

BAD PLANNING OR BAD EXECUTION? HOW TO PREVENT BOTH!

Do you have a strategy to succeed? The right strategy requires proper planning and expert execution.

BY CHARLIE HALL

Researchers at Harvard University, the University of California-Berkeley and the United States Treasury recently addressed the question, “Is the United States still a land of opportunity?” in the National Bureau of Economic Research (NBER) paper “Recent Trends in Intergenerational Mobility.”

There is a growing public perception that intergenerational income mobility — a child’s chance of moving up in the income distribution relative to his/her parents — is declining in the United States.

Contrary to popular perception, the authors found percentile rank-based measures of intergenerational mobility have remained extremely stable for the 1971-1993 birth cohorts.

The key finding from the paper’s abstract was: “We find that children entering the labor market today have the same chances of moving up in the income distribution (relative to their parents) as children born in the 1970s.”

I thought I’d start this column off with a bit of this research trivia given that the first of the year always brings a question into everyone’s mind as to whether they will be better off at the end of 2014 than they are at the beginning of the year.

What’s Going to Happen?

The economic fundamentals at play right now point to a positive outcome in that regard, provided Congress doesn’t mess things up with the debt ceiling debate, etc.

So if the economy is not likely to be one of the things holding us back this year, what will? In my humble opinion, an unhealthy dose of keeping the status quo will be one of our biggest challenges.

There’s a saying I have used here before: If you always do what you have always done, you will always get what you have always gotten. Strategically, it is a good time to make investments in your business, IF they fall in line with your stated purpose and mission as a business.

Speaking of strategy, I just spent a week in Atlanta conducting a capstone session for the first group of growers who went through the new executive education program Kip Creel at StandPoint and I are offering — the Executive Academy for Growth and Leadership or EAGL for short. We then kicked off our second-year cohort with a good dose of strategic management.

During those strategy-related conversations, we talked about the fact failures in our businesses may result from having a bad strategy in the first place, but more likely it is often the result of poor implementation of an otherwise good strategy.

Failure to execute has several root causes. Let’s look at several common reasons why companies often fail to execute their strategic plans fully:

- **POOR PRIORITIZATION OF STRATEGIC IMPERATIVES;**
- **LACK OF DETAILED PLANNING TO SUPPORT GOAL ACHIEVEMENT;**
- **POOR COMMUNICATION AND COORDINATION AMONG THE MANAGEMENT TEAM;**
- **STRATEGY AND CULTURE MISALIGNMENT;**
- **ACCOUNTABILITY MISSING FROM PLAN GOALS;**
- **POOR PLANNING GOVERNANCE; AND**
- **POORLY DEFINED STRATEGIC GOALS.**

Any of these issues can be fatal flaws in a strategic planning effort and all can lead to poor execution.

If you don’t feel this is important, consider these statistics:

1. In mid-sized companies, 95 percent of employees have a poor understanding of their company’s strategy;
2. Fifty percent waste time on non-productive work; and
3. Most employees don’t understand how to link their performance to their company goals.

Why is this? I think it’s because 95 percent don’t know what their job is or they don’t realize how important it is to do their job well. According to Robert S. Kaplan and David P. Norton in their book *The Strategy-Focused Organization*, they report “... a mere 7 percent of employees today fully understand their company’s business strategies and what’s expected of them in order to help achieve company goals.”

These numbers wouldn’t be important if they didn’t, in turn, translate into a failure to execute and perform. Goal alignment and strong performance are closely aligned.

The Incredible Power of Company-Wide Goal Alignment, Success Factors, 2010, notes in strong-performing companies, goal alignment at the manager level was 44 percent. In weak-performing companies, that number is zero! That’s right — it’s not rocket science to figure out why weak-performing com-

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panies fail to achieve their goals. If you fail to communicate your vision, execution eventually collapses.

Critical Communication

It's critical to have a simple, easy-to-communicate company vision and strategy. You, however, must recognize the importance of implementation. You must be able to get your people (from the bottom to the top) aware of their role in the priorities for the business. They need to have specific, measurable accountabilities that contribute to the business priorities. That's how to get everyone rowing in the same direction.

Assuming the business strategy has already been defined, below is a high-level view of the process I advocate for strategy implementation:

- **Clarifying** the strategy and scoping the project;
- **Planning** the project and organizing the implementation effort, including teams, task planning and resource estimating, timelines and decision milestones, etc.;
- **Identifying** organizational capabilities needed to successfully execute the strategy and analyzing the capabilities of the current organization for capability gaps (and surpluses);
- **Identifying** changes needed to bring real organizational capabilities in line with the business strategy, including changes to processes, practices, structure, skills and expertise, technology, metrics, rewards and recognition, etc.;
- **Designing** the changes and planning the communication and implementation for the changes; and
- **Implementing**, tracking and making corrections and assessing the results.

Following these procedures won't guarantee the success of your stated strategy, but not following them will likely lead to its failure. ■

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