

The six dilemmas of strategy execution

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The conversion of strategic intentions into plans, actions and outcomes, falls to organizational leaders who find themselves pushed and pulled between running day-to-day operations, while at the same time changing them according to a strategic plan that promises future success. A sample executive to-do list:

- Make sure there is a clear and explicit roadmap to follow – check!
- Clarify decision roles and rules – check!
- Set performance measures and follow up – check!

Performance guides like these help, but they don't relieve the strain and distraction of the inevitable onslaught of competing demands for attention—the dilemmas that ultimately test the skill and resolve of those responsible for strategy execution.[1]

Dilemmas left unattended become corrosive; they drain energy and undermine focus and trust. Leaders can ignore tough dilemmas for only so long in the hopes that tensions will resolve themselves. Eventually, they must do as veteran observers of best-strategy-execution practice Larry Bossidy and Ram Charan urge in their book, *Execution: The Discipline of Getting Things Done*: deal with the facts as they are, not as you wish they were, to “insist on realism.”[2] Realism dictates that legitimate dilemmas need to be acknowledged and addressed directly and fully.

Let me be clear, dilemmas do not signal that a strategy is flawed or that leadership is failing. Rather, they are part and parcel of the strategy implementation process; they present consequential choices that need to be understood and addressed, and when they are, rewards and success are likely to follow. Conversely, ignoring and under-managing execution-dilemmas is a sure recipe for trouble.

While execution projects are each unique, the dilemmas they face are not. There is a recurring and universal set of competing forces that strategy implementers must manage, and their ability to marshal resources and hearts while maintaining the current business depends very much on how six key dilemmas are handled: Time & Resources, Integration, Leadership, Confidence, Morale and Change.

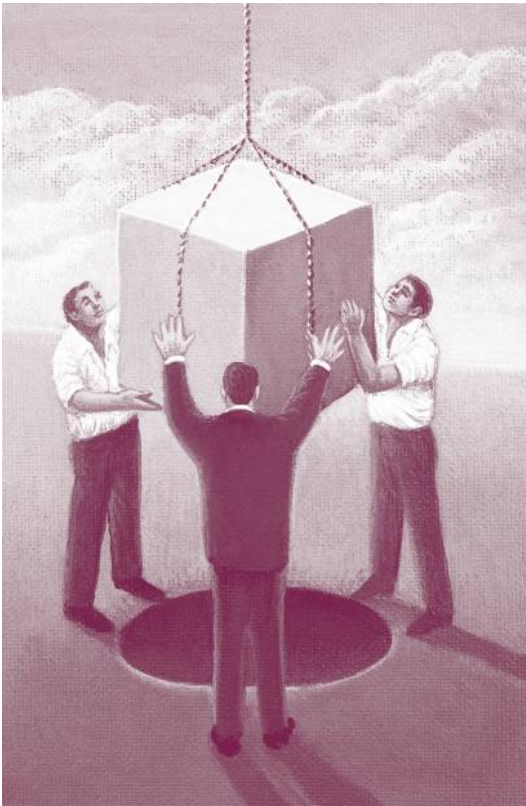
Time & Resources: a matter of scarcity

Strategy execution is always a stretch, due to the extraordinary amount of time and resources such initiatives demand. It would be a lot simpler if one could stop other activities and redeploy staff and money to achieving the strategic goals. Sadly, this is a rare luxury. As the old joke goes, “God created the world in six days, but she didn't have an installed

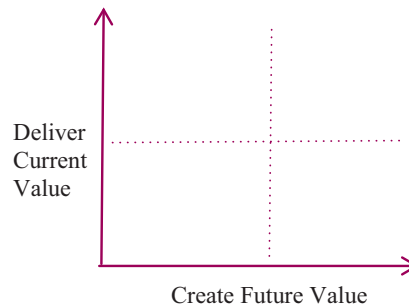
A critical task of leadership is recognizing, acknowledging and interpreting the enterprise's core dilemmas in a timely and useful fashion. When leaders do this well, they bring meaning, coherence and alignment to organizational efforts. When they don't, they open the door to the kind of confusion, aimlessness and self-doubt that eventually derails an organization and renders it ineffective. The best leaders are remembered for how they articulated a crucial issue that contained trade-offs and risk and then blazed a new path for their group or organization . . . In business, consider the conflicting strategy alternatives of Alfred Sloane at General Motors—choice versus cost to customers—or Lou Gerstner at IBM—streamline to cut costs versus invest to strengthen offering.

Leadership dilemmas require definition. Defining and prioritizing dilemmas assists the organization to prepare itself to respond to real current and emerging forces. In defining dilemmas, leaders establish focus and determine the terms of engagement at a moment in time . . . Every leader needs to have a dilemma agenda that addresses the shifting needs, drivers and opportunities occurring around them, and they should be actively working at understanding, defending and capitalizing on these dilemmas.— “The leader's dilemma agenda,” Alex Lowy, *Strategy & Leadership*, Vol. 36, No. 1, 2008.

base to deal with.” Revenues continue to be essential, satisfying customers is the one sure way to keep them loyal, and contracts and commitments need to be fulfilled. Prioritizing is an everyday challenge that becomes even more difficult when key staff decide to quit or when operational problems arise.



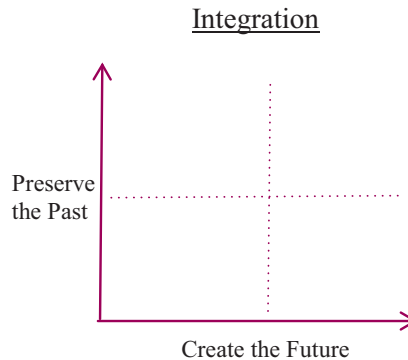
Time & Resources



Organizations that are committed to service and quality refuse to let their customers down. At the same time they need to create future value by changing and improving the organization as the new strategy sets out to do. Both needs are vital; both require attention, care and the best talent that is available.

Talk to employees of organizations that have successfully undergone major strategic changes, and they will tell you how hard everyone worked. The energy level is similar to what you see at start-ups: long hours, challenging problems to solve, learning everywhere and lots of late night pizzas. Somehow, the work gets done, and done well! Leaders rise to the task, and teamwork soars. Read accounts of corporate turnarounds at companies like Apple, Xerox and IBM and you find similar stories of people at all levels pulling together to meet the challenge. Paradoxically, the very conditions that cause the dilemma bring out the best that people have to offer, driving impressive levels of high-performance.

Integration: building with the past in view

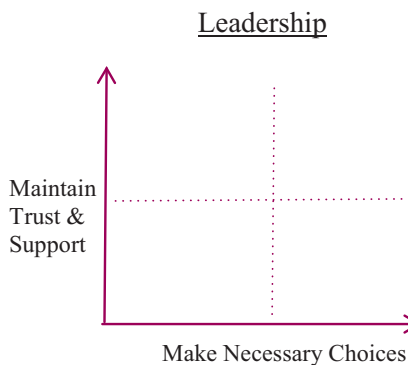


Implementing new strategy is complex and challenging work, and it can easily consume the majority of available energy and attention. As an organization struggles to change and evolve, prior achievements are sometimes seen as irrelevant, or worse, cast as problems that need to be excised. But like the procession of civilizations, the past matters, and forms the foundation on which we build. It is important to find balance, to recognize and honor the past without being bound and fettered by it. This is corporate DNA, good and bad. As researchers Jim Collins and Jerry Porras observed in *Built to Last*, the best organizations understand and embrace their identities fully, even as they adapt and respond to opportunities in new and different ways. It doesn't have to be either-or; both are necessary.

Leadership: a call for courage & integrity

Strategy implementation does more than just add to peoples' workload; with change comes uncertainty, and along with it, feelings of anxiety and insecurity. Staff looks to leaders for direction and for reassurance. What is going on? How are key decisions being made, and how will they affect my part of the organization? Is my job secure?

Most leaders want to do the best they can to help and support their employees, and to contribute to their organization's success. When corporate and staff needs appear to be at odds, as often happens during strategy execution, it creates a non-trivial leadership conflict. Invariably, leaders need to make tough calls; not all decisions will be popular, and not all information can be shared. This puts hard earned trust and open lines of communication at risk. Staff can feel abandoned as priorities shift and painful contractions occur unevenly. Should the opinions of employees drive decision-making, or are the needs of the strategic execution project and company success more important? Both views are real and legitimate.

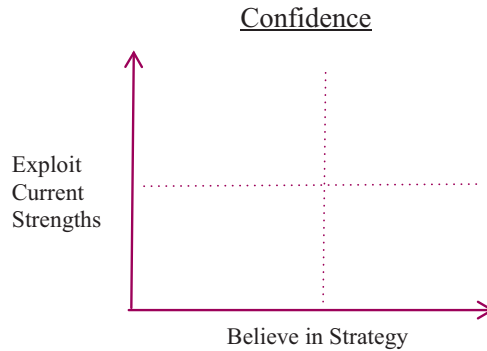


Leaders walk a fine line when implementing new strategy. Perfection is not an option: mistakes will happen and feelings will be bruised, but by choosing to act with integrity and respect, odds of success go up and you are more likely to maintain trust. Managing the

leadership dilemma takes personal courage and the willingness to act when necessary, to correct course when you are wrong, and to stay open to learning.

Confidence: transitioning without destroying

Strategic change always contains risk and tests our confidence – in the new approach and in our abilities. There are no guarantees of success, circumstances shift, and levels of interest and commitment rise and fall. Short-term survival depends on existing processes, people and other hard earned strengths; long-term success requires building new strategic capacity. At some point, you will need to fully trust the new strategy and “turn off” the old system. Until then, day-to-day success depends on the existing organization remaining viable and focused.

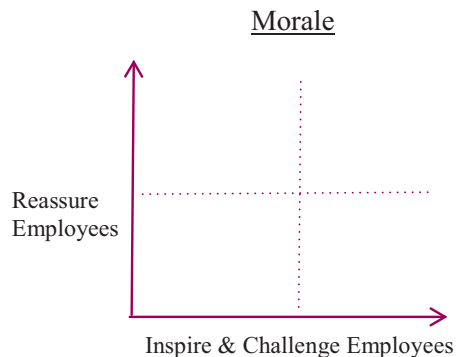


The Confidence dilemma would not be of much of concern if the transitional period to the new strategy were brief and predictable. We can all put up with a little inconvenience and uncertainty. But when the transition is protracted as so often happens, frustrations mount and patience and faith begin to fade.

Causes of delay are many, ranging from insufficient funds to staff losses to 11th hour questioning the soundness of assumptions. The problem can be as simple as missing a crucial piece of equipment. I remember visiting a sawmill operation a few years ago that had totally restructured its processes based on the promise of a new type of cutting blade, which unfortunately never lived up to expectations. Another frequent source of delay is the automation of a previously human activity like scheduling or routing, and finding the technology to be wanting. This happened several years ago at a Shell Canada lubricants plant, where anticipated efficiencies from an SAP scheduling module were delayed by over a year, setting everything back. Plant leadership needed to find creative ways to retain and motivate a workforce that was aware they were in effect working themselves out a job!

Morale: motivating with care and toughness

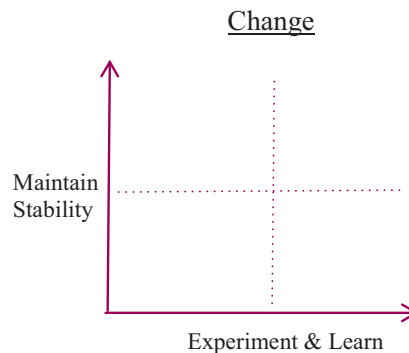
What do employees need more, cheering up or charging up? Should we reassure each other that everything will work out and that we are in this together? Or, is it more important to motivate with challenge and inspiration? Does one come at the cost of the other?



These are important questions, since successful implementation depends on a motivated and focused workforce. The answer, not surprisingly, is that you need some of both. And it's a little more complicated. According to recent motivational research by researchers Heidi Halvorson and E. Tory Higgins, different people need different incentives.[3] Prevention-focused types seek reassurance while Promotion-focused individuals prefer challenge and accomplishment. Shifting situational requirements and individual differences both need to be considered in maintaining a healthy state of employee morale and motivation.

Change: progress without chaos

What is the ideal speed for implementing new strategy? Take too long, and things start to fall apart: momentum slips; people become impatient and lose faith; commitment is questioned and staff starts second-guessing decisions. We often see this in the political realm where over-promising is common and results often disappoint. Move too quickly, and it can feel like you are about to spin out of control: new programs and processes are launched before people are ready; mistakes happen; customers feel confused, and people start to express nostalgia for how things once were – the troubled rollout of President Obama's Affordable Care Act being a recent example.



Information retrieval and work performance experts describe this as the trade-off between speed and accuracy.[4] Striving for higher performance pushes us to intensify efforts, until we reach a point where we exceed our ability to maintain control. When this happens, accuracy drops, or worse, the system crashes.

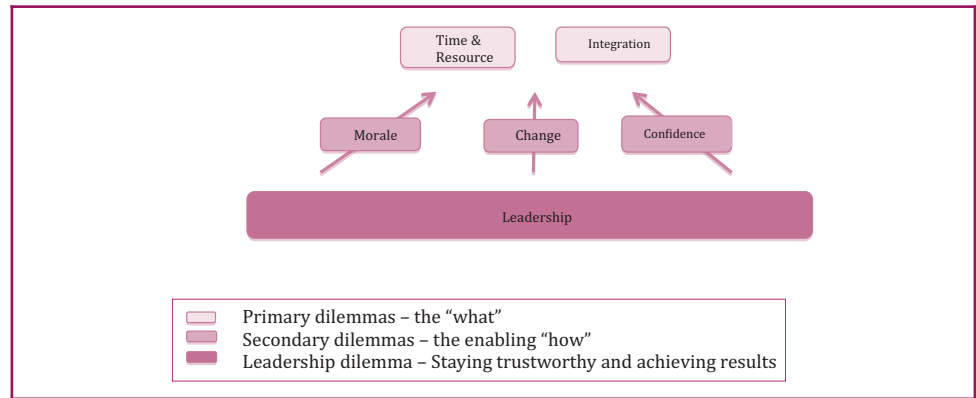
Three different kinds of strategy execution dilemmas

Strategy execution dilemmas fall into three categories: Primary, Secondary and Leadership (see Exhibit 1).

The two primary dilemmas for all strategy execution projects are Integration–transitioning to a better state, and Time & Resources–efficiently deploying talent, dollars and facilities to accomplish everything that needs to be done. The primary dilemmas constitute the “what” that must be achieved to succeed. The challenge they represent is existential; surmount these dilemmas or fail. It is the strain of these two dilemmas that causes the other four to exist at all!

The three secondary dilemmas–Confidence, Morale and Change–arise in the pursuit of the objectives associated with the primary dilemmas: healthy morale is necessary for staff to work productively and to choose to make the new strategy succeed; people need to learn and change for the new strategy to ever become the new reality. And what is more important and fragile than managing the confidence required for the crossover from the old way of operating to the new strategic state? Although Confidence, Morale and Change are not core in the same way the primary dilemmas are, they are the means through which the strategic goals are attained, and under certain circumstances are every bit as important.

Exhibit 1 The three kinds of execution dilemmas



At the fulcrum of strategy execution efforts is the leader, who faces the Herculean task of advancing the organization towards the strategic Promised Land, while at the same time, maintaining day-to-day performance integrity. Managing all six of the strategy execution dilemmas falls directly to the leader, however the central Leadership dilemma lies in doing all that is required without losing the trust and respect of staff. With so much of success resting on this role, organizations would do well to provide their strategy execution leaders as much support as possible, that is, more than we typically see.

Managing the six strategy execution dilemmas

The chance of making it through a strategy implementation project without encountering any dilemmas is roughly zero, about as likely as water skiing without getting wet! The only question is how successful you will be in converting them into positive forces for integration and learning.

Managing the dilemmas of strategy execution tends to be a five-step process, comprised of detection, acceptance, diagnosis, design and action:

1. **Detection** needs to be an ongoing scanning effort, searching for signs and symptoms of brewing issues. Be proactive; encourage dialogue and respect peoples' perspectives. You need to discover what's really happening, and people will only share valuable but risky information if they trust you.
2. **Acceptance** requires getting past denial. It would be great if dilemmas would just fade away, but they rarely do! Take consolation in the fact that dilemmas are inevitable, and choosing to explore dilemmas as opportunities is exactly how the most successful and proficient leaders think. You're in good company!
3. **Diagnosis** requires engaging with the dilemma, talking with others to gain insights and figure out what to do about it. A simple and effective way to focus Diagnosis is to use the six 2 x 2 matrices in this article as perceptual maps. They can facilitate the process of asking what the current status is, how this is affecting strategy, people and operations, and what is needed to improve efforts. Begin by placing a mark on the matrix that indicates your belief as to which quadrant best reflects on the current reality. Then you can explore why and how this is problematic, and finally, you can share thoughts on how to improve the situation.
4. **Design** is a process of exploring and evaluating options for responding to the dilemma. Acknowledging and evaluating the tradeoffs of a dilemma is in itself part of the intervention. It's often more about getting the balance right, rather than starting or stopping anything in particular. The way that key dilemmas are framed and prioritized sends big signals about what is valued.

Exhibit 2 The six dilemmas of strategy execution

Key challenge	Concern	Core dilemma	Suggestions
Time & Resources	Scarcity	Deliver current value versus Create new value	1. Assign leadership & allocate resources for both goals 2. Resolve conflicts for the leaders; don't pit against each other 3. Add resources. . .if you believe in the strategy
Leadership	Judgment	Maintain trust & support versus Make tough choices/get results	1. Get clear about what really matters 2. Don't isolate from team & staff 3. Don't sugar-coat; people read what's going on
Integration	Continuity	Preserve & build on the past versus Create the future	1. Find what merits protection, and visibly value it 2. Don't oversell new strategy 3. Remove barriers to people adopting new strategy
Confidence	Persistence & Risk	Exploit current strengths versus Believe & build on strategy	1. Put plans in motion quickly; people need to see action & proof 2. Implement small experiments 3. Seek out areas where old & new overlap
Morale	Motivation	Reassure employees versus Inspire & challenge employees	1. Communicate as much as you can about progress - people want to know how efforts are going 2. Encourage initiative thru individual performance plans, & promote coaching 3. Create a positive, optimistic, empowered culture
Change	Balance	Maintain stability versus Experiment & learn	1. Make it OK to fail. . .in pursuit of learning and trying something new 2. Institute regular debriefing/learning structure to capture and integrate lessons 3. Give special cover to t those initiatives that are leading experimentation & change

5. **Action.** The way a leader responds to core dilemmas sets the tone for how the organization will weather the inevitable challenges of strategy execution. Too often, leaders simply disappear, assuming the tough part is over once there is a plan in place. Hardly! As the 2014 BTS Research Report, "Cracking the Code" found, hands-on leadership involvement throughout execution is not optional!^[5] This is precisely when leadership is most necessary, and how leaders choose to handle dilemmas lays the groundwork for success (Exhibit 2).

Notes

1. See Alex Lowy and Phil Hood, *The Power of the 2 x 2 Matrix* (2004): Dilemmas are conflicting demands that cannot be easily resolved, and that act on each other dynamically to define what is both challenging and important. Some of the most common organizational dilemmas are short-term versus long-term, cost versus benefit and head versus heart.
2. L. Bossidy and R. Charam, *Execution* (New York: Random House, 2002).
3. H. Halvorson and E. T. Higgins, *Focus* (New York: The Penguin Group, 2013).
4. W. Wickelgren, "Speed-Accuracy Trade-off and Information Processing Dynamics," *Acta Psychologica* 41, (1977): 67-85.
5. BTS Research Report, "Cracking the Code: The Secrets to Successful Strategy Execution and Lessons for the C-Suite," conducted by the Economist Intelligence Unit (2014).

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