

C-SUITE MANAGEMENT SERIES - SEGMENT 2

Reality of Strategic and Operations Integration and An Introduction to Feedback Loops

As a C-Suite executive who had also started several of my own businesses from scratch, my neighbor came to me for advice about their desire to start a new business. They started by asking some basic strategic questions. How should I price my services? What are your thoughts on the best way to market my services? Should I start by automating my processes or manually executing my processes? The list of strategic questions goes on.

Up to this point in time, I was a traditionalist. On one hand, I did strategic development and planning. On the other hand, from R&D to product development/engineering to sales through post-delivery of customer services, I attempted to maximize operational performance.

I recognized that from a wholistic point of view, the execution of the strategic initiatives required changes somewhere in the operations of the organization. I followed the traditional approach of strategic development and using an implementation plan to drive the necessary changes into the operations of the organization to execute those strategic initiatives. I recognized that there was definitely risk associated with a successful outcome and often used consultants or service provider experts to assist in the execution of the strategic initiative.

However, I struggled with this traditional type of approach and even back then, the literature was full of studies indicating excessively high strategic execution failure rates. Much of the rationale behind these failure rates focused on a lack of management commitment. A rationale I really found somewhat crazy. After all, it was the executives that had already committed to the execution of the project some of the best staff in the organization, major financial resources, and even agreed to hire some of the best consultants for these projects.

For some reason, this exercise with my neighbor made me realize I needed to more closely explore this strategic to operational interrelationship. Here we were discussing a potential organization with no operations at all. The starting point was strictly the development and execution of strategies that if successfully executed, would result in the operations of a functioning organization.

It was building off of this realization that help me develop alternative strategic execution tools and concepts that greatly improved my success rate.

Therefore, please consider the following – **There are Organizational Dynamics Between Day-To-Day Operations and Strategic Execution That When Understood, Represent Opportunities For C-Suite Success:**

1. There is a set of FUNDAMENTAL DYNAMICS that inherently exist in every organization.
2. Significant discussions take place regarding many aspects and components of these dynamics. Unfortunately, a substantive and deep C-Suite understanding of the interrelationship and workings of these dynamics is not constructively presented or explored.
3. This is due to:

- a. A lack of focus or even understanding in the intellectual and professional community regarding these dynamics.
 - b. The fact that an understanding and consideration of these dynamics can put at risk the financial rewards experts, service providers, and consultants derive from the promotion and execution of their specific services and methodologies.
4. The lack of understanding of these dynamics by the C-Suite have major ramifications:
- a. Unnecessary failure of strategic and operational change initiatives.
 - b. Wasted resources on the incorporation and/or execution of ineffective or failed selected methodologies.
 - c. Most importantly, missed opportunities to explore and utilize more innovative and effective approaches when dealing with C-Suite challenges.

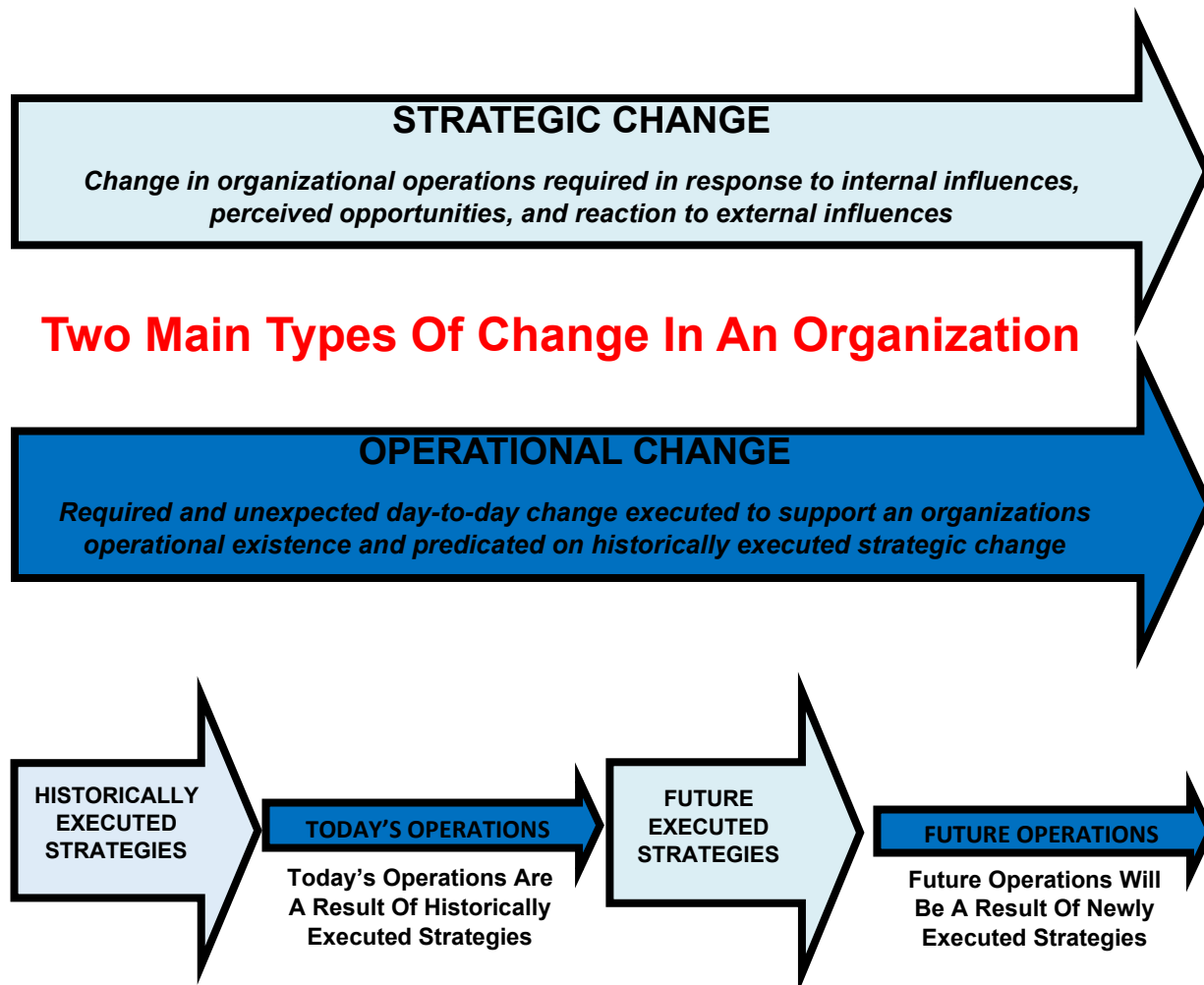
So, what are these dynamics? They are the dynamics associated with the interrelationship between strategic development and execution, and the day-to-day execution of an organization's operations. Obviously, there is a tremendous amount of information and guidance available on the subjects of strategic development, strategic execution, and how to effectively execute an organization's day-to-day operations.

However, it is the interrelationship dynamics where the information, guidance, and understanding are lacking and even inaccurately represented.

From a C-Suite perspective, the best way to look at these dynamics are very basic.

- Strategic change – Change in organizational operations required in response to internal influences, perceived opportunities, and reaction to external influences.
- Daily operational change - Required day-to-day change executed to support an organizations operational existence and predicated on historically executed strategic change. This represents the systems, processes, methods, and procedures executed every day (organization wide daily activities) in order for the organization to exist and provide the necessary goods and services.
- Interrelationship – **The ability to support the change occurring in day-to-day operations (daily activity) is a result of historically executed/implemented strategic change (strategic initiatives).** It is through new implemented strategic change that the systems, methods, procedures, exedra used in day-to-day operations will be created and modified.
- It is important that the C-Suite realizes that there is a strategic basis to any of the operational systems, methods, and procedures executed in daily operations. Even an employee that decides, with no formal approval, to change the way they perform a task is executing a self-developed strategy they believe will create an operating procedure that, for whatever reason, is better than the one formally established.
- In other words, all changes to daily operational systems, methods, and procedures will have a strategic impact on the organization even if they do not have an “approved strategic initiative” label attached to them. Large or small, these changes are de facto strategic changes and, in many cases, have major impacts on success or failure within the organization.
- Therefore, it is critical that these highly interrelated dynamics are recognized and capabilities are established to monitor, control, and most of all leverage off of these dynamics.

- Many might think that controlling, much less leveraging off of these dynamics down to the individual level is unrealistic. However, this article will begin to lay some groundwork to illustrate how the C-Suite can accomplish this. In addition, we will build and further expand on these concepts in future Segments included in this C-Suite Management Series. Through this literature, you will discover not only how this can be accomplished, but you will be exposed to how significant improvements in an organization's innovation, strategic and operational execution, and overall performance can be obtained.



So, while there are all sorts of discussions regarding the need for the C-Suite to maintain solid strategic direction or to create efficient well running daily operations, these discussions tend to be discrete and limited in focus. They fail to really develop a context that allows the C-Suite to fully integrate the dynamics between all these strategic and operational events.

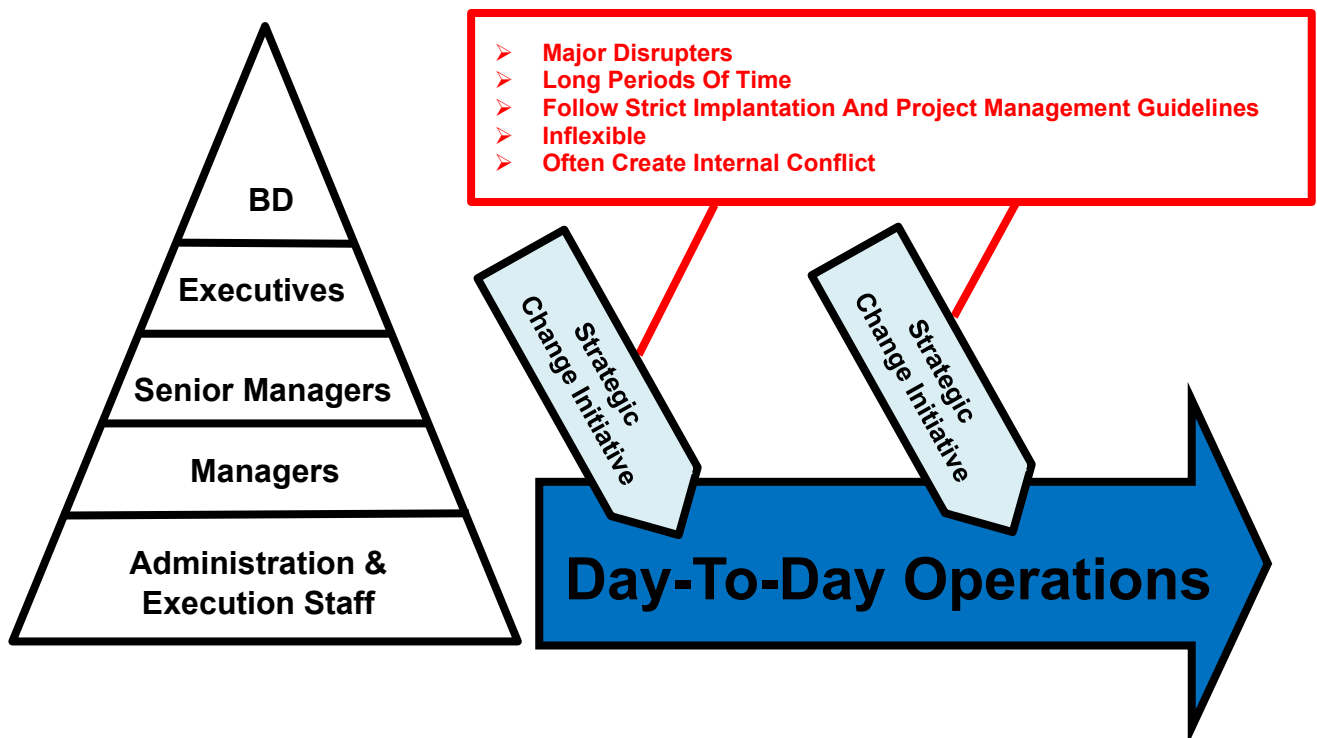
In fact, it is more common than not, that strategic execution is viewed by operations as nothing but a disrupter and the C-Suite struggle to determine how to obtain successful change. Unfortunately, it is the lack of understanding of the dynamics described here that creates a propensity to perpetuate the execution of methodologies and approaches that have high degrees of failure.

Remember, there are indications that as many as 65% to 75% or more of strategic initiatives completely fail or fail to reach expectations. In addition, even those that succeed are more often than not, over budget.

Unfortunately, the tendency is for the C-Suite to focus on, and follow, traditional strategic to operational execution methods. These methods develop implementation plans that are then driven down into the organization. The plans tend to follow strict implementation and project management guidelines that are inflexible, act as a major disrupter, can actually extend the time required to implement, and can create conflicts in organizational priorities, daily operations, and between staff.

Traditional Strategic To Operational Implementation

Implementation Plans Are Created And Driven Down Into The Organization



The great news is that there are innovative concepts and tools the C-Suite can use to conquer these challenges. There are time efficient ways to both improve control over these dynamics, and harness them to boost organizational performance.

The goal of the C-Suite should be the **Blending Of Strategic Initiatives With Day-To-Day Operations**.

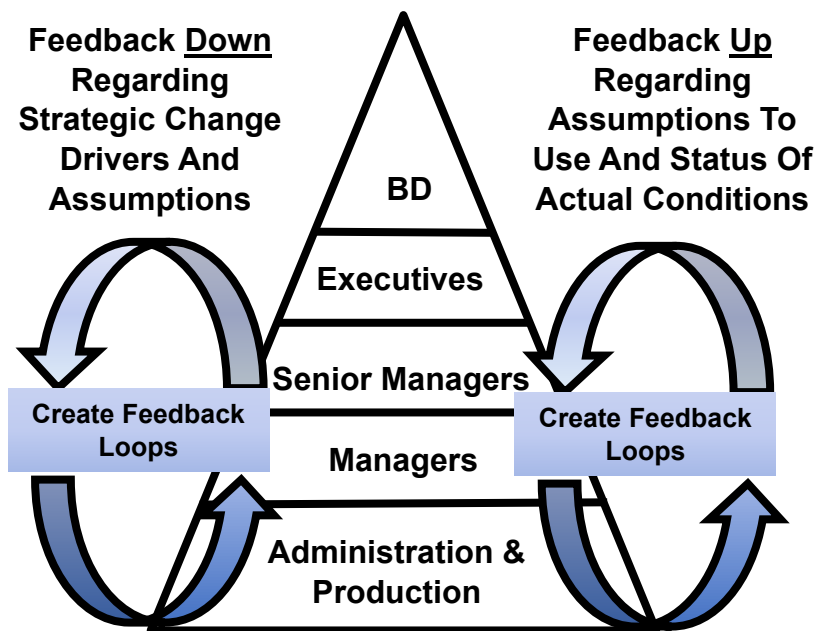
There needs to be a paradigm shift and usage of new innovative concepts and tools. Through this paradigm shift, the C-Suite will not only be able to start to blend strategic execution with

day-to-day operations, but will experience a significant improvement in overall organizational success.

The paradigm shift starts with the creation of organization wide feedback loops. These feedback loops represent feedback flowing down in the organization regarding strategic change drivers and assumptions, and feedback flowing up in the organization regarding assumptions to use and the status of actual conditions.

Need Paradigm Shift

Creation Of Feedback Loops

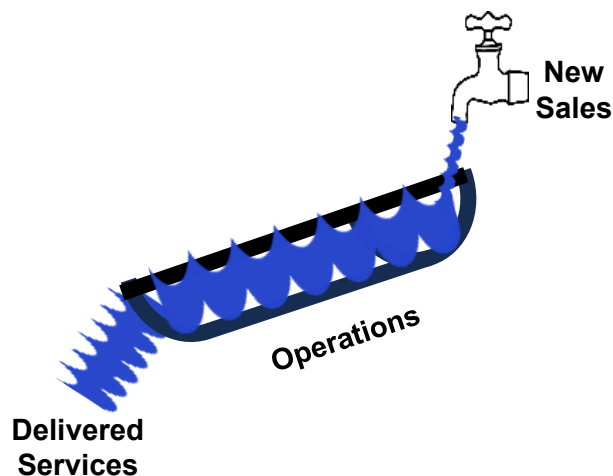


Incorporation of feedback loops will help blur the lines between strategic initiatives and day-to-day operations. More importantly, they will turn the execution of strategic initiatives into a CONTINUOUS INTEGRATED PROCESS. The continuous nature of this integrated process not only generates faster results, but is less disruptive, reduces conflict, is dynamic, and provides an ability to support actual condition to assumption monitoring. All critical topics we will explore in more detail in future Segments in this Series.

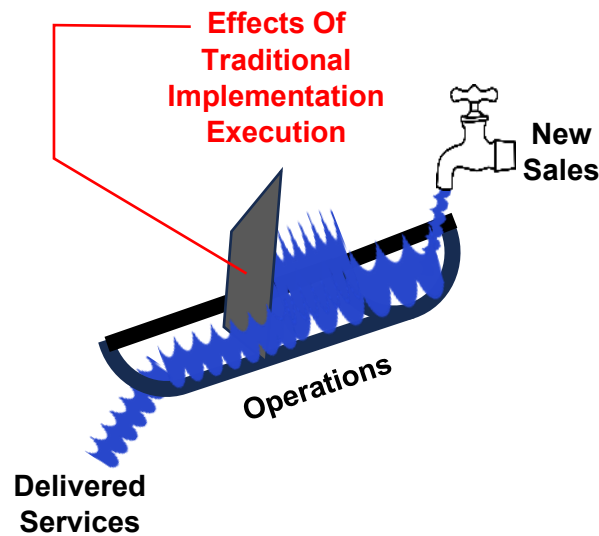
Need Paradigm Shift Away From Traditional Strategic To Operational Implementation Methodologies



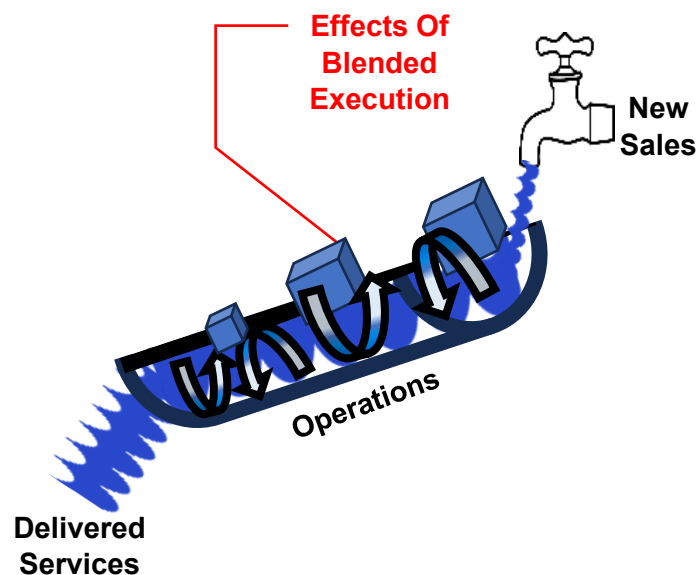
Another way to depict the difference between traditional strategic execution and the paradigm shift is to think of day-to-day operations as a stream of flowing water with new sales pouring in at one end and finished services flowing out at the other end.



Traditional implementations of strategic change are like inserting a board in the middle of the stream. The board becomes a major disrupter to the stream of day-to-day operations with water hitting the board and being forced to flow around it, and maybe even backing up behind it.



Now envision a structure where that strategic implementation is like dropping an ice cube into the stream of water. The ice cube flows along the top gradually melting and blending into the operations stream creating circular currents of information feedback loops. This feedback then helps determine the structure, context, and location of the next ice cube that is dropped into the stream. A continuous process of the blending of strategic initiatives with day-to-day operations.



So, what are some methods to make these feedback loops a reality?

- A. In Segment 3 of the C-Suite Management Series (To Ask For Employee Input Or Not – How Many Times You Have To Play Solitaire Before You Win), we explore the dynamics, risks and methods associated with employee communications, along with the Anxiety that the changes associated with strategic initiatives can create within the organization. The focus is not in standard or required organization to employee communication. Instead, focus is on bidirectional feedback loop structure and communication that best supports the interrelationship between strategic initiatives and day-to-day operational requirements.
- B. In Segment 4 (A Truly Integrated HR Management System for A Dynamic World), we explain how to incorporate into the HR staff evaluation system the communication of, and the involvement in, strategic initiative development and execution. This is the perfect place to create a feedback loop to reach, and integrate, strategic discussions and involvement all the way down to an INDIVIDUAL level. However, the Methodology described goes beyond the communication and integration of strategic initiatives at the individual level. It provides the C-Suite a comprehensive strengths and weaknesses profile of both Strategic and Operational execution capabilities within organization all the way down to the individual level.
- C. Segment 8 (Putting It All Together – Dynamic Execution), describes the critical roll coordinated and integrated organization wide feedback loops play in the development and execution of strategic execution. Strong feedback loops provide a basis that can be used to efficiently determine, understand, and monitor the underlying strategic conditions and assumptions. They are like a GPS system. Feedback loops can instantaneously a) tell the organization where they are, b) what is happening relative to strategic initiatives, and c) what direction to take. All of which, greatly increase the potential for success.

Taken together, these discussions provide solutions that accomplish the C-Suite objective of having a **Blended Strategic Initiatives To Day-To-Day Operations Organization Structure**.