



## How can IBP help strategy execution?

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A recent article in [Harvard Business Review](#) entitled *Why Strategy Execution Unravels - and What to do About It* revealed a number of common beliefs held by companies for tackling strategy execution are 'just plain wrong'. With a lack of coordination, communication and agility highlighted in the article as reasons organisations struggle when it comes to the execution of strategy, we address how Integrated Business Planning (IBP) can provide a solution to synchronising processes and behaviours for effective strategy execution.

### **The struggle - failure to coordinate across departments**

The research cited in the HBR article revealed that only nine percent of managers say they can rely on colleagues in other functions and business units to deliver on promises all the time. HBR states this could lead to 'dysfunctional behaviours that undermine execution: they duplicate effort, let promises to customers slip, delay their deliverables, or pass up attractive opportunities'. In fact, being able to coordinate across departments came out as the second biggest challenge companies face when executing their strategy.

Integrated Business Planning (IBP) offers a solution to working multi-functionally within a company rather than in silos. A company cannot service customers in the most efficient, cost-effective and profitable way, unless its processes, people and tools are integrated and aligned. IBP focuses on people first as the key drivers for business success. Managing people and behaviours is vital to cultivate the environment for change. Once people are educated and work towards a common set of goals then the business can be fully integrated to execute strategy more effectively.

### **The struggle - lack of agility to adapt to changing markets**

Every business should have a plan. But what happens if the market changes, should the business stick with the plan or adapt? According to HBR "nearly one-third of managers cite difficulties adapting to changing market circumstances". This is backed up by 29 percent of companies revealing they react so slowly they can't seize opportunities or mitigate threats and 24 percent admitting to reacting quickly but losing sight of the company strategy.

IBP enables companies to develop plans to the medium term horizon, typically 24-36 months into the future. This allows organisations to model alternative scenarios and determine the impact so that 'best for company' futures can be planned through alignment in the constituent functions or departments. By modelling potential scenarios in the future an organisation has time to prepare and communicate alternative plans - this creates agility.

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The benefits continue; with IBP companies can control their costs, deliver customer satisfaction and reduce the impact of short-term changes. Overall the result is that the actual need for agility can be determined, effectively planned for and then offered as a cost-effective solution to customers who traditionally have demands that fluctuate.

### **The struggle - *misunderstanding of objectives***

A key finding in the HBR survey was that communicating strategy was vital to success, but only 55 percent of middle managers could name one of their company's top five priorities. One reason discussed in the findings was that although top leaders are communicating the strategy, the problem lies with how well leaders understand what is being communicated, often diluting core messages. HBR states that "Top executives add to the confusion when they change their messages frequently - a problem flagged by nearly one-quarter of middle managers".

IBP is a management process that provides a monthly 'check, correct and communicate' mechanism for an organisation. By focusing each monthly planning cycle on what has changed since the last cycle and its impact on the different functional plans, integrated company plan, and delivery of annual and strategic objectives a leadership team can see where 'course correction' is required. They can then make decisions and communicate those changes to the rest of the organisation. This creates a regular monthly rhythm of communication that makes clear the actions required to deliver the annual plan and strategy.

### **The struggle - *lack of support***

HBR stresses that strategy is best executed from middle management such as "distributed leaders" - they are the ones that handle day-to-day decisions, however they need to be guided from the top. Unfortunately, and as already discussed in this article, distributed leaders are at a disadvantage when top executives fail to ensure strategy is clearly understood across an organisation. Eight out of ten middle managers in the survey revealed that they do their best to execute strategy but would like more clarity and support regarding the strategy.

Another problem raised by HBR is that "if top executives insist on making the important calls themselves, they diminish the middle manager's decision-making skills, initiative, and ownership of results". They recommend that executives can help improve execution and coordination by modelling teamwork and adding in structured processes and this is another area where IBP can help.

One defining element of IBP is the process of Integrated Reconciliation. This continuous process focuses on realigning the plans in the constituent parts of the organisation in reaction to internal or external changes. This enables identification and rectification of any gaps between the latest plans and the annual and strategic commitments of the organisation. It is middle management, which is responsible for identifying issues and opportunities as well as analysis and any recommendation for action at the appropriate level in the company. This effectively engages the middle management level and harnesses their talent, encouraging only the truly big issues to be elevated to the senior team for decision-making.

### **The solution - *Start with the people***

In order for businesses to be a success and execute their strategy effectively they need to start with the people and manage behaviour to create a best for company culture. Working in silos will lead to all sorts of problems, fire-fighting and lack of agility and coordination. Once a company is fully integrated and roles are defined they can then effectively plan the future, be clear on strategy and seize opportunities that will put them ahead of the game.

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