

The Strategic Execution Framework:

A Proven Approach to Realizing Your Business Goals – Part One

Innovation. Performance. Scalability. Are these among the key initiatives for your company this year? When we pose this question to our customers in a range of industries including technology, financial services, energy, manufacturing and others, the responses are strikingly similar. In fact, a recent survey by The Conference Board of nearly 800 CEOs from around the world on their most pressing issues found consistent results. Innovation, human capital and global expansion topped the list for areas of focus that are driven by management action and require a well-executed business strategy.

In many cases, the ability to hone in on these areas can create competitive advantage in today's volatile business environment. To address these initiatives and ensure their success, companies need to empower management and staff with the tools, resources and insights to execute their strategies consistently and reliably in the midst of continuous business change. So how do you break this down and make it doable?

Introduction: Building a Foundation for Success

The Strategic Execution Framework was developed to help companies stay on track, aligning projects with key initiatives to achieve desired outcomes. It is based on the concept that the building blocks for strategic execution are projects, those activities put in place alongside regular operations to achieve specific goals. New businesses, products, services, channels and markets are created through project-based work. When grouped together, closely related projects are referred to as a program. In turn, the overall set of programs is your company's portfolio, the strategies in which your company is choosing to invest. Successful strategic execution requires tightly aligning the project portfolio to the corporate strategy.

Achieving alignment and maximizing performance of project-based work is critical to successfully executing the strategies your company has identified to deliver on key initiatives. But if your company is like most, having invested in training to ensure managers have the skills to balance scope, time, cost, quality and risk, why do barriers to successful execution still exist? What's needed is a broader approach that considers project-based work within the context of the overall business.

Successful strategic execution requires tightly aligning the project portfolio to the corporate strategy.

*Executing Your Strategy, How to Break it Down & Get it Done,
M. Morgan, R. Levitt, W. Malek, pg 3.*

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Linking strategy to execution through innovative techniques, the Strategic Execution Framework helps organizations ensure they stay focused on the initiatives essential to accelerating innovation, increasing performance, managing change as well as scaling the business. When applied correctly it creates an environment that transforms the way organizations think, lead and execute; ultimately driving increased revenues, profitability and market share.

The framework consists of six domains easily remembered by the mnemonic: **INVEST** [see Figure 1]. It has been proven time and again to help companies retool so that they are selecting the most advantageous strategic projects and are executing those projects effectively. The domains are:

Ideation: Where passion and drive originate, Ideation is your company's understanding of what it is and how it appears in the world, expressed through its purpose, identity and long-range intention.

Nature: Creating the conditions for strategic execution, Nature embodies the culture and structure, in other words, the environment and context, within which you operate.

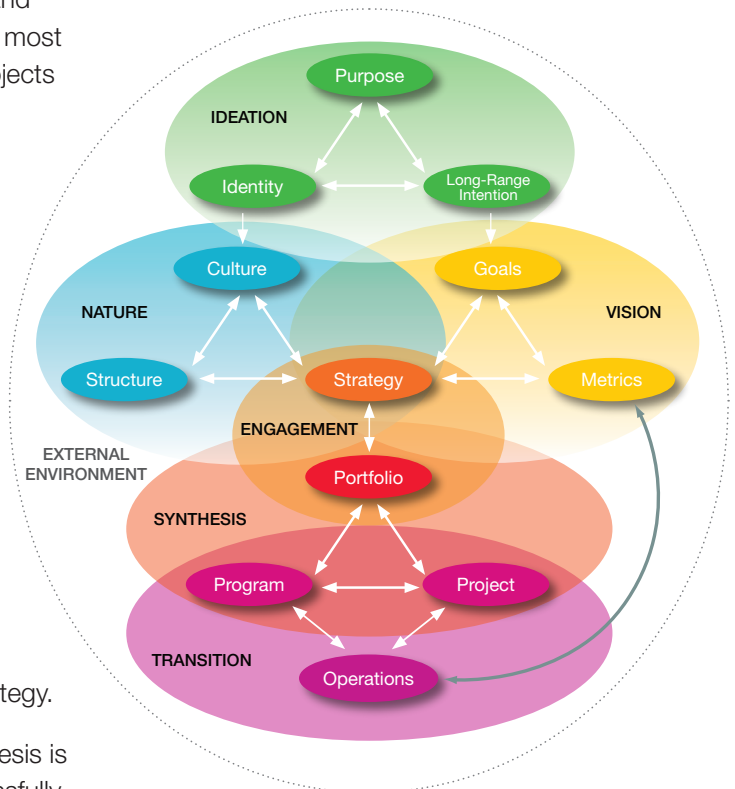
Vision: The ultimate destination and route, Vision includes the goals, metrics and strategy that form the foundation for your business.

Engagement: Connecting strategy to project portfolio investments, Engagement is a clear demonstration that your company is funding the right projects that will further the strategy.

Synthesis: Carrying out projects mapped to priorities, Synthesis is where Engagement meets execution, ensuring you're successfully executing projects and programs in alignment with the portfolio.

Transition: Turning outputs into operations, Transition is the ultimate measure of success, where you move the results of project-based work into the mainstream of your company's operations.

Strategic Execution Framework (SEF)



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Figure 1.

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Let's take a closer look at each of the six domains so you can gain greater insights into your company's performance and how to realize success in each domain.

Ideation: Where Passion and Drive Originate

The "I" in INVEST stands for **Ideation**.

Ideation is based on the concept that life asks three fundamental questions:

1. Who are you?
2. Why are you here?
3. Where are you going?

Corporate life is no exception. How a company answers these questions about identity, purpose and long-range intention creates central organizing principles that are critical to driving cohesive and consistent action.

Building Strong Ideation

Identity, one of three components that form Ideation [see Figure 2], is the character, image, brand and values of a company. It is the first step to strategic differentiation and central to a company's ability to compete. **Purpose** is the fundamental reason the company exists. It gives people a compelling reason to come to work every day and to commit to the success of the business.

Long-range intention defines what the company is dedicated to in the long-term. The seed of the desired future strategy, it is the first step in identifying strategic goals and the project investments that will be necessary to realize them.

Your company's ability to clarify and clearly communicate these three aspects of Ideation provide the context leaders and their teams need in order to make the best strategic choices as they move the company forward. With strong Ideation employees can make decisions that align with what's important to the business. In its absence they either guess or ask questions, wasting time and resources, leaving the door open for competitors.

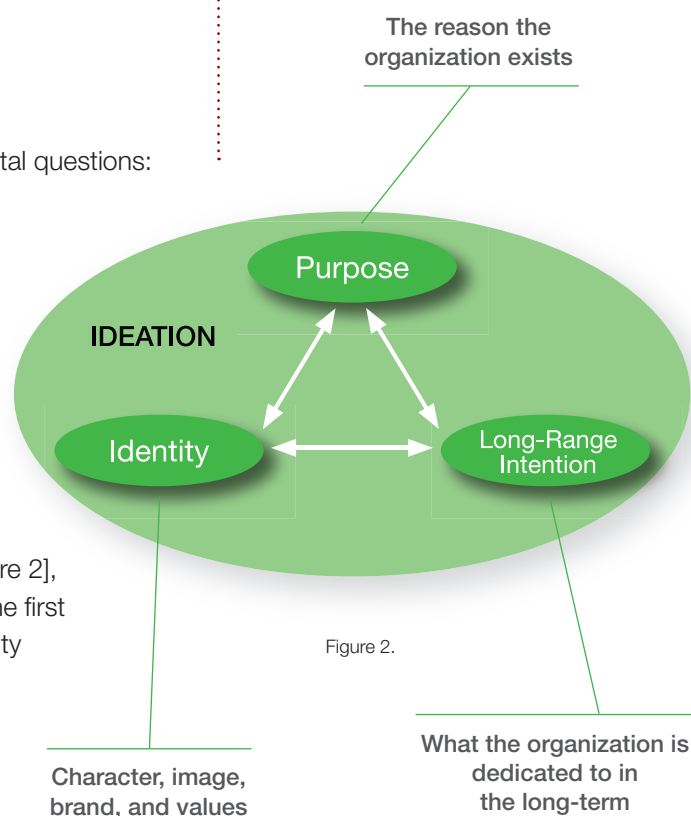


Figure 2.

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The ability for employees to adapt to change is also influenced by the strength of your company's Ideation. Mergers and acquisitions, strategic partnerships or a significant shift in the competitive landscape can challenge a company's Ideation. As your company and the market evolve ask yourself: *Is our Ideation still relevant? Does it need to be clarified? Is it being communicated effectively?* Continuing to maintain and articulate a strong Ideation is a steady force in times of change.

Driving Key Initiatives

Ideation fosters passion and drive which propel a company forward in the quest to achieve key business initiatives including innovation, performance and scalability. For example, Ideation can fuel innovation by inspiring employees to think creatively about the business and how to make a difference, from creating new products, services or channels, to optimizing processes. It drives performance by helping to attract the best employees; those that are eager to align themselves with a business in which they can find meaning. As leadership expert and author, Simon Sinek has said, "If you hire people just because they can do a job, they'll work for your money, but if you hire people who believe what you believe, they'll work for you with blood and sweat and tears." Strong Ideation also helps form the foundation on which businesses can create and sustain value as they continue to expand. Serving as a touchstone, it keeps employees focused on what ultimately matters most to the future of the company.

Why It Matters: Strong vs. Weak Ideation

Successful organizations become "iconic," not just among their customers but among everyone. They're admired, not just for their innovative products, ultimate user experience or customer-focused services, but for who they are and why they exist. For example, if you want to be recognized as a horizontally integrated global technology company offering hardware, software and content, it's essential that you never waver from the way you present yourself. Online, on television or through brick-and-mortar storefronts, you must be instantly recognizable. Every move you make must be distinctly tied to your Ideation. This way, even without knowing what your exact mission statement says, everyone can still sense the Ideation of the company because it is so deeply integrated into the business.

If you hire people just because they can do a job, they'll work for your money, but if you hire people who believe what you believe, they'll work for you with blood and sweat and tears.

How Great Leaders Inspire Action,
Ted Talk, Simon Sinek, September 2009.

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In contrast, organizations with weak Ideation send an unconvincing or confusing message to the market that impedes their performance. There are many examples of global companies that were held up as models for success but failed to reinforce and integrate their Ideation across the organization as they expanded. Management, employees, customers, partners and investors lost sight of these companies' core strengths and reasons for being. Lacking inspiration and guidance, focused on short-term measurements or distracted by market changes, their Ideation eroded with each acquisition and management change. Once considered leaders, they no longer exist or are now mere participants in various markets as they struggle to find their way.

There's a reason why the Strategic Execution Framework includes an Ideation focus; it's seminal to the ability to identify and align strategies with ultimate objectives. One of the most valuable assets an organization can build, Ideation links strongly to two related domains—Vision and Nature. Long-range intention drives the Vision, while purpose and identity have an overwhelmingly strong impact on the components of the next domain we'll examine: Nature.

Nature: Creating the Conditions for Strategic Execution

The Nature domain focuses on an organization's internal environment or the context in which it operates, linking culture, structure and strategy. Nature is grounded in the reality that culture and structure must be aligned with a company's purpose and identity and support a viable strategy to move the company forward. Any misalignment can create conditions that cripple effective and timely execution.

Aligning the Components of Nature

One of three components that form Nature [see Figure 3], **Culture** consists of the artifacts, core values and behavior of the organization. It's a company's approach to getting things done. **Structure** is the way in which an organization designs relationships between areas or functions and can be defined anywhere along the spectrum from a strong matrix structure to a weak

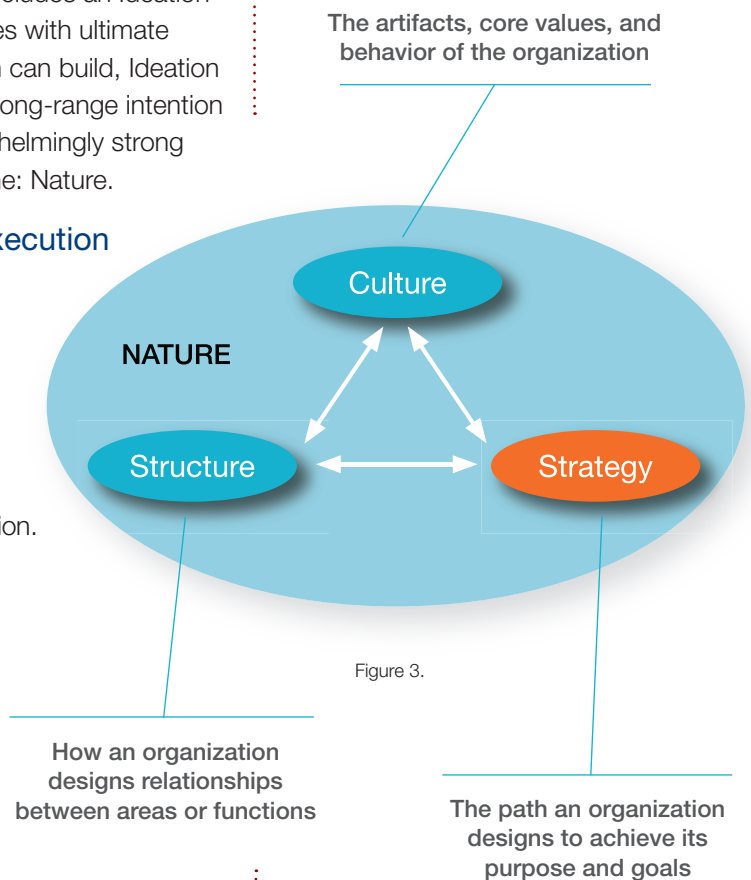


Figure 3.

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matrix, or siloed, structure. **Strategy** is the route an organization lays out to achieve its purpose and goals. The optimal route depends on how the company is organized and how it gets things done.

Your company's ability to align these three components is critical. According to Tim Wasserman, CLO IPS Learning and Stanford Advanced Project Management (SAPM) Program Director, "Leaders need to continuously look for misalignment in their environment and quickly identify what they can do to support their team and enable strategic execution, either through aligning with the organization at large or creating their own eco-system if needed." With strong alignment employees enjoy a constructive work environment that lets them get projects done with minimal roadblocks. In a misaligned environment they end up spending more time and energy working against the natural order of things rather than helping move the company forward.

Creating a better-aligned environment is important, but some components are more difficult to shift than others. Culture can be the most difficult and slowest to change, but must be addressed if it doesn't align with your company's purpose and identity. A change in leadership or a significant shift in market dynamics can create this misalignment. In turn, structure must reflect your company's culture and identity. If it doesn't and a wholesale change across the organization isn't feasible, then incremental modifications, such as building cross-functional coalitions to overcome functional silos, can achieve the needed alignment.

Driving Key Initiatives

Nature creates the conditions necessary for a company to successfully realize key business initiatives including innovation, performance and scalability. For instance, Nature can foster innovation by ensuring employees have the freedom to work collaboratively with the right colleagues as they create new offerings to reach new markets. It enhances performance by streamlining processes and breaking down barriers so that teams can accelerate results. The Nature domain also has a direct impact on scalability and agility because it can be adjusted and adapted to support change and growth. In his article, "Multinationimbles,"

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Matthew Bishop, U.S. Business Editor at *The Economist* states, “The biggest winners will be companies that can combine the advantages of scale with the agility to respond to fast-changing market conditions.”

Why it Matters: Aligned vs. Misaligned Nature

Astute organizations know that the fastest way to get where they want to be is to ensure their strategy, culture and structure are aligned. For global technology companies operating in competitive markets such alignment can help streamline operations and accelerate results. For example, if your company is a true technology industry leader you likely have a highly creative culture and matrix structure and use a range of techniques to foster continuous, disruptive innovation. Perhaps assigning top talent from across departments to collaborate on the most important projects and create pockets of expertise. Or keeping projects secret to enable focused execution and take the market by surprise. And if you anticipate even the most minor obstacle, you figure out how to shield the operation and get out of the way. With conditions aligned, you're poised for success.

On the other hand, organizations with a misaligned Nature can quickly lose ground in a competitive environment. For example, if a start-up company wants to evolve its strategy to become recognized as a low-cost, high-volume provider of technology products, but has a deep-seated identity and culture based on innovation, this strategy will be out of synch with the existing environment. Without making significant investments to shift the structure to be more controlled and less creative, and in the absence of mechanisms to help employees Transition to a new culture, the strategy can fall flat. There are many examples of global companies that have chosen strategies that don't align well with the existing culture and fail to address that gap. Rather than moving forward as they had expected, they stall or move backwards.

In the Strategic Execution Framework the Nature domain puts the spotlight on the importance of organizational alignment in reaching ultimate objectives. Heavily influenced by Ideation, Nature also links strongly to two related domains—Vision and Engagement. Let's take a closer look at Vision.

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Vision: Reaching Your Destination through Measureable Results

In the Vision domain, a company's long-range intention, or where it wants to go in the long-term, becomes reality by translating it into near-term strategy with specific goals and metrics. While Vision is a familiar concept to most organizations, many can stumble in this domain because they fail to recognize the importance of discipline, communication and agility in defining and executing their Vision.

Turning Vision into Reality

One of three components that form Vision [see Figure 4], **Goals** are the determination of specific, desired results. Without the discipline to choose goals that are tied to metrics and supported by strategy, goals can become empty promises. **Metrics** are the vehicle to evaluate progress towards achieving strategic goals. Identifying the right metrics requires understanding which behaviors to reinforce to drive performance. **Strategy** is the route an organization lays out to achieve its purpose and goals. The optimal path is strongly influenced by a company's structure and culture which are part of the Nature domain.

In *Executing Your Strategy*, Morgan, Levitt and Malek state, "Organizations must set clear, well-communicated goals and then choose the best way to apply available resources to reaching those goals. Setting goals, setting standards for meeting them (metrics), and devising ways to get to the goals (strategy) are all part of the creative process. Approaching these decisions effectively requires forward-looking, positive, active choice."

With the right goals, metrics and strategy you have a solid foundation for success in the Vision domain. But to truly propel the company forward, these components also must be widely articulated throughout the organization and clearly defined in meaningful terms for

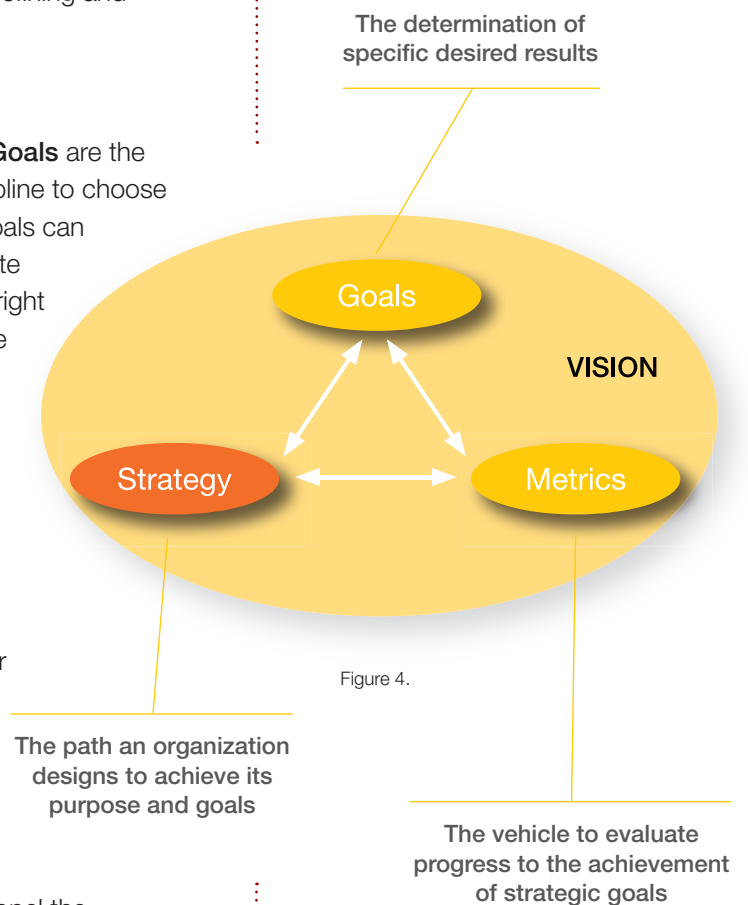


Figure 4.

various levels and functional areas to work cohesively. Continuous review and realignment with dynamic, external environmental factors, such as new regulations or changes in the competitive landscape, ensures your Vision remains relevant. Finally, the degree of rigor with which you manage this domain must be consistent with your company's Ideation, culture and structure. For example, rigid status reporting will probably meet with resistance and little uptake in a fast-paced, entrepreneurial environment.

Driving Key Initiatives

Vision transforms intention into reality, enabling companies to realize key business initiatives including innovation, performance and scalability. Looking specifically at how Vision can propel innovation, innovation and growth consultant, Scott Anthony states, "It's time for leadership to step up. Match innovation rhetoric with personal involvement and investment. Move beyond narrow solutions (Let's run an idea challenge!) to more systemic approaches." Establishing concrete innovation goals and metrics throughout the enterprise (not just in the new product group), sends a clear and powerful message: innovation is central to our organization's success. Vision also enhances performance with metrics that drive accountability and focus the organization on behavior to achieve the desired future results. Scalability can also be affected by Vision; with a proven ability to identify and realize specific goals, companies can build on that process to perpetuate growth.

Why it Matters: Creating Clarity vs. Confusion

High-performing organizations understand that to realize their Vision they need to focus on the future with creative and integrative thinking. They motivate employees with clear goals for which they are accountable with specific metrics. For example, if you're a global technology company and want to be recognized for creating products that delight customers and truly are better, you may set a specific goal around building a better smartphone. By identifying specific metrics around product functionality, QA, sales and customer usage you align various departments with this common goal. This positive pattern is repeatable and helps move the company forward in lockstep with its long-range intention or who it wants to be.

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In contrast, many companies know where they are and ultimately where they want to be, but have trouble charting the path. Vision can't be defined in a vacuum, but must be considered within the context of the company's environment and long-range intention. We're all familiar with product-based technology companies that seek to grow and generate new revenue streams by diversifying and adding professional services offerings. Yet the behaviors and associated metrics that lead to success in product-focused companies (for example, reducing costs) may not be directly applicable to services companies (maximizing billable hours). Failure to recognize and address this misalignment can result in competing goals and metrics that work against each other, confusing customers and employees. For a company that wants customers to view it as a provider of comprehensive technology solutions, establishing some higher-level shared goals and metrics (such as overall customer satisfaction) creates better alignment and a clear path that everyone can follow.

In the Strategic Execution Framework the Vision domain focuses on reaching your company's ultimate destination, charting the course with clarity and accountability. Heavily influenced by Ideation and Nature, Vision makes these strategic domains more real with tangible goals and metrics. The discipline in the Vision domain is pivotal to the next domain we'll examine – Engagement – where we Transition from strategy creation to execution and ensure that the actual work being done aligns with the Vision.

In *part one* of this white paper we have explored the *strategy-making* domains of the SEF: Ideation, Nature and Vision.

In *part two* we will explore the *strategy-implementation* domains of the SEF: Engagement, Synthesis and Transition.

To learn more about the Strategic Execution Framework or how to assess and enhance your organization's ability to achieve Engagement, contact an IPS Learning expert at +1 866.802.1152 or info@ipslearning.com.

The Strategic Execution Framework (SEF) is used by the Stanford Advanced Project Management program, a partnership of IPS Learning and the Stanford Center for Professional Development. The SEF is described in detail in the book *Executing Your Strategy: How to Break It Down and Get It Done* (2008, Harvard Business School Press).

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