

NANO TOOLS FOR LEADERS®

SUCCESSFUL STRATEGY EXECUTION DEPENDS ON KNOWLEDGE SHARING

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

Contributor: Larry Hrebiniak, Associate Professor of Management, the Wharton School, University of Pennsylvania; author, *Making Strategy Work: Leading Effective Execution and Change*.

THE GOAL:

Increase your organization's execution success rate by improving knowledge sharing.



NANO TOOL:

It doesn't matter how good your strategy is if it's not implemented effectively. And yet many senior managers, even when faced with poor results, continue to address execution with the same ineffective methods.

In surveys conducted by Wharton management professor Larry Hrebiniak, executives identified the greatest obstacles to execution. Not surprisingly, "poor or inaccurate information sharing" was near the top of the list. As strategic initiatives become more complex, involving greater numbers of people across functions, SBUs, or geographical locations, the need to coordinate and cooperate is imperative.

Hrebiniak notes that while most organizations use formal methods for fostering communication and coordination (such as IT systems, designated integrators, and formal databases), these methods, while necessary, often fall short. He identifies informal forces that play a powerful role in determining strategic outcomes. When you harness the power of these forces, implementation and performance will improve.

HOW COMPANIES USE IT:

- McKinsey & Company, the global management consulting firm, with offices around the world housing thousands of consultants and staff, lists the firm's experts and areas of knowledge in its "Yellow Pages." The directory, first known as the Knowledge Resource Directory or KRD, facilitates personal contact among consultants, leveraging learning and avoiding costly duplication in knowledge creation.
- ABB (Asea Brown Boveri) competes globally, with a need to integrate effectively across many regions or countries. To execute its coordinated global strategy, ABB has made investments in its IT system and in making a matrix structure work. But the company also relies on a cadre of global managers who troubleshoot and help solve strategic and operating problems across the globe. Emphasis here is clearly on informal contact and personal communication to achieve effective solutions.

- The positive effects of GE's "Work Outs" by now are well known by many managers. The formal process and methods of bringing people together to solve big problems have been well documented. But additional benefits of bringing knowledgeable managers together are the informal contacts and bonds that are created, leading to increases in personal communication and informal problem solving. The personal contact and interaction also help facilitate the development of common, agreed-upon goals and performance metrics.

ACTION STEPS:

While not all steps are possible for all managers, taking action on even one of the following will improve knowledge sharing and, in turn, strategic and operating outcomes. The more steps you take, the greater the cooperation and coordination results will be.

1. **Improve informal conduct.** People need to talk with each other to get information and solve problems, but they may not know who has the knowledge they need. Make sure they know who to contact by creating a directory listing of key personnel in each functional area, division, geographic location, etc. The list can be developed by skill area (e.g., strategy implementation) as well as by personnel, allowing for a cross-listing of people and skills or content areas.
2. **Avoid enforcing a hierarchical system** of checks and balances that diminishes the power of informal contact. Allow people to solve problems without the need for a series of approvals that causes delays and often destroys or detracts from the speed and spontaneity of personal contacts.
3. **Create a common language.** Differences in perspectives, technical capabilities, definitions of key terms, goals, and cultural biases can detract from the ability of a diverse group of problem solvers to understand one another. It is essential when executing strategy that the strategy be clear, focused, and translated logically into short-term objectives that managers can buy into. These objectives must be defined consistently to avoid problems of different, competing views of execution outcomes. Creating superordinate goals — goals that all parties can agree with and support — is the critical task here.
4. **Reconsider incentives.** Tie incentives to strategic objectives to reinforce and reward them (e.g., reward cooperative achievements rather than individual performance). Hoping for coordination and cooperation while rewarding excessive and inappropriate competition hinders information sharing and, ultimately, execution efforts. Good incentives help create the shared vision that leads to improved formal and informal communication and cooperation.

SHARE YOUR BEST PRACTICES:

Do you have a best practice for information sharing? If so, please share it on our blog at Wharton's Center for Leadership and Change Management. <http://whartonleadership.wordpress.com/>

ADDITIONAL RESOURCES:

- *Making Strategy Work: Leading Effective Execution and Change.* L. G. Hrebiniak (Wharton School Publishing, 2005). Offers a systematic roadmap for execution that encompasses every key success factor: organizational structure, coordination, information sharing, incentives, controls, change management, culture, and the role of power and influence.
- "Obstacles to Effective Strategy Implementation," L. G. Hrebiniak, *Organizational Dynamics*, Vol.35, Issue 1, 12-31, Spring 2006. Examines the organizational and political obstacles that stand in the way of effective implementation, and why confronting them is more difficult than strategy making.

- *Execution: The Discipline of Getting Things Done*. Larry Bossidy and Ram Charan (Crown Business, 2002). Describes execution as “the missing link between aspirations and results,” and argues that it is the biggest obstacle to success. Emphasizes the fact that execution is a discipline to learn, not merely the tactical side of business.
- Larry Hrebiniak is the faculty director of, and teaches in, Wharton’s executive program [*Implementing Strategy: Leading Effective Execution*](#). He also teaches execution methods in [*Strategic Thinking and Management for Competitive Advantage*](#) and other Wharton programs.

ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton’s Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director, Professor Adam Grant.