

Making Strategy Happen

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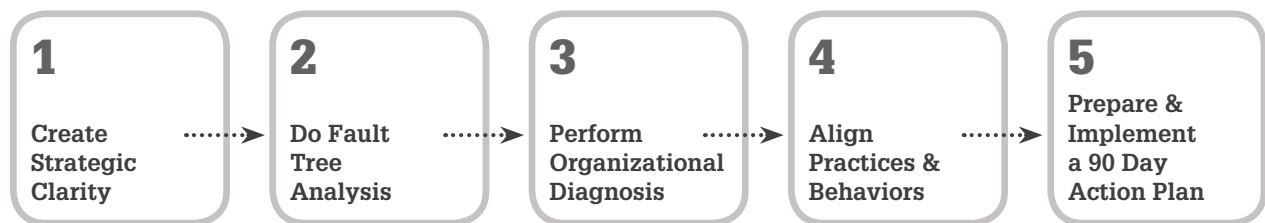
Participating RBL Institute Members:

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Overview:

In an effort to clarify the role HR should play in making strategy happen, HR leaders from The RBL Institute's member companies (Nokia, British American Tobacco, Flextronics, Wal-Mart, Cardinal Health and Kellogg's) joined Dave Ulrich, Norm Smallwood and Justin Allen on a one-hour conference call. After sharing challenges, ideas, and potential solutions, we developed the following framework that lays out the process for how HR professionals might help make strategy happen.



1. Create Strategic Clarity

It almost goes without saying that HR leaders must first be clear about the business strategy to play a role in strategy execution. To ensure clarity, HR leaders can join with business leaders in a “twenty-words-or-less” exercise (i.e.: n 20 words or less, what is it that we are trying to accomplish?). You might also look at Ram Charan's five strategy clarification questions in the Harvard Business Review.

This type of exercise forces alignment and clarity around the two issues related to strategy: (1) a vision (where we are going), and (2) goals (how we will get there). With this in mind, strategy is about creating a story that business leaders can share to define a future state and a path to get there.

Further, strategies vary by corporate vs. region vs. country. For example, when Wal-Mart or Cardinal Health manages a range of businesses (from \$30 billion to \$5 billion, or in Nicaragua versus the UK) where is corporate strategy relevant? Corporate strategy ought to set guiding principles such as operational excellence, source of growth, innovation, product services, cost efficiency, etc.,

that can hold true globally but still be modified to fit the local need.

HR professionals can facilitate the process of gaining strategic clarity by asking questions, probing and clarifying differences, and suggesting common ground.

2. Do Fault Tree Analysis

Next, HR leaders must do a fault tree analysis to uncover the reasons strategy doesn't happen. There are probably a number of viruses that keep strategy from happening quickly. When these viruses are made explicit and when they can be talked about, they are more likely to be overcome. In any given company, there are probably some underlying strategy impediments that tend to be thematic across divisions. Compile the list, tackle the issues. (See cultural viruses sheet below)

HR professionals can help identify what keeps strategies from happening by having a leadership team prioritize the top viruses from the attached workshop. They can then make sure that they can identify why these viruses exist and persist and then begin to make changes on them.

3. Perform Organizational Capability Diagnosis

Strategy happens when the organization is aligned with it. Organization is not just structure, but capabilities that define the identity and characteristics of the organization. We suggest that organizations must identify their highest priority organizational capabilities and then analyze the gaps between how the organization is performing versus how it should perform for the strategy to be successful.

HR professionals may architect an organization diagnosis (like an organization 360) to identify the critical capabilities required to deliver on strategy.

4. Align HR Practices and Leadership Behaviors:

With organizational capabilities identified, leaders must match HR practices to deliver the capabilities the organization needs. HR practices could be identified in the areas of people (talent, staffing, training), performance (appraisal and rewards), communication, and organization (policies, structure, and processes). While line managers are the owners of the HR practices, HR professionals can help design and deliver them. HR leaders are also the custodians of leadership behavior and must ensure that leaders “say, do and be” such that the company’s prioritized organizational capabilities can be executed.

5. Prepare and Implement a 90 Day Action Plan

Finally, to make all of this real, we need to say, “Here are 2-3 deliverables HR will be accountable for,” and we also need to do HR for HR. HR leaders must have a very specific action plan with owners and accountability to ensure that the actions identified are carried out. Accountability and project management are key for HR leaders to successfully ensure that strategy happens in their organizations.

Best Practice Sharing:

BAT: Good about strategic clarity, global organizational design, competition, and regulation. We also have a strong set of questions we regularly ask our business leaders when developing strategy.

Wal-Mart: We’re famous for execution. When Wal-Mart people know the mission they execute it really well. We ensure execution with our leadership DNA and have a strong sense of accountability.

Cardinal Health: We’re good at strategic clarity, and good at aligning HR systems around the strategy, including our selection systems.

Flextronics: We have strong strategic clarity and leadership behaviors.

Kellogg: We are great at execution, fast on speed to change; our big issue on viral piece is biz unit v function.

Nokia: We’re reasonably good at the whole process but we change so fast that we may not know who our competitors are in the next few years, so we have to do strategy work every month. A key best practice at Nokia is our ability to engage 1000’s of employees in the development of strategy which results in a lot of passion and ownership of the strategy. For example, we had an online café meeting where 30,000 to 40,000 people were connected to the strategy through an internet chat.

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Cultural Viruses:

1. Over inform: Tell everyone then have a meeting. We make sure everyone has been informed, then have a meeting which slows things down.

2. Have it my way. We don't learn from each other; not invented here syndrome.

3. Saturday morning quarterback. We criticize everything, even before they happen.

4. False positive. We do "nice-talk" ... overly kind even if we disagree. This leads to false positive.

5. Concealed consensus. We confuse participation with consensus. We think that everyone has to agree before we act, so people say they agree when they don't.

6. Forward to our past: look in the rearview mirror. We are so afraid of losing our heritage that we don't change our culture; we are locked into our habits.

7. Caste: value by grade. We judge people by their title and rank rather than performance or competence.

8. Turfism: my business vs. "our" business. We defend our turf sometimes to the detriment of the overall organization.

9. Command and control. We like to make sure that senior managers run the company and delegate up responsibility; this keeps us from feeling a personal obligation to change.

10. Activity mania. We like to be busy; our badge of honor is full calendars, even if it excludes thinking and results. We hide behind our "busyness."

11. Narcissistic competitiveness. We like to win as individuals not teams.

12. Show me the results: Results rule. We like results – anyway, anytime, anyhow – we don't instill a process.

13. Crisis jumping. When in a crisis, we act decisively, then we wait for the next crisis to act again.

14. Customer antipathy. We don't include customer criteria in our thinking; we are internally focused.

15. Authority ambiguity: not clear on accountability. In our matrix, we are not sure who is responsible or accountable, so no one is.

16. All things to all people. We have too many priorities; each good idea gets energy and attention; we don't say no; we are not focused on the critical few.

17. Flavor of the month. We jump from program to program; we don't have integrated initiatives; and there is cynicism about "new" programs; we end up with concept clutter.

18. Over-changed (full sponge). We have a capacity problem with too many changes going on at once; we are burned out and stressed out on change; we can not let things go.

19. Mis-alignment: disjointed actions. We don't see the big picture and see how our work fits with strategy; we tend to get lost in the details.

20. Compliant deflector: Over-obedient. We wait to do what we are told and delegate responsibility upward.

21. Process mania. We are so consumed by process that we don't focus on results and outcomes.

22. Kill the messenger. We don't share bad news even to a fault.

23. Glacial response: Whose decision is it? We can not get decisions made quickly.

24. Perfectionism: right way or no way. We have to have the perfect answer before we do anything.

25. What have you done for me yesterday? After a successful change, we only want more.

26. Over-measure. We measure everything, even to a fault. Our dashboards are way too complex.

27. Under-measure. We don't have indicators that track the important stuff; we measure what is easy not what is right.

28. Sustainability. We do not sustain the changes we start.

29. Going for the big win. We look for the mega change that will solve all problems vs. starting small.

30. Skills or aptitude. We don't have the skills required for the future.

31. Event vs. pattern. Change is an event (do the checklist, attend the meeting) not a sustained pattern.

32. Fire hydrant. Everyone has to "mark" every initiative or project before it can be moved on.