

Aligning Leader Capability with Strategy Execution

The Business Case for Talent Analytics



TALENT
INSTITUTE

It is difficult to imagine a major sports team facing serious competition without a comprehensive plan to create alignment, build capability through practice and pursue high-performance.

To be successful today, organizations need a winning strategy, and the means to deliver it. Navigating from strategy development to execution is one of the biggest challenges for today's CEOs, and few are successful.

Many companies find themselves stymied at the point of execution. Having identified opportunities within their reach, they watch as the results fall short of their aspirations.

“Business strategies are intellectually simple. Their execution is not.”

Things We Know

Available research and common knowledge tell the following:

- Any business strategy has underlying talent implications
- Members of the top team are often divided on purpose, strategy and values
- Top teams are often dysfunctional
- Boards frequently have no common view of what competitive advantage constitutes
- Insufficient engagement of important stakeholders in strategy development results in half-hearted execution of plans they don't believe in
- Organizations struggle to bridge the strategy / implementation gap
- Leader development is frequently not integrated with strategy execution
- Capable leaders in the right roles deliver the right results
- Organizational culture 'eats strategy for breakfast'
- Organizations that skilfully leverage talent analytics outperform their peers.

The Gap between Strategy and Execution

For your organization to be successful, you need both a winning strategy and the ability to execute it. Strategy alone won't lead to success. Many organizations are struggling with implementation.

So, how do you bridge the gap between strategy and execution?

Few companies recognise leader capability (the competency gap) and capacity (the numeric gap) as the starting point of strategy. Bold strategies require a careful analysis of both dimensions.

The higher a company's aspirations or the more radical its shift in strategic direction, the larger the leadership gap.

Most CEOs will agree that leadership is important, yet few assess their leadership gap precisely. Even fewer build an engine to develop the right quantity of leaders with the right mix of capabilities, at the right time, to match opportunities.

The failure to assess leader capability systematically before launching strategic initiatives can leave top executives scrambling to fill gaps at the last minute – with significant consequences. The risk to the business increases exponentially when this situation develops.

“The real dilemma organizations face is not how to put together a smart strategic plan, but how to place the right leaders against the plan to ensure full impact on execution.”

The Levers of Superior Execution

Research has found three critical components of superior execution that need to be addressed at all levels of the organization, beginning with the senior leaders:

Strategic Alignment

Leaders need to clearly understand their company's strategic direction and priorities. This includes a deep understanding of what the strategy is, why it is important, and how it will be implemented.

Mindset

Successful execution requires collaboration and commitment. To accelerate execution, individuals need to be engaged and passionate about the strategy. Connecting the strategy to personal success is essential.

Capability

Companies that excel in execution invest heavily in collecting science-based data about their leaders and building the capabilities necessary for execution. What is more, they act swiftly when there is a disconnect between leader capability and emerging business requirements.

Asking Pointed Questions

Borrowing from Kaplan and Norton, the senior leaders (as part of the strategy development process) must ask four fundamental questions:

- What are the key processes at which we must excel to deliver our customer value proposition?
- For these processes, what critical roles are required for their successful execution?
- For these processes and roles, what information and/or technology is critical to success?
- What does the organization need to focus on from a cultural and leadership perspective to further enable the strategy?

“Companies with effective leaders execute better and deliver long-term business results.”

An Executive Conversation

Next, the senior leaders should engage in a robust conversation about capability and capacity by asking a series of questions.

Opportunity and Risk

- Where can we find opportunities for growth in an uncertain economy that is recovering at different rates in different regions?
- Do we have the right talent in the right places to leverage those opportunities?
- Do we have the talent and leaders – and the supporting talent management architecture – to weather the economic, technological, and regulatory challenges ahead?

Analysing the Status Quo

- How broad and deep is our current talent pipeline for meeting future demands?
- Is our current leader capability aligned with current or emerging business requirements?
- Do we have a sufficient pool of future leaders to support our growth strategy, or should we be recruiting talent in different areas?
- In promoting people into leader roles, how do we determine that they have the capability to deliver exemplary performance?
- Are we deploying our best leaders to the areas of highest return for the business?
- Do we have the right talent onboard to strategically change the direction of the business?
- Which capabilities are most at risk? Where are the critical gaps and how deep are they?

An Executive Conversation (continued)

Succession Planning

- Do we have a clear understanding of key roles (now and emerging)?
- Do we have strong performers in key roles?
- How ready are our next-generation leaders to transition into higher-level, more complex roles?
- Who is holding back the progression of our next generation professionals or leaders (pipeline blockers)?
- Who are we at risk of losing (retention)? What might be the impact if we did?
- Who needs organizational attention and investment to accelerate their progression (proactive development)?

Talent Strategy

- What are the key talent risks associated with our strategy?
- Do we have a talent strategy that is directly linked to our business strategy?
- Is this strategy producing results? How do we know?
- Do we have clear, quantifiable metrics in place to measure the effectiveness of implementation, and the business impact of our talent management investments?

The failure to assess leader capability systemically before launching strategic initiatives can have significant unintended consequences. The situation is aggravated when the organization has no talent strategy, or when the executive team pays lip-service to talent management.

“The success or failure of any CEO is contingent on the ability to get the right people in the right roles, doing the right things, supported by the right culture.”

An Eight-Step Approach to Successful Strategy Execution

Considering the compounded impact of organizational culture, an under-achieving executive team, weak leaders and a short-term profit-focus, there is no magic formula for sustainable strategy execution. Each of these themes must be addressed as part of a broader intervention.

However, the following steps will go a long way in 'getting the right people on the bus, and in the right seats':

- Analyse the business context and corporate situation
- Develop or review the strategy (direction and strategic priorities)
- Define the underlying leadership challenges
- Distil the requisite leader capabilities and desired leadership culture
- Analyse strategic capability gaps
- Prioritise and identify actions to close gaps
- Establish governance, rules of engagement and renewal
- Track progress through lead measures.

Summary

A well-formulated business strategy, powerful product, or breakthrough innovation can put an organization on the competitive map, but only sustained execution by capable leaders and professionals can assure long-term success.

For your organization to be successful, you need both a winning strategy and the ability to execute it. Mismatched capabilities, poor asset configurations, and inadequate execution can all play their part in undermining a company's strategic objectives.

Although well-regarded companies tend to keep these risks squarely in their sight, in our experience far fewer companies recognize the leader capability that new strategies will require, let alone treat leadership as the starting point of strategy. This oversight condemns many such endeavors to disappointment.

The Talent Institute Contribution

The Talent Institute does not focus on business strategy formulation, nor does it focus on technology, systems or structure. Rather, we focus on the people side of strategy, which asks questions such as:

- Do we have the right people with the right capabilities in key roles to deliver our strategy successfully?
- Do we have an effective top team?
- What does our talent pipeline look like?
- Where are we vulnerable or at risk?
- What is typical of our leadership culture, and how does it impact the performance of the business?
- What steps must be taken to create the organization required to deliver the strategy?

We employ rigorous measures to produce powerful analytics that analyse current capability in relation to a chosen strategic path.

Once the data emerges, we explore the impact of possible misalignment and the steps that must be taken to mitigate risk and to set the business on a growth path.

Getting Started

Before proposing a solution, and following a detailed enquiry, we perform a comprehensive context and strategy analysis. This information is vital to the design of interventions that follow.

It might be that we commence with a talent management practice review, which provides insight into the maturity of current talent management practice. This review also pinpoints important strengths and practice gaps.

It might be that we guide you in the design of a talent strategy, or the reengineering of certain talent management processes (e.g. selection, performance management).

Either way, we work with you to develop a comprehensive understanding of the status quo, the chosen strategic path, and the requisite leader profile. We validate our findings every step of the way.

Only once we have the 'picture', do we propose a solution that will produce the analytics that will put you in a position to make informed choices.

About the Talent Institute

The Talent Institute is a privately held boutique professional services firm that specialises in strategic talent management consulting. Specifically, we focus on helping clients develop and implement strategies and practices to more effectively manage the selection, deployment, development and retention of talent to support current business strategies and to prepare for future challenges.

Our core competency lies in our ability to interpret talent analytics in the context of strategy and business impact, and the use of predictive intelligence to inform risk mitigation, capability development and talent investments.

Grounded in organizational psychology, we leverage research, analytics, expertise and industry insights to enable business performance by removing the guesswork from making decisions about people.

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