

Strategic Execution

Too often companies conduct strategic planning exercises that result in nicely written documents sitting handsomely in the participants' office bookcases. People end up feeling frustrated about the entire planning process and wondering why they spent so much time in so many meetings leading to so few results. Once again, "strategic planning" becomes something to avoid at all costs! It does not have to work this way.

Whether they call them strategic plans, business plans or something else entirely, successful companies all have a common thread running through their strategy development efforts – an unrelenting focus on execution. These companies know that the clearest vision statement, the strongest brand, and the most comprehensive array of strategies do not automatically translate into sustainable business performance and superior financial results. They understand that the key to success is "strategic execution" - identifying a mission (priorities and goals to be accomplished within a defined timeframe), dedicating the resources needed to achieve the mission, tracking progress through meaningful measurement, making course corrections where needed and achieving the results that define success. Following are the elements of the process we have identified for companies to follow to ensure that this "strategic execution" is the logical outcome of their planning processes and plan implementations.

First, you must begin with a clear, concise mission statement that lays out what the company will accomplish within a particular timeframe, usually 3-5 years. Focus the mission on very specific goals with clear definitions of success. You can identify any number of goals (sales growth, market share, profitability, an exit strategy, etc.) for your company but your success will be dependent upon your laser-like focus on a very few goals that are most important to your particular definition of success.

With the mission defined, you can then establish the key performance areas (KPA's) that are essential for accomplishment of the mission. In direct marketing and retail, KPA's are often synonymous with departments, e.g. merchandising, marketing, customer service, etc. However, it is important to recognize KPA's represent activities or processes that must be completed to ensure the accomplishment of the mission. More often than not, these key performance areas cross-departmental lines and require coordination and cooperation throughout the company.

The next step is to establish strategy statements that define how each KPA contributes to the attainment of the company's mission. For example, if you have determined that a central part of your mission is to improve productivity 10% each year for the next three years, you will want to make sure that there are clear, understood strategies for increasing efficiency in each of your key performance areas.

With the strategies in place, you now must determine the critical success factors (CSF's) that you will address to ensure successful execution of the strategies. Using our previous example, you would answer the question, "What are the critical tasks that must be completed if we are to meet our strategic objective of significantly increasing productivity?" It is essential that clear, measurable performance objectives be established for each of the critical success factors.

The final step of this planning process is the construction of a long-range financial plan or pro forma financial statements that extend over the timeframe of the mission; again, usually three to five years. Taking the time to "test" the financial results of your plan assumptions will help you evaluate whether the plan is ready for execution or needs to be reworked.

When you follow the steps outlined above, you are ready to focus on the execution of your plan. You and your team know the mission, the key areas of performance (KPA's) that will deliver results, the strategies and objectives for those KPA's, and the expected financial results of successfully implementing the plan.

Keep in mind that this work represents a beginning, not an end, to strategic execution. The output of all of this work will not be a binder kept on the shelf until next year. In fact, what you now have is a living document and set of plans that you will reference frequently, use as the basis for operating and capital budgeting, and (this is very important) revise whenever business conditions dictate. Because the emphasis is on execution you will make course corrections when needed while keeping the end results clearly in sight.

As you can see, strategic execution is a practical, focused approach to planning that emphasizes results yet accommodates the flexibility needed to achieve those results. Using the approach we have discussed here, you can move beyond the "binder on the shelf" planning that has given "strategy" a bad name and truly drive the company toward fulfilling its mission and promise.