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## 10 Classic Mistakes that Organizations make with Strategy

I have spent the last ten years working on, developing and supporting dozens of organizations in strategy development and implementation, and to mark my decade long experience, I will like to share 10 of the most common mistakes that organizations and their leaders make when it comes to strategy

(1 for each year), so that we can all learn some valuable lessons, avoid these mistakes and improve our ability to use the transforming power of STRATEGY more effectively in our organizations. For the confidentiality of my clients, I will mask their identities as I share the following ten mistakes:

- 1) **Allowing/Expecting the Consultant to Do All the Work:** This is quite common – Company Executives and Directors get a mandate from regulators or their shareholders to develop a strategy. Overwhelmed by this, they default to engage a Consulting Firm to carry out research, develop the Strategy based on their world-class research and give it back to them to review, approve and implement. We were invited a few years ago to help implement a strategy for a client and found a well-researched and developed Strategy Document that none of the Company's Executives or Senior Managers could explain. It had been prepared by one of the Big 4 Global Accounting/Consulting firms with very little input from the Company's Executives and Managers – no wonder they needed to hire another Consultant to explain it and translate it into action. **ADVICE:** Strategy Consultants should work with Board Members, Executives and Managers to co-create the Strategy. The Consultant should facilitate, create context and provide tools while the Executives and Managers do the real work of Development and Implementation guided by the Consultant.

- 2) **Turning the Retreat into a Fashion Parade:** The Directors of a Pension Fund Administrator we worked for kept insisting that the Retreat Outline we developed wasn't going to work because we had not allocated any time for Heads of Departments to prepare and deliver presentation slides of 'Where they are coming from'; "Where they are Today" and 'Where they are going to" – the typical content and flow of most retreats. These things just turn into a fashion parade where Managers and Executives start ego-tripping and eventually start arguing with each other about who is responsible for failures and taking up so much time that very little is actually achieved. **ADVICE:** Strategy Retreats are not TALK-SHOWS and should be facilitated in an experiential and discovery-based manner that uses disciplined processes that result in clear deliverables with participants working together in teams to tackle real problems and challenges.
  
- 3) **Building KPIs and Goals for Departments without an Overall Strategy:** A client in the Financial Services Industry decided to build KPIs for Departments, Units and Individuals without first having an overall Corporate Strategy. The KPIs came out of job descriptions (JDs) which unfortunately do not reflect Strategy. Strategy is beyond your JDs or what Harvard Business School's Michael Porter refers to as "Operational Effectiveness" (OE) or 'Business as Usual" (BAU). If employees' KPIs are based on BAU, then how can they drive STRATEGIC GROWTH? So, employees are working hard to meet goals that are not strategy-aligned, do not align with an overall strategy, and cannot galvanize employees towards the promised land – since no clear promised land has been articulated. **ADVICE:** Start your strategy development process with an Organization-wide strategy – with a Strategy Map, Corporate Score Card and an Office for Strategy Management System that will cascade strategy across the organization.
  
- 4) **Neglecting the input of employees:** An Educational Institution was so weary of the feedback it would get from its employees that they resisted the idea of a pre-Retreat Organizational Pulse-Check. We insisted – the School Director eventually understood the benefit of feedback and got a powerful lesson in Self-Awareness based on the feedback from the rest of the Team. Similarly, a Bank that had just gone through a merger implemented a new Performance Management System to support its STRATEGY and didn't carry employees along in developing KPIs. The KPIs were a cut and paste from the acquiring Bank, leaving most employees completely clueless about what the KPIs meant, and rendering them quite ineffective. **ADVICE:** Carry out an Organizational Pulse Check and get your employees to be brutally honest, yet professional in their feedback. Also,

PERFORMANCE CONTRACTING CLINICS are a great way to engage employees in the development of strategy-aligned KPIs – use them!

- 5) **Not Diverging and then converging on Ideas at the Retreat:** Most Strategy Retreats do not use innovation processes and techniques that require participants to first DIVERGE (come up with as many ideas as possible) and then CONVERGE (select the most appropriate ideas). Instead they make two fatal errors - focus on a few ideas from the very smart or senior people in the room or shut down every idea that the CEO doesn't like until he ends up being the only one coming up with ideas. **ADVICE:** Use Innovation techniques like – Appreciative Inquiry, Mind Mapping, Brain-Writing, Ideas Box etc. to generate as many ideas as possible, and then subject them to I3, Yes...and, Double Star and a Circle, and Blue Sky Voting to select the most appropriate ideas.
  
- 6) **Neglecting to manage the 'people-side' of the strategy initiatives:** This sounds like a national problem from the highest level of Government all through most Board Rooms across the country. We neglect to carry people along, manage the cultural dynamics and most importantly communicate powerfully when it comes to strategy. When we do not manage the 'people-side' of change, we assume that the strategies, initiatives and projects will just run by themselves, we take for granted the buy-in of the employees, under-estimate resistance to change and the result is always a DISASTER – plenty of activity, but very little progress. Effective leaders and organizations understand the power of change management – they communicate powerfully, engage their people and integrate the strategy into the organizational culture. **ADVICE:** Deploy the time-tested Change Management philosophies of Kotter's 8 and Prosci's ADKAR into the development and implementation of your organization's Strategy. A Government Agency whose leaders understood this was patient enough to try and achieved remarkable results that have transformed that agency and the Service it offers to the public using a people-focused STRATEGY implementation. The leaders responsible for the Strategy Project had gotten their fingers burnt in previous strategy assignments and they ensured they did better this time.
  
- 7) **Not Aligning Strategy to KPIs:** A Company in the Financial Services Industry worked with us to create a great strategy, and then decided not to use the KPIs derived from the strategy to drive actual performance. According to Executives and Senior Managers, the Strategic KPIs were too much of a stretch, so they defaulted back to their OE or BAU KPIs. The result – what doesn't get measured doesn't get done. Since no one was measuring the Strategic KPIs, none of the

strategy initiatives were implemented – you can figure out the rest of the story. **ADVICE:** Perhaps the easiest: Cascade your Corporate Score Cards to Departmental and Individual Score Cards and ensure that leaders are held accountable for Strategy Initiatives.

- 8) **Focusing too much on the Ideas and not the EXECUTION:** A Manufacturing Company we worked for were very impressed with the output of the 3-Day Strategy Retreat that they did nothing else thereafter. The “smiley sheets” from the sessions rated everything EXCELLENT, and that’s where it ended. The CEO was not able to galvanize the team to drive the initiatives and the implementation plans just never got implemented. They dilly-dallied with implementation for so long that soon their competitors started “borrowing their ideas to implement. **ADVICE:** Don’t be too excited about how wonderful the ideas are and stop there, use the discipline of an Office of Strategy Management to ensure that the Strategy is implemented. In the words of renowned Strategist Ram Charan – “EXECUTION is Everything”. Build the discipline to implement and focus on that more than anything else. There isn’t anything like a best-conceived idea, but there is the best implemented one that actually makes a difference.
- 9) **Not building internal capacity to implement the Strategy:** With smaller sized business Strategy ends up looking like something they can never afford. The stretch initiatives that should take them to the next level in their industry will never happen if they don’t invest in internal capabilities to drive strategy. The Initiatives may all of a sudden look too expensive or difficult, and before you can say Jack Robinson, they have been abandoned and its back to BAU. **ADVICE:** Build internal capacity to implement strategy – invest in appropriate technology, systems and people so that strategy initiatives can be sustainable. That’s a lesson I learned myself when I decided to start producing learning resources (books, DVDs and E-Learning), we invested in a printing press, Audio-Visual Studio and DVD replicating equipment and then learnt to operate them ourselves. If we hadn’t the cost of implementing our new strategy would have been overwhelming and impractical – renting studio sessions, printing overseas, and shipping our DVDs overseas to be copy-protected.
- 10) **Not providing funds to implement the strategy:** A client of ours worked together with us to put together what was truly a market-disrupting strategy and after weeks of work, decided not to include the Strategy Initiatives requirements in the budget. So, without funding, there was absolutely nothing that could be done. They liked the Strategy, liked the Initiatives, but couldn’t implement

without funding. Theirs was clearly related to Mistake 9. **ADVICE:** Don't go into a Strategy Development Program without counting the cost from the beginning, especially when using Consultants that will stretch your creative capabilities and inspire you to come up with ground-breaking ideas and initiatives. It's not just the cost of the Consultant and the Retreat you should plan for, plan for the cost of implementing strategy which in itself must be differentiated, disruptive and sure to cost you something extra.

Overall, these mistakes can be avoided by most Organizations if they invest properly in equipping their employees and managers with the skills for strategic thinking and implementation. At the Officer (non-managerial level) employees should as early as possible get trained in personal accountability, ownership thinking and creativity skills. This way they start to take ownership and use their innovative skills to solve day-to-day problems. Then at the managerial and supervisory level, Business Acumen and Financial Literacy are critical so that they understand how

the organization makes money and they can start thinking about the financial health of the business. At the senior level, the Tools of Competitive Strategy using frameworks and tools like the Balanced Score Card, Play to Win, ADKAR and Blue Ocean Strategy are critical. Most importantly though the Organization's leaders must be committed to allowing people practice the skills they have learned and apply these lessons to turning their organizations around – we call it "Political Will".

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