

Strategic Management: Effective Strategy Execution for Business Success

Student's Name

Course

Professor's Name

University

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Introduction

Organisations with well-developed and executed strategies tend to perform better than those that lack a workable long-term plan. Typically, companies that employ a sound strategic management framework are more successful in instituting sustainable competitive advantages, which ensures a continued high performance (Gamble, Thompson and Peteraf, 2021). There is a misconception among management executives that a strategy as an organisation's long-term vision exists in isolation from a sound execution plan. By defining strategy as a broad concept but leaving out the execution, there is a present risk that a substantial chasm will develop between strategy and implementation, which would be an undesirable phenomenon (Rumelt, 2011). Therefore, the issue of execution stands out as one of the main complaints levelled against organisational strategies, whereby executives cite numerous challenges in implementing seemingly sound strategies that have been formulated with the hope of ensuring the success of their organisations. Importantly, brilliant strategies have the potential to put an organisation on the path to success, but only if the strategy is complemented by a sound framework for its execution (Neilson, Martin and Powers, 2008). With that in mind, understanding the process of strategy execution becomes an essential arsenal for management executives, especially in obtaining sustainable competitive advantages.

The Factors that Influence the Implementation of Organisational Strategies

Though numerous studies cite faulty strategy execution practices as the reason behind the failure of most strategies, the field of strategy execution is only now gaining increased emphasis as a suitable path to competitive advantage. In as much as the formulation of strategies can be a daunting undertaking, making strategies work, i.e., implementing them across an organisation, stands out as an even more difficult undertaking (Hrebiniak, 2006). That is the case since a myriad of factors can affect the processes through which strategic plans are implemented. Furthermore, as opposed to strategy formulation, strategy implementation is often perceived as some craft rather than a science, which has meant that its research has in the past been both fragmented and broad-ranging (Li, Guohui and Eppler, 2008). Thus, it is no surprise that in most cases, after formulating a comprehensive and potentially successful organisational strategy, substantial difficulties arise during the implementation phase that ensues. Hence, brilliant strategies often fail to achieve the intended superior performance for an organisation, thanks to poor implementation. To understand the scale of the challenge, in a study detailed by Forbes, the success rate of strategy execution is often incredibly low, with an average success rate of 50 per cent across industries and a shocking success rate of 10 per cent in certain industries (Kraaijenbrink, 2019). Despite a slight improvement over the years in executing strategies, the metrics are still problematic when one considers that every second strategy fails in the execution phase. It is thus important to understand the key factors and obstacles to the effective implementation of organisational strategies.

One of the major challenges that hinders effective implementation of strategies is that managers are trained to plan but not how to execute strategies. As outlined by Hrebiniak (2006), management executives, especially those who have been through most MBA programs, learn a lot on how to formulate strategies, with typical courses often focusing on competitive strategies,

marketing strategies, in addition to financial strategies. However, when it comes to the training on execution, the topic is often touched on, but not in as dedicated a manner as is evident in the tutorage on strategy formulation. Hence, the focus is on conceptual work, and primary level planning, emphasising fulfilling the strategies. The limited training on the execution of strategies is mainly since strategy and planning in most business schools are often addressed in silos by different departments and disciplines where execution is rarely emphasised (Hrebiniak, 2006). The overwhelming view is that using marketing strategies, human resource strategies, and competitive strategies is the only right approach in strategic management. That stands out as an especially harmful approach to the integrative perspective needed to execute strategies effectively. One could argue that the tenets of strategy execution cannot be taught in a class setting since it entails doing, which relies on on-the-job experience. That said, managers can be taught the essential steps, actions, and variables that contribute to the success of strategies.

Another key contributor and hindrance to the successful execution of organisational strategies is the organisational structure. It stands out as one of the most important barriers to implementing organisational strategies (Li, Guohui and Eppler, 2008). That idea has been held for several decades, and the understanding has, in certain quarters, existed for as long as the concept of strategic management has existed. Essentially, a proper strategy-structure alignment stands out as a critical precursor for the successful implementation of business strategies. Crucially, changes in the competitive environment have instituted the need for alteration of organisation structures. If an organisation lags in effecting the relevant changes to its organisational structure, it risks poor performance owing to an inability to remain competitive in the marketplace. Initial studies in the field, meant to determine the relationships between the strategies of business units and the process of implementation, indicated that more decentralised

structures tend to offer a high level of effectiveness in implementing strategies. That said, there is no one-solution-fits-all when seeking the right structure to drive the implementation of an organisational strategy. As Schaap (2006) stipulated, adjusting the organisational structure according to the strategy could act as a catalyst for implementing organisational strategies. The fit between business strategies and the internal structure of an organisation is a key determinant of the performance of an organisation, and by extension, how effective the company is at implementing strategies. For instance, business units that employ pure cost strategies enjoy a higher return on investment in the strategy implementation process when they entrench lower autonomy in their mode of operation. That is in stark contrast to organisations that embody differentiation strategies, in which differentiated approaches to strategy implementation offer the highest return on investment. Hence, the structure of an organisation stands out as one of the main factors that would ensure the success or failure of a strategy implementation process.

Commitment is essential in any business, especially in the effective implementation of an organisational strategy. As posited by Li, Guohui and Eppler (2008), a shared understanding that lacks the requisite commitment is sure to result in a 'counter effort', which hinders the effective performance of an organisation. When it comes to strategic management, the underlying perception is that the top management agrees on the strategies they need to implement, the approach they will take in doing so, then the rest of the organisation will fall in line and commit to the success of the initiatives. That is a flawed perception since the implementation of a strategy has a high probability of failure if it does not get the commitment it needs from the majority of employees as well as middle management. Such is especially the case when the lower-level management teams and employees were not consulted or involved right from the strategy formulation phase. When involved in developing strategies and determining the

implementation process, mid-level management teams and lower-level employees are more likely to commit to the success of the strategy (Neilson, Martin and Powers, 2008). Crucially, there are three primary causes of a low to negative commitment to implementing a strategy, especially from mid-level management teams. The first cause has a low perceived capacity to successfully implement the strategy, which results in the feeling of involving oneself in a futile undertaking, which inevitably hampers commitment. Furthermore, a low perceived probability of the process yielding positive outcomes despite a high and successful individual performance could curtail the development of the requisite commitment to the success of a strategy (Li, Guohui and Eppler, 2008). In addition, people look to achieve individual success in their undertakings. As such, the perception that the implementation of the strategy will result in minimal to no gains for an individual might hinder the development of the commitment needed to ensure that the process of executing the strategy is successful.

Debunking Strategy Execution Myths

After understanding the key factors that drive the effective execution of organisational strategies, the next critical step is to debunk the myths that often hinder organisational strategies. If effectively addressed, they would ensure organisations succeed at implementing their strategies. One of the myths is that effective execution means sticking to a plan. Understandably, when formulating organisational strategies, most executives will usually develop detailed road maps which specify what should be done, when, and by whom. That said, as many who have attempted to execute strategies will acknowledge, it is only in rare circumstances that Gantt charts survive the rigours of the real world. That happens since no plan can accurately and comprehensively anticipate each event that might aid or hinder the achievement of the strategic objectives (Sull, Homkes and Sull, 2015). As a result, there is always a need to leave adequate

room for improvisation. Management teams can effectively adapt to the facts on the ground, which often bring about unexpected obstacles. The execution of strategies involves seizing opportunities that support strategies that coordinate with other organisation sections on a current basis. In the implementation stage of a strategy, when managers devise creative solutions for problems that were unforeseen or encounter opportunities that they had not foreseen previously, they are not undermining the system implementation process. Rather, they are illustrating the execution of strategies at their best.

Another myth that hampers the effective execution of strategies is the belief that a performance culture will by itself drive execution. When companies fail at translating highly-rated strategies previously into results, they cite weak performance culture as the main factor to blame for the failure. Admittedly, for a majority of organisations, their core values would hamper the implementation of strategies. That said, one of the key resources needed for effective strategic management – human resources, is often impaired by an ultra-intensive emphasis on past performance. That is the case since a culture that supports the execution of strategies must appraise other indicators of employee performance, including agility, teamwork, and ambition (Sull, Homkes and Sull, 2015). In this area, most companies fall short. For instance, in considering management executives for promotions, there is little emphasis paid on aspects such as adapting to changing environments, which is primal for successfully implementing strategies. The main focus remains on how well a manager meets their fiscal targets (Sull, Homkes and Sull, 2015). One of the agilities needed to implement strategies effectively is a willingness and opportunity to experiment, which most managers shy away from since they are afraid of their failure. Furthermore, excessive emphasis on performance impairs effective execution in other ways. For instance, if a manager believes that hitting their targets tramples all else, they are more

likely to make conservative commitments regarding performance. In a study undertaken on several executives, two-thirds of the respondents indicated that they would advise a new colleague to make performance commitments that they are sure they can meet, with fewer than a third of the respondents championing ambitious goals. Such a tendency of always playing safe might most executives opt for more straightforward cost-cutting strategies instead of embarking on more risky growth initiatives (Sull, Homkes and Sull, 2015). They might opt to squeeze all the profitability out of a shrinking business instead of experimenting with a new business model. Addressing such myths puts organisations on a sure footing to effectively implement strategies.

Conclusion

The inability of most organisations to effectively implement their corporate and business strategies is one of the main reasons behind the poor performance of enterprises. That is because, as pointed out by current research on the field of strategic management, it points to the importance of effective strategy execution in instituting sustainable corporate value (Gamble, Thompson and Peteraf, 2021). To ensure that strategies are effectively implemented in organisations, one of the sure ways is to understand the factors that influence the implementation of organisational strategies. They include the presence of management teams who understand how to formulate strategies and how to implement them. That is in addition to the organisational structure and the right level of commitment from all key stakeholders, including middle-level management and junior employees. Furthermore, to effectively implement strategies, organisations must first address the underlying myths that hamper such initiatives, including the notion that a performance culture will ensure the successful implementation of strategies. Moreover, there is the flawed perception that effective execution means sticking to a plan.

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