


# William Malek

## Strategy2Reality International Co. Ltd



- Former Program Director – Stanford Advanced Project Management & CEO of IPS Learning
- Facilitated Senior Management Teams including IBM, Qualcomm & Cisco
- Co-Author of ***“Executing Your Strategy: How to Break It Down & Get It Done”***
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- Stanford Certified Project Manager (SCPM) and PMI (PMP)
- A Proud Sponsor of PMI-Thailand Bangkok Chapter
- Local Thai Clients: AP Real Estate, CP-ALL, Boehringer Ingelheim, SCG Chemicals, Minor International, APM Group, Xtend-Life Thailand, Thai Cardiff Life Assurance



**Believe nothing, no matter  
where you read it, nor who  
said it, unless it agrees with  
your own reason, your own  
context and your own  
common sense.**

# PMI Session Objectives

1. Why are we even talking about Executing Strategy?
2. As a Project Manager, what do I need to know about my company's strategy? [Initiation Phase]
3. What does “strategic thinking” look like for a Project Manager during planning? [Planning Phase]
4. What do you really need to pay attention to during implementation of the project plan in terms of strategy? [Execution Phase]
5. How can you make a difference with the company's strategy when you have no authority? [Close-out]

# The Biggest Problem in Business Today?

$$\begin{bmatrix} 80.8 & 2.3 \\ 2.3 & 0.28 \end{bmatrix} \begin{bmatrix} \ddot{\phi} \\ \ddot{\delta} \end{bmatrix} + \left\{ v \begin{bmatrix} 0 & 33.9 \\ -0.85 & 1.69 \end{bmatrix} \right\} \begin{bmatrix} \dot{\phi} \\ \dot{\delta} \end{bmatrix} + \left\{ g \begin{bmatrix} -80.9 & -2.6 \\ -2.6 & -0.8 \end{bmatrix} + v^2 \begin{bmatrix} 0 & 76.6 \\ 0 & 2.65 \end{bmatrix} \right\} \begin{bmatrix} \phi \\ \delta \end{bmatrix} = \begin{bmatrix} T_{\phi} \\ T_{\delta} \end{bmatrix}$$



**Or put more simply, if you don't peddle fast enough to keep moving while keeping the bike straight, you fall over.**



# V.U.C.A.

**V**olatility



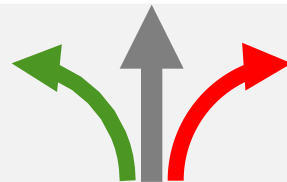
**U**ncertainty



**C**omplexity



**A**mbiguity



+

## **complexity**

**Characteristics:** The situation has many interconnected parts and variables. Some information is available or can be predicted, but the volume or nature of it can be overwhelming to process.

**Example:** You are doing business in many countries, all with unique regulatory environments, tariffs, and cultural values.

**Approach:** Restructure, bring on or develop specialists, and build up resources adequate to address the complexity.

## **volatility**

**Characteristics:** The challenge is unexpected or unstable and may be of unknown duration, but it's not necessarily hard to understand; knowledge about it is often available.

**Example:** Prices fluctuate after a natural disaster takes a supplier off-line.

**Approach:** Build in slack and devote resources to preparedness—for instance, stockpile inventory or overbuy talent. These steps are typically expensive; your investment should match the risk.

HOW WELL CAN YOU PREDICT THE RESULTS OF YOUR ACTIONS?

## **ambiguity**

**Characteristics:** Causal relationships are completely unclear. No precedents exist; you face “unknown unknowns.”

**Example:** You decide to move into immature or emerging markets or to launch products outside your core competencies.

**Approach:** Experiment. Understanding cause and effect requires generating hypotheses and testing them. Design your experiments so that lessons learned can be broadly applied.

## **uncertainty**

**Characteristics:** Despite a lack of other information, the event's basic cause and effect are known. Change is possible but not a given.

**Example:** A competitor's pending product launch muddies the future of the business and the market.

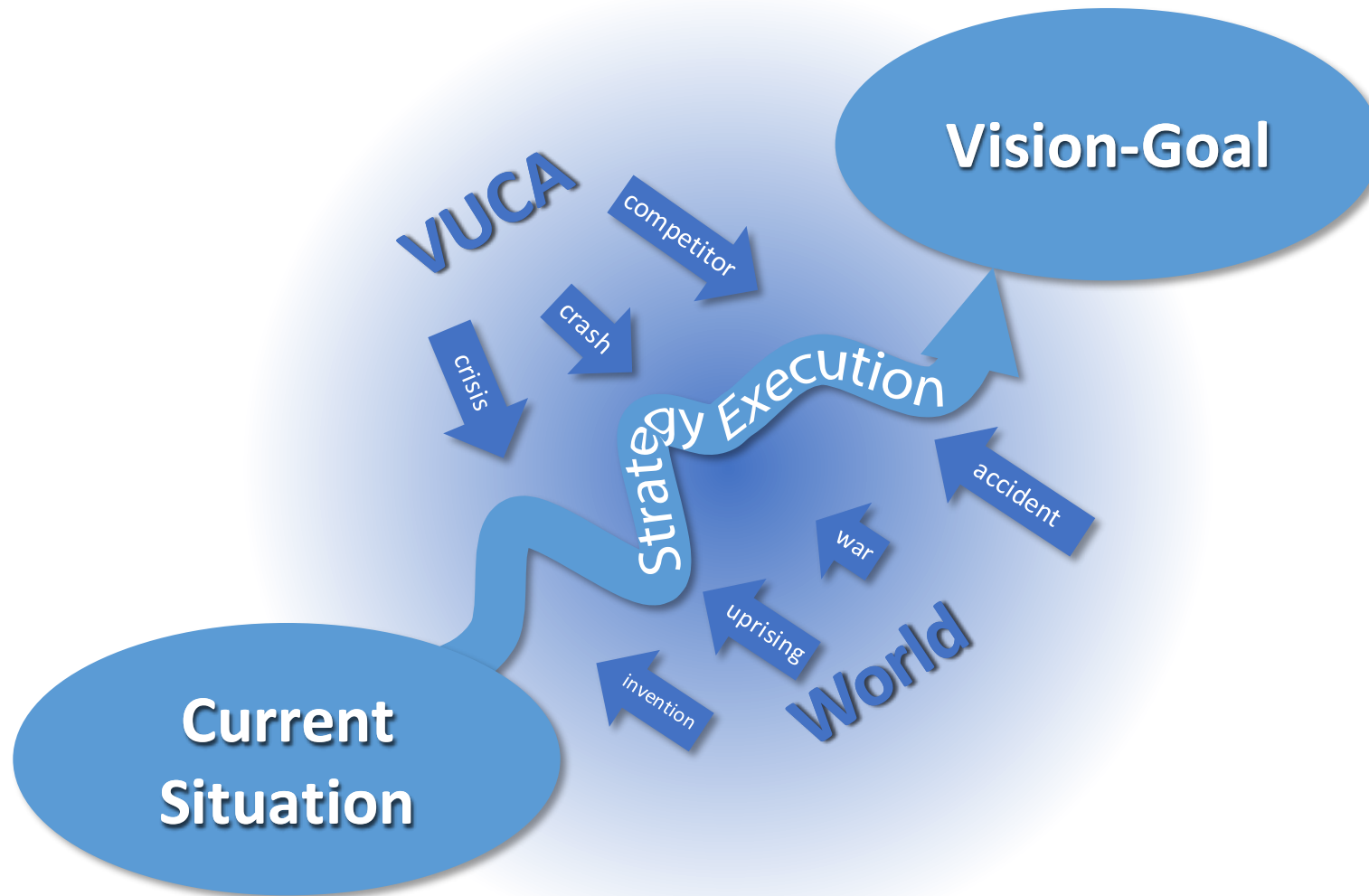
**Approach:** Invest in information—collect, interpret, and share it. This works best in conjunction with structural changes, such as adding information analysis networks, that can reduce ongoing uncertainty.

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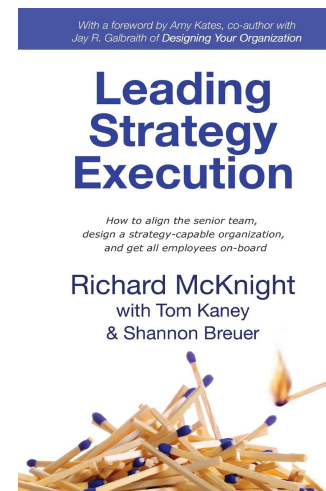
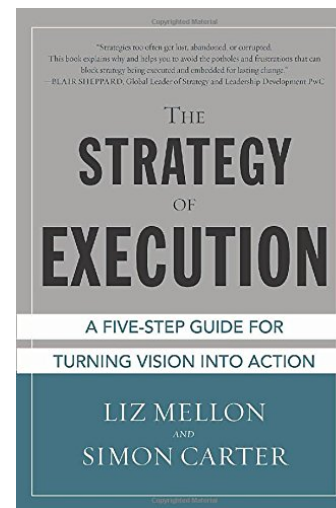
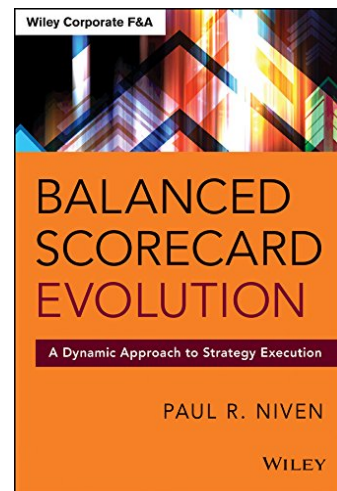
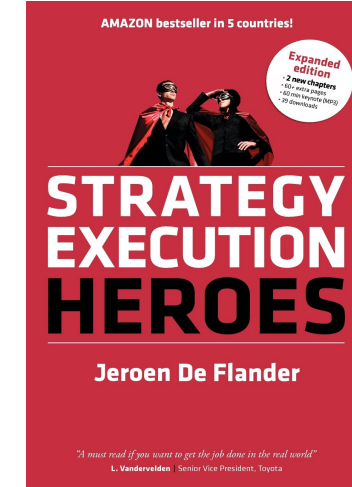
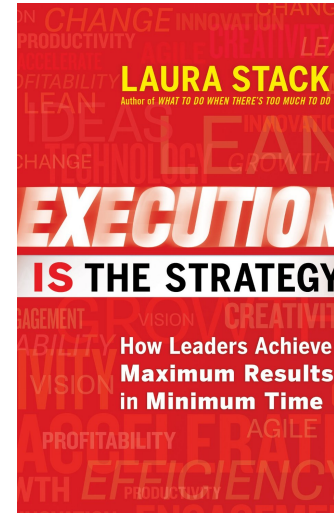
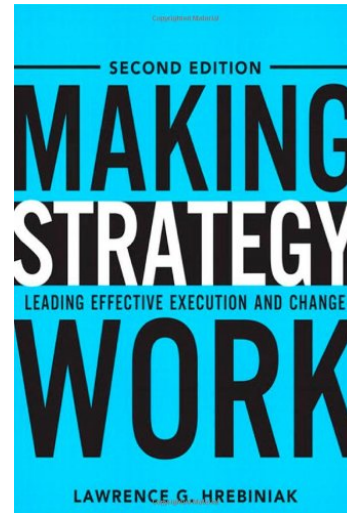
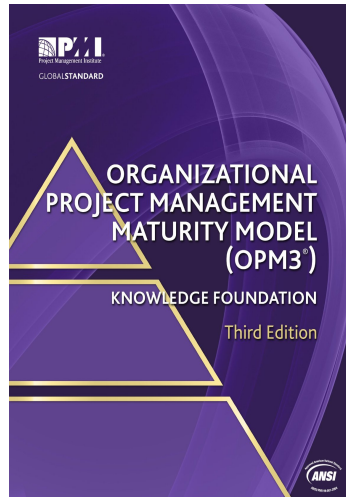
HOW MUCH DO YOU KNOW ABOUT THE SITUATION?

+

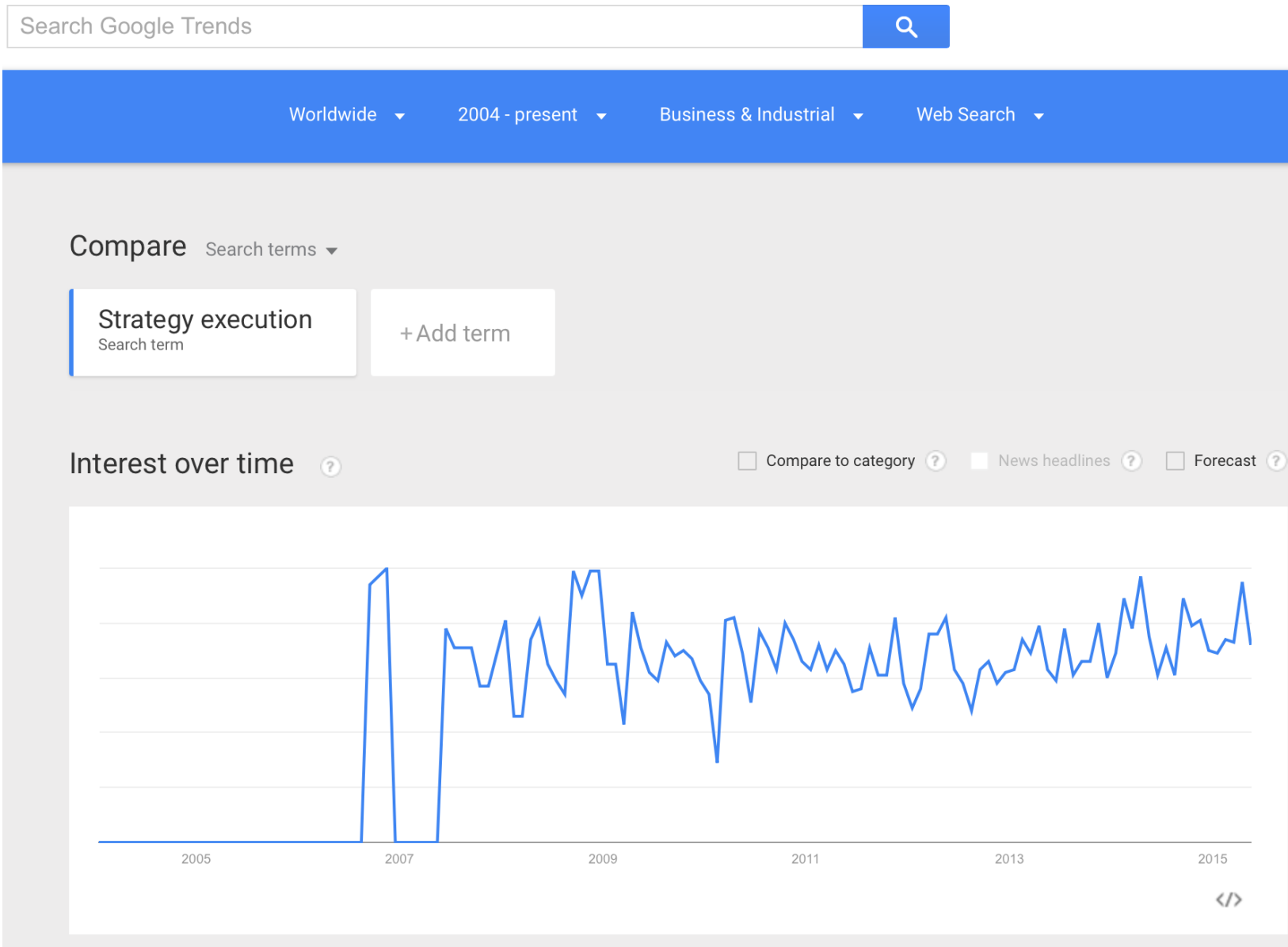
# In a VUCA world strategy execution is difficult



# A lot of perspectives in the market place!



# Strategy Execution is Trending

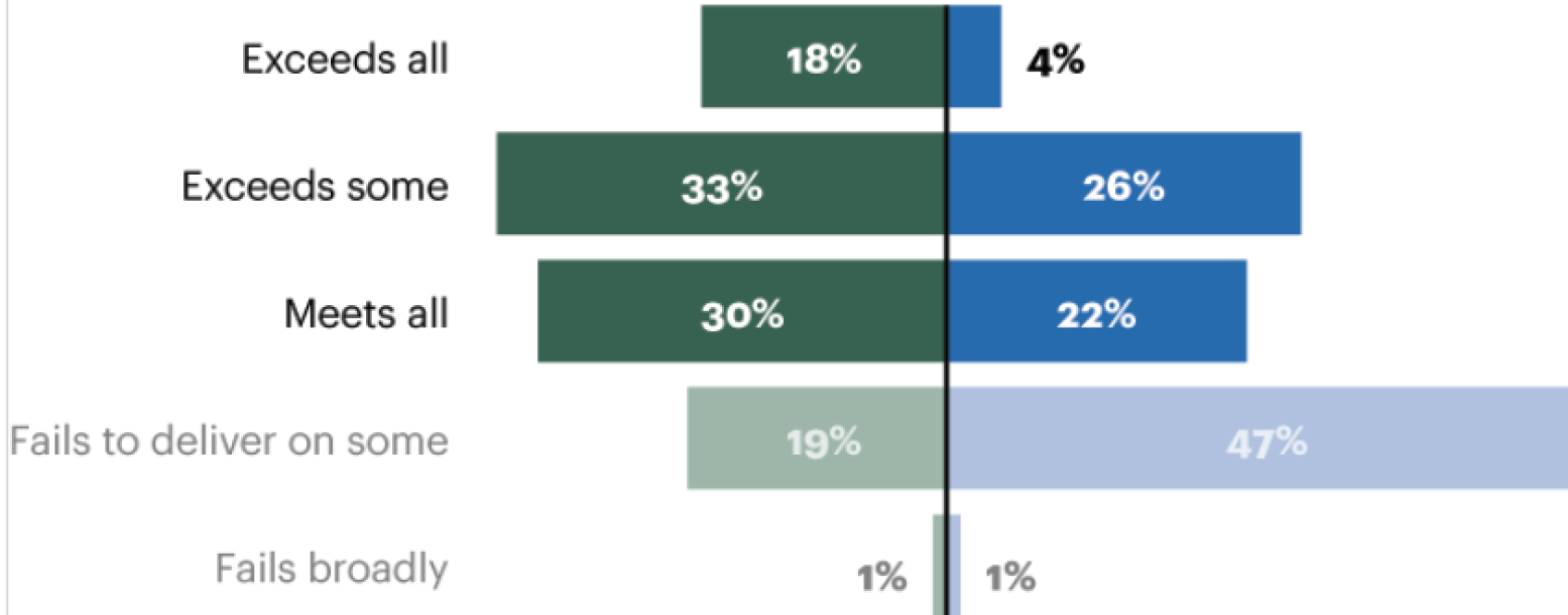


## Satisfaction rates of strategies

### Expectations:

### C-Suite

### Management



C-suite satisfaction **81%**

Only **52%** of management agrees

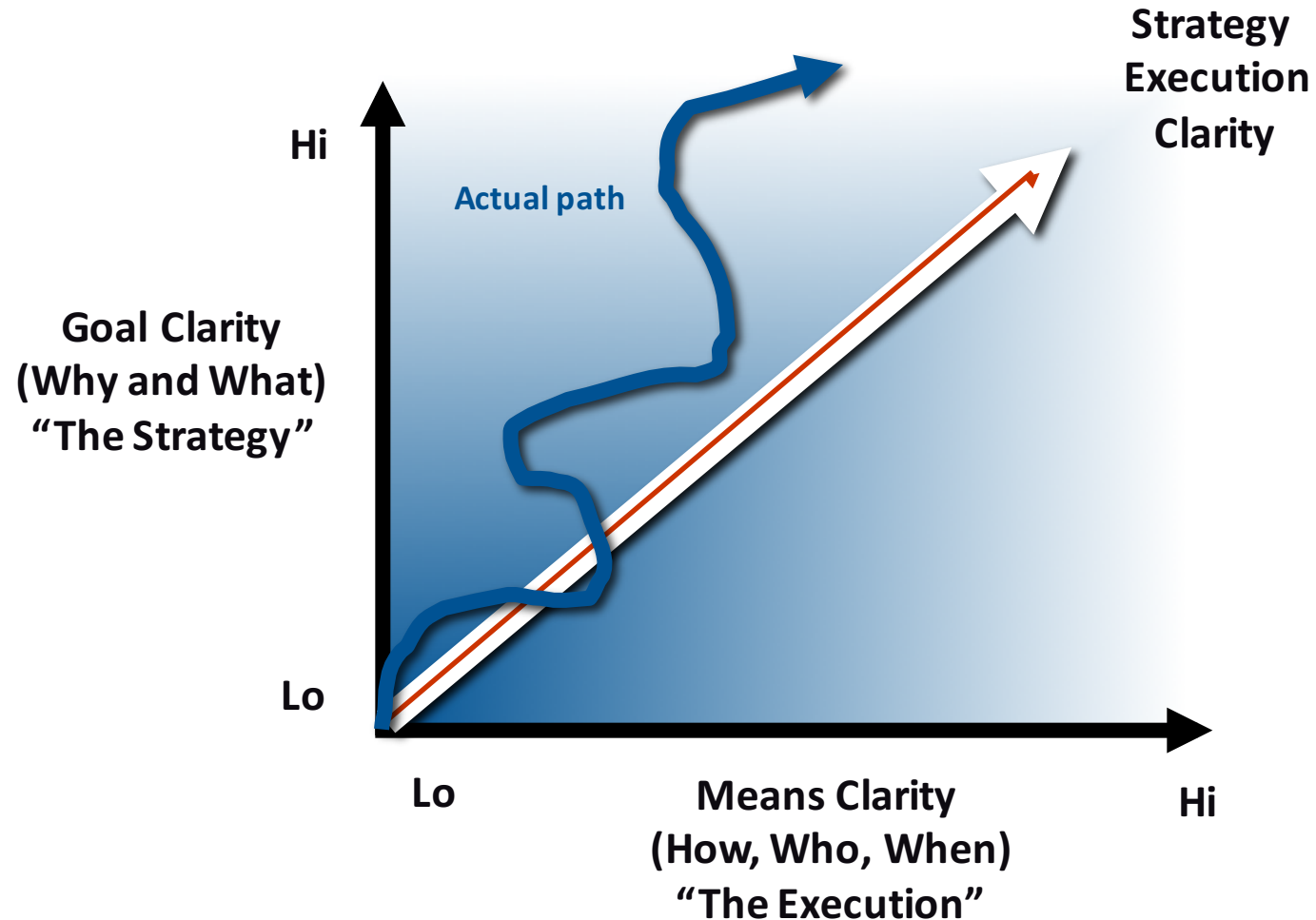
Source: A.T. Kearney Strategy Study, 2014; sample size: 2,010 global executives

# Strategy Formulation – What goes wrong?

- **Lack of Understanding of Future Trends (88%) = VUCA**
- **Little Understanding of Internal Capabilities (87%)**
- Too Much Top-Down Approach (84%)
- Not Enough Logical Thinking (84%)

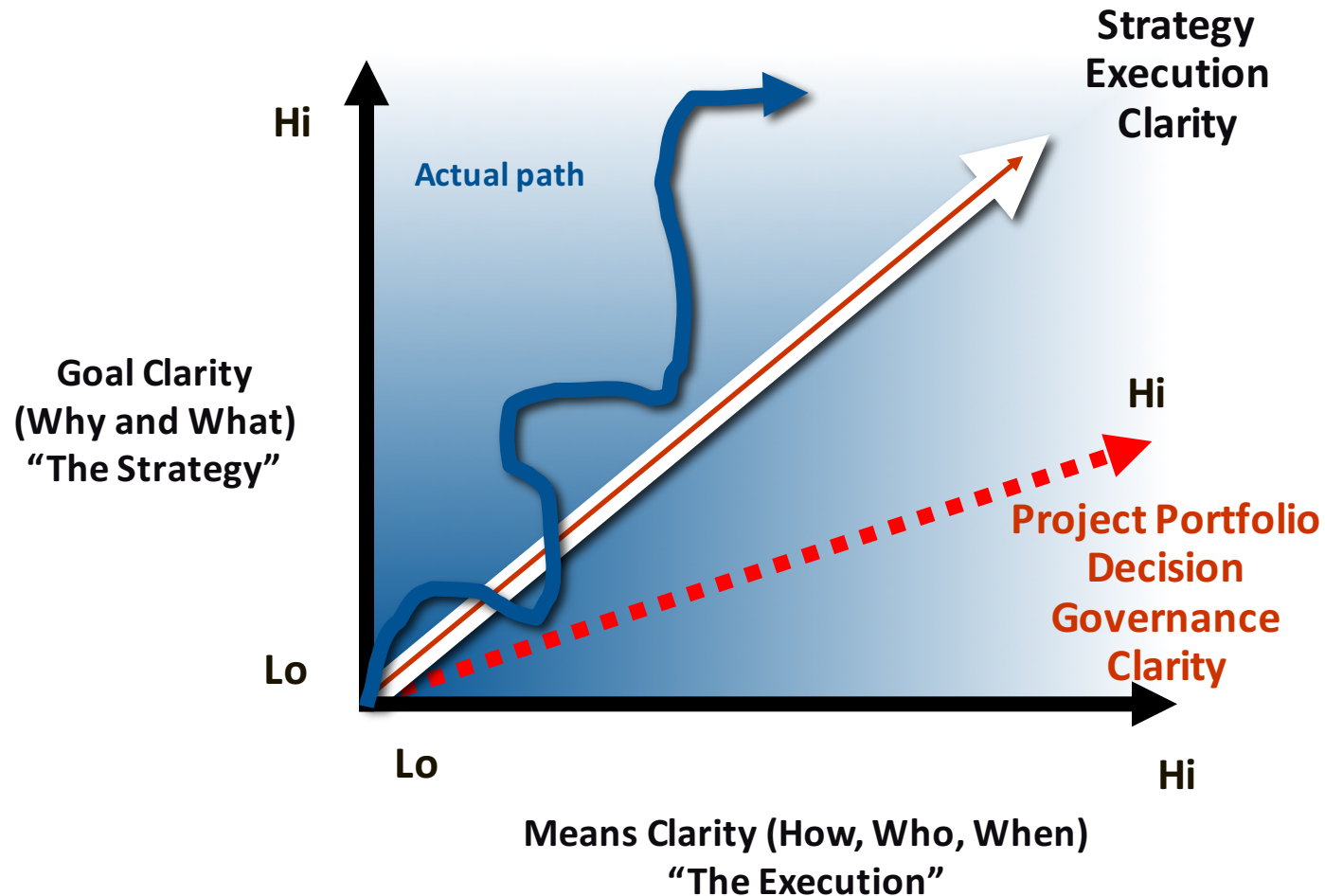
2,010 Global Executives A.T. Kearney -- Strategy Study -- 2014

# Path-Goal Leadership Theory (Robert House, 1971)





# Path-Goal Leadership Theory (House 1971, Malek 2007)



# Strategy Deployment: What goes wrong?

- **Lack of Internal Understanding of Strategy (90%)**
- **Lack of Internal Capabilities to Execute the Strategy (90%)**

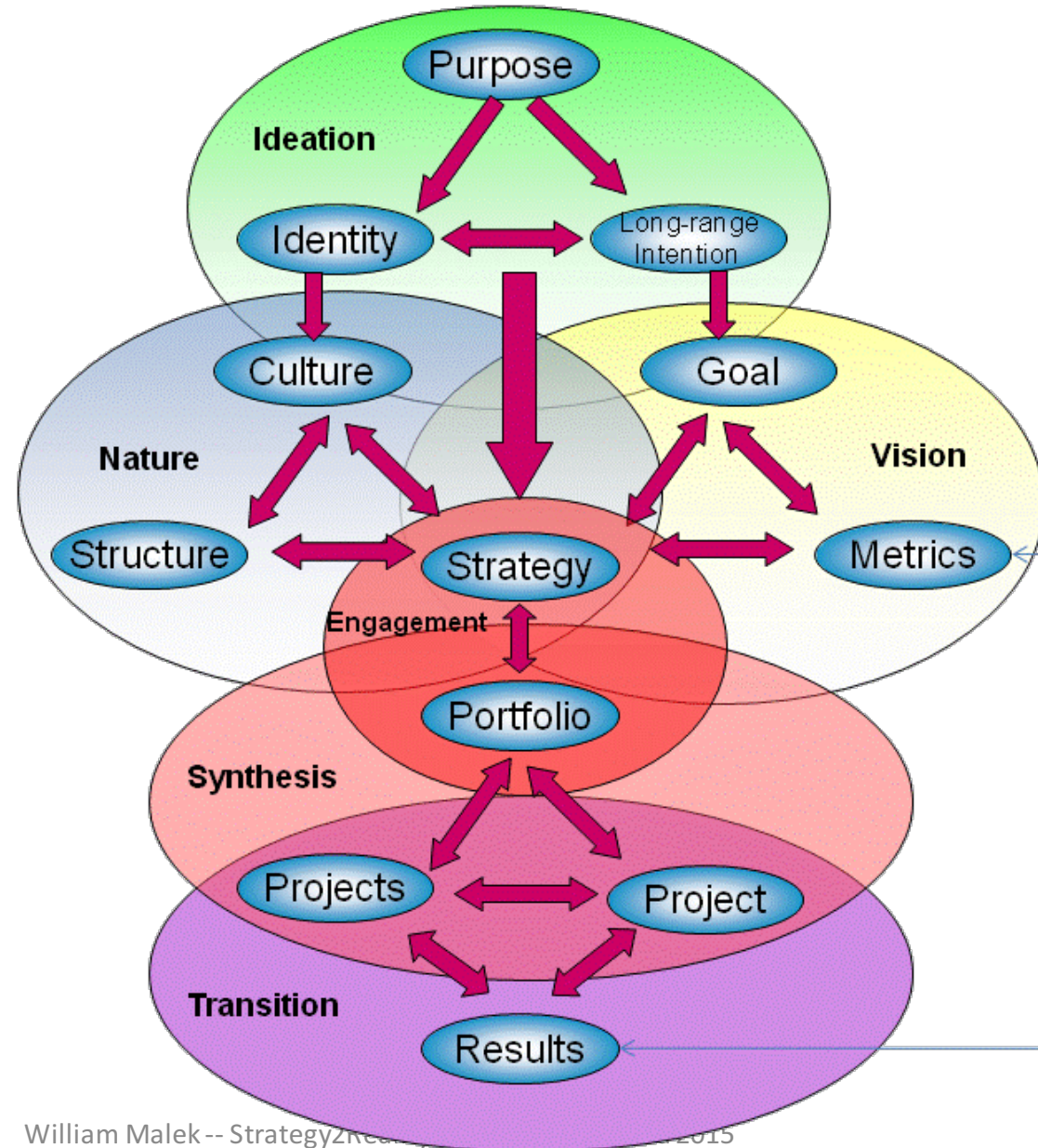
“This makes for bewildered, disenfranchised, overwhelmed, and under-supported deployments. As one manager admits, “We underestimate the combined effects of overlapping initiatives on the same group of people.”

2,010 Global Executives A.T. Kearney -- Strategy Study -- 2014

# The Strategic Execution Framework



**HARVARD  
BUSINESS  
SCHOOL  
PRESS**



1. As a project manager, what do I need to know about my company's strategy?  
[Initiation Phase]

# Let's start by defining strategy

***“Strategy is neither mind nor matter, but a third entity independent of the two ... even though strategy cannot be defined, you know what it is.”***

**Zen and the Art of Motorcycle Maintenance**

**“As a definition that is a little devious maybe; but strategy, like quality, has that characteristic of meaning so many different things to so many different people.”**

# “What is strategy?”

**“Strategy is the pattern of decisions that determines and reveals its objectives, purposes, or goals...”**

Kenneth Andrews,  
*The Concept of Corporate Strategy*

**“Strategy is about adding value through a mix of activities different from those used by competitors.”**

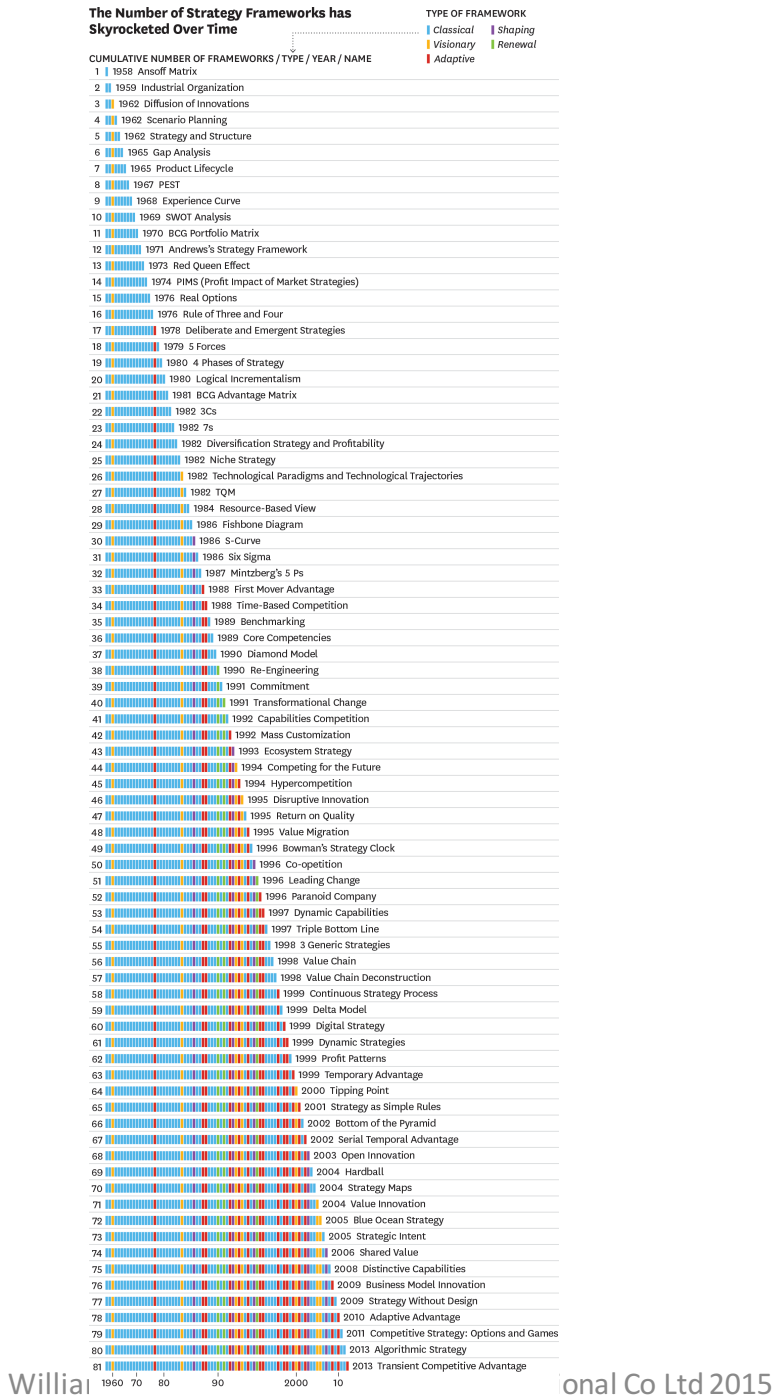
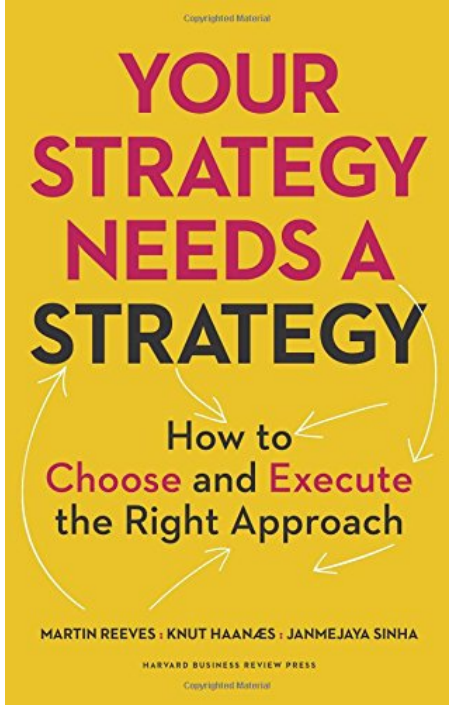
Michael Porter, strategy guru



# Dilbert



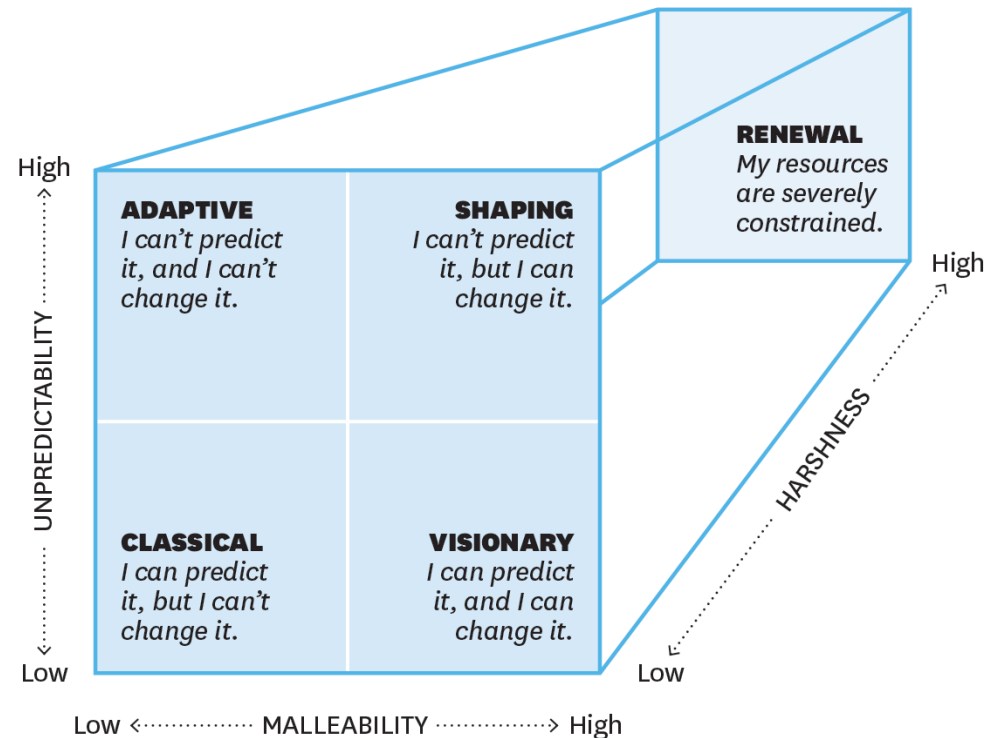
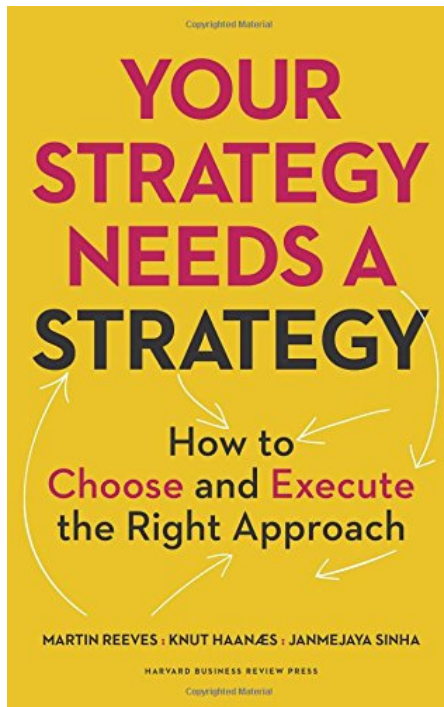




# Five Approaches to Strategy

## 5 Approaches to Strategy

And the business environment in which you might use each one.

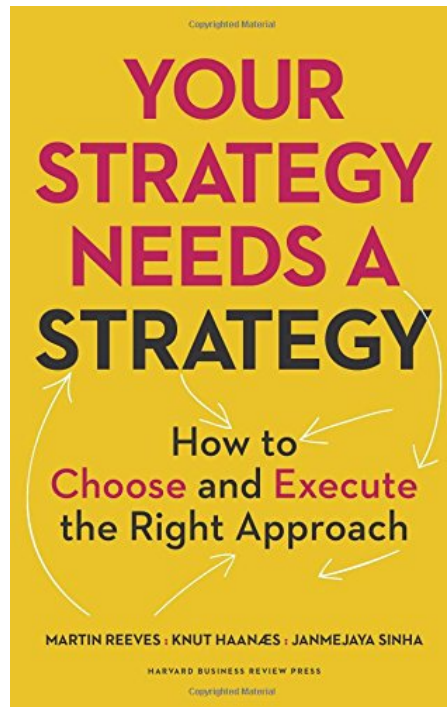


SOURCE BCG

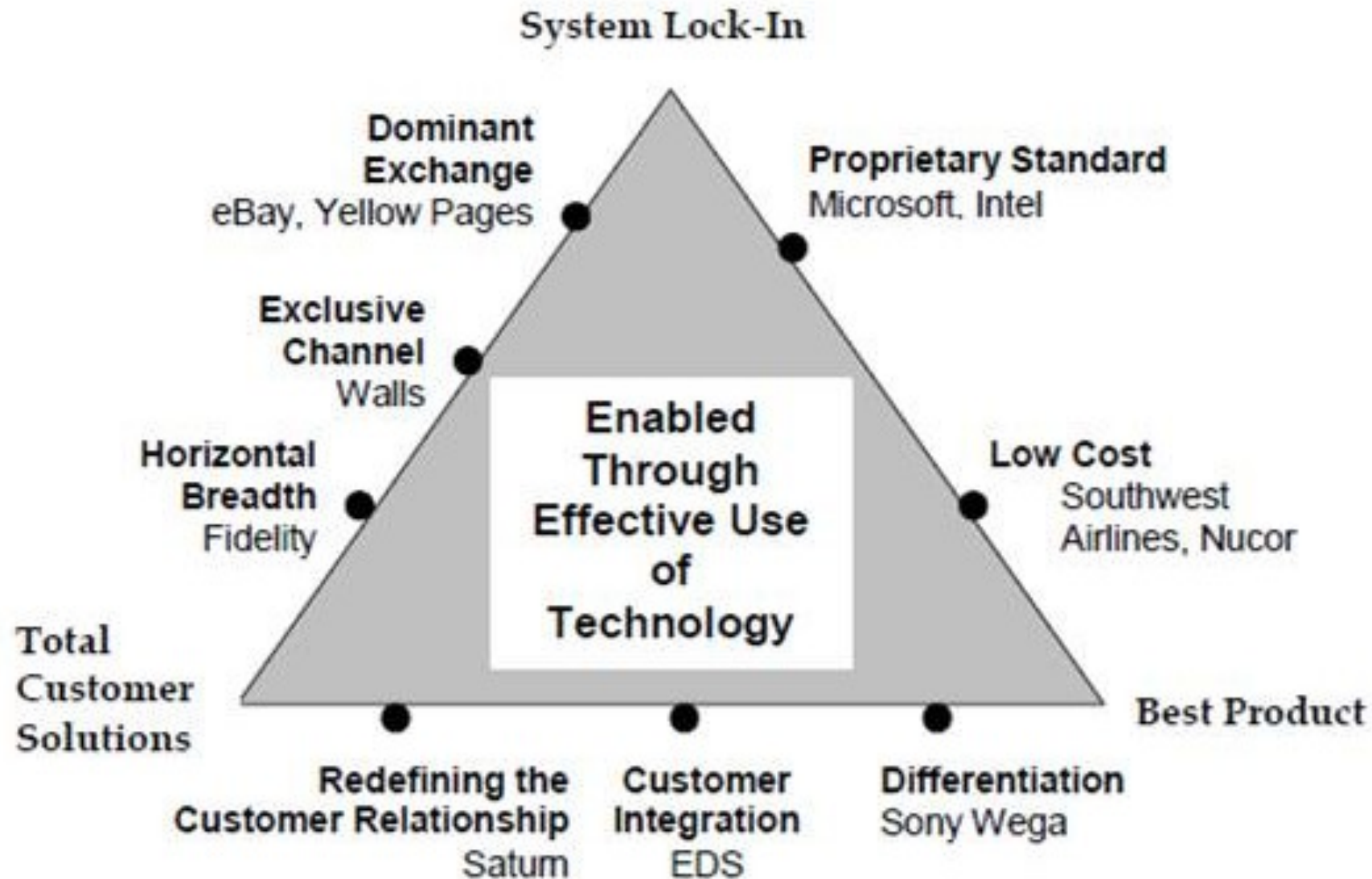
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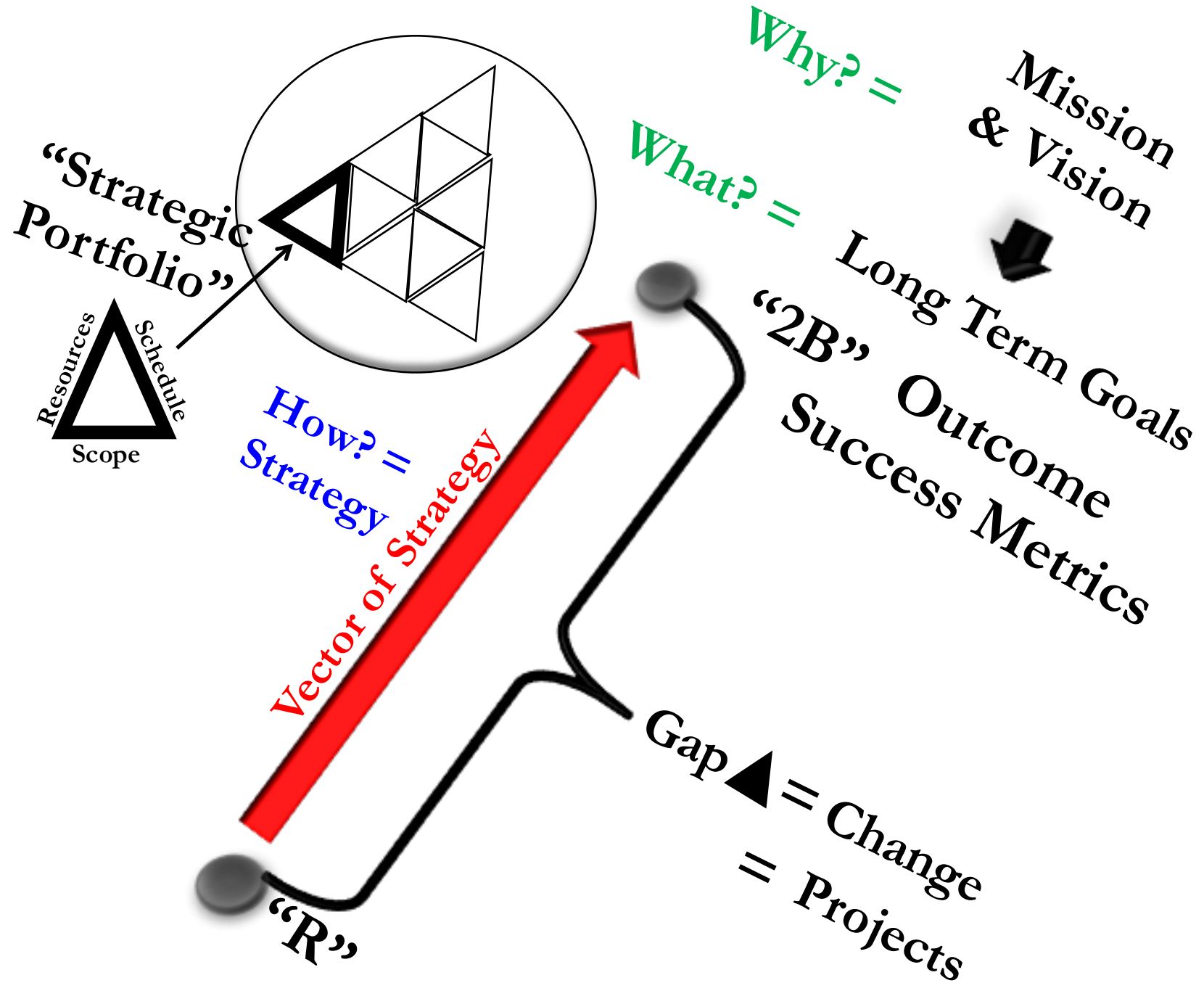
## Comparing When, Where, and How to Use the Different Approaches to Strategy

	CLASSICAL	ADAPTIVE	VISIONARY	SHAPING	RENEWAL
<i>Core idea, or what it takes</i>	• Be big	• Be fast	• Be first	• Be the orchestrator	• Be viable
<i>Type of environment</i>	• Predictable, nonmalleable	• Unpredictable, nonmalleable	• Predictable, malleable	• Unpredictable, malleable	• Harsh
<i>Industries where approach is most visibly applicable</i>	• Utility • Automobile • Oil and gas	• Semi-conductors • Textile retail	• Not industry specific (create new, disrupt existing)	• Some software • Smartphone apps	• Financial institutions in the 2008–09 crisis
<i>Indicators of the approach</i>	• Low growth • High concentration • Mature industry • Stable regulation	• Volatile growth • Limited concentration • Young industry • High technological change	• High growth potential • White space, no direct competition • Limited regulation	• Fragmentation • No dominant player, platform • Shapable regulation	• Low growth, decline, crisis • Restricted financing • Negative cash flows
<i>How</i>	• Analyze, plan, execute	• Vary, select, scale up	• Envisage, build, persist	• Engage, orchestrate, evolve	• React (or anticipate), economize, grow
<i>Measures of success</i>	• Scale • Market share	• Cycle time • New product vitality index (NPVI)	• First to market • New user customer satisfaction	• Ecosystem growth and profitability • NPVI	• Cost savings • Cash flow
<i>Related approaches</i>	• Experience curve • BCG Matrix • Five Forces • Capabilities	• Time-based competition • Temporary advantage • Adaptive advantage	• Blue Ocean • Innovator's dilemma	• Networks • Ecosystems • Platforms	• Transformation • Turnaround
<i>Key examples</i>	• P&G under Lafley • Mars under Michaels	• Tata Consultancy Services under Chandrasekaran • 3M under McKnight	• Amazon.com under Bezos • Quintiles under Gillings	• Apple under Jobs • Novo Nordisk under Sørensen	• Amex under Chenault • AIG under Benmosche
<i>Key traps</i>	• Overapplication	• Planning the unplannable	• Wrong vision	• Overmanaged ecosystem	• No second phase

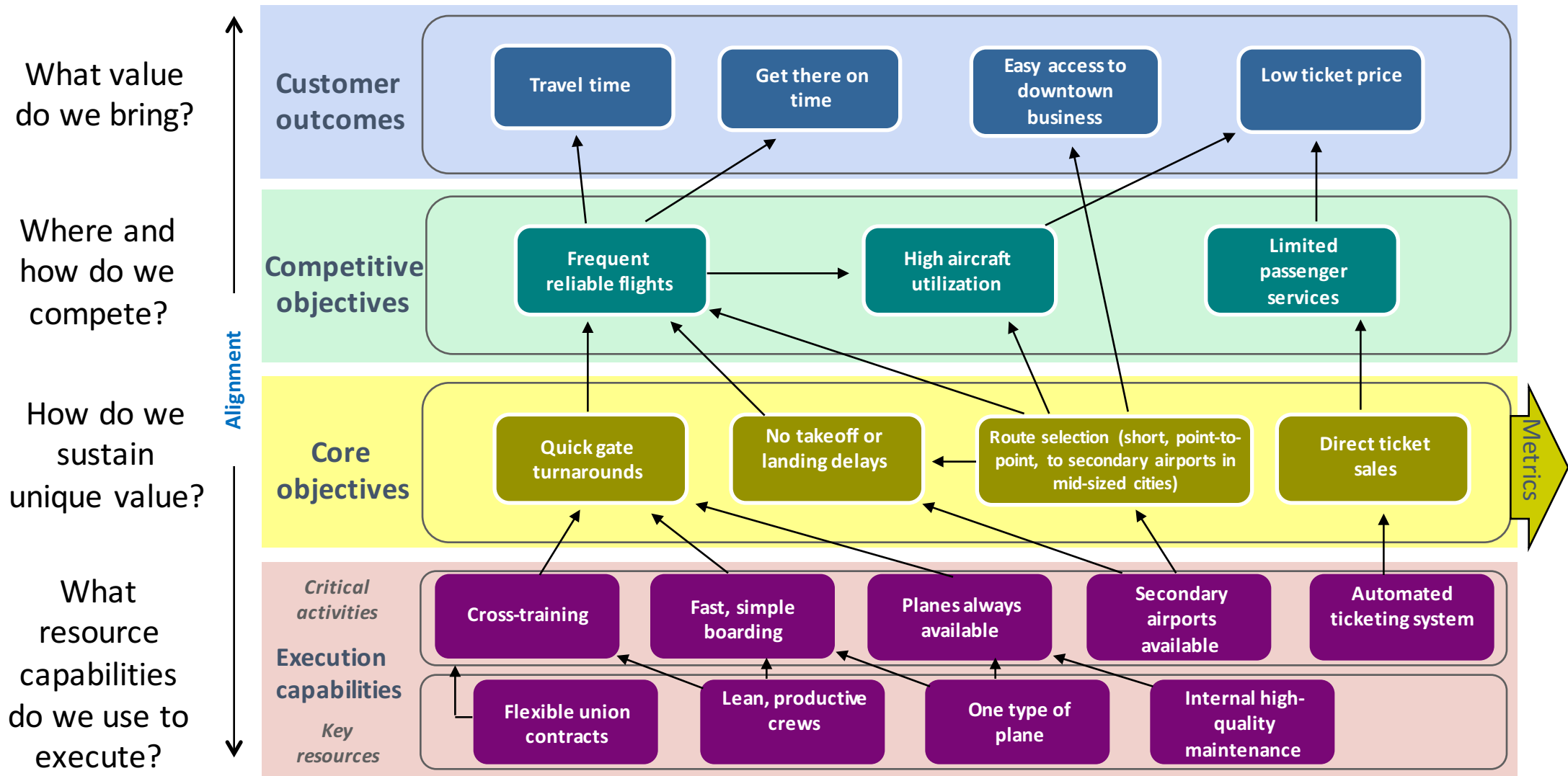


# The Delta Model – MIT 2009





# Strategy and Execution Map for Southwest Airlines



Adapted from: Chatterjee, Sayan. "Core Objectives: Clarity in Designing Strategy." *California Management Review* (Winter 2005) 47(2): 33–49.

William Malek -- Strategy2Reality International Co Ltd 2015



# Walmart's Customer Value Proposition

OBJECTIVE

SCOPE

COMPETITIVE ADVANTAGE

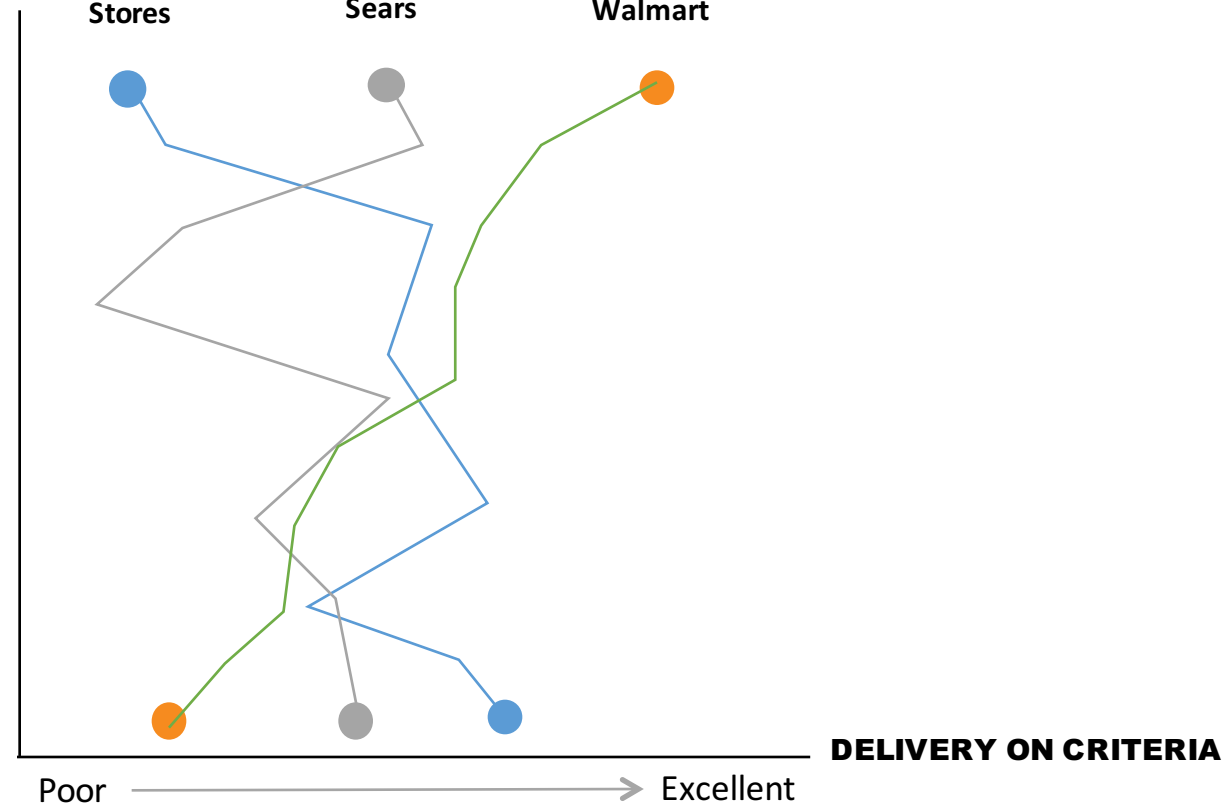
## CUSTOMER PURCHASE CRITERIA

Low prices  
 Selection across categories  
 Rural convenience  
 Reliable prices  
 In-stock merchandise  
 Merchandise quality  
 Suburban convenience  
 Selection within categories  
 Sales help  
 Ambience

Mom & Pop  
 Stores

Sears

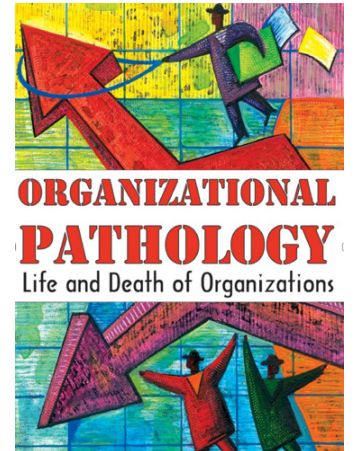
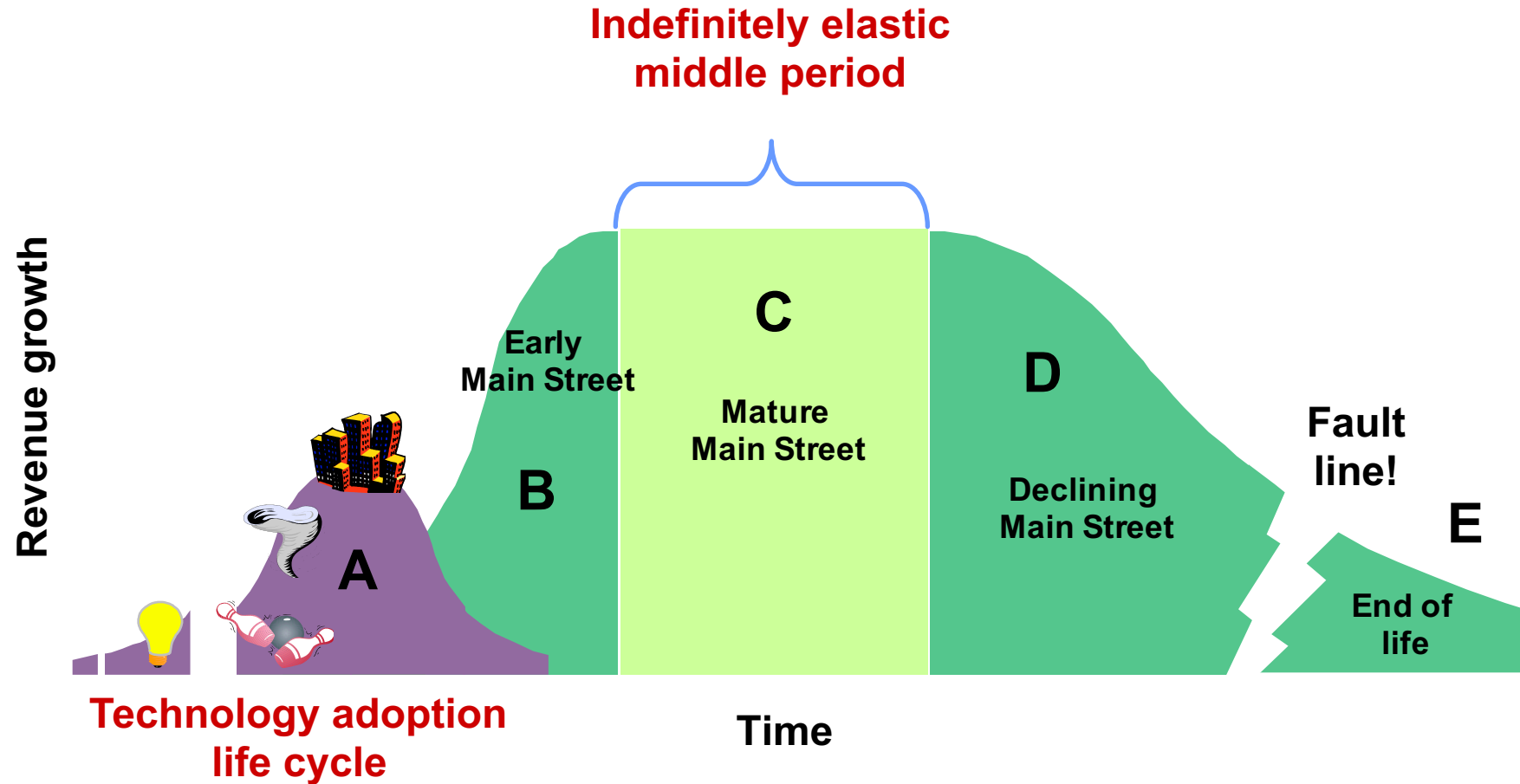
Walmart



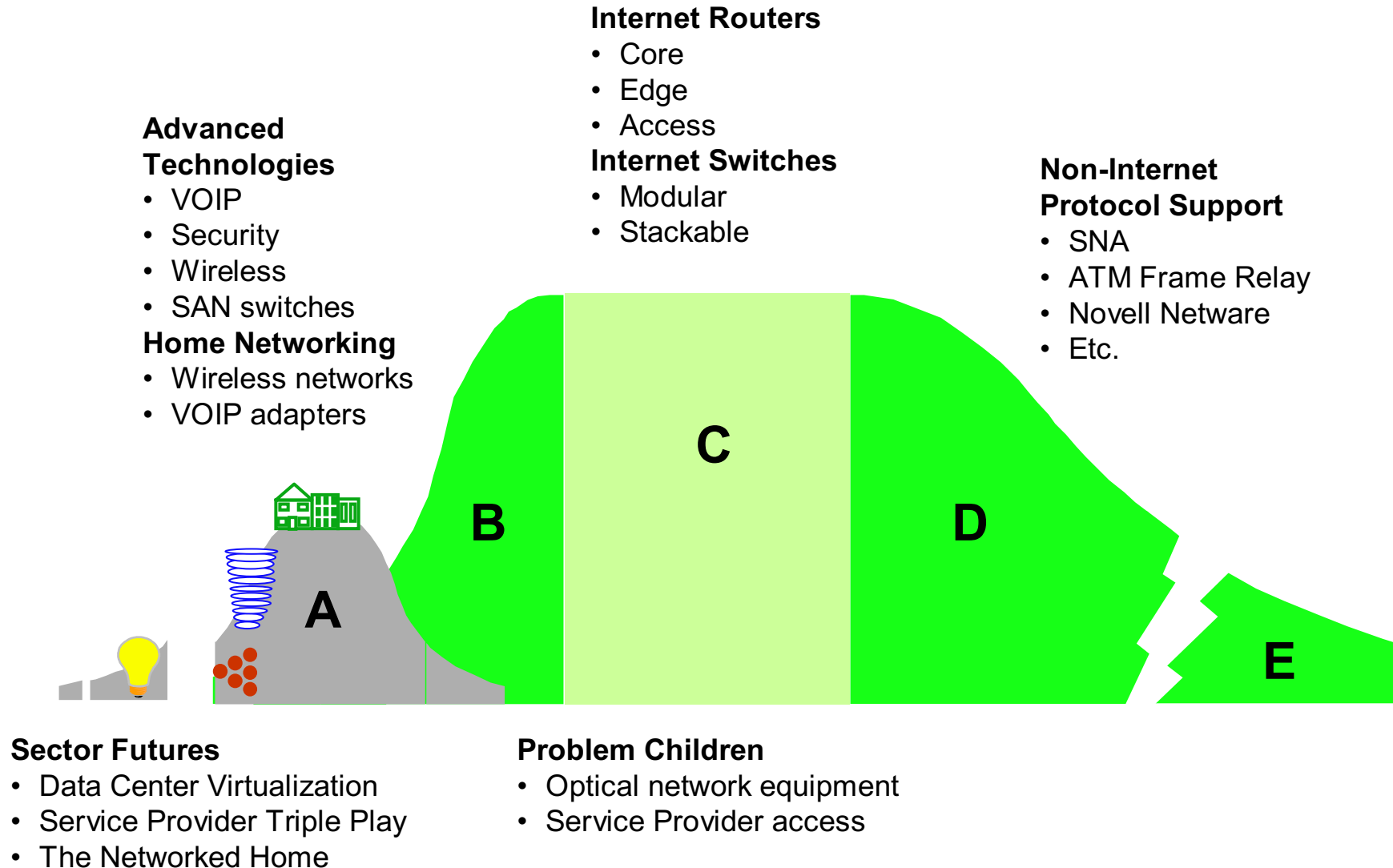


# The Planning Landscape:

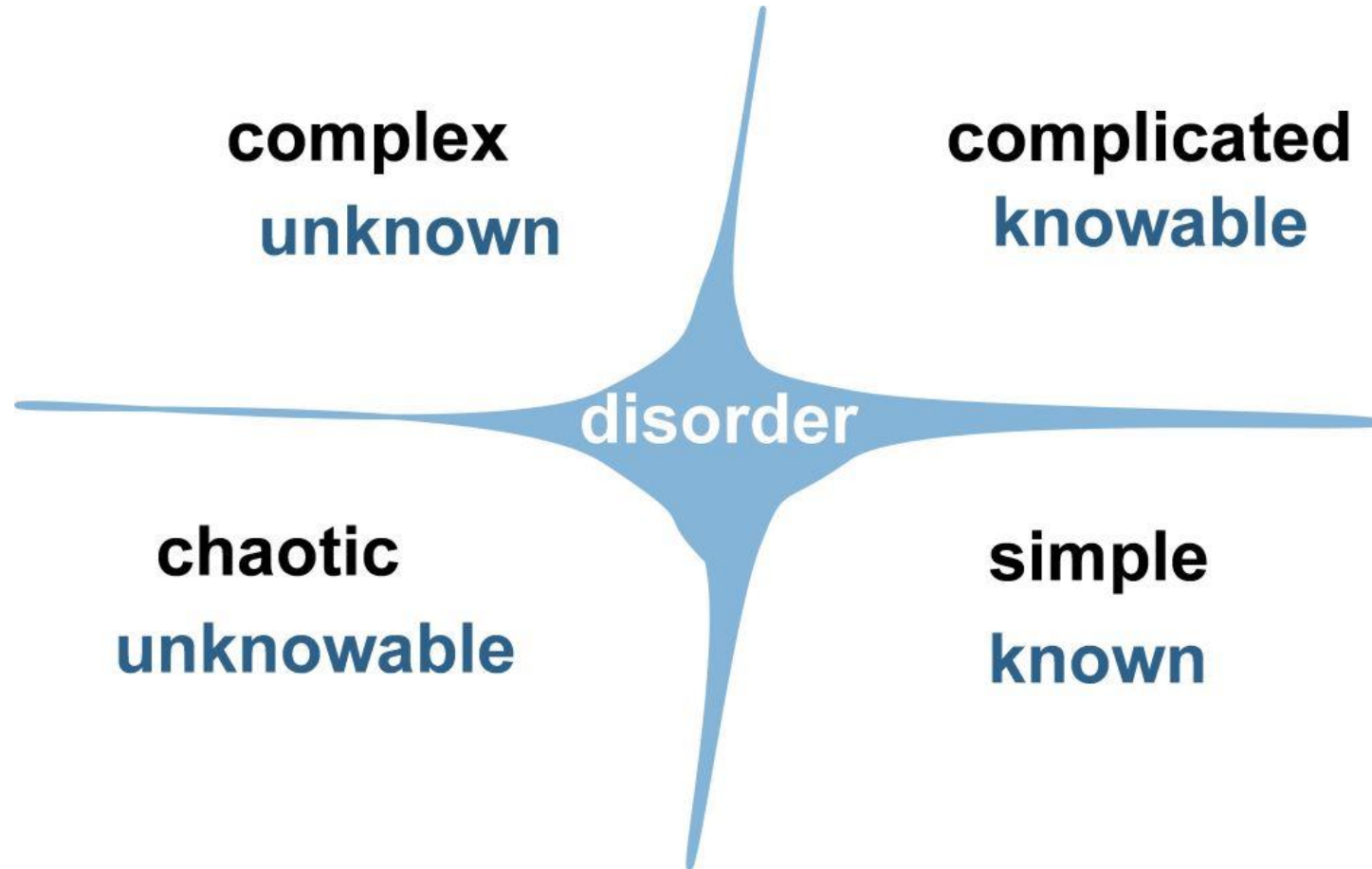
The market maturity life cycle



# Cisco Systems and The Category Maturity Life Cycle



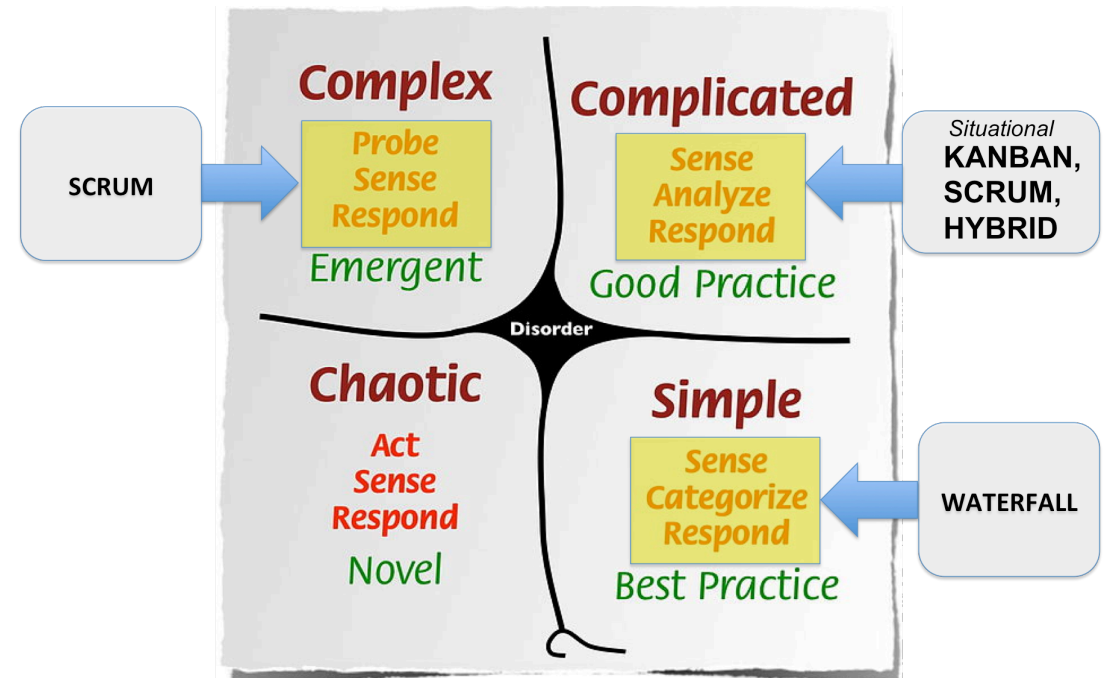
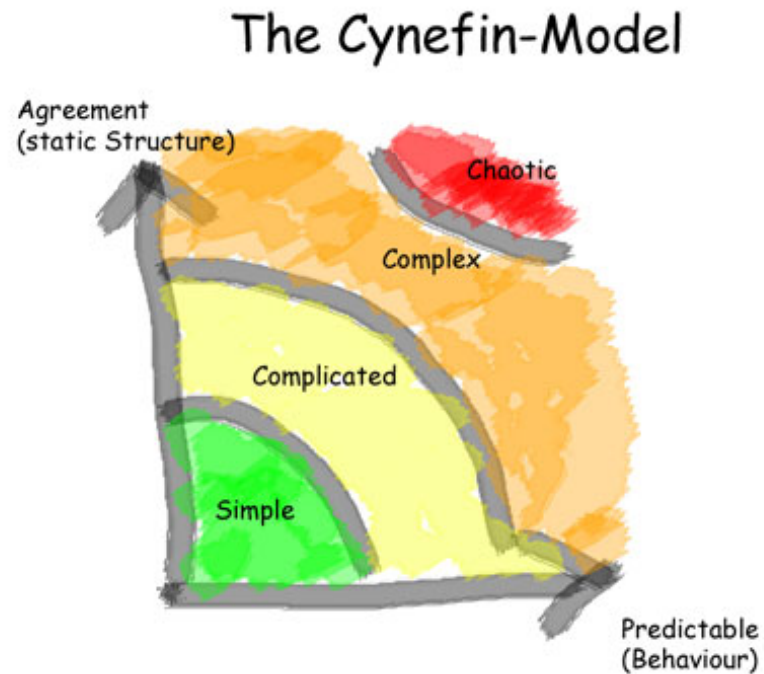
# CYNEFIN Framework



# The Myth of Best Practices



# You Must Know What Project Methodology is a Better Fit



# Different initiatives and projects require different levels of rigor

	Level of Overall Project Planning Complexity		
Characteristics for Determining Level of Planning Required	Tier 1	Tier 2	Tier 3
Level of Risk	Low	Medium	High
Strategic importance	Low	Medium	High
Customer-facing	No	Yes, at low level	Yes, at high level
Complexity	Low	Medium	High
# People involved	<5	5 - 8	>7
# External Resources involved	0	1 - 2	>2
# Physical locations involved	1 - 2	2 - 3	>3
# Interfaces with other parts of the organization	Low	Medium	High
Importance of speed to execution	Low	Medium	High
Estimated \$\$ involved	<\$25k	\$25k - \$75k	>\$75k - \$100k
Estimated length	<3 months	>3 months	> 6 months
Involves technologies new to the organization	No	Yes	Yes
Involves technologies new to the team	No	Yes	Yes
Scope / requirements definition	High	Medium	Low
Level of Upward Management Interfaces	Director / Manager	VP - SVP	SVP - CEO
Sponsor Level	Director / Manager	VP - SVP	SVP - CEO
% of Project Manager's Time Required to manage project itself	Very low	Medium	High
<b>NOTE:</b> This is not an averaging exercise. If "Strategic Importance" is HIGH, and the "Speed of Execution" is HIGH, then the project may need to be managed as a Tier 3 project.			

# Summary #1 --- As a PM, You Must Know:

1. Your Strategy “Story” and the Answer to the Four Questions
2. How Your Value Proposition is Doing Against The Competition
3. Where Your Company is in the Market/Product Maturity Lifecycle; A-B-C-D-E
4. What Domain Your Company/Product is Operating In; Simple, Complicated, Complex, Chaotic
5. What Project Methodology Best Fits Your Situation; Plan it Accordingly to the Level of Rigor Required



## 2. What does “strategic thinking” look like for a Project Manager during planning? [Planning Phase]

# Strategic Thinking

Strategic thinking is a process used to broaden an individual's perspective to achieve innovation, competitive edge or more successful outcomes.

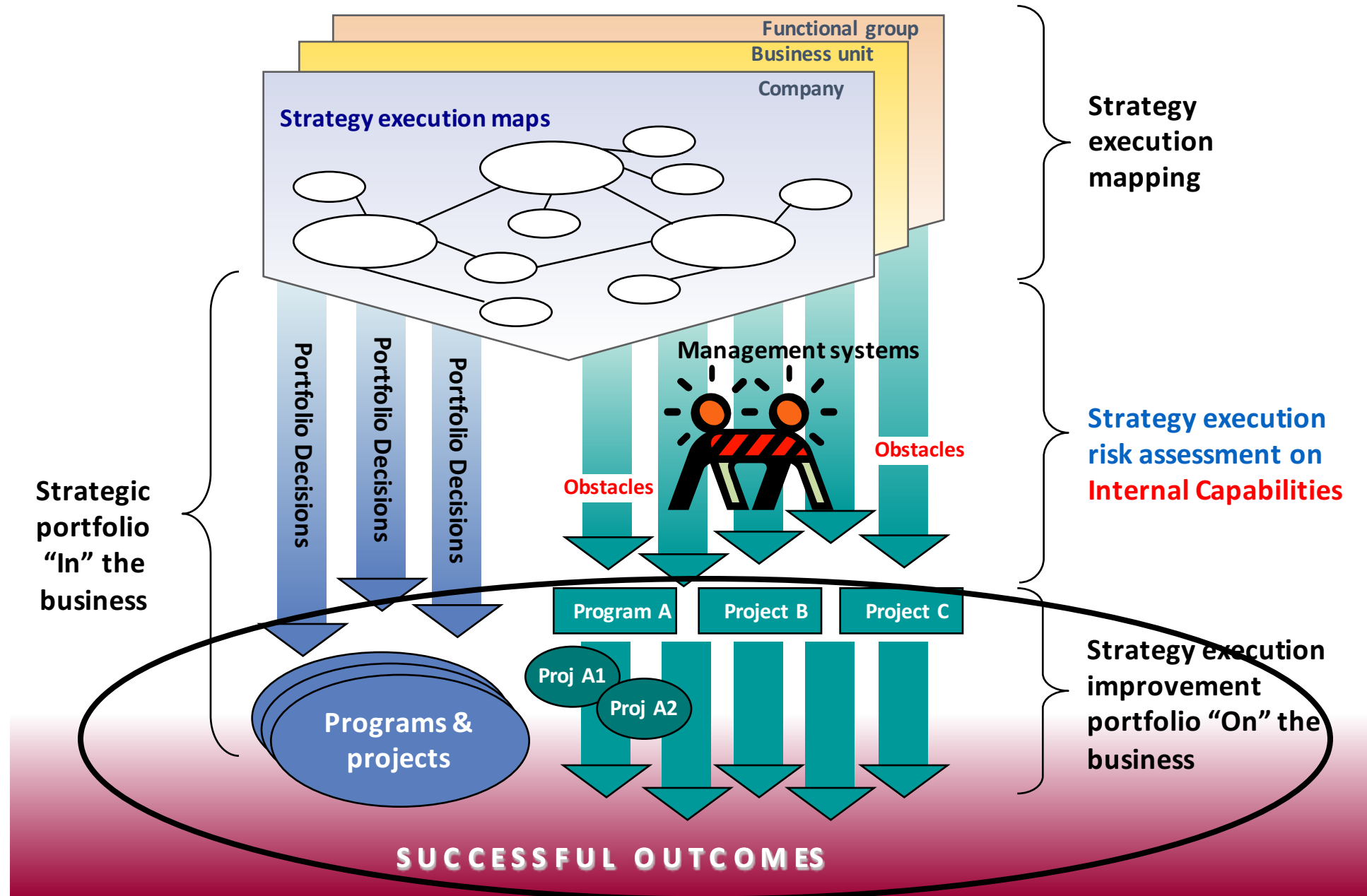
**Project managers are positioned within an organization to promote strategic thinking from all levels** rather than the traditional top-down model most often employed in strategic planning.

<http://thepersimmongroup.com/wp-content/uploads/2013/11/Strategic-Thinking-for-Todays-Project-Managers-white-paper-Final.pdf>

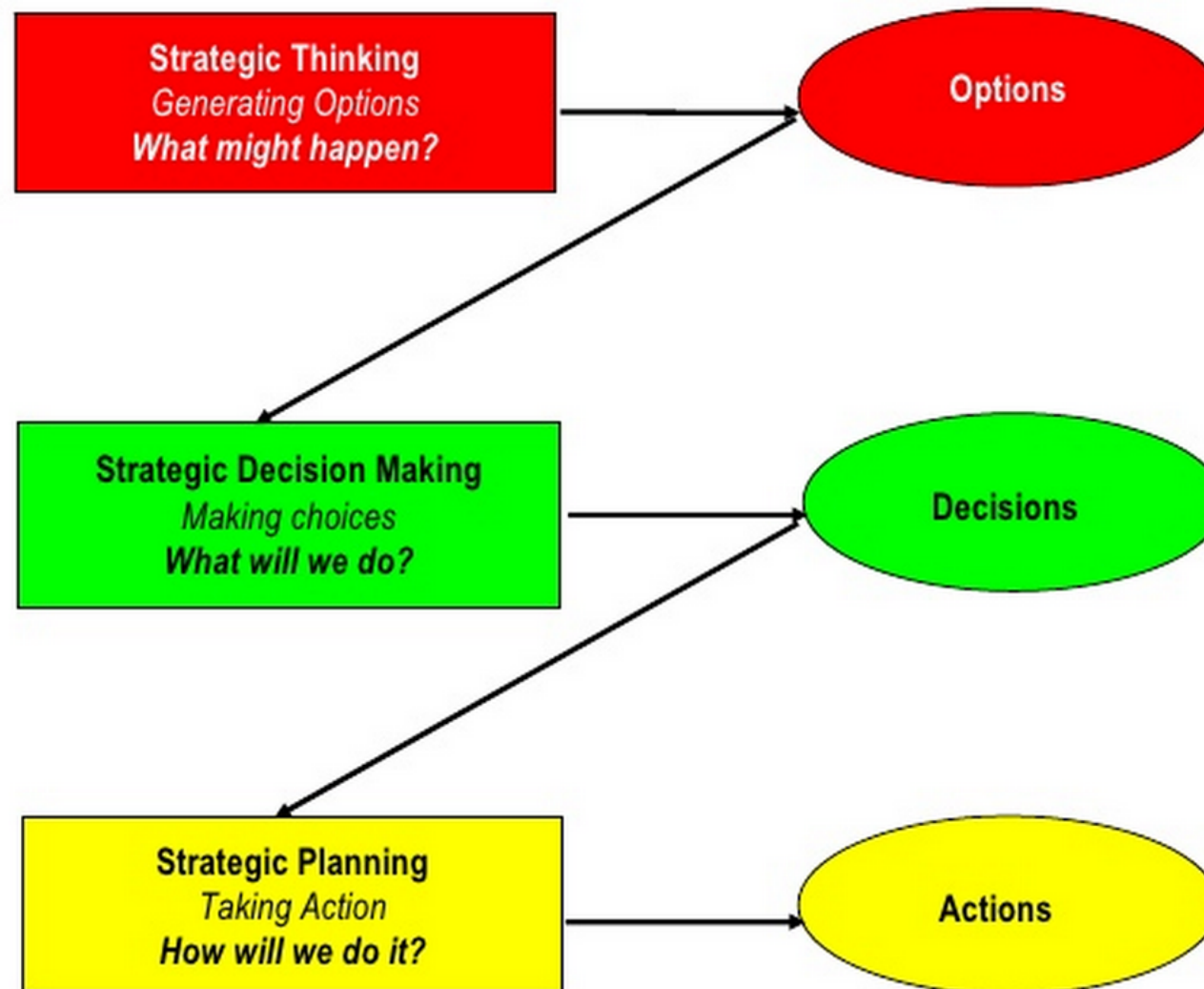
# You Must Know Your Strategic Planning Development Phases



# You Must Know Your Internal Capabilities



# You Must Know Who Makes What Decisions



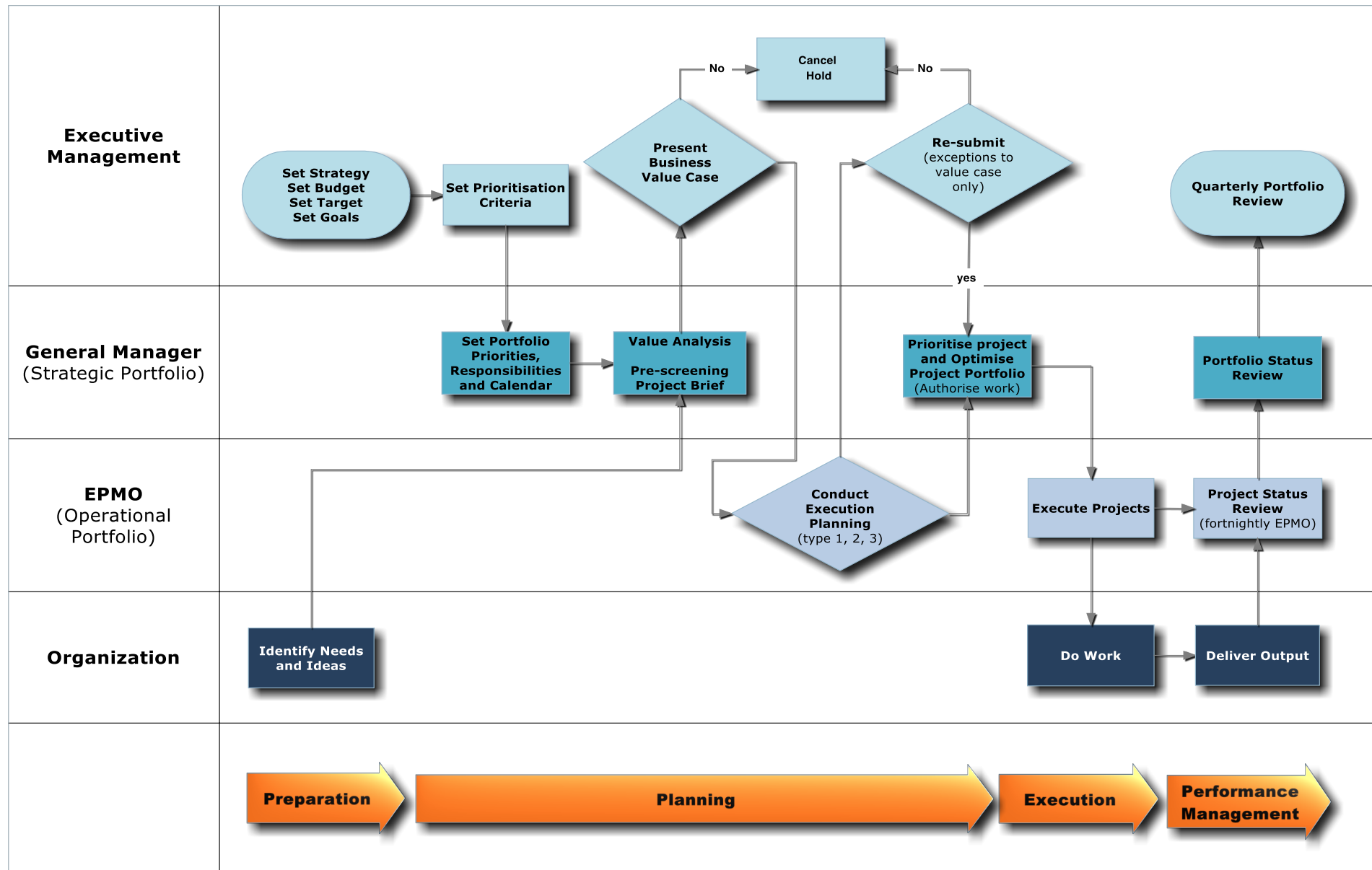
# The 17 Fundamental Traits of Organizational Effectiveness

Rank		Organization Trait	Strength Index (Out of 100)
1	Decision Rights	Everyone has a good idea of the decisions and actions for which he or she is responsible.	81
2	Information	Important information about the competitive environment gets to headquarters quickly.	68
3	Decision Rights	Once made, decisions are rarely second-guessed.	58
4	Information	Information flows freely across organizational boundaries.	58
5	Information	Field and line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices.	55
6	Information	Line managers have access to the metrics they need to measure the key drivers of their business.	48
7	Decision Rights	Managers up the line get involved in operating decisions.	32

Building Blocks   Decision Rights   Information   Motivators   Structure

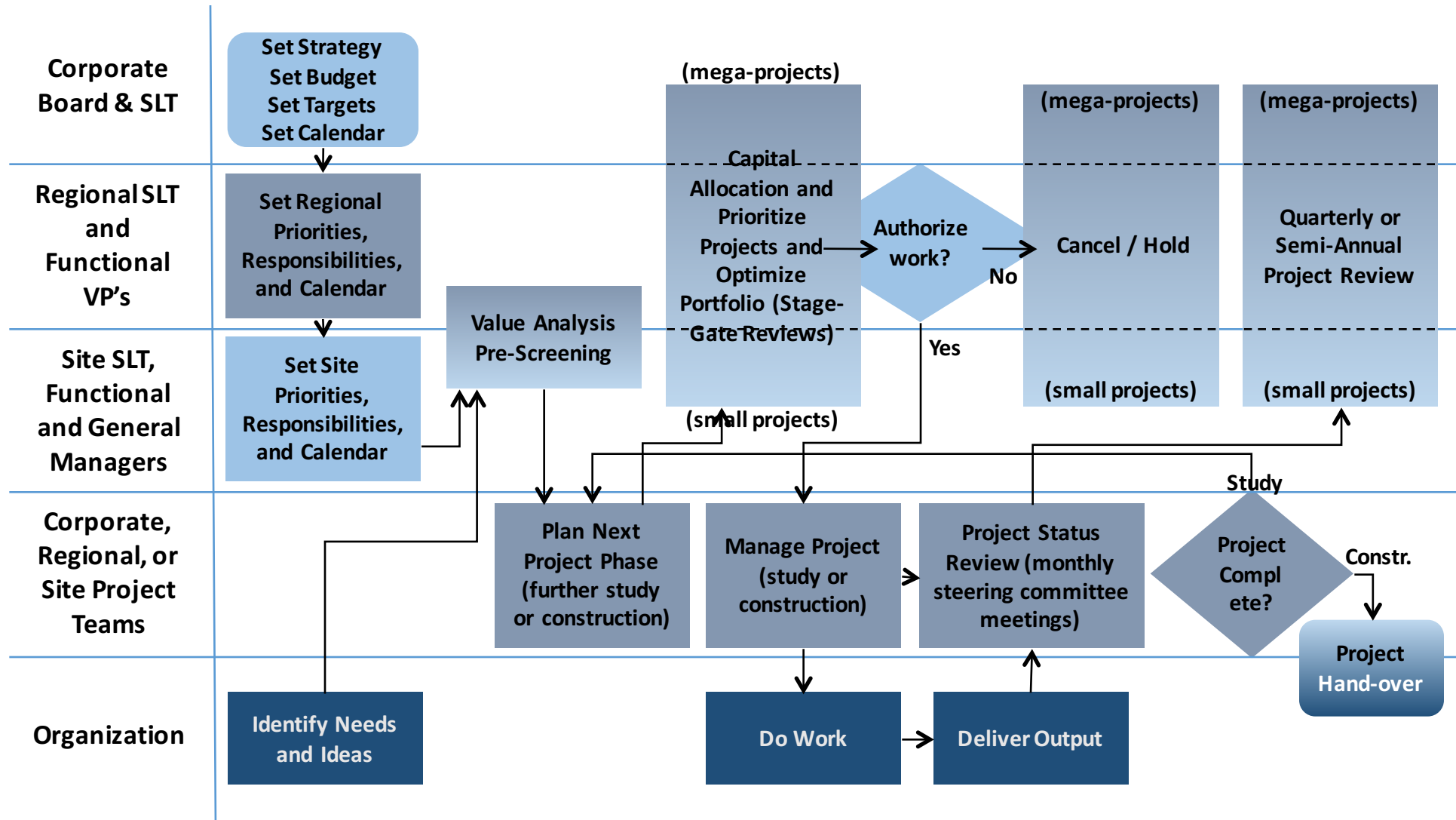
Source: *Harvard Business Review*, June 2008

# Strategy Execution Process Flow in a Structured Hierarchy





# Sample Capital Project Decision Process Flow

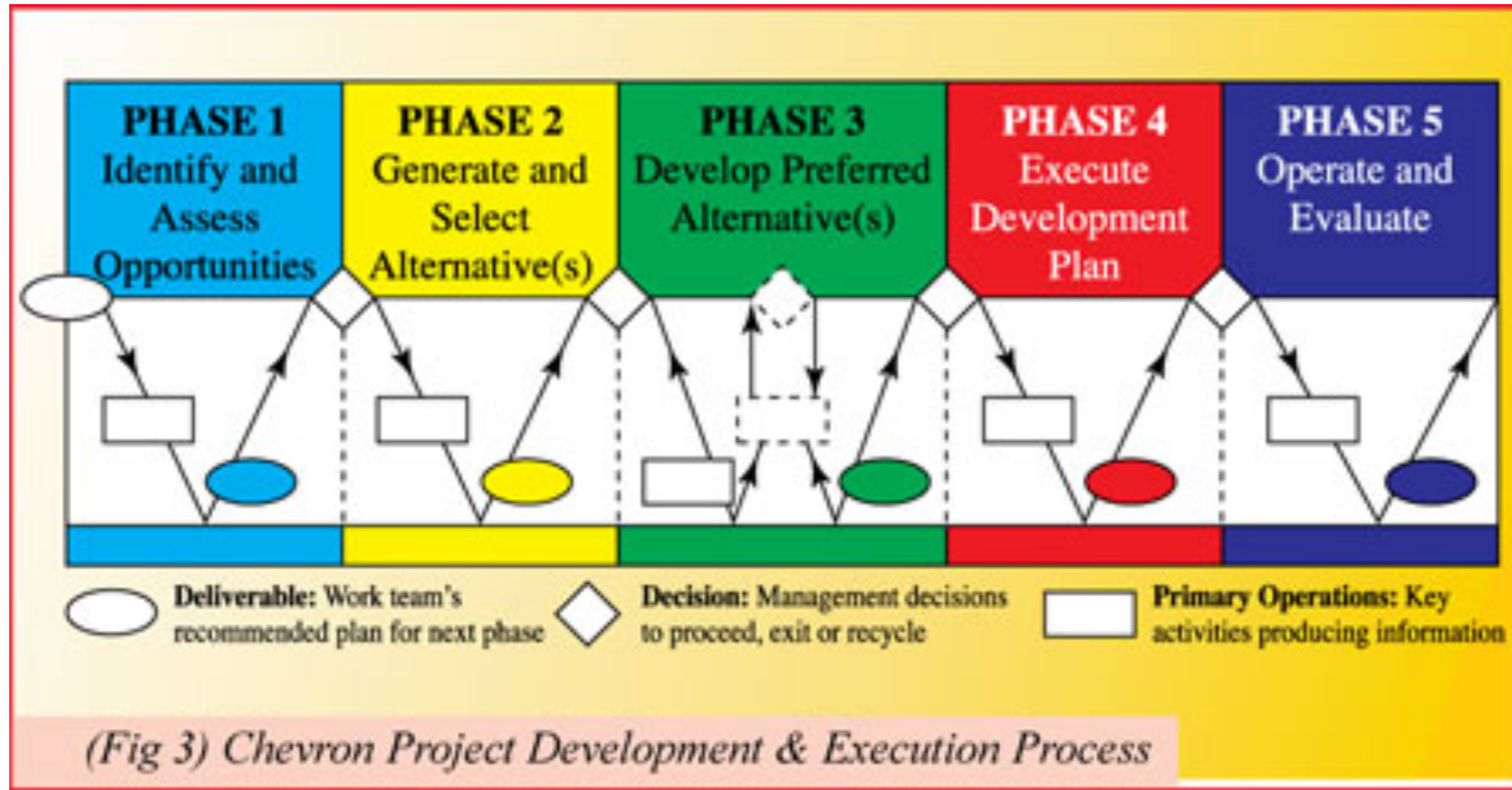


# Decision Rights Template

Decision-Governance Level	Type of Decisions Addressed	Decision Roles	Strategy Execution Decision Governance														
			Short-Term Program														
			Initial Phase (Biz Commit)					Interim Phase (Concept Commit)					Final Phase (Execution Commit)				
			Decision A	Decision B	Decision C	Decision D	Decision E	Decision A	Decision B	Decision C	Decision D	Decision E	Decision A	Decision B	Decision C	Decision D	Decision E
<b>Executive Leadership</b> - Managing Directors	- Cross-Bio Unit Impacts - Resource (\$ and people) allocation at Biz Unit Level - Change In strategy - Major change in scope - Changes in Strategic Risk - Escalation from Active Managing Sponsor - Organizational change	- Identify Active Managing Sponsor - Appoint additional leadership as required - Approve major capital expenditures - Provide Enterprise-level strategy and direction	I	A	A	I	I										
<b>Active Managing Sponsor</b> - Senior staff person to be identified and appointed	- Scope change within current strategic direction - Resource allocation within Program - Strategic program level issues and risks - Escalation from Senior Managing Leader(s)	- Recommend organizational change - Champion the initiative across Biz Units - Load collaboration across Biz Units - Plan appropriate resources for the program - Implement and support policies - Load implementation of the Strategic Plan	A	R	C	I	I										

m7.41

# Chevron's Decision Analysis Process



[http://static1.1.sqspcdn.com/static/f/896940/14471837/1317750300410/SDP\\_Chevron\\_30Nov2010.pdf](http://static1.1.sqspcdn.com/static/f/896940/14471837/1317750300410/SDP_Chevron_30Nov2010.pdf)

# Key Principles of Strategic Project Manager Decisiveness:

- ☐ You must know the Mission and the Goal(s)
- ☐ You must know your Sponsor and ask a lot of “why” questions
- ☐ You must know what your Planning and Execution Process RACI
- ☐ You must know how the project outcomes contribute to creating value for the strategy and stakeholders
- ☐ You must know the priorities that define the strategy to define the priority of your project(s) (e.g., Safety, Market Growth, etc)
- ☐ You must know what execution capabilities you have that differentiate your business!
- ☐ You must know the risk (collateral damage) if you miss one of the big 3 (scope, schedule, cost)
- ☐ You must know your talent resource pool availability and capacity
- ☐ You must know the Rules of Execution Engagement (Values, Principles, Policies, Standards, plus the Unwritten Rules/Assumptions)

# Summary #2---- As a PM, You Must Know:

1. Your Strategic Planning Development Phases
2. Your Internal Capabilities and Capacity (especially about Project Management and Portfolio Resource Planning)
3. Who Makes What Decisions (and Where Do You Fit In)
4. What Contributes to Strategic Project Management Decisiveness



### 3. What do you really need to pay attention to during implementation of the project plan in terms of strategy? [Execution Phase]

$$W = \frac{C_v}{\eta_{mech}} \left\{ \sum m g \left[ C_r + \frac{s}{100} + \frac{a}{g} \left( 1 + \frac{m_w}{\sum m} \right) \right] + 0.5 C_D A \rho C_v + C_w \right\}^2$$

Where,

- $W$  = power (w)
- $C_v$  = speed of the bicycle (m/s)
- $\eta_{mech}$  = mechanical efficiency of the bicycle
- $\sum m$  = mass of rider and machine (kg)
- $g$  = acceleration due to gravity ( $\text{m/s}^2$ )
- $C_r$  = coefficient of rolling resistance
- $s$  = gradient (%)
- $a$  = acceleration of the bicycle ( $\text{m/s}^2$ )
- $m_w$  = effective rotational mass of the wheels and the tyres (kg)
- $C_D$  = aerodynamic drag coefficient
- $A$  = frontal area of rider and machine ( $\text{m}^2$ )
- $\rho$  = density of air ( $\text{kg/m}^3$ )
- $C_w$  = headwind ( $\text{m/s}$ ).<sup>20</sup>



# The Reality = Team Effort Required Get Anything Done



**And a Lot  
of Baggage  
You Need  
to Carry  
Around**

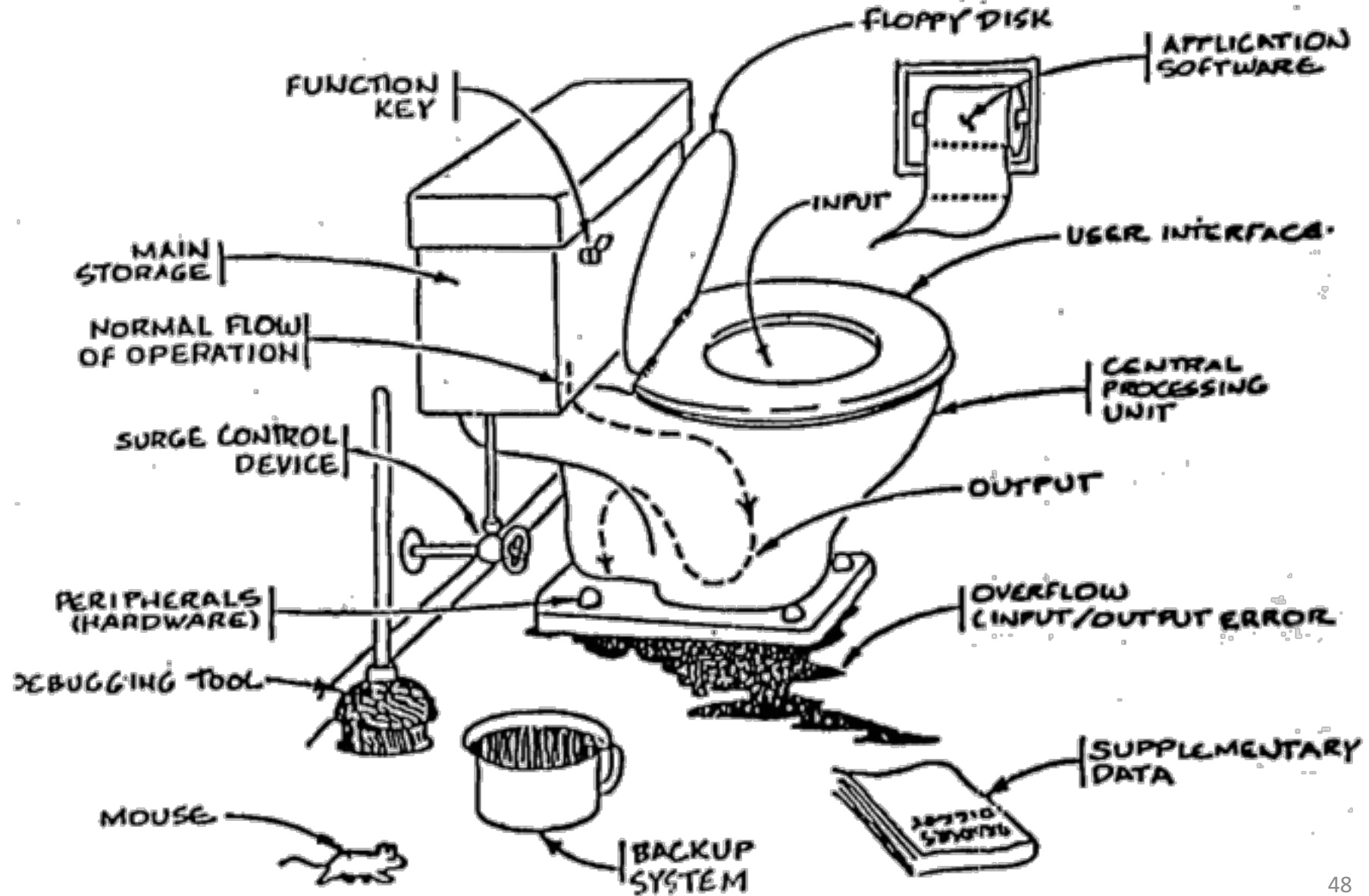




# Strategy (Project) Execution Risk =

$f$ (interface management)

Complexity factors (VUCA) of initiatives  
plus interface management drives up  
strategy execution risk



# The Key Management Systems = Many Interfaces

## Ideation systems

1. Brand management ☐

## Vision systems

2. Strategy development ☐
3. Goal setting ☐
4. Performance management ☐

## Nature systems

5. Human resource management ☐
6. Organizational development ☐
7. Communication management ☐

## Engagement systems

8. Strategy management ☐
9. Portfolio prioritization ☐
10. Resource allocation ☐
11. Risk management ☐
12. Financial management ☐

**Management systems (def.):** The integrated and coherent system of people, processes, tools, policies, and beliefs leveraged by the organization to enable the achievement of its goals.

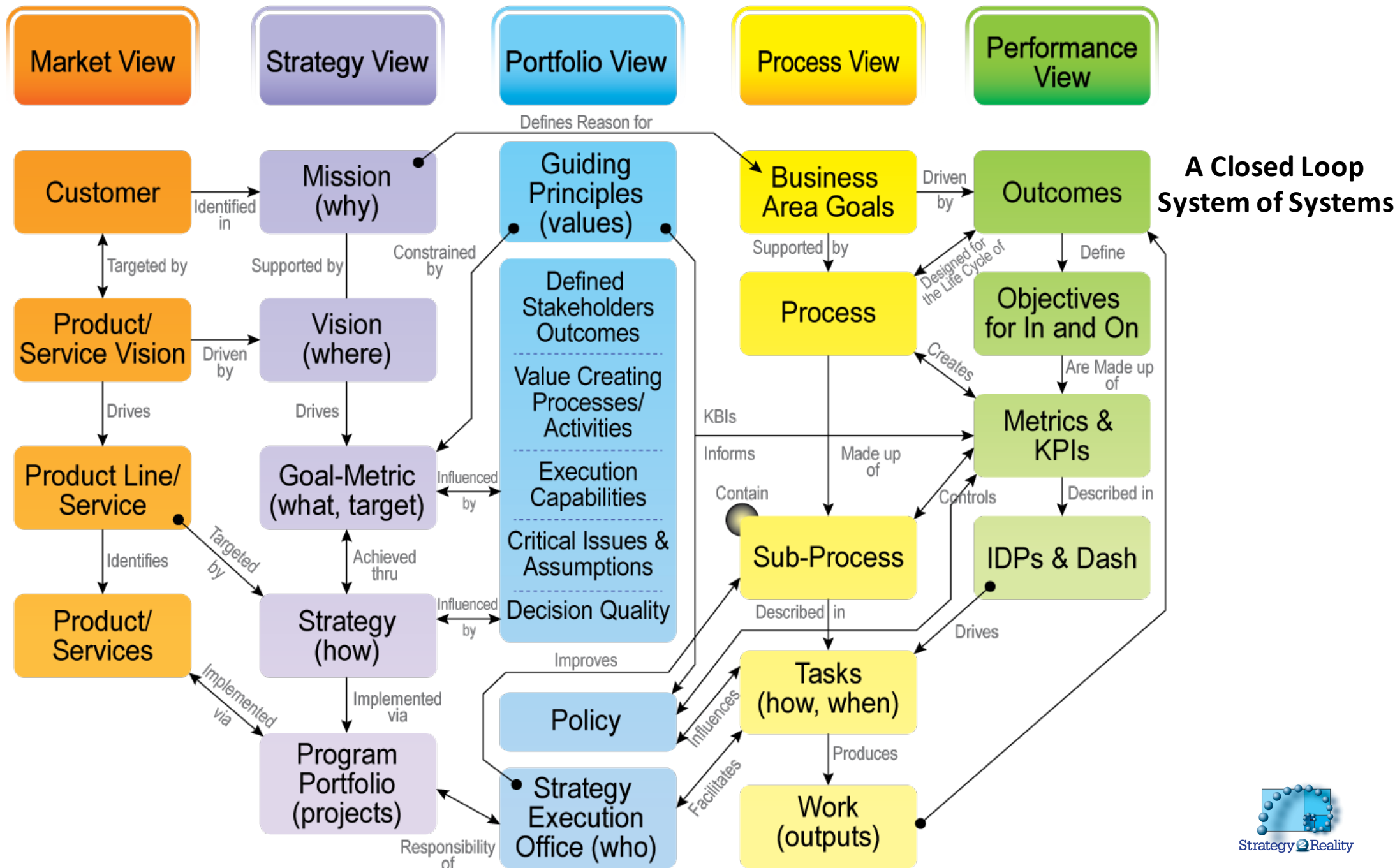
## Synthesis systems

13. Program and project management ☐
14. Customer relationship management ☐
15. Procurement management ☐
16. Scope management ☐
17. Knowledge management ☐
18. Change management ☐

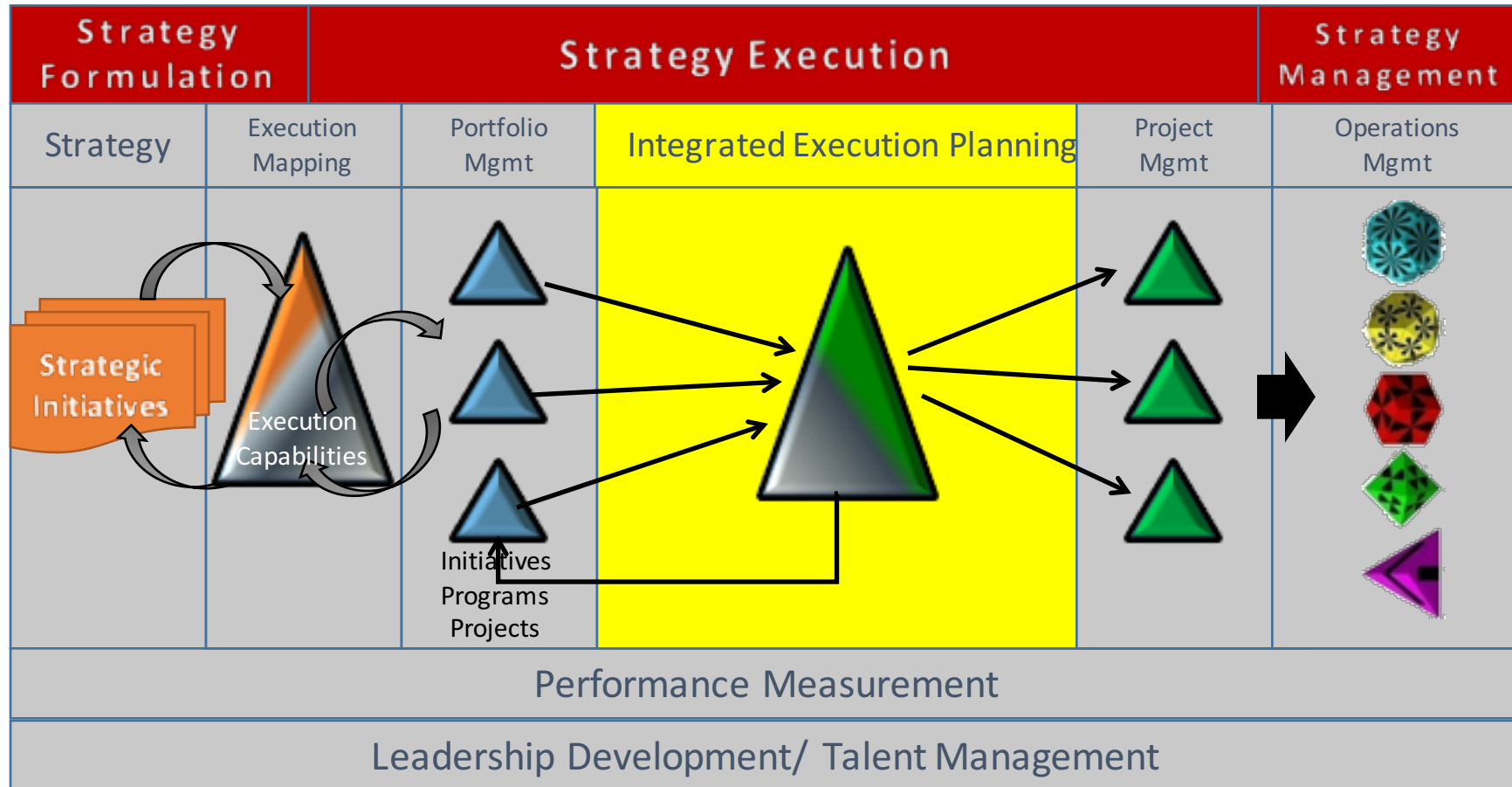
## Transition systems

19. Operations management ☐
20. Information technology management ☐
21. Process improvement systems ☐
22. Product quality management ☐
23. Metrics collection systems ☐

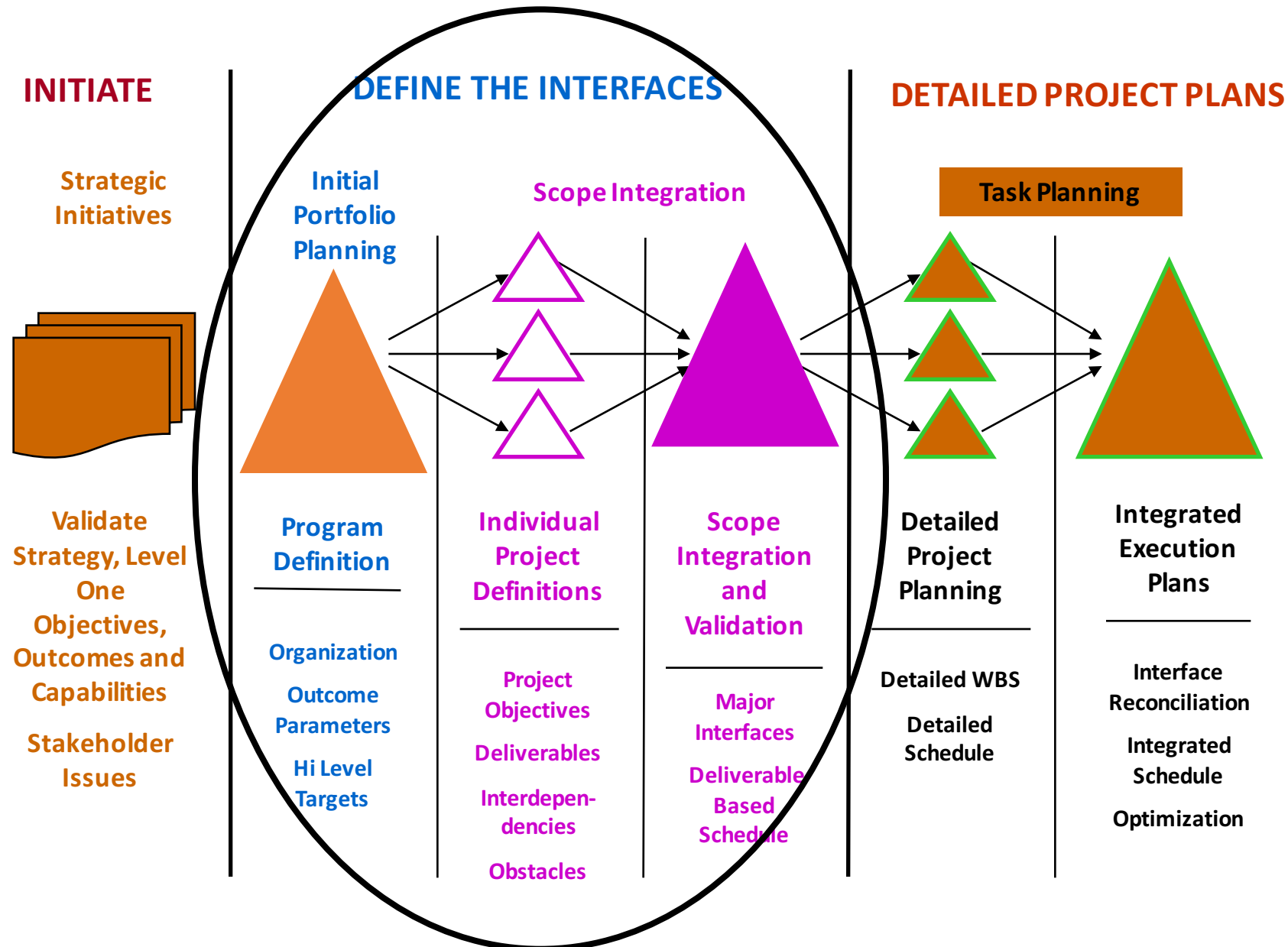




# The Integrated Execution Process = The Missing Link Between Strategy and Execution



# The Integrated Execution Process





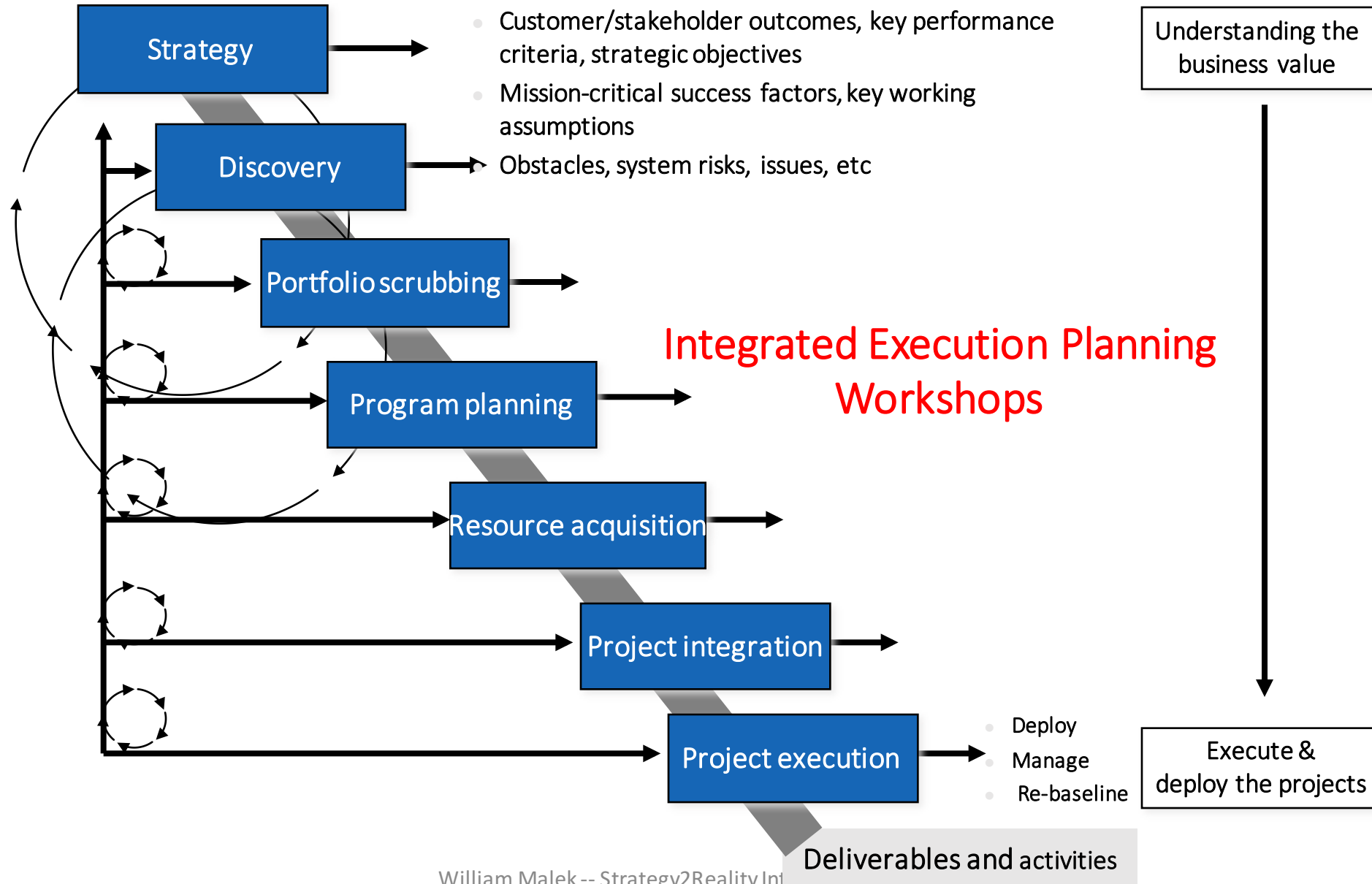




# The IEP Facilitated Process



# Strategy Evolves Through Iterations



# Summary #3 – As a PM, You Must Know:

1. What Interfaces to Define & Manage and Who Owns those Interfaces
2. How to Facilitate Integrated Execution Planning – BEFORE Detailed Project Planning!
3. That Planning Iterations From Strategy-to-Execution are Required

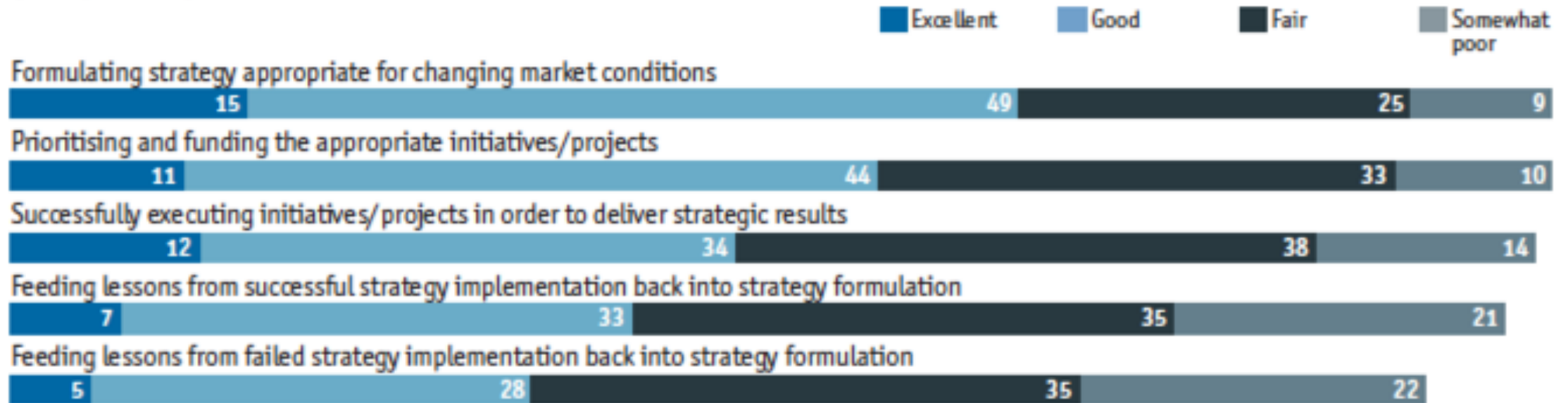
4. How can you make a difference with the company's strategy when you have no authority?  
[Close-out]

# “Why Good Strategies Fail” – The Economist-2013

Q

How would you rate your organisation's success in performing the following activities over the last three years?

(% respondents)



Figures do not total 100% because “don’t know” responses are not included. Source: Economist Intelligence Unit survey, March 2013.

# The Icarus Paradox

- It is the root of competitive failure
- A company can become so specialized and inner-directed that it loses sight of market realities and the fundamental requirements for achieving competitive advantage
- Understand why Microsoft needed to buy Nokia



# Share the learning and share the love!

Cross-enterprise **quarterly** strategic review sessions are needed to focus on **critical questions**:

1. Are we really winning at our strategy by completing this project?
2. Is the management team sure about this?
3. How do we really know?
4. What are the opportunities related to unmet stakeholder/customer needs?
5. What are the most promising innovation/improvement ideas emerging out of the project team?
6. What current organizational issues have emerged since the initiation of the project?
7. What is the performance of our core capabilities to plan and execute strategy (the total project portfolio)?



# Why Do We Succeed? The Majority are PM Skills!

Q

**When strategic initiatives do succeed at your organisation, what are the main reasons?**

Please select up to three.

(% respondents)

Leadership buy-in and support

51

Skilled implementation

39

A good fit between specific initiative and general strategy

37

Good planning

32

The initiative obtains skilled personnel

28

Good communication

25

Ability to manage organisational change

25

The initiative receives sufficient funding

24

Figures do not total 100% because "don't knows" and NA are not listed.

Source: Economist Intelligence Unit survey, March 2013.



Reality

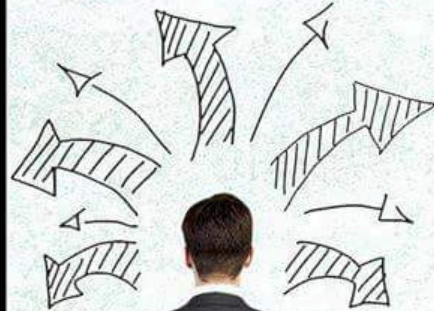
**The average  
tenure of  
Fortune 500  
CEOs is only  
4.6 years!**



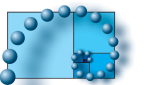


**Every single choice  
you have ever made  
in your life has brought  
you to this exact moment,  
reading this exact  
sentence.**

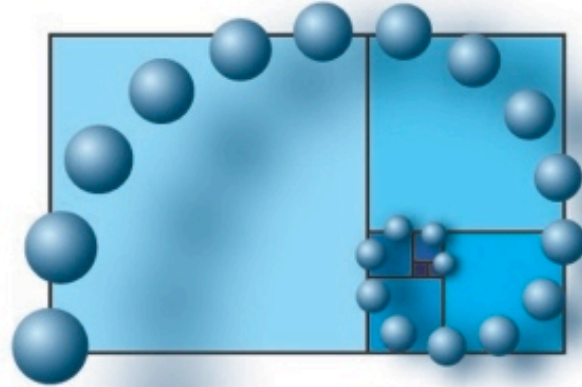
**Have a good day.**



**THE MIND UNLEASHED**  
UNCOVER YOUR TRUE POTENTIAL



Strategy Reality



# Strategy 2 Reality

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