

Why it's critical for firms to create a 'culture of execution' in order to succeed

*When it comes to executing strategy, the old saying "the devil is in the details" holds true for many companies, according to Wharton emeritus management professor **Lawrence G Hrebiniak**. While executives may readily participate in the development of new strategies, execution tends to get short shrift, because it is often viewed as a lower-level task or concern, he notes. In the following interview, Hrebiniak -- who just published the second [edition](#) of his book, 'Making Strategy Work: Leading Effective Execution and Change' -- explains why it's critical for firms to create a "culture of execution" in order to succeed.*

Why do firms tend to focus much more energy on strategy and less on execution?

[Strategy execution](#) takes longer, involves more people, demands the consideration and integration of many key variables or activities, and requires an effective [feedback](#) or control system to keep a needed focus on the process of execution over time. The strategic planning stage is usually more concentrated and of shorter duration than the execution stage. It often deals with interesting conceptual issues that appeal to many managers. The longer execution

time horizon results in developments and changes that must be addressed over time --for example, manager turnover, competitors' reactions to a company's strategy, changing economic and competitive conditions, a changing industry structure and forces, etc. -- suggesting the importance and difficulty of organizational adaptation during the execution process.

Keeping managers and functional specialists involved in and committed to the execution requirements over a long time period can be difficult. Some managers simply give up or turn to other developing problems and opportunities, reducing the energy expended on implementation plans and activities. To some managers, execution-related issues aren't as exciting or conceptual, resulting in less than enthusiastic attention or energy being focused on these activities. These factors, among others, increase the difficulty of strategy execution and cause managers to avoid critical implementation requirements. The key here is management support -- from the top down -- to create a culture of execution and maintain a focus on execution and its benefits.

What are some of the biggest mistakes that companies make when it comes to implementing strategy? What are the common pitfalls?

There are a number of mistakes I've observed over the years. One is that strategy execution or implementation is viewed as a lower-level task or concern. Top managers with this view believe that making strategy work -- the decisions and activities associated with this task -- is somehow "below them," literally and figuratively.

This often creates a "caste" or class system in which upper

management feels that it's done the hard work -- strategic planning -- and that the lower-level people then can do the easier work of execution. This is a huge mistake, one that can create cultural rifts and poor communication across organizational levels, leading to ineffective performance and other serious problems.

Another mistake managers make is to assume that execution is a quick, one-shot decision or action, like "Ready-Aim-Execute" -- or even worse, "Ready-Execute-Aim." Implementation or execution simply isn't a one-shot deal. Strategy execution is a process, with important relationships among key variables, decisions and actions, not a quick fix marked by simple cliches, such as: "Give him the ball and let him run with it."

Failure to see and appreciate the interdependence or interaction among key factors -- strategy, structure, incentives, controls, coordination, culture, change, etc. -- is a costly mistake that detracts from strategy execution success. The complexity of the implementation process also results in managers ignoring the execution process, an issue I mentioned earlier. A mistake I've observed occasionally is that a good strategy is seen as sufficient to motivate effective execution.

The assumption is that solid execution will come naturally, as people see the benefits and logic of the strategic plan and act accordingly to foster execution success. This assumption rarely, if ever, is founded; execution takes hard work, communication of actions and benefits, and effective incentives to get managers to buy into the execution process. Managers need skin in [the game](#) and logical guidance about their roles in the execution scheme to make even a good strategy work.

A related mistake is to assume that a really bad or unsound strategy can be made to work well if "we execute it well." A bad strategy cannot be saved by working hard at execution. "You can't make a [silk](#) purse out of a sow's ear," as the saying warns. Good strategy comes first and is essential to sound execution. Skimping on the strategy formulation stage of strategic management can only lead to implementation headaches. There are additional pitfalls that threaten the strategy execution process in addition to those suggested above. An important one emanates from not having a solid plan of execution or implementation. Every strategic plan requires an implementation or execution component or plan. Every corporate and business plan must be supported by a plan of execution.

The execution plan or component must lay out clearly the key decisions and actions required for making the strategy work. The interdependence or interactions among key factors must be spelled out, and well understood. Responsibility and accountability for decisions and actions must be clear and agreed upon, with areas of overlapping responsibility and need for cooperation laid out and committed to by key personnel. Failure to develop an implementation plan is a problem or pitfall that usually ends in disastrous performance. Again, the assumption seems to be that execution simply happens or unfolds seamlessly, and this is a mistake.

A big pitfall or mistake emanates from a poor understanding of organizational structure. Not understanding the costs and benefits of different structures or designs can lead to severe problems. Treating structure as an afterthought or something that changes according to managers' whims or fancies and

not as a response to the demands of strategy represents a major problem or pitfall. Structure has a role to play. It affects many things, including efficiency, effectiveness, getting close to markets and customers, and so on.

A lack of understanding of structure's role in making strategy work usually leads to problems. Also, a major pitfall with all sorts of related problems is inadequate or inappropriate attention to the management of change. Implementation or execution plans often include the need for change, and handling it poorly can lead to resistance to new execution efforts.

What new kinds of problems have emerged since you published the first edition of your book -- that is, what kinds of new challenges are managers facing when it comes to executing strategy in today's business environment?

A number of new challenges emerged after publication of the first edition of Making Strategy Work. One might think that the old or consistent, ongoing challenges I noted earlier would be sufficient to keep managers who are interested in execution busy for a long time. Yet, new challenges and ideas were presented to me, adding to the list of execution-related needs.

One [new area of concern was] the service sector, including not-for-profit organizations. The question simply was: Does the material in Making Strategy Work apply equally well to service organizations? Not-for-profits? Another request was for a deeper coverage of the execution of global strategies.

The first edition of the book contained little insight here, and managers told me that they would like to see more about implementation in the global arena.

Quite a few managers raised questions about project management. In fact, I was contacted by someone representing the Project Management Institute who asked [several] questions about the role of project management in the execution process. Additional questions regarding making M&A strategies work also were raised. The new edition [has sections] dealing with service organizations, global strategies and project management, as well as a revised chapter on making M&A strategies work.

What can a company do to become more focused on executing successfully?

The basic step for a company to follow to become more focused on execution or implementation is to create a culture of execution. How does one create such a culture? Let's look at some basic facts. First, it's a fact that culture affects behavior. An organizational culture include values, prescriptions on how to act, how to treat others, how to react to performance shortfalls, how to compete, etc., and these have a profound impact on behavior.

A related fact, however, also must be kept in mind: Behavior, over time, affects organizational culture. Culture, [in other words], is both an independent, causal factor, and a dependent factor, affected by behavior. How, then, does one create a desired culture? By creating behaviors and performance programs that become an integral part of an

organization's way of doing things. By creating and reinforcing behaviors and performance programs that affect the very essence of how organizations act and compete, i.e. their culture.

A company, then, can [create] a culture of execution by [developing and reinforcing] behaviors that affect culture. It can: lay out key decisions, actions, and capabilities needed for successful execution; support the model and execution plan with effective incentives and controls; create structures and processes that support desired strategic and operating objectives; and manage execution as a change process in which agreement and commitment are sought and rewarded.

Creating and reinforcing behaviors related to execution will impact culture; culture will reflect the critical execution-related behaviors. It is important to design, reward and otherwise support the right behaviors, those that are vital to making strategy work, in order to create and nurture a culture of execution.