The key challenge for any board is to gain proper insights into all aspects of business in order to negotiate and come forward with informed and effective decisions. This is much more than the info you get from the ERP system, including business analytics!

In order to get a true grip on business a CEO must hear, understand and actively manage relationships with each of the following:

- Demands from shareholders.
- Voice and demands from government, environmentalists, community and other concerned parties.
- Voice and demands from customer groups.

If you put all of the above together you will come to the list of key demands for your strategy execution outcomes. This is what your stakeholders will be watching constantly in future - and complain/demand from the business leaders to deliver. Your next step will be to formulate a strategy and build an organisation with strategy execution capabilities + business process + operations. However, in the heart of it will be your organisation’s readiness to learn, change and grow.
To formulate a business strategy is to decide on business model, markets, supply chain and resources to match these with the demands from your community, environmentalists, government and, of course, your target customers. However, without putting it in the context of existing strategy execution capabilities, the strategy formulation process becomes ineffective i.e. produces something that can’t be delivered.

To assess one’s strategy formulation we usually use SWOT (strengths, weaknesses, opportunities and threats, PEST (political, economic, social and technological), BCG matrix and Porter’s diamond analysis coupled with scenario planning and market segmentation.

One can’t work on business strategy if, for example, he/she doesn’t fully understand customer demands for products, services as well as community and environment sustainability and development. To remedy that, a CEO must establish both on-going and periodic data collections from customers including channels for two-way learning opportunities. These learning channels should be expanded to cover other stakeholders as well. I use the Customer Perception Study model which has been developed 10 years ago and tested in over 40 organisations. The key point in my study will be to identify a company customers’ Key Buying Criteria and rank those in order of relevance and importance to them. I will address the perception about the quality of products, sales and after-sales service and the impact those products and business activity make on relevant communities and the environment.

In my experience, the next key challenge is to recognise the difference between strategy execution capabilities and strategy execution outcomes. Only strategy execution capabilities and business process can be effectively managed – one can hardly manage outcomes! On the top of that, trying to manage the business by relying on information about the outcomes will be too little too late. Executives need to control both variables i.e. select the right set of diagnostic tools for each one.

Probably the most popular diagnostic for business outcomes is the Kaplan-Norton Balanced Scorecard (BSC) which is the great source of information for all stakeholders if properly constructed i.e. if measures for all YOUR specific demands are built in. However, BSC can’t tell executives about the route cause for poor outcome in any specific measure within the BSC. To identify and quantify the amount of weakness in certain strategy execution capability another diagnostic tool needs to be introduced. This is what the Strategy Execution Readiness Assessment (SERA) tool does. Basically, SERA is an on-line tool for senior managers that identifies and quantifies gaps within 10 strategy execution capabilities and routes a change action plan for the organisation including the estimate of change effort.

When it comes to business process mapping I use the variety of techniques including interviews with employees, business systems and information flow tracking, document flow tracking, decision making observations and mapping of processes and decision making protocols. Last but not least I use probably the most effective presentation tool to demonstrate the business process – the Brown Paper. It is especially effective for stimulating a productive problem solving discussion.

For the performance evaluation of operational efficiencies I observe teams in action before collecting any operational statistics from the client’s info systems. I normally use the Supervisory Behavior and Labour Correlation Study to identify labour utilisation and productivity as functions of supervisory skills level.

Finally, when it comes to measuring organisational learning, change and growth potential I developed a genuine tool which can also control the execution of organisational transformation later. I recognise two sets of forces that positively contribute to Organisational Readiness: (1) performance enablers, and (2) change enablers.

To boost organisational performance or enable it to outperform its competition an organisation must posses/earn a competitive advantage using its competitive intelligence and the development of own resources. Second, individual performance can only be encouraged through individual opportunity to make a positive mark on organisational performance and individual accountability for that. Thirdly, acquired work experience of the workforce can also positively contribute to superior performance.
Stronger performance capability will, no doubt, improve your “readiness” but it won’t be enough when it comes to actual change i.e. facing the resistance. To succeed there, managers must measure and improve the “change enablers”: (a) attitude towards change, (b) preference for working in teams, and (c) flexibility of internal policies and procedures.

The first version of this tool was used 11 years ago for my MBA thesis. I have been using it successfully with different industries since.

Alex Milovanovich
MBA, MIBA (SA), FCMI (UK), MSAIMechE, PrEng
African Performance Specialists
www.africanwizard.co.za