By Paul J. Emello

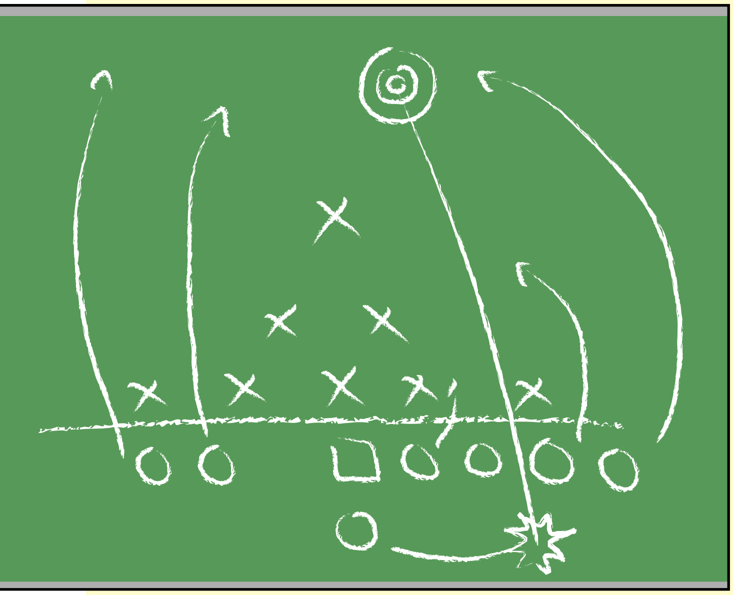
# Business Strategy Implementation—Let's Make Things Happen

Implementation is the most challenging part of formulating a business strategy for your company. Although business strategy will guide your company to do the right things, implementation will guide your company to do things right. This month we will discuss how to translate your selected strategy into organizational action.

The tasks necessary to successfully implement your strategy will fall into one of three areas:

**Functional strategies** are needed to organize and manage your resources. These functions will include programs, budgets, and procedures. They are short-term activities that each key area of your company (e.g. marketing, finance, operations, R&D, etc.) must perform to implement the business plan.

**Measurable objectives** are needed to evaluate and control the progress and performance of your strategy. First, define the parameters you want to measure. Typical performance standards may include profits, quality levels, panels produced, etc. Second, set realistic short-term targets and goals that will help you track your progress towards the long-term goals you established for your business. Then, comparing the actual results to your goals will allow you to make necessary changes and correct any oversights with your strategy.



**Institutionalization of your plan** is needed to involve and motivate your entire workforce so they will carry out the tasks and make the daily decisions necessary to implement your strategy(1). In order to successfully institutionalize your business strategy, four fundamental elements must be addressed.

First, analyze your *organizational structure* and its relationship to your new strategy(2). Organizational structure defines the lines of authority and communication and can vary with respect to the degree of decentralization. Ask yourself the following question: Will my current organizational structure work to successfully implement my new strategy or will it require a change? For example, your new strategy may call for a highly centralized and structured organization or for a realignment of departments. Then ask yourself: Do my employees fit this new structure? Will they adapt to the organizational change? For example, managers that tend to operate in a more creative and entrepreneurial manner may be ineffective in or uncomfortable with implementing a new strategy that requires a more highly centralized organization. Employees may leave if their work style is incompatible with the organizational changes necessary to implement your new strategy.

Second, you must have the proper *organizational leadership*. For obvious reasons, the management team is key. Do you have talented people with the proper attitude and skill sets within your organization? Can your management team motivate the workforce to successfully implement your new strategy or do you hire outsiders to get the job done?

Third, determine if your organization has the proper *culture*. The culture is the shared beliefs and values of the employees. If the culture of your workforce is not a fit for the strategy you selected, it will be a major hindrance towards successful implementation. A great example of this occurred in the PCB board industry in the 90s. If you remember, many of the large U.S. captive PCB manufacturing facilities tried to become independent companies and produce boards for outside customers. Most did not survive as independent shops. Not only did they have high cost structures (many were unionized), but their corporate culture made them less sensitive to customer needs when it came to delivery and service. As a result, they could not compete. When culture is not a fit for your new business strategy, there are some "work around" solutions such as subcontracting, creating separate divisions, or bringing in outsiders. However, the optimal solution is to create a method of bringing about change in the culture of the workforce.

The fourth and final element that needs to be reviewed and, if necessary, adjusted in order to help institutionalize your business strategy is your system of *rewards*. It is essential to help motivate managers to properly implement your company's strategy. For instance, if your strategy requires a great amount of teamwork, is your employee compensation package geared towards rewarding teamwork and cooperation rather than individual effort?

Not surprisingly, the two most common obstacles to the implementation of business strategy are money and people. You must have the proper funding to implement your strategy. Remember, you will forego immediate profits for long-term superiority in the market place. Assuming cash is not an issue, the key to successful business strategy implementation is to motivate your workforce (i.e. institutionalize) to properly implement the programs, budgets, and procedures (i.e. functional strategies). This is the reason that implementation is the most difficult part of the business strategy development process. In fact, most strategies fail in execution (i.e. implementation), not in vision. Therefore, successful managers make sure the strategy is not only understood but accepted by employees and that everyone is clear who is responsible for the different functional strategies. Indeed, communication and the assigning of responsibilities are crucial.

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This series of articles has given you the blue prints to develop and implement a successful business strategy. It is your job as owners and managers to get it done. In business there is an old saying: "There are three types of people in this world—those that make things happen, those that watch things happen, and those that say 'what happened.'" I'm sure you want to be in the former category and make things happen.

Now that the hard work of business strategy development and implementation is complete, we can sit back and relax—right? Wrong. This process never stops. Remember, the marketplace is constantly changing and, therefore, you have to innovate to keep your competitive advantage and allow your company to achieve acceptable returns on investment. Next month, we'll go into this in more detail when we discuss evaluation. □

**Footnotes**

1. John Pearce and Richard Robinson: Strategic Management: formulation, implementation, and control (Richard D. Irwin 1994)
2. David A. Aaker: Developing Business Strategies (John Wiley & Sons 1992)

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