Strategy development is central to organisational success. It clarifies the organisation’s ambition, sets direction and provides a framework to allocate resources. However, strategy only creates value when it is translated into results.

Strategy implementation can be thought of as a series of steps to minimise value leakage between ideas and impact by moving from strategy to plans, plans to actions, and actions to results.

When strategy doesn’t translate to results

There are three potential sources of value leakage in the chain from strategy through to results. Examining each in turn highlights how organisations can avoid common challenges.

1. **Strategy not translating to plans**

Some organisations fail to take the first step to strategy implementation. After a long, data-fuelled process of developing a strong and compelling strategy, they stop too soon, leaving them with high level strategic choices that haven’t yet been translated into detailed plans, and an organisation that doesn’t have an aligned view of the future.

Organisations stop too soon for a variety of reasons. Some are well-intentioned; organisations want to empower line leaders, rather than micro-manage, and want to avoid the bureaucracy
and overhead of a detailed planning and governance process. Others may believe that the work is done, or forget that the broader organisation has not been involved and as a result is not well positioned to implement the strategy. Too often the result is a failure to implement as important longer term initiatives are overtaken by urgent day-to-day tactical issues.

2. **Plans not translating to actions**

Even where organisations have a clear idea of the detailed initiatives that they will use to roll out the strategy, there is no guarantee of converting the plan into action. Some initiatives simply are not executable. They may have been developed without adequate rigour or a detailed appreciation of the organisation’s constraints, and immediately run into challenges in delivery. Other initiatives may find themselves conflicting with established business processes or ways of working, making progress more challenging than expected.

Plans can also fail to translate to actions as they necessarily can’t capture the full breadth and complexity of the micro-level challenges that team members face each day. Overarching initiatives can sometimes falter at the front line if teams can’t easily understand what it means for them.

3. **Actions not translating to results**

There are two main reasons that actions may not translate to results. First, the organisation’s strategic choices may not work as planned, and second, individual initiatives may not deliver their target results.

**A. Strategic choices not working**

Sometimes the strategy just doesn’t work as expected. This can be the case if it was based on insufficient or incorrect information, or where there has been a rapid or unexpected change in the external environment. This risk is multiplied where the organisation didn’t clearly formalise the financial impact they expected to see from their strategic initiatives, and demonstrate where and how the value would be delivered.

These risks underline the importance of a sound strategy development process that not only produces great strategy, but keeps a focus throughout on laying the groundwork for implementation and results.

**B. Initiatives not delivering target results**

Even in successful strategies, some initiatives will fail to reach the targets that were set for them. One of the simplest and most common reasons is that the initial estimates were overly optimistic. While stretch should be encouraged, without detailed validation and an integrated view on where value can be generated companies risk setting initiatives up to disappoint.

Another common cause is that while organisations rightly focus on initiatives that will drive value, this can come at the cost of initiatives that are essential to enable value – for example re-aligning organisational and incentive structures to support the strategic direction, and building capability and resourcing in critical areas. Without these investments, other initiatives can’t deliver their full potential.

Finally, there can be a failure to take into account that strategic initiatives are delivered in an environment of uncertainty. The external market is constantly changing, and inflexibly sticking to a plan can hold organisations back from achieving their overall ambition.
Delivering value from strategy

Our approach to implementing strategy can be summarised into four themes – develop pragmatic and inclusive strategy, cascade the strategy and targets, align the organisation, plan and actively deliver initiatives.

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<tr>
<th>Pragmatic, inclusive strategy</th>
<th>Align the organisation</th>
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<tr>
<td>• Apply a doability lens</td>
<td>• Explain the case for change and what is required</td>
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<td>• Get the engagement right</td>
<td>• Structure, capabilities and resourcing</td>
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<td>• Formalise the ambition</td>
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<tr>
<th>Cascade strategy and targets</th>
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<tr>
<td>• Aligned BU and function plans</td>
<td>• Develop plans and “stress test”</td>
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<td>• Translate strategy and cascade metrics</td>
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<td>• Actively monitor and support</td>
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Pragmatic, inclusive strategy development

Good outcomes require starting with a winning strategy. The process of developing the strategy should itself be considered as the first step in the strategy implementation value chain.

It is important to apply a “doability lens” in order to understand the scale of the implementation challenge and highlight capability, structure and resourcing challenges that need to be addressed. This does not mean accepting current constraints as fixed – but strategy development without an understanding an organisation’s financial capacity, skills and resources risks producing a “perfect” strategy that is not possible to implement.

There is also a need to get the engagement right with the extended leadership and in-house experts. A structured process is needed to refine and “pressure test” emerging thinking in order to get the right answer and to fully understand the implications for execution. A collateral and important benefit is that this engagement starts the process of building buy-in and understanding that is central to the implementation process.

Finally, it is vital to formalise the ambition and convert the organisation’s goals into measurable targets that enable the organisation to cascade the strategy and develop detailed plans with aligned targets.

Cascade the strategy and targets

Translating the organisation’s high level strategic choices into aligned business unit and function strategies, with targets mapped against key initiatives, is one of the uniquely challenging aspects of strategy implementation.

Each business unit and function needs to develop a supporting set of plans demonstrating how they will support the delivery of the ambition set out in the corporate strategy. This set of business unit and function plans should set out high level business model and operating model choices, along with the key initiatives required to enable and deliver value.
The starting point for cascading targets should be a corporate level dashboard translating the ambition not only into financial goals, but also relevant performance targets driven by strategic imperatives. These might be in areas such as safety, customer, people, process excellence or innovation.

Once the corporate strategy dashboard is set, it needs to be cascaded to business units and functions. These dashboards should be aligned - there should be nothing on the dashboards of units and functions that isn’t derived from the corporate dashboard, and everything on the corporate dashboard should be visible on contributing unit and function dashboards. These dashboards don’t replace existing management reports, or try to capture all KPIs used in the business. Instead, they focus on the key metrics that indicate whether the strategy is on track and delivering results.

**Align the organisation**

While strategy may be defined by the leaders of an organisation, it needs to be delivered by those on the front lines; employees making hundreds of small decisions each day. For this reason, it is vital to communicate the case for change and what is required of every team, so that those teams can support the strategy from the front line.

Each team needs to understand how their role and objectives assist in delivering the ambition. This gives staff a sense of purpose, and gives the organisation engaged, aligned employees.

Those teams will only be effective if the organisation’s structure, capabilities and resourcing supports delivery. This should not be taken for granted – making strategic choices generally implies a change in focus and activities. Excellent delivery will require the organisation to reconsider how its structure aligns to key priorities, to build new capabilities and to reallocate resources between divisions.

Established incentive structures, business processes and ways of working can conflict with new priorities, blocking delivery and holding back results. By “hard wiring” the strategy into these day-to-day ways of working, organisations can support delivery and results.

**Plan and actively deliver initiatives**

Achieving the organisation’s overall targets ultimately requires the successful delivery of a series of initiatives – i.e. translating plans into tangible actions that lead to measurable results. While delivery is necessarily a distributed activity, ongoing central oversight and involvement increases the odds of success.

Central teams can add value by working with initiative owners to “set up for success” by assisting with detailed planning, and “stress testing” plans before they are locked in. Is the plan complete? Are the expected benefits realistic? Are milestones achievable? Does the initiative have the support and resourcing it needs? By bringing a critical perspective to detailed planning, central teams can help decrease value leakage between plans and results.

Organisations need a centralised governance approach to ensure that plans are on track, that outcomes are being delivered and that lead indicators are trending in the right direction – i.e. that the strategy is working. In larger and more complex organisations, this often takes the form of a PMO, however lighter-touch approaches such as scheduling regular updates at management forums and Board meetings can also provide the focus that is required.
Monitoring performance centrally allows organisations to act early to support delivery where targets are at risk. This may mean reprioritising or adding resources, or it may mean being willing to adapt approaches in the light of changes in the external environment. Successful outcomes require a willingness to iterate and adapt approaches, focusing on target benefits rather than rigidly sticking to a plan that isn’t delivering.

Conclusion: From ideas to impact

Many organisations spend considerable effort in defining strategy, only to see it falter and fail to deliver. Thinking about strategy as an end-to-end value chain from ideas to impact allows leaders to challenge themselves and their organisations to clarify how the strategy will be converted into detailed plans, actions and results. What steps will be taken to ensure delivery and minimise value leakage? How will leaders maintain visibility and confidence?

The four themes discussed in this report allow organisations to more effectively move from strategy to results. Each organisation will address these themes in a different way – with different levels of formality, resourcing and a different weighting depending on the organisational and strategic context.

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A great deal of energy can be expended on discussions of where “strategy” ends and where “execution” begins, or on the relative merits of strategy vs implementation capabilities. While interesting, these academic discussions don’t drive value. What matters most is that organisations “just do it” – keep going beyond strategy definition, cascade the strategy, align the organisation and turn initiatives into results.