



Focus on what's most important to improve

Iterate toward your goal

Track your progress along the way

The Ultimate Strategy Execution Framework

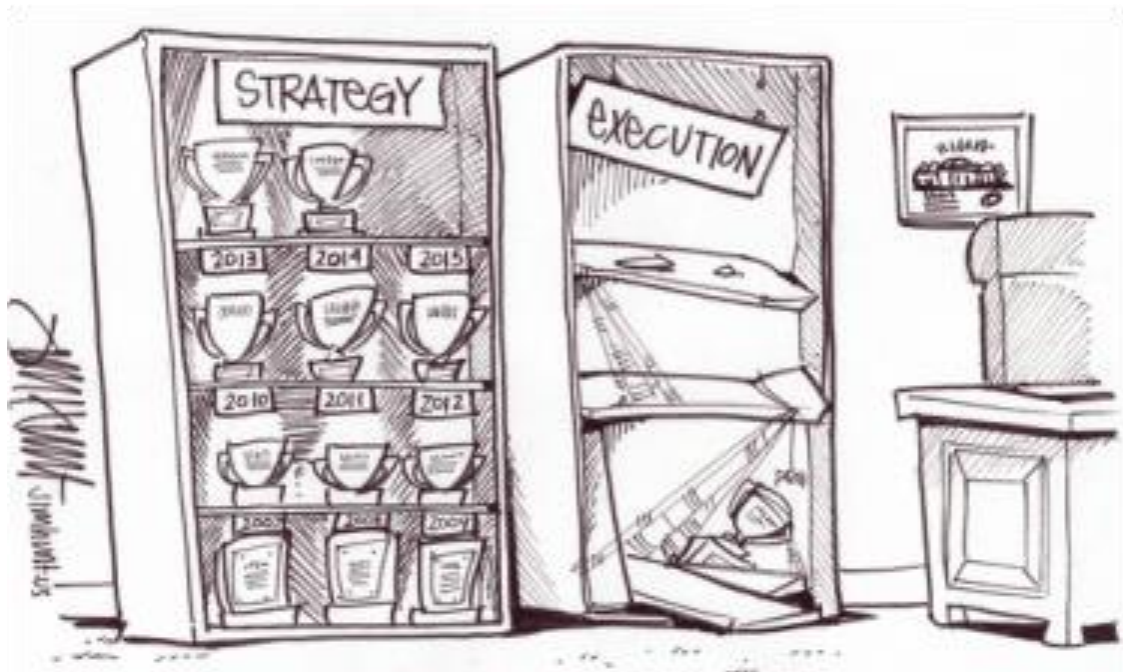
Learn the simplest and most effective framework for executing
company strategy

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Strategy execution is one of the most challenging aspects of executive leadership. It can be said that the role of management is to sustain normal operations, while that of the executive leader is to execute the company's strategy. It seems simple enough to spend one week creating an annual strategic plan, then delegate it to managers to spend the remaining 51 weeks executing. However, this approach has historically produced a failure rate greater than 90%, according to McKinsey & Co., as validated by multiple reputable studies and our own professional experience. Leaders across industries are learning that they need to pay significantly more attention to the execution of company strategy as they realize that 98% (51 out of 52 weeks per year) of success in achieving key objectives is not as much in the strategic plan itself but in its execution. This whitepaper will explore some of the dynamics that lead to ineffective strategy execution and present the ultimate framework for leading systematic transformation.

The Problem

The execution of company strategy fails for several reasons that are both internal and external to a leader's span of control. An organization must develop an approach to strategy execution that takes current interests and knowledge into account while remaining flexible to handle the unknown effectively. Strategy execution for an organization boils down to the ability of its people to achieve its goals. There is a science to goal achievement that is rarely understood. Common approaches to strategy execution fail to take this behavioral science into account.

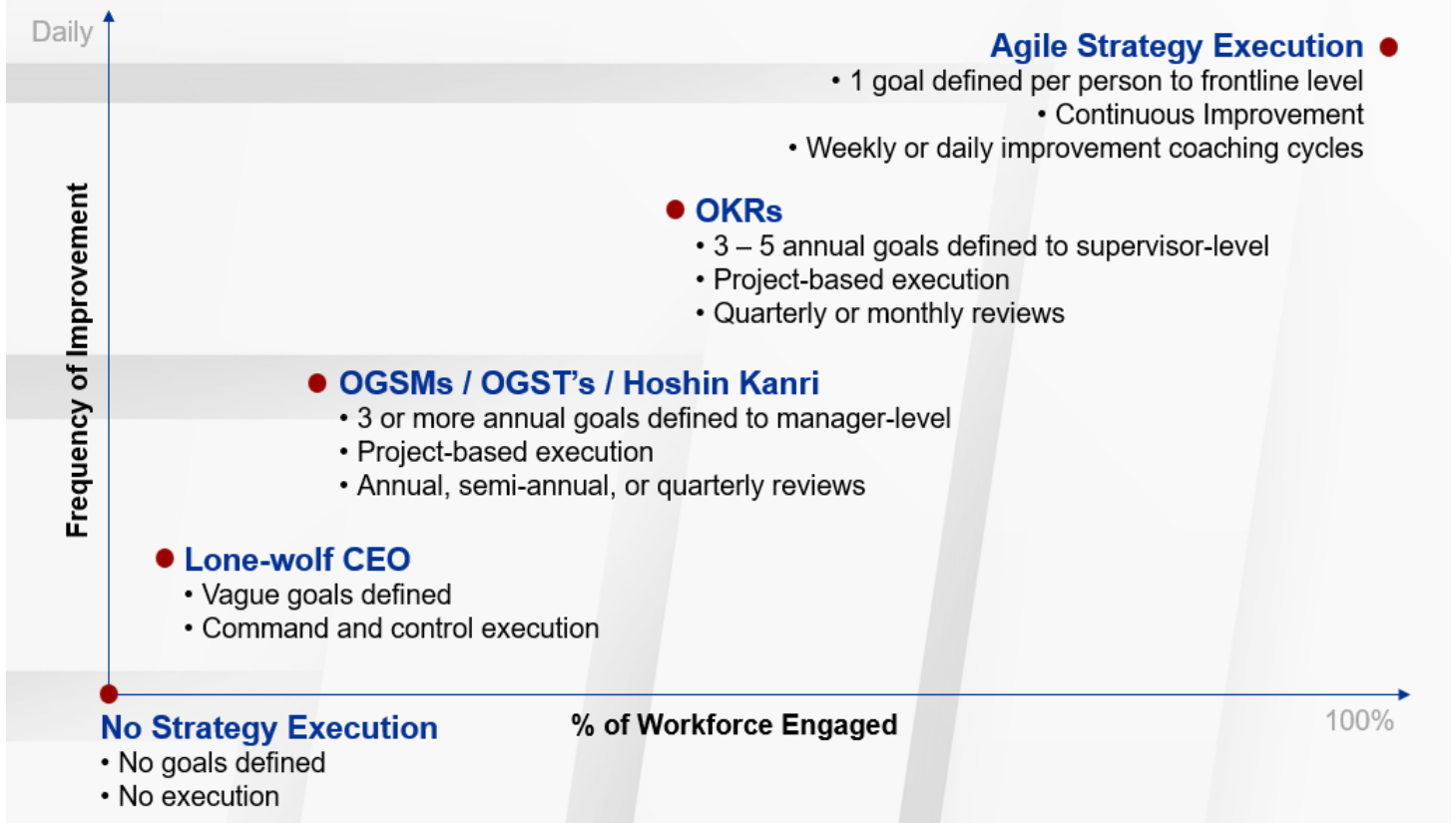


Here are the primary reasons strategy execution fails that lie within the company's control:

1. Lack of focus on what's most important to improve
2. Lack of sense of urgency for action
3. Lack of agility to adapt to disruption
4. Lack of transparency for progress
5. Inability to course correct

There is a continuum of approaches to strategy execution commonly practiced by companies of all sizes and industries today. Most of these approaches fail to apply the science of goal achievement, opting to minimize effort on the leader, while making strategy execution impractical, infeasible, and often irrelevant to everyone else until it's time for annual reviews.

Continuum of Approaches to Strategy Execution



(Figure B – Source: FIT – The Simple Science of Achieving Strategic Goals)

The epitome of strategy execution is the same as regular business operations: to engage everyone in working on or improving something important daily. The bulk of a company's resources are consumed by urgent matters of the moment, leaving little or none to dedicate to important, long-term strategic efforts. Several approaches to strategy execution have been developed over the past century to address this issue. Figure B above places these approaches on a continuum, starting with nobody ever improving anything and advancing to everyone improving something important daily.

From left to right (and bottom to top) on the spectrum are the following:

- **No Strategy Execution** – This is the most primitive form of executive leadership where no goals are set, and thus there is no clear direction for improvement. While this may work for companies of one person, it doesn't scale well.
- **Lone-wolf CEO** – With this approach, the leader has an idea of where they might like to take the company, and everyone else waits for instruction. Since people can't think and decide for themselves, the entire company's advancement is limited to the intellectual capacity of the leader.
- **OGSMs / OGSTs / Hoshin Kanri** – These approaches were born out of Management by Objectives (MBO), which was introduced by Peter Drucker in the mid-20th century. They are marked by 3 or more annual goals cascaded down to the manager or department level with quarterly updates to leadership. Due to the infrequent strategic planning, review, and adjustment cycles, this approach is inadequate in today's volatile, uncertain, chaotic, and ambiguous business operating environment.

- **OKRs** – This approach was introduced in the tech industry in the early 2000s by John Doerr from Intel and popularized at Google to enable more agility than the prior methods. It is marked by 3 – 5 annual stretch goals defined down to the supervisor level. Since the frontlines at most companies make up 85% of the workforce, this approach fails to engage the critical mass of people needed to shift the culture.
- **Agile Strategy Execution** – This approach has recently started to gain popularity for its immediate impact on business results, talent development, and cultural improvement. It is marked by one Goal at a time per person from the C Suite to the frontline with rapid, as frequently as daily, iteration and review cycles. This is the only approach that is infinitely scalable, engaging every person in the organization in a thriving culture of Continuous Improvement.

Notice how each new approach incorporates more people and a greater iteration frequency. The natural progression of strategy execution approaches brings organizations closer to the epitome of everyone improving something important every day. Agile Strategy Execution (ASE) is the ultimate framework for strategy execution. Fortunately, an organization can start immediately with ASE to avoid the painstaking work later of unteaching old bad habits. The remainder of this document will explore why ASE is the ultimate framework for strategy execution and how to do it.

The Ultimate Strategy Execution Framework

ASE improves the speed, quality, scale, and flexibility of strategy execution. This is for all the same reasons that one-piece flow revolutionized manufacturing and practically every other industry since then. Companies using ASE, such as Brook + Whittle, Peak Tech, Flavorchem, Sunbasket, and Gentek see dramatic results in as few as two or three weeks instead of waiting a year or longer. Prakash Khatri used ASE to reduce changeover times at a Sunbasket facility in California by 50% in six weeks, resulting in \$150k in recurring savings. Flavorchem reduced raw material costs by nearly \$2M in their first few months of application. The list of success stories is comprehensive and growing. Many of them can be found at this link: [ASE Testimonials](#). In January of 2020, companies around the world created strategic plans that became obsolete in February due to the pandemic. The companies previously mentioned used ASE to edge out their competition, even during the pandemic.

ASE challenges a few fundamentally flawed aspects of traditional waterfall approaches to strategy execution. Ultimately, strategy execution comes down to people's ability to achieve goals. Fortunately, there is a growing science of goal achievement as governed by human psychology. Here are some flawed assumptions in traditional models and the science behind what makes ASE more effective:

Flawed Assumption #1

Most (if not all) people can successfully execute multiple goals simultaneously.

Fact: 8% of goals are actually achieved. This means that 92% of any given strategy will likely go incomplete. Furthermore, a lack of focus greatly reduces the chances of achievement. A person is 15X more likely to achieve one goal than two at a time. When leaders set multiple goals, their followers are conflicted about which goal is most important at any given moment. This lack of focus leads to a lack of achievement.

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The purpose of strategy is to enable an organization to achieve its desired results in an unpredictable environment.

-Peter Drucker



Solution: ASE sets one Goal at a time per person. Goals are aligned for maximum focus on what's most important to improve at any given moment. The next Goal is set for each person immediately after one is achieved and new processes are standardized. This also enables a domino effect to cascade into the company if a new direction is chosen at the top.

Flawed Assumption #2

Given a longer deadline (usually one year), people can manage to execute multiple goals.

Fact: Allowing a person a longer deadline enables people to procrastinate longer, deprioritizing action and delaying improvement. People are 40% more likely to achieve a goal with an imminent deadline.

Solution: ASE sets a short-term Goal (six to twelve weeks) per person at a time aligned with their leader's Goal. This inspires immediate action and produces tangible results in a fraction of the time of traditional approaches. It also accelerates learning so that future Goals and decisions are based on more reality and fewer assumptions.

Flawed Assumption #3

Strategic planners can predict the future business climate with high accuracy and that there will be few or no major disruptions

Fact: If people could predict the future with any degree of accuracy, they would not be working for money. The rate of disruption of business operating environments is increasing exponentially. Conditions such as rapid technological advancement and artificial intelligence, aging workforce demographics, political volatility, and social unrest are creating unprecedented change. Annual strategic planning is no longer viable.

Solution: ASE refrains from creating a rigid annual plan and opts for a more flexible, rolling approach to planning, managing, and executing strategy. It establishes one Challenge at a time per organization, one Goal at a time per person, one Iteration at a time per Goal, and one skill developed at a time per Improver. This means that Challenges, Goals, Iterations, and Skills are developed and executed in the moment of greatest need. These activities, usually centralized among a select few leaders, are decentralized to engage the people nearest the work to develop and execute their own Goals and improvement activities based on the moment's needs.

How to do Agile Strategy Execution:

The secret sauce to ASE is single-piece flow of strategic direction and action. The last 100 years of Scientific Management has largely been centered around moving the world toward single-piece flow. Henry Ford did this with the assembly line. Google and ChatGPT do this with information, and Amazon does this with other consumable goods. **On-demand is in demand.** Single-piece flow enables the real-time delivery of what is most needed at the moment. Batching hides flaws in the process. Instead of creating a rigid and inflexible batch of goals, projects, and tasks, often called annual strategic planning, ASE creates one Challenge, Goal, and Iteration at a time per person. The increased focus results in greater speed of achievement and relevance of action. Consider these the proton, neutron, and electron that make up the atom that can be used to build any type of transformation.

The Challenge is a long-term goal, usually about a year in scope. It should be set in the direction of the company’s mission. The Goal is relatively short-term but in the direction of the Challenge. It should be about six to twelve weeks in scope. The Iteration or next action should be completed as soon as possible. For an executive leader, Iterations might be done monthly, but an individual contributor might be iterating daily.

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Agility is the only sustainable advantage because everything else people can copy; they can replicate it. Nothing else is sustainable.

-Jeff Bezos



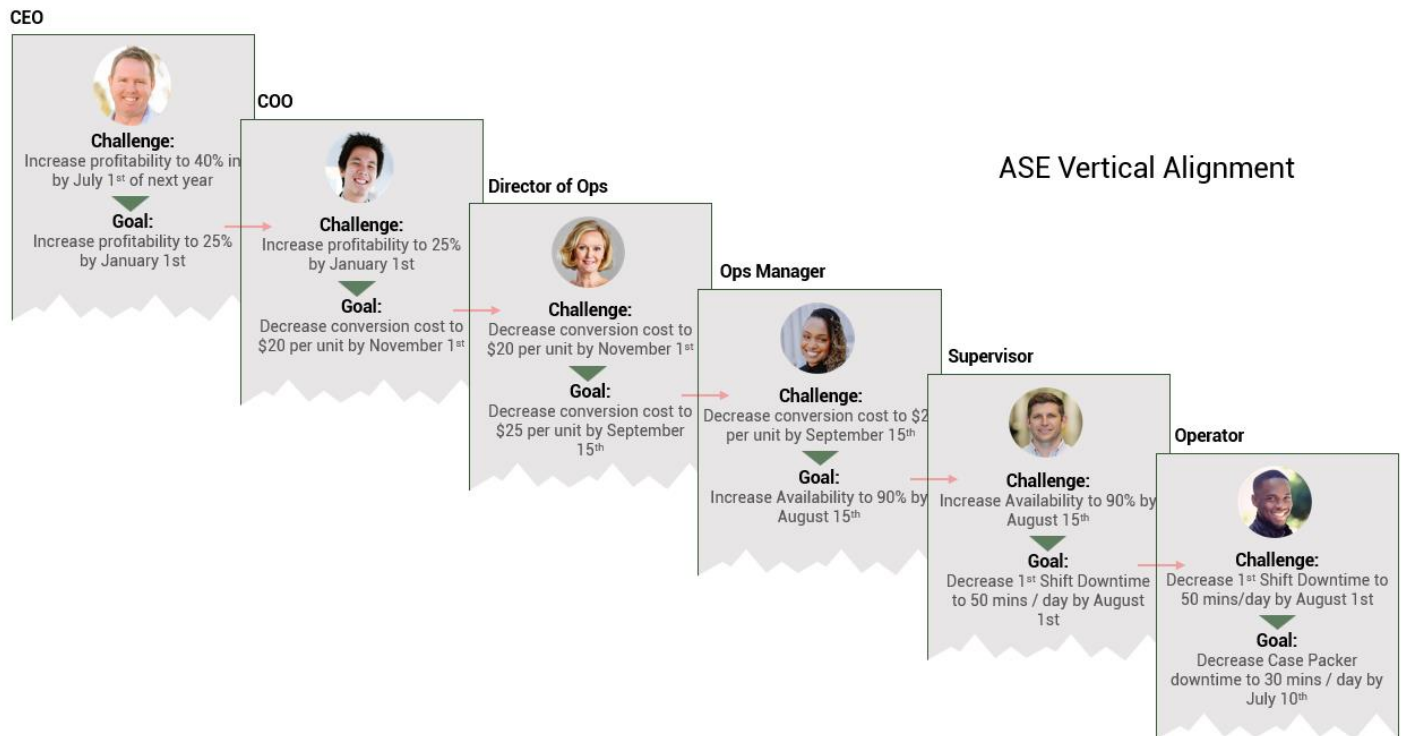
An analogy for these three components is the game mechanics of American Football. The Challenge is like the touchdown, the Goal is like the first down, and the Iteration is like the next play. The touchdown never changes, but how the team gets there depends on many factors. They must be agile and adapt to the reality of the moment to score. Can you imagine a coach that creates a step-by-step list of plays before the game, hands it to the team, and says, “run these and let me know how the game goes?” It would be a disaster, especially if the other time gets ahold of the list before the game. This is exactly how many companies approach strategy execution. There’s a reason football coaches are right there on the sidelines, passionately engaged in the play-by-play. Leaders should be just as engaged in the execution of their company’s strategies.

After a leader has set their Challenge and Goal, they facilitate what is called Horizontal Alignment. The Goal of a leader automatically cascades to become the Challenge for their team members. This means that all team members have a common, team-based Challenge to help ensure alignment. Each team member then creates a Goal relative to their area of ownership. For example, a COO might focus on decreasing conversion costs, while an HR leader might focus on reducing attrition to help increase company profitability. Goals across the team should be mutually exclusive so that single points of accountability can be established and completely exhaustive to ensure all bases are covered. The following graphic lays out an example of a horizontally aligned organization.



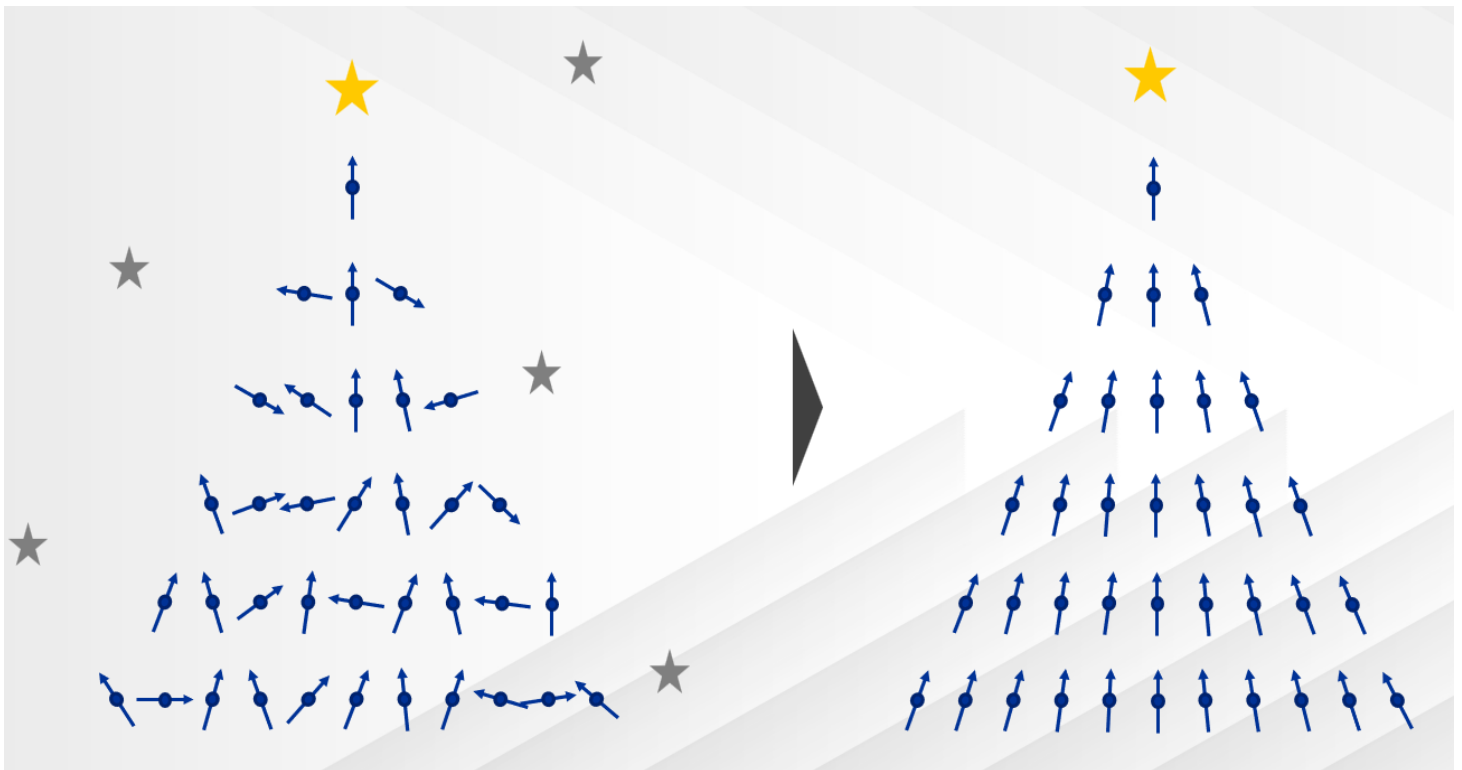
(Figure C – Source: FIT – The Simple Science of Achieving Strategic Goals)

After the initial team has established goals, the next step is to set Goals for everyone else in the organization. This is done through a process called Vertical Alignment. At each level in the organization, the leader facilitates Horizontal Alignment until the loop reaches the frontlines. In the end, everyone has a Goal that they can tie directly back to the North Star for the organization. This lays the framework for a culture of Continuous Improvement where everyone is improving something important every day. The graphic below lays out an example of a vertically aligned organization.



(Figure D – Source: FIT – The Simple Science of Achieving Strategic Goals)

When Horizontal and Vertical Alignment are complete, the entire organization is aligned behind what is most important to improve next and can begin routinely iterating until the business transforms into what it needs to become. The image below describes how an organization goes from conflicted and dysfunctional on the left to aligned and focused on the right. In a dysfunctional organization, no one is clear on which is the priority of the moment toward which everyday decisions or strategic efforts should be made. They argue and fight over what matters most, often choosing the direction that most suits their own interests at the moment. There is greater clarity in the focused and aligned organization. Everyone clearly understands what the company is trying to do and their unique role in making it happen. There is little room for unnecessary ambiguity. The religious undertones in the image on the right side of the graphic are not coincidental, as the North Star becomes the leader's beacon for guiding the organization to prosperity.



Once Goals are set and aligned, individuals routinely iterate to close the gap between current performance and their respective Goal. They may aid in the achievement of others, who may have adjacent Goals but are singularly accountable for their own achievement. Leaders serve as coaches and perform routine coaching cycles to ensure effective Iteration. The coaching cycle is simplified to 3 basic questions, which you may recognize from Agile/Scrum methodology: 1) What's your Goal? 2) What did you do last? And 3) What will you do next? These coaching cycles are often incorporated into weekly team meetings as a 10-minute agenda item where each team member provides a quick roundtable-style update on progress. Each coaching cycle only takes 60 seconds per person as long as they execute well. However, immature companies tend to take longer as people develop their capability to execute and achieve goals.

Companies may choose to take incremental steps in implementing ASE one team at a time before scaling more broadly. This way, a level of proficiency can be developed before bringing others along. When starting with the executive team, they are more prepared to be the standard bearers for strategy execution and coach others more effectively.

Organizations practicing traditional approaches to strategy execution tend to be less focused, less aligned, and have a rate of goal achievement historically less than 10%. Those practicing ASE have an order of magnitude greater speed, quality, scale, and flexibility of strategy execution, producing a success rate of greater than 90%. Change becomes conditioned into the company so that resistance is diminished. ASE includes three main components per person that enable scale and agility of strategic planning, management, and execution. These components are a Challenge (long-term goal), a Goal (short-term goal), and Iteration (next action). The Iteration is in the direction of the Goal, which is in the direction of the Challenge. This simple framework scales to engage everyone in improving something important every day.

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The major reason for setting a goal is for what it makes of you to accomplish it. What it makes of you will always be the far greater value than what you get.

-Jim Rohn



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