



e-news

A fresh look at the evidence on bringing business strategy to life through people

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Overview

As a strategy consulting business we understand what it takes to get strategy developed and implemented. It turns out that funding can be the easy part. The hard part is getting the day-to-day work of key implementers, the leadership and the entire workplace culture all aligned with strategic priorities.

We have evidence that the difference between underperformers and high performers in terms of successfully addressing strategic priorities lies in the use of tightly targeted processes that bring strategy to life through people.

These processes relate to three things.

Attention to creating:

- Limited, customised strategy supportive performance objectives for every staff member, every year
- One or two leadership expectations for all managers targeted specifically at the current strategic priorities
- Specified behavioural priorities for all staff that pull them away from focusing on all Values and Behaviours equally. Importantly, our high performing clients recognise these three items will probably change every year.

The evidence shows they implement specific performance management methodologies and adopt an evidence-based approach to customising their leadership standards across the whole business.

Obviously these businesses need a performance management system with appropriate functionality to achieve all of this.

**This is the first of our
monthly newsletters for
executives
with an interest in
evidence-based approaches
to implementing
business strategy through
human resources.**

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Performance Management



360 Feedback



Staff Surveys

What determines the ability of a business to successfully implement strategy through its people?

Our annual client reviews consistently demonstrate that, from year-to-year, the strategic issues confronting some clients do not change significantly. Despite the best executive thinking and planning, the issues are not being managed out of the priority zone. So over the past few years we decided to go “downstream” in these clients’ businesses to find out why. What we discovered blew us away.

Faltering commitment to strategic priorities – and nothing to prevent this

The commitment of executives to whole-of-business strategic priorities naturally falters as they re-enter their functional world. This is to be expected because context always affects priorities. The surprising thing was the lack of systemic support executives were given to help them remain fixed on the strategy. The strategy development process simply did not intersect with the performance management system.

Even the performance agreements of some executive teams were not changed to make them more accountable for specific strategic outcomes. Vague statements about being expected to “develop and implement the strategy of the business” were common. Even the performance agreements of some executive teams were not changed to make them more accountable for specific strategic outcomes. Vague statements about being expected to “develop and implement the strategy of the business” were common.



Increased autocratic leadership

Within three months the lack of a strategy supportive performance management system had resulted in only sporadic attention being paid to strategic priorities in favour of day to day functional priorities and immediate risk mitigation. The sporadic forays into dealing with strategic priorities were associated with a more autocratic style because implementation deadlines were slipping.

Once this point was reached it turned out to be a watershed moment.

Autocracy had a serious impact on certain categories of staff, particularly highly skilled staff who expect to have their professional opinions respected, and young staff, the Gen Ys, who expect to be listened to and involved in decision making. These staff are the core of "expertise" and "energy" in the business, without their full support strategic priorities can become terminally ill.

Decaying behavioural standards

The flow-on from increasing autocracy was the gradual decay of multi-layered partnerships and collaboration between management levels as well as across the business. Human relations in general began to suffer – the standards of conduct and behaviour expressed in the Values and Behaviours, started to crumble.

Now these businesses were in a serious downward spiral. Strategic projects were behind schedule, autocracy was replacing more effective workplace partnerships and core values were no longer being modeled by some of the leaders.

So what do our high achiever clients do to reduce the impact of these problems?

Of all the features of performance management systems in our client set, there are three that most explain the difference between businesses that can implement their strategic priorities through people and those that can't.

1. Work-strategy line of sight

The strategic high performers are almost fanatical about creating direct line-of-sight between strategic priorities and individual performance objectives. They interpret each strategic priority explicitly for each function as well as for cross-function requirements. Then they hardwire these requirements into performance plans and make them non-editable. Every person in every function is compelled to state explicitly what they are going to do to support the achievement of the strategic priority. Of course, people also have non-strategic priority objectives, but these are always second on the list.

The result of this system is that leaders in these businesses can actually practice leadership because the system is doing the performance management for them. This might sound obvious, but in the haste to get on with making the strategy happen, preparing performance schedules carefully is often neglected.

None of this replaces standard performance and development processes. L&D plans are still prepared, career aspirations noted and succession planning and talent management programs initiated.



2. Customised leadership expectations – rated by followers

Businesses in our client base that successfully achieve their strategic priorities through people also demonstrate a preparedness to ask the question “What specific leadership capabilities will be needed to best support the implementation of these particular strategic priorities”? Because leaders without followers cannot be leaders – by definition, it is staff who get to determine how well their manager performs on the required capabilities.

Specified, customised leadership capabilities are placed in the upward feedback component of performance assessment systems i.e. “Did your manager display these leadership attributes this year?” Because strategy transforms businesses, the statements represent transformational leadership capabilities not mechanistic, transactional ones. For example, a strategic priority of one client was to innovate its services and energise its increasingly conservative culture, so it used “openness to ideas” as the core leadership capability for that year.

3. One area of focus selected from generic values and behaviours

The final difference between the high achievers and under-performers in our client base is their ability to determine what change is required to behaviours to support the strategic priorities. They recognise that as strategic priorities change, so some behaviours should be favoured over others in the overall values and behaviour framework of the business. They are explicit about the way behaviour change will be required. They hardwire this change into all performance plans and require people to state explicitly what they are going to do to live that behaviour in their role and team/s.

For example, one client suffering a revenue squeeze required all staff to specify what they were going to do to “strengthen customer engagement with the business and improve customer satisfaction”. It became the single behavioural priority for the current year.

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