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Three Key Shifts to Execute Strategy and Make 2019 a Year of Growth

2018 was a year of disruptions and catalyst events. We saw deal making accelerate across industries throughout the year, with the number of M&A transactions placing 2018 in the running with 2017's vibrant transaction track record.¹ Upon reflecting, very few of us were not impacted by the industry and organizational disruption of 2018.

As we enter a new year, we all must be aware that disruption is always on the horizon. Per Innosight's 2018 corporate longevity forecast, the tenure of S&P 500 companies shrank from an average of 34 years in 1964 to 24 years in 2016. The projection for 2027? Only 12 years.² We must constantly keep the escalating pace of change top of mind. After all, your organization doesn't want to be included on the list of firms who [laughed off disruption](#).³

With this volatile business environment in mind, many organizations are reimagining their go-forward strategic plans and preparing to enter 2019 with their best foot forward.

Many, however, are setting themselves up to stumble.

Strategic plans are not worth the paper they are written on if organizations aren't prepared to execute effectively. If strategy is all about placing the right bets in an ever-changing world, then strategic execution is about driving rapid and effective change to capture those bets' value.

For me, a new year brings the opportunity to reflect on key common themes that arose while we performed strategic execution for clients we partnered with in 2018.

THESE CONCEPTS AREN'T RADICAL. THEY ARE NECESSARY SHIFTS TO DRIVE SUCCESSFUL EXECUTION, NO MATTER THE SIZE OF THE FIRM OR MAKEUP OF THE INDUSTRY.

1. Generate the Right Culture and Talent for Strategic Execution.

Whether it is a VC or PE-backed growth organization or a mature F500 juggernaut, too often firms lose strategic momentum and competitive advantage because of cultural misalignment and lack of necessary strategic talent.

First, let's talk about organizational culture and its impact on successful strategic execution. While strategy drives organizations forward into the future through a formal planning cadence and process, organizational culture provides the framework of values, norms, and behaviors needed to align organizations for ongoing successful strategic execution. Both strategic planning and organizational culture are levers to drive effective execution. Unfortunately,

¹ See: Dan Primack, "2017 Was A Record Year For Mergers & Acquisitions", *Axios*, 1/3/18. See also: "Number of Merger & Acquisition Transactions in the United States | 2018, Deal Value". *Statista*.

² Scott D. Anthony et al., "2018 Corporate Longevity Forecast: Creative Destruction is Accelerating", *Innosight*, February 2018.

³ See: "Foot In Mouth: 43 Quotes From Big Corporate Execs Who Laughed Off Disruption When It Hit", *CBInsights*, 9/13/18.

leaders often focus on strategic planning in a vacuum, deprioritizing the impact of organizational culture on successful execution.⁴

Organizational culture should not be siloed to the CHRO and the HR function. Instead, all leaders must actively understand, define, and engage with their organizational culture in respect to how it will impact, and be impacted by, ongoing strategic execution. For example, a culture historically rooted in stability and rule abidance will initially struggle to embrace and execute upon strategies rooted in rapid adaptability, change responsiveness, and iterative innovation. Leaders must be mindful of their organization's culture and the steps they must take to align (and keep aligning) everyone impacted.

Next, it is important to recognize that 2019 will see a continued talent shortage in the face of an already tight labor market. Compounding that, upwards of 59% of high-priority strategic initiatives lack sufficiently skilled talent.⁵ My colleagues [Gerard F. McDonough](#) and [Lisa Mocerri](#) wrote earlier this year about the increasing need to actively measure the value of an organization's talent (its [Human Equity Value](#)). Critical examination of current and needed talent is the best way to bridge the growing cross-industry talent gap.

2. Drive Alignment and Governance for Rapid, Successful Strategic Execution.

Under 50% of organizations self-report as being effective at the execution of strategies, with many organizations acting in opposition or resistance to planned change. Typically, organizations' daily activities are only partially aligned with execution efforts,

and over 40% of organizations cite failure to align as the primary factor for failure to strategically execute.⁶

How can we align organizations to successfully execute? It is critical for organizational program and change leadership efforts to be implemented effectively to drive successful strategic execution. Change leadership emphasizes preparing for and driving transformation across organizations by aligning and equipping stakeholders. Likewise, program leadership and governance efforts (such as Program Management Offices, or PMOs) are designed to break down strategic bets into actionable and measurable initiatives. In combination, program and change leadership will cause strategic execution efforts to be six times more likely to meet or exceed objectives.⁷ Change is inherently dynamic and difficult to control. Build the mechanisms to control the chaos, and make it work for you.

3. Create A Portfolio of Performance Optimization Efforts to Accelerate Value Creation.

When thinking about performance optimization, it is critical that organizations stop thinking only about incremental performance improvements focused on every day business efforts. Rather, organizations must consider first their future strategic vision for long term value creation to sustain competitive advantage. Leaders must create a portfolio of [innovative performance optimization efforts](#) around their strategic plan and pursue optimization relentlessly. The portfolio should be flexible, allowing for additions and subtractions in the face of market pressures, competitive disruption, and changing customer demands. If organizations consider performance

⁴ See: Boris Groysberg et al., "The Leader's 'Guide to Corporate Culture", *Harvard Business Review*, January – February 2018.

⁵ See: The Economist Intelligence Unit, "Why Good Strategies Fail: Lessons for the C-Suite", March 2013.

⁶ Ibid. See also: Donald Sull, et al., "Why Strategy Execution Unravels – and What to Do About It", *Harvard Business Review*, March 2015.

⁷ Ibid.

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optimization as a holistic portfolio across people, processes, technology, organizational culture, customer expectations, and financial investments, they will accelerate optimization rapidly over far shorter periods of time. Optimization efforts, in tandem with strategic execution efforts, will drive efficiencies and, more importantly, create the optimal foundation for sustained competitive advantage and value creation.

2019 WILL BE A YEAR OF GROWTH.

If 2018 taught us anything, it is that driving organizations through disruption is no easy task. With 2019 slated to be a year of growth, applying proven concepts to generate the right culture and talent mix, driving alignment and change leadership, and creating a portfolio of performance optimization efforts will convert strategy to execution and help accelerate strategic momentum, change adoption, and iterative innovation. In short, a happy new year!



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