

STRATEGIC SPEED

MOBILIZE PEOPLE,
ACCELERATE EXECUTION

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Praise for *Strategic Speed*

"The authors demonstrate in no uncertain terms that achieving strategic speed means much more than being fast. Companies that get it right place tremendous importance on employee engagement, innovation, high performance, and continuous learning at every level of the organization. By acting with clarity and purpose, they not only achieve value more quickly, they increase value over time. I urge executives everywhere to read this book. It's filled with valuable insights and actionable best practices that every company will benefit from."

—Douglas Anderson, President and CEO, Carlson Wagonlit Travel

"I thoroughly enjoyed this book. *Strategic Speed* is that rare combination of the accessible and the useful. It provides straightforward and eminently practical advice gleaned from the authors' combined seventy-five years of consulting experience. Davis, Frechette, and Boswell make things just as Einstein requested: simple, without being simplified. They identify predictable change management traps and provide useful frameworks for avoiding them."

—Amy C. Edmondson, Novartis Professor of Leadership and Management, Harvard Business School

"Where urgency meets execution. This book helps leaders tackle their greatest challenge: turning plans into action, fast. It convinced me that companies don't need to invest millions in new technology or reorganize in order to move faster and compete more aggressively; they need to tap the hidden power of their people. The authors explain in straightforward terms how to do it."

—Walt Macnee, President, International Markets,
MasterCard Worldwide

"Davis, Frechette, and Boswell have put their collective finger on a huge challenge for leaders: Now that you've got a great strategy,

how do you make sure your people buy in to it and bring it to life? The magic is in the execution. *Strategic Speed* provides relevant business cases and practical suggestions to create that magic and deliver real outcomes.”

—Catriona Noble, Managing Director, McDonald’s Australia

“A refreshing new view on strategy: how leaders can execute strategy through people, and what makes some companies faster and more agile than others. I particularly enjoyed the insights from real organizations—both the how to’s and the don’t do’s.”

—Isobel Peck, Chief Marketing Officer, Informa

“We all know that speed is a source of competitive advantage—the legions of failed efforts are ample evidence that we simply don’t know how to achieve it! In *Strategic Speed*, we finally get the implementation model that needs to go with the strategy—and not a moment too soon. Bravo!”

—Len Schlesinger, President, Babson College

“The authors’ concept of ‘second-generation speed’ is an extremely valuable leadership imperative for winning on the global playing field. The framework, case examples, and tools equip leaders to embrace and execute strategic speed.”

—Noel Tichy, professor and Director, Global Citizenship Initiative at the University of Michigan; and coauthor (with Warren Bennis) of *Judgment*

“This book is packed with great insights and practical tools. Read it, use it, and gain strategic speed.”

—Craig Wortmann, CEO, Experience LLC, and author of *What’s Your Story?*

Strategic Speed

PREFACE

This book is for any business leader who has felt frustrated that the work wasn't moving fast enough, that critical initiatives weren't gaining traction, or that a new strategy had stalled after the initial buzz subsided. It's for any leader who, despite all the time, money, and energy invested in a major new project, is disappointed that the outcomes have fallen short of expectations. It's for leaders who want to stop telling their people to move faster and instead start giving them the tools to do so.

Among the three of us, we've spent seventy-five years helping leaders and their teams around the world execute critical business strategies through people. None of us can remember the last time we met a leader who was happy with the speed of execution in his or her organization. When we asked one senior vice president at a client company whether she thought about speed, her reply was, "Only every second of every day."

During our years of working in the field, we've lived through a period when leaders' focus was mostly on two things: pace and process. *Pace* means offering incentives, cutting corners, or touting urgency in an effort to get people to speed up. *Process* means streamlining workplace processes and installing technologies in an effort to eliminate waste, improve quality, and reduce cycle time. While these efforts proved useful, they didn't fully answer our basic

question: *What makes some companies faster and more agile than others?* As we reflected on our experience, interviewed clients, and sought out other business leaders for their insights, we began to see that it is a combination of pace + process + *people* that makes the difference. In other words, the missing ingredient is how leaders deliberately include people in their thinking and mobilize people to execute rapidly. (Can't you hear the cry that goes up: "It's the people, stupid!")

This is one of those insights you file under "E" for easy to say but not so easy to understand and apply. So we set out to discover the real keys to achieving what we call *strategic speed: mobilizing people, accelerating execution*. We conducted a major research study on how senior leaders can accelerate the execution of plans and strategies throughout their organization and sustain that speed over time. The research comprised:

- A comprehensive literature review, looking at hundreds of examples of accelerated and sluggish execution
- Eighteen in-depth case studies of organizations that successfully executed a major strategic initiative significantly faster than average (unless otherwise noted, quotations from leaders in case studies come from interviews we conducted from 2008 to 2009)
- A global survey of 343 senior leaders in fast and not-so-fast companies, designed to uncover the leadership practices and company characteristics that lead to the outcome of speed

This book is about what we discovered: how leaders must focus on three specific people factors and apply four critical leadership practices to drive strategic speed. Along the way, we conceived of a new way to measure speed, using two key metrics: reduced time to

value and increased value over time. And to help people apply these concepts, we designed a series of assessments and tools that provide a road map for leaders who want to accelerate execution in their business.

We conducted this research intending to find insights for ourselves, but intending even more to find insights for the business leaders with whom we have or will have the pleasure of working. Our hope is that the conclusions we've drawn, the stories we've captured, and the tools we've developed will help you create a strategically speedy organization.

Acknowledgments

Strategic Speed is all about the people, and we want to thank the people who contributed.

First, we thank our research and writing team: Tom Atkinson, Steve Barry, and Ed Myers. They conducted case studies and interviews; designed assessments and surveys; read and summarized countless articles, books, and blogs; and drafted large sections of the manuscript, adding great insight at every turn. They were exemplars of strategic speed, and without them this book wouldn't exist.

Many others contributed to the book's contents. Marc Armbruster, Simon Fowler, Dottie McKissick, Rosie Mucklo, and Kim Slack worked on case studies and helped organize the research. Andre Alphonso, Jill Blick, Russell Miller, Carol Roby, Andrew Shapiro, and Gail Smith conducted interviews for various case studies. Carin Gendell researched and drafted the Jim Van Zoren case study. David Eaton contributed many of the ideas on the cultural aspects of speed used in appendix B. The literature review group consisted of Doug Bate, Wendy Carter, Nancy Coleman, Richard Hacker, Diana Newton, and David Ruef. Ron Bohlin conceived the Speed Matrix tool. Louise Axon helped shape our early thinking

about execution and leadership. Maggie Walsh contributed her substantial research on change and strategy execution and gave us detailed feedback on the initial manuscript.

In Forum's marketing group, the team of Will Milano, Holly Gage, and Heather Crafts have worked tirelessly and creatively to promote the book and its messages. The Economist Intelligence Unit partnered with us on the Global Speed Survey; we benefited from the advice and assistance of EIU senior editor Dan Armstrong. Paradigm Learning, one of our partner firms, connected us with leaders at Regence so we could conduct that case study.

We're also indebted to Melinda Merino, executive editor at Harvard Business Press, and Kathleen Carr, associate editor, whose astute feedback and expert guidance improved the book immeasurably. They insisted on clarity and simplicity, and we're glad they did.

We especially appreciate and value the generosity of the wonderful clients and friends of Forum whose stories and examples are at the heart of this book. Our clients and their work were the inspiration for *Strategic Speed*, and they continue to inspire us every day. We are grateful for their time, candor, and insights. We also thank the many Forum employees and associates who helped us find stories of speed in organizations around the world.

Finally, we thank Matthew, Judy, and Lynne for their unswerving love and support.

—Jocelyn Davis, Henry Frechette, and Ed Boswell
The Forum Corporation

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PROLOGUE

The Hazards of Speed

JIM VAN ZOREN was speeding down the highway toward his office in the early-morning darkness. The road stretched flat and straight for miles. “It’s just me and the cows,” he mused, as he pressed the accelerator of his Lexus GS10. He still missed the challenging curves of the northeastern parkways that he had driven for fifteen years in his last corporate assignment. It was only a year ago that he had accepted the position of chief information officer at SmartCom, a large, midwestern U.S. telecommunications company. SmartCom’s CEO, David Hopkins, had gone looking outside the company for a CIO who could shake things up. The company was struggling to get control over its IT systems, which were a hodgepodge of new and legacy software. Van Zoren’s most important task was to find and implement process reengineering opportunities, just as he had done successfully at the pharmaceutical company at which he’d previously worked. Hopkins was looking to him to deliver millions of dollars in cost efficiencies.

This morning, Van Zoren was worrying about reports on SmartCom's billing system that he had been reviewing last night. He had staked his career on reengineering this mission-critical system, which touched all products and customers. He thought back to his first day at SmartCom, when Hopkins had given him some advice: "Jim, there are only two things that really matter in the telecom business. We have to deliver the bits and we have to bill the bits."

Van Zoren had decided nine months ago to outsource both the day-to-day management and the infrastructure development of SmartCom's vast billing system to a large, well-respected IT solutions provider, Worldwide Technology—a move that had shocked company employees and generated lots of media attention. He estimated that the outsourcing contract would save the company more than \$400 million over five years. Some savings would come from reduced payroll costs, since one thousand SmartCom employees were "rebadged" as Worldwide Technology employees as part of the contract.

Van Zoren knew he had taken a big risk in outsourcing the system, and now the reports had him worried. All the IT-development projects related to the billing of new products and services were months behind schedule. Just yesterday he'd been on the phone with Shawna Rutledge, president of SmartCom's Business Customers Group; she'd been asking about the delays in the development of an electronic billing capability for some key accounts. "You know, Jim," she had said in her friendly Southern drawl, "Our customers *hate* getting their bills these days on truckloads of paper. We've been promising them electronic billing for months. What's taking so long?"

Van Zoren had been exhorting his key managers to fix the problems, but nothing had changed. Why weren't they getting the message? Did they think quality and speed were mutually exclusive? As he zoomed into his parking space at headquarters, he vowed to get some answers from his staff.

At the Staff Meeting

Van Zoren stared with exasperation at his five direct reports assembled around the conference room table. “Every week I tell you guys that we need to get our key development projects back on track, and now this latest report shows that you’re falling further behind than ever,” he said, waving the stapled pages in the air. “Shawna Rutledge complained to me yesterday that our big customers are getting impatient with the delays. What are you doing about this?”

The five managers looked at each other and shifted uncomfortably in their chairs. After a pause, Rob Greene, VP of systems development, spoke up. “Jim, I’ve been telling you since the day we signed the outsourcing contract that some of the terms are causing us problems,” he said. “The biggest issue we have right now is cycle time. All the development work is being done in India. Our contract with Worldwide specifies that any help we need outside normal business hours will be charged as overtime. When we’re working on a project here, the office in India is closed. Any questions on our end have to wait for about ten hours until they’re back in the office, and vice versa. It slows things down. If we try to speed up a project by paying overtime, you raise issues about our overtime expenses.”

Van Zoren crossed his arms and leaned back in his chair. “Rob, you’ve made it very clear in the past few months that you don’t agree with the terms of the contract. Look, we had to move fast to get the cost savings this fiscal year, and we didn’t have time to iron out every detail. Billing just doesn’t have to be as complex as we’ve made it. It’s time to find some ways to simplify the process.”

Barbara Rollins, VP of data products billing, spoke up next: “But Jim, these system changes *are* complex, whether we like it or not. Our billing system started out with some off-the-shelf applications, but then we began customizing everything for our business customers. We developed specialized applications in-house and

stitched them together with code that only a few people in the department know. Well, actually,” she said, with a meaningful glance around the table, “they don’t work *in* the department anymore.” Everyone knew that these experts were among the one thousand rebadged employees who now worked for Worldwide Technology. “The problem has gotten worse recently, because some of those people have left Worldwide, and no one else knows how to write the code. I’m afraid the early systems weren’t very well documented.”

“Listen, Barbara,” said Van Zoren, “I’ve heard all this before. Frankly, I think some of you are still angry about friends who lost their jobs with SmartCom. But it’s time to move on, or all our jobs will be at risk. We have to find a way to get the work done and get it done *on time*. Everyone has to work faster and smarter. End of story.”

Van Zoren rose from the table and clicked his laptop shut. “I have a meeting with David at ten, so I need to get going.” Hearing him drop the CEO’s name reminded them all that Hopkins had hand-picked Van Zoren for this job.

In the CEO’s Office

Van Zoren was walking Hopkins through a spreadsheet that showed the financial results of the many process improvements he’d made. Some of his early wins, like creating a paperless office environment and eliminating individual printers in favor of shared ones, were producing millions in savings. Hopkins looked up from the spreadsheet and smiled: “Jim, these results reinforce my belief that streamlining our processes is a key part of our strategy for success. You’ve got my support to go on finding these opportunities and making changes as quickly as we can.”

Van Zoren nodded and, after a second’s hesitation, said, “David, I hope you know how difficult it can be to implement major changes

like these. Take the outsourcing contract for billing, for example. We're a bit behind on some of our development projects, and I'm getting excuses from the leaders on my team. I'm still convinced we can make it work, but I may need to make some changes in staff. I need managers who'll look for more efficient ways to do things."

"Jim, you do what you need to do," replied Hopkins. "Just be sure you don't jeopardize our contracts with our big business customers. They'll take their business somewhere else if we don't meet their needs."

"I understand," said Van Zoren, rising to go. "Believe me, David, our big customers are going to be thrilled once we *really* start moving faster."

Overheard in the Hall

Van Zoren got off the elevator on his floor. Approaching Rob Greene's office, he saw Diana Hanley leaning in the doorway, her back to him. Hanley was VP of product development in the Business Customers Group and reported to Shawna Rutledge; she and Greene had been friends for years. As Van Zoren approached, he heard Hanley saying, ". . . sounds to me like Jim told Shawna what she wants to hear. Jim always commits to fixing the problem, but then nothing changes."

Van Zoren coughed loudly as he walked up. Hanley turned around and jumped when she saw him. "Oh, hi, Jim . . . um . . . Rob and I were just talking about the projects you guys are doing for us."

"And I'm as worried as you are, Diana," said Van Zoren, disguising his irritation. "I know your customers are waiting, and it doesn't seem like it should be so hard to deliver. I've been pushing my team to get on top of these timetables." He glanced at Greene, who was gazing intently out the window.

Hanley looked Van Zoren in the eye. "It's just frustrating, Jim. When I ask your group for an estimate on development time, it never sticks. Inevitably, someone tells me on the day the thing is due that it'll take another three months. My customers don't like it. Just last week, one of our biggest customers told me that this electronic billing capability might be a factor in whether or not they renew our contract for next year."

"I hear you," said Van Zoren. "I've told my team to set aggressive deadlines. Sometimes I think people around here are too focused on getting everything 100 percent right before they'll move."

He saw Hanley look anxiously toward Greene. "Well, whatever you do," she said, "don't sacrifice accuracy for speed. I've got one customer who has a hundred and four employees who spend the entire month inspecting and analyzing our bill. We don't want to go looking for trouble." She headed off down the corridor.

The CEO's Office: Six Months Later

David Hopkins frowned and clicked "Send." The angry e-mail winged its way to his executive team. Early that morning, he had been notified that SmartCom had lost a huge account, MidAmerica Financial Services, right at renewal time. According to Shawna Rutledge, what had damaged the relationship was SmartCom's lack of responsiveness. MidAmerica had been counting on electronic billing to speed up its financial reporting, and SmartCom still hadn't delivered.

Friday Morning, Two Weeks Later

Jim Van Zoren was on his way to David Hopkins' office. He was feeling confident. A month ago, SmartCom had acquired Mobiletel, another