“I truly believe that if General Motors had incorporated Dr. Hrebiniak’s proposals at any time over the past 15 to 20 years, the picture of General Motors today would be extremely different.”

—James P. Powers, Strategic Planning, General Motors Corporation (Ret.)

“I am a big Larry Hrebiniak fan. In his book he offers a comprehensive, disciplined process model for making strategy work in the real world. All of us owe him our thanks.”

—Ken Blanchard, Coauthor of The One Minute Manager and The Secret

“Strategy is the starting point, but without implementing actions, even the best laid plans remain just that. In Making Strategy Work, Hrebiniak provides a powerful and persuasive field manual for execution by laying out the logic, order, and essence of the strategic decisions that must follow.”

—Michael Useem, Professor of Management and Director of the Center for Leadership and Change at the Wharton School, University of Pennsylvania

“Terrific…I have read all the ‘handbooks,’ ‘guides to,’ and ‘roadmaps,’ but in this book Larry has create the world’s first Strategy Implementation GPS…spot on.”

—Gordon Peters, founding Chairman, CEO, Institute for Management Studies
This page intentionally left blank
Making Strategy Work
This page intentionally left blank
Making Strategy Work
Leading Effective Execution and Change
Second Edition

Lawrence G. Hrebiniak
In memory of Donna, who left us much too soon, but who still lives in pleasant memories.
This page intentionally left blank
CONTENTS AT A GLANCE

INTRODUCTION TO THE SECOND EDITION ...................... xxiii
INTRODUCTION TO THE FIRST EDITION ...................... xxvii

PART I: KEY FACTORS IN STRATEGY EXECUTION:
CREATING AN INTEGRATED APPROACH TO MAKING
STRATEGY WORK ........................................ 1

CHAPTER 1  STRATEGY EXECUTION IS THE KEY .......... 3
CHAPTER 2  OVERVIEW AND MODEL:
MAKING STRATEGY WORK  ......................... 37
CHAPTER 3  THE PATH TO SUCCESSFUL EXECUTION:
GOOD STRATEGY COMES FIRST ................. 77
CHAPTER 4  ORGANIZATIONAL STRUCTURE AND
EXECUTION .......................................... 119
CHAPTER 5  MANAGING INTEGRATION: EFFECTIVE
COORDINATION AND INFORMATION
SHARING ............................................. 163
CHAPTER 6  INCENTIVES AND CONTROLS: SUPPORTING AND REINFORCING EXECUTION .................207

CHAPTER 7  MANAGING CHANGE .........................247

CHAPTER 8  MANAGING CULTURE AND CULTURE CHANGE .........................283

CHAPTER 9  POWER, INFLUENCE, AND EXECUTION ......313

PART II: APPLICATIONS ................................347

CHAPTER 10  MAKING MERGERS AND ACQUISITIONS WORK .........................349

CHAPTER 11  MAKING GLOBAL STRATEGY WORK ........397

CHAPTER 12  EXECUTING STRATEGY IN SERVICE ORGANIZATIONS .................417

CHAPTER 13  PROJECT MANAGEMENT AND STRATEGY EXECUTION ...............457

APPENDIX ...............................................473

INDEX ...............................................479
TABLE OF CONTENTS

INTRODUCTION TO THE SECOND EDITION .................................................. xxiii
   Acknowledgments ........................................................................... xxv

INTRODUCTION TO THE FIRST EDITION ............................................. xxvii
   Learning from Experience ................................................................. xxviii
   What You Need to Lead ................................................................. xxviii
   The Big Picture ............................................................................ xxviii
   Effective Change Management ..................................................... xxix
   Applying What You Learn .............................................................. xxix
   The Bottom Line .......................................................................... xxx
   On a Final Note ............................................................................. xxx
   A Few Thanks ............................................................................. xxx
PART I  KEY FACTORS IN STRATEGY EXECUTION ...........................1

CHAPTER 1  STRATEGY EXECUTION IS THE KEY .....................3

Execution Is a Key to Success ..............................................5
  Making Strategy Work Is More Difficult Than the Task of
  Strategy Making .........................................................6
  A Focus on Making Strategy Work Pays Major Dividends .......8
  Managers Are Trained to Plan, Not Execute ....................9
  Let the “Grunts” Handle Execution .................................10
  Planning and Execution Are Interdependent ....................11
  Execution Takes Longer Than Formulation ....................14
  Execution Is a Process, Not an Action or Step .................17
  Execution Involves More People Than Strategy Formulation ...18

Additional Challenges and Obstacles to Successful Execution ....19
  Wharton-Gartner Survey and Executive Education Data Collection ...20
  The Results: Obstacles to Successful Strategy Execution .......22
  Execution Outcomes ....................................................26
  The Execution Challenge ..............................................28
  Having a Model or Guidelines for Execution ....................29
  Strategy Is the Primary Driver .....................................29
  Choosing an Organizational Structure ............................29
  Coordination and Information Sharing ............................30
  Clear Responsibility and Accountability ........................30
  The Power Structure ..................................................30
  Incentives, Controls, Feedback, and Adaptation ................31
  The Right Culture .....................................................31
  Leadership ..............................................................31
  Managing Change ......................................................32
  Applications and Special Topics ...................................33
  The Next Step: Developing a Logical Approach to Execution
  Decisions and Actions ................................................33

Summary .................................................................35
Endnotes .................................................................36
# Table of Contents

## Chapter 2: Overview and Model: Making Strategy Work
- Common Versus Unique Execution Solutions
- A Need for Action
- A Model of Strategy Execution
  - Corporate Strategy
  - Corporate Strategy and Structure
  - Need for Integration
  - Executing Business Strategy
  - “Demands” of Business Strategy
  - Integrating Strategy and Short-Term Operating Objectives
  - Incentives and Controls
  - Incentives
  - Controls
- Another View of the Model of Strategy Execution
- Context of Execution Decisions
  - The Execution Context
  - Managing Change
  - Culture
  - The Organizational Power Structure
  - The Leadership Climate
- Need for a Disciplined Approach
- Summary
- Endnotes

## Chapter 3: The Path to Successful Execution: Good Strategy Comes First
- Is the Impact of Strategy Overrated?
- Issue #1: The Need for Sound Planning and a Clear, Focused Strategy
  - Corporate-Level Planning
  - Corporate Strategy: Some Corporate Examples, Good and Bad
  - Business Strategy
  - The Service Business
# Table of Contents

## Chapter 5: Managing Integration: Effective Coordination and Information Sharing

- The Importance of Integration ........................................ 165
  - Boeing ......................................................... 165
  - Hewlett-Packard ................................................ 165
  - General Motors .................................................. 166
  - Royal Dutch/Shell Group ......................................... 167
  - Law Firms and Integration ......................................... 168
- Interdependence and Coordination Methods .......................... 169
  - Types of Interdependence ........................................ 169
  - Coordination Processes and Methods .............................. 174
  - The GE “Work Out” .............................................. 178
- Facilitating Information Sharing, Knowledge Transfer, and Communication ........................................ 181
  - Creating, Using, and Sharing Knowledge .......................... 181
  - Methods, Tools, or Processes for Information Sharing .............. 184
  - Informal Forces and Information Sharing .......................... 187
  - Additional Informal Factors Affecting Information Flow and Knowledge Transfer ........................................ 190
- Clarifying Responsibility and Accountability .......................... 197
- Responsibility Plotting and Role Negotiation ......................... 198
- Summary ........................................................ 202
- Endnotes ......................................................... 204

## Chapter 6: Incentives and Controls: Supporting and Reinforcing Execution

- Role of Incentives and Controls ....................................... 208
- Incentives and Execution ............................................. 209
  - A Basic Rule: Don’t Demotivate People ............................ 209
  - Good Incentives .................................................. 210
  - Reward the Right Things ........................................... 214
- Controls: Feedback, Learning, and Adaptation ......................... 216
- The Control Process ................................................ 216
CHAPTER 7 MANAGING CHANGE ....................... 247

Managing Change: A Continuing Challenge ............. 247
Steps in Managing Change ................................ 251
A Model of Change and Execution ....................... 253

Components of the Model ................................ 253
Relating Change to Execution Problems .................. 255
Sequential Change ........................................ 260
Complex Change ......................................... 266
Other Factors Affecting Change ......................... 278

Summary .................................................. 278
Endnotes .................................................. 280

CHAPTER 8 MANAGING CULTURE AND CULTURE CHANGE ....... 283

What Is Culture? ......................................... 284
Culture Is Important for Execution ....................... 285
PART II APPLICATIONS ......................................................... 347

CHAPTER 10 MAKING MERGERS AND ACQUISITIONS WORK .......... 349

Making Merger and Acquisition Strategies Work ........................... 350
Why Focus on Mergers and Acquisitions? ................................. 350
Why Do So Many Mergers and Acquisitions Fail or Founder? .......... 355
Using the Present Model and Approach to Execution .................... 360
Corporate Strategy ................................................................. 360
Corporate Structure ............................................................... 363
Cultural Integration in M&A .................................................... 367
Business Strategy and Short-Term Objectives ............................... 373
Business Structure/Integration .................................................. 377
Project Management ............................................................... 378
Incentives and Controls .......................................................... 379
Managing Change ................................................................. 383
Managing Culture and Culture Change ....................................... 387
The Critical Role of Leadership ................................................ 391
Summary .................................................................................. 392
Endnotes .................................................................................. 394

CHAPTER 11 MAKING GLOBAL STRATEGY WORK .................. 397

Types of Global Growth and Execution Decisions ....................... 399
Early or Basic International Presence ......................................... 399
The Multidomestic Global Organization ....................................... 400
The Coordinated Global Strategy ................................................. 405
Strategic Alliances ..................................................................... 410
Summary .................................................................................. 414
Endnotes .................................................................................. 415
Lawrence G. Hrebiniak, Ph.D., has emeritus status at the University of Pennsylvania. Professor Hrebiniak was a member of the faculty of the Department of Management of The Wharton School for 36 years, where he taught courses in strategic management in the Wharton M.B.A. and Executive Education Programs. He still is very active in the Wharton Executive Education arena, teaching and working with managers in the area of strategy implementation or execution.

Dr. Hrebiniak held managerial positions in the automobile industry prior to entering academia, which provided him with valuable real-world experience. He is a past President of the Organization Theory Division of the Academy of Management. For more than two years he was one of a handful of Wharton faculty members providing commentaries on the Wharton Management Report, a TV program on the Financial News Network.

Professor Hrebiniak’s most notable research of late has been in the area of strategy execution. He has consulted with or participated in executive
development work with scores of companies, profit and not-for-profit alike, both inside and outside the U.S. He facilitated many of Jack Welch’s legendary “Work-Outs.” Based on his research and experience with strategy implementation, he developed integrated processes that help make strategy work in different organizations, across different industry settings. He is still active as a researcher and consultant.

Dr. Hrebiniak has authored seven books and numerous professional articles. This book, the second edition of the best-selling *Making Strategy Work*, reflects his experience as a manager, consultant, and educator in creating a culture of execution and facilitator of the execution process in complex organizations.
This book continues a critical, needed focus on strategy execution or implementation in complex organizations. Since the original publication of *Making Strategy Work* in 2005, increasing numbers of managers have come to realize the importance of execution for effective performance and competitive advantage. These managers supported and validated the original facts and findings in the research underlying this book and, more importantly, provided valuable feedback that has strengthened the new edition of *Making Strategy Work*.

The original version of this book differentiated itself in important ways:

- It was empirically based, building on the insights and experiences of managers involved in the difficult task of strategy execution, as well as my research and consulting work in this area. No armchair musings or war stories here; rather, the book reflected the views of practicing managers and their actual experiences with a challenging management task.
It was action or decision oriented, with an eye to actual outcomes or results. It suggested ways to attain the results promised by sometimes lofty strategic plans.

It presented an integrated approach to execution. It showed how key factors are interdependent and how they work together to achieve desired strategic and operating outcomes.

It melded theory and real-world practices in a useful way. Execution deals with decisions that must pass muster in the real world of management, and Making Strategy Work responded to this important need.

The second edition of Making Strategy Work continues the tradition and trajectory laid out in the original work. It adds new, up-to-date examples, while retaining the critical theoretical underpinnings and practical insights of the first edition. The best of the old is retained, while adding new and useful knowledge about strategy execution.

Along the lines of new and useful knowledge is the addition of Part II, “Applications.” This section applies the insights of the basic model and approach to execution to situations that managers suggested needed additional coverage. Part II of the revised edition of Making Strategy Work includes four chapters, the last three of which are new:

- Chapter 10, “Making Mergers and Acquisitions Work”
- Chapter 11, “Making Global Strategy Work”
- Chapter 12, “Executing Strategy in Service Organizations”
- Chapter 13, “Project Management and Strategy Execution”

Part II adds much to the original discussion of Making Strategy Work. It provides additional fuel for thought and insight into strategy execution in the settings analyzed, which represents a new and exciting contribution of the revised look. Every effort has been made in the new edition of Making Strategy Work to retain the best of the old while adding new and valuable information. The road to effective execution and organizational performance is a challenging one, full of potholes and obstacles. This book is
intended to help managers in all organizations—for-profit, not-for-profit, product-based, and service-oriented—identify and cope with challenges as they become more adept at making strategy work.

ACKNOWLEDGMENTS

As usual, there are people whose help was invaluable in making this project work, and I would like to recognize their contributions. Cecilia Atoo of Wharton’s Management Department did amazing work on this project. She again was a multitasking stalwart as she typed, created tables and figures, and met all sorts of demands made by me and the editorial staff of the publisher. Jeanne Levine was a knowledgeable editor with an ability to make suggestions in a nice, clear, and helpful way. Lori Lyons and other members of Pearson’s editorial staff did an efficient job, for which I am grateful. Special thanks are due to Laura Marmar for her artistic bent and amazing ability to offer constructive ideas. I still consider her both my muse and practical helper. Finally, as always, there is my son, Justin, who not only is family, but is also a good friend who is there when I require some encouragement and need to talk to a buddy. Thanks to all.
This page intentionally left blank
This book focuses on a critical management issue: making strategy work or executing strategy effectively.

Theories and advice about the requisites of good planning and strategy formulation abound in management literature. A vast array of planning models and techniques has been paraded before managers over the years, and managers for the most part understand them and know how to use them effectively.

The problem with poor performance typically is not with planning, but with doing. That is, strategies often aren’t implemented successfully. Making strategy work is more difficult than strategy making. Sound plans flounder or die because of a lack of execution know-how. This book focuses on execution—the processes, decisions, and actions needed to make strategy work.

What differentiates this book from others, beyond its emphasis on a critical management need? I’m excited about the present approach to execution for the six following reasons.
LEARNING FROM EXPERIENCE

This book is based on data. It borrows from the experiences of hundreds of managers actually involved in strategy execution. There are multiple sources of data, which ensures complete coverage of execution-related issues. This book doesn’t rely on the armchair musings of a few people relating unconnected anecdotes; it is based on real-world execution experiences, problems, and solutions—including mine over the last two decades.

WHAT YOU NEED TO LEAD

The focus of the book is on the knowledge, skills, and capabilities managers need to lead execution efforts. Its content is action- and results-oriented.

Most organizations recruit, train, and retain good managers; they are staffed by good people—even great people. Most managers are motivated and qualified people who want to perform well.

Even good people, however, can be hampered by poor incentives, controls, organizational structures, and company policies or operating procedures that inhibit their ability to execute and get things done. Even great leaders, in top management positions, will fail if they’re not well versed in the conditions that affect execution success. Managers need to understand what makes strategy work. Intuition and personality simply aren’t sufficient, given such a complex task. This book focuses on this knowledge and the capabilities and insights leaders need for execution success.

THE BIG PICTURE

In this book, I develop a unifying, integrated approach to execution. I focus on the big picture, as well as the nitty-gritty of the execution process and methods. I spell out a logical approach to execution and the relationships among key execution decisions.

This book not only identifies these key factors and their relationships, but also goes into detail on each of the factors
needed for execution success. It provides an important, integrated approach to execution and dissects the approach to focus on its key elements, actions, or decisions. This book then provides both an overview of the execution process and an in-depth reference manual for key aspects of this process.

EFFECTIVE CHANGE MANAGEMENT

Leading successful execution efforts usually demands the effective management of change, and this book integrates important change-management issues into its treatment of execution.

This book discusses power, influence, and resistance to change. It focuses on real and practical change-related issues—such as whether to implement execution related changes quickly, all at once, or in a more deliberate and sequential fashion over time. I tell you why “speed kills” and explain how large, complex changes can severely hurt execution outcomes. I focus on the details of cultural change and the organizational power structure, and how they can be used to make strategy work.

APPLYING WHAT YOU LEARN

This book practices what it preaches. The final chapter shows how to apply the logic, insights, and practical advice of preceding chapters to a real, huge, and pervasive problem: Making mergers and acquisitions (M&A) work.

M&A strategies often flounder or fail; my last chapter explains why this is the case and how to increase the success of M&A efforts by applying the book’s approach to execution. I also highlight the utility of the book’s advice and guidelines when trying to make M&A efforts successful. I feel it is only fitting and proper to end an execution book on a positive and useful note—by showing how practical execution can be in confronting an important and pervasive real-world issue and how it can save management a lot of time, effort, and money.
THE BOTTOM LINE

Sixth and finally, the reasons above—taken together—distinguish this book significantly from other recent works, such as Bossidy and Charan's *Execution* (Crown Business, 2002). This book covers more of the important factors and decisions related to successful execution. It offers an empirically based, integrative, complete approach to making strategy work and focuses more extensively on managing change than other publications dealing with implementation.

The bottom line is that my book greatly adds to and follows logically Bossidy and Charan’s *Execution*. It is an important and necessary addition to the toolkit of managers looking to execute strategy and change effectively.

ON A FINAL NOTE

Leading execution and change to make strategy work is a difficult and formidable task. For the six reasons I have listed, I believe this task can be made more logical, manageable, and successful by the present book's approach and insights.

A FEW THANKS

An undertaking such as the present one is challenging and difficult because of its complexity. I alone assume responsibility for the book’s content, its interpretation of data and facts, and its conclusions. Still, while the ultimate responsibility is mine, there are a number of people who helped me in my task, and I would like to recognize them for their contributions. Brian Smith of the Gartner Research Group helped immensely with the creation of the online research survey and contributed important technical support. Cecilia Atoo of Wharton was a real stalwart as she typed the manuscript, created figures and tables, and otherwise helped meet my demands and those of the copyeditors. Many thanks are due to my editor, Tim Moore, as well as Russ Hall and others at Pearson Prentice Hall who helped me develop the manuscript into its present form. The anonymous reviewers who provided valuable
feedback and suggestions for improving the manuscript also deserve recognition for their efforts. Finally, special thanks are due to my son, Justin, and my muse, Laura, whose encouragement, friendship, and support were constant sources of motivation to me.
This page intentionally left blank
In 2013, eight years after the publication of *Making Strategy Work*, the strategic implementation problems organizations face are remarkably similar to those reported by managers in 2005. The obstacles to effective strategy execution are still real and formidable. While strategic planning or strategy making is difficult and challenging, as always, it’s still obvious that managers feel more than ever that the successful implementation of strategy is more problematic than the formulation of a chosen strategy and even more important for organizational performance. It is still clear and notable that making strategy *work* is more difficult and challenging than making or creating strategy.

If, indeed, there is a notable change in 2013, it’s that the execution of strategy is receiving more attention than it did a decade or so ago. Managers realize more than ever that execution is a key to strategic success and that the obstacles to implementation are real and demand managerial time and attention. Despite this insight,
however, the road to successful execution is still bumpy and full of potholes, suggesting that managers haven’t come fully to grasp with what contributes to making strategy work. Let’s note what these challenging issues were in 2005 and why they still set the tone for this book and underlie the present treatment of what’s needed to make strategy work. Looking at the past and present clearly shows that the challenges to execution were and still are real, salient, and worthy of attention.

More than two decades ago, I was working with the Organizational Effectiveness Group in AT&T’s new Consumer Products division, a business created after the court-mandated breakup and reorganization of the company. I remember one particular day that made an impression on me that would last for years.

I was talking to Randy Tobias, the head of the division. I had met Randy while doing some work for Illinois Bell, and here we were talking about his division’s strategic issues and challenges. Randy later moved into the chairman’s office at AT&T and then became a successful CEO of Eli Lilly, but his comments that day years ago were the ones that affected me most.¹

Here was a new business thrust headlong into the competitive arena. Competition was new to AT&T at the time. Competitive strategy for the business was nonexistent, and Tobias was laboring to create that elusive original plan. He focused on products, competitors, industry forces, and how to position the new division in the marketplace. He handled expectations and demands from corporate as he forged a plan for the business and helped position it in the AT&T portfolio. He created a strategic plan where previously there had been none, a Herculean task and one well done at the time.

On that day, I recall asking Randy what was the biggest strategic challenge confronting the business. I expected that his answer would deal with the problem of strategy formulation or some competitive threat facing the division. His answer surprised me.

He said that strategy formulation, while extremely challenging and difficult, was not what concerned him the most. It was not the planning that worried him. It was something even bigger and more problematic.
It was the execution of strategy that concerned him above all else. Making the plan work would be an even bigger challenge than creating the plan. Execution was the key to competitive success, but it would take some doing.

I, of course, sought further clarification and elaboration. I can’t remember all of his points in response to my many questions, but here are some of the execution challenges he raised that day, referring to his own organization. He mentioned the following:

- The culture of the organization and how it was not appropriate for the challenges ahead
- Incentives and how people have been rewarded for seniority or “getting older,” not for performance or competitive achievement
- The need to overcome problems with traditional functional “silos” in the organization’s structure
- The challenges inherent in managing change as the division adapted to new competitive conditions

This was the first elaboration of execution-related problems I had ever heard, and the message has stayed with me over the years. This early experience has been repeated countless times in many other organizations. A number of critical insights have stayed with me as I’ve dealt with execution- or implementation-related programs in many different organizations. It became clear to me that day and over the years that: Execution is a key to success.

**EXECUTION IS A KEY TO SUCCESS**

Execution clearly is a key to success, but it is no easy task. Here was a company back then with an ingrained culture and structure, a set way of doing things. For AT&T to adapt to its new competitive environment, major changes would be necessary, and those changes would be no simple cakewalk. Obviously, developing a competitive strategy wouldn’t be easy, but the massive challenges confronting the company made it clear to me early on that: Making strategy work is more difficult than strategy making.
MAKING STRATEGY WORK IS MORE DIFFICULT THAN THE TASK OF STRATEGY MAKING

Execution represents a disciplined process or a logical set of connected activities that enables an organization to take a strategy and make it work. Without a careful, planned approach to execution, strategic goals cannot be attained. Developing such a logical approach, however, represents a formidable challenge to management.

Even with careful development of an execution plan at the business level, execution success is not guaranteed. Tobias’ strategic and execution plans for the Consumer Products division were well thought out. Yet troubles plagued the division’s progress. Why? The problem was with the entire AT&T corporation. The company was about to go through a huge metamorphosis that it simply was not equipped to deal with and make work. Execution plans at the business level founder or fail if they don’t receive corporate support. AT&T was, at the time, a slow-moving behemoth in which change was vehemently resisted. Well-prepared and logical plans at the Consumer Products business level were hampered by a poor corporate culture. Tobias’ insights and potentially effective execution actions were blunted by corporate inertia and incompetence. A host of factors, including politics, inertia, and resistance to change, routinely can get in the way of execution success.

In the years since this first encounter with strategy execution or implementation, I have worked with numerous managers and many organizations from different and diverse industries, I’ve worked with many different companies or organizations—large and small, service organizations and nonprofits, government agencies—and the message has remained entirely consistent and clear: The execution of strategy is vital to company or organizational performance, but pulling it off successfully is a huge challenge and difficult task.

One striking aspect of all this, even in the present, is that managers apparently still don’t know a great deal about the execution of strategy. It is still seen as a major problem and challenge.
Management literature has focused over the years primarily on parading new ideas on planning, strategy formulation, and so on in front of eager readers, but it has sorely neglected execution. Granted, planning is important. Granted, people are waking up to the challenge and are beginning to take execution seriously.

Still, it is obvious that the execution of strategy is not nearly as clear and understood as the formulation of strategy and other management issues. Much more is known about planning than doing, about strategy making than making strategy work.

An obvious question that presents itself is: Is execution really worth the effort? Is execution or implementation truly worth managerial time and attention?

Consider some relatively recent comprehensive studies of what contributes to company success.ii In one study of 160 companies over a five-year period, success was strongly correlated, among other things, with an ability to execute flawlessly. Factors such as culture, organizational structure, and aspects of operational execution were found to be vital to company success, with success measured by total return to shareholders. Focusing on execution, the study found, is definitely worthwhile, leading to increased profitability.

Another, more recent study of CEO abilities and the effects on company performance is even more striking in its findings.iii The authors of the research published in 2012 found, shockingly, that CEOs who were good listeners, team builders, or great communicators did not lead successful companies. What was most significant were the top manager's execution and organizational skills. Managers who focused on details, the integration of long-term and short-term goals and performance metrics, and analytical thoroughness were the ones leading successful companies. Coordination and follow-through were more important than being an enthusiastic colleague. The people or social skills, one can infer, can add to the top manager’s execution prowess, but they alone are insufficient to guarantee company success.

This and other studies suggest that the market wants top management to fill an organizational role more than a social one.iv What's desired from leaders is a relentless and even mind-numbing focus
on execution and incremental changes in performance. Charisma and charm help, but the delivery of performance metrics and the ability to execute a plan are what really counts. The methodical manager whose relentless focus is on execution and the organizational design capabilities supporting it is the man of the hour. Making strategy work is the mark of the successful CEO and his or her staff.

Other recent works have added their support to these studies’ findings that execution is important for strategic success, even if their approach and analysis are less rigorous and complete. These works then, in total, support the view I’ve held for years: A focus on execution pays dividends.

A FOCUS ON MAKING STRATEGY WORK PAYS MAJOR DIVIDENDS

Despite its importance, execution is often handled poorly by many organizations. There still are countless cases of good plans going awry because of substandard execution efforts. This raises some important questions.

If execution is central to success, why don’t more organizations develop a disciplined approach to it? Why don’t companies spend time developing and perfecting processes that help them achieve important strategic outcomes? Why can’t more companies execute or implement strategies well and reap the benefits of those efforts?

The simple answer, again, is that execution is extremely difficult. There are formidable roadblocks or hurdles that get in the way of the execution process and seriously injure the implementation of strategy. The road to successful execution is full of potholes that must be negotiated for execution success. This was the message two decades ago, and it still is true today.

Let’s identify some of the problems or hurdles affecting implementation. Let’s then focus on confronting the obstacles and solving the problems in subsequent chapters of this book.
MANAGERS ARE TRAINED TO PLAN, NOT EXECUTE

One basic problem is that managers know more about strategy formulation than implementation. They are trained to plan, not execute plans.

In most MBA programs I’ve looked at, students learn a great deal about strategy formulation and functional planning. Core courses typically hone in on competitive strategy, marketing strategy, financial strategy, and so on. The number of courses in most core programs that deal exclusively with execution or implementation? Usually none. Execution is most certainly touched on in a couple of the courses, but not in a dedicated, elaborate, purposeful way. Emphasis clearly is on conceptual work, primarily planning, and not on doing. At Wharton, there is at least an elective on strategy implementation, but this is not typical of many other MBA programs. Even if things are beginning to change, the emphasis still is squarely on planning, not execution.

Added to the lack of training in execution is the fact that strategy and planning in most business schools are taught in “silos,” by departments or disciplines, and execution suffers further. The view that marketing strategy, financial strategy, HR strategy, and so on is the only “right” approach is deleterious to the integrative view demanded by execution.

It appears, then, that many MBA programs (undergrad, too, for that matter) are marked by an emphasis on developing strategies, not executing them. Bright graduates are well versed in strategy and planning, with only a passing exposure to execution. Extrapolating this into the real world suggests that many managers have rich conceptual backgrounds and training in planning but not in “doing.” IF this is true—if managers are trained to plan, not to execute—then the successful execution of strategy becomes less likely and more problematic. Execution is learned in the “school of hard knocks,” and the pathways to successful results are likely fraught with mistakes and frustrations.

It also follows logically that managers who know something about strategy execution very likely have the advantage over their counterparts who don’t.
If managers in one company are better versed in the ways of execution than managers in a competitor organization, isn’t it logical to assume, all other things being equal, that the former company may enjoy a competitive advantage over the latter, given the differences in knowledge or capabilities? This certainly seems to be the message in the studies cited previously. The benefits of effective execution include competitive advantage and higher returns to shareholders, so having knowledge in this area would clearly seem to be worthwhile and beneficial to the organization.

**LET THE “GRUNTS” HANDLE EXECUTION**

Another problem is that some C-level and other top-level managers actually believe that strategy execution or implementation is “below them,” something best left to lower-level employees. Indeed, the heading of this section comes from an actual quote from a high-level manager.

I was working on implementation programs at GM, under the auspices of Corporate Strategic Planning. In the course of my work, I encountered many competent and dedicated managers. However, I also ran across a few who had a jaundiced view of execution. As one of these managers explained:

“Top management rightfully worries about planning and strategy formulation. Great care must be taken to develop sound plans. If planning is done well, management then can turn the plans over to the grunts whose job it is to make sure things get done and the work of the planners doesn’t go to waste.”

What a picture of the planning and execution process! The planners (the “smart” people) develop plans that the “grunts” (not quite as smart) simply have to follow through on and make work. “Doing” obviously involves less ability and intelligence than “planning,” a perception of managerial work that clearly demeans the execution process.

The prevailing view here is that one group of managers does innovative, challenging work (planning) and then “hands off the ball”
to lower levels for execution. If things go awry and strategic plans are not successful (which often is the case), the problem is placed squarely at the feet of the “doers,” who somehow screwed up and couldn’t implement a perfectly sound and viable plan. The doers fumbled the ball despite the planners’ well-designed plays.

Every organization, of course, has some separation of planning and doing, of formulation and execution. However, when such a separation becomes dysfunctional—when planners see themselves as the smart people and treat the doers as “grunts”—there clearly will be execution problems. When the “elite” plan and see execution as something below them, detracting from their dignity as top managers, the successful implementation of strategy obviously is in jeopardy.

The truth is that all managers are “grunts” when it comes to strategy execution. From the CEO on down, sound execution demands that managers roll up their sleeves and pitch in to make a difference. The content and focus of what they do may vary between top and middle management. Nonetheless, execution demands commitment to and a passion for results, regardless of management level.

Another way of saying this is that execution demands ownership at all levels of management. From C-level managers on down, people must commit to and own the processes and actions central to effective execution. Ownership of execution and the change processes vital to execution are necessary for success. Change is impossible without commitment to the decisions and actions that define strategy execution.

The execution of strategy is not a trivial part of managerial work; it defines the essence of that work. Execution is a key responsibility of all managers, not something that “others” do or worry about.

**PLANNING AND EXECUTION ARE INTERDEPENDENT**

Even though, in reality, there may be a separation of planning and execution tasks, the two are highly interdependent. Planning affects execution. The execution of strategy, in turn, affects
changes to strategy and planning over time. This relationship between planning and doing suggests two critical points to keep in mind.

Successful strategic outcomes are best achieved when those responsible for execution are also part of the planning or formulation process. The greater the interaction between “doers” and “planners,” or the greater the overlap of the two processes or tasks, the higher the probability of execution success.

The real and difficult question, of course, is how to get the “doers” involved in the planning process. Top managers who formulate strategy cannot talk to or seek advice from thousands of lower-level personnel spread out around the globe. So, how do the planners pool the doers and get them involved?

Methods can be used to foster interaction and knowledge sharing, and these are discussed in greater detail later in this chapter. These methods include meetings and direct contact (e.g., GE’s “Work-Outs,” strategic management meetings with representatives of key businesses and functional areas) and the use of surveys. The latter involves the collection of data from key managers whose commitment to execution is vital. E-mails collected from a sample of managers worldwide can provide valuable information for planners and increase the commitment of the doers to chosen plans of action. The task is to derive ways to reach out to the doers in some way to get them involved in the process of strategic thinking and planning.

A related point is that strategic success demands a “simultaneous” view of planning and doing. Managers must be thinking about execution even as they are formulating plans. Execution is not something to “worry about later.” All execution decisions and actions, of course, cannot be taken at once. Execution issues or problem areas must be anticipated, however, as part of a “big picture” dealing with planning and doing. Formulating and executing are parts of an integrated, strategic management approach. This dual or simultaneous view is important but difficult to achieve, and it presents a challenge to effective execution.
The methods used to foster interaction and knowledge sharing just mentioned can help to foster this simultaneous view of planning and doing. A survey instrument or questionnaire collected from a sample of managers globally can raise issues related to competitive strategy. However, it can also generate thoughts and opinions about what resources or capabilities are needed to make the strategy work. Generating a strategic “wish list” is helpful; creating a realistic view of implementation needs or requirements simultaneously aids by attaching priorities to that wish list and identifying which strategic thrusts are most likely to succeed.

Randy Tobias had this simultaneous view of planning and doing. Even as he was formulating a new competitive strategy for his AT&T division, he was anticipating execution challenges. Competitive strategy formulation wasn’t seen as occurring in a planning vacuum, isolated from execution issues. Central to the success of strategy was the early identification and appreciation of execution-related factors whose impact on strategic success was judged to be formidable. Execution worries couldn’t be put off; they were part and parcel of the planning function.

In contrast, top management at a stumbling Lucent Technologies never had this simultaneous view of planning and execution.

When it was spun off from AT&T, the communications, software, and data networking giant looked like a sure bet to succeed. It had the fabled Bell Labs in its fold. It was ready to hit the ground running and formulate winning competitive strategies. Even as the soaring technology market of the late 1990s helped Lucent and other companies, however, it couldn’t entirely mask or eliminate Lucent’s problems.

One of the biggest problems was that management didn’t anticipate critical execution obstacles as they were formulating strategy. Its parent, Ma Bell, had become bureaucratic and slow moving, and Lucent took this culture with it when it was spun off. The culture didn’t serve the company well in a highly competitive, rapidly changing telecom environment, a problem that was not foreseen. An unwieldy organizational structure, too, was ignored during Lucent’s early attempts at strategy development, and it soon became a liability when it came to such matters as product
development and time to market. More agile competitors beat Lucent to market, signaling problems with Lucent’s ability to pull off its newly developed strategies.

One thing lacking at Lucent was top management’s having a simultaneous view of planning and doing. The planning phase ignored critical execution issues related to culture, structure, and people. The results of this neglect were extremely negative, only magnified by the market downturns that followed the Lucent spinoff.

There are many examples of poor simultaneous thinking. I’ve seen companies change or tweak strategies, only to find that they lack the capabilities down the line to pull them off. A charge against Avon Products, Inc., in light of its years of poor performance, was that it changed its strategic course and didn’t see the problems that would materialize because of it. The company slowly, but inexorably, moved away from its core approach of direct selling and tried to be more like the big “beauty” companies, like P&G and L’Oreal. The move was problematic because top management and the board didn’t see that their direct selling model, their capabilities, especially in sales, and their culture would get in the way of such a move. The lack of forward-oriented, simultaneous thinking led to troubles that at first were unforeseen.

In April 2012, the Avon board announced that Sherilyn McCoy would be Avon’s new CEO after 30 years at J&J. Can she improve Avon’s performance? She’ll need to focus on Avon’s core business and capabilities and make decisions driven by both a strategic and short-term point of view. She’ll virtually have to act as both a CEO and COO, with a simultaneous view of needed quick actions and the long-term implications of those same actions. Also needed is a handling of organizational culture that supports a move focusing on returning to the company’s lost core capabilities. This, of course, will not be an easy task.

**EXECUTION TAKES LONGER THAN FORMULATION**

The execution of strategy usually takes longer than the formulation of strategy. Whereas planning may take weeks or months, the implementation of strategy usually plays out over a much longer
period of time. The longer time frame can make it harder for managers to focus on and control the execution process, as many things, some unforeseen, can materialize and challenge managers’ attention.

I recently was involved in the planning and execution of strategy with a medium-size company whose headquarters is close to Philadelphia. The company is really a division of a larger corporation, but it enjoyed autonomy and flexibility as it was formulating a strategy in 2010 for implementation in 2011 and a few years thereafter.

The plan involved the expansion of most strategic business units (SBUs) into Europe. Questions about strategy dealt with which products to push, where, and how, with emphasis on cost position or differentiation. Implementation issues dealt with the organizational structure (for example, centralization versus decentralization in foreign markets), coordination requirements of capabilities and units, and talent acquisition to support the expansion.

For present purposes, the point is that the planning stage was much shorter and controllable than the implementation or execution stage. Working with the top management of the business and SBU managers at home and abroad, the strategy was laid out nicely in just a couple of months. The execution of the plan, however, was projected to require, at minimum, two to three years. The longer time frame for implementation clearly would increase the difficulty of execution efforts. Why is this true?

Steps taken to execute a strategy take place over time, and many factors, including some unanticipated, come into play. Interest rates may change, competitors don’t behave the way they’re supposed to (competitors can be notoriously “unfair” at times, not playing by our “rules”!), customers’ needs change, and key personnel leave the company. The outcomes of changes in strategy and execution methods cannot always be easily determined because of “noise” or uncontrolled events. This obviously increases the difficulty of execution efforts.

The longer time frame puts pressure on managers dealing with execution. Long-term needs must be translated into short-term
objectives. Controls must be set up to provide feedback and keep management abreast of external “shocks” and changes. The process of execution must be dynamic and adaptive, responding to and compensating for unanticipated events. This presents a real challenge to managers and increases the difficulty of strategy execution.

When the DaimlerChrysler merger was consummated, many believed that the landmark deal would create the world’s preeminent carmaker. Execution, however, was extremely difficult, and the years after the merger saw many new problems unfold. The company faced one crisis after another, including two bouts of heavy losses in the Chrysler division, a series of losses in commercial vehicles, and huge problems with failed investments in an attempted turnaround at debt-burdened Mitsubishi Motors. Serious culture clashes also materialized between the top-down, formal German culture versus the more informal and decentralized U.S. company. The merger was doomed; what looked good at the outset turned into a catastrophe. The long time frame for execution, coupled with a lack of simultaneous thinking, led to major problems and disaster. Problems and issues originally unanticipated and not discussed popped up as formidable barriers to the effective execution of strategy.

Another example is the case of J.C. Penney. After years of poor performance at the embattled company, Ron Johnson was appointed CEO and charged with the responsibility of turning things around. In 2012, he promised significant change, committing to doing for Penney what he had done previously for Apple stores.

Some changes were done quickly, for example, a new three-tiered pricing structure and limitation on the number of expensive major advertising promotions. But other elements of strategy execution inevitably will take time. Johnson faces the need to reinvent 1,100 retail stores, many of which aren’t very attractive. This is an old chain—110 years old—and many changes will come slowly. Doing too many things at once can create confusion and perhaps resistance to needed change. Care must be taken to recognize that some aspects of reinventing the department store chain are best done
over time with careful preparation and thought. It also must be recognized, however, that the long time frame devoted to execution can breed some of its own problems. Johnson indeed faces challenges as he tries to turn around the lumbering giant.

Execution always takes time and places pressure on management for results. But the longer time needed for execution also increases the likelihood of additional unforeseen problems or challenges cropping up, which further increases the pressure on managers responsible for execution results. The process of execution is always difficult and sometimes quarrelsome, with problems only exacerbated by the longer time frame and uncertainty usually associated with execution.

EXECUTION IS A PROCESS, NOT AN ACTION OR STEP

A point just made is critical and should be repeated: Execution is a process. It is not the result of a single decision or action. It is the result of a series of integrated decisions or actions over time.

This helps explain why sound execution confers competitive advantage. Firms will try to benchmark a successful execution of strategy. However, if execution involves a series of internally consistent, integrated activities, activity systems, or processes, imitation will be extremely difficult, if not impossible. vii

Southwest Airlines, for example, does many things differently than the few larger, long-established airlines. It has no baggage transfer, serves no meals, uses one type of airplane (reducing training and maintenance costs), and incents fast turnaround at the gate. It has developed capabilities and created a host of activities to support its low-cost strategy. Other airlines are hard pressed to copy it, as they’re already doing everything Southwest isn’t. They’re committed to different routines and methods. Copying Southwest’s execution activities, in total, would involve difficult trade-offs, markedly different tasks, and major changes, which complicates the problem of developing and integrating new execution processes or activities. This is not to say that competitors absolutely cannot copy Southwest; indeed, other low-cost upstarts and traditional airlines are putting increasing competitive
pressure on Southwest. This is simply arguing that such imitation is extremely hard to do when the potential imitators have already committed to routines and activities that Southwest or other low-cost carriers aren’t committed to or doing.

Execution is a process that demands a great deal of attention to make it work. Execution is not a single decision or action. Managers who seek a quick solution to execution problems will surely fail in attempts at making strategy work. Faster is not always better!

EXECUTION INVOLVES MORE PEOPLE THAN STRATEGY FORMULATION

In addition to being played out over longer periods of time, strategy implementation always involves more people than strategy formulation. This presents additional problems. Communication down the organization or across different functions becomes a challenge. Making sure that incentives throughout the organization support strategy execution efforts becomes a necessity and, potentially, a problem. Linking strategic objectives with the day-to-day objectives and concerns of personnel at different organizational levels and locations becomes a legitimate but challenging task. The larger the number of people involved, the greater the challenge of effective strategy execution.

I once was involved in a strategic planning project with a well-known bank. Another project I wasn’t directly involved in had previously recommended a new program to increase the number of retail customers who used certain profitable products and services. A strategy was articulated and a plan of execution developed to educate key personnel and to set goals consistent with the new thrust. Branch managers and others dealing with customers were brought in to corporate for training and to create widespread enthusiasm for the program.

After a few months, the data revealed that not much had changed. It clearly was business as usual, with no change in the outcomes being targeted by the new program. The bank decided to do a brief survey to canvas customers and branch personnel in contact with customers to determine reactions to the program and see where modifications could be made.
The results were shocking, as you’ve probably guessed. Few people knew about the program. Some tellers and branch personnel did mention that they had heard about “something new,” but nothing different was introduced to their daily routines. A few said that the new program was probably just a rumor, as nothing substantial had ever been implemented. Others suggested that rumors were always circulating, and they never knew what was real or bogus.

Communication and follow-through for the new program were obviously inadequate, but the bank admittedly faced a daunting task. It was a big bank. It had many employees at the branch level. Educating them and changing their behaviors was made extremely difficult by the bank’s size. Decentralized branch operations ensured that problems were always “popping up” in the field, challenging employees’ attention and making it difficult to introduce new ideas from corporate to a large group of employees.

In this example, the number of people who needed to be involved in the implementation of a new program presented a major challenge to the bank management. One can easily imagine the communications problems in even larger, geographically dispersed companies such as GM, IBM, GE, Exxon, Nestle, Citicorp, and ABB. The number of people involved, added to the longer time frames generally associated with strategy execution, clearly creates problems when trying to make strategy work.

**ADDITIONAL CHALLENGES AND OBSTACLES TO SUCCESSFUL EXECUTION**

The issues previously noted are serious, potentially impeding execution. Yet there are still other challenges and obstacles to the successful implementation of strategy. These need to be identified and confronted if execution is to succeed.

To find out what problems managers routinely encounter in the execution of strategy, I developed two research projects to provide some answers. My goal was to learn about execution from those
most qualified to give me the scoop—managers actually dealing with strategy execution. I could have relied solely on my own consulting experiences. I felt, however, that a more widespread approach—surveys directed toward many practicing managers—would yield additional positive results and useful insights into execution issues.

WHARTON-GARTNER SURVEY AND EXECUTIVE EDUCATION DATA COLLECTION

The first survey was a joint project involving the Gartner Group, Inc., a well-known research organization, and me, a Wharton professor. The purpose of the research, from the Gartner introduction, was as follows:

“To gain a clear understanding of challenges faced by managers as they make decisions and take actions to execute their company’s strategy to gain competitive advantage.”

The research instrument was a short online survey sent to 1,000 individuals on the Gartner E-Panel database. The targeted sample comprised managers who reported that they were involved in strategy formulation and execution. Complete usable responses were received from a sample of 243 individuals, a return rate that is more than sufficient for this type of research. In addition, the survey collected responses to open-ended questions to provide additional data, including explanations of items covered in the survey instrument. A copy of the overall Wharton-Gartner survey can be found in the appendix of this book.

There were 12 items on the survey dealing with obstacles to the strategy-execution process. They focused on conditions that affect execution and were originally developed in conjunction with a long-running Wharton Executive Development Program on strategy implementation.

Using the 12 items to gather opinions over a large number of executive education programs provided me with responses from a sample of 200 managers. They provided a ranking of the items’ impact
on strategy execution. Open-ended responses to questions about execution issues, problems, and opportunities were also collected over time, providing additional valuable data. Coupled with the data collected in the Wharton-Gartner Survey using the same 12 items, I had complete responses from 443 managers involved in strategy execution who told me about their execution problems and their solutions to them.

In subsequent Wharton Executive Development Programs and consulting engagements after this data collection and publication of *Making Strategy Work* in 2005, I was able to gain additional insight into execution problems and difficulties. I held formal and informal discussions during the executive programs and while working with companies in the period from 2005 to the present, asking managers what the data were actually saying or implying. I asked managers why, in their opinion, people responded the way they did. “What are the survey data telling us about execution problems or issues?” was the predominant question.

These discussions forced managers to read between the lines and interpret the formal data. They also enabled me to probe into what could be done to overcome the obstacles and achieve successful execution outcomes. Insights were collected, then, not only on the sources of execution problems but their solutions as well.

The surveys and follow-up discussions provided data right from “the horse’s mouth.” These were not idiosyncratic data, the opinions or observations of a few managers or CEOs who, against all odds, “did it their way.” The number of managers providing answers, coupled with an emphasis on real problems and solutions, added a strong sense of relevance to the opinions gathered about strategy execution.

What insights did these additional discussions, interviews, and analyses reveal? What did managers say about execution problems and how do their opinions affect the topics and issues that this revised book addresses to further the cause of more successful strategy execution programs?
THE RESULTS: OBSTACLES TO SUCCESSFUL STRATEGY EXECUTION

Table 1.1 summarizes the main points that emerged from the original research and that managers discussed and analyzed in the period 2005 to the present. Taken together, the data suggest clearly why the execution of strategy is such a difficult task, one that deserves dedicated managerial attention.

The importance of managing change to enable effective strategy execution comes across from the data immediately.

Table 1.1 Obstacles to Effective Strategy Execution

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Inability to manage change effectively and overcome resistance to change</td>
</tr>
<tr>
<td>2.</td>
<td>A poor or vague strategy</td>
</tr>
<tr>
<td>3.</td>
<td>Not having guidelines or a model to guide strategy-execution efforts</td>
</tr>
<tr>
<td>4.</td>
<td>Trying to execute a strategy that conflicts with the existing power structure</td>
</tr>
<tr>
<td>5.</td>
<td>Poor or inadequate information sharing between individuals or business units responsible for strategy execution</td>
</tr>
<tr>
<td>6.</td>
<td>Unclear communication of responsibility or accountability for execution decisions or actions</td>
</tr>
<tr>
<td>7.</td>
<td>Lack of feelings of ownership of a strategy or of execution steps or plans among key employees</td>
</tr>
<tr>
<td>8.</td>
<td>Lack of understanding of the role of organizational structure and design in the execution process</td>
</tr>
</tbody>
</table>

Inability to manage change effectively clearly was seen as injurious to strategy-execution efforts. Managers cited the fact that execution or implementation often involved new methods or approaches—new structures, incentives, coordination methods, controls and information sharing—and that managers often resisted these changes, preferring to operate as they always had. Resistance to change, then, had to be confronted and overcome to achieve positive execution results.

Although culture was not mentioned explicitly in the item, the discussions with managers placed culture at the core of many change-related problems. To many of the respondents, “change” and “culture change” were synonymous. To other managers,
culture change was a subset of change management that doesn’t always come into play, but when it does, always deserves additional, separate attention. Suffice it to say presently that handling change effectively, including culture change, is central to effective execution attempts, and discussions in later chapters address this issue.

Another change-related issue raised by managers dealt with the speed of change when implementing new aspects of the execution process. Should managers do everything quickly, at once, or focus on slower, more deliberate change activities? This is an important issue that only arose in discussions because managers read between the lines and raised important issues derived from their own experience but not addressed directly by the data in the survey instruments.

Trying to execute a strategy that conflicts with the prevailing power structure clearly is doomed to failure according to the managers surveyed. Confronting those with influence at different organizational levels who disagree with an execution plan surely will have unhappy results in most cases. The underlying question in need of attention deals with the use and support of the power structure. How does one gain influence or use the power structure to foster and aid strategy execution efforts? This issue certainly requires explication later in the book.

Poor sharing of information or poor knowledge transfer and unclear responsibility and accountability also can doom strategy-execution attempts. These items suggest that attempts at coordination or integration across organizational units can suffer if unclear responsibilities and poor sharing of vital information needed for execution is the rule. This makes sense because complex strategies often demand cooperation, effective coordination, and information sharing. Not achieving the requisite knowledge transfer and integration certainly cannot help the execution of these strategies.

These items also raise the issue of why managers are motivated not to share knowledge or accept responsibility for execution decisions and actions. Whether this is caused, in part, by poor information-sharing resources or poor communication about who
exactly is accountable for critical action items and decisions is an issue in need of additional discussion in later chapters.

Having a poor or vague strategy certainly detracts from implementation or execution success. Discussions with managers revealed a number of underlying problems. First, a poor strategy creates uncertainty about how the organization plans to compete and, consequently, how to execute the weak or unclear plan. Second, an unclear or poor strategy fosters problems as to what skills or capabilities a company must invest in and develop to make strategy work. Third, managers stressed that the uncertainties and problems mentioned detract from managers’ confidence about their ability to compete successfully against foes in the market whose plans and approaches to execution are more clear, certain, and attuned to the prevalent market and competitive conditions. A lack of confidence and distrust of approaches to strategy and the resources and capabilities surrounding it can only lead to poor performance according to the managers interviewed in this research.

Another issue that came up repeatedly is the need for a model or plan to guide execution efforts. What should the flow of decisions and activities look like? What is the logic that underlies sound approaches to execution? If execution is to be a solid, controlled effort and not a haphazard or idiosynratic approach to making strategy work, what should this effort look like? This is an important issue in need of attention.

Many managers, especially those in higher-level positions, raised questions about the role and impact of organizational structure in the implementation or execution process. While managers responded to the survey, saying that structure was important, many admitted in discussions that they didn’t quite know why! They wanted more information about the choice of structure, the costs and benefits of different structural options, how often and why structure should be changed, and whether structure was helpful for, or a hindrance to, strategy execution efforts. The lack of knowledge about structure was surprising, but it did suggest clearly the need to cover the topic in greater detail.
There were also consistent mentions of issues around communication, buy-in, incentives, and controls in the best approaches to strategy execution. Table 1.1 makes no direct mention of incentives, for example, but managers constantly raised this issue in the discussions subsequent to the original research and data collection. Their interest and comments suggest strongly that incentives are implied in a number of areas in Table 1.1, even if not explicitly mentioned. The incentives to cooperate, share knowledge, accept responsibility, and support change programs are vital to execution success. Incentives, like communication and buy-in, must be an integral part of execution-related programs.

One other critical issue was raised fairly frequently by managers in the discussions of execution that took place in the time from the original survey research in 2005 to the present. Like the issue of incentives, which underlies much of what is being said in Table 1.1, so too this additional issue is a vital force affecting execution success or failure.

The issue is: Leadership and the need to create an execution-based culture in the organization.

Discussions with managers and executives constantly mentioned the issues of sound leadership and its connection to building an organizational culture based strongly on execution success. Their thoughts closely mirrored those in the 2012 study by Kaplan, Klebanov, and Sorensen cited previously. Successful leaders, it was emphasized, focus on the “details” of integrating strategy and short-term, operational goals. They create a culture based on performance, with incentives to support operational excellence. They demand the acceptance of responsibility and clear accountability in the process of goal attainment. Having leaders with charm, charisma, or social skills helps, but alone these characteristics don’t create the performing organization. It’s the focus on execution and results that matters.

The need for leadership that creates a climate of effective performance, then, is a critical ingredient in the quest to make strategy work. Leadership in some general sense may be important, but leadership in the more specific role of creating a widespread culture of execution based on clear performance standards,
accountability, and a concern with integrating long- and short-term objectives clearly is the key to success.

The phenomenon of leadership and its relation to an execution-based culture is implied by the survey results in Table 1.1. This concept appears in various forms and places later in the book, as we flesh out the conditions for making strategy work.

EXECUTION OUTCOMES

The survey research, coupled with data derived from years of working with managers in the period after 2005, provides strong evidence of what are seen to be the outcomes of both good and poor execution. Focusing first on the positive, Table 1.2 summarizes the positive outcomes most commonly attributed to sound execution processes. Interesting, too, is the fact that managers linked the benefits to the possible attainment of competitive advantage. Solid execution, that is, can lead not only to more effective performance against an organization’s own goals, but also to significantly better performance against others in the same industry or market space.

Table 1.2 Benefits of Sound Execution: Possible Contributions to Competitive Advantage

- Lower costs
- Faster response to customers and markets
- Appropriate structures, incentives, and controls: Focusing attention on the right strategic and operating issues
- More effective and efficient coordination
- Clear responsibility and accountability
- Effective management of human resources
- Increased ability to manage change and adapt to external shocks

The benefits in Table 1.2 are self-explanatory. The one that perhaps needs some clarification is the third one noted on structures, incentives, and controls. Managers, in effect, are saying that an emphasis on strategy, supported by an appropriate structure, set
of incentives, and control mechanisms, increases managerial focus on the right things, strategically and operationally, and facilitates change and adaptation. The process might be shown as follows:

Organizational structure and incentives support a chosen strategy, and effective controls provide feedback about performance, allowing the organization to adapt and retain its market or customer focus. The process is ongoing, allowing the organization to focus on learning in a continuous cycle of performance, evaluation, learning, and adaptation. More will be said in subsequent chapters about the relationship among these factors and how they affect performance, adaptation, and making strategy work.

Managers in the original surveys and in the post-survey discussions identified some of the results of poor execution. In addition to “not achieving desired execution outcomes or objectives,” managers noted a few additional results of poor execution methods as being highly problematic. These include the following:

- Employees don’t understand how their jobs contribute to important execution outcomes.
- Time and money are wasted because of inefficiency or bureaucracy in the execution process.
- Execution decisions take too long to make.
- The company reacts slowly or inappropriately to competitive pressures.

These are not trivial issues. Execution problems can cost the organization dearly. Time and money are wasted, and a company can face serious competitive setbacks because of an inability to respond to market or customer demands. Execution problems must be addressed, but which ones and in what order?
THE EXECUTION CHALLENGE

Table 1.1 previously listed eight areas of obstacles or challenges to strategy execution. Or, to put it positively, there are eight areas of opportunity: Handling them well guarantees execution success. Based on the discussions with managers involved in the strategy execution interviews, I have rearranged the key issues to include the points raised by the managers and to present a logical approach to development of a process for making strategy work. Emphasis, that is, is on a logical flow of execution steps or activities.

Inability to manage change effectively, for example, was shown in Table 1.1 to be the largest obstacle to the effective execution of strategy. But logically something must precede change attempts. Decisions and actions must have been taken and new factors introduced before change can occur. In effect, there must be something to change before change can occur.

Keeping this in mind resulted in a plan for the flow of material that follows. Again, the emphasis is on a logical, step-by-step approach to the decisions vital to making strategy work. The areas relating to successful strategy execution are as follows:

1. Developing a model to guide execution decisions or actions
2. Understanding how the creation of strategy affects the execution of strategy
3. Developing organizational structures that support strategic objectives and foster information sharing, coordination, and clear accountability
4. Creating and using incentives to support strategy execution processes and decisions
5. Developing effective controls and feedback mechanisms to enable the organization to assess performance and adapt to changing conditions
6. Understanding an organization’s power or influence structure and using it for execution success
7. Knowing how to create an execution-supportive culture
8. Exercising execution-biased leadership
9. Managing change effectively, including culture change
HAVING A MODEL OR GUIDELINES FOR EXECUTION

Managers need a logical model to guide execution actions.

Without guidelines, execution becomes a helter-skelter affair. Without guidance, individuals do the things they think are important, often resulting in uncoordinated, divergent, even conflicting decisions and actions. Without the benefit of a logical approach, execution suffers or fails because managers don’t know what steps to take and when to take them. Having a model or roadmap positively affects execution success.

STRATEGY IS THE PRIMARY DRIVER

It all begins with strategy. Execution cannot occur until one has something to execute. Bad strategy begets poor execution and poor outcomes, so it’s important to focus first on a sound strategy.

Good people are important for execution. It is vital to get the “right people on the bus, the wrong people off the bus,” so to speak. But it’s also important to know where the bus is going and why. Strategy is critical. It drives the development of capabilities and which people with what skills sit in what seats on the bus. If one substitutes “jet airplane” for “bus” above—given today’s high-flying, competitive markets—the importance of strategy, direction, and the requisite critical skills and capabilities necessary for success are emphasized even more.

Strategy defines the arena (customers, markets, technologies, products, logistics) in which the execution game is played. Execution is an empty effort without the guidance of strategy and short-term objectives related to strategy. What aspects of strategy and planning impact execution outcomes the most is a critical question that needs answering. Another critical question deals with the relationship between corporate- and business-level strategies and how their interaction affects execution outcomes.

CHOOSING AN ORGANIZATIONAL STRUCTURE

Structural choice must support an organization’s strategy. Different structural forms have different benefits (and costs), and
these must be matched with a chosen strategy. A strategic emphasis on becoming a low-cost producer, for example, logically demands a structure that fosters or enables low cost, for example, via standardization, repetition, and volume of services performed by structural units. The need is to understand the demands or needs of a given strategy and choose a structure that best meets the requisite demands.

COORDINATION AND INFORMATION SHARING

Knowing how to achieve coordination and information sharing in complex, geographically dispersed organizations is important to execution success. Yet managers are often motivated not to share information or work with their colleagues to coordinate activities and achieve strategic and short-term goals. Why? The answer to this question is vital to the successful execution of strategy.

CLEAR RESPONSIBILITY AND ACCOUNTABILITY

This is one of the most important prerequisites for successful execution, as basic as it sounds. Managers must know who’s doing what, when, and why, as well as who’s accountable for key steps in the execution process. Without clear responsibility and accountability, execution programs go nowhere. Knowing how to achieve this clarity is central to execution success.

THE POWER STRUCTURE

Execution programs that contradict the power or influence structure of an organization are doomed to failure. But what affects power or influence? Power is more than individual personality or position. Power reflects strategy, structure, and critical dependencies on capabilities and scarce resources. Knowing what power is and how to create and use influence can spell the difference between execution success and failure.
INCENTIVES, CONTROLS, FEEDBACK, AND ADAPTATION

Strategy execution processes support organizational change and adaptation. Effective incentives are at the forefront of this support. Incentives tell people what’s important. They fuel motivation and point managers in the right direction for strategy execution. Incentives support both strategic and short-term objectives, and successful execution and change would be impossible without them.

Making strategy work also requires feedback about organizational performance and then using that information to fine-tune strategy, objectives, and the execution process itself. There is an emergent aspect of strategy and execution, as organizations learn and adapt to environmental changes over time. Adaptation and change depend on effective execution methods.

As important as controls and feedback are, they often don’t work. Control processes fail. They don’t identify and confront the brutal facts underlying poor performance. Adaptation is haphazard or incomplete. Understanding how to manage feedback, strategy reviews, and change is vital to the success of strategy execution.

THE RIGHT CULTURE

Organizations must develop execution-supportive cultures. Execution demands a culture of achievement, discipline, and ownership. But developing or changing culture is no easy task. Rock climbing, whitewater rafting, paint-gun battles, and other activities with the management team are fun. They rarely, however, produce lasting cultural change. Knowing what does affect cultural change is central to execution success.

LEADERSHIP

Leadership must be execution-biased. It must drive the organization to execution success. It must motivate ownership of and commitment to the execution process.
Leadership affects how organizations respond to all of the preceding execution challenges. It is always at least implied when discussing what actions or decisions are necessary to make strategy work. A complete analysis of execution steps and decisions usually defines what good leadership is and how it affects execution success, directly or indirectly.

**MANAGING CHANGE**

Execution or strategy implementation often involves change. Not handling change well spells disaster for execution efforts.

Managing change means much more than keeping people happy and reducing resistance to new ideas and methods. It also means knowing the tactics or steps needed to manage the execution process over time. Do managers implement change sequentially, bit by bit, or do they do everything at once, biting the bullet and implementing change in one fell swoop? The wrong answer can seriously hamper or kill execution efforts. Knowing how to manage the execution process and related changes over time is important for execution success.

These are the issues that impact the success or failure of strategy-execution efforts. Coupled with the issues previously mentioned (longer time frames, involvement of many people, and so on), these are the areas that present formidable obstacles to successful execution if they are not handled properly. They also present opportunities for competitive advantage if they are understood and managed well.

The last words, “managed well,” hold the key to success. Knowing the obstacles or potential opportunities is necessary but not sufficient. The real issue is how to deal with them to generate positive execution results. The major significant point or thrust of this chapter is that execution is not managed well in many organizations. The remainder of this book is dedicated to correcting this woeful situation.
APPLICATIONS AND SPECIAL TOPICS

This edition of *Making Strategy Work* expands the applications section significantly. The critical issues for successful execution just noted can be applied to real-world issues and problems that enhance the value and utility of the present approach to strategy execution. While examples from different types of organizations and industries appear throughout the book, a more dedicated approach to making strategy work is offered in a new and expanded applications section. The topics are

- **Making mergers and acquisitions work.** This chapter appeared in the original edition of this book but is updated in the current revision.

- **Strategy execution in service organizations.** This new chapter also includes discussion of government service agencies or organization, as well as not-for-profit organizations. Many managers requested that this chapter be added to the revision of this book.

- **Making global strategy work.** A more in-depth analysis of global execution issues is offered in this new chapter. Again, managers asked for this coverage of execution in the global arena.

- **Project management and strategy execution.** This new chapter presents an overview of a useful tool for the ongoing management of the execution process. It represents the application of a well-known tool to the strategy implementation challenge.

THE NEXT STEP: DEVELOPING A LOGICAL APPROACH TO EXECUTION DECISIONS AND ACTIONS

So where and how does one begin to confront the issues just noted? Which execution problems or opportunities should managers consider first? What decisions or actions come later? Why? Can an approach to strategy execution be developed to guide managers through the maze of obstacles and problematic issues just identified?
The next chapter begins to tackle these questions. It presents an overview, a conceptual framework to guide execution decisions and actions. Managers need such a model because they routinely face a bewildering set of decisions about a host of strategic and operating problems, including those dealing with execution. They need guidelines, a “roadmap” to steer them logically to execution success.

Priorities are also needed. Tackling too many execution decisions or actions at once will surely create problems. “When everything is important, then nothing is important,” is a clear but simple way of expressing the issue. Priorities must be set and a logical order to execution actions adequately defined if execution is to succeed.

Having a model, finally, also facilitates a “simultaneous” view of planning and doing. All execution actions cannot be taken at once; some must precede others logically. A good overview or model, however, provides a “big picture” that enables managers to see and anticipate execution problems. Execution is not something that others should worry about later. Planning requires anticipating early on what must be done to make strategy work.

Development of a logical overview is a step that has been ignored by practitioners, academics, and management consultants alike. Execution problems or issues typically have been handled separately or in an ad-hoc fashion, supported by a few anecdotes or case studies. This is not sufficient. Execution is too complex to be approached without guidelines or a roadmap.

Managers cannot act in a helter-skelter fashion when executing strategy. They can’t focus one day on organizational structure, the next on culture, and then on to “good people,” only to find out that strategy is vague or severely flawed. They need guidelines, a way to see and approach execution and the logical order of the key variables involved. A roadmap is needed to guide them through the minefields of bad execution decisions and actions. Managers require a “big picture” as well as an understanding of the “nitty-gritty,” the key elements that comprise the big picture.
The next chapter tackles the essential task of providing this overview by showing the order and logic of key execution decisions. It also begins to confront the obstacles identified in this chapter as it lays out this sequence of decisions or actions. These decisions and actions simultaneously define the areas needing additional attention in later chapters of this book. Having a model of execution is vital to making strategy work, so let’s take this important and necessary step.

**SUMMARY**

- Execution is a key to strategic success. Most managers, however, know a lot more about strategy formulation than execution. They know much more about “planning” than “doing,” which causes major problems with making strategy work.

- Strategy execution is difficult but worthy of management’s attention across all levels of an organization. All managers bear responsibility for successful execution. It is not just a lower-level task.

- Part of the difficulty of execution is due to the obstacles or impediments to it. These include the longer time frames needed for execution; the need for involvement of many people in the execution process; poor or vague strategy; conflicts with the organizational power structure; poor or inadequate sharing of information; a lack of understanding of organizational structure, including information sharing and coordination methods; unclear responsibility and accountability in the execution process; and an inability to manage change, including cultural change.

- Knowing execution hazards (opportunities) is necessary but not sufficient. For successful execution to occur, managers need a model or a set of guidelines outlining the entire process and relationships among key decisions or actions. A “roadmap” is needed to help with the order of execution decisions as managers confront obstacles and take advantage of opportunities.
This overview of execution is vital to success and is developed in the next chapter. Subsequent chapters can borrow from this model and focus more specifically on aspects of it to achieve positive execution results.

ENDNOTES

i. For those interested in an informative memoir about Randy Tobias’ career, his many experiences (especially as CEO of Eli Lilly), and his views on effective leadership, I suggest you read *Put the Moose on the Table* by Randall Tobias with Todd Tobias, Indiana Press, 2003.


vii. For a good discussion of how a series of integrated activities, activity systems, or processes thwarts imitation and leads to competitive advantage, see Michael Porter’s “What Is Strategy?” in the *Harvard Business Review*, November-December, 1996.
This page intentionally left blank
## INDEX

### A

<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB (Asea Brown Boveri)</td>
<td>50, 122</td>
</tr>
<tr>
<td>Abbott Laboratories</td>
<td>150</td>
</tr>
<tr>
<td>ABC, Disney’s acquisition of</td>
<td>47, 47</td>
</tr>
<tr>
<td>aberrations</td>
<td>41</td>
</tr>
<tr>
<td>Abington Health System</td>
<td>443</td>
</tr>
<tr>
<td>absorptive capacity (AC)</td>
<td>194</td>
</tr>
<tr>
<td>accountability</td>
<td>30</td>
</tr>
<tr>
<td>for change</td>
<td>252</td>
</tr>
<tr>
<td>clarifying</td>
<td>197-198</td>
</tr>
<tr>
<td>controls</td>
<td>228</td>
</tr>
<tr>
<td>objectives</td>
<td>213</td>
</tr>
<tr>
<td>Ackermann, Josef</td>
<td>288</td>
</tr>
<tr>
<td>acquisitions. See M&amp;A action</td>
<td>40-41</td>
</tr>
<tr>
<td>administrative controls versus professional controls, service organizations</td>
<td>436-437</td>
</tr>
<tr>
<td>Advanced Micro Devices Inc. (AMD)</td>
<td>288</td>
</tr>
<tr>
<td>Aer Lingus</td>
<td>93, 352</td>
</tr>
<tr>
<td>airlines</td>
<td>433</td>
</tr>
<tr>
<td>Akerson, Dan</td>
<td>166</td>
</tr>
<tr>
<td>AMD (Advanced Micro Devices Inc.)</td>
<td>288</td>
</tr>
<tr>
<td>American Airlines</td>
<td>350, 354</td>
</tr>
<tr>
<td>AOL</td>
<td>353</td>
</tr>
<tr>
<td>Apotheker, Leo</td>
<td>89</td>
</tr>
<tr>
<td>applications</td>
<td>33</td>
</tr>
<tr>
<td>Asea Brown Boveri (ABB)</td>
<td>50, 122</td>
</tr>
<tr>
<td>assumption of core competence</td>
<td>91</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>4-5, 298</td>
</tr>
<tr>
<td>auto industry, robotics</td>
<td>317</td>
</tr>
<tr>
<td>autonomy</td>
<td>361</td>
</tr>
<tr>
<td>project management</td>
<td>468-469</td>
</tr>
<tr>
<td>Aventis Behring</td>
<td>142</td>
</tr>
<tr>
<td>Avon Products, Inc.</td>
<td>14</td>
</tr>
<tr>
<td>Autonomy</td>
<td>361</td>
</tr>
<tr>
<td>project management</td>
<td>468-469</td>
</tr>
<tr>
<td>Avon Products, Inc.</td>
<td>14</td>
</tr>
<tr>
<td>change</td>
<td>250</td>
</tr>
<tr>
<td>strategy</td>
<td>83</td>
</tr>
</tbody>
</table>

### B

<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAE Systems</td>
<td>388</td>
</tr>
<tr>
<td>Balanced Scorecard</td>
<td>105</td>
</tr>
<tr>
<td>Bank of America (BOA)</td>
<td></td>
</tr>
<tr>
<td>M&amp;A (mergers and acquisitions)</td>
<td>385</td>
</tr>
<tr>
<td>sequential change</td>
<td>261</td>
</tr>
<tr>
<td>banking industry, M&amp;A (mergers and acquisitions)</td>
<td>46</td>
</tr>
<tr>
<td>Barnard, Chester</td>
<td>94</td>
</tr>
<tr>
<td>Barrick Gold Corp.</td>
<td>339</td>
</tr>
</tbody>
</table>

479
barriers, 88
basic international presence, 399-400
BCG (Boston Consulting Group), 52
behavior, culture, 292-293
  reinforcement of, 293
benefits
  of project management, 458-460
  of sound execution, 26-27
  of structure, measuring, 126-131
Berkshire Hathaway, 170
Bethlehem Steel, 79
Boeing
  integration, 165
  M&A, 387
Bossidy, Larry, 237
Boston Consulting Group (BCG),
  52, 352
BP-Amoco merger, 362
British Air, 93
Buffet, Warren, 170
bureaucracy, 129
Burke, James, 283
business performance assessments,
  integrating corporate and
  business strategies, 99
business strategies, 53-54
  constraints, 54
  demands of, 55-56
  execution of corporate strategy,
    51-53
  integrating with corporate strategies,
    95-96
  business performance
    assessments, 99
  inappropriate performance
    metrics, 98
  resource allocations, 99
  role of business, 97-98
  strategy review, 100-103
M&A (mergers and acquisitions),
  373-376
  planning, 86-93
  strategy formulation, 235-236
business structure
  integration and, 58-61
  M&A, 377-378
businesses, defined, 44
buy-in, focusing on, 464
Cadbury, 353, 362
  M&A, 386
capabilities
  developing, 112-115
  service businesses, 424-426
Carrefour, 132
case studies, Avon Products, Inc., 14
cash cows, 52, 96-97, 237
Caterham Cars, 353
cause-effect analysis
  complex change, 270
  culture, 294
  strategy review, 240-241
cause-effect clarity, people-based
  professional service
    organizations, 444-446
centers of excellence, structure,
  142-143
centralization, 149, 363
  versus decentralization, 60, 131-133
  sequential decision process,
    133-135
tall versus flat organizations,
  135-143
CEO leadership, role of, 338-341
challenge and stretch, GE “Work
  Out,” 178
change, 278
  complex change, 266-267
  problems, 268-273
  cultural integration, 373
  culture change, impact of, 308-309
  inability to manage change, 22
  managing, 247-251
  M&A (merger and acquisitions),
    383-387
  steps for, 251-253
monitoring, 252
overcoming resistance to, 304-307
project management, 469
sequential change, 260-262
  benefits of, 262-263
  problems with, 263-265
strategy review, 241
change management, 32
change model
  complex change, 266-267
  problems, 268-271, 273
  components of, 253-255
  relating change to execution
    problems, 255-256
  large strategic problems, 259
  making many small changes,
    256-259
  sequential change, 260-262
changing
  culture, 295-298
  power structure, 341-342
characteristics of
  context, 195-197
  knowledge, 191-192
  recipients, 194-195
  source information, 192-194
Charan, Ram, 237
Chesapeake Energy Corp, 339
Children’s Hospital of Philadelphia (CHOP), 421
China Three Gorges, 350
choosing organization structure, 29
CHOP (Children’s Hospital of Philadelphia), 421
Chrysler, 353, 362
  cultural integration, 367
Cla, culture, 297
Ciba Geigy, 97
Citibank
  global organization, 50
  information sharing, 183
  structure, 122
Citicorp, 353
Citicorp-Travelers, cultural integration, 372
Citigroup, 211
clarifying accountability/responsibility,
  197-198, 228
co-located managers, 409
coalitions, forming with those in
  power, 328-329
Collins, Jim, 78, 225
commoditization, 88
communication, 61
  direct contact, 189
  informal contact, 188-189
  project management, 465
  unclear communication, 25
competence, assumption of, 91
competing objectives, 215
competition
  global, 89
  imitation, 90-91
complex change, 266-267
  learning, 271
  performance criteria, 272
  GE Aerospace, 275-277
  General Motors, 274-275
  National Hurricane Center, 273
  problems, 268-273
  versus sequential change, 266
conflicts with existing power
  structures, 23
Conoco Philips, 150, 354, 364
constraints, business strategy, 54
consulting firms, structure, 154
consumption of services, 428-429
contact, information sharing, 188-189
context, characteristics of, 195-197
control process, 216-217
  initiating, 239-240
  Oticon, 217-220
  quick-printing industry, 220
  securities, 220-221
controls, 31, 61-64, 207
changing culture, 298-300
clarifying responsibility/
  accountability, 228
control process, 216-217
  Oticon, 217-220
  quick-printing industry, 220
  securities, 220-221
cultural integration, 372
developing good objectives, 221-222
honest facts, 225-226
leadership
Do as I say, not as I do, 229-230
performance appraisals, 230-232
M&A (mergers and acquisitions), 379
professional versus administrative service organizations, 436-437
rewarding cooperation, 227-228
rewards the doers/performers, 226-227
roles of, 208
service businesses, 426-427
timely and valid information, 222-223
use and act on the information, 223-225
cooperation, rewarding, 227-228
coordinated global strategies, 405-410
coordination, 123
GE “Work Out,” 178-181
of information sharing, 30
coordination methods, interdependence, 169
coordination processes, 164
people-based professional service organizations, 446-448
coordination processes and methods, interdependence, 174-178
coping with uncertainty, 327
copy industry, control process, 220
core, 97
corporate, defined, 44
corporate center, structure, 140
corporate diversification, 85
corporate review, 236
corporate strategies, 44-45
business strategy, 51-53
examples, 82-85
integrating with business strategies, 95-96
business performance assessments, 99
inappropriate performance metrics, 98

present model (M&A), 360, 363
resource allocations, 99
role of business, 97-98
strategy review, 100-103
need for integration, 50-51
strategy formulation, 234
structure and, 45, 48-49
corporate structure, present model (M&A), 363-367
corporate-level planning, strategy, 81-82
cost leadership, 148
cost positions, 92-93
cost-leadership strategies, 149, 461, 464
costs
of divisional structures, 130
of M&A (merger and acquisition), 357-358
of structure, measuring, 126-131
critical mass, 128
Crown Holdings, 141
cultural integration
institute communication programs, 371
M&A, 367-368
responsibility for, 369-373
culture, 31, 283-284
behavior, 292-293
reinforcement of, 293
cause-effect analysis, 294
changing with incentives, 297
defined, 284-285
execution and, 285-286
execution decisions, 69-70
heterogeneous culture, 286
information sharing, 190
lack of execution-based culture, 25-26
M&A, 387-391
organization performance, 289-291
organizational performance, 294
overcoming resistance to change, 304-307
performance and, 286-289
project management, 469
culture change
changing culture, 295-298
effects of culture, 291-294
impact of, 308-309
incentives and controls, 300
ineffective approaches to, 299-300
leaders, 307
M&A, 387-391
managing, rules, 309-311
modeling, 291
overcoming resistance to change,
304-307
structural change and, 301-304
culture model
changing culture, 295-298
effects of culture, 291-294

D
Daimler-Benz, 353, 362
cultural integration, 367
DaimlerChrysler, 16, 286
cultural integration, 372
focusing on positives, 305
project management, 469
Dean Witter, 353
DEC, 323
decentralization, 403
versus centralization, 60, 131-133
sequential decision process,
133-135
tall versus flat organizations,
135-143
Johnson & Johnson, 122
decision style, changing, 389
defining key projects, 463
degrees of formality, project
management, 466-468
Dell, 92
Delta Airlines, 55, 354
Conoco-Phillips, 364
demands
of business strategy, 55-56
of strategy, 108-109
developing capabilities, 112-115
differentiation strategies, 111
global strategy, 115-116
low-cost producers, 109-110
strategy-structure relationships,
144-147
dependencies
internal dependencies, power,
320-322
power, 317-318
relationships, 326
Deutsche Bank, culture, 288
developing capabilities, 112-115
good objectives, 221-222
joint ventures with those in power,
328-329
logical approach to executive
decisions, 33-35
people, effective leaders, 301
differential strategies, 145
differentiation strategies, 111
difficulty of strategy execution, 6-8
direct contact, 189
disciplined approach, execution
decisions, 72-73
Disney, acquisition of ABC, 47
distrust, 193
diversification, 47
unrelated diversification, 364
related diversification, 363
divisional structures, cost, 130
divisionalization, 130
Do as I say, not as I do, 229-230
doers, rewarding, 226-227
drivers of structural choice, 147-157
dual-reporting roles, 409
due diligence, M&A, 361
Duke Energy, 390
Duke Energy-Progress Energy
merger, 390

E
effectiveness, 149
versus efficiency, 133
effects of culture, 291-294
efficiency, 149
versus effectiveness, 133
Ellison, Larry, 84
entry barriers, 88
environments, power, 316
Equinox Minerals, 339
European Aeronautic Defence, 354
European Aeronautic Defence and Space, 388
examples
case of the frustrated VP, 330-336
of corporate strategy, 82-85
project management, 460
execution, 43. See also strategy execution
culture and, 285-286
failure of M&A, 357-359
of global strategies, 414
people-based professional service organizations, 449-450
power, 325
defining power bases and relationships, 326-328
focusing on value-added, measurable results, 329-330
forming coalitions or developing joint ventures with those in power, 328-329
service organizations, 439-440
execution context, execution decisions, 68
execution decisions, 67
culture, 69-70
disciplined approach, 72-73
execution context, 68
leadership, 71-72
managing change, 69
organizational power structure, 70-71
execution plans, strategy review, 238-239
execution solutions
common versus unique, 38-40
service organizations, 39
executive decisions, developing logical approach to, 33-35
executive education function, structure, 141
expectations, M&A (mergers and acquisitions), 374

F
face-to-face interaction, 177
Facebook, GM, 445
facts, controls, 225-226
failure of M&A, 355
poor execution, 357-359
poor planning, 356-357
feedback, 31, 62
strategy review, 241
Fettig, Jeffrey, 211
Fiefdoms, General Motors (GM), 288
flat organizations versus tall organizations, 135
centers of excellence, 142-143
corporate center, 140
executive education function, 141
GE Capital, 136-138
inertia, 138
lack of expertise, 138
lateral communication problems, 139-140
not accepting responsibility, 138
strategic management function, 141
Fleet Boston, M&A (merger and acquisition), 385
flow of execution decision/actions, 43
focus strategies, 145
focusing
on M&A (merger and acquisition), 350-355
on results, power, 329-330
follow up, strategy review, 242-243
Food Group of China, M&A (merger and acquisition), 350
Ford Division, 323
Ford Motor Company, 184
incentives, 213
Mustang, 322
R&D, 320
Forming coalitions with those in power, 328-329
Frey, Donald, 322
functional myopia, 129
Gartner Group, Inc., 20
GE (General Electric)
global presence, 401
“Work Out,” 178-181
GE “Work Out,” 225, 237
GE Aerospace, complex change, 275-277
GE Capital, 59
structure, 136-138
General Foods (GF), 389
General Motors (GM)
Facebook, 445
fiefdoms, 288
integration, 166
quality improvement, 274-275
GF (General Foods), 389
Gillette, 79
global competition, 89
global managers, 407
Global Marine, 401
global organization, integration, 50
global strategies, 115-116, 147,
397-399
coordinated, 405-410
execution of, 414
growth, 399
early or basic international presence, 399-400
multidomestic global organizations, 400-405
strategic alliances, 410-413
organizational growth, structure, 155
H
Halliburton, global presence, 401
Hartman, Amir, 273
Head, Iloward, 152
Hewlett-Packard-Autonomy, 361
hierarchical position, power/influence, 315
Hitachi, 248, 351
Holy Redeemer Health System, 443
hospitals, 154, 447
HP (Hewlett-Packard), 150
Autonomy, 361
centralization, 149
integration, 165-166
Hurd, Mike, 361
I
Iacocca, Lee, 322
IBM, strategy, 84
imitation, 90-91
Immelt, Jeffrey, 63, 136
impersonality of service, 429-430
inability to manage change, 22
incentives, 31, 61-64, 209
changing culture, 297-300
cultural integration, 372
defined, 207
good incentives, 210-214
M&A (mergers and acquisitions), 379
people-based professional service organizations, 448-449
rewarding the right things, 214-216
roles of, 178, 208
rules, don’t demotivate people, 209-210
service businesses, 426-427
incumbents, transferring, 297
integrating

corporate and business strategies, 95-96
business performance assessments, 99
inappropriate performance metrics, 98
resource allocations, 99
role of business, 97-98
strategy review, 100-103
plans, strategy formulation, 236-237
strategic and short-term objectives, 105-106
strategy and short-term operating objectives, 56-58

integration, 165
Boeing, 165
business structure and, 58-61
corporate strategies, 50-51
cultural integration, M&A, 367-373
General Motors (GM), 166
HP (Hewlett-Packard), 165-166
law firms, 168-169
Royal Dutch/Shell Group, 167
structural integration, 125

interdependence, 169
coordination processes and methods, 174-178
GE “Work Out,” 178-181
reciprocal interdependence, 440-442
coordination, 176
sequential interdependence, 176
types of, 169
pooled interdependence, 170-171
reciprocal interdependence, 172-173
sequential interdependence, 171-172

internal dependencies, power, 320-322
international presence, basic, 399-400
issues of structure, 124-125
centralization versus
decentralization, 131-133
sequential decision process, 133-135
tall versus flat organizations, 135-143
measuring costs and benefits, 126, 128-131
strategy-structure relationship, 144
demands of strategy, 144-147
drivers of structural choice, 147-157
IT systems/databases, information sharing, 184

J
J.C. Penney, 16, 337
J.P. Morgan, 223-225
controls, 427
Jet Engines, 59
JetBlue, 420
Jha, Sanjay, 289
jobs, information sharing, 184-185
Johnson & Johnson (J&J), 259
structure, 120-122
Johnson, Ron, 337
Johnson, Bill, 390
joint ventures, developing with those in power, 328-329
Jung, Andrea, 83, 250

K
Kaplan, Robert, 105
keeping score, 210
key projects, defining, 463
Knight Capital Group, complex change, 269
knowledge, service organizations, 438-439
knowledge sharing, 123
Citibank, 183
McKinsey and Co., 181-182
knowledge transfer, 181
factors affecting, 190
characteristics of the context, 195, 197
characteristics of the knowledge itself, 191-192
characteristics of the recipients, 194-195
characteristics of the source information, 192-194
Kolind, Lars, 217
Kraft, 150, 353, 362
culture, 389
M&A (mergers and acquisitions), 386

L
lack of expertise, structure, 138
LAN Airlines, 352
language, information sharing, 189-190
lateral communication problems, structure, 139-140
lateral forms of organization, 407-409
lateral transitions, 175
law firms, 447
integration, 168-169
leaders
culture change, 307
effecting change and developing people, 301
effecting change with incentives and controls, 300
leadership, 31
cause-effect analysis, 241
CEOs, role of, 338-341
controls
Do as I say, not as I do, 229-230
performance appraisals, 230-232
execution decisions, 71-72
M&A (merger and acquisition), 391-392
project management, 465
learning, complex change, 271
learning culture, GE “Work Out,” 179
Leclerc, 132
Lego
change, 249
strategy, 85
Levinsohn, Ross, 250
logical approach to executive decisions, developing, 33-35
lost decade, Microsoft, 337
low-cost position, 92
low-cost producers, 109-110
low-cost strategy, 144
   Walmart, 420
Lucent Technologies, 13-14

M

M&A (mergers and acquisitions), 46, 350
   banking industry, 46
cost of, 357-358
culture, 387-391
failure of, 355
   poor execution, 357-359
   poor planning, 356-357
focusing on, 350-355
integration, 366
leadership, 391-392
managing change, 383-387
present model
   business strategy and short-term objectives, 373-376
   business structure/integration, 377-378
   corporate strategy, 360, 363
corporate structure, 363-367
   cultural integration, 367-373
   incentives and controls, 379
project management, 378
speed of transactions, 358
strategy review, 380-383
trust, 359
management-by-objectives (MBO) programs, 105
managers
   executive decisions, developing logical approach to, 33-35
global managers, 407
lack of involvement in execution, 10-11
lack of management training, 9-10
leadership, 31
managing change, 32, 247-251
   execution decisions, 69
M&A, 383-387
   steps for, 251-253
culture, M&A (mergers and acquisitions), 388
culture change, 291
transitions, 264-265
market power, 88
market relatedness, 151
market share, 87
Matrix Diamond, 186
matrix structures, information sharing, 185-187
Matsushita, 367
Mayer, Marissa, 250
MBO (management-by-objectives) programs, 105
McClendon, Aubrey, 339
McCoy, Sherilyn, 14, 84, 250
McDonald, Robert, 82
McDonnell Douglas, M&A, 387
McKinsey and Co., information sharing, 181-182
McNealy, Scott, 113
McNeil Consumer products, 121
McNeil unit, 259
means-ends inversion, 467
measurable objectives, 106-108
measurement metrics, people-based professional service organizations, 444-446
measuring
costs/benefits of structure, 126-131
objectives, 212
service businesses, 430-432
Mechanic, David, 314
Mercer Management Consulting, Inc., 288, 352
mergers and acquisitions. See M&A (mergers and acquisitions), 349
methods of information sharing, 184
formal roles and jobs, 184-185
IT systems/databases, 184
matrix structures, 185-187
metrics
   inappropriate performance metrics, 98
   short-term metrics, 212
Microsoft, 48
  culture, 287
  lost decade, 337
  strategy, 84
Mitsubishi Motors, 16
mixed diversification, 364
McKinsey, 60
MNCs (multinational corporations), 183
model of change
  complex change, 266-267
  problems, 268-273
  components of
    size of the change, 253-254
    time available for change, 254
    velocity of change, 255
relating change to execution problems, 255-256
  large strategic problems, 259
making many small changes, 256-259
sequential change, 260-262
  benefits of, 262-263
  problems with, 263-265
model of culture
  changing, 295-298
  effects of culture, 291-294
models
  importance of, 29
  need for, 24
  present model. See present model strategy execution model, 41-43
  business strategy. See business strategies
corporate strategies. See corporate strategies
strategy execution model. See strategy execution model
monitoring change, 252
Morgan Stanley, 353
  cultural integration, 372
Morgan Stanley-Smith Barney, 387
  cultural integration, 372
Morris Air, 286, 387
Motorola, 150, 324
  culture, 290
Motorola Mobility, 48, 290
  Google, 324
Motorola Solutions, 290
multidomestic global organizations, 400-405
multinational corporations (MNCs), 183
Mustang, 322
N
Nakanishi, Iliroaki, 248
National Hurricane Center, 273
negatives, 305
NIH (not invented here), 194
Nomura Holdings, Inc., 221-222
nonprofits, structure, 123
Norton, David, 105
not-for-profit organizations, 439
not-for-profit service organizations, 421
Novartis, 97
Nucor, 56, 78
number of people involved in execution, 18-19
objectives, 214
  accountability, 213
  competing objectives, 215
  defining for project management, 461-466
developing good objectives, 221-222
  measuring, 212
  short-term objectives, M&A (mergers and acquisitions), 373-376
obstacles to strategy execution, 8, 22
  conflicts with existing power structures, 23
inability to manage change, 22
interdependence with planning, 11, 13-14
lack of execution-based culture, 25-26
lack of management involvement, 10-11
lack of management training, 9-10
lack of model, 24
number of people involved, 18-19
poor information sharing, 23
table of, 22
time requirements, 14-17
unclear communication, 25
vague strategy, 24
Wharton-Gartner Survey and executive education data collection, 19-21
Oh-hyun, Kwon, 340
Olsen, Kenneth, 323
Oracle, 48, 114
strategy, 84
organization structure, choosing, 29
organizational development, 301
organizational growth, 155
organizational learning, strategy review, 240-241
organizational performance, 294
culture, 289-291
organizational power structure, execution decisions, 70-71
organizational structure, 125
service businesses, 422-423
organizations, multidomestic global organizations, 400-405
orienting personnel, cultural integration, 370
Oticon, control process, 217-220
outputs, 126
outside-in approach, 324
overcoming resistance to change, 252, 304-307
power, 342-343
people, developing, 301
people-based professional service organizations, 440
execution, 449-450
incentives, 448-449
measurement metrics and cause-effect clarity, 444-446
reciprocal interdependence, 440-442
strategy and goals, 442-444
structure and coordination processes, 446-448
performance
culture and, 286-289
organizational performance, culture, 289-291, 294
performance appraisals, 230-232
performance criteria, complex change, 272
GE Aerospace, 275-277
General Motors, 274-275
National Hurricane Center, 273
performance metrics, inappropriate metrics, 98
performance share units, 63
performers, rewarding, 226-227
personal services, service businesses, 429-430
personality, power, 315
personnel, orienting after M&A (mergers and acquisitions), 370
Pfizer, M&A (mergers and acquisitions), 350
pharmaceutical industry dependencies, 317
organizational structure, 318
Philip Morris, 79
Seven-Up, 153
pillars, 97
Pitney Bowes, 79
planning
failure of M&A (mergers and acquisitions), 356-357
interdependence with execution, 11-14
strategy, 80

P

P&G (Proctor & Gamble), 83, 156
global presence, 401
strategy, 82
Pandit, Vikram, 211
participation, focusing on, 464
paths, 458
PC business, 89
Pennsylvania Health Care Cost Containment Council, 447
INDEX 491

business strategy, 86-93

corporate-level planning, 81-82

plans, integrating (strategy formulation), 236-237

plotting responsibility, 199-202

PMO (project management office), 467

pooled interdependence, 170-171, 175

poor informal contact, 188-189

Porter, Michael, 87

portfolio analysis, consistency between corporate and business strategies, 96

Porth, Wilfried, 283

positives, 305

power, 313-315, 325

case of the frustrated VP, 330-336

CEOs. See CEO leadership defined, 321-322

dependencies, 317-318

downside of, 336-338

execution, 325

defining power bases and relationships, 326-328

focusing on value-added, measurable results, 329-330

forming coalitions or joining ventures with those in power, 328-329

execution decisions, 70-71

hierarchical position, 315

internal dependencies, 320-322

organizational structure, 318-319

overcoming resistance to change, 342-343

overview, 315-316

personality, 315

problems, 317-318

service organizations, 438-439

strategy and environment, 316

uneven resource allocations, 319

using, 322-324

power bases, defining, 326, 328

power structures, 30

changing, 341-342

conflicts with, 23

information sharing, 190

understanding, 341

Powers, James, 274

present model, M&A (mergers and acquisitions)

business strategy and short-term objectives, 373-376

business structure/integration, 377-378

corporate strategy, 360, 363

corporate structure, 363-365, 367

cultural integration, 367-373

incentives and controls, 379

project management, 378

Price Energy, 390

Price-Costco merger, 387

priorities, setting, 463

problems, power, 317-318, 336

process of strategy execution, 17-18

process specialization, 126-127

product businesses, 419

product differentiation strategy, 462

production services, 428-429

professional controls versus administrative controls, service organizations, 436-437

profit, not-for-profit organizations, 421

project management, 457

benefits of, 458-460

communication, 465

defining key projects, 463

defining projects and key objectives, 461-466

degrees of formality, 466-468

defining key projects, 463

defining projects and key objectives, 461-466

degrees of formality, 466-468

degrees of formality, 466-468

developmental issues, 460

focusing on participation and buy-in, 464

leadership, 465

M&A (mergers and acquisitions), 378

managing culture and change, 469

priorities, setting, 463

routine versus autonomy, 468-469

standardization, 458

strategy execution model, 65-66

value-added outcomes, 469-471
project management office (PMO), 467
projects, project management, 461-466
psychological incentives, 210
Publicis, 89-90
measurement metrics, 445
strategy, 421
purpose specialization, 130
Put the Moose on the Table (Tobias), 36
Quaker Oats, 353
quick-printing industry, control process, 220
R&D, 319
internal dependencies, 320
R&D organizations, controls, 437
recipients, characteristics of, 194-195
reciprocal interdependence, 172-173
coordination, 176
people-based professional service organizations, 440-442
Regent, Aaron, 339
related diversifications, 363
related-party transactions, 63
relatedness, 151-155
relating change to execution problems, 255-256
large strategic problems, 259
making many small changes, 256-259
relationships
dependencies, 326
power, defining, 326-328
strategy-structure, 144
demands of strategy, 144-147
Renault, 93, 353
Renault-Caterham alliance, 362
resistance to change, overcoming, 252, 304
power structure, 342-343
resource allocations
corporate versus business, 99
corporate-level strategy, 81
power, 319
responsibility, 30
clarifying, 197-198
controls, 228
for change, 252
for integration, M&A (mergers and acquisitions), 369-373
not accepting, structure, 138
plotting, 199-202
role negotiation, 199-202
responsibility matrix, 199
results, focusing on, 329-330
review, strategy review (M&A), 380-383
reviewing
corporate review, 236
strategies. See strategy review
rewarding
cooperation, 227-228
doers/performers, 226-227
robotics, auto industry, 317
Rogers, James, 63, 391
role negotiation, responsibility, 199-202
roles
of business, 97-98
of CEO leadership, 338-341
of controls, 208
of incentives, 208
information sharing, 184-185
Rolls-Royce, global presence, 401
routine, project management, 468-469
Royal Dutch, integration, 167
Ruiz, Hector, 288
rules
managing culture change, 309-311
of incentives, don’t demotivate people, 209-210
Ryanair, 93, 352
Samsung Electronics, 340
Sandoz, 97
SBUs (strategic business units), 15, 44, 120
Sears, culture, 302
securities, control process, 220-221
securities industry, control process, 220-221
sequential change, 260-262
  benefits of, 262-263
  versus complex change, 266
  problems with, 263-265
sequential interdependence, 171-172, 175-176
sequential interventions, time, 263
service businesses, 93-95, 417-418, 427. See also service organizations
  incentives and controls, 426-427
  measuring, 430-432
  production and consumption of services, 428-429
  service personal, 429-430
  strategy, 419-422
  structure, 422-423
  talent, capabilities, training, 424-426
service organizations. See also service businesses
  execution, 439-440
  execution solutions, 39
  goals and strategies, 434-436
  knowledge, 438-439
  people-based professional service organizations, 440
  execution, 449-450
  incentives, 448-449
  measurement metrics and cause-effect clarity, 444-446
  reciprocal interdependence, 440-442
  strategy and goals, 442-444
  structure and coordination processes, 446-448
  power, 438-439
  professional versus administrative controls, 436-437
  structure, 123
  types of, 432-434
Seven-Up, 153
Shell Group, integration, 167
short-term metrics, 212
short-term objectives, M&A (mergers and acquisitions), 373-376
short-term operating objectives, 103-105
  integrating strategic and short-term objectives, 105-106
  integrating strategy, 56-58
  measurable objectives, 106-108
simultaneous pursuit of two strategies, 146
size of change, 253-254
skill development programs, service businesses, 424-426
Smisek, Jeff, 249
Snapple, 353
Snow, Charles, 108
Social Security Administration, 224, 445
soft-drink industry, 153
Softbank, 351-353
Sony, 48, 248, 367
  corporate strategy, 82
  culture, 287
SOPs (standard operating procedures), 256
source information, characteristics of, 192-194
Southwest Airlines, 17
  culture, 286
  M&A, 387
  strategy, 420
Space and BAE Systems, 354
spaghetti organization, 217
speed of change, culture, 308
speed of M&A transactions, 358
Sprint-Nextel, 351-353
  cultural integration, 368
stack ranking, 287
standard operating procedures (SOPs), 256
standardization, 110, 460
  project management, 458
stars, 52
  versus the team, 275-277
State Grid, 350
strategic alliances, global strategies, 410-413
strategic business units. See SBUs
strategic management function,
structure, 141
strategies, 42
cost-leadership, 461, 464
demands of, 108-109
developing capabilities, 112-115
differentiation strategies, 111
global strategy, 115-116
low-cost producers, 109-110
global strategy. See global strategy
impact of, 78-80
integrating with short-term operating
objectives, 56-58
integrating corporate and business
strategies, 95-96
business performance
assessments, 99
inappropriate performance
metrics, 98
resource allocations, 99
role of business, 97-98
strategy review, 100-103
of service organizations, 434-436
people-based professional service
organizations, 442-444
planning, 80
business strategy, 86-93
corporate-level planning, 81-82
power, 316
product differentiation, 462
service businesses, 419-422
short-term operating objectives,
103-105
integrating strategic and short-term
objectives, 105-106
measurable objectives, 106, 108
strategies for successful execution, 28
change management, 32
clear responsibility and
accountability, 30
controls and feedback, 31
coordination and information
sharing, 30
culture, 31
incentives, 31
leadership, 31
models/guidelines, 29
organization structure, 29
power structure, 30
strategy as primary driver, 29
strategy execution
applications, 33
AT&T case study, 4-5
benefits of sound execution, 26-27
difficulty of, 6-8
importance of, 3-5
obstacles, 8
conflicts with existing power
structures, 23
inability to manage change, 22
interdependence with planning,
11-14
lack of execution-based culture,
25-26
lack of management involvement,
10-11
lack of management training, 9-10
lack of model, 24
number of people involved, 18-19
poor information sharing, 23
table of, 22
time requirements, 14-17
unclear communication, 25
vague strategy, 24
Wharton-Gartner Survey and
executive education data
collection, 19-21
process of, 17-18
successful execution, 28
change management, 32
clear responsibility and
accountability, 30
controls and feedback, 31
coordination and information
sharing, 30
culture, 31
incentives, 31
leadership, 31
models/guidelines, 29
organization structure, 29
<table>
<thead>
<tr>
<th>Power structure, 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy as primary driver, 29</td>
</tr>
<tr>
<td>Strategy execution model, 41-43</td>
</tr>
<tr>
<td>Business strategy, 53-54</td>
</tr>
<tr>
<td>Demands of, 55-56</td>
</tr>
<tr>
<td>Controls, 61, 64</td>
</tr>
<tr>
<td>Corporate strategies, 44-45</td>
</tr>
<tr>
<td>Need for integration, 50-51</td>
</tr>
<tr>
<td>Structure and, 45, 48-49</td>
</tr>
<tr>
<td>Incentives, 61, 63-64</td>
</tr>
<tr>
<td>Incentives and controls, 62</td>
</tr>
<tr>
<td>Integrating strategy and short-term operating objectives, 56-58</td>
</tr>
<tr>
<td>Project management, 65-66</td>
</tr>
<tr>
<td>Strategy formulation, 234</td>
</tr>
<tr>
<td>Business strategy, 235-236</td>
</tr>
<tr>
<td>Corporate strategy, 234</td>
</tr>
<tr>
<td>Integrating plans, 236-237</td>
</tr>
<tr>
<td>Strategy review, 232-234</td>
</tr>
<tr>
<td>Cause-effect analysis, 240-241</td>
</tr>
<tr>
<td>Execution plans, 238-239</td>
</tr>
<tr>
<td>Feedback and change, 241</td>
</tr>
<tr>
<td>Follow up, 242-243</td>
</tr>
<tr>
<td>Initiating control process, 239-240</td>
</tr>
<tr>
<td>Integrating corporate and business strategies, 100-103</td>
</tr>
<tr>
<td>M&amp;A, 380-383</td>
</tr>
<tr>
<td>Organizational learning, 240-241</td>
</tr>
<tr>
<td>Strategy formulation, 234</td>
</tr>
<tr>
<td>Business strategy, 235-236</td>
</tr>
<tr>
<td>Corporate strategy, 234</td>
</tr>
<tr>
<td>Integrating plans, 236-237</td>
</tr>
<tr>
<td>Strategy-structure relationship, 144</td>
</tr>
<tr>
<td>Demands of strategy, 144-147</td>
</tr>
<tr>
<td>Drivers of structural choice, 147-157</td>
</tr>
<tr>
<td>Structural change, culture change and, 301-304</td>
</tr>
<tr>
<td>Structural integration, 125, 164</td>
</tr>
<tr>
<td>Structure, 119</td>
</tr>
<tr>
<td>Challenges of Asea Brown Boveri (ABB), 122</td>
</tr>
<tr>
<td>Citibank, 122</td>
</tr>
<tr>
<td>Johnson &amp; Johnson (J&amp;J), 120-122</td>
</tr>
<tr>
<td>Nonprofits, 123</td>
</tr>
<tr>
<td>Service organizations, 123</td>
</tr>
<tr>
<td>Corporate strategies and, 45, 48-49</td>
</tr>
<tr>
<td>Corporate. See corporate structure issues. See issues of structure organizational structure, 124-125</td>
</tr>
<tr>
<td>People-based professional service organizations, 446-448</td>
</tr>
<tr>
<td>Service businesses, 422-423</td>
</tr>
<tr>
<td>Types of strategies, 148</td>
</tr>
<tr>
<td>Structure and process, GE “Work Out,” 179</td>
</tr>
<tr>
<td>Subjects, 460</td>
</tr>
<tr>
<td>Substitutability, power, 326</td>
</tr>
<tr>
<td>Sun Microsystems, 48, 114</td>
</tr>
<tr>
<td>Differentiation strategies, 112</td>
</tr>
<tr>
<td>Strategy, 84</td>
</tr>
<tr>
<td>SWAT teams, responsibility for integration, 369</td>
</tr>
<tr>
<td>Switching costs, 92</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactics for change, 252</td>
</tr>
<tr>
<td>Talent, service businesses, 424-426</td>
</tr>
<tr>
<td>Tall organizations versus flat organizations, 135</td>
</tr>
<tr>
<td>Centers of excellence, 142-143</td>
</tr>
<tr>
<td>Corporate center, 140</td>
</tr>
<tr>
<td>Executive education function, 141</td>
</tr>
<tr>
<td>GE Capital, 136-138</td>
</tr>
<tr>
<td>Inertia, 138</td>
</tr>
<tr>
<td>Lack of expertise, 138</td>
</tr>
<tr>
<td>Lateral communication problems, 139-140</td>
</tr>
<tr>
<td>Not accepting responsibility, 138</td>
</tr>
<tr>
<td>Strategic management function, 141</td>
</tr>
<tr>
<td>TAMSA, 352</td>
</tr>
<tr>
<td>Teams versus stars, 275-277</td>
</tr>
<tr>
<td>Tech industry, vertical integration, 48</td>
</tr>
<tr>
<td>Technological leveling, 89</td>
</tr>
<tr>
<td>Technological relatedness, 151</td>
</tr>
<tr>
<td>Tie-breakers, 409</td>
</tr>
<tr>
<td>Time</td>
</tr>
<tr>
<td>Change, 252</td>
</tr>
<tr>
<td>Sequential interventions, 263</td>
</tr>
<tr>
<td>Time available for change, 254</td>
</tr>
<tr>
<td>Time requirements for execution, 14-17</td>
</tr>
<tr>
<td>Time Warner, 353</td>
</tr>
</tbody>
</table>
Tobias, Randy, 4, 13, 36
Toshiba, 351

training
management, lack of management training, 9-10
service businesses, 424-426
training processes, 301
transactions, managing, 175
transferring incumbents, 297
transitions, managing, 264-265
Travelers, 353
trust, M&A (mergers and acquisitions), 359
Tyco, 150
types
of interdependence, 169
pooled interdependence, 170-171
reciprocal interdependence, 172-173
sequential interdependence, 171-172
of service organizations, 432-434
of strategies, structure, 148

U
U.S. Airways, 350, 354
U.S. Department of Interior, 431
U.S. intelligence community, 124
UGI Corporation, 142
uncertainty, coping with, 327
uncertainty absorption, 327
uneven resource allocations, power, 319
unions, dependencies, 317
United Continental Holdings, 249
complex change, 269
unrelated diversification, 364
utilitarian rewards, 210

V
vague strategy, 24
Valeant Pharmaceuticals International, 319, 351
value-added outcomes, project management, 469-471
velocity of change, 255
vertical integration, 47-50
tech industry, 48

W-X
Walmart
cost reduction, 56
culture, 303
incentives, 215
market power, 88
strategy, 419-420
Welch, Jack, 136
“Work Out,” 178
Westinghouse Electric, 351
Wharton-Gartner Survey and executive education data collection, 20-21
Whirlpool Corp., incentives, 211
Whitman, Meg, 149, 165
Wood, Robert, 210
“Work Out” (GE), 178-181
WPP PLC, 211

Y
Yahoo, 250

Z
Zander, Edward, 289