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WHY STRATEGIES FAIL
OR: HOW TO IMPLEMENT STRATEGIES CORRECTLY

From Markus Weishaupt

The two owners, brothers, of a medium-sized company with more than 300 employees are again thinking about the company's orientation, its current situation, but also about its future and potential. The younger of the two, responsible for production and operations, says it is time to develop a strategy for the company. The older sales and marketing manager replied, surprised, "We have a very clear strategy." Where is this strategy, asks the younger one. "Everything up there, in here," replies the other, pointing to his head, now reddened with anger.

UNKNOWN STRATEGIES CANNOT BE IMPLEMENTED

A company strategy has a realistic chance to be implemented only if it is known to as many people within the company as possible. Of course, this also means that employees in the company know how to deal with the information. Correspondingly, executives must demand and encourage employees to do so. As is well known, the path to motivation consists of four building blocks: identifying problems, thinking about solutions, implementing solutions and looking at the result. If one of these building blocks is missing, de-motivation is spread and no strategy can be implemented with de-motivated employees. Strategies are known when as many employees as possible can actively participate in the process and at least in the components of the strategy process. Involvement creates responsibility, trust and loyalty. A strong cocktail-mix of values, which doesn’t create only a great corporate culture, but also pretty pragmatically, develops more likely the implemented strategy.

INTENTIONAL DECLARATIONS ARE NOT STRATEGIES

What is actually a company strategy? How does it look like? What kind of content must be in a strategy? Strategy is really nothing more than the continuous creation of competitive advantages, which generate returns and growth or contain the various risks of the company. Needless to say, a wide range of analyses and reflections on markets, customers, products, competitors, trends and megatrends, processes, competencies, business segments, brand, business models and all those elements that are of strategic importance are needed. Many strategies that result from these analyses are often disappointing declarations of intent with little concrete, measurable content. The challenge in the strategy task is thus to create strategic plans that can be operationalized for the future. This means that all strategically relevant thematic areas, projects and measures, which finally create the competitive advantages, must be clearly defined and are to be provided with managers, deadlines and resources budgets. A good strategy illustrates what the "right things" are, which has to be done, and in which way the strategic objectives are achieved in order to lead the company into a successful future. The writing of the strategy is therefore always a must, because writing helps in the focus, creates transparency and reduces the interpretational scope.

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WITHOUT GOOD PROJECT WORK, THERE IS NO IMPLEMENTATION

In order to implement strategies, it takes good, professional project work in the company. Unfortunately, the project management competence is seldom available in the companies. The majority of projects, from a purely project management viewpoint, are not so complex. Simple, manageable, and easy-to-learn methods are the key to good project implementation, not complicated tools and computer programs. With the conclusive answer to the following questions the implementation probability is significantly increased:

1. What is the name of the project?
2. Why do we need the project?
3. What are the objectives of the project?
4. Who is responsible for the project?
5. Who is in the project team?
6. What subprojects and measures are to be carried out?
7. What time budgets and financial budgets are provided for the project and each individual action?
8. How is the success of the project measured?

GOOD STRATEGIES INCREASE THE COMPANY VALUE

Corporate management oriented to corporate value remains in place. The strategic goal that a company must achieve is to "survive". This seemingly insignificant and minimalistic "survival goal" is not so easy to achieve, considering that the average age of companies in Europe is only 12.3 years. A strategy that aims to implement activities and projects that sustainably increase the company's value is more enduring than others. Therefore, all strategic measures must be examined to determine whether they can increase the company's survival chances and to what extent the company value develops positively.

KEY FIGURES: LESS IS MORE

"Whoever measures (too) much, will measure a lot of garbage." But: "Whoever measures (too little), only navigates within sight!" Both ways are not ideal. Without a meaningful key data system, it is difficult to control a company well and consciously in a defined direction. There is rarely a meaningful system of key figures in companies. Either data is missing to determine key figures, or there is an excess of data, and employees are flooded with data. If, in the first case, the focus is to collect data efficiently, the focus in the second case is to define the correct key figures and structure the data accordingly. In any case, it is advisable to focus on 10-20 key figures in the company's management, which are important for the strategy. The key figures relate, of course, to the financial perspective of the company as well as the perspectives of the market and the customer, processes and competences, skills, corporate and management culture. A control cockpit has to be installed, so that the key figures are nothing other than "strategy in figures". A responsible person is in charge for each key figure and is also responsible for his strategic goal and the corresponding measures. Thus, a company crash pit also creates a "broad take-over" of the strategy among the executives and thus becomes a guarantee for implementation.

TOO MUCH IS UNHEALTHY

“There are 27 strategically relevant projects that the company has to implement with 150 employees over the next two years,” said someone on the edge of a management team meeting. It is one of the most delicate and sensitive tasks to understand how many strategic projects an organization can perform alongside its everyday work. If there are too many, the de-motivation spreads and the work will suffer qualitatively. If it is too few, the company is not being prepared in time of strategic challenges. It is important to evaluate on a case-by-case basis how important and urgent the individual issues are in the sense of survival and sustainable company value creation, and whether the organization can be carried out by the organization. After careful consideration, it may take more people (employees and/or freelance) or maybe you recognise that the main topics are only 3-5. The more topics covered, the higher the risk of dispersal. Focusing on the right things carries an immense force, the force of the conversion strength. Less is more.

PERIODIC ADJUSTMENT IS NECESSARY

It takes periodic management sessions to examine how the company develops, how the key figures evolve, whether corporate value is created or not, whether the strategic projects are on the right path of the implementation phase, what results are achieved, and which are not. The circle of the management not only uses the company cockpit for strategic management, but also joint project controlling in order to reflect the main topics of the company strategy together and to initiate possible countermeasures. 4-6 such management meetings per year lead to a continuous analysis addressing the key business issues. You get "strategic routine" and this is extremely good for the cultural, strategic and organizational orientation of the company. Anyone who does not see a point in such steering meetings may have had negative experiences with the contents or the course of such meetings, or may have, due to his or her personality, no patience for common reflection. Or perhaps this person does not want to assume a common strategy in general, but wants flexibility at all times. Either way, the company is hampered in its development. “Thinking first, then acting” is the key to strategy implementation. However, this “thinking and then acting” is to be seen as a recurring process, as a control culture, so to speak.

MISTAKES IN STRATEGY IMPLEMENTATION

From a so-called conceptual “negative” perspective, it is clear that the implementation of the strategy becomes likely if the most common mistakes are avoided. The following checklist helps to identify possible minimum factors and to remove the traps for strategy implementation.

1. The objective is not clearly defined.
2. The goal is not clearly measurable.
3. The responsibility for projects and objectives is not clear.
4. The consequences for the lack of goal setting are not clear.
5. The consequences for a lack of goal fulfilment are not lived.
6. The responsible persons are undermined in their responsibilities.
7. The strategic key figure system does not exist.
8. The strategic key figure system has errors.
9. The employees do not know the strategy.
10. The employees do not share the strategy.
11. The managers do not share the strategy.
12. The remuneration system is not strategic.
13. There are no financial budgets for the strategic projects.
14. There are no time budgets for the strategic projects.
15. The management does not feel bound to the strategy in the actions.

EVEN BAD STRATEGIES CAN BE IMPLEMENTED WELL

If the strategy is now consistently implemented on the basis of the previous findings, then this is highly recommended as a "good" strategy, because the consistent application of these recommendations not only implements good strategies, but also bad ones. Therefore: the proper, timely investment in a good strategy is just as necessary and recommended as in their implementation.

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Markus Weishaupt
Founder & Managing Partner

Weissman & Cie. Italia GmbH
Gampenstrasse 3
I – 39011 Lana

+39 0473 490544
weishaupt@weissman-international.com