

# **EXECUTING STRATEGY**

## **An Old Problem with an Older Solution**

**By**

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### **Synopsis**

*Stephen Bungay takes a new look at the problem of making strategy happen and finds an old solution from somewhere unexpected.*

The reason that executing strategy continues to be a problem for companies across the world is that we are still constrained by a legacy model of the organisation as a machine.

In the fast-changing, unpredictable environment of modern business, successful execution means closing the gaps between plans, actions and outcomes: the knowledge gap, the alignment gap and the effects gap.

The approach allowing us to do so was developed by the Prussian Army in the 19<sup>th</sup> century, and is based on the model of an organisation not as a machine but as an organism, a set of human relationships.

They closed the knowledge gap by formulating a clear intent; the alignment gap by a rigorous method of briefing the next level down and backbriefing to agree the implied actions; and the effects gap by giving individuals freedom of action within bounds.

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Generating activity is not a problem. In fact it is easy. The problem is getting the *right things* done. A high volume of activity often disguises a lack of effective action. We can mistake quantity for quality and then add to it, which just makes things worse.

The problem is widespread. In a recent survey of 125,000 managers, a leading consulting firm observed: 'when asked if they agree with the statement "Important strategic and operational decisions are quickly translated into action", the majority answered no'.<sup>i</sup>

This is odd. Why can companies do things that don't matter very much but can't do things that do?

The problem is also enduring. One of the most experienced teachers of courses on strategy implementation in the US laments that conversations he holds with managers on the subject of execution have hardly changed in 20 years.<sup>ii</sup>

This is odder still. When we know we have an important problem which is not new, why can't we solve it?

This old problem has an older solution. The solution is not only old, but also simple to understand. Indeed, once understood, it feels like little more than common sense. Common sense is not common practice because the history of management thinking has left us a legacy of thinking about organisation as machines and a set of management practices grounded in engineering. In 1911, Frederick Winslow Taylor's classic *The Principles of Scientific Management* enshrined the engineering model for several generations.

Taylor studied repetitive, menial tasks and worked out how to perform them optimally, as a machine would. A manager was a programmer of robot workers. Taylor's methods resulted in great improvements in efficiency. But he believed his methods should be applied to every task in a business, not just repetitive, menial ones. For Taylor, encouraging initiative was a throwback to the past.<sup>iii</sup>

Today, most tasks of the kind Taylor studied are indeed performed by robots. However, it is well recognised that the human beings in the organisation spend most of their time on tasks where we need precisely the initiative Taylor wanted to suppress.

But Taylor did his job well. Most of the systems in large organisations are still based on engineering principles. In trying to make our corporations fit for purpose in the late twentieth century, we sought to 're-engineer' them. Globalisation leads to standardisation, pressure for increased compliance imposes further constraints, and we may in fact be moving closer to turning not just workers but managers into robots.

Maybe, deep in our hearts, that is what we would like. Robots are easier to manage than people. The authors of one of the most widely read recent books on strategy execution report that business leaders frequently say that the problem is that 'people aren't doing what they're supposed to do in the plan'.<sup>iv</sup> If only everybody would do as they are told, everything would be fine. Maybe. Or maybe not.

Executing strategy is about planning what to do in order to achieve certain outcomes and making sure the actions we planned are actually carried out until the desired outcomes are achieved.

The modern business environment creates gaps between plans, actions and outcomes.

The gap between plans and outcomes concerns *knowledge*: it is the difference between what we would like to know and what we actually know. It means that you cannot create perfect plans.

The gap between plans and actions concerns *alignment*: it is the difference between what we would like people to do and what they actually do. It means that even if you encourage them to switch off their brains, you cannot know enough about them to programme them perfectly.

The gap between actions and outcomes concerns *effects*: it is the difference between what we hope our actions will achieve and what they actually achieve. It means that because you can never fully predict how the environment will react to what you do, you cannot know in advance exactly what outcomes the actions of your organisation are going to create.

Our intuitive reaction to the three gaps, is to seek more detailed information, issue more detailed instructions, and impose more detailed controls. Unfortunately, these reactions do not solve the problem. In fact, they make it worse.

There is a model for bridging the three gaps. It was developed by the last people you would expect: the Prussian Army. They put the solution into practice in the nineteenth century - before Taylor created the problem.

In the eighteenth century, the Prussian King Frederick the Great had come closer than anyone has ever done to creating an army of robots. It was highly successful. In 1806, twenty years after Frederick's death, it met with disaster at the hands of Napoleon on the field of Jena. A group of reformers within it embarked on a programme of fundamental change.

The changes were based on insights into the limits of human knowledge and a view of organisations as organisms rather than machines. The Prussians did not only work on performing repetitive tasks efficiently but also encouraged the use of initiative to deal with the non-repetitive tasks which they regarded as far more important. They developed a new concept of discipline not as carrying out orders without question, but in exercising what they called 'independent thinking obedience'. The methods they adopted evolved from practical experience and experimentation, so they work. They have since been copied by many modern armies, including the British and American.

The principles each address one of the three gaps, but all of them reinforce and are dependent upon each other:

1. Decide what really matters

You cannot create perfect plans, so do not attempt to do so. Do not plan beyond the circumstances you can foresee. Instead, use the knowledge which is accessible to you to work out *the outcomes you really want* the organisation to achieve. Formulate your strategy as an intent rather than a plan.

2. Get the message across

Having worked out what matters most now, pass the message on to others and give them responsibility for carrying out their part in the plan. Keep it simple. Don't tell people what to do and how to do it. Instead, be as clear as you can about your *intentions*. Say what you want people to achieve and above all tell them why. Then ask them to tell you what they are going to do as a result.

### 3. Give people space and support

Do not try to predict the effects your actions will have, because you can't. Instead, encourage people to *adapt their actions* to realise the overall intention as they observe what is actually happening. Give them boundaries which are broad enough to take decisions for themselves and act upon them.

These principles are probably no surprise. But it may be surprising how much of a difference they make. You probably know something about them already. But you may not know how to make them work well in practice. Doing so is not as easy as you might think. What it takes is described in my new book, *The Art of Action*. To learn more go to [www.stephenbungay.com](http://www.stephenbungay.com).

At the heart of them is an approach to people which was unique at the time and is unusual today. Here are the cornerstones of the Prussian approach to people:

1. Selection: look for a particular psychological type, rather than skills. Skills can come later. The type you want is an independent, critical thinker, inclined to be intolerant of authority, comfortable with ambiguity and eager to take on responsibility. We might call the type 'entrepreneurial'.
2. Development: train people to apply a set of frameworks for thinking through strategy and solving problems so that they have a common approach. Get senior people involved. Developing people is a core part of their job. Welch put this into practice at Crotonville.
3. Senior skills: setting direction is a critical skill. Nobody is born with the ability to do it well. Teach them how to think and write clearly and concisely and put across to people all and only what they need to know to achieve what matters.
4. Culture and values: do not punish honest mistakes, learn from them; do punish sins of omission. Encourage 'independent thinking obedience'. Mould culture by broadcasting stories about people who do the right thing.

It is time for us to shake off our legacy. The model of the organisation of the future was not developed in the past of the twentieth century, but in the past of the nineteenth. As Winston Churchill once observed, the further back you look, the further forward you can see.

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<sup>i</sup> Gary L. Neilson, Karla L. Martin & Elizabeth Powers, 'The Secrets to Successful Strategy Execution', *Harvard Business Review*, June 2008, p. 60.

<sup>ii</sup> Laurence G. Hrebiniak, *Making Strategy Work*, Wharton School Publishing 2005, pp. 4.

<sup>iii</sup> Frederick Winslow Taylor, *The Principles of Scientific Management*, New York 1911, p. 13.

<sup>iv</sup> Larry Bossidy & Ram Charan, *Execution*, Random House 2002, p.7.