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Point of View

12 Common Strategy Execution Mistakes — And What You Can Do to Avoid Them

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The Balanced Scorecard is among the most widely-used management systems today. As with any framework or tool, its popularity is a double-edged sword: with more and more organisations implementing the Balanced Scorecard, more and more will screw it up.

When done well, the Balanced Scorecard can be a game-changing management tool; when done poorly, it is quickly sidelined and becomes just another flavour of the week.

Perhaps every unhappy family is unhappy in its own way (our apologies to Tolstoy), but unhappy organisations tend to share a common profile – at least where strategy execution is concerned. These twelve mistakes are the most common culprits.

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1. Delegating too low
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1 Delegating too low

The Balanced Scorecard is a deceptively simple concept, and as a result, responsibility for its implementation often falls to a relatively junior resource. This faulty assumption – that a straightforward framework makes for a straightforward process – leads to a host of problems.

As a rule, the success of this process relies on the explicit, not merely complicit, support of senior leadership. Though junior resources can and usually should perform much of the legwork, the spokesperson for implementation ought to be someone whose position in the organisation commands respect, which in turn sets the expectation that the Balanced Scorecard effort should be taken seriously.

Junior resources typically lack the experience and institutional credibility necessary to guide the discussions that will ultimately shape the organisation's objectives. A more experienced employee with the requisite insight and social capital will have far greater success in eliciting insightful opinions and establishing buy-in from the larger organisation.

Organisations can most effectively utilise junior resources in a supportive role, but with ultimate responsibility for the success of the project assigned to a senior leader. The junior resource can do most of the work involved in creating deliverables, but always with the understanding that they are acting on the behalf of the senior leader, who in turn will be the public face of the implementation and will step in to aid the junior resource in areas where they lack expertise. The junior resource gets a tremendous opportunity to increase their visibility within the organisation, and the senior leader is not tasked with time-intensive aspects of the implementation process.

2 Ignoring political realities

Even the most easy-going organisations are not free of office politics, and to pretend otherwise is to be willfully naïve.

Especially at the outset, the implementation of the Balanced Scorecard can bring these politics to the forefront. Politically savvy organisations will recognise the Balanced Scorecard as a neutral ground that encourages transparency and gives voice to the entire organisation, but without careful consideration it can easily devolve into a new arena on which to fight the same old battles.

Most organisations begin their implementation process with a series of interviews and workshops to build their Strategy Map and Balanced Scorecard. The most successful organisations will take particular care in selecting their facilitator. This person needs to be impartial – and just as importantly, they need to be perceived as impartial by the participants in the interviews and workshops. When selecting the facilitator, leaders should ask themselves what agenda he or she may bring to the table (or even if they do not, what agenda others may think they bring) and what tensions could arise because of it. To avoid potential complications, many organisations use an external consultant at this stage of the process.

A skilled facilitator will take care to elicit all viewpoints, not just the ones that come from the loudest voices. They will also use appropriate techniques to reach decisions in a collaborative way and mitigate sources of tension. When using an external consultant instead of an internal resource, make sure that they have done their homework and understand the politics that underlie the conversation.

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3 Going overboard with measures

What gets measured gets done – so the more measures, the better, right? Not really.

Strategic measures – those presented as part of a Balanced Scorecard – are intended to paint a high-level picture of the progress of a particular objective. Measures that contribute to a more nuanced, granular picture, while important, do not belong on the scorecard, where they only serve to obfuscate the vital information that will be used to lead discussions during strategy reviews. A glut of poorly curated information is nearly as useless as not enough information.

Smart organisations choose one or possibly two measures per objective that are indicative of the health of that objective. The point of these measures is to capture a trend over time in a way that is immediately apparent. Conclusions drawn from additional measures should be reflected in the objective's performance analysis, and the additional measures should be publicly available, but the scorecard itself should remain clean and uncluttered.

Organisations rarely choose the optimal measures at the outset of the scorecard implementation. The most successful organisations revisit their strategic measures periodically to ensure that the intent – taking the temperature of an objective, so to speak – is being upheld. If the measure points to a different conclusion than the performance analysis, it must be reconsidered.

4 Failing to house data centrally

Done well, the Balanced Scorecard promotes transparency across even large, complex organisations by ensuring that there is one version of the truth and that it is accessible throughout the organisation. Done poorly, the large amount of data that contributes to a mature scorecard (or, more likely, series of cascaded scorecards) is a major headache.

Successful organisations make information management a priority. Balanced Scorecard software offers a simple solution for housing all data in one place, but organisations that cannot make the investment will often manage their scorecards using Excel or even PowerPoint. Whatever the management system, it is vital that the information live in a single document. By allowing information to reside in numerous pockets scattered here and there throughout the organisation – a particular concern when using document types that can be saved to local hard drives – organisations run the risk of version control issues. In the best case scenario, organisations will integrate their information management systems directly with their scorecard management.

Savvy leaders recognize that employee attitudes towards the strategy management system can make or break its long-term success. By housing data in a central, accessible location, leaders demonstrate transparency and honesty. "De-mystifying" the scorecard by making the information viewable to anyone who is interested helps to break down potential sources of resistance.

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5 Allowing the Strategy Map to become just a piece of artwork

The process of creating the Strategy Map is in itself incredibly beneficial to an organisation. By not only articulating what the organisation plans to achieve but also breaking that plan into its underlying components, organisations by default will refine their priorities and improve their focus. That said, this process is the tip of the iceberg – necessary, but certainly not sufficient.

Because creating the Strategy Map is reasonably time-intensive (not to mention debate-intensive), the effort involved can leave organisations with a false sense of accomplishment. After it has been finished, the Strategy Map is hung on the wall and all too often allowed to become a piece of artwork: nice to look at, but of aesthetic value only. Leadership teams can be unwittingly blind to this phenomenon, since, having undergone the effort of creating the Strategy Map in the first place, they are predisposed to see it as a more important piece of work than their employees do. A simple test is to ask a mid-level employee to describe how their work fits into the Strategy Map without any prior preparation. If they cannot, the leadership team has more work to do.

An organisation cannot overestimate the importance of communicating and socialising the Balanced Scorecard framework in general and the Strategy Map in particular. The communication truism “seven times in seven ways” is particularly apropos here. Hanging the Strategy Map on the wall is simply not enough – instead, organisations should seize the opportunity to exercise their creativity and find memorable ways to make the Strategy Map highly visible. The ultimate goal is not simply to familiarise employees with the contents of the map but to encourage its use as a tool to guide informed, intelligent business decisions. The most successful organisations will see everyone from senior leaders to front-line managers referring regularly to the Strategy Map in their day-to-day business.

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6 Confusing operations with strategy

Operations protect value – these are the things that need to be done in order to keep business running as usual. Strategy creates value – these are the things that need to be done differently to reach the desired future state. The line between the two is not always clear-cut (for example, if an organisation is on a downward trajectory such that continuing with business as usual actually destroys value, then making operational improvements to halt that trajectory would actually be a strategic initiative), but nevertheless it is an important distinction to make.

Because operational concerns have near-term consequences, they have a tendency to creep into discussions of strategy. Organisations find themselves mired in operational details at the expense of the long-term strategy. While leaders do typically distinguish between operational and strategic review meetings, they often have a harder time adhering to a purely strategic agenda during strategy reviews when operational concerns are simply too pressing. It is incumbent upon the leader of the meeting to set clear guidelines for strategy review meetings and to nip operational conversations in the bud.

This separation between the operational and the strategic is not to say that operations are unimportant – to the contrary, they are vital to the success of the organisation – but rather that, left unchecked, they will eat up the time needed to review and refine strategy. By carving out time to deal exclusively with longer-term concerns, organisations guarantee that their strategy management system sustains its momentum.

7 Failing to optimise strategy review meetings

Much to the chagrin of executives everywhere, time is a finite resource. Wasting it in an interminable strategy review meeting is a sure-fire way to make the Balanced Scorecard the object of resentment.

As with any meeting, time will be best spent if the agenda is set in advance and participants come to the meeting prepared. The Balanced Scorecard core team should prepare reading material well in advance of the meeting that includes the latest measure data and performance analyses for each objective. In addition, the meeting facilitator should circulate the agenda ahead of time and, both before and during the meeting, ensure that the conversation focuses on the issues raised by the data, not on reviewing the data itself.

The most obvious agenda – addressing each objective beginning at the top of the Strategy Map and working down to the bottom – is not necessarily the best use of time. Consider beginning with the bottom of the map. The cause-and-effect structure of the Strategy Map means that the lowest objectives tend to be the most complex, have the greatest impact and elicit the most debate. Relegating the thornier topics of conversation to the end of the meeting means that there is rarely time to discuss them in full. Furthermore, organisations should resist the urge to go through every objective one by one, even though every objective should be tracked and updated. As the strategy review process becomes more mature, organisations can optimise the meeting by budgeting time for only those topics that require a deep dive and merely skimming the surface of the rest.

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3 Assessing performance with rose-tinted glasses

It is human nature to react to measurement – in particular, measurement of one's own performance – by trying to put a positive spin on it. It is not uncommon to find, at the outset of the implementation process, that the scorecard is covered with green and yellow indicators. Leaders need to maintain a robust relationship with reality and look critically at a positive assessment right out of the gate: if this assessment is accurate, why do we not already see the outcomes we are trying to attain?

As tempting as it is to assign blame to the mid-level employees who provided the falsely positive assessments in the first place, the blame lies with leaders who fail to manage change. Especially when the Balanced Scorecard is first being introduced, leaders need to do everything in their power to explain not just what is being measured but to what end. They need to actively solicit honest assessments, even if they are not positive. If initially the scorecard is mostly red, leaders ought not to feel dismayed – how else can they pinpoint what needs to change?

Ultimately, leaders need to create an environment in which their employees see measurement as a vehicle for improvement, not for blame. The manner in which this change takes place is largely situational and will be dictated by organisational culture, but leaders across the board will benefit by practising what they preach. By looking at "red" measures as the first step in uncovering a problem and publicly celebrating upward trends even when the goal has yet to be reached, leaders incentivise honesty instead of false positivity.

9 Underestimating the importance of communication

Think you haven't communicated enough? You haven't. Do it some more.

At the outset of the Balanced Scorecard implementation, organisations tend to make communication a higher priority. In the excitement of doing something new, sharing information with the organisation as a whole and educating them on the new system simply makes sense. As that excitement wanes and the Balanced Scorecard settles into the normal routine, it can slip quietly from the organisation's radar. Alternatively, they hold off on communication until they get it just right – but it never is. The most successful organisations will partner their Balanced Scorecard team with their marketing and communications department to find creative ways to keep the organisation as a whole informed and engaged, both initially and once the Balanced Scorecard effort is well underway.

Making an investment in communication is anything but a frivolous expense, even when the delivery method – think mascots, comic strips, and good-natured competition – might veer into silliness. Making sure the entire organisation stays informed displays trust and openness, giving employees a reason to buy in to a program and feel that their input matters. Keeping the strategy top-of-mind across the organisation, not just the leadership team, yields insights from surprising places. Further, celebrating the progress made by a given department or team motivates the rest of the organisation and spurs friendly competition.

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10 Neglecting education and training

The Balanced Scorecard is a deceptively straightforward concept. "It's simple, just do it!" is a recipe for disaster.

For all that it is an easy concept to grasp, putting the Balanced Scorecard into play is a complex process. Organisations need to be realistic in assessing the readiness of their staff to implement the program and commit to filling gaps in expertise. An upfront investment in preparing the key players in the implementation process helps organisations avoid wasted time and energy. Further, organisations ought to assess not just the readiness of the team as a whole but the knowledge gaps of each individual. For example, the Balanced Scorecard sponsor needs to grasp the process as a whole and have a working knowledge of best practises, but the administrative details can be left to a more junior team member. That team member, on the other hand, needs to have a deep understanding of the mechanics of the scorecard and be prepared to manage the minutiae of an intricate system. Addressing these potential knowledge gaps at the outset rather than scrambling to play catchup down the road will save organisations time and money.

11 Surrounding yourself with the same old folks

Organisations that keep discussions of strategy to the rarified few – usually the executive leadership team alone – are missing out. One of the tremendous benefits of the Balanced Scorecard is the opportunity it provides for cross-functional discussions that break down traditional silos and bring forth voices that might otherwise not be heard. The smartest organisations will embrace the dissonant voice and the unusual opinion and welcome their input, not disregard it for contradicting inherited wisdom.

The Strategy Map development process usually begins with a series of interviews that inform the first draft of the Strategy Map. While these interviews nearly always include the entire leadership team, organisations should ask who else could add a useful voice to the conversation, particularly one that is infrequently heard. This voice could represent customer-facing employees, stakeholders or support functions that do not have a seat at the executive table. Once the Strategy Map is finalised, organisations will often establish teams to manage each perspective or theme. Consider mixing teammates from across departments and functions. The disparate perspectives only lead to a richer, more informed dialogue.

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12 Failing to evolve

After the work involved in creating the Balanced Scorecard, it is tempting to hold it as gospel and resist making changes, but successful organisations know that it needs to be a living, changing document for it to be valuable.

The Balanced Scorecard works best for managing a mid-range strategy, which for most organisations is between three and five years, depending on the rate of environmental change. A scorecard should always be created with the assumption that it will be dismantled and reengineered a few short years down the road. Even within that three- to five-year range, the Balanced Scorecard ought not to be a static document. Throughout the strategy review process, organisations must ask themselves not only whether they are making progress towards their goals, but whether their underlying assumptions continue to hold true. Adjusting measures, targets, objectives or even the structure of the Strategy Map in response to incorrect assumptions or a changing external environment is an expected component of the strategy review process.

Organisations can ensure that they take a critical look at the underlying components of their strategy by purposefully planning it into their governance cycle. A typical timeframe for a strategy refresh (as opposed to the rewriting of the strategy that takes place after three to five years) is once annually, though in a particularly fast-moving industry, it may be necessary to do so more often. Though the leadership team will make final determinations, suggestions for changes and improvement often come from the theme or perspective teams, and it is worth actively soliciting their input. For smaller tweaks (adjusting measures, etc.), organisations should consider giving theme or perspective teams the autonomy to make the determination on their own rather than use time during strategy review meetings.

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Just as successful strategy management systems tend to share a set of best practises, failed or even just subpar implementations often come from the same set of poor behaviours and incorrect assumptions. At the heart of most failed Balanced Scorecard implementations is the fallacy that a simple framework will lead to a simple process.

Organisations just beginning the process ought not to be discouraged. Knowing what mistakes to look for allows you to cut them off at the pass. By preparing adequately – and above all, being willing to test and adapt when things are not going as expected – a successful scorecard implementation is well within reach.

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Rob joined Palladium from investment advisory firm Lagunita Capital, where he served as managing director. Previously, he ws a partner at the Watermill Group, president of Gramercy Consulting, director of business development for Sonus Networks, director of product and channel marketing for Merlot Communications and a consultant with Monitor Group.

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