

APPENDIX 14

QUOTES SAY IT ALL: A SELECTION OF MEMORABLE STATEMENTS BY INTERVIEWEES

Success factors specific to new organizations (< 10 years old)

CEO and founder of a new digital business model (B2C, Top 3)

“People think we have a highly standardized and digitalized business model, and that that is the key to our success. In reality, all we had was a successful business idea: offering new, original travel packages every day. In fact, many of the processes you need to offer such packages are far from standardized and digitalized, because we’re so dependent on suppliers.”

“The most important issues are: (1) recruiting the right specialists, (2) having well-organized data and reporting procedures, (3) quality management, and (4) strengthening the distinctiveness of our service during the customer’s travels. We want to create more meaningful touchpoints for travelers during their trip.”

CEO and founder of a new digital business model

“It’s great if you have a new business and revenue model that works, a new business for the new age, but the most wonderful thing might well be that you can put in place modern processes, technology, management and culture.”

“People think we’re so agile because we’re a modern and hip internet company. That’s not true. We’re agile because we’re growing so fast. In the past, it was no different. Any fast-growing (non-digital) company also had to adapt its processes, structure, management, culture and systems every few months. Otherwise it would implode.”

“That’s simply inherent to growth and it has little to do with the difference between old and new organizations. People overgeneralize in

their analyses of organizations. They think a company's flexible because it's a modern internet company."

"It's also getting harder and harder to offer a higher service level. PostNL, FedEx and DHL enable every online retailer to deliver overnight."

"There are more than enough challenges. We double our sales and volume every two to three years. Our processes and organizational structure have to keep pace, otherwise we'd run big risks."

"If I can't monitor and adjust it on a weekly basis, it's useless."

"We continually improve our customer processes by A/B and split testing, but now we find we also have to continually improve our internal processes. To an extent, we're becoming a traditional company."

"Analytical skills are by far the most important competencies. Statistics are key! That also applies to the capacity for structured thought and action. I love working with people who are good at project management. That's even more important than creative competencies. We spend so much money on marketing here every month. You really need to know where it goes, and why, and how to control that budget."

Business developer for a digital retail business model (Top 3)

"Your platform strategy is crucial, as is achieving the highest possible degree of standardization and digitalization."

"In new organizations and business models, the demands on how you design and manage strategy execution and innovation are even greater. You need structured methods for that, not only on the IT side, but on the business side too."

"If you can absorb and organize your growth, you come out a winner. That's the biggest and most relevant difference between new and established organizations in a saturated market. It's not the fact that we're digital. True, many fast-growing organizations have a digital business model. But that's not what makes your strategy execution so different."

Success factors

Director of strategy & development and finance for a Dutch organization (20,000+)

"In execution projects, the strategy and portfolio have to be crystal clear. We provide our services with a 50,000+ workforce, so we'd be nowhere if we didn't keep it simple."

"Managing execution needs to be very systematic, down to the concise reports and even the standard agendas for progress meetings."

Professor of strategy and innovation at an international business school

"Leadership needs to be based on engagement with the content of the work. People can't stand managers who stick their noses into business that they're not willing to explore in detail. This is true not only of industry-specific knowledge, but especially of knowledge about innovation and people."

CFO at a multinational

"Performance management. I learned a lot from private equity firms. You need to establish tight KPIs. One of our board members who had lots of experience in other corporations said: 'So much of our budget and performance management is ritualistic. It would be better not to do it.'"

"The type of issue you're dealing with matters. Post-merger integration requires a different approach than a cost-cutting program. People tend to underestimate how important that is."

"Create dualism between old and new. You should capitalize 100% on traditional print media. In any case, you should fight commodity effects by keeping costs low and ensuring maximum cooperation between the back offices of operating companies. Use your premium brands to develop your digital platform. And enter into the right strategic partnerships. We're learning to make TV."

Director of a sales division (Dutch company, 20,000+)

"The most important competency in managing strategy execution is knowing when a broad outline suffices and when you need to dive in."

"One of the biggest pitfalls of all times is being too inwardly directed. As a manager, you should keep talking to customers at least two days a week."

CEO of a division at a multinational (B2C, Top 3)

“Our multinational operates in heterogeneous markets. I have 22 multi-country organizations. Strategic planning happens at all levels. The balance between worldwide uniformity and local for local is not an easy one to strike.”

“Communication needs to be smart and personal. There have been times when I sent 1500 people a text message about a presentation where I used handwritten flip charts.”

“Cultivate execution capacity in every way. I rely on the 1 meter rule. Whoever is closest to the problem has to solve it.”

“I put a lot of time into designing a change project, but just as much time into positioning and selling it.”

CEO/chairman of the executive committee at a multinational

“We continually have to seek a balance between certainty and uncertainty, between speed and taking the time needed, and between the mind and the heart.”

“Limits are important. Limits to discussions, experiments, schedules, behavior. Hard limits and soft.”

General director of the country organization at a large multinational

“Renewal of our existing business model is definitely possible. We’ve had positive experiences with deliberately appointing innovators and letting them experiment with part of our PMCs and then casting them as ambassadors for execution in other PMCs.”

“Manage for time best spent! I don’t allocate more than eight weeks to strategic analysis. After that, it’s time for execution!”

Managing Director of the life insurance division in a big financial institution

“The essence of modern strategy execution boils down to a few things: less time for strategic analysis; more time for prototyping (agile, Scrum) and not just for IT but also on the business process side; working in small groups instead of involving everyone and their mother; and especially, lots of time for execution in short cycles with frequent measuring, adjusting and learning. And celebrating successes. We don’t do big and extravagant anymore. That also requires a different attitude

toward failure. Failure is a must. But preferably as fast as possible. The point of failing is to learn from it."

CEO of a multinational

"Invest in new talent with particularly strong competencies and a proven track record in strategy execution."

Chief of Institutional Business for a Dutch financial institution (Top 3)

"At pension funds, strategy execution starts at mesoeconomic level, in the vertical chain where you find all the big players: customers, trade unions, the SER [a Dutch government advisory agency for economic policy, ed.], foundations, etc. Stakeholder management is core competency number 1 in strategy execution at pension funds."

"Institutionalize a hungry attitude. One good way to do this is by putting the right people in key positions. People who are hungry and who have ideas."

"One goal should be to simplify frequently enough. Regulatory requirements and our professionals' innate thoroughness lead to complexity. Time and again, they err on the side of caution in quality and risk management. It's like five people frying an egg and ten people painting a door."

"Regularity is everything. Every month, we get all the key players and managers together in front of the project board and we go through the whole thing. The one key question at these meetings is: Are we making progress fast enough?"

Chair and board member at a large institution in the healthcare sector

"Keep one perspective at the forefront: designing from a customer viewpoint. In our case that means the patient."

"Above all, a good annual process is an effective sorting process. What should we do, what shouldn't we do, and why?"

Vice chair of the board of directors at an internationally active cooperative (Top 3 in market position)

"On leadership, I want to say this: for four days a week you need to think like a farmer (role up your sleeves and get things done) and one day per week you need to act like a preacher (talking about strategy on principle). That's how the board gets the emphasis right. We're a global, highly decentralized organization. In our management, we go for the big picture and for simplicity. There's no other way. When we need to dive

in, we need to be sure we get along without a hitch. That's why we invest a lot in teamwork. Both horizontally and vertically."

Chair of the board of directors and head of H&R at a Dutch institution

"Three things motivate people: the carrot, the stick and goodwill. The last is not least. I really go for trust."

Chair of the board of directors in a Dutch organization (20,000+)

"Monitor execution by annually reviewing your long-term strategy, your goals for the next three to five years, and by reviewing the short-term goals from your annual plan, every quarter and every month. This is how you create a healthy tension between the long and short run."

"A big publicly listed company like ours, with more than 50,000 employees, runs 30 strategic projects. That's in proportion."

"The right degree of clarity among the Top 150 is crucial. Every year, we get together and restate what we are trying to achieve. Focus is key. And simplification plays a huge role, too, so we also focus on what we're not going to do."

"Once a week, I visit a regional office and talk to lower-level employees, but I take care not to subvert the hierarchy or go over bosses' heads. I say that because hierarchy matters, contrary to modern thinking. People need to have a clear role and know their place. It's important for managers too, so when you are part of the leadership team you have to be aware of this and tread with care. It should never lead to political games or undermining anyone's authority."

"The behavior in the boardroom is totally different now. Every challenge poses a threat to continuity, so the composition of the board is more important than ever. Every board member must wholeheartedly embrace the objectives and want to work on them in solidarity with others. That makes putting together a board hard work, but it's even more work to maintain that mindset. We monitor the hard and soft side once every two weeks!"

COO & executive board of an international service provider

"Develop project management professionally and above all integrally. What does everything cost!? That question is the only way to instill entrepreneurship in your projects, and that is the key!"

“Good analysis matters. A thorough analysis gave us the answer to the question where we create value and what our remaining potential is. But that’s only the beginning of execution, of course.”

“Communication surrounding execution and the changes it brings is often neglected. You can’t fix that with intranet alone. You need to do much more. And it won’t work unless you have enough good communicators in your Top 30.”

Managing director for Western Europe at a big multinational (Top 3)

“Adjust a strategic long-term plan once a year. Not more frequently. Your ultimate goal should remain fairly stable. 80% of your strategy shouldn’t be changed too much. Divestments, acquisitions and innovations simply take time before they start showing results. That’s why perseverance is just as important as agility.”

“In our company, 20% of the employees participate structurally in a strategic project. For managers in particular it has become commonplace to take part in a program in addition to their daily responsibilities.”

Failure

Director of strategy & development and finance for a Dutch organization (20,000+)

“Insufficient recognition of your starting position, and hence your capacity for change, is one of the biggest causes of failure. Not knowing what legacy IT and other systems you are dealing with, or not understanding how the company culture works, or the quality of the processes, etc.”

CFO at a multinational

“Every time we use the word strategy, things go wrong. Starting in 1997, we’ve had 7 consultants and we’ve been active in 4 countries. The cycle of centralization followed by decentralization is a time-honored tradition. What should we really have done? We can’t shrink ourselves into greatness, but we still earn most from the newspaper. But the revenue is shrinking. Digital publication isn’t making up for the losses. You have to stay close to your organization’s basic DNA. Connect to the culture and understand what it can take. Things have gotten far too theoretical here, while our employees are very practical people.”

“A top-heavy leadership structure is deadly. It depletes your effectiveness, causes inertia and leads people to play politics.”

“At some point, after months of work, we had produced 500 pages of strategy. And our execution had yet to begin. That can’t be right. We focused far too long on what our strategy was going to be.”

COO and board member of a Dutch financial institution (3000+)

“Many financial services companies go too far in their attempt to create a single customer profile. Sometimes they do it at the cost of each division’s entrepreneurship and their product-market combinations. While the whole effort is of little relevance to auto insurance or pensions.”

“It’s a huge risk to run too many projects. It drains resources away from the line organization, which is then left with the burden of holding meeting after meeting.”

COO of a professional service provider (1000+)

“Too often, the quality of project work is below par. Working in projects is a highly skilled job.”

“Insufficient alignment is a big problem. Everyone knows the failure factors for IT projects. And yet the non-technical side of these projects is still neglected in most approaches.”

Owner and CEO of an international service provider (20,000+)

“Strategy-setting sometimes seems like a ritual, with vague narratives and slogans that no one could possibly disagree with. I see too many of these sentimental mission and vision statements. Slogans like ‘we exist to delight our customers’ are meaningless and we need to stop creating them.”

“When we onboard a new employee in the line organization, everyone considers it entirely normal to simply give instructions to be followed. In fact, people insist on it. But in the implementation of a project, every new person who gets involved feels like they have the right to reinvent the wheel.”

Director of enforcement and surveillance for a municipality in the Netherlands

“The strategy side of strategy execution does matter. You need to know what you want; you need to have a vision. But that is not where the

bottleneck is. There are loads of visions out there. Good ones, too. The key is to make a choice and start executing."

"The 'heads will roll culture' is destructive. It causes the entire civil service to put its energy into ensuring that its leaders don't get into trouble."

Senior strategist for the board of a multinational (Top 3 in market share)

"In organizations where highly educated professionals work together in a knowledge-based field, increasing commercial capacity is always an issue. It's never second nature to such companies, but it is becoming more important these days."

"Stopping things is just as important as starting things."

Chief HR officer for an international financial institution

"Thinking you can walk on water. A complete loss of receptiveness to feedback, a bloated ego, and the self-serving bias effect, in combination with insufficient criticism. This is a deadly combination."

"Complexity."

"Insufficient incubation time. See Peter Senge and his notion of creative tension. Concluding that something doesn't work before you've given it enough time to bear fruit. Tossing one thing aside and starting something else. The continuous and fruitless accrual of nonsense."

Chief of Institutional Business for a Dutch financial institution (Top 3)

"Abstraction is deadly. You can say we all need to be more entrepreneurial, but you have to spell out what that means in the specific context of the organization and make it concrete. Otherwise, nothing even remotely entrepreneurial is going to happen."

Chair and board member at a large healthcare institution

"We need to get better at sharing, scaling and utilizing each other's successes instead of continually reinventing the wheel."

Managing director of a multinational

"Insufficient strategy communication is a failure factor. The employees don't understand the strategy and have no overview. They don't see any coherence to it. We're failing to get the employees who were not involved in the strategy-setting on board. And at the same time, we know it's not an option to involve everyone. But all too often, what's

lacking is a real understanding of the strategy. What are we doing every day and why? From the very outset, there are big discrepancies in terms of understanding, intentions and expectations. That starts in the boardroom.”

The price of failure

“Corporate amnesia is another failure factor. Reinventing everything all over again, time and again.”

“Insufficiently weighing the true value of initiatives. Is this really going to help us raise EBITDA?”

Chair of the board and head of H&R for a Dutch organization

“The idea of putting the professional first is very dangerous. Its effects are underestimated. We can’t afford to make that mistake anymore. Professionals can be quite hypocritical. On the one hand, they say: ‘I am unique and a professional, so leave me alone’. On the other hand: ‘help me and help the others’. That smacks of opportunism.”

COO & executive board for an international service provider

“I see it go wrong time and again when organizations consider themselves the center of the universe. And that attitude often runs very deep.”

“The most important failure factors I have come across in all the places where I’ve worked, were a lack of a sense of urgency, insufficient communication with middle management, higher management’s lack of self-knowledge (knowing what you’re not capable of) and either a lack of example-setting or bad example-setting by the board. In concrete terms, if we want to permanently prevent alcohol and drug use on board our ships, then management-level people can never speak about drugs and alcohol in a way that contradicts this.”

“The so-called soft side, or behavior, is always the toughest nut to crack. Avoid cultural change programs. Culture is about behavior and that is everywhere.”

COO of a professional service provider (1000+)

“Negativity bias. When a group of employees starts saying: we can’t do this. Even in the face of proof that it is possible. It’s an article of faith. They look at everything through that prism and in so doing they erode your successes. It is a silent killer of your execution and change capacity and creates a deeply cynical culture.”

“Unspoken but omnipresent tensions at the highest level lead to all-out destruction. Everyone can see it and feel it.”

Director of HR for a big Dutch organization

“The indirect effects of failure are the worst. They create a culture that accepts failure. That erodes engagement ever further.”

Relevance of type of industry to strategy execution

COO & executive board of an international service provider

“The type of industry you are in is all-important. We are in a capital-intensive and asset-based industry dominated by utilization and productivity rates and yields. I need every bit of experience and knowledge I have to work in this industry. And the same goes for my experience with this industry’s willingness to change, which is relatively low. It’s a fairly archaic and rigid line of business.”

COO at an organization in the healthcare sector

“The type of industry matters a lot. In our line of work—healthcare—stakeholders have a lot influence and the media watch us very closely. The more transparent our business gets, the more news the media can dig up about us (compensation or claims policy, etc.). So, we have to weigh our communications very carefully.”

Relevance of type of issue to strategy execution

Chief of Institutional Business for a Dutch financial institution (Top 3)

“Strategy execution is probably most difficult in organizations that employ highly educated professionals. That’s where you’ll come across phenomena like an ‘agenda-setting memo’. What a phrase! That won’t get you any closer to acceleration in strategy execution or behavioral change. Usually, it’s more a matter of incompetence than unwillingness, though.”

Program Director of a multinational manufacturer (Top 3)

“The type of issue matters. We always distinguish between the size of the programs (> € 1 billion), whether they are multidisciplinary (procurement, production, sales, support, etc.), whether they involve several countries. Why? because these distinctions have consequences for their management. You have to be explicit about this.”

Dilemmas in strategy execution

Professor of strategy and innovation at an international business school

"Times have become structurally more volatile. That makes it more important to have a strong vision about how, than about what."

"The biggest risk is mediocrity. Having good, but not excellent people. Those are the ones you hold onto longest."

"Alignment is underestimated. I see that as a fundamental problem. For instance, that entire budget and KPI systems remain static while strategy has to become ever more agile."

COO of a professional service provider (1000+)

"Development is getting faster and faster, while the value of plans and business cases evaporates at the same pace. What does that mean? The context is fluid. It's easier to say yes to a business case in Excel up front, than in another context 18 months later."

"How do you combine renewal with the necessary cutbacks? You can't shrink yourself into greatness."

General director of the country organization at a large multinational

"Both market and customers are changing fast. New generations of readers aren't reading books from A to Z anymore. How can you offer them content and how do you make it accessible to them? The key is to offer content in a way that's related to their working and learning phase. The readers have no respect for copyright. They don't even know what that is. Metadata is becoming ever more important. That is raising big issues for renewal. Meanwhile, we also have a big portfolio of 150 books and 60 magazines. Teaching elephants to dance, as Moss Kanter puts it, is a relevant challenge. Now more than ever."

Division director at a big financial institution

"The truly interesting puzzles in strategy execution are very specific, like when to switch over when renewing within a market. How do you roll out a part of the product market combination while at the same time continuing to work by existing methods? What scaling method should you use? How do you avoid a sloppy transition in which you drag too much old ballast along?"

“Execution is becoming more experimental, but those experiments have to be targeted. Otherwise, your approach will get too messy and hesitant. That’s a modern pitfall, and a failure factor waiting to happen!”

Owner and CEO of an international service provider (20,000+)

“How do you manage coherence? Projects are necessary, but we aren’t good enough at them. They always spark unrealistic expectations in those who are not involved. Project management as a skill is seldom at the minimum level where it should be.”

Director of enforcement and surveillance for a municipality in the Netherlands

“In the public sector, you see many shifts. The police are withdrawing more and more, and we are partly filling the gap they leave behind. Strategically, we are equal to the police—while our role is clearly different. Our role is very integrative, taking some duties off the police’s hands. We and the police have a good picture of the Top 600 individuals who cause 70% of the trouble and nuisance in our city. Thanks to our professionalism, we can act as the eyes and ears of the police, too.”

Senior strategist for the board of a multinational (Top 3 in market share)

“One timeless dilemma, for sure, is what constitutes desirable agility versus undesirable agility. The former is increased competitiveness; the latter is zigzagging. But how can you tell the difference?”

Chief HR Officer at an international financial institution

“Focus versus receptiveness/sensitivity to change. How much freedom should we allow? Everyone agrees that freedom is crucial to ownership. An additional reason is that it’s becoming ever more necessary to create slack and leave room for details to be filled in and adjustments to be made along the way. Allowing room for uncertainty is elementary. Room to dream, too. You might need to build in a 30% margin either way: leaving enough room to find a happy medium between the number and type of people you need to involve for effectiveness and specialist input, and the number you need to foster inclusiveness, getting people to buy in.”

Managing director of a consortium’s customer service division

“How can we keep mustering the discipline needed to really bring things to fruition? That’s a dilemma. There are always a thousand-and-one reasons to divert from the path. Or, how do we achieve alignment? In our organization, it begins with the parent companies. Interdependence is growing stronger, in the supply chain too.”

Chair and board member in a large healthcare institution

“Organize change, because it doesn't happen on its own. People tend to be far too casual about it. Strategy implementation is a process, too. And it should be a comprehensive one. From patient to supplier and from workers' council to the workforce.”

“Strategy execution is increasingly a matter of having the skills to combine day-to-day management with big issues. It requires constant dualism. The issues we face have to do with both crisis management and professionalization.”

Vice chair of the board of directors at an internationally active cooperative (Top 3 in market position)

“Strategy execution at a company like ours—a big, global player—is especially challenging because it's a cooperative. That's challenging for management. Of course, cooperatives do have their drawbacks, but it's a myth that they are ineffective. In fact, cooperatives have a kind of built-in safety valve that prevents zigzagging. We're naturally focused on the long run. That valve is something many companies would love to have. Our remuneration and incentive systems are balanced and it's easy for us to get financing. Any surprise strategic issues, like a takeover bid that requires fast decision making, we're able to field and mobilize what's needed.”

“Our organization's vision on strategic planning is that you should recalibrate your long-term strategy—our current one runs until 2022—once every two years. And that you should mainly adjust your execution. Global developments and politics have great impact. Execution has become far more important. The criteria we rely on are elements like long-term stability, excellence in production cost and dominance in our preferred market segments. We don't need to be the biggest, but we do want to be the best.”

Chair of the board and head of H&R at a Dutch institute

“A sense of autonomy is extremely important, especially in professional organizations.”

“How many facts, how much information, do you really need? The answer to that question is related to the notion: the buck stops here. I am the last man standing.”

Chair of the board at a Dutch organization (20,000+)

"It is not always easy. Leaders are always in a rush. There is never enough time, never enough absorption capacity. At the same time, panic leads nowhere. That's the main tension that needs to be managed. We have to calmly keep the pressure on, that's our mission. And we also have to keep collective faith in our ability."

COO & executive board of an international service provider

"Above the entrance to the dining hall at the Dutch Royal Naval Institute (KIM), there is a slogan that reads: 'Knowledge is power, character is more'. That applies especially well to strategy execu