GROUND ZERO

The C-Suite Dilemma, Football, and Dynamic Execution

C-Suite Dilemma

There is a major dilemma that engulfs the C-Suite. On one hand, the C-Suite is delegated with the primary responsibility of guiding an organization in establishing direction, objectives, and strategic execution that produces continuous upward trends in performance.

The dilemma arises in the reality that the knowledge, tools, and methodologies being used to accomplish these responsibilities have a terrible record of success. From small to large scale initiatives, strategic execution resulting in desired objectives within the anticipated budget have unacceptably high failure rates.

Upon reflection, many C-Suite executives will admit that the risk of failed strategic development and execution is a major source of ongoing concern and frustration. And rightfully so. A review of the studies and literature on failure rates substantiates the reality behind these concerns.

Indications are that 65% to 75%+ of strategic initiatives completely fail or fail to reach expectations. It can thereby be assumed that these sorts of failure rates are a major factor in what is often cited as a 45% to 60% CEO turnover rate within 18 months of obtaining the position.

If, as the saying goes, "insanity is doing the same thing over and over and expecting a different result", why does the C-Suite continue to use the same old concepts, tools, and methodologies that lead to such high risk of failure. Once again, there are indications that unacceptable failure rates have not improved for more than 20 to 30 years.

However, the objective of this writing is not to analyze why the dilemma exists or continues to be perpetuated. Instead, **the objective is to provide the C-Suite with an introduction to new innovative concepts, tools, and methodologies that will significantly improve the opportunity to obtain the successful development and execution of strategic initiatives that will result in their desired objectives.**

American Football

I start with the premise that TIME is the major enemy of the C-Suite.

I have come to realize that over my years I was bombarded with, and accepted as rational, ridiculous strategic initiative execution timelines. Timelines that for major initiatives could stretch from 12, to 18, to as much as 24-months. The Dynamic Execution concepts, tools and methodologies I am introducing here and outline in more detail in my 9-part C-Suite Managements Series (found at changescienceinstitute.com) starts with a head-on challenge to these unnecessary timelines.

For example, these Dynamic Execution concepts and methodologies allowed an organization to fully implement and execute a yearend launch of a complete top to bottom, organization wide, new enterprise system in less than 4 months. This was accomplished even though the solution providers and other experts indicated it would take a minimum of 12 to 18 months.

In addition, even though there was a complete transition to new engineering, sales, operational, and financial systems, there was little to no disruption in day-to-day operational activities or customer deliveries during, or after, the execution and launch. Furthermore, the yearend financials were closed on time and with absolutely no audit journal entries.

I find American Football a great opportunity to explore the next major premise. In football, a team starts the season with the objective of winning the Super Bowl. They establish an overall strategy to accomplish this objective taking into consideration such things as existing and desired modifications to their roster, what their schedule looks like, and the overall philosophy of the coaching and head office staff.

However, here is where an interesting dynamic begins to take place. Instead of trying to drive this initial overall strategy into every game, they reassess and often tweak, or even modify, the strategy based upon the actual conditions that exist for that upcoming game. Conditions such as injuries, current status of the opposing team, strengths and weakness at each position, and opposing team highlights are all taken into consideration. In turn, this reassessment leads to modifications to their overall strategy based upon these current existing conditions.

But it does not stop there. Instead, there is a continuous reassessment process and potential modifications throughout the game based upon feedback from the observations of coaching staff and players, actual performance and execution of specific plays on the field, and all sorts of other controllable and uncontrollable dynamics taking place as the game progresses.

The key takeaway is the basis of the second premise. **While the overall objectives of winning the game and progressing towards the Super Bowl are unchanged, the strategic execution is dynamic based upon the monitoring and feedback of the actual conditions that exist at any point in time.**

Another way of looking at it is that, the assumptions used to develop a specific strategy at the beginning of the season and before every game are closely monitored based upon the actual conditions that exists. This leads to the potential for dynamic adjustments to the strategy as the game and season progresses. These adjustments might be minor or they can be major but, in any case, the management of the organization is open and receptive to the possibility that modification might, and probably will be, necessary.

Dynamic Execution

The good news is that if the C-Suite steps out of the traditional box that experts and solution providers want to use, there are concepts, tools, and methods that can greatly improve the potential for successful strategic development and execution. **THE KEY IS THAT THERE NEEDS TO BE AN ONGOING REASSESSMENT BASED UPON THE ACTUAL DYNAMICS THAT ARE TAKING PLACE!**

For some reason, once an organizational objective is established, there is a continuous willingness to follow a traditional approach of putting a lot of effort into developing an execution strategy, selecting an implementation plan and methodology, and then attempting to slam it through the organization to what is expected to be a successful outcome.

On top of that, there is often this belief and commitment that the organization has the perfect upfront execution strategy, implementation plan, and methodology. I believe this is based upon all the frontend effort expended, combined with an unyielding confidence a proven methodology

has been selected and help from the right group of experts has been solicited. Therefore, this can lead to a belief that if the organization is dedicated enough and pushed hard enough there will be a successful result.

As presented in the football discussion above, there needs to be a paradigm shift. **From a C-Suite perspective, success should be a focus on obtaining the important objectives they want to achieve as quickly as possible.** It should not be whether there was a successful ability to predict the future, select the best execution strategy, implementation plan, proven methodology, or experts. I have often found this real perspective gets lost in the shuffle surrounding the process of strategic development and the focus on a specific selected implementation methodology.

DYNAMIC EXECUTION represents this paradigm shift.

1. DYNAMIC EXECUTION begins with an understanding that all of the day-to-day operational systems, methods, processes and configurations in existence today are based upon the Strategic Initiatives executed in the past. Therefore, any modifications, adjustments, or changes to these operational activities are dependent on the future strategic initiatives that will be executed.
2. Consequently, the C-Suite and organization must realize that day-to-day operational activities and the execution of strategic initiatives <u>should not</u> be viewed as distinct efforts. Instead, **the most effective organizational structure is when there is an organization wide continuous blending/integration of strategic execution activities with day-to-day operations.**
3. The next step leverages off the observations associated with football. There needs to be an ongoing reassessment structure within the organization of the selected strategy and strategic execution. This reassessment is based upon the dynamics associated with the actual change in the conditions that exist at any point in time. The assumptions used to develop the strategy and execution plan need to be continuously monitored, accessed, and when necessary, adjusted based on the actual conditions that exists.
4. The best way to support this continuous reassessment process is through the use of integrated top to bottom organizational FEEDBACK LOOPS. <u>These Feedback Loops represent feedback flowing down in the organization regarding strategic change drivers and assumptions,</u> and <u>feedback flowing up in the organization regarding assumptions to use and the status of actual conditions.</u>
5. In addition, to support this blended strategic execution with operation's organizational structure, the C-Suite should require an innovated approach to human resource management. An approach that represents a new HR evaluation, communication, and employee integration methodology. A methodology that a) improves the C-Suite's ability to make HR decisions within a dynamic environment, b) significantly supports the improved integration and involvement of the organization's workforce into C-Suite initiatives, and c) provides the C-Suite with an easy-to-use tool to quickly determine and monitor the strengths, weaknesses, and exposures associated with an organization's human resources.
6. When taken together, a major benefit is that the time associated with a strategic execution is no longer represented by some fixed demanding timeline. Instead, strategic execution becomes a continuous integrate process with timing becoming adaptive. This

allows for a more responsive execution and a high potential for a much shorter execution timeline.

7. The next major aspect of Dynamic Execution centers around the assessment, monitoring, and control of risk. It starts with a recognition of the Change Science Law of Environmental Override. Environmental Override describes how all requirements for any given process/strategy must be available within the environment the process/strategy will execute in or that process will fail to execute. Consequently, it does not matter if you have selected a proven process/strategy, it will not execute without the availability of all the necessary requirements. If there are missing requirements, then an IMPLEMENTATION must take place with the goal of establishing the availability of any missing process requirements.

8. However, this implementation will be occurring in a world of complexity where perpetual change is constantly taking place. The same complexity that makes it literally impossible to consistently and reliably predict the absolute best strategy before the beginning of the football season or any specific game. Therefore, all of this perpetual change represents **RISK** that the implementation will fail to obtain the necessary process requirements and thus, the ability to obtain the successful execution of the selected strategy.

9. Once again, the length of time to execute adds to this challenge. This is because the amount of complexity/perpetual change (and therefore, risk) increases as the interval of time it takes to obtain all of the necessary strategy requirements increases.

10. To address these challenges Dynamic Execution introduces the concept and tool of Disconnect Analysis. A tool that determines and analyzes the disconnects between the requirements of any given process/strategy and the actual conditions that exist in the environment where that process/strategy will be executed in. Disconnect Analysis determines the context and exactly what requirements are missing for the selected strategy, but can also be used on the fly to assess any alternative strategies under consideration.

    For example, let's say that the passing strategy used by a football team relies heavily on a given offensive lineman who unfortunately becomes injured. The coach would probably do an unconscious quick Discount Analysis between the alternatives of using the running back as an additional pass blocker or shifting to a more aggressive running game. If the running back is known to be a strong blocking back, then there is a match between the strategy requirement and the required condition and the coach continues to rely on the passing game.

11. It must also be recognized that all decisions in strategic development and execution are based upon some level of assumptions. Thus, the accuracy of these assumptions inherently represents additional potential RISK.

    Therefore, besides defining disconnects between actual existing conditions and strategy requirements, a Disconnect Analysis must document any critical assumptions that are being relied upon.

12. Clearly documenting the critical assumptions used in the selected strategy and implementation creates a strong basis for the communication and monitoring through the use of Feedback Loops. This in turn, allows the C-Suite and organization to quickly address and react to any issues that arise from any inaccurate or missing critical assumptions or conditions.

> **<u>I cannot stress this concept enough – the determination, documentation, monitoring, and ultimately control of critical assumptions provides a major tool for the C-Suite and organization to reduce risk and increase their potential for successful results!</u>**

13. Incorporated within Dynamic Execution is a recognition that not all risk is created equal. Some risk is more controllable than other risk, and the significance and probability of risk can differ considerably. Therefore, an organizational focus on an ongoing analysis and ability to eliminate or mitigate certain risks can greatly increase the potential to obtain the desired objectives.

    If you have a risk factor that is controllable, then that risk factor should be eliminated provided the significance of the risk factor justifies the time, effort, and cost of elimination. However, if the risk factor is uncontrollable, then, when possible, that risk factor should be mitigated provided the significance of the risk factor justifies the time, effort, and cost of mitigation.

14. Finally, Dynamic Execution challenges both operations and finance to create an integrated structure that is dynamically responsive to the analysis of the changing conditions and assumptions that exist. Finance needs to have modeling capability that can quickly and immediately analyze the financial impacts associated with the operational feedback received from the monitoring of assumptions and actual conditions.

    This analysis is not intended to be a replacement of traditional operations or financial reporting which tends to have a delay in availability. Instead, it is intended to be incorporated into the monitoring, control, and feedback system that is much more time sensitive and near term.

In conclusion, hidden within this overview of the Dynamic Execution Methodology is the fact that it represents a closed loop perpetual system. **Dynamic Execution not only continually monitors, analyzes, and controls a specific strategic initiative, but supports the <u>simultaneous Dynamic Scheduling and Control of multiple strategic initiatives</u>.**

Dynamic Execution provides a clear understanding regarding the availability and timing of required resources. This creates an ability to DYNAMICALLY determine a) what strategic initiatives are the most critical to focus on and when, b) using what resources, c) in a continuous flow that provides the desired objectives when actually needed, and d) all while minimizing any disruptions to operations.

What differentiates Dynamic Execution from the other historical methodologies? It is the closed loop continuous capability to dynamically accelerate, decelerate, modify, and adjust priorities simultaneously across multiple strategic initiatives based upon the monitoring and feedback of actual conditions. A capability that ultimately results in reduced execution times and increased C-Suite success.