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## Lost in translation? Seven solutions for turning leadership decisions into delivery

### Why do most great strategies lose the intended value?

There has been considerable research in recent years, about why great strategies, great ideas, and big leadership decisions are not well executed, and so the intended value is lost in translation.

In a simple sense, the value of an organisation is no more than the sum of the decisions it makes and successfully executes. According to one piece of research, only 15% of companies track long-term performance – the cumulative measure of big decisions. Yet as Thomas Edison said: “Vision without execution is hallucination”.

Among the publications we looked at were books by Ram Charan and by a team from Bain as well as articles in the Harvard Business Review.

There is common agreement across this research that an integrated and systemic approach is what is needed to turn strategic decisions into action, effectively.

### Seven components to turn strategic decisions into action

These are the common themes identified:

1. **Compelling direction and aligned leadership:** *where there is both a clear and compelling direction and priorities combined with cohesive leadership to drive them.*

In average performing companies only 12% of executives say they are fully aligned compared to 74% in high performing companies

- Vision and priorities need to be clear, simple and focused and supported by a few clear metrics (for example: Double our market share, or \$5bn sales by 2015)
- Aligned leadership teams have robust, challenging debate, where conflicts, errors or failures are openly addressed. They are driven by a common purpose and display full commitment to a decision once made.

2. **Clear and effective decision process:** *where the leader takes decision-making seriously enough to have a well-understood process, audit its effectiveness, train for improvements and drive for good decision-making across the organisation.*

- Good leadership team decisions have four clear stages:
  - a.** Gathering, sharing and understanding evidence from the right sources
  - b.** Developing two or three strong options, with clear criteria
  - c.** Making a decision with robust debate and commitment to the outcome
  - d.** Executing the decision, based on clear accountability, plans and tracking
- Recent neuroscience research adds another vital factor: that bigger, better ideas and decisions are more likely when there is time for quiet reflection between these stages of team working
- The evidence base should be outward-looking, not simply self-referential. In strong execution companies, 77% of people feel they get information about the competitive environment very fast. In weak execution companies it is only 45%. In strong execution companies 55% of people feel there is a free flow of information across boundaries in the company. Only 20% feel so in poor execution companies.

Now we are a world of 'big data', 63% believe that allowing workers to harness big data will help them make better and faster decisions. 74% say that the more data is shared, the more effective decisions that will be made.

- Strong execution companies conduct decision audits from time-to-time, learn from bad habits and identify their best practice. They train managers to do it well.

#### **Four decision-killers: leaders get the behaviour they tolerate**

Killers of effective decisions and their execution in executive teams include:

- Failure to ensure the right information informs the decision (resulting in it being re-opened afterwards when more evidence comes to light)
- Those making the decision contribute based on self-interest and a narrow view, rather than what is in the interests of the whole (resulting in lack of intelligent and constructive dialogue and the wrong outcome)
- There is poor team behaviour, including: *extortion* (misbehaviour in order to have your own way), *sidetracking* (not sticking to the point of discussion), *silent lies* (not saying what you really believe), and *division* (creating caucuses before meetings, alliances in the room or afterwards)
- Discussions ending without crystal clear outcomes (what the decision is, who is accountable for execution, by when, and next steps).

(For our other *Briefs* on leadership team decision-making see: *Time alone and time together: getting your leadership team to make strategic decisions well*; and *Decision-making: how to avoid your leadership team acting like teenagers*.)

3. **Clear decision accountabilities:** *where the roles and accountabilities for decisions are clear and the structure of the organisation is in line with sources of value.*

In a survey of organisations that are good at execution, 71% of people know who makes what type of decision. In the rest it is only 31%

- The right organisation structure for decision-making, working the right way, requires everyone to understand the sources of growth and the business model
- Decisions and accountabilities are also pushed as far from the centre as appropriate, and everyone understands the principles this is based on.

4. **Communication and follow-through:** *where there is transparency about priorities and progress measures, senior decisions will not come as a surprise, and are much more likely to lead to action.*

Similarly, clear communication of a decision to the right people maximises the chance of success.

Any big, senior decision can be strangled to death over time by the wider organisation. To avoid this, successful organisations must do three things:

- a. Create an action plan and accountabilities. Without this, monitoring progress and ensuring accountability is tough
- b. As many of the best CEOs do, follow up a team decision on the same day with a brief email or handwritten note that just re-enforces the expectation, key aspects of the decision and actions. Colleagues take these far more seriously than just 'minutes'
- c. Ensure fast follow-through, feedback and monitoring, and metrics for tracking success.

5. **Right people in the right jobs:**

- Jobs need to be defined in a way which emphasises the deliverables, outcomes and the importance of pace
- People should be selected and promoted on the basis of their delivery capability and trained in the tools needed to ensure effective execution of decisions delivery

- Technocrats, clever experts who understand everything in a given area, do not always make the greatest implementers.
6. **A culture of excellent frontline execution:** 'At my time at IBM I came to see that culture isn't just one aspect of the game – it is the game' Lou Gerstner
- High-performance companies are 31% more likely to have a delivery and performance-focused culture than others. The single most obvious sign of such a culture is the degree of engagement and focus of its frontline employees
  - But 'performance' will never be delivered through the culture of employees if it is purely defined as financial performance. Issues such as quality, customer satisfaction, or efficiency are much more powerful motivators, and high-performing organisations have a small number of such metrics which everyone knows and which drive day-to-day decisions
  - Information flow is also important. In strong execution companies 61% say that frontline employees have the information they need to make the right decision to meet company goals and priorities. This is only 28% in weak execution companies.
7. **Processes and rules support, but do not drive:** where there is a strong execution culture, with clear, direction, priorities, roles and accountabilities - you have less need for rules, hierarchy and bureaucracy. True alignment produces cheaper, faster and more successful companies. Turning decisions into actions gives firms a strong competitive advantage.

## Sources

Sources used for this article include: Blenko, Mankins, Rogers: *The Decision-Driven Organisation* (Harvard Business Review); Charan: *Conquering a Culture of Indecision* (Harvard Business Review); Lepsinger: *The Execution Imperative: The Gap-Closing Trade Secrets of Companies That Consistently Get Things Done* (Ivey Business Journal); Mankins, Steele: *Turning Great Strategy into Great Performance* (Harvard Business Review); Neilson, Martin, Powers: *The Secrets to Successful Strategy Execution* (HBR, 2008); Rogers, Davis-Peccoud: *Organising the Front Line: Turning Decisions into Actions* (Bain). *Big Data and the democratization of decisions* (Economist Intelligence Unit)