no room for questions and discussions during or after a strategy communication (score II.16.).

Figure 22 │ Score II.15.

There is time for questions and discussion when our company's strategy is presented

(⬇)

| -3% | -8% | -10% | 18% | 34% | 25% |

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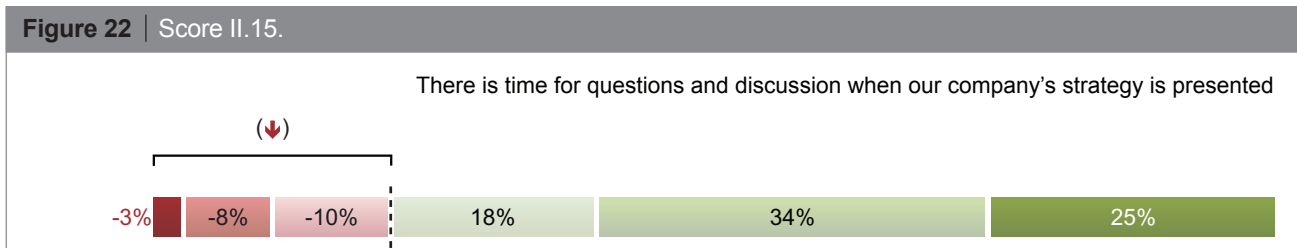
11 | **Finding 11. Strategic initiatives are poorly staffed and inadequately budgeted for**

We define strategic initiatives as a collection of carefully selected programmes and projects, operating outside of the day-to-day business, and reinforcing each other to help the organisation reach its targeted performance. Strategic initiatives are vital to translate strategy into concrete results. Assigning the proper resources – both people and money – is paramount.

How do organisations fare on resources allocation? In one word: poorly. A mere 61 percent (⬇) believe that the strategic initiatives in their organisation are ad equately budgeted and staffed.

In general, we can say that initiative management is the number one opportunity to improve your Strategy Execution. And, according to the survey results, proper resource management is a good place to start your improvement journey.

| **Figure 23** | Scores III.26. - III.27. |

All strategic initiatives or projects that I know of are staffed with the right people

(⬇)

| -8% | -9% | -20% | 31% | 24% | 6% |

All strategic initiatives or projects that I know of have an adequate budget allocated to them

(⬇)

| -6% | -11% | -17% | 27% | 26% | 8% |
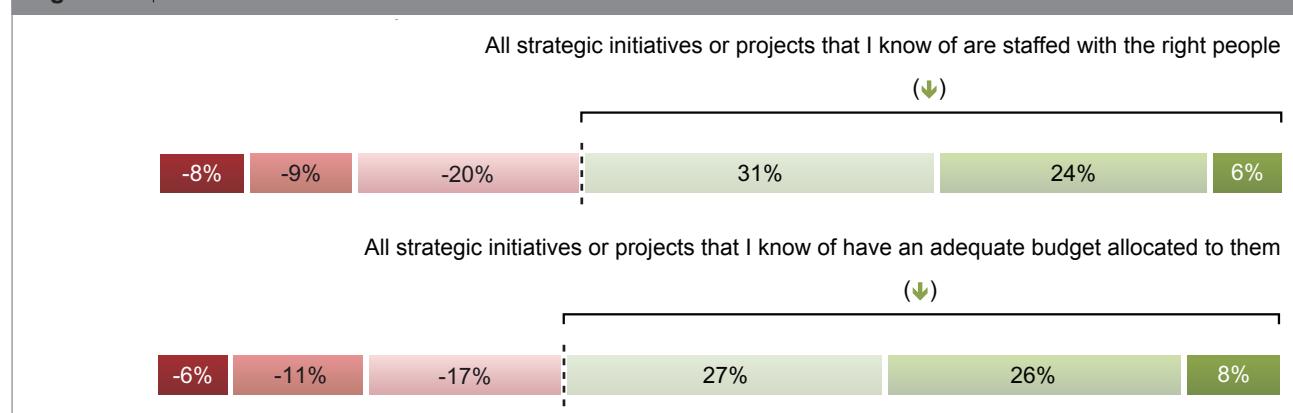
12 │ **Finding 12. Strategic projects lack transparent accountabilities**

Strategic projects need clear accountabilities. Not so much to have a whipping post when something goes wrong, but to motivate people to meet deadlines, deliver quality products, or succeed in general.

When 26 percent (⬇) have no clue who is responsible for several strategic projects in the organisation, there is obviously room for improvement. Only 21 percent (⬇) of all managers involved find the project accountabilities really transparent in their organisation.

Without clear accountabilities, it is difficult to build a productive, execution-oriented organisation. Start by improving communication about who is doing what and use the internal systems available to make it easy to find this basic information on key projects.

Figure 24 │ Score III.28.

I always know (or can easily find out) exactly who is responsible for a strategic initiative or project

(⬇)   (⬇)

| -4% | -10% | -13% | 22% | 29% | 21% |
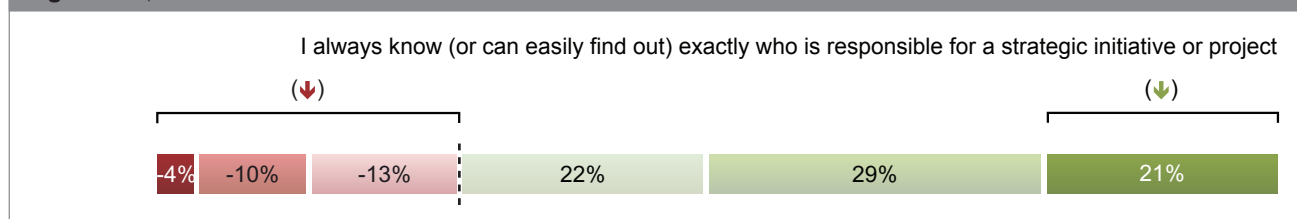
13 │ **Finding 13. Companies don't measure the strategic impact of their key initiatives**

'What gets measured gets done' is one of the most famous quotes in management literature. And the saying is also valid in a project environment. It's a must to measure whether projects deliver against their actual objectives and to evaluate if the strategic initiative in general brings the organisation closer to the desired benefits promised in the strategy.

Our research shows that most organisations don't master benefits tracking. 23 percent (⬇) of all participants claim that the impact measurement of key initiatives falls short of expectations.

Once strategic initiatives are set in motion, steering them becomes the number one priority. Without benefits tracking, project managers are partly blind. It also makes adjustment extremely difficult as you don't know if you are going in the right direction. When assessing strategic impact, it is best to refer to the project prioritisation you carried out at the start. In any case, as a starting point, you'll have to state the real outcome instead of guessing the results.

Figure 25 │ Score III.29.

All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives

(⬇)

| -3% | -8% | -12% | 25% | 33% | 17% |
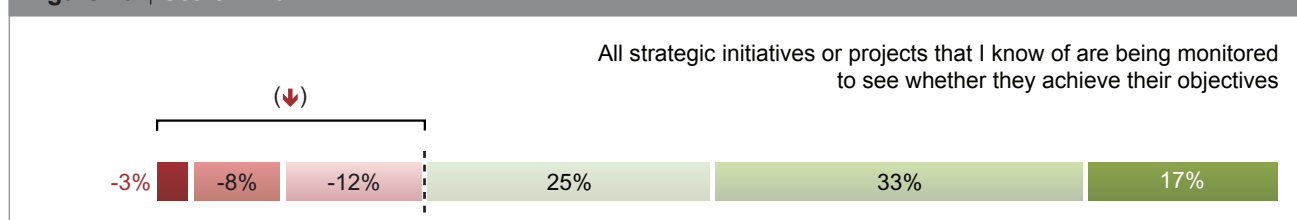
14 | **Finding 14. Organisations neglect Strategy Execution process management**

The Strategy Execution process is the Strategy Execution backbone. The Strategy Execution process is your highway to performance. To be more precise, you should picture your Strategy Execution process not as a single street, but as a network of unique roads – smaller and larger ones – all interlinked together. And your roads carry names like 'strategy review process', 'initiative management process', 'coaching process', 'individual objective-setting process' and so on. These processes are crucial for the realisation of the strategy and should be identified and managed accordingly.

The scores are not good. Almost one in four – 23 percent (↓) – believes that the core processes for Strategy Execution are not properly identified or managed in their organisation and 39 percent (↓↓) are undecided and waver between a positive and a negative score.

Figure 26 | Score III.30.

Processes that are important for the realisation of our strategy are identified and managed accordingly

| -3% | -8% | -13% | 26% | 32% | 16% |
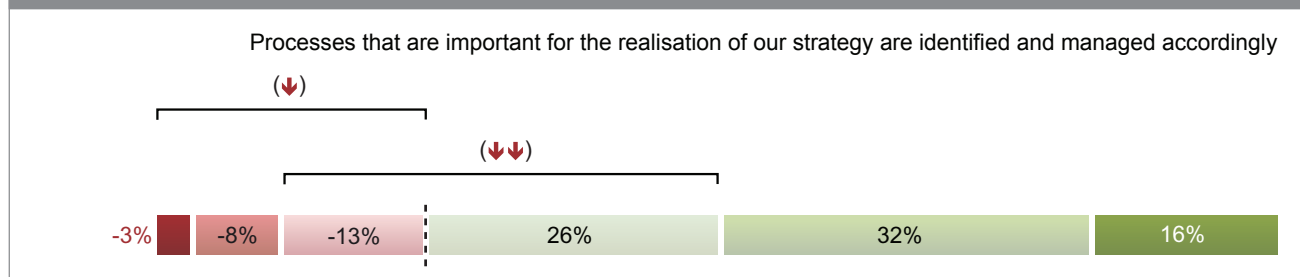
15 | **Finding 15. There is often a mismatch between the strategic project portfolio and the overall strategy**

The sum of all strategic initiatives – the complete set of strategic projects and programmes – should add up to the organisation's strategic intent. In other words, when you realise all your strategic initiatives, you should have realised your strategy. To achieve this, there needs to be a perfect match between your initiative portfolio and your strategy.

But are the project portfolio and the strategy aligned? Our research shows that this often isn't the case. No less than 21 percent (⬇) of all projects fail to support the strategy and only 15 percent (⬇) of all participating managers are convinced that all the projects they know of, are aligned with the overall company strategy. When we know that all projects compete for the same scarce resources, having one project in five that doesn't add any strategic value, is a huge problem.

A 100 percent connection between initiatives and strategy should be the aim. And if you want to reach this target, you need a solid process to identify, select and prioritise strategic initiatives. Two quick tips: watch out for pet projects and challenge all assumptions until you're satisfied with the alignment.

Figure 27 │ Score III.25.

All strategic initiatives or projects that I know of support the strategy

(⬇)

(⬇)

| -2% | -7% | -12% | | 23% | 40% | 15% |
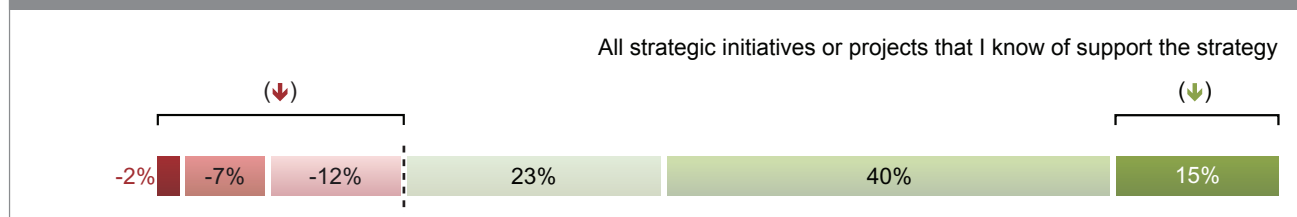
16 | Finding 16. Individual objectives drive managers' performance

The goal-setting theory teaches us that specific, challenging objectives that are agreed upon by the employee, lead to higher performance. In fact, individual goal setting is one of the best things you can do to improve performance.

Overall, individual objective setting receives positive scores, ranging from 86-to-91 percent. In more detail, you can see that:

__ 86 percent (⬇) of respondents find their objectives specific to what is to be attained.
__ 90 percent (⬇) consider them challenging.
__ 91 percent (⬇) influence the setting of their own objectives.
__ 97 percent (⬇) consider achieving their objectives to be important.
__ 94 percent (⬇) believe they can attain the objectives that have been set.
__ 89 percent (⬇) made their commitment to an objective known to others.

The main conclusions regarding individual objective setting are certainly positive. The following five findings dig a bit deeper into the results. The first two show more positive elements were found, the other three give you a better view of the remaining challenges.

Figure 28 | Scores IV.32. - IV.33. - IV.34. - IV.37. - IV.38.

(⬇)

My objectives are specific regarding what is to be attained

-3% -4% -7% | 12% | 32% | 42%

I consider my objectives to be challenging

-2% -2% -4% | 10% | 33% | 47%

I do influence the setting of my own objectives

-1% -2% -4% | 12% | 30% | 49%

I consider reaching my objectives to be important

-1% -1% -1% | 4% | 19% | 75%

I believe I can attain the objectives that have been set

-1% -1% -3% | 9% | 35% | 50%

I make my commitment to an objective known to others in addition to my manager

-1% -2% -4% | 12% | 30% | 46%

---

17 | **Finding 17. Individual objectives guide managers in their daily job**

Ideally, individual objectives should direct effort towards activities relevant to the realisation of the overall strategy and away from irrelevant tasks. In other words, individual objectives should help to regulate behaviour by determining task importance.

Our research shows that 91 percent (⬇) of all respondents believe that individual objectives are helpful to determine task importance. In fact, 40 percent (⬇⬇) find them very helpful.

Figure 29 | Score IV.40.

My objectives help me decide what tasks are important

(⬇)

(⬇⬇)

-1% -3% -4% | 14% | 37% | 40%
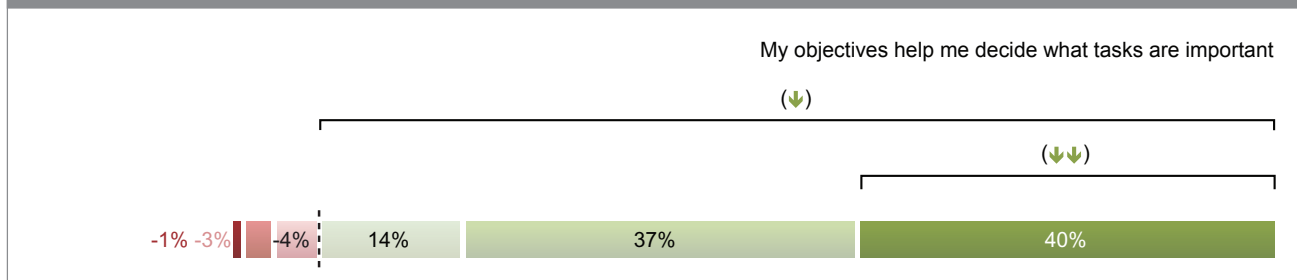
18 | **Finding 18. Managers consider the individual and department objectives well aligned**

the performance factory extends the classic goal-setting theory by stressing the importance of the alignment of the individual objectives with the organisational ones. After all, setting individual objectives isn't an isolated exercise. In fact, it's the final step in a series of events, all aimed at dividing the strategy into smaller parts.

Most participants perceive a strong link between individual and department objectives in their organisation. Only 8 percent (⬇) of respondents cannot explain how their individual objectives relate to those of their department.

Fast fact: More than half – 53 percent (⬇) – of all participating managers find it very easy to explain the link between individual and department objectives.

Figure 30 | Score IV.44.

I can explain how my individual objectives relate to those of my unit or department

(⬇)

(⬇)

-1% -4% -4% | 10% | 25% | 53%
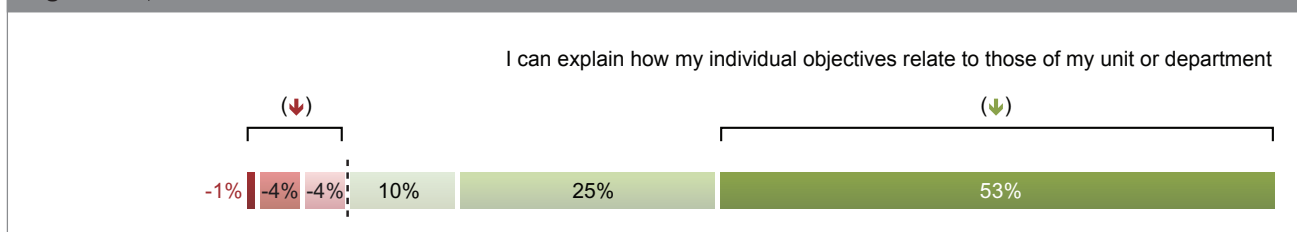
19 | ## Finding 19. Managers receive little feedback on their goal progression

Regular feedback on goal progression improves people's performance. If delivered well, it motivates, reinforces positive behaviour and, when needed, adjusts wrong behaviour.

Unfortunately, providing feedback isn't a common practice. Our respondents indicate that there is still a lot of ground to cover in most organisations. In fact, 27 percent (⬇) of all respondents point out that they do not receive any feedback on their goal progress.

With regard to individual goal setting, feedback receives the worst scores and might therefore be a good starting point to improve the objective-setting practice in your organisation.

> ### QUOTE
>
> *" There is no failure. Only feedback."*
>
> Robert Allen

Figure 31 | Score IV.35.

(⬇)   I receive regular feedback on my progress in relation to my objectives

| -3% | -10% | -14% | 23% | 28% | 20% |
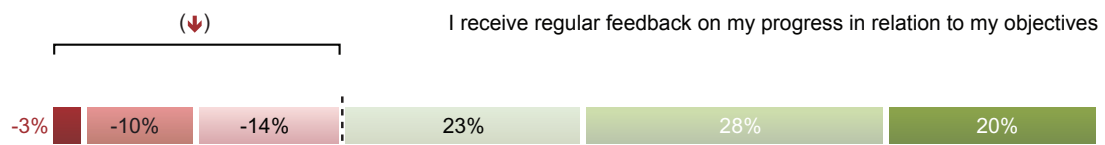
20 | ## Finding 20. Leaders lack leadership objectives

Objectives carry many labels. Depending on their content and the vocabulary used, you can find strategic, business, professional, performance, personal, development, competence and value objectives.

But regardless of the labels used, managers should make sure they do not only have 'hard' objectives – those goals relating to *what* needs to be accomplished – but also cover the *how* to get it done. These 'soft' objectives help the owner to focus on those competency gaps that need to be closed in order to be successful with the hard objectives. In other words, they are aimed at development and stimulation of the right behaviour.

There are still quite a few managers – about 17 percent (⬇) – that don't have development objectives.

There are many ways to include development goals into the objective-setting process. But as most people find them hard to define, they are left out or defined in such an amateur way that there's no value. If that's the case, you need to get back to basics and describe the behaviour you want to stimulate or develop. It will give people development in your organisation or team a real boost.

> ### FAST FACT
>
> 17 percent of all managers have no development objectives.

Figure 32 | Score IV.39.

(⬇)   In addition to performance objectives, I also have learning objectives

| -4% | -5% | -8% | 16% | 25% | 39% |
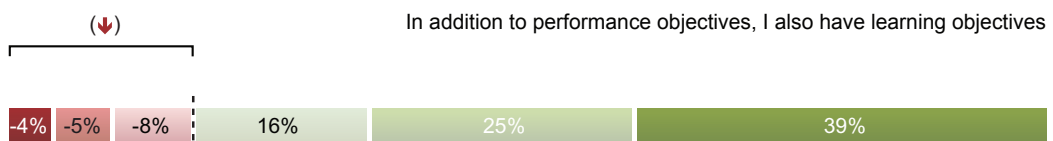
21 │ Finding 21. Individual objective-setting meetings can, and should be, improved

The quality of objective setting is the sum of the quality of the objectives themselves and the quality of the objective-setting process. In other words, the discussion of the objectives is as important as their content.

The research shows that one in five managers – 19 percent (↓) – isn't happy with the objective-setting meeting with their manager. Almost 10 percent (↓↓) are actually demotivated after the meeting.

The quality of the objective-setting meeting receives poor scores. In fact, it's considered as one of the weakest elements in the whole objective-setting process. Objective setting always risks to be perceived as a 'template-filling exercise', imposed by corporate but not supported in the field. This becomes obvious in a meeting and creates quite negative emotions with the one who has to define his/her objectives. If you want to improve the engagement scores in your organisation, this is a great place to start.

Figure 33 │ Score IV.46.

(↓)

I feel inspired after an objective-setting meeting with my manager

(↓↓)

(↓)

| -4% | -5% | -10% | 20% | 27% | 25% |
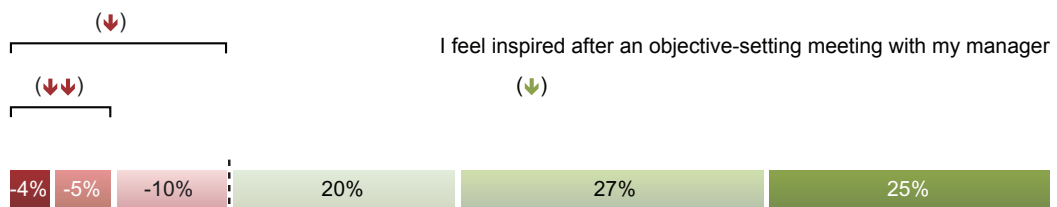
22 │ Finding 22. Managers prize general management skills

It requires skills to execute a strategy. And, as in any other activity, they can and should be developed when you want to excel at that activity. When talking about skills, it's best to make a clear distinction between the business skills – those directly related to the nature of the activity – and the management skills – those directly related to the individual performing a certain task.

95 percent (↓) of all respondents agree that management skills are crucial in order to reach peak performance.

FAST FACT

95 percent consider managerial skills important.

Figure 34 │ Score IV.52.

I believe that managerial skills are crucial to performing my job well
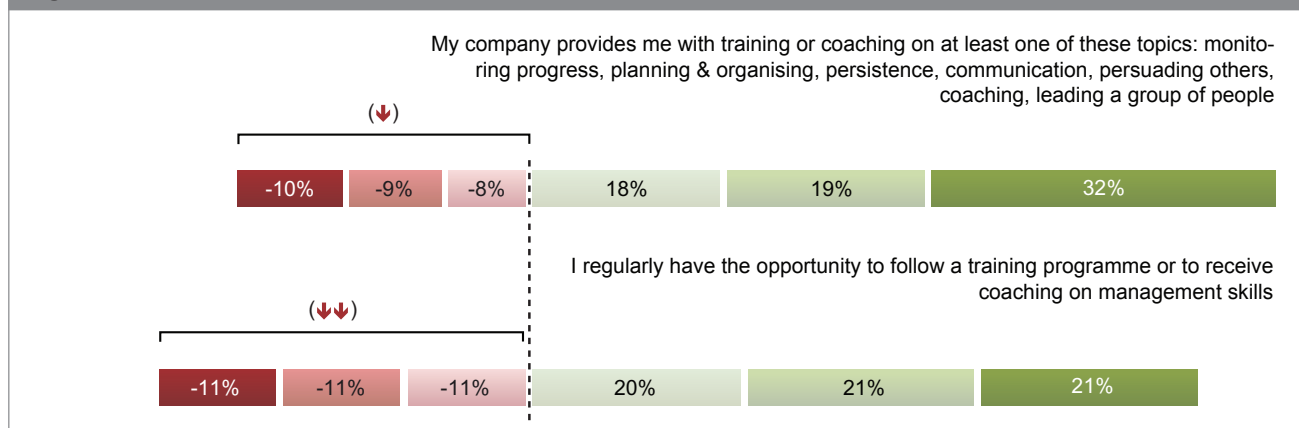
(↓)

| % | -1% | -2% | | 6% | 23% | 66% |

23 | **Finding 23. The development of management skills – even the critical ones – is often neglected**

In finding 22, you could read that 95 percent of all managers agree that management skills are crucial. The next questions are: *"Which management skills are particularly important for Strategy Execution?"* and *"To what extent are they developed on a continuous basis?"*.

The most important management skills to develop are those of: monitoring progress, planning and organising, persistence, communication and persuasion, coaching and leading a group. The research indicates that most organisations don't offer their managers adequate development opportunities. 27 percent (↓) of respondents indicate that they haven't followed a single training course or coaching on the seven aforementioned skills. Even worse, 34 percent (↓↓) of all participants indicate that they don't have the opportunity to consistently develop any management skills whatsoever.

Leaving one in three managers out in the cold with practically no formal management development opportunities, seriously endangers the Stra-tegy Execution potential. A first step towards better performance for those organisations would be to develop a company-wide view on management skills development.

Figure 35 │ Scores V.48. - V.51.

My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people

(↓)

| -10% | -9% | -8% | 18% | 19% | 32% |

I regularly have the opportunity to follow a training programme or to receive coaching on management skills

(↓↓)

| -11% | -11% | -11% | 20% | 21% | 21% |

---

24 │ **Finding 24. Leading-edge management development approaches are rare**

There are many ways to develop managers, but if we look at best-practice development approaches, we see that they all have the following three elements in common:

— First of all, they offer the opportunity to reflect upon one's own skills and competences.

— Secondly, they deploy a mix of learning methods including training, coaching and on-the-job learning adapted to the needs of the target group.

— And, finally, they measure success.

Now let's look at how many companies have a development approach that complies with these best practices. We conclude that around one in three organisations – between 29 and 37 percent (⬇) – don't reach this standard.

Just offering a training course – the most common development instrument – without embedding it into an adequate development approach, has a very limited long-term effect. Research shows that trainees, just a few weeks after completing a training course, remember as little as 15 percent of what they were taught during the training. This makes it many times less effective compared to other, more integrated learning methods.

To conclude, an organisation that is serious about Strategy Execution needs strong management skills and in order to obtain them, it needs a solid, continuous development approach.
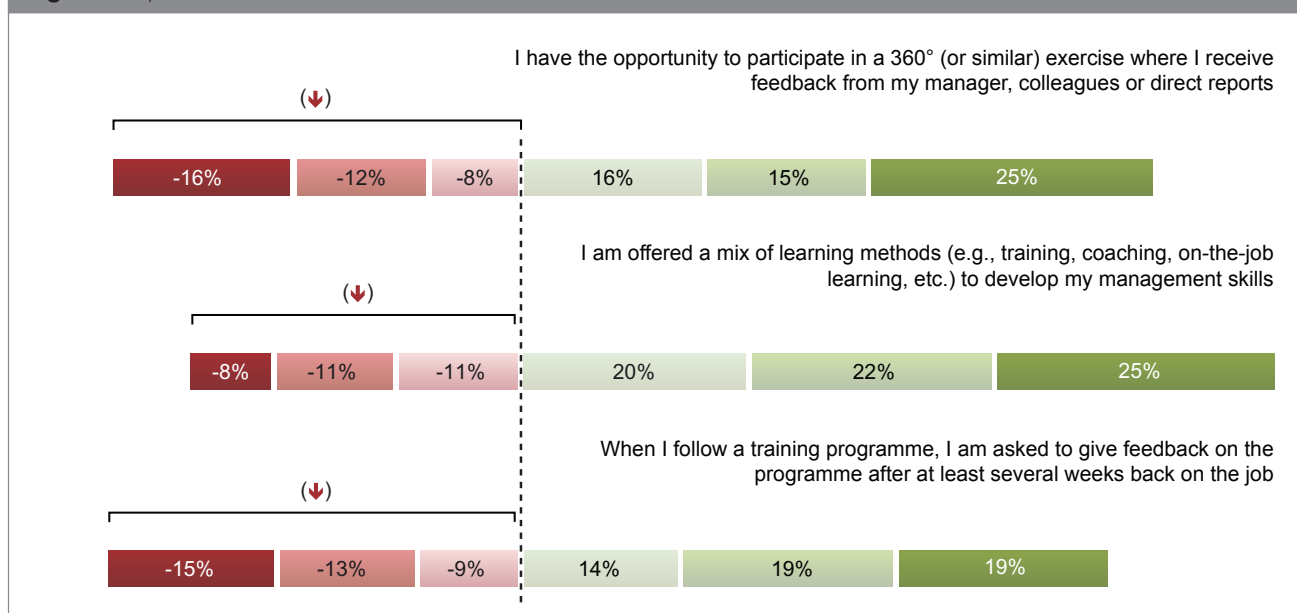
> **QUOTE**
>
> *"I believe the real difference between success and failure in a corporation can be very often traced to the question of how well the organization brings out the talents of its people"*.
>
> Thomas J. Watson, Jr

Figure 36 │ Scores V.53. - V.54. - V.55.

I have the opportunity to participate in a 360° (or similar) exercise where I receive feedback from my manager, colleagues or direct reports

(⬇)

| -16% | -12% | -8% | 16% | 15% | 25% |

I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills

(⬇)

| -8% | -11% | -11% | 20% | 22% | 25% |

When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job

(⬇)

| -15% | -13% | -9% | 14% | 19% | 19% |

25 | ### Finding 25. As a rule, managers are motivated to perform

Motivation has a high, positive impact on performance. Why? Because research shows that motivated employees always look for better ways to do a job.

Our research discovers that managers have a high achievement motivation. No less than 96 percent (⬇) are motivated to perform. Even more so, of all respondents, 60 percent (⬇⬇) consider themselves highly motivated to perform.

In general, all questions related to motivation receive high, positive grades. The average is an incredible 94 percent.

| **Figure 37** | Score V.71. |

In general, I am motivated to perform

(⬇)

(⬇⬇)

-1% -1% -2% | 7% | 29% | 60%

26 | ### Finding 26. Systematically addressing under-performance proves difficult and therefore often fails completely

Motivation thrives in a performance-driven culture. But such a culture needs to be created and maintained. And one of the critical success factors to enable this is by managing performance, especially low performance. In other words, if an organisation doesn't address under-performance systematically, it's impossible to build or even sustain a performance-driven attitude among the staff.

The results of the research indicated that there is still some room for improvement, specifically when it comes to dealing with low performers. In line with this finding, is the fact that 17 percent (⬇) feel that performance is not looked at closely within their company. One in four managers gets by with poor performance (⬇).

| **Figure 38** | Scores VI.70. - VI.67. |

In general, I feel performance is looked at closely in our company

(⬇)

-2% | -6% | -8% | 21% | 34% | 28%

If I don't perform, my manager talks to me about it

(⬇)

-2% | 6% | 7% | 17% | 30% | 28%
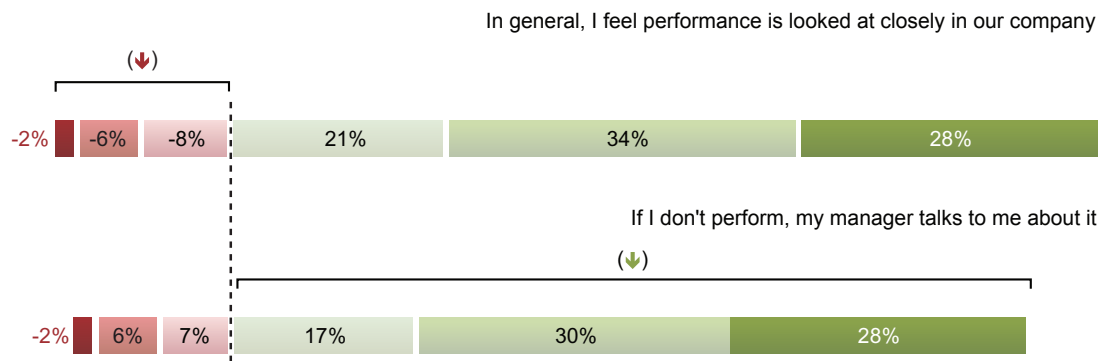
27 | **Finding 27. Managers often use non-monetary rewards to motivate their staff**

Good or great performance needs to be rewarded, whether through performance-related pay or non-monetary rewards. This acts as a positive feedback mechanism and keeps the motivation up for future high perfor-mance. But please don't forget that individuals tend to be motivated by different factors at different times. This means that pay definitely shouldn't be the only reward mechanism that is used. In fact, non-monetary rewards prove to be powerful instruments to motivate people and to encourage them to repeat success.

When we look at the results, it turns out that most managers use non-monetary reward such as public praise or the proverbial 'pat on the back' to motivate their team members. No less than 94 percent (↓)claim that they often tell people that they've done a good job. And 84 (↓↓) percent give good perfor-mers some sort of alternative recognition.

| Figure 39 | Scores VII.80. - VII.72. |

I often tell people they've done a good job

(↓)

| 0% | -1% | -2% | 12% | 38% | 45% |

Good performers generally receive some sort of recognition or reward

(↓↓)

| -4% | -4% | -7% | 19% | 38% | 27% |
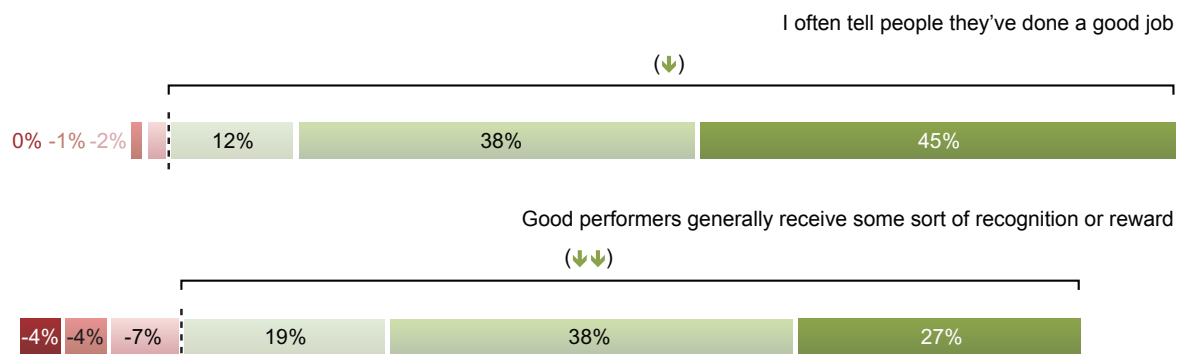
28 | Finding 28. Most existing pay systems fail to reinforce a performance culture

Performance-related pay strengthens a high-performance culture if the system – the mechanics used to reward or punish the different types of performance – is perceived as 'fair'. And 'fair' in this context means that poor performers face the consequences of not meeting expectations. Or in other words, high and average performers expect that poor performance is sanctioned or, at the very least, that they don't receive any performance-related pay.

Unfortunately, the respondent's scores aren't good. 38 percent (⬇) of all participants find that there are few actual repercussions to under-perfor-mance resulting in a distorted performance culture.

And while it's difficult to quantify the effects of a negative perception – in this case, the consequences of people questioning the impartiality and honesty of a pay system – it's quite clear that these have a negative impact on the performance motivation of these individuals and consequently the performance culture of the organisation in general.

So remember: an organisation not only has to install a proper reward system, but also needs to make sure that the perceptions of the approach are positive. If you have a great reward system but with an unobjective perception attached to it, the value is completely lost. It might even have a perverse effect on the overall motivation.

Figure 40	Scores VII.73.

Poor performers generally face the consequences of not meeting expectations

(⬇)

| -7%	-11%	-19%	23%	24%	13%
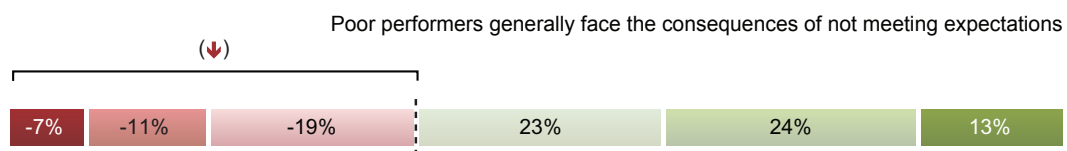
29 | Finding 29. Appraisals lack objectivity and consistency

Appraisals, especially if they have reward consequences, should be fair. People should be able to trust their managers to evaluate performance objectively and consistently.

But this proves to be a real issue. 36 percent (⬇) of all respondents don't believe that appraisals are honest and unbiased. In fact, 21 percent (⬇⬇) are strongly convinced that appraisals lack objectivity and consistency. When people believe that appraisals are biased, they often think that 'lobbying' skills and 'who you know' are the driving forces within their organisation.

Figure 41	Scores VII.78.

In general, appraisals are made on the same basis by all managers

(⬇)

(⬇⬇)

-5%	-13%	-14%	19%	24%	14%
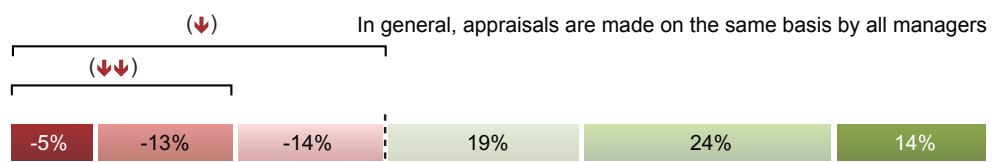
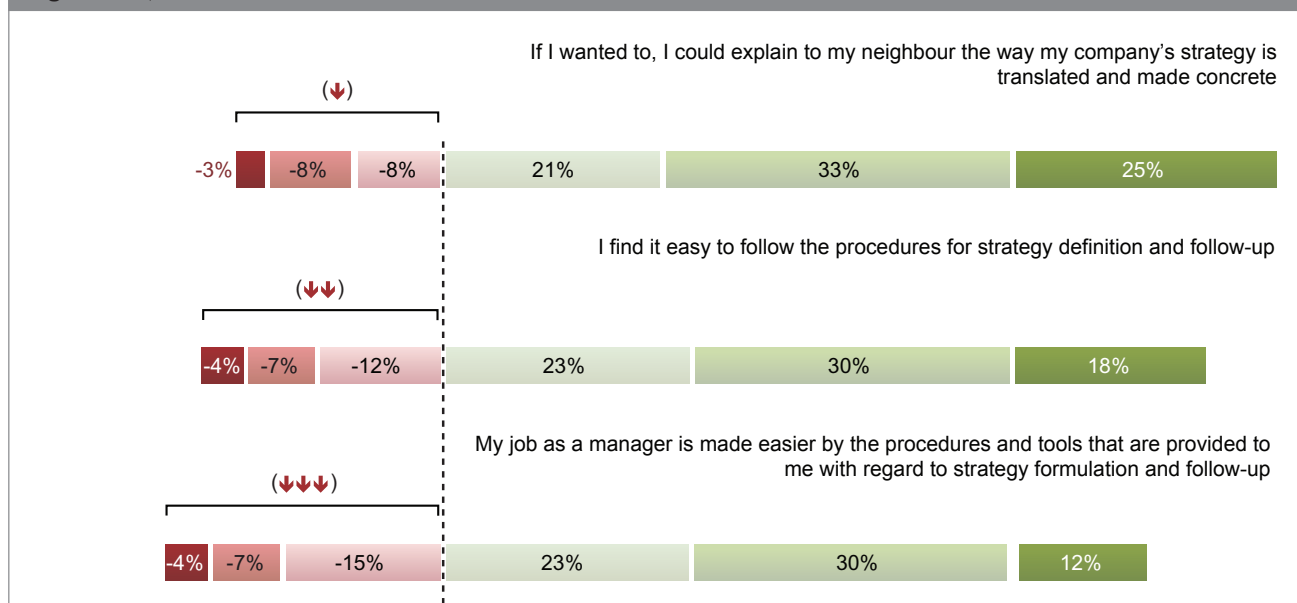**30** | **Finding 30. Managers criticise the Strategy Execution process**

The Strategy Execution process is the Strategy Execution backbone. The managers are the principal actors in this process. They should understand the complete process and feel comfortable with the procedures. In general, they should also believe that the existing execution tools and templates make their lives as managers easier.

Our research clearly shows that quite a large management group has problems with the Strategy Execution process.

— 19 percent (⬇) cannot explain the Strategy Execution process in their organisation.

— 23 percent (⬇⬇) find the procedures too complex.

— 26 percent (⬇⬇⬇) judge that the current process makes their job more difficult rather than easier.

As with all processes, to work well, any process should be tailored to the principal actors or clients. Make sure that managers understand, can apply and find the strategy process of value. To realise this will most probably imply that it should be simplified – not made even more complex.

Figure 42 | Scores VIII.83. - VIII.85. - VIII.88.

If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete

(⬇)

-3% | -8% | -8% | 21% | 33% | 25%

I find it easy to follow the procedures for strategy definition and follow-up

(⬇⬇)

-4% | -7% | -12% | 23% | 30% | 18%

My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up

(⬇⬇⬇)

-4% | -7% | -15% | 23% | 30% | 12%

Learn from the best-in-class

01 | **Strategy Execution as it should be – 12 insights**

Strategy Execution can be defined as 'all the actions necessary to turn your strategy into success'. But this short definition won't help you very much in getting a better grasp of the discipline.

So let's go beyond this single-line explanation and take a broader look at Strategy Execution. Here are 12 insights:

1 | Strategy Execution is a vast area with blurred borders.

It includes several processes – from budgeting to evaluating individual objectives, and involves all functional domains.

2 | Strategy Execution is a discipline of its own.

Making strategy work isn't the same as strategy making. It's a different game with its own rules, potential pitfalls and best practices. Four important differentiators are:

— *It involves everyone.* From the CEO to the blue-collar worker, everyone is involved in executing the strategy. Their roles might be different, but all individuals contribute to the organisation's execution effort.

— *It takes much longer.* You can build a strategy in a few weeks (or months at the most) but the execution can take several years. It's a sprint versus a marathon.

— *It demands short- and long-term thinking.* While executing, you need to manage your long-term implementation plan and worry about the nitty-gritty actions you will take tomorrow.

— *It requires a spec ific skill set.* A different game demands different skills. The most important strategy skill by far is analytical thinking, whereas executioners particularly benefit from strong objective setting and people skills such as communication and coaching.

3 | Great Strategy Execution requires a great strategy.

Even if Strategy Execution differs greatly from strategy building, it cannot exist without it. In fact, a great execution can never compensate for a poor strategy.

> 💬 **QUOTE**
>
> *"Execution is a specific set of behaviours and techniques that companies need to master in order to have competitive advantage. It's a discipline of its own"*
>
> Ram Charan and Larry Bossidy, *Execution*

4 | Strategy Execution requires your attention from the start.

And the start is the strategy formulation phase. Execution isn't something you worry about after you have already finished crafting your strategy.

You need to think about the implementation challenges at the same time you design your strategy.

Here's an overview of the five most important implementation hazards to think about while developing your strategy. To give you a head start, I have included for each one, the key question(s) to ask during the stra-tegy design phase:

— *The existing culture*. Strategies that demand a large cultural shift are doomed to failure as cultural change is very hard to accomplish. Ask yourself: 'How big is the culture change needed in order to execute the new strategy?' and 'Is the required change realistic?'.

— *The existing power structures*. Each organisation has its own powerstructures, invisible at the surface and part of the 'unwritten rules' within the organisation. But they do exist. And they will influence your execution capabilities. Pose the following questions: 'What are the current powerstructures in our organisation?' and 'How will they impact the implementation of the strategy we are developing?'.

— *The ability to change*. Each strategy will demand a change effort. And I can tell you the effort is always bigger than you anticipate at the start. Ask yourself: 'How much change can our organisation handle?'.

— *The maturity of the execution process*. Once finished, the stra-tegy will use the existing execution processes in your organisation. Upgrading is possible but takes time. So ask yourself: 'What's the current maturity of our execution capabilities?', 'Is there a need to upgrade?' and 'How long will the upgrade realistically take to accom-plish?'.

— *The maturity of the Strategy Execution skills*. Related to previous. Processes need skilled people to operate them. The questions to ask: 'What's the current maturity of the manager's execution skills?', 'Is there a need to upgrade?' and 'How long will the upgrade realistically take to accomplish?'.

5 I Strategy Execution has a strong timing sequence.

You don't do everything at the same time. One thing happens before the other, and the order is important.

6 I Strategy Execution requests a seamless integration between organisational and individual performance.

You can look at performance from either an organisational or an individual perspective. But in order to realise your strategy, a connection between both is crucial. Most will agree with this statement, but few will actually make it happen.

7 I Strategy Execution demands clear responsibilities.

Strategy Execution takes place across different organisational levels. Depending on the size of the company, these include the overall company level, one or more intermediate levels – usually called division, department or team – and the individual level.

In large organisations, you can have up to 10 different parties involved, including corporate functions, functional lines, regional structures and countries. In addition, within each of these structures, responsibilities are often dispersed among the departments of human resources, finance and strategy and the various leadership teams.

Pretty easy to lose some of your strategy in this structure, wouldn't you say?

So in order to make it work, you need to define clear responsibilities for all parties involved.

8 I Strategy Execution requires horizontal alignment.

Building on the previous point, I'd like to stress the importance of a strong horizontal collaboration between business and support departments. Their relationship should go beyond the annual budget and monthly operational meetings.

9 I Strategy Execution needs heroes.

Managers are the most important players in the execution contest. In fact, strategy remains a paper exercise without managers taking the right actions and fulfilling their roles. They contribute content, are the links between organisational levels, and act as performance role models.

And this requires the right attitude. Execution isn't something others should worry about. Each manager should:

— Acknowledge the importance of Strategy Execution.

— Understand what Strategy Execution is all about.

— See execution as an essential part of being a leader.

— Know how to maximise their crucial role in the whole process.

— Develop the necessary Strategy Execution skills.

QUOTE

"Building a visionary company requires one percent vision and 99 percent alignment"

Jim Collins and Jerry Porras, *Built to Last*

On top of that, senior managers need to put the necessary processes in place to ensure that all managers in the organisation become execution heroes. This is a challenge in itself.

10 | Strategy Execution asks for measurement.

In many organisations, Strategy Execution is still a black box. You throw your strategy in one end and performance comes out the other end. But nobody really knows what did the trick. It's impossible to say what worked and what didn't. Even worse, companies change things for the worse because they don't know the key elements of their execution success.

So, as with all other business activities, organisations need to measure their performance. It's time to open the implementation box and see what's inside. Here's how:

— Find the strong and weak points of your execution process. If possible, compare them against your competitors. Evaluate the complete process or zoom in on one or two steps. Do the exercise for the organisation, one or more divisions, or start with only a small team.

— Once you have gained these insights, focus your energy on those things that matter most for the organisation. In other words, set priorities.

— Don't forget to keep doing what you do well. Once you've identified your strong points, make sure you keep them best-in-class.

— Have a long-term perspective. It takes time to build capabilities. Small organisations should count on 18 months to become best-in-class. For a large multinational, it can take up to three years to get there. Your measurement approach should take the long-term into account.

— Set intermediate goals and measure your progress. While you do want a long-term measurement perspective, you also want to define and track intermediate targets.

11 | Strategy Execution is a resident.

Constantly changing environments, customers, competitors and employees require Strategy Execution to be an ongoing process, institutiona-lised within the organisation: a permanent activity – part of the organisation's culture and DNA – that is driven with persistence and discipline.

12 | Strategy Execution is on its way to maturity

Robert Kaplan and David Norton started a new management revolution in 1992 with the introduction of their Balanced Scorecard concept.

Originally launched as a new way of measuring strategy, taking into account other measures rather than merely the financial ones, the Balanced Scorecard quickly became the instrument that made managers think harder about the implementation of their strategy.

And today, more than a decade later, Strategy Execution has grown out of its infancy and is on its way to maturity.

QUOTE

"After a business implements a strategy, competitors will react, and the firm's strategy will need to adapt to meet the new challenges. There is no stopping point and no final battle. The competitive cycle continues on perpetually. Produce and compete or perish"

Thomas Timings Holme

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02 | **Analysis of the gap between market average and top performers for each of the 8 dimensions**

We have analysed the difference between the market average and best-in-class performance for 8 dimensions. Best-in-class is defined as the typical performance of organisations that consistently score in the top 15 percent.

Figure 43 | Average and best-in-class for 8 dimensions

Dimension I. Strategy Focus

Dimension II. Strategy Communication

Dimension III. Initiative Management

Dimension IV. Individual Objective Setting

Dimension V. Skilled Managers

Dimension VI. Engaged People and Performance-Driven Culture

Dimension VII. Performance-Related Pay

Dimension VIII. Support for Managers

Market average   Best-in-class

03 | Detailed gap analysis per dimension

We have analysed the gap between the market average and the best-in-class per dimension. The scoring ranks from smallest to largest gap.

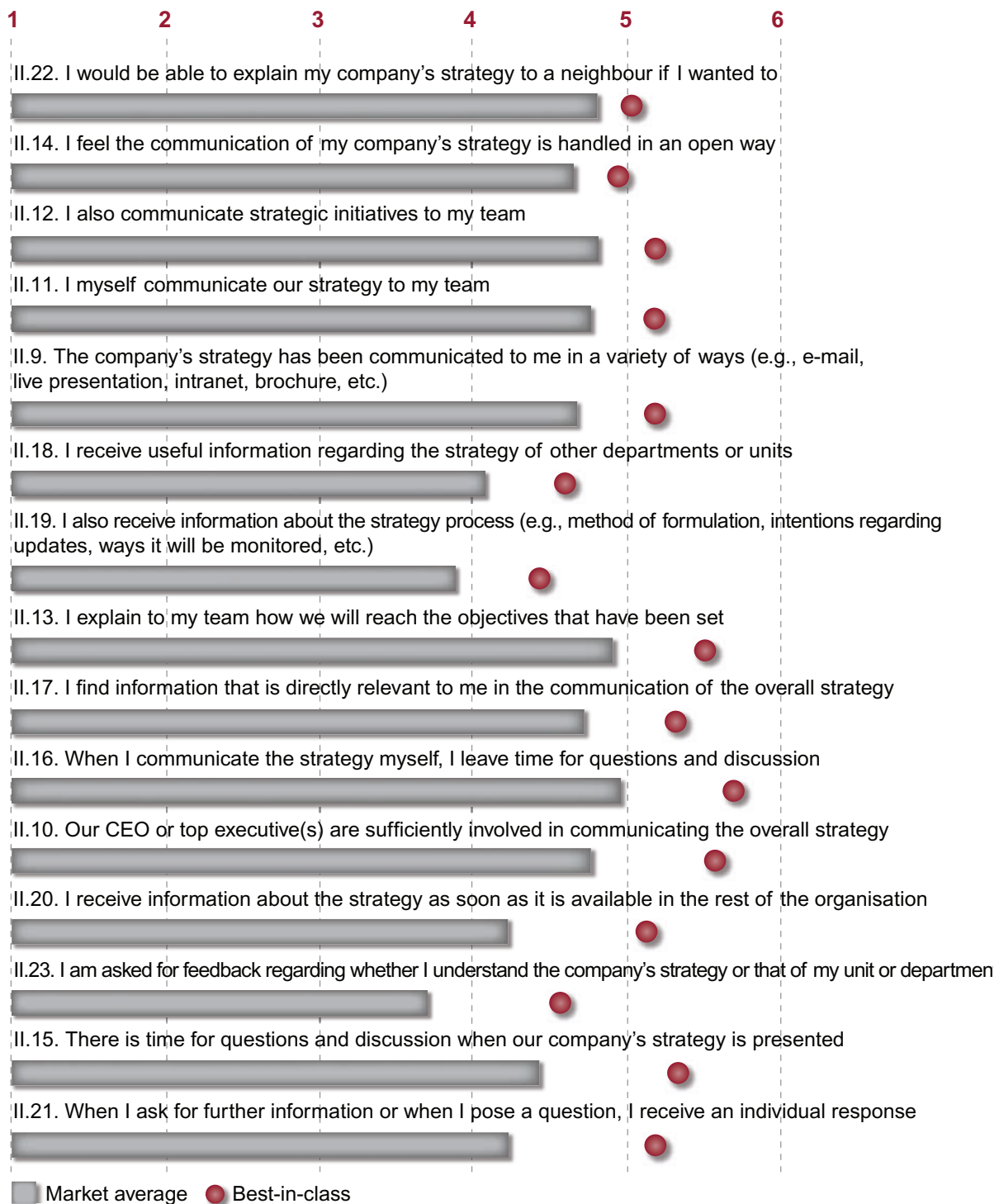**Figure 44** | Average and best-in-class for dimension I. Strategy Focus

I.5. My objectives not only relate to financials but also to customers, processes, people or other elements

I.1. I feel excited by my company's strategy

I.7. The company's strategy is tested during the year

I.2. I think the strategy is the right one for our company

I.3. My unit or department has specific strategic objectives

I.6. I have indicators and targets against which progress is continuously tracked

I.4. Other parts of the organisation have similar strategic objectives for their activities

Market average ● Best-in-class

Figure 45 | Average and best-in-class for dimension II. Strategy Communication

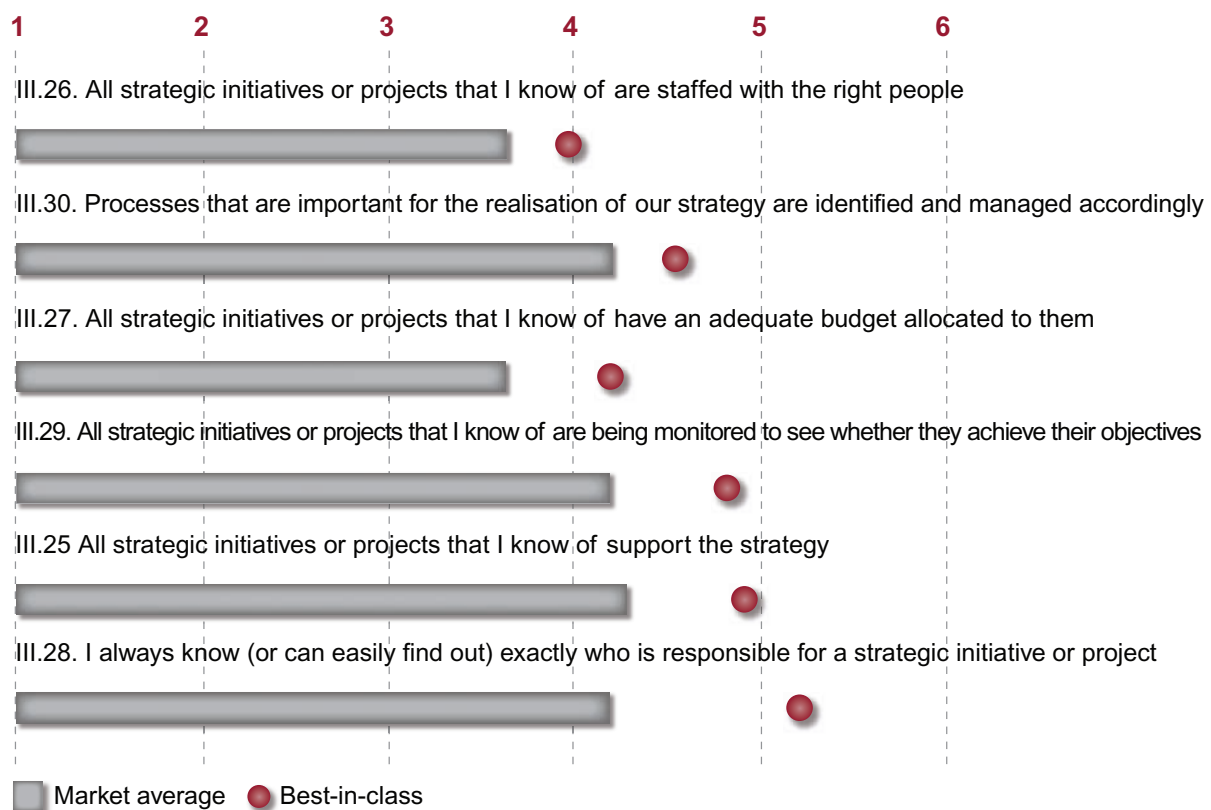Market average   ● Best-in-class

Figure 46 | Average and best-in-class for dimension III. Initiative Management

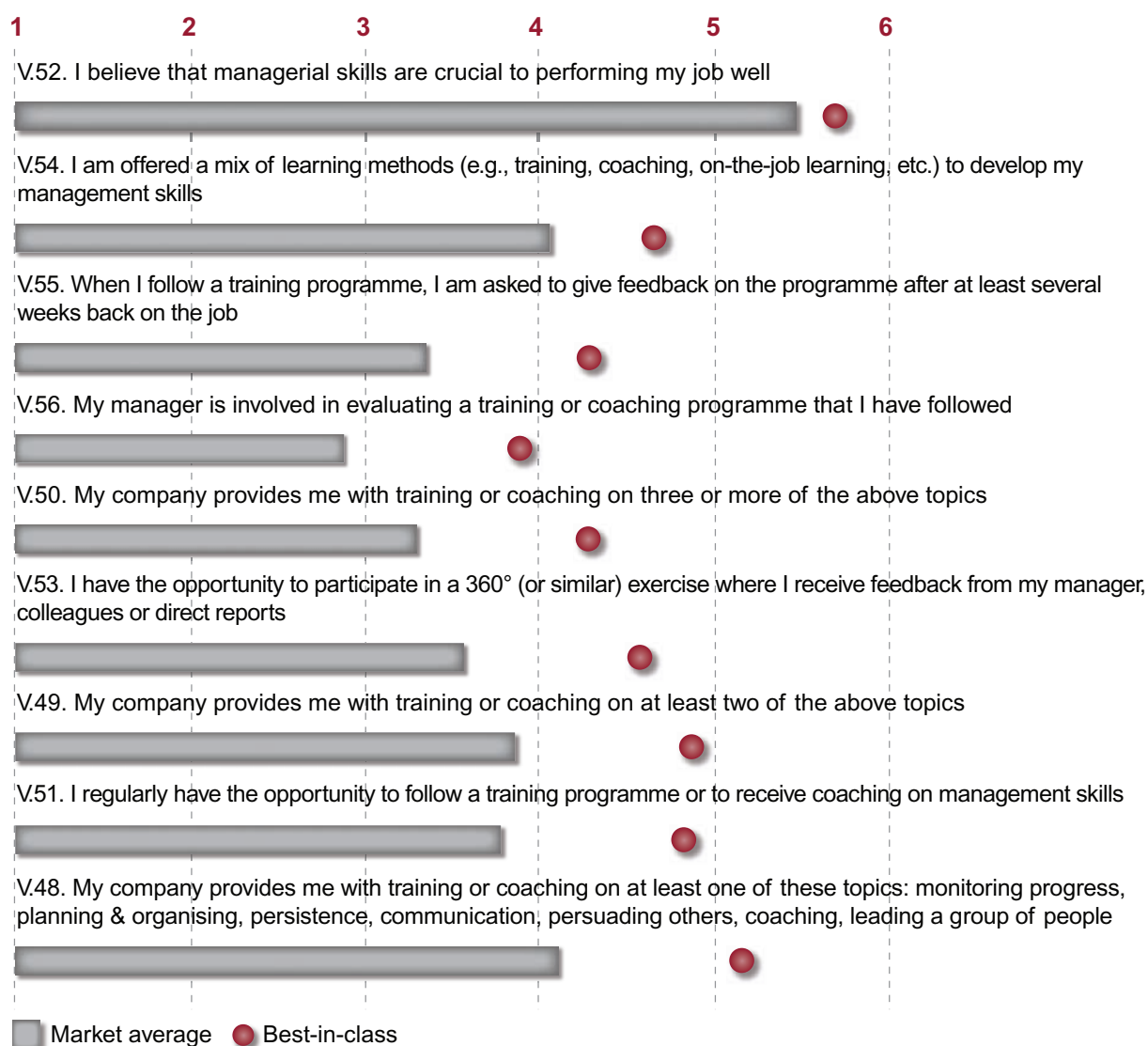**Figure 47** | Average and best-in-class for dimension IV. Individual Objective Setting

IV.36. I consider reaching my objectives to be important

IV.37. I believe I can attain the objectives that have been set

IV.43. My objectives help me find better ways to execute my tasks

IV.42. I am allowed to control the time I spend on tasks

IV.41. My objectives give me the energy to go the extra mile

IV.34. I do influence the setting of my own objectives

IV.46. I feel inspired after an objective-setting meeting with my manager

IV.44. I can explain how my individual objectives relate to those of my unit or department

IV.33. I consider my objectives to be challenging

IV.40. My objectives help me decide what tasks are important

IV.38. I make my commitment to an objective known to others in addition to my manager

IV.32. My objectives are specific regarding what is to be attained

IV.39. In addition to performance objectives, I also have learning objectives

IV.35. I receive regular feedback on my progress in relation to my objectives

IV.45. My objectives are changed during the year when a change in the context makes this necessary

☐ Market average   ● Best-in-class

Figure 48 | Average and best-in-class for dimension V. Skilled Managers

1   2   3   4   5   6

V.52. I believe that managerial skills are crucial to performing my job well

V.54. I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills

V.55. When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job

V.56. My manager is involved in evaluating a training or coaching programme that I have followed

V.50. My company provides me with training or coaching on three or more of the above topics

V.53. I have the opportunity to participate in a 360° (or similar) exercise where I receive feedback from my manager, colleagues or direct reports

V.49. My company provides me with training or coaching on at least two of the above topics

V.51. I regularly have the opportunity to follow a training programme or to receive coaching on management skills

V.48. My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people

☐ Market average   ● Best-in-class

Figure 49 | Average and best-in-class for dimension VI. Engaged People and Performance-Driven Culture

1   2   3   4   5   6

VI.60. I am willing to take responsibility if something goes wrong

VI.66. I value the opportunity to organise my work myself

VI.63. I like looking for better ways to do my job

VI.62. I always look for ways to learn more, even if it isn't directly useful in my job

VI.68. If someone in my team doesn't perform as I expect him/her to, I talk to him/her myself

VI.65. I am persistent when confronted with a task that isn't easy to finish

VI.67. If I don't perform, my manager talks to me about it

VI.64. I believe my success is the result of my own actions

VI.69. I stimulate my direct reports to continuously learn new skills and challenge themselves

VI.61. I like competing with others

VI.59. In general, I am comfortable with changes in my work environment (e.g., reorganisation of departments, change of strategy, new operating policies, etc.)

VI.58. I am not particularly concerned when I have to perform a difficult task

☐ Market average   ● Best-in-class

Figure 50 │ Average and best-in-class for dimension VII. Performance-Related Pay

Figure 51 │ Average and best-in-class for dimension VIII. Support for Managers

VIII.87. My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up

VIII.88. My job as a manager is made easier by the procedures and tools that are provided to me with regard to setting and evaluating individual objectives

VIII.84. If I wanted to, I could explain to my neighbour the way we set objectives and evaluate employees

VIII.83. If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete

VIII.86. I find it easy to follow the procedures for setting and evaluating individual objectives

VIII.85. I find it easy to follow the procedures for strategy definition and follow-up

Market average ● Best-in-class

04 | Detailed analysis of all gaps ranked largest-to-smallest

We estimated the difficulty to close the gap between market average and best-in-class performance. The table ranks from largest to smallest gap.

#	Topic	Gap	Dimension	Difficulty to close the gap
V.56.	My manager is involved in evaluating a training or coaching programme that I have followed	35%	Skilled Managers	Medium - High
V.50.	My company provides me with training or coaching on three or more of the above topics	30%	Skilled Managers	High
V.53.	I have the opportunity to participate in a 360° (or similar) exercise where I receive feedback from my manager, colleagues or direct reports	28%	Skilled Managers	High
V.55.	When I follow a training programme, I am asked to give feedback on the programme after at least several weeks back on the job	28%	Skilled Managers	Medium
V.51.	I regularly have the opportunity to follow a training programme or to receive coaching on management skills	27%	Skilled Managers	Medium - High
V.49.	My company provides me with training or coaching on at least two of the above topics	26%	Skilled Managers	High
V.48.	My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people	26%	Skilled Managers	Medium - High
VII.79.	I have received adequate training on how to evaluate my direct reports	25%	Performance-Related Pay	Medium
III.28.	I always know (or can easily find out) exactly who is responsible for a strategic initiative or project	25%	Initiative Management	Medium
II.23.	I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department	24%	Strategy Communication	Medium
IV.35.	I receive regular feedback on my progress in relation to my objectives	23%	Individual Objective Setting	Medium
II.21.	When I ask for further information or when I pose a question, I receive an individual response	23%	Strategy Communication	Medium
IV.45.	My objectives are changed during the year when a change in the context makes this necessary	21%	Individual Objective Setting	Medium
II.20.	I receive information about the strategy as soon as it is available in the rest of the organisation	21%	Strategy Communication	Medium - High
II.15.	There is time for questions and discussion when our company's strategy is presented	21%	Strategy Communication	Medium - High
VII.81.	I always find it easy to talk with my manager about my training needs	21%	Performance-Related Pay	Medium - High
VII.72.	Good performers generally receive some sort of recognition or reward	21%	Performance-Related Pay	Medium
IV.39.	In addition to performance objectives, I also have learning objectives	20%	Individual Objective Setting	Medium - High
I.4.	Other parts of the organisation have similar strategic objectives for their activities	20%	Strategy Focus	High
I.6.	I have indicators and targets against which progress is continuously tracked	19%	Strategy Focus	Medium - High
II.10.	Our CEO or top executive(s) are sufficiently involved in communicating the overall strategy	17%	Strategy Communication	Medium
IV.32.	My objectives are specific regarding what is to be attained	16%	Individual Objective Setting	Medium - High
III.27.	All strategic initiatives or projects that I know of have an adequate budget allocated to them	16%	Initiative Management	High
VII.78.	In general, appraisals are made on the same basis by all managers	16%	Performance-Related Pay	Medium - High
I.3.	My unit or department has specific strategic objectives	16%	Strategy Focus	High
III.29.	All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives	16%	Initiative Management	Medium
III.25.	All strategic initiatives or projects that I know of support the strategy	15%	Initiative Management	Medium - High
IV.38.	I make my commitment to an objective known to others in addition to my manager	15%	Individual Objective Setting	Medium
V.54.	I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills	15%	Skilled Managers	Medium - High
VIII.85.	I find it easy to follow the procedures for strategy definition and follow-up	15%	Support for Managers	Medium - High
II.16.	When I communicate the strategy myself, I leave time for questions and discussion	15%	Strategy Communication	Medium
IV.46.	I feel inspired after an objective-setting meeting with my manager	14%	Individual Objective Setting	Medium - High
II.19.	I also receive information about the strategy process (e.g., method of formulation, intentions regarding updates, ways it will be monitored, etc.)	14%	Strategy Communication	Medium
IV.40.	My objectives help me decide what tasks are important	14%	Individual Objective Setting	Medium - High
VII.77.	I find the evaluation system useful in making reward decisions for my team members	14%	Performance-Related Pay	Medium - High
VII.75.	I could explain my company's reward system to my neighbour if I wanted to	13%	Performance-Related Pay	High
II.17.	I find information that is directly relevant to me in the communication of the overall strategy	13%	Strategy Communication	Medium - High
VIII.86.	I find it easy to follow the procedures for setting and evaluating individual objectives	13%	Support for Managers	Medium - High
VIII.83.	If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete	13%	Support for Managers	Medium
II.18.	I receive useful information regarding the strategy of other departments or units	13%	Strategy Communication	Medium - High
I.2.	I think the strategy is the right one for our company	13%	Strategy Focus	High
IV.33.	I consider my objectives to be challenging	13%	Individual Objective Setting	Medium - High

#	Topic	Gap	Dimension	Difficulty to close the gap
I.7.	The company's strategy is tested during the year	12%	Strategy Focus	Medium - High
II.13.	I explain to my team how we will reach the objectives that have been set	12%	Strategy Communication	Medium - High
VIII.84.	If I wanted to, I could explain to my neighbour the way we set objectives and evaluate employees	12%	Support for Managers	Medium
VI.58.	I am not particularly concerned when I have to perform a difficult task	12%	Engaged People and Performance-Driven Culture	Medium
IV.44.	I can explain how my individual objectives relate to those of my unit or department	12%	Individual Objective Setting	High
IV.43.	My objectives help me find better ways to execute my tasks	11%	Individual Objective Setting	Medium - High
IV.41.	My objectives give me the energy to go the extra mile	11%	Individual Objective Setting	Medium - High
IV.34.	I do influence the setting of my own objectives	11%	Individual Objective Setting	Medium - High
II.9.	The company's strategy has been communicated to me in a variety of ways (e.g., e-mail, live presentation, intranet, brochure, etc.)	11%	Strategy Communication	Medium
VII.80.	I often tell people they've done a good job	11%	Performance-Related Pay	Medium
VIII.88.	My job as a manager is made easier by the procedures and tools that are provided to me with regard to setting and evaluating individual objectives	11%	Support for Managers	High
IV.42.	I am allowed to control the time I spend on tasks	10%	Individual Objective Setting	Medium - High
VI.61.	I like competing with others	10%	Engaged People and Performance-Driven Culture	Medium
VII.74.	Rewards generally follow quickly after the performance for which they were earned	10%	Performance-Related Pay	Medium
VI.59.	In general, I am comfortable with changes in my work environment (e.g., reorganisation of departments, change of strategy, new operating policies, etc.)	10%	Engaged People and Performance-Driven Culture	Medium
VI.69.	I stimulate my direct reports to continuously learn new skills and challenge themselves	10%	Engaged People and Performance-Driven Culture	Medium
II.11.	I myself communicate our strategy to my team	9%	Strategy Communication	Medium - High
IV.37.	I believe I can attain the objectives that have been set	9%	Individual Objective Setting	Medium - High
VI.64.	I believe my success is the result of my own actions	9%	Engaged People and Performance-Driven Culture	Medium
III.26.	All strategic initiatives or projects that I know of are staffed with the right people	9%	Initiative Management	Medium - High
III.30.	Processes that are important for the realisation of our strategy are identified and managed accordingly	9%	Initiative Management	Medium - High
VII.76.	There is a good balance between team and individual reward	8%	Performance-Related Pay	Medium - High
VIII.87.	My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up	8%	Support for Managers	High
II.12.	I also communicate strategic initiatives to my team	8%	Strategy Communication	High
VII.73.	Poor performers generally face the consequences of not meeting expectations	7%	Performance-Related Pay	Medium - High
I.1.	I feel excited by my company's strategy	7%	Strategy Focus	High
II.14.	I feel the communication of my company's strategy is handled in an open way	6%	Strategy Communication	Medium
II.22.	I would be able to explain my company's strategy to a neighbour if I wanted to	5%	Strategy Communication	Medium - High
VI.67.	If I don't perform, my manager talks to me about it	5%	Engaged People and Performance-Driven Culture	Medium
I.5.	My objectives not only relate to financials but also to customers, processes, people or other elements	5%	Strategy Focus	High
V.52.	I believe that managerial skills are crucial to performing my job well	4%	Skilled Managers	Medium
VI.68.	If someone in my team doesn't perform as I expect him/her to, I talk to him/her myself	4%	Engaged People and Performance-Driven Culture	Medium
VI.65.	I am persistent when confronted with a task that isn't easy to finish	4%	Engaged People and Performance-Driven Culture	Medium
VI.62.	I always look for ways to learn more, even if it isn't directly useful in my job	3%	Engaged People and Performance-Driven Culture	Medium
VI.63.	I like looking for better ways to do my job	3%	Engaged People and Performance-Driven Culture	Medium
VI.66.	I value the opportunity to organise my work myself	2%	Engaged People and Performance-Driven Culture	Medium
VI.60.	I am willing to take responsibility if something goes wrong	2%	Engaged People and Performance-Driven Culture	Medium
IV.36.	I consider reaching my objectives to be important	1%	Individual Objective Setting	Medium - High

05 | 3 smallest gaps per dimension

| Figure 52 | 3 smallest gaps per dimension |

Dimension I. Strategy Focus
I.5. My objectives not only relate to financials but also to customers, processes, people or other elements
I.1. I feel excited by my company's strategy
I.7. The company's strategy is tested during the year

Dimension II. Strategy Communication
II.22. I would be able to explain my company's strategy to a neighbour if I wanted to
II.14. I feel the communication of my company's strategy is handled in an open way
II.12. I also communicate strategic initiatives to my team

Dimension III. Initiative Management
III.26. All strategic initiatives or projects that I know of are staffed with the right people
III.30. Processes that are important for the realisation of our strategy are identified and managed accordingly
III.27. All strategic initiatives or projects that I know of have an adequate budget allocated to them

Dimension IV. Individual Objective Setting
IV.26. All strategic initiatives or projects that I know of are staffed with the right people
IV.30. Processes that are important for the realisation of our strategy are identified and managed accordingly
IV.27. All strategic initiatives or projects that I know of have an adequate budget allocated to them

Dimension V. Skilled Managers
V.52. I believe that managerial skills are crucial to performing my job well
V.54. I am offered a mix of learning methods (e.g., training, coaching, on-the-job learning, etc.) to develop my management skills
V.57. In general, I think I have the skills necessary to execute the strategy

Dimension VI. Engaged People and Performance-Driven Culture
VI.60. I am willing to take responsibility if something goes wrong
VI.66. I value the opportunity to organise my work myself
VI.63. I like looking for better ways to do my job

Dimension VII. Performance-Related Pay
VII.73 Poor performers generally face the consequences of not meeting expectations
VII.76. There is a good balance between team and individual reward
VII.74. Rewards generally follow quickly after the performance for which they were earned

Dimension VIII. Support for Managers
VIII.87. My job as a manager is made easier by the procedures and tools that are provided to me with regard to strategy formulation and follow-up
VIII.88. My job as a manager is made easier by the procedures and tools that are provided to me with regard to setting and evaluating individual objectives
VIII.89. In general, I feel the processes related to the strategy and the individual objectives support me in my task as a manager

Market average ● Best-in-class

Figure 53 | 3 largest gaps per dimension (1/2)

| | 1 | 2 | 3 | 4 | 5 | 6 |

Dimension I. Strategy Focus

I.4. Other parts of the organisation have similar strategic objectives for their activities

I.6. I have indicators and targets against which progress is continuously tracked

I.8. In general, I think my company has a well-developed strategy

Dimension II. Strategy Communication

II.21. When I ask for further information or when I pose a question, I receive an individual response

II.15. There is time for questions and discussion when our company's strategy is presented

II.23. I am asked for feedback regarding whether I understand the company's strategy or that of my unit or department

Dimension III. Initiative Management

III.28. I always know (or can easily find out) exactly who is responsible for a strategic initiative or project

III.25 All strategic initiatives or projects that I know of support the strategy

III.29. All strategic initiatives or projects that I know of are being monitored to see whether they achieve their objectives

Dimension IV. Individual Objective Setting

IV.45. My objectives are changed during the year when a change in the context makes this necessary

IV.35. I receive regular feedback on my progress in relation to my objectives

IV.39. In addition to performance objectives, I also have learning objectives

Dimension V. Skilled Managers

V.48. My company provides me with training or coaching on at least one of these topics: monitoring progress, planning & organising, persistence, communication, persuading others, coaching, leading a group of people

V.51. I regularly have the opportunity to follow a training programme or to receive coaching on management skills

V.49. My company provides me with training or coaching on at least two of the above topics

Dimension VI. Engaged People and Performance-Driven Culture

VI.58. I am not particularly concerned when I have to perform a difficult task

VI.59. In general, I am comfortable with changes in my work environment (e.g., reorganisation of departments, change of strategy, new operating policies, etc.)

VI.61. I like competing with others

Dimension VII. Performance-Related Pay

VII.79. I have received adequate training on how to evaluate my direct reports

VII.72. Good performers generally receive some sort of recognition or reward

VII.81. I always find it easy to talk with my manager about my training needs

Figure 53 │ 3 largest gaps per dimension (2/2)

Dimension VIII. Support for Managers

VIII.85. I find it easy to follow the procedures for strategy definition and follow-up

VIII.86. I find it easy to follow the procedures for setting and evaluating individual objectives

VIII.83. If I wanted to, I could explain to my neighbour the way my company's strategy is translated and made concrete

☐ Market average   ● Best-in-class

Research demographics

This document is the result of an in-depth analysis of 1400+ organisations. In total 25,000+ managers participated.

Company Size
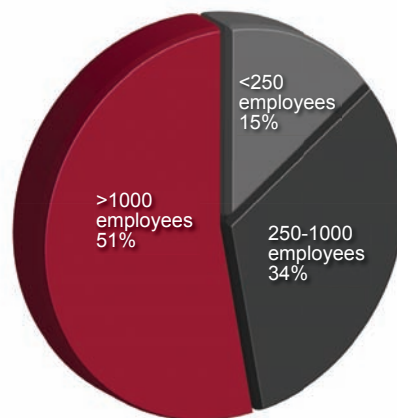
Functional split respondents

<250 employees 15%

>1000 employees 51%

250-1000 employees 34%

Other 6%

Sales-Marketing 8%

Finance 23%

Operations 21%

HR 27%

IT 15%
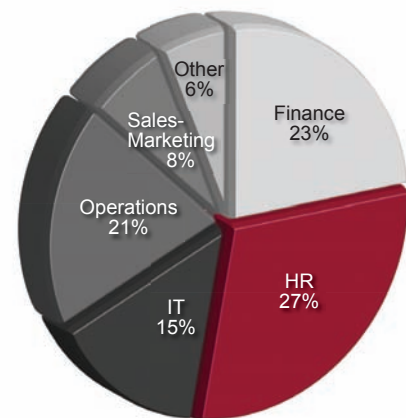
Geography headquarters

33% North America

41% Europe

11% Middle-East & Asia

1% Africa

11% South America
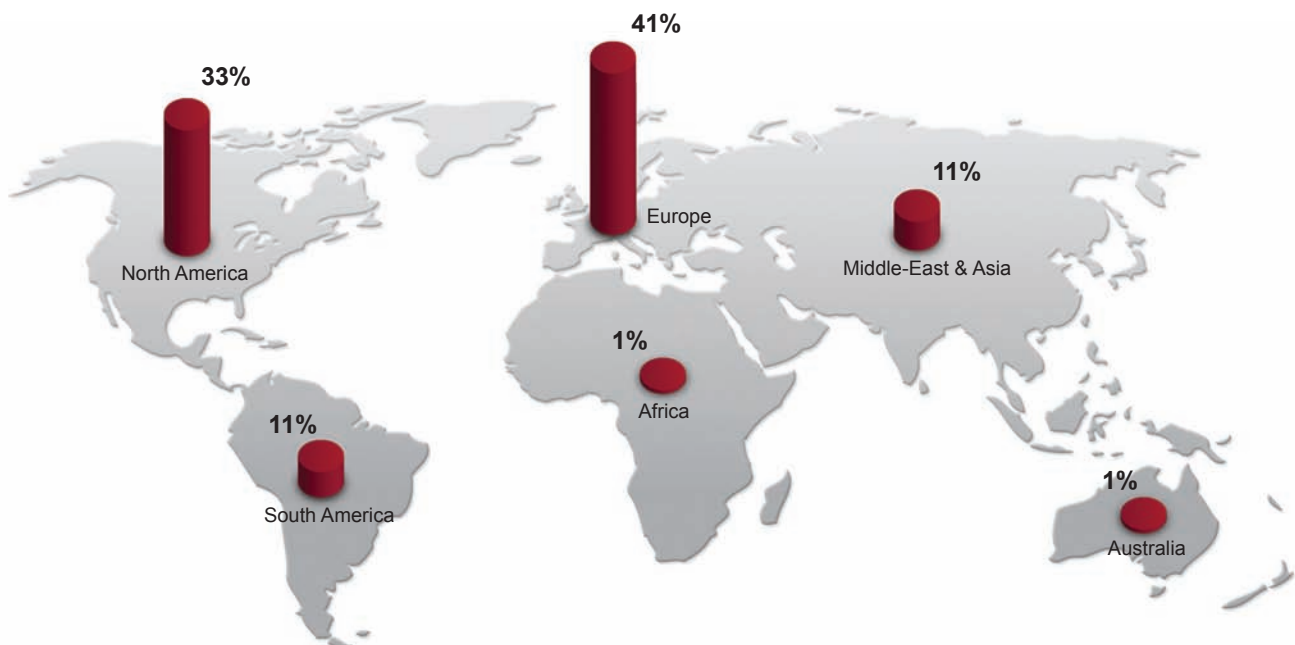
1% Australia

Country headquarters

__ Australia	__ Germany	__ Saudi Arabia
__ Belgium	__ Greece	__ Singapore
__ Bosnia and Herzegovina	__ Iceland	__ Slovakia
__ Brazil	__ India	__ South Africa
__ Bulgaria	__ Italy	__ Spain
__ Canada	__ Japan	__ Sweden
__ China	__ Korea	__ Switzerland
__ Czech Republic	__ Mexico	__ Turkey
__ Denmark	__ Netherlands	__ United Arab Emirates
__ Egypt	__ Oman	__ United Kingdom
__ Finland	__ Romania	__ USA
__ France	__ Russia	__ Yemen

Sector distribution

Company sample

Samsung
HSBC
ING
Umicore
Novartis
Walt Disney
Altria
Honda
Air Liquide
Danone
BP
Kraft Foods
Pfizer
Mercedes-Benz
Philip Morris
Oracle
GDF Suez
Nike
Roche
Vodafone
Bridgestone
France Télécom
IBM
Accenture
Tesco
Boeing
3M
SAP
Mutsui
Yahoo
Siemens
Bayer
Solvay
Sumitomo
Schlumberger
Saint-Gobain
Colgate Palmolive
GlaxoSmithKline
Rio Tinto
Nestlé
Microsoft
Johnson & Johnson
Harley-Davidson
Telefonica
Nokia
EDF
Porsche
Hewlett Packard
PepsiCo
Home Depot
Deutsche Post DHL
Google
American Express
Baxter
AXA
Sony
Anheuser-Busch InBev.
Alcon
Chanel

Towards 2020 – 9 strategy and Strategy Execution trends to watch

The last few years have been some of the most tumultuous in recent economic history. Not only has the global recession continued, but the imbalance between the speed of change in the emerging markets and the European and US economies has greatened.

Companies today are faced with several tough strategy and Strategy Execution challenges. Over the last 14 months, we have researched what is happening out there, which trends really matter and those that are merely noise or hype.

In the next section of the Strategy Execution Barometer, you will find nine strategy and Strategy Execution trends to watch as we approach 2020. We have organised them into three major clusters: (1) Strategy and Innovation, (2) People and Organisations, (3) Skills and Motivation.

01 | Strategy and Innovation
   — Trend 1 I Shared Value: a new approach to capitalism
   — Trend 2 I China: your double-digit profit growth factory?
   — Trend 3 I Innovation execution: a new success ingredient discovered

02 | People and Organisations
   — Trend 4 I Organisational structures: master the matrix
   — Trend 5 I The talent pool: specialisation and globalisation
   — Trend 6 I From time management to energy management

03 | Skills and Motivation
   — Trend 7 I Leadership programmes: execution skills in the picture
   — Trend 8 I People development changes radically
   — Trend 9 I Individual performance cycle goes agile

01 | **Strategy and Innovation**

Trend 1 I Shared Value: a new approach to capitalism

Reducing the effects of CO2, fighting poverty and cradle-to-cradle: topics that you will find on quite a few corporate agendas today. Sustainability is a trend that was identified some years ago and is seeing continuous growth.

But the notion of Shared Value is quite new, a strategy approach where a company looks at strengthening its strategic position and advances society at the same time. It was introduced by Porter and Cremer and is a concept that's gaining more and more followers.

The concept of Shared Value builds on the notion of Corporate Social Responsibility, but moves away from the traditional trade-off thinking that if you do good for society, you hurt business and vice versa.

Sustainability is more than the latest hype and will become an increasingly important topic. We predict that the notion of Shared Value will also become more important as sustainability becomes a strategic differentiator and those companies that find ways to create shared value will have a better competitive position.

But this does not mean that you have to jump on the bandwagon without pausing forthought. Each company is unique with its own specific value chain, choice of strategy and geographical presence. Not every country looks at sustainability in the same way or has the same growth challenges, but these should not be excuses to exclude the topic from your reflection process of your company's strategy, a scenario where the company focuses on creating shared value.

The key question to ask yourself is 'How do you want to define the relationship between yourcompany and the society it operates in?'. We see three generations of CSR: you can be a **Donator**, an **Avoider** or a **Creator**. Where is your company at and **where do you want to be?**

The first CSR generation is made up of **Donators**. They are good citizens who believe in the traditional trade-off **between** organisations and society, but want to give something back to society, to compensate. The good cause is often randomly selected and driven by the personal preferences of a few individuals, most often the owner or CEO. There is no ambition to strengthen the strategic positioning, but many use it to look good to the outside world and as an advertising campaign on their annual report or website.

In fact, I believe that quite a few **Donators** engage in CSR to create goodwill and keep offthe activists' radar. Let me explain. The world around us is changing. The general publichas taken a new position – sustainability has become the new norm, at least from a lipservice perspective. Saying you are against sustainability is simply not done in today'sworld. In Europe

you'd be signing your death warrant. In this new world, activists are also more aggressive and look for 'bad' examples that they can use and abuse in their campaigns. So what do **Donators** do? They try to create (read: buy) goodwill through CSR. They commit an amount of money to show the world that they are sustainable; they give their annual report a nice green gloss, put some trees or windmills on the front page and show nice pictures of smiling people with their executive in some far-off country. And the costs are written off as an expense. CSR is a smart move, like point-of-sale material or a marketing campaign that wins the hearts of consumers.

The second CSR generation is made up of the **Avoiders**. Their main objective is to reduce any negative impact of their **own** activities. **Avoiders** are aware that certain activities from their value chain have a negative impact on society and try to reduce that impact. A good example is those organisations that are trying to reduce their energy use.

The third CSR generation are the **Creators**. This group embraces the Shared Value concept and view **sustainability** as a positive sum game. They see Corporate Social Responsibility as an investment, not an expense. They are also much more selective about the activities they target. They believe that no business can solve all of society's problems so a worthy cause is not good enough. They focus on those social issues that affect the drivers of a company's competitiveness in the locations in which it operates.

Trend 2 I China: your double-digit profit growth factory?

"You should see it to believe it" is a phrase many people use to describe China after their first visit. China is overtaking the world at an exhilarating pace. It seems to have a few extra gears. And although it is not all joy and happiness, China has become a must in every strategy reflection process. As many businesses are starting or have already started activities in the region, Strategy Execution in China has also become a crucial topic.

The first thing you need to understand is the vastness of China and to get used to these big numbers. Let me share some amazing facts and figures about China and its economy to help you better understand the phenomenal growth and related opportunities and threats. Facts and figure about China:

- 25 – 25 – 25: The Chinese government aims to have 25 cities with 25 million inhabitants by 2025.

- 100?: If you included the GDP per capita in the equation, the Chinese have one of the highest life expectancy rates in the world.

- 437 million: That's the amount of Chinese that will be 60 or above by 2050 – about 31 percent of the population.

- 79%: According to the American Chamber of Commerce, 79 percent of all foreign companies in China make money. This percentage is

higher than ever.

__ *1 billion:* Everyone is investing in China. Ten years ago, you would have received red carpet treatment in Shanghai with one million euros of investment. Today, you need at least one billion to get noticed.

__ *65 million:* That's the number of vacant apartments today in China – a serious real estate bubble. Want to know how they calculated the number? The electricity power bureau counted all apartments not using any electricity in a six-month time period.

__ *13%+:* Chinese labour is not as cheap (anymore) as you might think. Labour costs inflate at a staggering rate of 13 percent per year. The upside is the increase in local buying power that reduces the export dependency. Finding buyers remains a major challenge, especially when the Western economy continues to stagnate or even reduce.

__ *13 years:* During the cultural revolution (1959-1972), education came to a standstill.

__ *45+:* Very few people in the talent pool are over 45-years-old due to the educational standstill I mentioned previously. It's one of the main reasons why you see so many young executives.

__ *118 – 100:* It's not so easy to find your ideal wife in China with a ratio of 1.18 men to each woman.

__ *1900:* China has been the largest economical player for the last 5000 years. It only lost its number one position at the start of the 20th century. In other words, it knows how to lead; they have been doing it forever. No need to ask yourself if they could do it again. The only question that remains is when will they take over economical world leadership.

__ *300 – 400 MIO:* The estimated extra number of Chinese on the planet without the 'one child' policy.

It's also important to understand that there are different dynamics at play. Let's look at Jan, a typical CEO for a European company. Jan made some clever choices in the past. His company has a solid overall company strategy and the business is doing fine (but not brilliant), despite the economic crisis. Jan doesn't expect strong growth in Europe or the US over the next decade. And he is thinking of going to China, the promised land with its double-digit growth. There are many CEOs just like Jan. And going to China, not only for its cheaper labour costs but also for its customers, is a move that more and more companies are making. But capturing the hearts of Chinese customers is often more difficult then it seems from a cosy office 10,000 kilometres away. Here are five strategy challenges that you are most likely to encounter when your business enters the Chinese market:

— 1 | **Illegal copycats**

Once you are somewhat successful, you can be sure someone will illegally try to copy your product. Some attempts will be very amateur and won't cost you much business – Hike (Nike) or Noklia (Nokia) for example – but others will be much more professional. The million dollar question is: 'Can you do something about these illegal copycats?'. Although you cannot expect miracles from this action, make sure you protect your Intellectual Property (IP) in China. The rules and regulations are different than in the West, so make sure you go through the motions with a Chinese IP specialist.

— 2 | **Price fights**

Similar to copycats, but on the legal side, the Chinese are masters at detecting opportunities and will move quickly and strongly into a market space when you have proven the sales potential for them. As they won't be able to copy your technology or brand at the start, they will almost always go for a price fight – a fight that you cannot win. The solution? Think hard about your price premium and make sure you educate your (potential) customers about the added value they will get when buying your product. To achieve this, you will need a solid sales and marketing (brand premium) strategy and execution. Your product alone will not cut it.

— 3 | **Lack of information**

Chinese business moves at the speed of light – as does their decision taking – something we are not used to. When people ask me (I'm Belgian) why we have taken so long to choose a government and why we even seem to do fine without one, I always say – half jokingly – "In China, they take more decisions in an hour than the Belgian Government does in a year. So it takes some time before its absence is noticed". The different rate of decision making can take you by surprise, especially as the information flow is not always transparent. If you don't watch out, you will always be catching up. It might even get you into trouble as some laws change overnight. So keep your ear to the ground, or even better, get yourself some local, well-networked ears to get crucial information fast.

— 4 | **Size of the country**

China is the third largest country in the world behind Russia and Canada. Therefore, a one-size-fits-all approach won't work. You need to segment the market and prioritise, if not for the different customers needs but to pace yourself to avoid overstretching. Also, make sure you take the country's size into the equation when making strategic decisions on location. You might be tempted to launch production in Western China where labour costs are among the lowest in the country but this area is a long way from the coast. Think about the total cost of the supply chain including transportation and your suppliers' ability to fulfill your requirements.

__ 5 | **Chinese companies going global**
If you believe that your competitive battle will be fought out in China – far away from your head office – I wish you good luck. You might not have seen any Chinese competitors in your industry on your home turf, but that will change in the next decade. The Chinese are well aware that the European and US markets are pretty tough and crowded spaces that demand a different approach to China. Behind the scenes, many Chinese players are trying and testing – an approach they master very well – smaller markets in Africa. Whether through acquisition or with own local operations, they are building on their capabilities to attack and conquer the more difficult markets. And once they have the expansion capability mastered, they will move to Europe and the US. Adopt the same approach and learn about your future competitors in their home country and get ready for the competitive battle in your home country.

The third important element is the different people dynamics at play. People drive your strategy to success. They bring the PowerPoint presentation to life, transforming what's on paper into practice. But this does not happen by itself. You will encounter quite a few people challenges when you move your business into China. Here's a list of five people challenges you will most probably come across and tips to help overcome them:

__ 1 | **HQ expects too much**
For many executives, China is the promised land, the goose with the golden eggs that needs to secure their next bonus. In order to reach the double-digit figures they promised the board, they push local operations to or over the limit. Make sure the team in China is more than an unknown group of individuals tasked to deliver the aggressive growth figures presented in the budget.

__ 2 | **Language and cultural barriers are not taken into account**
I don't have to tell you that China is a different world – but many people seem to forget this. In fact, one of the most common mistakes when negotiating in China is to rely on the clients' negotiators. And that's strange, because we all know on which side (s)he will be. And even if (s)he would be neutral, (s)he does not know your product, your strategy differentiators nor is (s)he aware of your negotiation ambition. So spend the extra time and money to find yourself a top-level translator who knows your product, your needs and, most importantly, your negotiation strategy.

__ 3 | **Recruitment issues**
There aren't enough managers in China as demand outstrips supply – and managers know and exploit this simple fact. Here's an interesting real-life story I heard during my last visit to Shanghai that illustrates the way Chinese managers consider job hopping. A candidate for a managerial position starts apologising during an interview with a recruitment agency. It takes a moment for the Western recruiter to understand, as the way of thinking is so dif-

ferent to what he is used to. The Chinese candidate looks for all kinds of excuses to explain why he has been employed by his current employer for eight years – four times longer than is the current norm in China. People come and go – that's the market trend. However, you have to see how you can move beyond the salary to attract (and retain) people. If not, it becomes a bidding war. Think about how you can make your organisation more attractive to Chinese candidates. A solid brand name and international exposure will help, both highly valued factors for Chinese managers as it will look great on their CV and improve their prestige (among friends and family) and future value.

4 | **Teamwork is not a state of mind**
For the average Chinese worker, teamwork is not a priority. From childhood, the Chinese compete for everything they do. There were always others to claim the same spot so they had to fight to secure their space. And so it became a habit, deeply engraved in their personal DNA. So when you tell the Chinese to work as a team, they will probably say 'yes' but think 'no'. As a leader, you have to be aware and understand the 'why' behind the fact that Chinese don't favour teamwork. In order to create change, you will have to promote and push teamwork relentlessly. But it will be quite a challenge to change such a deeply engrained habit.

5 | **Human Resources (HR) not yet mature**
The HR concept as we know it in the West is rather new in China. Few choose Human Resources as a career. The traditional HR view of 'keep the personnel files together for external reporting' dominates. Furthermore, due to limited staff loyalty levels, most Chinese executives see investing in people as a waste of money. I believe Western companies have an opportunity here to stand out and be different. In the short-term, a solid, hip professional employer approach could help attract local top talent.

To conclude, here are some of the best practices that we've identified with our clients who make it in China that could inspire you to take your China ambition forward.

Design a clear strategy*: Don't go to China just because you have heard that the market there is growing faster than in the West. If you only want to go to China for the GDP growth, stay at home! You will only end up in a price fight that you are sure to lose.

Have an edge*: When you design that clear strategy, go and look for a competitive edge that's about more than costs as you cannot win a cost battle. Aim for extra value that determines a higher price – but this doesn't mean that you can charge whatever you want. If you have an edge, come equipped with solid data that proves that your product is better than that of the market leader's. Your word alone will not do.

Try*: Things in China move quickly, probably too quickly for your

regular strategy planning and budgeting process. If you follow the regular route, your local competitors will have simultaneously tried and tested three approaches by the time you have finished putting your PowerPoint presentation together. And while two of them might have failed, the third probably worked. And even if it didn't, your Chinese competitors will have gained valuable customer insights and won new execution capabilities while you were discussing those PowerPoint presentations with expensive consultants thousands of miles away. Remember, incubation is a crucial innovation step. When the rate of change is high, as it is in China, you need to get in the game and take some controlled risks. Just make sure you only turn to the next phase if you are sure there is a customer need that you can fulfil, with a solid margin for a reasonable amount of time.

__ **Don't do it all yourself***:* Building capabilities takes time – a luxury that you don't have in China. Try to find a local partner or buy a local company. Sure, you will encounter the typical issues, but you will also gain those much-needed capabilities faster than when you follow the 'do-it-yourself' route.

__ **It's not only about the product:** When you build your price premium, look beyond your product. Many Western (and even local) companies that are successful in China today attribute their success to a strong marketing and sales focus. Many industries are still in the early stages and there is a strong requirement to create the need and educate the buyer about quality. How? Develop a strong sales story (easier when you have a strong brand), one that inspires people, is easy to remember and sexy to others.

__ **But don't forget the product***:* There's a high probability that customer needs for your product or service in China are different to those in other regions. Don't be foolish and think they will adapt their needs to suit your product – sales and marketing can only go a certain way. Get out there and capture local needs. Let me give you an example: on the flight home from Shanghai, I had an interesting conversation about consumer insights with Rolf Specht from Mercedes-Benz who was my neighbour on the plane. He said: "As most Chinese businessmen have a driver, they have specific needs for the working environment in the back of the car. We find it crucial to find out exactly what they need so we can adapt our cars accordingly". My tip: if you have already a presence in China, make your local team responsible for collecting consumer insights. They probably need some educating as they might not be used to capturing market and customer intelligence in a structured way. Make sure you keep the process light. A copy and paste from the process in your home market will not work.

__ **Don't send your B-team***:* China is a tough market. It's big, it's unfamiliar and it's changing at lightning speed. You need the right people to cope with this. You want your best leaders on the ground, not your B-team. Put your money where your mouth is and assign your best people to grow your business in China.

__ **Head office**: What's your role? You need to look beyond potential gain and be prepared to be in it for the long-term. There's more to it than securing your next bonus. Manage stress, avoid copying and pasting processes and… keep it simple. Remember: if every department in every region asks for KPIs and forms from the China team in order to be the ideal business partner, when is the real work going to take place?

Trend 3 | Innovation execution, a new success ingredient discovered

Innovation has been a buzz word for some time now. But we believe it's more than hype as we are convinced that companies need to reinvent themselves constantly to offer unique value to their clients. It not, the initial value starts to erode and you end up in a position where you don't want to be. Think about Nokia and the smart phone and you'll understand what we're saying.
Many companies promote the importance of innovation, invest in their innovation capabilities and put the topic on the leadership agenda. So we see quite a few organisations come up with solid ideas that can strengthen their current strategy or even find new value pockets they can tap into.

But we also see that quite a few companies struggle with the next phase, turning these innovative ideas into a profit-making practice. Most of these companies find out the hard way that these new ideas cannot just be dropped in the traditional organisation and sit back and wait until they deliver the promised value. They discover that there is also an execution step that plays an important role in innovation success.

Our research shows that every successful innovation process has three distinct phases: *the Search phase, the Incubation phase and the Execution phase.* Each phase has different attributes for success and therefore requires a specific approach. Let's look at them in more detail:

__ 1 | **The Search phase**
This is what most people would call 'innovation'. It's very often the only step they see. It's the step where you look for new ideas to offer more value to your existing customers or come up with a value proposition for a new set of clients.

The Search phase requires a solid understanding of the industry and your target client segment. Very often, the closer you are to the action, the better insight you have. Unfortunately, this first step is often centralised, which according to our experience is not smart. Searching for new ideas should be done in the field, by local resources that have the time.

Whether or not an idea makes it to the next phase – the Incubation phase – is determined by the rules of competition, the basics of strategy and competition. In short, does your idea offer your company a sustainable competitive advantage that brings in

enough earnings?

Bringing in enough money is especially important for larger organisations. Why? The larger your organisation, the more future earnings an idea needs to potentially offer in order to be retained. If your current business brings in one billion a year, you won't want to waste your time on ideas with a future earnings potential of 25,000 euro. But if you are a 0.25 MIO turnover company, it could be great to pursue this.

As success is not guaranteed, you want to reward effort rather than results. You want to encourage revolutionaries, people who dare to think differently, those individuals that ask questions that others won't. Like Newton, the men who defined the laws of gravity started from a simple question: "Why should the apple always fall perpendicularly to the ground?".

— 2 | **The Incubation phase**
The second step in the innovation process is all about testing and growing ideas. Just because an idea looks promising on paper doesn't mean that it will deliver the value you expect. In our experience, the Incubation phase is crucial but often overlooked or poorly attended to by organisations that want to boost innovation. Incubation demands a trial and error approach and mindset. If you cannot handle failure and start over again, you will never succeed. Look at how venture capitalists operate: they launch themselves into several start-ups and only expect a return on a limited number of them.

The aim of the Incubation phase is to test value – to find out in the real world if customers are willing to pay for a certain value that you are offering. It is crucial to test this with the right client. When you come up with a disruptive idea – one that targets a different client group with needs different to your current client segment – you need to manage the lack of enthusiasm from existing customers and not let that stop the execution. Think about the research by Christensen (1997) when you define your target group: *"Disruptive strategic innovations offer a different value proposition from what the established players offer. As a result, they attract customers that are different from the customers that the established players focus on. As a result, if you ask your own customers if they want them, they will lead you astray."*

Once the testing is finalised, you can detail a business case based on real data, and not only on wild guesses and random assumptions. So whether an idea makes it to next phase – the Execution phase – depends on the test results and their translation into an honest business case.

Incubation is done by passionate people, by entrepreneurs who believe 200 percent in what they do. Larger organisations of-

ten lack entrepreneurial people, whereas they have more than enough strategists and managers. It's a self-selection process where (international) structures, size of operations and management opportunities attract people who thrive in this environment and suppress people who don't. We believe that one of the first things that a company wanting to boost innovation needs to do is look around for entrepreneurs who can pick up the ideas that come out of the Search phase, test them with passion in the marketplace and hand them over to the managers that grow them further in the Execution phase.

You should reward 'intelligent' failure; mistakes are allowed, but you want people to start from a specific set of tested assumptions (rather than just shooting from the hip), learn from mistakes and adapt. You should promote and encourage drivers, that small group of entrepreneurs in your organisation who are able to take an idea and passionately fight for it.

— 3 | **The Execution phase**
This is the third and final step in the innovation process. In this step, it's all about growing the identified value of a specific idea. Your tests show that the customer target group is willing to pay for the value offered and your honest business case indicates that the earnings from the idea will be large enough – in terms of earning potential compared to your company size and relative to other options you have.

Your goal is to reproduce the success of the test and turn it into a factory approach, a streamlined day-to-day activity that brings in the expected returns. The key word is 'streamlining'. You want to turn this into business as usual, a factory that grows the value.

The new activities can be integrated into the existing organisational structure, added alongside or set up separately. Use a classical budget approach to manage activities, although it's useful to go back to your honest business case every three to six months to see how well you predicted success and integrate the learnings into future business cases.

The role of 'the manager' as we know it is predominant. As a company, you want to reward results, encourage execution heroes and, importantly, punish low performers.

Two areas of conflict you need to manage proactively
Our research shows that during these three distinct phases of the Innovation process, you need to proactively manage, firstly, the potential conflict with the current business model and, secondly, the human side. Let's look at these in more detail:

To achieve the former – manage the potential conflict with the current business model – you need to find out upfront where the potential conflict areas will be. The four most common conflict areas are:

___ *Cannibalisation of old business by the new idea:* for example, a new e-shop keeps clients away from traditional stores.

___ *A brand identity mismatch:* for example, the brand attributes that you require to put the new idea into the marketplace are too hip and don't fit with the current brand identity.

___ *A culture and values mismatch:* for example, the eye for detail and engineering you cherish for your main business is opposite to what you need for the B brand you launch.

___ *Incentive system:* for example, the remuneration policy for attracting and rewarding high-quality entrepreneurs does not fit with the existing reward approach.

Unfortunately, there is no magical solution to avoid these conflicts. It's about choices and the trade-offs that you need to make. The two important lessons from the best in-class-innovators are: to make those choices very deliberately *and* communicate them explicitly to the organisation. Here's an example of communication, "We launch a new e-shop but continue to invest in our physical retail channel. We know that our new e-shop will take away business from our traditional channel but we are convinced, based on the field test that we have done and research data we have collected, that it is an important step for us to take as the market is evolving fast. Let's look at this in more detail…" Remember: if people don't understand a choice, it's very hard to get them motivated.

The second conflict you need to manage is what we call 'the human side' of innovation. There are two angles to this – the obvious one and the lesser-known one.

The obvious one is the threat that a new business presents, especially when it becomes bigger. Managers from the existing business fear that they will lose power and influence and start to take action. Once egos are threatened, action follows. These blocking actions are not always obvious, but do exist and can harm business.

The less obvious threat relates also to the human side of innovation and to size, but in this case it's because the new idea is too small. Why? Because that idea will not get the attention it needs to grow. Some of the most important decisions will need to be made during the incubation period, the time when the business volume is limited. When you are an entrepreneur and dedicate all your time to this new venture, you will give it all the attention and brain power to make the best possible choices – necessary because your future depends on it. When a senior executive deals with a new million dollar challenge every hour, what are the chances that he will give enough time and brain power to that small idea that needs to move through the incubation phase? The answer will come as no surprise: we see many great innovation ideas trampled on by the running business. They are too small to get serious attention and brainpower to move

forwards (or stop!) in the best possible way. The result: good ideas don't make it because they get stuck and forgotten about or bad ideas keep going and going because nobody pulls the plug.

02 | People and Organisations

Trend 4 | Innovation execution, a new success ingredient discovered

Almost everyone has one, most managers find it complex and it's hard to find no-nonsense advice on the topic. Any idea what we're talking about? We're talking about matrix structures. A matrix structure is often introduced to enhance the product focus within an organisation – in addition to the traditional profit and loss management often organised geographically. But while the underlying idea is good, poor execution makes malfunctioning matrix structures one of the most frustrating aspects (read: performance killers) in many large organisations.

"But isn't there something that can be done about it?" you might ask yourself. Unfortunately not. There is no magic formula to make a matrix structure work 100 percent of the time because each structural choice brings disadvantages. But most organisations can make a big leap forward by actively managing the complexity of their organisational structure and putting some of the following actions into practice.

1 | What would you like to achieve with the matrix structure?
A simple question surely? But most CEOs fail to answer it. Yes, they will have a phrase ready such as "This structure enhances our product innovation strategy" or "The new organisational structure is the result of a strategic study carried out by an external consultant". But that's not enough. A matrix structure only adds value when its objectives are crystal clear. So see if you can find the objectives in writing. And if you can't, consider this a priority as clear matrix goals are crucial.

2 | Mastering the matrix = organisational design
Managing a matrix structure is not easy. It requires a careful balancing act within an environment that is changing constantly. Many leaders use a one-on-one approach to steer the leadership team in the right direction – but this approach isn't so smart. While it might work, it requires lots of time and reinforces a hidden political game that is centred around you. So unless you are a power-driven, egocentric individual, you might want to consider going for a structural solution. And this structural solution is a professional organisational design that includes, in writing:
_ The matrix ambitions
_ The do's and don'ts on a macro level for each of the players involved
_ The impact on the business/decision processes
_ A list of disadvantages and how to deal with them

3 | **Include size and growth rate in the equation**
Organisational units come in different sizes and have different growth rates. You can have a solid 750-strong organisational structure in Germany growing steadily at two percent a year or a team of 50 in China doubling in size every 12 months. The functional line can add a lot of value to the geographical, but only if the service is adapted to the needs of the recipient. And the support a mature organisation wants is quite different from a fast-growing smaller unit. So make sure the functional lines offer services adapted to the size and growth rate of the receiving geographical units.

4 | **Dare to change the power balance**
The financial crisis has forced many organisations to reduce costs. I have talked with quite a few senior executives over the past months who told me that they struggled a lot with the question: "What to do with our matrix structure in these times of crisis?" and admitted that the reflection process largely reduces the speed of decision making. The truth is that new challenges often demand new structures. In cost-cutting mode for example, it's easier to get quick results if the geography – country or region – takes the lead as opposed to the product lines. So don't be afraid to shift the power balance. Take proactive measures. You might step on a few egos, but that's part of the job.

5 | **A necessary topic at your next management team meeting**
Whether you are in a corporate role or in the field, whether you are high or low on the hierarchical ladder, whether you like it or not, your job – and those of your team members – are impacted by the organisational structure. Members of the same team will face the same organisational challenges so it's worthwhile to put it on your agenda and acknowledge its importance. Put it on the execution agenda and take concrete actions to improve.

6 | **Rotate**
This is not a new tip and probably the best-known by most leaders. When an individual has worked 'on the other side', s/he will be much more receptive to matrix sensitivities and therefore much more likely to deal with them in a positive way. But while most managers know this, only a few companies take full benefit of explicit career moves between the different sides of the matrix structure.

7 | **Steer projects together**
In a matrix structure, people tend to dump things on to the other side. And this behaviour creates a lot of anxiety and distrust – two feelings you don't want to stimulate as a leader. Most best-practice matrix structures start with a pragmatic programme management office on neutral ground – one that helps with project communication resource planning and project launch towards both sides of the matrix.

8 | Take care of strategic planning

The sides of the matrix are like the plug and the socket. They fit together very well but need some help. This is done best during the annual planning cycle as, in the long-term, strategic planning problems with the operating model almost always stay hidden. So take the time needed on a yearly basis to connect the plug and the socket. All parties involved should work together and sign off on next year's project portfolio. These joint signatures will dramatically reduce noise on the line later on.

9 | Relationship building takes time

You will probably agree that face-to-face interactions are better for creating good business relationships. Try to reduce the job changes at head office. In many organisations, people are already on the move before the benefits of the newly built relationship kick in.

10 | Learn to live with it

A matrix structure can have enormous benefits for an organisation as a whole, but it won't please everyone all of the time – and it doesn't help to pretend it will. "You can fool some people sometimes but you can't fool all the people all the time" said Bob Marley, the famous reggae singer. And he was right. So don't try to hide the disadvantages of your organisational structure. Recognise them instead. Most people will see them anyway. Communicate the pros and cons and teach people how to live with them. And make sure you add the following line into your communication: "a matrix structure is not an excuse not to perform".

11 | Who's the boss?

In the end, most people will evaluate the real power of an organisational structure based on who impacts their performance evaluation and career development. Remember this human psychology when designing structures and detailing operating models. Your matrix model might work perfectly on paper, but as long as the performance evaluation process does not reflect the desired function, it will remain a dream on paper.

Trend 5 | The talent pool: specialisation and globalisation

You need talented people to achieve great results. Managing your talent pool – attracting, growing and retaining high potentials – is one of the most crucial tasks in business. This is the case today and for the future. We see however two major trends affecting the talent pool, both from an employer and employee perspective: firstly, increased competition in the job market demands more specialisation and, secondly, fuels the globalisation of your business. Let's look at these in more detail:

1 | Increased competition in the job market demands more specialisation

With the digital revolution, more people than ever have access to the same knowledge. For example, anyone with internet access can access high-quality courses from Massachusetts Institute of Technology (MIT) http://ocw.mit.edu/index.htm. It gives everyone a shot at becoming an exceptional engineer.

But access to this kind of information also increases competition. Whereas until a few years ago, a graduate was mainly up against local competitors for an interesting job, this is beginning to change. More and more educated, high-calibre people from growth countries are available on the global market. So to secure a spot, individuals need to stand out and specialise. Lynda Gratton, Professor at the London Business School talks about an increased focus on *portable skills development* – skills that stick with you when you move from one company to another, rather than with the organisation. In our view, it's the strategy concept 'competitive advantage' of Michael Porter but applied to the individual. It answers the question: *"How will I stand out and increase my value?"*. We all know it won't be cost so you need to look for other differentiators.

2 | Fuel the globalisation of your business

There is a strong imbalance of growth. While the economy in the US and Europe is almost at a standstill, business is flourishing in emerging countries like Brazil, Russia, India and China. For a multinational with headquarters based in the former, globalisation of resources is crucial. What does this mean?

Firstly, there is the need to *attract enough local people to fuel the growth*. Just because a constantly growing sector of the workforce in emerging countries is joining the international job market doesn't mean that local sourcing problems are solved. On the contrary, the sheer number of educated people today does not meet local supply. Furthermore, the high demand increases wages for skilled labour, intensified by a high willingness to change jobs for more money.

Secondly, the *HR approach needs to adapt to these new challenges.* The tools and techniques that cut it in a mature market are not necessarily the right ones in the local market. For example, a recruitment campaign based on brand recognition in the home markets that works fantastically will probably have little or no impact in other parts of the world where your brand is unknown.

Thirdly, it's crucial to *mobilise your workforce.* In a world that is going global, our workforce also needs to be global. This is about much more than shipping expats to a faraway country to conquer the local market. The future is not for the missionary type organi-

sation with believes that the best people come from the home country. It's about developing local talent and integrating them in your regional or global talent pool. Successful companies are able to mobilise the right people and move them around the organisation. And it's not a one-way street. You also want to integrate your local people into the global talent pool. To succeed, you need an internal international marketplace where people move around based on matching individual skills with organisational needs.

Trend 6 | From time management to energy management

When time management became popular, it seemed to be a solution to all business problems. Everyone took time management courses and started looking for efficiency gains everywhere. Companies promoted it and started carefully monitoring the use of time.

But since time management became popular, the world has dramatically changed, our business interactions speeding up tremendously. Thirty years ago, a typical business interaction went something like this. Your company wants to do business with another company. After a nice lunch to talk about opportunities, you send a letter to the contact person to formalise ideas. A few days later, the recipient plans an internal meeting to discuss the matter, the results are dictated to a secretary who sends a letter back. You plan a meeting in two weeks to discuss it further…". Today, you might talk to your boss after lunch, then write an email that evening to your contact person. You receive a response by midnight saying she will discuss your feedback with her boss. At lunchtime the next day you get a formal email confirming the agreement.

It is a mistake to think that the increased speed of business is only technology driven. Yes, it's true that new means of communication enable us to communicate faster, but the real change is in the mindset. We expect things to move forwards at the same speed as technology. If we don't get a response to our email within the next 12 hours, we believe something is wrong.

And as today's technology is so advanced, we – the managers – have become the bottleneck. We have reached the time management optimum as there are only 24 hours in a day and only so many emails we can write and respond to in an evening.

What's the result? We try to become even better at time management and start to cut corners. A typical example is collective smart phone sessions. It is still called a meeting, but in reality it's just a bunch of individuals sitting around the same table cleaning out there inbox while somebody in front makes some background noise. But if we are honest, that's not the solution either.

The biggest problem is that people don't cope with work anymore, the speed and the feeling that work is never-ending is stressful. There have never been so many people suffering from burnout in the Western world.

In fact, a number of organisations that we talked to list avoiding burnout in the top three of their HR priority list.

So what's the solution?

We have to evolve our thinking from time management to energy management. The limits of productivity are not defined by time or hours of work, but by the energy levels we have.

We believe it's crucial to have such a debate in every organisation and look for paths to better energy management. There is an organisational angle where the cultural elements have a big impact, for example, do you have a culture of endless meetings in your company and on a personal level, do you know when you go into overdrive and it's time to take a break?

The speed of technology will not decrease so energy management will become more and more important on an organisational and individual level. We will have to learn how to manage the overall energy balance of the organisation as well as personally managing our own energy levels. To do this, we have much to learn from the younger generation who cope much better with the new time dilemma. They understand it's impossible to follow the speed of technology and they clearly say no to certain things. They make choices.

And finally, a comment on energy management in times of crisis. For most individuals, a crisis is a stressful period in their business life. And quite a few of them are stretched to the limit, with the risk of burnout just around the corner. When the economy picks up, companies shift gear again, demanding that people go the extra mile. There is a risk that this could prove a push too far. Be aware of the impact that the crisis has had and continues to have on the energy levels of people in your organisation and take action to restore the balance before jumping into a new venture.

03 | Skills and motivation

Trend 7 I Execution skills in the picture in leadership programmes

Strategy Execution is on its way to maturity. Robert Kaplan and David Norton started a new management revolution in 1992 with the popularisation of the Balanced Scorecard concept. Originally launched as a new way of measuring strategy, taking other measures into account rather than merely financial ones, the Balanced Scorecard quickly became the instrument that made managers think harder about the implementation of their strategy. And today, more than a decade later, Strategy Execution has grown out of its infancy and is on its way to maturity.

Organisations are adopting execution ideas. One of the trends is to define a specific role for the organisation to keep execution efforts moving in the right direction. For example, quite a few companies have an office of strategy management – a team reporting to the CEO or a senior executive

that monitors strategy and strategy implementation – or create a new job of Chief Execution Officer, a senior role at the top to drive execution efforts across all business silos.

Besides execution popping up on organisational charts, we also see an increase in visibility on the skills development side. Many best-in-class organisations today have integrated a specific Strategy Execution module into their in-company leadership programmes – a half to three-day programme that's tailored to develop those specific execution skills that fit the company's needs. The same goes for open educational programmes. Quite a few renowned business schools like the London Business School, INSEAD and Wharton have recently started programmes specifically tailored to develop execution skills.

A secondary effect of this increased attention to Strategy Execution leadership development is that people are more interested in finding out more about strategy. We see a clear trend to going back to the basics of strategy, the ambition to go beyond the 'blah blah' and the motivation to understand the true dynamics of strategy and competition.

Trend 8 | People development changes radically

People development is important today and will be so in the future. But we clearly see the development approach that companies are taking changing quite drastically in five areas. These are: (1) *Blended learning becomes the norm at a fast pace*, (2) *Classroom training gets a new approach*, (3) *Development programmes are co-created*, (4) *The one-stop-shop for training is on its way back,* (5) *There is an urgent need for content consolidation*. Let's look at these five areas in more detail:

— 1 | **Blended learning becomes the norm at a fast pace**
Traditional classroom training is on its way back. It's expensive and the effects are limited. Today, organisations mix classroom training with other methods such as coaching, on-the-job learning and informal learning communities. The knowledge that classroom training is not the optimal solution is not new. Wilson researched the topic in 1991 and found that informal on-the-job instruction is three-to-six times more effective than formal training. Comparing the effectiveness of training and development delivered in the classroom to video technology, revealed that although both groups of trainees scored the same on learning outcomes, the conventional classroom training took 7.5 hours versus 2.6 hours for the video.

For some time now, companies have been shifting to blended learning. The interesting part of our research is that the speed at which this is happening has picked up drastically.

— 2 | **Classroom training gets a new approach**
Traditional classroom training with a professor lecturing managers is disappearing fast. Of those sessions that do take place in a

classroom, best-in-class companies try to make the experience as interactive and useful as possible by including best-practice sharing, practical exercises and open discussions.

We are also increasingly seeing an action learning approach. How does it work? By putting managers from different disciplines in one team, tasking them with a real business problem that's giving senior management sleepless nights and provide them three months and some support from external facilitators and/or academics to find a solution. There are quite a few benefits to this approach. The 'student managers' discover other areas of expertise, develop new skills, learn to work effectively with colleagues, find the necessary information within the organisation, take decisions and gain senior management exposure.

3 | Development programmes are co-created

The time when head office defined and filled training needs itself is disappearing fast. Functional and geographical areas are involved in the creation process of key development actions. The training manager from head office isn't a dictator anymore, but an advisor who facilitates the process to devise the best possible learning intervention. The relation between the company and external provider also changes to co-creation. The time when the 'expert' could get away with the same programme as dozens of other companies is over. Clients are much more knowledgeable about what they want and are demanding customisation.

4 | The one-stop-shop for training is on its way back

Most companies move away from the one-stop-shop for training where they have a deal with one training provider who delivers a complete leadership programme. Experienced training managers know their way around the global market and mix and match high-quality experts and facilitators from different organisations and universities to create the best possible learning intervention. We believe this is a very positive evolution. Not only do you get better quality facilitators in your programme (no training company or university has top-level expertise in every area of the development programme), but you also have a much more stable programme. If one of the companies you work with fails to deliver, you can plug and play, something that is very hard when you are dependent on your one training provider for all your content.

5 | There is an urgent need for content consolidation

An area in which many companies have reported problems but where we still don't see clear action, is the way content is managed once the programmes have been completed. We see an urgent need for content consolidation. For years, programmes and models have been added and in many organisations the saturation point has been reached. There are just too many different content models, frameworks and learning modules available. There is an urgent need for simplification.

The problem does not only happen on a horizontal level between silos, but also on a vertical level. Let me give you an example. The development subject: individual objective setting. A junior manager receives objective-setting skills training using Model X as part of her induction programme. When she becomes a middle manager, the variable remuneration policy and the way objectives are set both change. As part of her new training, she has to learn other techniques – and forget the old ones! She continues to climb the corporate ladder and becomes a senior manager. At the senior level, the corporate system kicks in. You get the problem, right? The result? No systematic company-wide skills upgrade, frustrated individuals and a waste of money.

We predict that content consolidation and simplification will become a top priority for HR in the coming five years.

Trend 9 I Individual performance cycle goes agile

Individual performance management is a mature process in most organisations, especially bigger ones. The downside is that the process very often becomes incredibly structured and overly complex. With a focus on cost reduction and adaptability, we have identified seven trends and estimate they will pick up in the following years:

__ **From yearly to quarterly reviews***:* In a business world where things change at lightning speed, the objective setting needs to follow the business. If the overall business objectives change, individual objectives need to change as well. If not, the exercise becomes obsolete. But as most of the current objective-setting processes are too heavy, they aren't adapted to the new needs. We see a clear trend of more and more companies making the process lighter, but increasing the frequency of reviews from once a year to a quarterly process.

__ **Cry for simplicity becomes harder***:* The individual performance management process has become too heavy in many organisations, a complexity that managers are highlighting. It's time for organisations to answer the question: "What is really needed, what's at the core and what would be nice to have" and act upon it.

__ **Importance and quality of the learning objectives increases:** The learning objectives are the individual objectives related to the skills and competences that the individual needs to develop in order to increase the success rate of business objectives. They are tailored to each individual and always related to the business objectives. Most people find the setting of development objectives much more difficult than that of business objectives. But we are slowly seeing some improvement.

__ **The added value of performance coaching is increasingly being recognised:** The manager as the coach is a leadership style that is slowly becoming the predominant model. The role of the hierarchy continues to be important in some parts of the world, but at least during the performance discussions coaching is becoming ever more common.

__ **Related skills development changes quite fast***:* Teaching people how to set, monitor and evaluate high-quality individual objectives is also changing. The typical classroom training where you put people in a room for one or two days and drill people to make objectives SMART is from the past. Best-in-class companies go for high energy, short sessions that tackle the core of individual objective setting. The use of learning instruments like video and other e-learning tools is also becoming very popular.

__ **More emphasis on the link with the overall strategy***:* Individual ob-jective setting is not an individual exercise that you undertake to sat-isfy HR. Fortunately, more and more companies are realising this and spending time and energy to improve the link between the individual and overall strategy. This ranges from a formal presentation or video from the CEO explaining the overall direction and requesting what role you can play, to exercises where people have to link their own goals to the level above.

__ **Measure the quality of the objective-setting cycle differently***:* "Does everyone have individual objectives?" has been the quality norm that quite a few organisations have been using for years. "Yes, 98 percent of our employees have individual objectives" was the vic-tory shout. But having objectives is not the same as having employees working at peak performance. Luckily, more and more leaders realise this and are changing the way that they measure the quality of the individual objective-setting process.

Here's a three-step quality check to keep the quality of the individual objectives on the radar and take corrective action when necessary. It can be actioned on any level, either company-wide or by business unit, department or team.

Quality check 1: Verify fit with strategy. Each objective – even at the lowest level of your organisation – should be linked to your strategy. We discovered that, even after a well-implemented strategy cascade, 25-to-35 percent of individual objectives do not support the actual strategy. They are often survivors from the previous strategy, personal pet objectives or built on strategy misunderstandings. Make sure you put a process in place to go after them and nuke them!

Quality check 2: Verify the quality of the objective. There's no need to check all objectives. Your objective is not to improve each one, but to get a realistic feeling for the general quality and the most common quality issues. Focus on the objectives from senior management as

they are the basis for the rest of the organisation. Aim for a 15 percent sample for the levels below.

Quality check 3: Measure satisfaction. This is your commitment indicator. You know that the output of a good individual objective-setting meeting is more than a list of high-quality objectives linked with strategy. It's also about the acceptance of these objectives. Remember: reality shows that a tough discussion during the meeting doesn't automatically translate into a bad score. On the contrary, if you analyse the bad scores, it's often because there was no discussion at all.

About this research

The Strategy Execution Barometer - expanded edition is the result of research executed by *the performance factory.* We believe its findings to be objective and represent the best analysis available at the time of distribution. Nevertheless, *the performance factory* specifically disclaims all warranties.

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the performance factory is a leading research, training and advisory firm focused solely on Strategy Execution.

Our products and services help managers, future managers and organisations to increase performance through best-in-class Strategy Execution.

With more than twelve years' experience, we know what it takes to turn a great strategy into great performance. We offer you:
— State-of-the-art Strategy Execution benchmarks and surveys.
— Strategy Execution skills boosters for managers – the key actors in the implementation arena.
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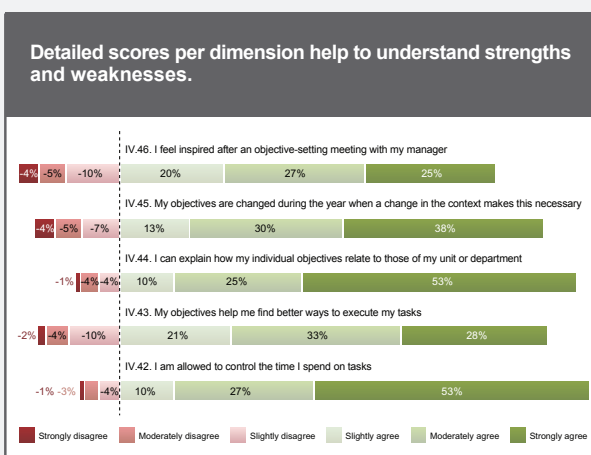You can reach us at http://www.the-performance-factory.com

The Strategy Execution Barometer®

Actionable, fact-based Strategy Execution benchmark data:

_ Compare your execution strengths and weaknesses with the 1400+ companies in this report.

_ Pick one of the 29 industries and see how well you execute in comparison to your industry peers.

_ Compare execution capabilities between/across countries, business units or departments.

Sample output:

Detailed scores per dimension help to understand strengths and weaknesses.

Detailed comparisons with the best-in-class help to identify those areas that represent the biggest improvement opportunity.
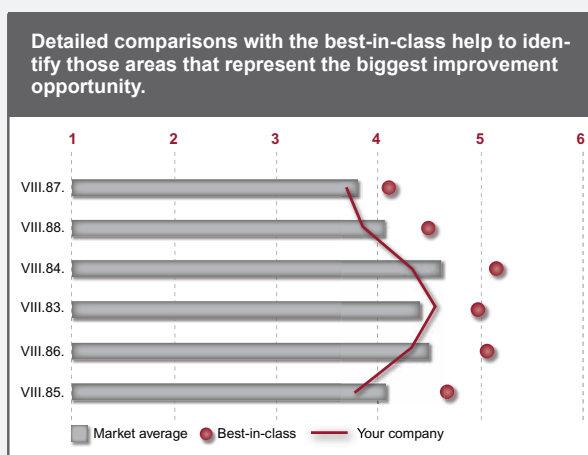
Frequently asked questions on The Strategy Execution Barometer®

1 | Why is it important to gain insight into our Strategy Execution capabilities?
Because, according to research published in The Harvard Business Review, "Companies realise only 40-to-60 percent of their strategies' potential value". Understanding your performance gap and knowing where to start closing it is paramount.

2 | How much does it cost to get The Strategy Execution Barometer for my organisation?
A company-wide survey of all managers, a detailed Strategy Execution Barometer report and a presentation of the main conclusions, cost 4500 euros.

3 | How much time would I have to invest personally to set up the Barometer in my organisation?
We set up the online survey, provide sample emails to communicate the initiative and invite managers to participate, manage the response statistics and analyse your results. So you only need to make some decisions on the process and its timing. In other words, a couple of hours will do.

4 | What if my managers show clear signs of survey fatigue?
One option is to limit the size of the target group. We need around 30 participants to demonstrate a trend. Or you could offer a small incentive. Many clients opt for a few 2-hour sessions where managers are invited to a sandwich lunch with a short presentation by our experts on Strategy Execution, during which time the paper survey is filled in. This way, participation in the survey is hardly noticed.

5 | Is it difficult to distil concrete improvement opportunities from the data?
Not at all. We analyse and present the data in such a format that the most significant improvements are immediately visible. A live presentation of the results is also included however, so our experts can talk you through the results.

6 | Can you guarantee data confidentiality?
Yes, we can. With regard to the confidentiality of data on both a company level and that of an individual respondent, we adhere to the highest professional and ethical standards as embodied in the ICC/ESOMAR Code on Market and Social Research Practice. Among others, we never diffuse benchmark data or analysis results that refer to one particular company or, in the case of individual responses, directly to a respondent. Additionally, we are used to signing specific confidentiality agreements when requested by our clients.

7 | How long does it take to get the results?
If you want, we can deliver results very quickly. But, in general, it takes around 5-to-6 weeks from deciding to participate and receiving your Strategy Execution Barometer.

Yes

I want to learn more about The Strategy Execution Barometer ®
Contact Koen Schreurs by email on koen.schreurs@the-performance-factory.com

Advance praise

"This report gives a good insight into the matter at hand. It provides concrete opportunities for building a comprehensiframework to implement performance management and can be used as a roadmap to actually implement strategic topics"

Kristof Luys | HR Manager | TerBeke-Pluma

"A very insightful report that reflects everyday realities at the ground level. It also makes you realise that you are not alone in facing the problems of implementing your company strategy. I have been able to use this report as a benchmark to improve my organisation's performance management process"

Dr. Mohammed Ilyas | Manager Economics and Business Support | SABIC

"This report offers a true benchmark for us with regards to other large international companies. It allows us to compare ourselves to both the average and the best-in-class so we know exactly where we stand and how we should act accordingly"

Bart Ponsioen | ING

"Thanks a lot for this report. We just started a strategy redefinition project in our group for which I'm taking the lead. I'm sure that the information contained in the report will help us do things the right way."

Jan Van Rooy | Director Research & Development | Van Ameyde International

"Performance described in three words: 'today, better tomorrow'"

Tobias Kuners of koenders | Director Program Management Europe | Wolters Kluwer

"The Strategy Execution Barometer™ offers both insightful, innovative and practical approaches to strategy development and execution. Real examples, cross industry data and the line of sight to organisational performance combine to hit the nail on the head with respect to truly useful strategy work"

Martin Pardoe | National HR Manager | Westfield

"It was fascinating to read the similarities of this research that was conducted mainly in Europe and North America compared with ours conducted in Asia and the Middle East over the same nine-year period. The Barometer provides leaders with an outstanding tool and it would be absolutely crazy not to leverage the benchmark at strategy roll-out"

Robin Speculand | CEO | Bridges Business Consultancy

"A breathtakingly vast and informative report that is still easy to understand. It highlights those precise points, which, in my opinion, require more attention during the execution of strategy. A must read for anyone with the word 'manager' in his/her title."

Jari Lahtinen | Senior Specialist of Critical Projects | Nokia

"… (an) extremely granular study on a hot topic. Changing rules, roles and responsibilities in an environment of financial and economic instability, today, even more than ever, requires a strategy with a clear focus and predefined deliverables, including its associated actions. From the individual Balanced Scorecard right up to the view of a multinational corporate, both have one key element in common: it's all about strategy. This study is a great tool that not only helps to critically analyse one's own individual behaviours, but also to position a corporate strategy against those of its industry peers across all regions, cultures or industries"

Hans Sawatzki | Senior Sales Consultant | ING

Research Report

The Strategy Execution Barometer

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