



The key to Strategy Execution

How one tool can safeguard the delivery of transformation goals

What makes Strategy Execution so difficult, and what are the consequences of getting it wrong? More importantly, how can organisations close the execution 'air gap'? This guide examines how Strategy Execution software can support the full execution cycle to give senior leaders the visibility they need to effectively manage any major corporate change.

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Introduction

Across large enterprises, execution is the result of thousands of decisions made every day by employees acting according to the information they have; towards the goals they believe they have been set and, on occasion, in line with their own self-interest. However, the quality of a company's execution sets the pace at which an organisation moves and often dictates its market position.

Execution, and Strategy Execution in particular, is a specific set of behaviours, methodologies and tools that companies must master in order to gain, maintain and sustain competitive advantage. Firms that successfully practice Strategy Execution enjoy dramatic benefits that typically translate into significant outperformance.

This guide explores common Strategy Execution challenges and explains why i-nexus' Strategy Execution software is the solution to safeguarding your execution.

Strategy Execution can be a challenge, but getting it right can set an organisation apart

- The quality of a company's execution sets the pace at which an organisation moves and often dictates its role relative to its peers
- To deliver the full potential of strategic initiatives and drive positive change, alignment to strategy, confidence in the defined goals, and having the right capabilities and tools are all important success factors
- When delivered correctly, Strategy Execution excellence affords organisations a vital competitive advantage – they get to new markets first, win market share and maintain a leadership position



Why should you read this briefing?

This briefing seeks to de-mystify why strategic transformations typically fail to achieve even 40% of their potential value due to improper Execution. It examines what happens when Strategic Execution goes wrong, but also the tangible benefits of getting it right.

The case studies explored provide real examples of organisations that have succeeded and how this improved their top-line growth, strengthened their market perception and consistently boosted market performance.

These organisations understand Strategy Execution best practice and have embraced it.

As a leader in Strategy Execution software for two decades, i-nexus is uniquely positioned to explain why traditional tools are no longer fit for purpose in the digital age, and why fully integrated Strategy Execution software is the best way to safeguard the delivery of your organisation's goals.

Why is Strategy Execution so difficult?

Across large enterprises, execution is the result of thousands of decisions made every day by employees acting according to the information they have, towards the goals they believe they have been set and, on occasion, in line with their own self-interest. The quality of a company's execution sets the pace at which an organisation moves and often dictates its position in its market.

"Executional excellence is the number one challenge facing corporate leaders in Asia, Europe, and the United States"

Harvard Business Review

One of the key ingredients of execution is having an execution-oriented culture, the absence of which is often driven both by a lack of understanding of the strategic direction among managers, and a lack of confidence that they can really execute the change required to meet corporate goals and milestones. This lack of strategic operationalisation leads directly to poor outcomes.

Sitting behind this is often a common mix of root causes that 'boil down' to a small number of key issues – the lack of certain skills, the lack of information and the lack of alignment with the strategic plan itself. Ultimately, these issues result in an inability to track crucial information, such as what people are doing and the effect of Strategy Execution across the business.

What are the consequences of getting it wrong?

Getting Strategy Execution wrong can have many unintended consequences on the success of an organisation. These may be financial, operational or reputational in nature, but are likely to result in questions about the Executive leadership's effectiveness and stewardship.

Everyone has a role to play in Strategy Execution from the top to the bottom of an organisation, but the role of the Executive leadership team is critical. Setting the right strategy is just the first step in the process; leadership teams who focus only on statements of vision and strategy and pay only 'lip service' to execution will find everyone else in the organisation doing the same.

Those who fail to invest in their Strategy Execution with rigour, energy and resource, and who lack transparent dialogue with their employees, risk seeing change and transformation efforts lose focus and fail.

Figure 1 below highlights the potential consequences of failing to successfully execute a strategy. The case study examines the reverse takeover of the software division of Hewlett Packard Enterprise by Micro Focus in 2017. Charting the impact on Micro Focus' share price over a three-year period, we can see how a strategy – in this case a merger – can be well received by the market, but subsequent failure to execute can cause significant damage to shareholders and corporate leadership.



- Micro Focus manages mature infrastructure software assets that have been delivering value to customers over long periods of time
- It was a global business renowned for operational effectiveness and scale, with revenues of \$1,380m and EBITDA of \$640m
- By enabling customers to link their investments with the latest innovation, Micro Focus was focused on supporting organisations gain incremental and sustainable return on their software investments

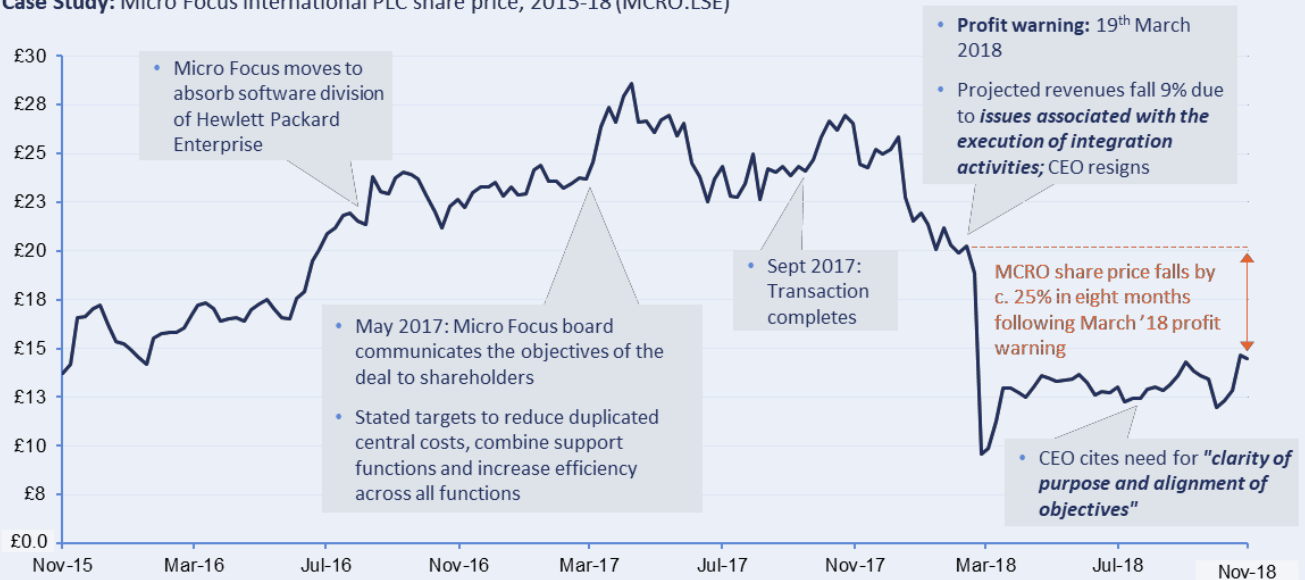


**Hewlett Packard
Enterprise**

- HPE was an industry-leading technology company (formed in the demerger of HP in November 2015) promising to let "go further, faster"
- With a portfolio spanning the cloud, data centres and workplace apps, HPE supports a global customer base to make their IT more productive and more secure
- HPE's software business operated in five main areas; IT operations management, application delivery management, cyber security, information management and data analytics

The announcement in 2016 that Micro Focus International had agreed to buy the software division of Hewlett Packard Enterprise was celebrated as a deal to inspire the tech sector.

Case Study: Micro Focus International PLC share price, 2015-18 (MCRO:LSE)



What are the benefits of getting Strategy Execution right?

Firms that successfully practice Strategy Execution enjoy dramatic benefits that typically translate into significant market outperformance. This is the case for both transformational strategy and 'business as usual' continuous improvement; when delivered well, both can drive an organisation's fortunes. Excelling at Strategy Execution affords organisations a vital competitive advantage; they get to new markets first, they win market share and they maintain their leadership position.

Strong performers in terms of revenue growth, market share gain and sector-leading profitability are often the same organisations that strike the right balance between quality of strategy formulation and strength of Strategy Execution. In contrast, data compiled by The Economist Intelligence Unit¹ shows that executives from profitability lagging organisations are 35% more likely to report spending more time formulating strategy than executing it.

To deliver the full potential of strategic initiatives and drive positive change, alignment to the strategy, confidence in the defined goals, and having the right capabilities and tools are all important success factors. These are the three 'execution levers' that business leaders can pull to successfully implement a transformation agenda.



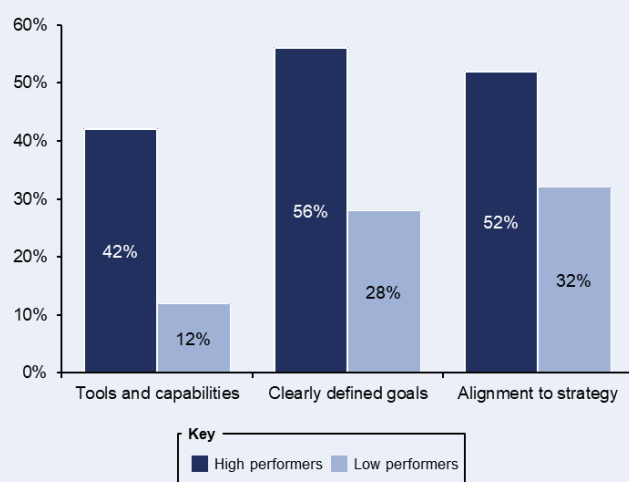
According to a Bain & Company survey², executives claim to lose 40% of their strategy's potential value due to breakdowns in execution. For many companies, the 'air gap' between setting a strategy and implementing change stems from an approach that is sequential in nature, proceeding from 'planning' to 'doing', instead of taking a holistic view of all ongoing activity 'in the round'.

Today's successful companies close the 'air gap' with a strategy that can be described as the 'Plan-Do-Check-Act' cycle. This agile, test-and-learn approach is better suited to today's unpredictable commercial environment, and helps bridge the gap between great strategy, great execution and great outcomes.

¹ Survey by The Economist Intelligence Unit for BTS, *Cracking the Code: The Secret to Successful Strategy Execution & Lessons for the C-Suite*

² Survey by Bain & Company for Harvard Business Review, *Turning Great Strategy into Great Performance*

The presence of Strategy Execution levers is linked with company performance



High performing organisations

- 42% of leaders at high performing companies report that they have the tools and capabilities to execute strategy
- 56% of these leaders report that their workforce has belief in well defined goals
- 52% report strong, organisation-wide alignment to strategy

Low performing organisations

- Only 12% of leaders at lower performing organisations report that they have the tools and capabilities to execute strategy
- 28% of these leaders report that their workforce understands their transformation goals
- Only 32% report strong alignment and commitment to strategy

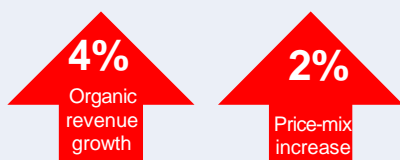
Source: The Economist Intelligence Unit

As shown in Figure 2, top-performing companies – characterised by above average revenue growth and profitability – are consistently more likely to achieve higher organisation-wide alignment to strategy, a greater confidence in and stronger mindset towards transformation goals, and greater access to tools and capabilities to execute effectively³.

These high performing organisations can effectively enable their staff to engage in execution, both by upskilling management and by creating an environment in which they are able to see how their actions link to strategy.

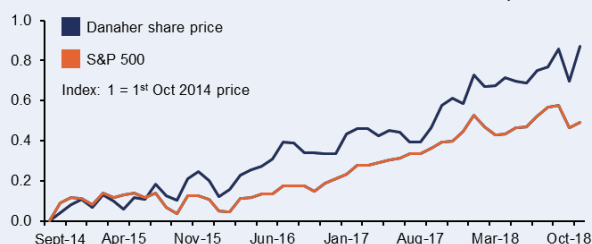


- In 2014/15, Coca Cola was facing challenges with execution and change management culture
- Recognising the need for capable and invested leadership, the company immersed c. 500 senior leaders in a simulation exercise in which they were challenged to 'execute' the company strategy
- This exercise was credited with strengthening the leadership of senior executives and creating greater impact throughout the organisation, leading to tangible improvements
- A 4% increase in FY15 organic revenue and a 2% rise in price-mix were both attributed to improved execution of transformation programmes



- Danaher Corporation, a \$20bn US industrial conglomerate, has consistently outperformed the S&P 500 over 30 years, successfully integrating more than 400 acquisitions along the way
- With a portfolio of nearly 600 subsidiaries, Danaher attributes its success to an integrated Strategy Execution system
- This system builds on the lean philosophy by integrating tools for strategy deployment
- "[Strategy Execution] is **the most valuable asset we have**, even though it doesn't appear on the balance sheet"

CEO, Danaher Corporation



³ Harvard Business Review, *How the most successful teams bridge the Strategy-Execution gap*

Why are traditional approaches not fit for purpose in the digital age?

Having invested time, effort and money in developing a vision and strategy for your business, it is imperative to carefully identify the specific outcomes you expect (goals), the initiatives you need to deliver those outcomes, and your approach to tracking key metrics and delivery.

The disconnect between Boardroom strategy and the 'nuts and bolts' activity of Project Management teams within an organisation can be a critical weakness in Strategy Execution. Organisations need tools that allow vision, strategy, goals and milestones to cascade through their organisation at every level to ensure alignment and buy-in.

"We've noticed a significant increase in organisations establishing what Gartner calls a 'strategy realisation office'. This should further drive the clear value case that, if it is worth setting up a dedicated group of people to assure strategic efforts are on point, then it might also be worth providing them with the right tools."

Market Guide for Strategy Execution Management Software, Gartner

Traditionally, execution has been managed using a variety of standalone tools including the Microsoft Office suite (Excel, Project, PowerPoint), project management tools such as Trello and BaseCamp, and business analytics modules such as Power BI. These tools can be very effective when looking after small, local transformation projects; however, when applied to an organisation-wide Strategy Execution they can quickly become unmanageable, inefficient and ineffective.

Using these traditional tools also creates a challenge when tracking progress. With standalone systems each requiring manual data inputs, it becomes almost impossible to quickly pull all key data together into one, cohesive report on progress against goals. Senior Executives therefore lack clear sight of whether their strategy is being executed.

Underpinning the execution levers of capability, mindset and alignment is the imperative to execute in an environment that enables transparent, timely and reliable reporting. Without regular visibility of progress and data they can trust, an Executive team will be unable to course-correct efficiently or understand whether their strategy is delivering results.

When information does not flow both horizontally and vertically among business units, groups will often end up behaving in silos without recognising the holistic impact of their (or others') specific strategic initiatives. Without clear and consistent reporting, executive teams can find themselves oblivious to the number and impact of the myriad initiatives they have in progress.

The problem that many top global organisations have is that executive teams can be oblivious to the number and cumulative impact of the initiatives they have in progress. This initiative overload can rapidly lead to Business as Usual (BaU) impacts or lacklustre execution and may result in key staff burning out and leaving their roles.

Moreover, most organisations lack the tools to identify, measure and manage the demands that initiatives place on the managers and employees doing the work. Similarly, because business units and functions often launch and manage initiatives in isolation, they may not understand the impact on other functions if resource is required to support them.

Combatting initiative overload – or preventing it in the first place – requires the means and willingness to implement difficult strategic decisions. Organisations need a real-time count of ongoing initiatives, an ability to assess them, and an appropriate process for ending initiatives that are no longer making a significant business impact.

Visibility and alignment are key to avoiding these challenges, and the required level of transparency is only possible using smart, agile and engaging Strategy Execution software.

How does Strategy Execution software help close the execution gap?

The key to successful execution is to build a programme of activity in and around an enterprise tool that allows you to manage projects and measure performance and progress. Such a tool must allow you to link projects back to your strategic plan and allow you to keep all interested parties up-to-date with pertinent information.

“Only 21% of respondents from ‘weak execution’ companies thought that information flowed freely across organisational boundaries”

Harvard Business Review

Strategy Execution software is the answer, bringing together in one solution the ability to manage the goals, programmes, and metrics associated with Strategy Execution.

“Organisations are realising that executing strategy effectively in the digital age requires a new set of tools and practices. Transformation leaders and EPMO leaders should consider investing in Strategy Execution software to help close the ever-persistent ‘execution gap’.”

Market Guide to Strategy Execution Software, Gartner

Gartner predicts that, by 2021, enterprises that commit dedicated resources to ensuring that strategy is successfully executed will be 80 percent more likely to be industry leaders⁴. This should encourage organisations to implement Strategy Execution software, the only solution that supports real-time visibility, enables a relentless focus, ensures accountability, and facilitates a closed-loop review process.



1. Real-time visibility

In practice, the biggest barrier to Strategy Execution is the unrelenting demands of the ‘day-job’. Without real-time visibility into the progress of strategic initiatives, there is no counterbalance to the pressure of day-to-day operations.



3. Accountability

Clarity of goal timings accelerates Execution by making clear what needs to be done, who will do it, and how success will be measured. Strategy Execution software enables Management to assign ownership and accountability to individual resources, tying them in to execution.



2. Relentless focus

Successful Strategy Execution is as much about choosing what not to do as it is about choosing what to do. Relentless focus enables organisations to achieve more while doing less, and Strategy Execution software gives us the tools to achieve this.



4. Closed-loop reflection

Strategic planning boils down to betting on a set of assumptions. The sooner we can learn if those assumptions are correct, the more likely we are to execute successfully. Without ‘closing the loop’ we cannot gain the feedback we need to test our assumptions.

⁴ Gartner, *Don’t Leave the PPM Strategy to Chance*

How does i-nexus support the full Strategy Execution cycle?

The purpose of i-nexus Strategy Execution software is simple: to safeguard the execution of your strategy to deliver the expected business outcomes.

Our solution enables large organisations to successfully deploy and execute on strategy, no matter their preferred change methodology. Starting with capturing strategic goals and cascading them through the organisation, i-nexus helps prioritise, align and manage the incoming ideas, projects, actions and performance needed to meet these goals.

i-nexus provides real time performance measurement to gauge results and drive continuous improvement, all in one integrated platform that delivers regular reports at a level of detail tailored to its audience.



Goal management

- i-nexus helps you capture your strategic vision and goals, identifying connections and dependencies between elements
- The tool creates alignment and focus by cascading goals through the organisation, assigning responsibilities and accountabilities
- You can analyse your strategic goal cascade from multiple angles: organisation, themes, function, team, and individual
- Bi-directional dialogue, captured through the software, to collect feedback to inform and refine goals



Initiative management

- Operationalise projects of all sizes and complexities, translating strategy and goals into tangible initiatives
- Track initiatives in real-time by monitoring schedule, cost, resource and risk performance
- Establish a PMO with standardised methodologies that fit your organisation
- Maintain an optimal project portfolio, aligning investment with strategic goals and maximising economic value
- Manage opportunities by enabling prioritisation of ideas
- Use i-nexus reporting and analysis to identify underperforming projects needing immediate course correction



Performance management

- i-nexus lets you create specific KPIs to measure success against your strategic goals, and enables early intervention as challenges arise
- Automatically generated Executive-level performance reports for review, which let you click through data to determine the root cause of underperformance and implement rapid corrective action
- Collect and consolidate benefits realised from each unique strategic initiative, driving accountability for results

Why is i-nexus the answer to my Strategy Execution problems?

i-nexus has been a leader in Strategy Execution software for two decades. Listed on the London Stock Exchange, i-nexus has supported global clients in achieving billions of dollars of execution value, and in doing so continually evolved its approach and technology to enable large organisations to safeguard change. Put simply, i-nexus helps organisations outperform their competitors by achieving more, faster, with less effort.

i-nexus is an enterprise-grade Strategy Execution platform used by world-leading organisations in the UK, Europe and North America. It gives customers the clarity, visibility, and confidence to successfully deliver their Strategy Execution goals.

Each organisation determines success differently. That is why i-nexus places Customer Success at the heart of everything it does, guaranteeing deployment in 90 days with our team of global strategy Execution experts. The implementation of i-nexus is organised into manageable phases designed to deliver value at pace, and our team acts on user and 'consumer' feedback to nurture lasting engagement.

Every customer benefits from a dedicated Customer Success Manager acting as their end-to-end liaison with i-nexus as well as full access to a Customer Support Team for any functional questions. i-nexus works tirelessly to understand and deliver our customers' desired outcomes.

i-nexus can start anywhere, and go anywhere

i-nexus is the platform that can start from a top-down view of strategy or a bottom-up view of execution. This means that whether an organisation has numerous initiatives and projects underway or simply an Executive-level vision, the tool can support effective performance management and execution.

The platform is methodology – and theory – agnostic, meaning it can integrate with existing tools and be deployed into the change process to suit the transformation maturity of the customer, and their way of working. i-nexus allows for templates and functionality to be switched on or off to give each customer the tools needed to execute.

i-nexus is the key to effective performance management

i-nexus safeguards the execution of strategy, enabling outcomes through meaningful performance management functionality. It is a proactive – not a reactive – solution that surfaces problems before they mature, making successful execution more certain.

At its core, i-nexus affords senior leaders the visibility to make business-critical decisions using relevant, accurate, and reliable data. Much more than a simple communication tool, i-nexus is execution software that links actions to operational plans, and operational plans to strategic goals, all in one system.

i-nexus is the single source of truth for change

i-nexus is the platform that can visualise the relationship between programme goals, execution, and progress. It is also the best platform to neatly and seamlessly join up strategy with specific projects and owners, giving staff the tools needed to execute strategy.

Summary

The i-nexus Strategy Execution platform enables organisations to dramatically reduce the time and effort it takes to successfully execute a Boardroom strategy, whilst significantly raising the probability that transformation efforts will be successful. The result is a faster route to consistently better execution, and the resulting business benefits.

i-nexus Strategy Execution software has been specifically designed to support each stage of an organisation's journey towards integrated and aligned execution. This is the best Strategy Execution solution to 'shine a light' on change efforts and safeguard successful delivery of transformation goals.

About i-nexus

i-nexus is the leading provider of Strategy Execution solutions, helping over 50 of the global 5,000 to turn their strategy into operational reality. Global leaders turn to i-nexus to translate strategy into goals and goals into action, while continuously measuring and refining both their performance in execution and business outcomes.



- **Over 50,000 global i-nexus users**
- **Global operations with teams in North America, Europe and the UK**
- **Over 500,000 programmes and projects managed using i-nexus solutions**
- **Annual £2M invested in Research & Development**
- **\$7bn cumulative value generated for customers through effective Strategy Execution**
- **Raised £10m of investment to fund growth via its IPO in June 2018 on the London Stock Exchange**

i-nexus' customers





i-nexus
Strategy Execution Software

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