## Viewpoints on Change

### Strategy implementation

**From strategic intent to business impact**

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The Roman senator and general Cato incorporated the words “Carthage must be destroyed” into every speech he held in the Senate. Even though he kept repeating this, he apparently did not say it enough. Just like the message of this article cannot be said often enough, even though we have heard it all before.

The father of one of our colleagues had been smoking ever since he was a boy. He made it clear that his children were not to smoke, so rationally he had acknowledged that smoking is dangerous. Nevertheless, he smoked 30 cigarettes a day up until the day he suffered from a coronary thrombosis at the age of 61. He survived and immediately gave up smoking. The example emphasises a key point in all changes – that a change really needs to be important on a personal basis. Otherwise, it will not be realised. The concept of importance is a central point in the book A Sense of Urgency written by one of our gurus, Harvard Professor John P. Kotter. Strategic changes can, quite simply, only be executed effectively if a sufficiently large part of the organisation believe it to be sufficiently important. It is just as trivial as it is right, and it must be the very definition of a waste of time to devote attention to something that is not important.

Unfortunately, we often waste our time. An essential reason for this is the self-satisfaction which sneaks up on even the most skilled companies. Here, the worst thing we can do is to lean back and wait for the entire organisation, the family or whatever system we want to change to realise the seriousness of the situation. So, how do we make important things important?

First of all, we need to acknowledge that just because something is important to us, it is not necessarily important to everybody else. Here, it can be tempting to position ourselves as leaders who really make things happen. This is also OK as long as it does not turn into blind action. For instance, our colleague’s initiative of buying one year’s supply of nicotine gum to his father was, of course, done with the best intentions, but that alone would hardly be enough for him to give up smoking. The point is that if something is to be made important, the acknowledgement must start much earlier than we would typically find natural, and we must appeal to both the brain and the heart. We must also remember that we, in our role as managers, often have spent several months preparing for a strategic change. That which is important HAS become important to us, but when we demand that the remainder of the organisation joins the ranks instantaneously, it is not only unrealistic – it is also unfair.

Carthage was ultimately destroyed. However, either Cato should have held more speeches or addressed the hearts of the other senators more strongly, for it was not until Hannibal had slaughtered 70,000 Roman soldiers at Cannae that what was important became important to others than Cato.
From strategic intent to business impact

Five principles for successful strategy implementation by Anne Meyer and Morten Hejlesen

Making strategy work is one of the greatest challenges of management. In fact, no strategy is stronger than the weakest link in the chain between insightful strategic ideas to front-line actions. Based on Implement Consulting Group’s experience within strategic transformation, we have shaped five guiding principles that will help your organisation design a strategy implementation model to bridge the gap between strategy and impact.

In essence, strategy is about making choices – what to do and what not to do. It is actually that simple. But in reality, both the art of making the right strategic choices and the hard work of transforming the choices into real business impact are often unsuccessful endeavours. Research shows that more than 70% of strategies fail to achieve their desired objectives. The statistics are truly disappointing, and it seems like the issue is rather predictable. Why are we not capable of improving the quite unimpressive batting average? Why is it that we seem to be falling into the same execution traps over and over again? Obviously, the answer is not simple, and many underlying causes contribute to the difficulties of bringing strategy to life.

Pressure from outside stakeholders, unforeseen competitive threats and accelerating levels of global change make it difficult to navigate the process. Strategic initiatives are harder than ever to manage due to growing organisational complexity resulting in a lack of an overall picture of the situation. Managers fail to strike the balance between “running the business” and “changing the business” due to short-term performance demands and incentives. A low level of involvement in early phases of strategy results in a lack of broad ownership and, moreover, change processes are often managed on an ad hoc basis. Altogether, leaders find it difficult to “walk the talk” and make decisive resource allocations to drive the strategic agenda towards success.

The end result is too many initiatives, conflicting goals, an unaligned leadership team, disengaged employees, a lack of resources and too much reliance on simplistic performance management. These are just some of the symptoms that emerge during the life and death of a poorly managed strategy implementation.

However, if we take a look at the causes from a slightly different angle, it is evident that at the heart it is all about people. Strategies do not accomplish anything. Endeavours succeed or fail because of the people involved. People are motivated by sensing a meaningful purpose, feeling confident about how to succeed and being able to personally influence what they do. From this perspective, it seems logical that top-down-managed strategic changes prone with uncertainties are losing out to protect the status quo.

In order to bridge strategic intent with real business impact, we need to put the people and individual sense-making at the centre of implementing strategy. We need to rethink broken implementation models that put systems before people. We must acknowledge that the connecting thinking and doing is a far more demanding journey than spending a couple of days at a strategy off-site event. Therefore, organisations that want to make strategy work both in theory and practice need a truly human-centric strategy implementation model.

Defining the strategy implementation model

In order to excel at strategy implementation, organisations must put the right capabilities and management systems in place. Essentially, every organisation
needs a strategy implementation model. When it comes to designing the model, one size does not fit all. However, five guiding principles based on experience and research serve as a strong starting point (figure 1).

The five guiding principles play together in concert. At any given point in the journey, they will help consider implementation aspects of strategy work.

**PRINCIPLE #1**

**Clarify strategy**

Sharpen strategic choices, tell a compelling story, design a strategic choice-making cascade and articulate behavioural and business impact targets spread thinly across priorities. In some situations, details are needed, but when it comes to making strategy work, a key practice is to be able to transform complex strategic problems into simple solutions. Not simplistic solutions - but simple solutions in terms of making the essentials stick.

Researchers have often debated the maximum amount of items we can
store in our conscious mind, and the most conservative estimates set the limit at three or four. Likewise, strategy thinkers have developed the idea of defining a few must-win battles or setting a limited number of wildly important goals. To succeed in strategy implementation, we must resist the urge to fix everything at once. We need to create focus, reduce complexity and sharpen strategic choices based on an in-depth understanding of the key value drivers of the organisation. Cut the long tail of nice-to-have strategic initiatives. Do what really moves the organisation.

The ability to sharpen choices also enables the organisation to create a simple and effective strategy story. The strategy story should be able to cut through complexity to answer the fundamental strategy question: “Why are we doing it?”. Not only: “What should we do?” or “How should we do it?” A truly meaningful strategy story has the power to evoke positive feelings, create a shared context and paint a common picture of the future of the organisation.

On the one hand, the best strategies are based on distinct choices and can be communicated effectively to unify...
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STRATEGY

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the organisation. On the other hand, the best strategies recognise the need for making choices at all levels of the organisation and making room for different substories that fit together in the overall picture. Corporate strategy makes choices about what businesses to be in, the business units define the competitive strategy for winning in the chosen playing field, functional units support the business units with the services needed to deliver on strategy, and external partners must align their way of working with new strategic directions. At the individual level, all employees must make their own choices about what to do – and what not to do (figure 2, p. 5).

Conceived in this way, the cascading process becomes a dialogue-based choice-making process in which different levels of the cascade are proactively involved in framing and making choices. Furthermore, the cascade from corporate level will be inspired by feedback flowing from the levels involved in more concrete operational choices. The point is that everyone in this system is involved in making choices – and no one is viewed as a passive recipient of strategy. Does this approach require an effort in large organisations? Surely! But considering the negative side effects of traditionally managed top-down implementation of strategy, the advantages of cascading strategic choices are obvious. Consider this in the light of Harvard Business School Professor Robert Kaplan’s findings revealing that a mere 7% of employees fully understand their company’s business strategies, and what is expected of them.

Another core practice of clarifying strategy is to define measurable impact targets that will help the organisation keep track of the strategic transformation. This is hardly a surprise. But the devil is in the detail. The type and quality of impact targets are really important. In some cases, strategy targets are reduced to a set of long-term financial ambition levels. In our experience, the most effective targets are quite the opposite. They are concerned with decomposing long-term ambitions into really tangible targets that combine both leading and lagging indicators of progress. More importantly, we need to dig deeper than business performance measures in order to reveal the real drivers of change. As mentioned, strategies do not accomplish anything. People do. Therefore, the key is to engage the organisation in defining the behavioural changes required by the new strategy. Observable behavioural change is one of the best indicators of strategy implementation done right. And if no behavioural change can be observed during implementation, corrective actions must be taken promptly.

TIPS!

• Clarify major strategic choices and craft a few must-win battles to focus efforts on the key value drivers
• Design an ambitious, but realistic transformation map to navigate the strategic transformation
• Tell a compelling and meaningful strategy story to create a shared context across the organisation
• Create a strategic choice-making cascade to empower and engage employees at all levels of the organisation to make distinct choices
• Strive for early symbolic wins to build momentum by putting theory into action
• Define behavioural and business impact targets for strategic initiatives to monitor progress towards goals

FROM STRATEGIC INTENT TO BUSINESS IMPACT

Clarifying strategy at Coloplast

The global medtech leader Coloplast makes life easier for people within diverse areas such as ostomy, urology and continence care. Over the last six years, the management has successfully turned around the company and delivered strong results. To support the strategic transformation, one of the key tools leveraged has been the so-called Agenda. While corporate strategy lays out the long-term plan, and business area strategies define the market actions, the Agenda is a strong vehicle for communicating the top 10 priorities in the organisation. The Agenda is short and sharp; it is about what happens right now and first and foremost about the priorities that all employees must be able to refer their strategic work to. The Agenda is updated yearly and launched broadly supported by frequent status updates.

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PRINCIPLE #2
Unify leaders

Build unity in the leadership team, establish clear accountability and define non-negotiable leadership behaviours.

Often, strategy turns into a simple two-step process. Firstly, let us fix the problem and get the strategy straight. Secondly, tell the organisation what to do and execute. Described in this simplistic manner, it is almost self-evident what is wrong. Making strategy is separated from executing strategy. The creative and analytical process of solving problems is separated from the social and emotional process of making sense of a new direction. In the two-step process, we end up facing severe challenges in terms of “selling” the strategy. We must put all efforts into persuasive power talks and beg that the extended leadership team, middle management and employees are getting motivated and “bought in.”

Consider the iconic “burning platform memo” written by former Nokia CEO Steven Elop. In the memo, Elop desperately tries to engage all employees in, metaphorically speaking, jumping from a burning oil platform into freezing waters. By adhering to conventional wisdom, we unintentionally activate all human social domains that control actions to release a whirlwind of negative feelings and resistance among large groups in the organisation. They were not important enough to be listened to. They felt quite uncertain about what to do as they were only told a short road-show version of the strategy, and any sense of personal control over events in their lives was steamrolled. They just had to stick to the plan. Please jump into freezing waters!

To resolve the quite obvious issues, it is essential to discard the traditional two-step model. We have to work under the assumption that agreement about strategic choices needs to be rooted deeply in the extended management team. Empowering leaders to challenge each other and aligning views about the desired direction is one of the strongest tools for creating leadership unity and making strategy work. Implementation starts from day one in the strategy process and is founded on creating an atmosphere of mutual trust in the leadership team.

In the course of the strategy process, the hard operational work of implementation will gradually play a more significant role. At this point, it is vital to make strategy stick on top of the management agenda. Best practice includes making sure that accountability for implementation is anchored at the very top. Sponsorship of key strategic initiatives should be agreed by the top management to ensure organisational traction, sufficient resources and efficient removal of obstacles. Furthermore, the leadership team should agree on role modelling behaviours and a mutual commitment to “walking the talk”. The phrase “show, don’t tell” still holds true. A recent survey found that 86% of senior leaders believed that they incarnated the new strategy. However, only 53% of direct observers believed that senior leaders embodied the change. Walking the talk is hard in practice.

While all of the above practices are key to creating a unified leadership team aligned on persistently implementing strategy, there is also a more delicate side to creating leadership unity. In some cases, leaders simply are not up to the job, and the only way out is to make adjustments to the team composition.

In other cases, the leaders do not have the required capabilities for managing change and strategic initiatives. Change of strategic direction inevitably requires big organisational changes, and obviously all leaders responsible...
for delivering on strategy need to understand the dynamics of successful changes to cope with actions and reactions across the organisation. How do I handle resistance and involve stakeholders appropriately? How do I manage large-scale strategic initiatives in a sponsor or initiative owner role? How do I align horizontally and vertically to ensure firmness and flexibility of direction? These and similar questions are not unique and tend to pop up during most strategy implementations. Therefore, strategy leaders should build on the vast body of knowledge within managing changes to avoid classic traps and accelerate realising the benefits of great strategies.

TIPS!

... FOR UNIFYING LEADERS

- Design a process to co-create with the extended management team to establish a shared view of the strategic direction
- Agree on executive sponsorship of strategic initiatives to effectively drive initiatives towards success
- Define a few non-negotiable role modelling behaviours across the leadership team to show mutual commitment
- Build capabilities for managing strategic changes in the leadership team to empower leaders to take the lead
- Adjust leadership team composition to ensure full commitment for successful implementation
- Schedule regular interactions in the leadership team to align vertically and horizontally in the organisation

PRINCIPLE #3

Build engagement

Mobilise stakeholders through co-creation and communication, enable sense-making at the individual level and build capabilities for new ways of working.

The best strategies communicate on many different levels ranging from the vivid and crisp strategy story that instantly makes sense to precise underlying reasoning and detailed road maps that support implementation. When to use what communication vehicle should be detailed in a systematic engagement plan that segments key stakeholder groups and defines appropriate communication actions using the full palette of communication channels and media. In the process of making the plan, it is vital to think about not only traditional one-to-many communication vehicles, but also to stage strategy conversations at large-scale events, embed peer-to-peer strategy dialogues in daily routines and apply strategy games stimulating thinking about making good strategic choices in different situations. The aim of the broad-based communication efforts is to build importance and understanding of the strategy across the organisation.

At the individual level, it is key to recognise the role of the leader. According to recent research by Gallup, less than one third of Americans are engaged in their jobs. In fact, the surprisingly low number of employees who declare themselves involved in and enthusiastic about their work has remained consistent for more than 15 years. Looking closer at the numbers, leadership practices account for at least 70% of the difference in employee engagement scores.

Highly engaged leaders, who frequently talk with employees about their responsibilities as well as help set work priorities and performance goals, are more likely to build engagement. Moreover, leaders who are approachable, focused on nurturing employee strengths and engaged in frequent face-to-face conversations have a strong positive impact on engagement levels. Conversations should not be about the manager telling the employee what to do. Rather, conversations should be about the manager helping the employee make his/her own choices and define priorities building on the strengths of the employee.

Supporting evidence for this approach can be found in scientific research of the drivers of motivation. Firstly, establishing an inner sense of importance is supported when allowing the employee to make sense of the strategy from his or her own perspective. Why is it meaningful to me? What choices must I make to support the strategy? Secondly, building on strengths is a superior approach to pointing out weaknesses as the inner strength of confidence grows when the employee feels competent and capable. How can I contribute? How might I leverage my competences? Put together, raising the inner feeling of confidence grows when the employee feels competent and capable.

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evoking a feeling of confidence is enabled by well-crafted capability-building programmes. But ultimately, implementing strategy and building broad-based engagement must happen through sense-making and choice-making processes at the individual level. Extrinsic motivators such as compensation, rewards, recognition and fear of failure may drive engagement to some degree. But as multiple sources of research tell us, there is abundant evidence that strategy will only come to life when employees and leaders alike are deeply engaged and motivated, because they find the strategic journey involving, exciting, important and personally challenging.

TIPS!
... FOR BUILDING ENGAGEMENT
• Involve employees as early as possible to co-create solutions to exploit the collective intelligence of the organisation
• Create a stakeholder engagement plan detailing target groups, key messages and communication vehicles to build broad-based understanding
• Empower leaders to have sense-making conversations with employees to create importance at the individual level
• Provide training and learning experience to build new skills and capabilities for new ways of working—among leaders and employees alike
• Communicate in an authentic and appreciative way to make room for individual interpretations and stories
PRINCIPLE #4

Align commitments

Allocate capital, time and people, install management system for coordinating and adapting strategy and support major strategic initiatives through portfolio management.

In essence, successfully implementing strategy is about aligning commitments. Commitments come in many shapes and forms. Clarifying and cascading strategic choices, unifying the leadership team and building broad-based engagement can all be viewed as steps towards mutual alignment of commitments. However, the crucial sense-making processes taking place among leaders and employees must be supported by well-crafted management systems to underpin strategy implementation.

Firstly, management systems need to support aligning and coordinating vertically, but more importantly, they must enhance collaboration horizontally across units and with outside partners. The latter proves to be one of the more difficult aspects of implementation. Studies show that 84% of managers report that they can rely on their boss and direct reports all or most of the time. Only 9% of managers say that they can rely on colleagues in other functions and units all of the time. That is why management systems must be designed carefully to help horizontal coordination.

Secondly, the management systems must ensure ongoing adaptation of strategy due to shifting circumstances or emerging opportunities. Whereas much strategy development is done according to a formal yearly process, the world does not seem to move mechanically according to the linear organisational clockwork. Strategy needs to balance a sense of firmness with openness to change at all times, requiring ongoing attention from the senior management. Another key task that should be formally embedded in management systems is follow-up on key performance indicators, tracking of value creation and capturing of insights and learning that can be shared across the organisation.

The exact design of management systems needs to be customised to the organisational context, but classic systems include processes for tracking key performance indicators, establishing the right incentive systems, managing the portfolio of strategic initiatives and enabling coordination through a cross-organisational meeting.

Aligning commitments at KMD

The Danish IT and software company KMD previously enjoyed a monopoly position within the public sector, but is now facing fierce competition due to changes in regulations and legislation. KMD has defined four must-win battles and a number of strategic initiatives to improve growth, customer satisfaction and efficiency. With more than 3,000 employees, vertical and horizontal coordination is key to success. To align commitments, a portfolio of strategic initiatives is managed centrally by the executive team. Each initiative is sponsored by a strategic business unit head and owned by a business unit head. In other words, governance, roles and responsibilities are clearly defined and play together to ensure ongoing alignment. To support overall management of the portfolio, a strategy execution team manages a monthly meeting cascade with all involved parties, ensuring progress and performance transparency. Furthermore, the team takes an active part in bringing initiatives back on track if obstacles are encountered and supports communication to the entire organisation.

Altogether, the management systems installed by KMD create a supporting infrastructure paving the way for strategy. Without a unified leadership team and engaged employees, the infrastructure in itself is useless and bureaucratic. But if the “plumbing and piping” of strategy implementation is designed in the right way, it will help focus efforts and create momentum.
FIGURE 4

Balancing alignment, coordination and adaptation

ALIGNMENT
Align activities and resources with strategy top down and bottom up

COORDINATION
Coordinate across units and with key partners outside the organisation

ADAPTATION
Adapt to seize opportunities and act on shifting circumstances to reallocate resources

structure and supporting progress through a central strategy implementation office (figure 4, p. 11).

If management systems represent the plumbing and piping of strategy implementation, the ability to decisively allocate resources releases the vibrant flow of energy through the systems. While the metaphor seems simple, making resource allocation work in practice is one of the most important tasks of management. The proactive management of scarce resources in the organisation is almost always severely challenged by commitments made in the past and short-term operational demands. Only 30% of managers declare that their organisation effectively shifts funds across units. Habitually, standards of good judgement are put aside due to an inherent bias towards the status quo. Therefore, management systems must be designed to drive the right resource allocation discussions and decisions at all management levels.

Resource allocation needs to be understood broadly and includes allocation of capital, assets, talent and time. Capital must be made available, including allocation between business units and functions as well as capital for major investments or spending adjustments for functional areas. Scarce resources such as equipment and other assets must also be considered to ensure full alignment with strategic priorities. Hiring and firing due to changes in strategy must be executed as well as allocating people with the right competences and mindset to the prioritised strategic initiatives. Last but not least, realistic time estimates must serve as the basis for the allocation of resources. Otherwise, short-term obligations and performance goals tend to override the long-term initiatives. The best management systems effectively deal with both the bias towards status quo and short-term thinking.

TIPS!
... FOR ALIGNING COMMITMENTS
- Establish strong processes for resource allocation (capital, assets, time and people) across organisational units and within the portfolio of strategic initiatives
- Design governance and meeting structures to drive changes, ongoing alignment, coordination and adaptation of strategy
- Align organisational design, including roles and responsibilities, performance measures and supporting incentives with strategy
- Establish and reinforce simple rules and value-based initiatives to align corporate beliefs and symbols with strategy
- Embed strategy in employee development conversations and performance goals to align employee goals with strategy
- Map critical assumptions to be monitored so that strategy can be adjusted if assumptions do not hold true

PRINCIPLE #5
Accelerate value delivery
Build project and line management delivery capabilities, implement strategies through high-impact projects and empower line managers to take the lead

As a rule of thumb, most strategic changes require some sort of design and development work before the changes can be anchored in the line organisation. The development work is a temporary endeavour undertaken to mature the strategic ideas and should therefore be managed formally as projects to accelerate value delivery. It sounds easy in theory. But consider the fact that 51% of global organisations are at maturity levels 1 and 2 when it comes to programme and project management. Projects are basically managed on an ad hoc basis with a lack of structured processes.

Most organisations simply do not have the right capabilities in place to realise the benefits anticipated by the strategy. Perhaps the strategic choices were brilliant, but we will basically never know, because the vehicle for accelerating value delivery is broken. The key is that you simply cannot separate strategy and implementation. The pieces must fit together, and strategic choices made and validated in theory must be closely aligned with what is possible to accomplish by the organisation in practice.

If no high performance setup for project management is in place, chances are that all good intentions end up in a clutter of mismanaged projects.
Consequently, project management capabilities must be built in the organisation to ensure a consistent approach to value delivery. Projects must be staffed with strong teams led by experienced and respected project managers who are put in charge of driving large-scale strategic initiatives according to best practice standards.

Once again, the devil is in the detail. Be careful that “best practice” truly is best practice. In terms of project management, best practice means being able to select the appropriate development model to fit with the challenge ranging from classic waterfall planning to modern agile approaches as well as mastering tools like prototyping, user insights building and a range of change management techniques. It sounds easy just to launch a range of projects to accelerate value delivery. In practice, it is hard, and it takes a lot of talent to succeed in heavy change projects.

As described, most changes devised by strategy need to be accelerated through some sort of project-based delivery vehicle. In some cases, the changes can be swiftly handed over to the line-of-business organisation by adjusting for instance performance measures and helping employees set new work priorities. However, in general, the transition from a temporary strategic project to new ways of working in the line-of-business organisation is difficult and must also be carefully managed.

It often entails that operational management practices must be reviewed and potentially upgraded. Are managers adjusting departmental goals and individual performance dialogues according to the strategy? Do managers leverage Lean management principles to continuously optimise value streams? Are employees frequently gathered to evaluate progress on the road towards strategic goals? These and similar questions are also integral to the art of making strategy work. In this way, constantly seeking out new ways of accelerating value delivery should be high on the agenda in both projects and daily operations (figure 5, next page).

TIPS! ... FOR ACCELERATING VALUE DELIVERY

- Define the right project model for managing strategic initiatives to reduce risk and drive progress
- Build project management and change leadership capabilities among project managers who are in charge of strategic initiatives
- Staff major strategic initiatives with the right team and always strive for high-intensity resource allocation to create focus
- Implement strategic initiatives in time-boxed campaigns for fast results and ensure flexibility to navigate
- Track leading indicators on business and behavioural impact for all strategic initiatives
- Drive line organisation engagement and changes through applying the principles of Lean operations management to ensure continuous improvement
FIGURE 5

Accelerating value delivery through integrated campaigns

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<tr>
<th>CAMPAIGN A</th>
<th>CAMPAIGN B</th>
<th>CAMPAIGN C</th>
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<tr>
<td>4-12 months</td>
<td>4-12 months</td>
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- **Mobilise**
  - Organise the programme
  - Engage the organisation
  - Deploy the strategy

- **Act and manage**
  - Monitor preconditions and environment
  - Manage change programme and progress
  - Communicate
  - Train management and change agents
  - Manage impact delivered through line organisation
  - Manage impact delivered through projects and programmes

- **Review and adapt**
  - Understand the situation
  - Sense the organisational mood
  - Learn from experience
  - Adjust direction, speed, priorities and initiatives

FROM STRATEGIC INTENT TO BUSINESS IMPACT
Putting the pieces together

On the one hand, it might seem as an overwhelming task to design the right strategy implementation model and put the capabilities and management systems in place. The five guiding principles and the supporting evidence tell us that there is no such thing as a strategy implementation silver bullet. Just lots of good and hard work. On the other hand, many of the core ideas underlying the principles are actually common sense and based on well-known management practices. The key is to consider the interdependencies across the elements and to design an integrated approach to implementation. Last but not least, we must always remember to put the people at the centre of making and implementing strategy. If we do, chances are that we will not end up like the large majority of organisations that are not able to deliver on strategic ambitions.

Sources and further reading


Gallup (2015): State of the American Manager, Gallup


Olsson, John Ryding et al. (2015): Power in Projects, Programs and Portfolios, DJØF


Other sources include management interviews, company presentations, scientific research, privately held research institutes and Implement Consulting Group analysis. A full list of sources is available upon request.
Uniting leaders and building engagement

Strategy implementation at Rockwool
by Kristine Foged, Implement Consulting Group

The Rockwool Group is a leading supplier of products and systems based on stone wool. Stone wool is a versatile material that can be used for building insulation, industrial and technical insulation, acoustic ceiling systems and a range of other solutions. Today, Rockwool employs more than 11,000 people in more than 35 countries and in 2014, Rockwool generated net sales of EUR 2,180.4 million.

Prior to the financial crisis, Rockwool focused extensively on creating growth by expanding geographically - both organically and through a number of acquisitions. The key driver behind the rapid expansion was the movement towards sustainability in the construction sector. As a result of the expansion, the company was to some extent made up of a number of local subsidiaries with local management teams running their local businesses with limited strategising and co-ordination between subsidiaries.
An emerging need for working more closely together to exploit synergies coincided with the financial crisis which impacted Rockwool with a decline in revenue of almost 20% from 2008 to 2009. However, Rockwool performed better than many peers within the building material industry. And while the European market was declining, countries outside Europe were growing fast, leading to some internal turbulence. Altogether, the situation called for a change in direction. There was an urgent need to make clear strategic choices, set a common direction and create unity in the leadership team.

Making the right strategic choices required in-depth analysis and creative exploration of strategic options, but the management team also recognised that all choices needed to be firmly anchored in the extended management team. Strategy and execution could not be separated. Therefore, the entire strategy process was designed with implementation in mind from day 1. Firstly, broad involvement would simply yield better answers by leveraging the collective intelligence of the company. Secondly, engaging key stakeholders early was vital to build support and ensure focused implementation considering the highly diversified management models used locally.

The strategy process was kicked off with a series of seminars for top 160 managers in the late summer of 2009 in Germany. The purpose of these seminars was to share insights about the market, build unity in the extended leadership team, build capabilities for strategising and to establish a shared commitment to the future direction. Based on the input from the sessions, the strategy was designed and led by a small core team and with heavy involvement from top management. However, in all phases, a key principle was to involve many people from the entire Group to develop and validate strategic options as well as to build momentum across the organisation. Further, external stakeholders were involved, and more than 100 interviews were conducted with e.g. distributors, engineers, architects and market analysts.

To close the loop at the end of the strategy development process and to kick off the implementation efforts, the extended management team was once again invited to a large-scale seminar. This time the setting was an old Italian monastery outside Milan. The aim was to build even stronger unity in the leadership team and a shared understanding of the new strategy, Rock the Globe.

“Seen from my chair, it is wonderful to see how the organisation has embraced Rock the Globe and shows its passion to contribute to its implementation. In this way, we can keep the high momentum which we have experienced from the time of launch and change the company fast to the benefit of all its stakeholders – especially our customers and market partners.”

Former CEO, Eelco van Heel,
CEO comment, 2010

The approach taken at the seminar was highly oriented towards allowing time for in-depth dialogues, individual reflections and sense-making across the management team. Getting “buy-in” was not in focus as all managers had been an integral part of the strategy development process. Therefore, the questions discussed were about how to maximise impact, how to develop leadership capabilities and how to build the right transformation plan. To the former CEO, Eelco van Heel, the net effect of the implementation kick-off was the creation of 160 ambassadors within the Group.

In retrospect, the Rock the Globe strategy turned out to be successful. Implementation was driven by both cascading goals and strategic themes throughout the organisation as well as ensuring that a small number of cross-cutting strategic initiatives were implemented by dedicated project teams. Across the implementation efforts, a small change team was responsible for supporting and tracking progress and measuring results. It is evident that the effort spent on building leadership unity during and after the strategy development process was a key driver in accelerating the creation of impact, and the strategic choices made are still relevant and live in the organisation today.

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Source: http://www.rockwool.com/about+the+group/media/corporate+news/news+viewer?newsid=1859
Putting the customer first in a global organisation

Strategy implementation at JYSK
by Kristine Foged, Implement Consulting Group

Since 1979, when the first store opened in Aarhus, Denmark, the JYSK Group has grown into an international retail chain that sells “everything for the home” within sleeping and living as stated in the mission statement. Today, JYSK comprises more than 2,300 stores in 41 countries worldwide. The JYSK Group is organised into three subsidiaries: JYSK Nordic, JYSK Franchise and Dänisches Bettenlager. The main business unit, JYSK Nordic, operates in 18 countries with large differences in market conditions and penetration. To cater for the variations, a key element in the recent strategy process was to design a strong global
PUTTING THE CUSTOMER FIRST IN A GLOBAL ORGANISATION

positioning platform with flexibility for local adaptation. Furthermore, large differences in growth in comparable stores could be observed, which, to a large extent, could be tracked back to too low local fulfilment of customer needs compared to competition. Therefore, another key element of the strategy work was to improve customer understanding to optimise decision-making at all organisational levels, help employees make strategic choices based on customer insights and have fact-based discussions within the country management teams. After having made distinct choices on where to play and how to win, JYSK launched a customer-oriented strategy centred around four customer promises offering a more relevant value proposition to three target customer segments.

To make sure that the strategic direction was owned and anchored at every organisational level, there was broad involvement of the management teams as well as selected functional specialists and managers from the company during the strategy process. More than 100 employees were involved throughout the process, and more than 12,000 customers were surveyed across the different markets in which JYSK Nordic operates.

In order to bring the strategy to life, a compelling and clear strategy story about “putting the customer first” was created and embedded in the entire organisation. A key point in bringing strategy and execution together was a dedicated focus on “changing conversations” at every level of the organisation. Consequently, the story was shared on a kickoff meeting at all levels followed by integrated “customer first” introduction programmes, central and decentral training sessions, morning meetings, international training, e-learning and films. Today, “customer first” is a standard topic on all meeting agendas and is further fully integrated into JYSK’s new visual identity. Alongside this, the country managers in the first cascade and the store managers in the second cascade played an important role as they communicated the story and acted as an important link in cascading choices from top floor to store floor.

In order to support choice-making and align commitments at all levels of the organisation, the segment strategies and customer promises were aligned with performance goals in the company’s balanced scorecard. Due to the country-specific differences, the balanced scorecards were designed to fit the specific challenges and customer needs. Moreover, change initiatives derived from the strategic choices provided guidance for developing business plans for each country. The plans now work as a tool for country, retail, district and store managers, who are also responsible for capability building at the local level.

In a large and complex global organisation like JYSK, a key enabler for linking together the different strategic levels in an integrated cascade has been the ability to focus. This focus has contributed to creating a common language across the organisation and resulted in new fruitful conversations about customers at all levels and across countries, creating an even stronger global brand and organisation.

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