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Title of paper: The WHY of implementing operations strategy


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Abstract: Taking the CEO’s question ‘How can we improve our track record in implementing operations strategy?’ the paper argues two responses. Firstly that operations strategy should be presented in terms of a ‘desired vs. (current) actual outcome.’ Outcome should be defined in terms of average and variability of cost, quality, flexibility or delivery. The second is that the ‘motivational force’ (F) amongst the leadership should be brought to consciousness via ‘WHY’ where W represents the clarity about What is to be achieved, H represents certainty in the plan as to How it will be achieved, and Y represents the conviction as to Why the outcome needs to be achieved. Hence F = WxHxY. When the leadership is sufficiently ‘motivated’ they will have to ‘sell’ the WHY to other stakeholders whose collaboration is needed for the outcome to be achieved via the plan of actions

Introduction
Is there an ‘Anna Karenina principle’ at work with respect to the effective implementation of operations strategy? In the famous opening line of the novel by that name, Tolstoy wrote, ‘Happy families are all alike. Every unhappy family is unhappy in its own way.’ His inference is that in order for a family to be happy, many factors have to be operative, but in order to be unhappy, just one, or any combination of the many factors has to be inoperative; there are many more ‘failure modes’ than ‘success modes.’

Perhaps it is the same for the effective implementation of operations strategy? For consistent success many factors have to be operative but to stumble along with a patchy record, just one, or any combination of the many factors has to be inoperative. This paper sets out eight principles hypothesised to be necessary for the effective implementation of operations strategy. Whether they are necessary and sufficient, only our collective efforts will reveal.

**Perspective**

Google searches in February 2004 under “implementation of operations strategy” and “operations strategy implementation” yielded fewer than 40 hits each, with many repetitions, resulting in just fourteen distinct hits. In contrast, a Google search for “operations strategy” yielded 22 200 hits! Eight of the fourteen hits were from ‘Operations Strategy’ course outlines, with implementation mentioned as a feature of the course, one hit was from a course in ‘operations consulting’ and the rest were individual hits on consulting or executive course entries.
What lies behind this phenomenon? Does the academic community not teach the implementation of operations strategy? Few would agree with that assertion. When we teach it, what do we present? Is there a ‘technology of implementation’? Do we rely on what is done in ‘change management’ and ‘project management’? This paper attempts a set of principles by which to approach the implementation of operations strategy. It avoids dealing with checklists or frameworks, although drawing indirectly on them for guidance.\textsuperscript{1,2,3,4} It primarily reflects desk research in the context of an eight-year, case-based research project into the effective implementation of operations improvements. In trying to draw this research together, the following question is proposed, coming from a CEO: ‘How can we improve our track record for the effective implementation of operations strategy?’

The question in itself is not neutral. It infers a desire to learn, not just to get the next ‘project’ right. That question was never encountered in the field research, though people were intrigued at the thought that there might be a ‘technology’ for the effective implementation of operations strategy.

**Effective implementation**

This paper adopts the market-based view of strategy (although in time it will be extended to include the resource-based view). It is held that the aim of operations strategy is to improve an organisation’s competitiveness through improving one or more of the following:

- Cost

\textsuperscript{1} Klein and Sorra  
\textsuperscript{2} Upton  
\textsuperscript{3} Faull 1998  
\textsuperscript{4} Kirkwood, et al.
- quality
- flexibility
- delivery.

I refer to these dimensions as the ‘4 Horsemen’ or simply, ‘4H.’

Effective implementation is then stated as achieving significant movement towards targeted outcomes for one or more of the 4H: ‘I have reduced late deliveries from 15% to 5%’ rather than just pursuing the means - ‘I am implementing Six Sigma.’

Putting this into symbols, effective implementation, \( I_e \), is expressed as

\[
I_e = \{O_a \rightarrow O_d\}_{4H}, \text{ or } \{\Delta O_{a\rightarrow d}\} \geq \{\Delta O_{a\rightarrow d}\}_{\text{min}}
\]

where \( \{\Delta O_{a\rightarrow d}\}_{\text{min}} \) represents the minimum acceptable movement from the actual current performance (\( O_a \)) towards the desired outcome (\( O_d \)). (Strictly speaking, one should set time targets as well, both for achieving the minimum acceptable movement towards the targeted outcome and for maintaining it, but for simplicity I will ignore that here.)

The operations strategy process, guided by the question ‘How do we win orders?’ should identify for product families and market segments, the 4H dimensions that need improvement; this sets up the targets for the implementation process. At the heart of effective operations

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\(^5\)Hill
strategy implementation is knowing what you want to do, i.e. knowing what \( \{O_a \to O_d\}_{4H} \) gap you want to close.

One must note, with the \( \{O_a \to O_d\}_{4H} \) goal in mind, that operations improvement may be of two, non-exclusive, kinds: average and variation, e.g. an implementation effort may target reducing the average cost of producing a product or alternatively stabilising the cost of producing the product, or both. Table 2 illustrates the possible target conditions.

<table>
<thead>
<tr>
<th>Variability of Performance</th>
<th>No change</th>
<th>Improve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Performance</td>
<td></td>
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</tr>
<tr>
<td>No change</td>
<td>①</td>
<td>②</td>
</tr>
<tr>
<td>Improve</td>
<td>③</td>
<td>④</td>
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where ① = Current state

② = Improvement in stability

③ = Average performance improves at unchanged level of stability

④ = Improvement in stability and level

Table 1: The four types of implementation outcomes
Principles for effective implementation

As indicated, I picture a chief executive asking, ‘How can we improve our track record for the effective implementation of operations strategy?’ Eight principles, divided into two sets, are used in responding to this question:

Set A (responding to the general question):

1. Never stop asking the question.
2. Have ‘dual organisation’ capability
3. Create a fault-tolerant environment in which to learn to improve the track record in effectively implementing operations strategy.

Set B (responding to each specific strategic initiative):

4. Prepare a plan of action or project plan.
5. Surface the ‘force for effective implementation’ as a function of
   a. the *clarity* regarding what you want to achieve, in outcome terms
   b. the *confidence* in knowing how to achieve this new outcome, or at least having a ‘working hypothesis’ about how to achieve it
   c. the *conviction* as to why it is necessary to achieve this new outcome.

Furthermore, use this ‘force’ to judge the ‘point of no return’ or ‘point of commitment’ (POC) for the particular initiative.

6. Use the ‘force for effective implementation’ to elicit appropriate behaviour from stakeholders who
   a. have the power to sabotage the intervention (negative power can be individual), or
   b. whose supportive behaviour is highly likely to determine the degree to which the outcome is achieved and sustained (positive power is collective)
7. Take the ‘first small steps.’

8. Lead like a relentless but reflective bulldozer driver.

Each principle is now reviewed more closely.

**Set A (responding to the general question):**

1. Never stop asking the question (‘How can we improve our track record for the effective implementation of operations strategy?’).

A ‘discovery process’ as opposed to an ‘idea-imposition process’ has been shown to yield better decisions.\(^6\) Implementation is essentially about testing an ‘if-then’ proposition. You can never know in advance that your plan is foolproof. You learn by putting it to the test in the understanding that you will both ‘get things achieved by doing’ and ‘learn by doing.’ This is the core contention: a discovery process seeking ‘operationally validated theories’ drives success, and growing success, in the implementation of operations strategy.\(^7\)

2. Have ‘dual organisation’ capability.

It is necessary to create some additional capacity for effective implementation. If the organisation is running very lean, with each person engrossed and fully engaged in meeting daily production requirements, there is no mental space or time to implement.

\(^6\) Nutt, 2000, p. 59.

\(^7\) Lapré and Van Wassenhove.
A dual organisation is defined as that permanent organisation arrangement which exists alongside the formal hierarchical organisation (FHO) and is used to facilitate and manage the improvement process in the organisation as a whole. See Figure 1.

At a workshop in July-August 2000, a Japanese consultant presented Figure 1 and indicated that in effective Japanese companies employing such an arrangement, the chief executive heads both structures and people move for shorter or longer periods between the two structures. In so doing, the ability to initiate and cooperate in improvement processes is not only clearly managed but also becomes widely understood and disseminated. Furthermore, this is done without focus being lost on day-to-day control and achievement of forecasts and

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8 Furuhashi, 2000.
plans, which is the task of the ‘organisation for business operations’ or FHO. The ‘organisation for project activities’ is what we refer to as the dual organisation.

Colgate Palmolive, a company with an even more impressive earnings and growth record than GE under Jack Welsh, has invested in dual organisation capacity: ‘Unique among consumer goods companies, Colgate now has a global group for working on ideas for growth and productivity.’

3. Create a fault-tolerant environment for the other 7 points to flourish.

Anyone undertaking implementation needs the courage of an explorer; new territory with unknown dangers is being entered. No one likes to fail. As seen in 1 above, success can never be guaranteed. In a fault-intolerant environment, extraordinary courage and conviction is needed of the leader. There is a direct proportional relationship between fault-intolerance and the courage required of the implementation leader.

In all organisations every leader has a boss. We are all accountable. If we want the person working for us to implement well, we need to cut them some slack about getting everything right all the time. When a requirement becomes incumbent on each ‘boss,’ it becomes a requirement of the corporate culture; hence the need for a fault-tolerant environment in an organisation seeking to improve its track record in implementing operations strategy. And ‘failure’ needs to be seen as a chance for break-through learning.

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10 Chew, et al.
11 Pfeffer and Sutton, chapter 4.
12 Christensen and Raynor, p. 74.
Set B (responding to each specific strategic initiative):

4. Prepare a plan of action or project plan.

This constitutes the ‘working hypothesis’ or ‘if-then’ proposition. Firstly, it requires clarity as to what is to be achieved. This should include an understanding of whether the targeted outcome is of type 2, 3, or 4 (see Table 2). Secondly, it requires clarity as to how it is to be achieved, including the sequence and timing of the actions, i.e. it should constitute a complete project plan, including milestones along the way.13

In symbolic terms, the plan of action is expressed as:

\[
\text{If } \Sigma A_i \text{ then } \{O_a \rightarrow O_d\} 4H
\]

where \( A_i \) represents the \( i^{th} \) action, and \( \Sigma A_i \) the complete set of actions deemed necessary to achieve the desired outcome.

Setting up the plan is not an essentially technical activity; it is a leadership challenge. The plan of action needs to arise from a robust debate ‘to surface the realities of the company’ and, by inference, the action plans designed to achieve targeted outcomes.14

In keeping with point 1 above, we need to balance the pursuit of targeted outcomes in the short term with the objective of building a competence at implementing. Thus, not just that

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14 Bossidy et al. p. 23.
the objectives are met but *how* the objectives are met is important. Were they met while building individual and organisational capability?\textsuperscript{15}

5. Surface the ‘force for effective implementation’

This is the ‘what/why/how’ of implementation. It is constructed as an equation to give a measure of the ‘motivational force’ impelling effective implementation:

Let $W =$ the degree of *clarity about what* you want to achieve, in outcome terms, on a scale of 0 to 1

$H =$ the degree of *confidence in knowing how* to go about achieving the outcome, on a scale of 0 to 1

$Y =$ the degree of *conviction about why* you want to achieve this outcome, on a scale of -1 to 1, where -1 indicates strong negative sentiments about achieving the outcome

$F =$ the motivational force for effective implementation, on a scale of -1 to 1 where -1 equates with absolute negative motivation and +1 with absolute positive motivation to achieve the target outcome

then

$$F = W \times H \times Y,$$

or simply, $F =$ WHY.

For example, in a recent meeting a group of senior managers found they were only 60\% clear on what they wanted to achieve, 30\% convinced of the need to achieve it, and 80\% confident in the plan to do it (figures were informally proposed). The overall score of $0.6 \times 0.3 \times 0.8 = $

\textsuperscript{15} Bossidy et al. p. 131.
0.144, or 14.4% showed them that they were not anywhere near ready to commit to the proposal; the ‘force for effective implementation’ was simply not yet strong enough.

The ‘force’ is a (notional) metric for assessing how motivated the decision-making group is with respect to each of the initiatives before them. Its primary purpose is to surface a realistic sense of, and then commitment to, a ‘point of no return’ or ‘point of commitment’ (POC); it counteracts the knowing-yet-not-doing tendency observed above.

6. Use the ‘force for effective implementation’ to elicit appropriate behaviour from stakeholders
   a. who have the power to sabotage the intervention (negative power can be individual);
   b. whose supportive behaviour is highly likely to determine the degree to which the outcome is achieved and sustained (positive power is collective).

This could be seen as ‘just another action’ (within ΣAᵢ). If so, it is simply so significant in determining the overall outcome that we have seen fit to highlight it. It is both about the ‘buy-in’ process and about the overall leadership-followership of the endeavour.

‘Elicit appropriate behaviour’ is of course about ‘motivating.’ The surfacing process described under 5 provides the basis for ‘taking the case to the people.’ This latter is the ‘buy-in’ process and will have a particularly strong association with factor Y; buy-in is about cascading the ‘force’ down, about ‘selling the WHY’ and is seen to be highly influential in determining the overall conviction with which actions are undertaken. The selling cannot
take place as a one-way communications process. Stakeholders who feel threatened by the proposed intervention need to be able to express and negotiate their concerns if ‘sabotage’ is to be avoided.

7. Take the ‘first small steps.’

Put the hypothesis to the test – ‘Just do it’ - by identifying the ‘first small steps’ and starting with them. Of course action is the sine qua non of actual implementation. Taking those first small steps and achieving the first (even minor) targets has enormous psychological and practical value; personal and collective optimism and resilience are enhanced as practical progress is made.\textsuperscript{16,17} The frequent use of a ‘pilot’ to introduce an intervention, and reduce the cost on the learning curve, is seen as supportive of this principle.

Furthermore, action gets things done \textit{and} it is the most effective form of learning.\textsuperscript{18} Effective implementation is always a process, and learning to improve it is, even more so, a process. And what is learnt from doing is more likely to be applied than what is learnt ‘from reading, listening, or even thinking.’\textsuperscript{19}

The English language is rich and subtle, but perhaps too much so. It is possible that it leaves those raised in it with a bias for inaction, a bias for reflection and the accumulation of theoretical knowledge rather than a bias for action and learning-by-doing. In working with a Japanese consultant over many years, this possibility began to dawn. We recently asked him

\textsuperscript{16} Weick.
\textsuperscript{17} Matta and Ashkenas.
\textsuperscript{18} Pfeffer and Sutton, 2000, p. 27.
\textsuperscript{19} Pfeffer and Sutton, p. 6.
what the reaction of a Japanese audience would be if after some lecturing input from him he were to ask the audience ‘Do you understand?’ He said they would reply, ‘We may understand, after practice.’

Pfeffer and Sutton report a similar experience and insight:

‘When we described the “knowing-doing” research project to American managers, they could immediately relate to both its relevance and its importance. They were cognizant of many examples in which they and their organisations failed to implement, in practice, their conceptual knowledge of how to manage. But when we described the project to Japanese and other Asian managers, they seemed perplexed. Operating in systems in which knowledge was largely developed on the job, by doing, and in which managers were more often tightly embedded in the actual work processes, they found it hard to understand how someone could “know” and not “do.”’

Ultimately we must engage the Nike school of business: Just do it!

8. Lead like a relentless but reflective bulldozer driver.

A study has shown that effective managers are both more patient and more demanding than their less effective colleagues. In the field research on implementation I have noted the absolute centrality of leadership to implementation success, and this ‘demanding-patience’ has appeared to be one of the characteristics of that successful leadership. The demanding side will not compromise on the targeted outcomes. The patient side looks for progress

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20 Furuhashi 2003.
22 Faull.
towards the target as the key measure of success and drives the discovery process implicit in the CEO’s question; ‘manage the trend’ is the approach used.

I call this the ‘slow bulldozer driver’ face of an effective implementation leader. It shows constant interest and pressure towards the targeted outcomes, while offering support, questioning to understand constraints, etc. It is relentless. But it is not impatient, as long as progress is being made, or at least determined problem-solving is being applied to overcoming obstacles. Such leaders have good people skills, know their people, insist on realism, set clear goals and priorities, and follow through.\(^{23}\) The approach is reflected in what Paul Nutt refers to as the ‘interventionist’ leader.\(^{24}\)

Implementation is the core test of leadership: ‘Leadership without the discipline of execution is incomplete and ineffective. Without the ability to execute, all other attributes of leadership become hollow.’\(^{25}\) From this, one could say leadership is primarily about execution and execution demonstrates leadership.

**Conclusions**

‘How can we improve our track record in implementing operations strategy?’ The field research shows low awareness of any, let alone all eight, of the principles. However, there is a clear and explicit conformance to some by organizations with a good implementation record. The eight principles can be seen as an extended hypothesis to both guide implementation practice and be the basis for more, rigorous research to hone the response to the CEO’s question.

\(^{23}\) Bossidy, et al. p. 57.
\(^{24}\) Nutt, 1986.
\(^{25}\) Bossidy, et al. p. 34.
Two approaches might be seen as innovative in the above: the ‘outcomes’ approach to defining effective operations strategy, and the ‘force for effective implementation’ (F = WHY). But it is suspected that the full set of principles is necessary, at least. As with unhappy families, implementation failure modes are legion; growing effectiveness might well rely on a delicate and elusive set of principles being honoured in practice.

References


