

## Beyond the OSM: Strategy Execution Champions Help Foster Strategy Execution Capability

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*As architect, process custodian, and integrator, the Office of Strategy Management (OSM) plays an instrumental role in enterprise strategy management. But it can't do the job alone. And while cross-functional theme teams perform many on-the-ground aspects of the strategy management function, there's yet another important set of players in strategy management: strategy execution champions. These individuals, drawn from every key operating area and SBU across the enterprise, serve as the "arms" of the OSM, helping execute and sustain the strategy. The authors, former strategy professionals at 2008 Palladium BSC Hall of Fame winner Grupo Modelo, discuss this approach—one they are now helping organizations throughout Latin America implement.*

In these times of global economic turbulence and constant change, the ability to implement and execute strategy—and, most important, sustain it—takes on new significance.

As Robert Kaplan and David Norton have written extensively, the Office of Strategy Management (OSM) is a key mechanism for implementing strategy—not merely through its architect/process custodian/integrator role but also in a larger sense by helping organizations adapt strategy to environmental changes, shifting customer requirements, and evolving organizational capabilities. However, the OSM cannot fulfill these roles by itself. Even large, well-staffed OSMs lack the ability to penetrate and execute in each business area and SBU. The most daunting organizational challenges require human intervention and action at every level. We believe that organizations need a network of people who can act as the "arms" of the OSM, endowing each area or SBU with the ability to unlock execution capacity and ensure the strategy's sustainability.

Our solution: strategy execution champions (SECs). A network of SECs augments the OSM's ability to support every aspect of strategy management. These individuals are, in effect, the engine within each business area that generates the energy needed to fulfill business goals.

Strategy execution champions are drawn from throughout the organization—from key functional areas such as strategic planning, finance, and IT, as well as from business lines. Some SECs are subject matter experts; others, group heads, are expert in or accountable for the operations, performance, and business management of their given area. Along with the OSM, they offer long-term guidance and support, and create a shared vision of success. By overseeing the appropriate implementation of the strategy within their own areas (and, as a network, collectively across the enterprise), they help the OSM fulfill its role. And by contributing to making the strategy sustainable within their own areas, they contribute to making it sustainable at the organizational level.

In some companies, the role of SEC is already being performed by someone in each area. But it is usually not a formalized role, one with established processes and procedures necessary to support the OSM. At Grupo Modelo, we instituted an SEC team to help us monitor strategy execution at all levels of the 38,000-person company. Without it, the task would have been virtually impossible. Today, we are building networks of SECs for several clients.

Implementing an SEC network provides multiple benefits for an organization.

**Boosts execution capability.** Most OSMs are staffed by a handful of individuals, many of whom juggle this responsibility with a "day job." As a separate group, the OSM has a limited ability to engage actively in the implementation and management of strategy throughout all areas of the enterprise. Assigning an SEC to each area or SBU extends the reach of the OSM. As "locals," such individuals have greater autonomy and freedom of movement within their business areas than outsiders have. They are also knowledgeable about their areas' needs, so they are better equipped to identify strategic issues and raise them credibly with the executive committee for resolution.

**Ensures the sustainability of the strategy.** Formalizing the strategy management process throughout the organization helps mitigate the risk of employees viewing strategy as yet another project or merely the subject of an annual meeting. The SEC approach engages more people, involving them in specific strategy-related activities throughout the year that integrate and synchronize with other key processes.

**Improves communication and cooperation among business areas and SBUs.** A network of SECs ensures that the organization's functional areas get the representation they need. This helps uncover critical issues in a timely manner, improving decision making and enabling the organization to be

## Strategic Theme Teams vs. Strategy Execution Champions: What's the Difference?

A strategic theme team is by nature cross functional; it is responsible for achieving the goals of a given strategic theme from the enterprise strategy map. A strategy execution champion is responsible for monitoring strategy execution within a given business or functional area or SBU. Theme teams and SECs work together to create synergies and close operational gaps. In that respect, they complement each other. And we believe that both roles are necessary.

### So how do they differ?

*Strategic theme teams* view strategy in terms of theme “blocks.” Generally, a senior executive is appointed “owner” of the theme to establish accountability. A value gap is set for each strategic theme. Theme teams develop synergies among multiple functional areas and SBUs and conduct cross-functional activities to accomplish their goals. They organize their efforts by cascading strategic themes throughout the organization’s strategy maps.

*Strategy execution champions* view strategy by functional area. Each SEC supports his or her area’s director by monitoring strategy execution at the local level. SECs are expert in their areas, which means they can better understand and manage strategy. As a result, they are also better equipped to uncover any stumbling blocks or other problems related to strategy execution in their areas. Finally, having an SEC network ensures that functional areas are represented in the OSM.

more agile and flexible amid a changing environment.

**Promotes accountability.** The presence of an SEC network reflects the organization’s commitment to achieving its strategic goals. Each SEC assumes responsibility for the Balanced Scorecard within his or her area and pushes objective and initiative owners to develop ideas for constant improvement.

### What Do Strategy Execution Champions Do?

In some organizations the OSM is charged with integrating (in a timely, sequenced manner) the various business and operational processes and functions in order to align operations to strategy. This is a tremendous responsibility for what is usually a modestly staffed group. SECs can provide significant support, in particular by

- Managing and communicating the strategy in their respective areas
- Overseeing their respective areas’ strategy-related activities and communicating constantly with the local leadership team about issues related to strategy management
- Serving as a liaison between the OSM and their respective areas
- Conducting strategy analysis meetings
- Uncovering strategic challenges, such as aligning SBU goals with corporate’s or jump-starting a stalled initiative

Let’s look at SECs’ responsibilities within specific strategy management processes.

### Aiding in the Design of the Strategy Cycle

Every year, the OSM incorporates any missing processes into the strategy planning cycle to improve the alignment of operations with strategy. SECs support the OSM in this task by identifying any such key processes in their respective areas that may affect the strategy cycle. Once the cycle is updated, they help integrate these processes in an orderly manner and monitor them (and their de-

liverables) throughout the year. Consider, for example, the individual employee performance evaluation process; it can begin only after strategic goals have been defined (otherwise employees’ performance will not be aligned to the strategy).

### Contributing to Strategy Development

Most companies have a department or area that is responsible for strategic planning or strategy development. In some cases, it is the OSM itself. SECs can enrich the strategic planning process through their knowledge of their own areas. Information they provide can help substantiate the various analyses, internal and external, used in the planning process that help validate and define the organizational strategy.

SECs also play a feedback role, disseminating and promoting the mission, vision, and values that are the foundation of the new strategy within their respective areas of the company.

### Contributing to Strategic Planning

Once the strategy has been developed (or updated), the OSM is responsible for overseeing its translation into operational terms through the BSC. However, before the enterprise BSC is finalized, SECs should point out any concerns or problems—for example, a missing objective or misaligned goal—that, if remedied up front, could help improve the articulation of strategic objectives or sharpen key performance indicators. Such input advances the organization’s strategy management maturity.

### Aligning the Organization

Here’s where SECs play their most active role—a role we consider a critical success factor for strategic alignment.

Once the enterprise BSC is updated, SECs begin cascading the strategy to their respective areas. Among their responsibilities is identifying objectives and indicators that could be shared by two or more areas. They hold interdepartmental or inter-unit meetings to validate the

value proposition of the support areas and SBUs as well as define how each area contributes to enterprise strategy.

SECs also use the strategy map to communicate everyone's contribution to the strategy, thus helping align the individuals' performance to the business's goals. Although the individual employee performance evaluation process is generally managed by human resources, the OSM and the SECs are both responsible for ensuring the alignment of individual employees to the strategy. Specifically, SECs should

- Put in place mechanisms that promote the alignment of individual employees' performance to strategic objectives; for example, a performance matrix that matches strategic objectives and initiatives with strategic job positions
- Ensure that the goals listed on individual employee performance evaluations conform to the company's established goals
- Ensure that incentives are based on performance

Without well-defined, aligned, and approved strategic goals, it is difficult to begin implementing projects and therefore to measure performance and progress toward the strategy.

SECs also play an important role in the goal-setting process. They help

- Ensure that financial strategic goals are aligned to the budget
- Define targets for all indicators, both financial and nonfinancial
- Ensure that the goals identified for their respective areas help advance enterprise goals
- Define targets for all indicators, both financial and nonfinancial
- Make sure that goals are appropriately ambitious and yet achievable
- See that goals do not change constantly so that the organization can gain stability in its strategy management

SAMPLE TOPICS FOR STRATEGY EXECUTION CHAMPION MEETINGS	
<b>January meeting</b>	<ul style="list-style-type: none"> <li>• Preparing for employee performance evaluation process</li> <li>• Updating BSCs and shared objectives among areas and units</li> <li>• Setting the new strategy management cycle</li> </ul>
<b>March meeting</b>	<ul style="list-style-type: none"> <li>• Developing the annual strategy communication plan</li> </ul>
<b>May meeting</b>	<ul style="list-style-type: none"> <li>• Making any necessary adjustments to the individual performance evaluation process</li> </ul>
<b>July meeting</b>	<ul style="list-style-type: none"> <li>• Preparing for annual strategy offsite</li> </ul>
<b>September meeting</b>	<ul style="list-style-type: none"> <li>• Preparing for budget process</li> </ul>
<b>November meeting</b>	<ul style="list-style-type: none"> <li>• Getting ready for workshops to update unit and departmental BSCs</li> <li>• Defining and finalizing strategic goals</li> <li>• Defining and prioritizing strategic initiatives</li> </ul>

**FIGURE 1: A RECOMMENDED CALENDAR OF MEETINGS FOR STRATEGY EXECUTION CHAMPIONS**

*Besides participating in strategy review meetings, SECs should hold separate meetings to share information and best practices related to strategy management events that occur throughout the year.*

process. When adjustments are made, SECs ensure they are communicated in advance to the OSM, to maintain alignment.

Finally, SECs complement the work of the project management office by ensuring that projects are in fact contributing to the strategy. They do so by measuring the projects' performance against key performance metrics at strategy review meetings (SRMs).

### Supporting Strategy Review Meetings

At many companies, the OSM is responsible for coordinating the SRMs. This means that considerable time is taken up with preparation activities, often at the expense of performance analysis. The result: SRMs can end up merely as performance reporting meetings instead of forums where new ideas—ones that might advance performance or the strategy—can flow freely.

Each SEC should be responsible for developing and moderating the SRM in his or her area. In that way, the executive team can focus exclusively on strategy.

Because SECs promote the sharing of strategy management best practices across their areas, we recommend that the network hold meetings throughout

the year in addition to the calendar-related, strategy cycle meetings. For example, every January the organization may be preparing for individual employee performance evaluations as well as getting ready to update the BSC and set the strategy management cycle calendar for the year. To ensure that all SECs are aligned and coordinated in these efforts, they should convene for a briefing by the OSM and to coordinate among themselves. (See *Figure 1*.)

### Selecting Strategy Execution Champions

What competencies must SECs possess? Besides having extensive knowledge of their individual department or area, they must first and foremost have strategic vision and leadership and must be proactive. They should also be results oriented, persuasive, and adaptable to change. They should value and demonstrate teamwork, have strong interpersonal relationships, show planning acumen, and possess good oral and written communication skills.

SECs should be selected by the directors of each area or SBU and confirmed by the CEO. In addition to having the appropriate knowledge and skills, SECs need to have authority. Their authority is not



■ **FIGURE 2: AN INTEGRATED CALENDAR OF SEC MEETINGS**

*This timeline indicates where the SEC network's meetings would fall within SRMs and overall strategy management events.*

necessarily dependent on their seniority; it's a matter of their competence—that they are respected and therefore credible and influential.

In some companies, some candidates have the requisite knowledge and skills but lack the necessary authority. The result is that operational activities get done, but decisions are made slowly. Elsewhere, the SEC may have the requisite authority (so decisions aren't dragged out) but lack the hands-on skills that allow operational activities to be carried out promptly.

Because it's not always possible to get the right mix of authority and competencies in every SEC candidate, it's a good idea to strengthen the SEC network by adding one or more people who can support operational or administrative activities, such as scheduling strategy analysis meetings and updating scorecard data.

How many SECs will you need? That depends on the nature of your organization and on the needs of each area. In an organization where production is the core business, there might be three SECs in the production area and only one in each other area. In our experience,

though, every area or SBU should have at least one SEC as well as someone from her own team who helps the SEC perform the administrative work.

Before they delve into their new role, it is important to explain to SECs the purpose and functions of the SEC network and their new responsibilities. Explain the benefits of SEC service, not only to the company but also to each of them personally and professionally: having an integral vision of the organization and its goals, learning to be a change agent, getting exposure and being visible to management, facilitating decision making, and learning a new methodology (the BSC).

Address what is generally their biggest concern: how much of their time this new role might take. There are several processes throughout the year during which they'll need to support the OSM, but the main event is SRM development and follow-up. (See *Figure 2*.)

A training session is a valuable first step. Here, you can also address their questions and concerns and present them with the tools they will need to fulfill their new roles, such as the Balanced Scorecard methodology,

the software used for SRMs, and the elements of the individual employee performance process. The CEO should kick off the program to reflect the highest level of support for and sponsorship of this new role.

With a network of strategy execution champions to complement your OSM, you can bolster your organization's execution capacity and make strategy management the critical process it needs to be. ■



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#### To learn more

Two related articles we recommend: "Building the Theme Team: A Step-by-Step Guide," BSR May-June 2010 (Reprint #B1005D); and "The Office of Strategy Management: Emerging Roles and Responsibilities," BSR July-August 2008 (Reprint #B0807A).

You can also read about Grupo Modelo's strategy management program in the Balanced Scorecard 2009 Hall of Fame Report, available at [web.hbr.org/se/hall-of-fame.php](http://web.hbr.org/se/hall-of-fame.php).

#### Continue the dialogue

What do you think of the concept of strategy execution champions? Share your thoughts with other strategy professionals—and your questions with the authors—at [www.thepalladiumgroup.com/bsr/cuevas](http://www.thepalladiumgroup.com/bsr/cuevas).

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