

## **Strategy only sticks if you have active support and involvement from the top....and follow through**

### **Focus:**

Ownership & communication of strategy; Management responsibility; involvement. of the CEO Understanding of strategy; Quality of communication in the management team. Large scale roll-out; Tangible results. Balanced Scorecard.

### **Client:**

A large high street retailer with over 1000 shops and over 10,000 employees.

### **Client need:**

The Chief Executive identified the problem: "They don't get the strategy".

During the previous year they had initiated a number of major organisational changes to create an organisation that was to be more focused on customer needs and on the development of further, long-term, strategies that will satisfy those needs.

To build upon these they wanted: Clear accountability for profit; Decision making devolved to lower levels; Staff that felt responsible for the success of the company; A flat and lean structure; and Consistency with the desired culture: Then to roll this out in head office and all the shops.

### **Overview of project:**

In the first phase of work, we sought to clarify what the strategy was, its rationale and the drivers that would make it happen: How that strategy could be achieved. We worked with the management team to establish this. It would provide the focus at the senior level and also the foundation for the planned alignment and cascade through the organisation. This process essentially validates the logic of the strategy and checks that the management team all agree with the same model of the future and how to get there. They then can act with the same intent.

In doing this a major theme emerged: The Chief Executive saw the project as making *his* strategy operational. As far as he was concerned the strategy was clear and settled. The issue was that others did not get it, and that was their problem. Getting his time was difficult as he was running a project on international expansion and away a half of the time. Yet as the holder of the long-term vision, he needed to ensure the rest of the team could also communicate and execute it.

As a consequence there was also reluctance amongst the management team to discuss issues within the strategy as they emerged. For instance, it quickly became apparent that, whilst the financial model was sound, the overall target of Total Shareholder Return was unrealistic and not owned, even by the FD.

Some critical processes were broken. For instance, store portfolio management was crucial to the strategy, yet was fragmented and under funded. Likewise investment in growth from new offerings was under funded and resourced. Whilst there were a

large number of initiatives defining the culture and values of the organisation, they were inconsistent and few knew which was supposed to be the central one.

Despite this, the company insisted on rolling out the approach through the organisation and to the stores. Each store to have a simple set of 6-8 measures and develop the culture of high performance teams.

### **Results and Benefits (or not):**

Over the next 18 months, as the project rolled out, the share price beat the FTSE100 by 20% and the sector by 15%. This was due to a successful change in behaviour in the stores. Using the Balanced Scorecard objectives and performance management approach with a "High Performance Team" model, there was a large increase in understanding and accountability in the stores.

However it did not stick. The management team did not stick with the strategy, ignored some of the central strategic themes and changed a simple clear communication of the objectives in the stores into a set of 70 tactical measures for each store. This caused confusion and lost all sense of clarity. Five years on, the Chief Executive, and most of the original management team, have been replaced.

A new executive team have moved the focus back onto the customer, the value proposition and aggressively addressing the portfolio of stores. The original client project manager described it as "The right tool, applied when the executive were unwilling to discuss the strategy and become aligned". By not grasping their leadership issues they were unable to clarify and agree the strategy and so execute it together. "The origin of the problem was the Chief Executive's lack of involvement and sponsorship". This caused the approach to regress into a tactical tool rather than a strategic one.

### **Want to know more?**

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About *Excitant Ltd*

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.

For more information, contact:

Phil Jones, Managing Director  
M 07 711 711 123  
[phil@excitant.co.uk](mailto:phil@excitant.co.uk)

*Note:*

*1 This engagement was carried out by Excitant staff, prior to Excitant being formed..*