

## How to communicate your strategy effectively

### Introduction

In this article we look at where strategy has been communicated well, and badly, examine why some succeed and others do not. Don't expect a description of big conferences and management "tablets of stone" speeches. This is about communicating the underlying messages of the strategy. This is about communication with people.

We start off with by defining strategy and look behind some statistics about why strategy fails to execute: Is it understood? Are incentives aligned? Do the management processes support it? Do management spend enough time on it? All a part of communication.

We then discuss how different parts of the strategy can be communicated effectively:

- Where do you want to go?
- Why go there?
- How do we get there?

As we do this we look at the variety of ways in which different people think and bring that together to suggest that a key is to communicate the strategy in many different ways. By doing this it touches different people in different.

### What is strategy?

"Strategy" is a dangerously over-used word. I would argue it is such an over-used word its use actually limits communication. For instance:

"You can strategically add strategy to any strategic sentence,  
to give it any strategic meaning,  
you strategically want it to strategically have!"

So what is strategy? It's the broad game plan. It's the battles you will choose to fight, the ground you will choose to fight upon and the weapons you choose to use. In business, it is the search for sustainable financial rewards from business activity.

Most importantly it is about execution. It is about what your people do, every day of their working lives. Strategy does not just happen in executive heads. It may be conceived there – it may not. However, it is executed every time a decision is made, a customer is met, a member of staff meets a colleague.

Strategy rarely fails in the conception (though obviously if you do not have one, it will not succeed). When strategy fails, it is in the execution.

And at the heart of the execution is ...communication.

The embodiment of strategy is not a business plan on a shelf. It is peoples' *collective* understanding of what they are trying to achieve, what they have to do, and why they are trying to do it. They only achieve this if the strategy has been communicated effectively. Fail and you have an octopus with its tentacles going off in different directions (and a very confused head). Succeed and you have a sleek school of porpoise flowing through the water.

## Reasons for failure?

I came across some frightening statistics once. They were:

- 90% of all organisations fail to execute their strategy.

That's right. Despite all the brain power, consultancy fees and paper that goes into the development of the strategy and the business plans, 9 out of 10 fail to achieve all of what they set out to achieve. Some achieve parts, some fail completely, but only a very few achieve all.

- Only 5% of workforces understand the strategy

Only 1 person in 20 can explain what the strategy is, why it exists and their part in it. That is scary. Even if that figure is out by a factor of 5, it is still a scary number! Even only half an organisation knows what it is trying to achieve it is still extremely worrying.

- Only 25% of managers have incentives linked to strategy.

Frankly my experience is that I am surprised it is as high as that. Many have them linked to performance but this can be local performance, something as remote to most people as profits, or as nebulous and variable as the share price.

- 60% of organisations do not link budgets to strategy.

In other words, a major governing control system for the vast majority of managers is not tied to what the organisation is trying to achieve. This is just the budgeting system. What about all the other systems that prevent strategy being executed? Ever just had a new strategy announced, tried to purchase a simple part you need to execute it and found that purchasing won't let you? What about HR recruitment & IT development? We are going this way, but with your hands tied behind your back, is not a convincing message.

- 85% of Executive teams spend less than 1 hour per month discussing strategy

So what are they doing? Gathering data, discussing results and applying corrective actions probably. This is, arguably, tactical fine-tuning. Are they considering whether the overall strategy is working? Are they asking, "Did we get this right"? Are they thinking, "Should we modify this approach in the light of the new information we have?" And if they are not communicating and discussing the strategy amongst themselves, then are they discussing it with their staff? If not, who is?

So it is clear we have to communicate strategy in a variety of ways. But what do we communicate – and how?

## Communicating the "where?"

If you don't know where you are going, you are unlikely to be disappointed when you don't get there. Lets assume you know where you want to go. How do you communicate it? Lets use a simple example of a typical high street retailer's mission statement:

"We shall be the best loved brand in the high street"

What does this mean? By who is it loved? How is love measured? Brand for what? By when? These are difficult enough statements before you even ask "By when?", "How?" and "At what cost?"

Whilst mission and vision statements are useful, at times, they rarely give any sense of direction to a workforce. Lets try an alternative. A tangible vision.

In 5 years time, we shall be the most profitable retailer of babywear accessible to every parent, with a reputation for quality and value for money.

This is easier to grasp and understand. They have a timeframe. Presumably they have a profit measure that they use (probably sales/sq ft). They can measure accessibility to every parent (and by the sound of it will use different sales channels) and can test whether they score highly with parents on quality and value for money. Overall, it is a much more useful and easy to grasp statement.

It is good to have long-term goals. BHAGs are very popular. Big Hairy Audacious Goals (though I have heard them called other things). These provide a 10 or 30 year rallying call to drive the company, destroy the company, provide a role model or define a new way of working. But they will not work on their own.

By making the target tangible, real, visual, (even if it is a stretch), you give people the chance to touch it, see it and a clear sense of where they will get to. One Chief Executive I did this with raised his head, closed his eyes and gave me a tour of a store of the future. We captured everything he said and turned it into a montage for the other executives to see and touch. This brought it to life for them: The future, as he visualised but rarely vocalised. Three years on, that vision is materialising on the high street.

So know where you want to get. However, like Olympic runners, it is important to visualise how you will execute race as well as knowing why you run and being able to see yourself crossing the finishing line in first place.

Before we do that we should look at why we are running at all. Whilst knowing where you are going is important – it is as vital to know why? What is the purpose?

### Communicating the “why?”

There are two “Why”s to communicate: The “Sense of purpose?” and the “Why change?”.

The first “Why” is about what is important to people. Rather than a mission statement, if people have a sense of purpose and understand why something is important they will act upon it. If an organisation has a well-defined sense of itself, then this can and will drive the direction it takes. Think of this as ideology: Its core values and sense of purpose.

Creating a reason for being, *beyond the generation of money*, that the organisation aspires to, provides a rallying call to the organisation. Take three well-known examples:

- “To solve unsolved problems innovatively”, 3M
- “To give ordinary people the chance to buy the same things as rich people”, Wal-Mart
- “To make people happy”, Walt Disney

In each case, as an outsider you can understand what these are about. You appreciate what it means. Just think how much more of a driver for action these are on the inside. In each company you can use these phrases to ask, “Will this decision...make people happy, solve unsolved problems... etc”. It acts as a steadying and motivating force, for individuals and groups.

So by establishing and communicating why the company exists you communicate the higher purpose.

The second “why” is often about change. What happens if we stay as we are? What will the forces of markets, technology, economy, and competition do to us. Many people will have emotional investment in the organisation as it is. They need to understand why they need to invest emotion in the company of the future.

I am not an advocate of the “Boil the ocean”, “Create a burning platform” school of change. But I do believe that people appreciate the facts; just as the management team assessed the facts when the strategy was devised. People are able to judge for themselves the seriousness of a situation, the effects and likely consequences. People are intelligent, and informed intelligent people make good decisions. Whether that involves staying with the company through the change or moving on is a question for them.

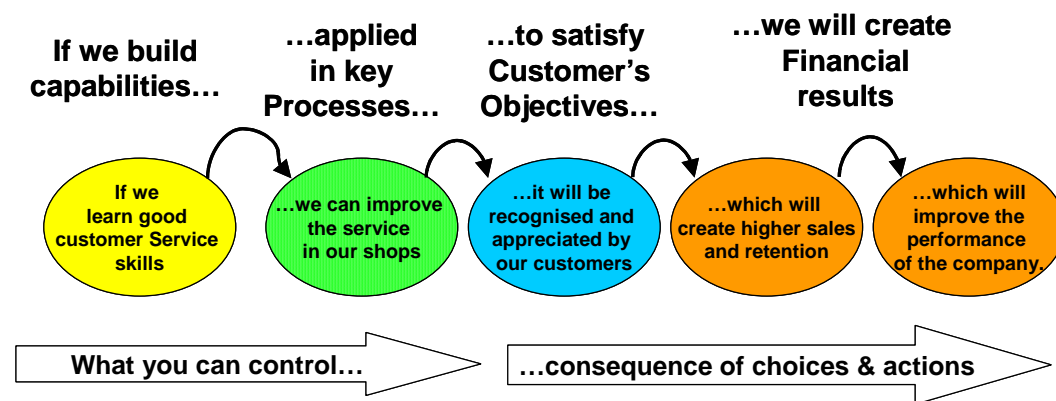
However if the reason for the change is hidden or brushed over in the rush to execute, what are they likely to think? Well frankly anything in the absence of facts. For people are also very imaginative.

### Communicating the “how?”

We know where we want to go, quite clearly and tangibly. We know why we want to go there. But how do we get there. How do we make the journey? How do we communicate we mean business with this strategy?

### Communicating the journey

To explain the journey, the most effective way I have found is based around a cause and effect model based upon the simplified version shown below. This is the framework to ensure the whole organisation communicate the same message. It allows you to add measures, targets, incentives, procedures and investments around it. It is based upon the Balanced Scorecard strategy Map (See “The Strategy Focussed organisation, Kaplan & Norton, HBS press).



The “how” is frequently expressed as financial targets along the way: “We shall double revenue whilst increasing profits by 25%”. This is not a how. I don’t know whether I have to double prices or throw fertiliser on the figures. The financial results are a result of what we do. It is important to know what the financial targets are, but they do not tell us how to get there. This approach shows how they will be achieved.

The same is true of customer targets. We can try to understand and then satisfy their needs, so they give us money in return. We do need to ensure we are clear what they want and what we deliver, but again, customers are outside our direct influence. They react to the organisations actions. So we have to ask what will satisfy these needs.

We can influence the actions we take. By being clear about what are the few critical processes and activities that will really make a difference to the strategy, management will focus the organisation. I doubt if you can succeed at strategy if there are more than 6 really, really, critical processes in an organisation. Ones that will actually make a dramatic difference to the strategies success. There may be others (20, 30 40 others) that are important to the operation of the business, but do they all need to be really excellent? I doubt it. Can you realistically focus on all of them?

Success is about focus and it is management’s task to communicate what to focus on. For the major retailer with thousands of shops, it was reduced to down to five: Five critical processes that management had to focus on and the organisation excel at. Just imagine how powerful a message that gave to the organisation.

But these critical processes will not succeed unless we also build the capabilities of the organisation. What skills, technology, culture, and knowledge do we absolutely have to excel at to be successful? You can bet that 3M have excellent R&D practices, Wal-Mart focus on their ability to negotiate costs and lower their supply chain costs, Walt Disney on developing customer service skills.

If you can communicate a clear picture and message: To show how capability drives success in the key processes so that they affect the customers positively and get the financial results, you are communicating the how: The story of the strategy. And quite often it can be read as such. Tools such as the Balanced Scorecard's Strategy Map are very effective at doing this.

### Communication through actions

So you have told the story of the strategy, but do you back it up with actions. Do your actions also communicate the strategy? Take three examples:

- 1) I want to encourage excellent customer service. I measure the time with a customer and set targets to minimise it so you speak to as many as possible.

*What message am I giving?* Correct. Move on as fast as possible and forget service.

- 2) I want to invest in supply chain efficiency. However we have an expensive project that supports none of the critical processes of the strategy. It's a pet project of single Director.

*What message does this give?* Is this strategy being communicated effectively? I doubt it.

- 3) I want to recruit someone for a critical innovation project and have the ideal person through an unusual route. The personnel systems mean I have to advertise it on the open market. By the time I do that the person will be lost.

*What message does that give about innovation?* Is the organisation encouraging innovation?

- 4) Do the individuals understand:

- What can I influence?
- What can I contribute?
- Where can I help others?
- Where will I have an effect?

Note difference between "what can I do?" and "What can I contribute?" The former says "Do this and we will succeed". The latter says, "This is where I want us to go. I trust you to find a way to help as best you can". They create quite different messages to the organisation.

So the how is not only about the steps on the way. It is about the levers to pull and understanding what will drive success. It is about identifying and communicating them.

It is also about the way the organisation thinks and works. Communication can be about ripping out old measures and procedures. Getting rid of practices and symbols from the old school communicates as much of a message as talking about the future. Their removal will as much be a communication of the strategic intent as all the presentations, workshops and events – and far, far, cheaper.

### What have we been discussing?

Communication of strategy is just communication. Its about people being different. Having different needs. Thinking in different ways and having different views of the world. You can hear it in their language, see it in their behaviour, and sense it in their actions, emotions and persona.

Its about how people rationalise things: You all know a "But"er. No matter what you say, they will say "Ah, but..." and discuss the exception. They intrinsically agree with all the positive things, but never say so. They go straight to the exceptions and differences. They are a real frustration to the "matchers" who look for similarity in things – "Isn't this just like the old strategy". You know the conversations. But to a "But"er, the conversation is tedious, "We all agree on that – let's sort out the issues and exceptions"

Some people are toward people and look to the future – “Won't it be great when as achieve this”. They really frustrate and get frustrated by the away from people who say “Yes but how will we get out of this/stop doing this/ win more customers”.

Some people are “big chunk” and take the helicopter view, whilst others are “small chunk” and drive into the detail. “I can really see how this will change the way we do business”. “Yes, but what about the way they work in customer service”

It's the same with strategy. The executive team have spent a good amount of time gathering facts, developing hypotheses, thinking things through and done all these things amongst themselves. It's too easy to try and short cut the approach for the rest of the organisation – Fanfare... Here it is and this is where we are going now.

Its much more about planning how the message will be communicated. Not just to who, but how, in a way that will touch their emotional senses, the way people think and the way they work.

## Conclusion

Communicating strategy is about communicating:

- The where?
- The why?
- The how?

It is about communicating them in a variety of different ways that touches the many different ways that people think and behave in your organisation.

It is about communicating the messages and the actions: Where to focus attention and how high to jump.

It is about giving everyone a sense of purpose so they can think “How can I contribute to the strategy?”

Most importantly it is a continuous process. Strategy formulation does not stop with the business plans. You need to sense what is going on, inside and outside the organisation and react to those signals. To listen to the feedback, learn and change the message or do something different if it is not working.

So strategy communication is just like any other effective communication. It's a two-way process that requires rapport, listening skills and the ability to put yourself in the other person's shoes.

## Want to know more?

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Our name represents what we do:

***Stimulate and improve organisations to perform better.***

We are a niche consultancy. We specialise in helping Management teams:

- Develop, clarify and agree their strategy
- Communicate the strategy so the whole organisation is mobilised
- Work more effectively as a team, learning together, as the strategy evolves
- To bring about change in organisations, by developing the beliefs, culture and behaviours of high performance
- Ensure strategy and performance leads to results.

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