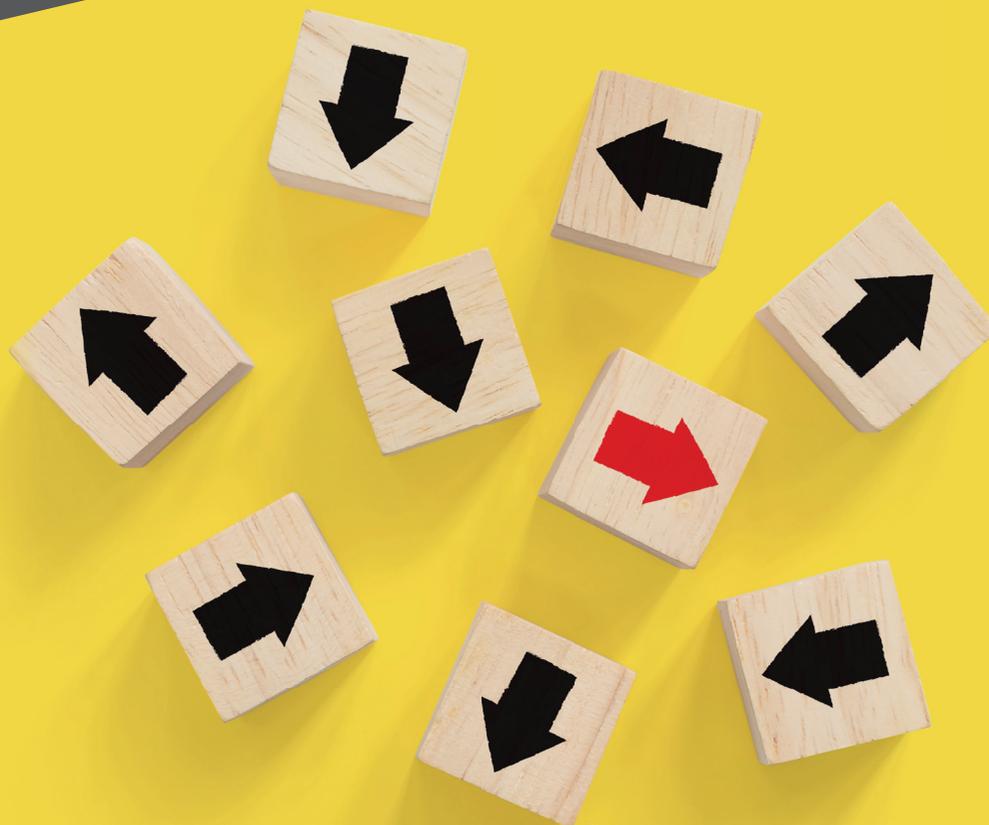


WHITEPAPER

Successful strategy implementation in a disruptive world

Why aligning Strategy, Leadership and Culture is paramount



10% of organizations is effectively achieving its strategic goals

of CEOs say their organizations struggle to implement strategies **59%**

91% of organizations are feeling the impact of disruptive technology

of CEOs expect disruptions to come from outside the company **56%**

95% of CEOs say they face challenges trying to create a culture of change

Issue: how to turn your strategy into success

A study from the Economist Intelligence Unit shows that 59% of CEO's say their organizations struggle to implement strategies successfully. On top, only 10% of organizations are effectively achieving its strategic goals. Obviously, turning strategies into reality is a challenge.

In this White paper we will look at the similarities of the strategic processes of organizations that prove the ability to effectively deliver the strategies designed and provide a method and tool that will help you to become one of these 10% successful companies.

The delusion of the annual planning protocol

Many companies are still investing a lot of energy and time in drawing up ambitious strategic multiyear plans. These plans are usually created by a small group of people at the top of the company and are then cascaded down the organization. This is followed by the business entities detailing the various operational plans and sending them back to HQ for approval. This annual planning routine functions as a process of extrapolating the results of the past year and neglects the fact that the business environments of many of these companies will have changed. The result of such a process is that the ink of the elaborated plans has not even dried yet, before the business reality has changed again.

BCG research shows that many companies continue with their practice year-in year-out, although they



realize the mismatch. Nearly 80% of the surveyed companies said they used the classical approach to strategy planning, without asking themselves questions like: 'what kind of strategy approach is most appropriate for our company?', or: 'do we need different type of approaches due to the differences in geographies, market maturity stage or customer demands within our company?'. One size doesn't fit all!

What roles do executives play in this process? What competences do they need to marshal in order to select the right approach to create a company strategy, to design a winning strategy, and to implement it successfully across their companies?

Summarizing:

- 1 Strategy design and delivery are not linked. It is considered a linear two-step process. Those who have to implement it are not involved in developing the plans.
- 2 In the design of the plan, little or no account is taken of the kind of organizational culture that is needed to be able to effectively deliver the designed strategy. Can employees implement this strategy and plans at all?
- 3 Proper leadership is needed to secure a successful strategy implementation. But: do we have the right leadership available?

How to become successful?

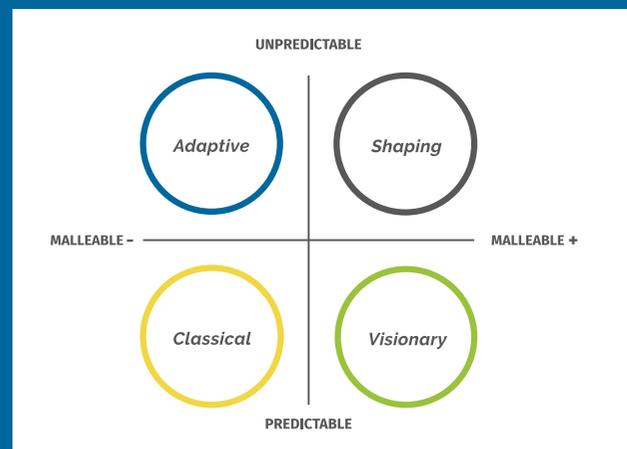
We have identified three characteristics successful organizations have in common:

- Ensure that strategy design and delivery are deeply interconnected, instead of a linear two-step process. In this case there is a continuous interaction between the designer(s) of the strategy and those who are involved in execution.
- When designing the strategy they do not only take into account the external environment of the organization, but also the kind of organizational culture needed to be able to effectively deliver the designed strategy.
- Besides an evaluation of the organizational culture, they also reflect upon the question which Leadership is needed to secure a successful strategy implementation.

First we will discuss how to match the strategy approach with different business environments. For that we will use the BCG Strategic palette which is composed on two dimensions. The first dimension is how predictable the environment is in which the organization operates and the second dimension represents the power an organization has to change their environment. These two dimensions gives the following four approaches: Classical, Adaptive, Shaping and Visionary.

To secure a seamless implementation of the strategy, we will explore the Organizational culture and Leadership that fits to each of these strategic approaches.

The BCG Strategy Palette is a framework that allows leaders to match the strategy approach with different business environments. This Strategy Palette provides four archetypal approaches to strategy, tailored to the specific environment of each part of a business.



UNPREDICTABLE:
How far in the future and how precise can you forecast change?

MALLEABILITY:
How much power do you have to change the environment? To what extent can you or your competitors influence:

- Company performance
- Market expectations
- Customer demand
- Competitive dynamics
- Industry stage, innovation rate, growth rate, technology change, competitor concentration

The *Classical approach*, that is used in a relative predictable environment in which the impact you can make on the environment is limited, is accompanied by a Hierarchy culture in which the key words are control, efficiency and risk avoidance. The type of Leadership connected to the Classical approach and Hierarchy culture is Hierarchical which is characterized by steering on structure, control, efficiency and stability.

In case an environment is less predictable and without influence on the environment the so called *Adaptive approach* is used. To implement this type of strategy we argue that there is a need for a Market culture with focus on accountability and result orientation in combination with a competitive leadership style characterized by setting common beliefs, external orientation, achievement and stability.

Shaping approach is introduced for an unpredictable environment in which the organization can influence the concerned environment. The implementation of a shaping strategy is combined with an Adhocracy culture which is about dynamism, entrepreneurship and risk taking. This is combined with a so called Agile leadership which is about renewal orientation, stimulation and learning from mistakes.

The last strategical approach is the *Visionary approach*, used in a predictable environment that can be influenced by the concerned organisation. The culture belonging to this approach is called Clan culture that acts like a family or tight community. The Visionary leadership style is the style which can be described as a style that is vision oriented, mentoring and participation.

Identifying the most effective approach

How to identify the most effective approach to business strategy, marshal the right thinking and behaviours to execute your plan successfully.

While strategy development and communication are about knowing something, strategy execution is about doing something. The gap between what you know and what you do is often a big one. It is never just a

strategy challenge. It is about human behaviour and especially the Leadership and Organizational culture. Results can only be achieved by complete alignment between Strategy, Leadership and Organization Culture. In Table 1 you will find a summary of the four strategic approached and what it could mean for the organizational culture, Leadership style and innovation function of an organization.

Table 1 - Strategy, Culture, Leadership and Innovation

STRATEGY	ORGANIZATIONAL CULTURE AND TRAITS	LEADERSHIP STYLE ORIENTED ON	INNOVATION
CLASSICAL Be Big Big beats small	Hierarchy culture: Disciplined Control Efficiency Stability	Hierarchical Leadership: Plan oriented Close follow up Risk avoidance Priority to deliver as planned	R&D function
ADAPTIVE Be Fast Fast beats slow	Market culture: Result oriented Achievement focus Externally/Customer oriented Encouraging constructive dissent	Competitive Leadership: Achievement oriented Get it done Push Customer first	Continuously experimenting
VISIONARY Be the Orchestrator Create and exploit	Clan culture: Acts like a community Nurturing Mentoring Us against rest of the world	Visionary Leadership: Vision Oriented Loyalty Doing things together People first	That is what we do all day
Shaping Be First Be first and capitalize	Adhocracy culture: Dynamic Entrepreneurial Risk taking Doing things first	Agile Leadership: Renewal oriented Coaching Stimulating Learn from mistakes	By all stakeholders

Therefore, it is inevitable not to separate the development and implementation of a strategy from culture and leadership. Organizational culture and leadership are the foundation for successful implementation of a strategy. We

have developed an integrated and practical approach to support companies to achieve their strategic goals. Which means that you will be among those 10% of the companies that will succeed. We do not see this in isolation from the impact this

has on the style of leadership and the culture of the organization. 95% of CEOs state that they face challenges trying to create a culture of change. It is essential to be able to implement changes and growth to be successful.

How to start

Changing strategies is more than just an operational shift. It is a fundamental change that will influence the entire organization. To choose an appropriate strategy approach, a leader needs to assess four things:

- 1 Business environment**
Know your business environment
In times of major change it is all about timing. If your market becomes disrupted, do you know what to do and is the leadership in your company able to take the appropriate and possibly difficult decisions? A deep knowledge of your market developments, customer demands, and changes in competition is required to decide what to change and when to act.
- 2 Strategy process**
Migrate your strategy to an approach that matches with the environment
The company must reassess which business environment is most suitable for the company and which strategic approach is appropriate. A mismatch between those two will lead to obsolete plans.
- 3 Culture and Leadership**
Once an organization has identified the right strategic approach, it needs to understand which organizational culture and leadership are required to successfully execute their strategy. To start this alignment exercise, you have to assess which type of Strategic approach you have chosen first, followed by the assessment of the current Organizational culture and Leadership style.
- 4 Execution**
Prepare and execute your strategy according to your strategy approach.
Not only your strategy should adapt to the new situation, but the way you execute that strategy should also change. When embarking on a strategic migration, it is critical to involve everyone that has a role in the transition process while simultaneously communicating between all parties as clearly as possible.

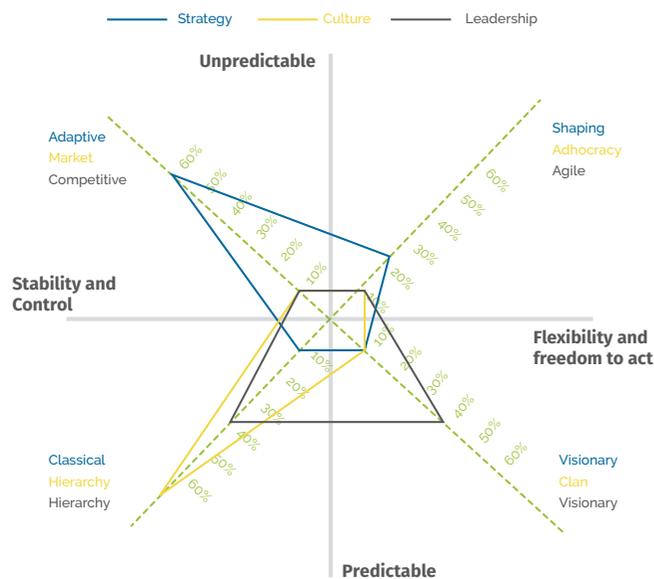


Illustration: example SLC Radar

Based on the BCG Strategy Palette, we have developed the SLC Radar to map the current and targeted Strategy approach together with Organisational Culture and Leadership Styles in the four quadrants. With this research tool we can map the position of each of the three subjects in the quadrant. Based on the outcome of this assessment, a plan can be developed to align the organizational culture and leadership style to the strategic approach enhance successful implementation.

Conclusions

Successful executing of a strategic plan actually starts prior to the development of the plan itself. The fact that only 10% of organizations report they are actually able to achieve their strategic goals doesn't just depend on the quality of the plan. Companies often repeat what worked for them in the past. But business environments change, companies change and people change. Research and our broad practical experience show that the successful implementation of a strategy requires an integrated approach with a conscious choice for the approach of the strategy development and implementation process, awareness which leadership style and organizational culture are required to ensure that the strategy will be embedded in the organization and will lead to success.

With the SLC Radar we developed, you gain insight into your starting- and targeted position on those three subjects which will help you right from the start of your strategy design process to make the right decisions for your company.

“Companies tend to repeat what has worked for them in the past. To succeed, managers have to learn when and how to abandon the strategies they have grown up with.”

Capron & Mitchell, HBR 2012

About the authors



Peter Bassa has worked for more than 30 years in large (inter)national companies, like Alcoa, Suez/GTI, GEA and Hertel. He held senior management positions as Global Strategy Director/CMO and was a member of Senior Management Boards in various companies.

Peter founded Strategia Business Consulting in 2007, a management consultancy firm specialized in Strategy design and execution, Reputation Management and Marketing & Communications.

Strategia is supporting a broad variety of companies, from small-scale family-owned to large companies with a global footprint.



Andre de Wit has more than 25 years of experience working for large corporate organizations. He worked as CEO of business units in IKEA and the Metro-group. Moreover, he was the Vice President for Learning and Capability Building from the Metro-group and the Carlsberg-group for 6 years.

Andre is Dean of the Leadership Academy Amsterdam. This organization focuses on designing and delivering Leadership interventions and Leadership development programs. Leadership Academy Amsterdam specializes in the alignment of Leadership with the strategic plan of an organization.

Selection of sources:

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Your strategy process needs a strategy, a BCG Henderson Institute study, 2018

The Self-Disruptive Leader, Korn Ferry, 2019

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When to change a winning strategy, Laurence Capron and Will Mitchell, Harvard Business Review 2012

Six Principles for Strategic Migrations, MIT Sloan Management Review, Jeff S. Johnson 2018

Want to know more?

In this whitepaper we propose a practical plan of action on how to successfully develop and implement your strategy. So that you get to that top 10%! In our Long read you will find more detailed info about each of the various topics. And if you are even more interested you can read the ten articles we have written about strategy approach, Leadership style and Organisational Culture and how these three dimensions together have a critical impact on your strategy execution failure or success rate.



Peter Bassa - Strategia Business Consulting BV

📞 + 31 6 22 40 73 82

✉️ peter.bassa@strategia.nl

🌐 www.strategia.nl

🌐 www.linkedin.com/in/peterbassa

But off course, you can also visit our websites after reading this white paper. On our websites you will find the SLC Radar that will give you an idea of where you stand on the three dimensions. Off course we favour a personal contact, so don't hesitate to contact us. Call us, or send an email if you are interested in a further conversation.



Andre de Wit - Leadership Academy Amsterdam

📞 +31 6 30 30 76 84

✉️ andre.dewit@leadershipacademyamsterdam.com

🌐 www.leadershipacademyamsterdam.com

🌐 www.linkedin.com/in/andre-de-wit-laa