

Introduction

The steps of describing, diagnosing, and developing strategy are central to being a great strategist, but all of that work means nothing without effectively deploying your strategy. A plan, no matter how good it is, is only a plan until you put it into practice. Thus, deploying a strategy, sometimes called strategy implementation or strategy execution, is one of the most critical steps in the strategy process.

Lyft

Consider, for example, the importance of strategy execution for Lyft, one of the first ride sharing companies. Logan Green and John Zimmer first started a city to city car pooling company called Zimride in 2007, but then expanded into local ride sharing in 2012 with Lyft. The core idea was simple: create an app that connected people who needed rides with people who were willing to drive. In spite of the strength and simplicity of the idea, however, the implementation was incredibly difficult. Building an app and creating systems and processes that worked were challenging, but these were far from the only challenges. They had to persuade riders to try this new alternative to a taxi service, persuade drivers to be willing to work for an uncertain platform, navigate uncertain regulations and compete against other similar companies like Uber. Dealing with all of these deployment challenges has been extremely costly. Although Lyft has succeeded in getting the service running, those costs have consistently outpaced revenues. Having the idea is one thing, turning it into a profitable operating business is an entirely different matter.

Execution is key

We have heard many executives declare that a mediocre strategy executed well likely outperforms an amazing strategy executed poorly. One of the challenges is that successfully deploying a strategy requires a distinct set of tools. The tools of implementation do a number of important things like guiding leaders in:

- Successfully acquiring and assembling necessary resources
- Designing the right organizational structure
- Hiring, training, and motivating the right people
- Understanding and mitigating the critical risks that could undermine their strategy
- Establishing the right organizational processes,
- and deploying metrics and monitoring systems to make sure the strategy is running as it should be.

A key task of successful deployment is creating alignment between the internal design of the organization and the overall business strategy, and it requires high levels of fit between different pieces within the organization. As this long list suggests, effectively deploying strategies consumes a significant share of executive time, energy and attention.

Examples of successful strategy implementation

Where can we find examples of successful strategy implementation? One approach is to look for successful firms relative to industry peers, especially in industries that are fraught with high levels of rivalry, weak performance, and even failure, such as manufacturing. In the early 21st century US manufacturing experienced a steady decline with many company failures. But while other companies struggled, Lincoln Electric shined. As a maker of welding equipment Lincoln Electric survived ups and downs better than almost any other manufacturing company. One notable fact was that as of 2019 it had been more than 70 years since laying off any employees for economic reasons. From the 1950's through 2019 they had an almost perfect record of annual profitability, and they continued to grow while other manufacturers closed, downsized, or moved work overseas. Much of their sustained positive performance can be traced back to their strategy implementation and execution.

Over 100 years ago Lincoln Electric adopted unique incentive systems that motivated employees to fully embrace the company strategy of delivering innovative and top quality equipment at a reasonable price. They offer fair piecework pay, meaning that employees get paid for every piece of equipment they produce, but they also hold employees directly accountable for product quality. The result is very low defect rates and very happy customers.

They also share company profits with employees during good times, and guarantee employment during difficult times. These practices lead to intense employee loyalty, which results in lower turnover and lower overhead costs.

Additionally, leaders at all levels of the organization support a culture of transparency, inclusion and respect. This culture means that employees have never felt the need for a Union to help them work out problems with management.

We could go on and on about the amazing ways that Lincoln Electric has executed their strategy, but suffice it to say that they have brilliantly customized their many practices and policies to work well together. In other words, all of their systems and practices are customized to be internally consistent and aligned. Everything in the company moves together towards accomplishing the company's strategy.

Strategy deployment models

Academics and consultants have proposed numerous strategy deployment models over the years that differ in what specific labels they use and exactly how they draw boxes and arrows, but the underlying principles of all of these models are identical. They all emphasize at least two critical forms of alignment:

1. External alignment - meaning that what we do aligns with our external environment and
2. Internal alignment - meaning that our many internal policies, practices, tactics, and so forth, integrate and work well together.

When we look inside of the best businesses in the world we see strong evidence of both kinds of alignment.

One common deployment model, popularized by McKinsey, helps strategic leaders consider how their internal structures, systems, leadership styles, shared values, skills and staff are all aligned with strategy. We call this the McKinsey 7-S model because it illustrates how these seven key S's fit together. Other models, such as the Galbraith Star Model, similarly reinforce the idea that alignment is essential to successfully implementing a strategy. When everyone rows together the pace of progress toward a strategic vision is much faster and more certain:

- Strategic human resource best-practices, organizational design philosophies, decision-making models, and culture building strategies can be implemented to empower employees and ensure that their best-efforts fully support the strategy.
- Risk-management systems and operational best-practices approaches such as Kaizen and six-sigma can help ensure that time and money are not lost through inefficiency, waste, and mistakes.
- Tools such as the balanced scorecard and routine planning and review processes help strategic leaders to keep the strategy and implementation on track. By monitoring and managing long-term, medium-term and short-term metrics to track performance, leaders can identify and address key problems and opportunities as they arise.

Unfortunately, since businesses and their environments are constantly changing, we may find that just as we start to deploy our new strategy we need to describe, diagnose and develop again. Some companies with great strategies go through different waves of success and weakness, with some almost completely failing before staging successful turnarounds. The tools of strategy deployment are critical in these stories.

Apple Computer, for example, embraced a differentiation strategy from its very beginning. But as Apple grew from a differentiated startup to a large computer manufacturer their original strategy faltered. New "professional" leadership drove out the visionary Steve Jobs and decided on a mass market undifferentiated strategy that almost destroyed the company. It was the return of Steve Jobs that enabled a strategic shift BACK to the original differentiation strategy that ultimately saved the company. He created a culture with a laser-like focus on delivering high quality breakthrough products with high consumer appeal, and designed the organization around this focus. Recruiting, compensation, design, manufacturing, marketing, branding, sales, and the supporting systems all worked together to support this strategic direction. As technologies, preferences, and the strategic environment changed, Apple continued to adapt accordingly.

It is impossible to predict how long any company will continue to win in the market, but great strategists constantly use the full complement of strategic tools to determine what to do next.

Conclusion

We hope that these videos will inspire and motivate you to dive in and learn and master the full set of tools, frameworks, and knowledge in the strategy toolbox. As you become more familiar with the tools and frameworks of strategy, you will become more proficient at quickly and instinctively moving through this cycle. You will be better able to identify opportunities to improve your business, and ultimately achieve the most important goal of creating value for all of your important stakeholders.