



Build Change Intelligence to Bridge the Gap between Strategy and Execution

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ABSTRACT

Organizations across the globe struggle to bridge the gap between strategy and execution, resulting in lost return on investment (ROI) and untold frustration. In this paper, we offer a new approach to change management (Change Intelligence[®] or CQ[®]) as well as a new approach to benefits realization (Benefits Dependency Mapping or BDM), which together foster alignment toward strategic and operational objectives—and engage sponsors and stakeholders in the process. Our goal for attendees is to obtain immediately applicable insights to enhance their change leadership agility and strategic execution capacity.

Keywords: strategic initiative management (SIM), strategy implementation, benefits realization, stakeholder engagement, change management (CM), Change Intelligence[®] (CQ[®])

INTRODUCTION

Organizations across the globe struggle to bridge the gap between strategy and execution, resulting in lost return on investment (ROI) and untold frustration. Project, program, and portfolio managers (PPPMs) are at the forefront of organizations' ability to lead effective strategic initiative management (SIM). Moreover, for those in our profession, career progress hinges on the ability to lead successful and sustainable change. Yet, so often we are challenged to balance “business as usual” with together with spearheading new strategic directions. To learn how we can do so more effectively as PPPMs, in this paper, we move beyond the buzzwords and leverage a proven formula for change. The CQ[®] system for Developing Change Intelligence[®] is based on decades of change leadership in the workplace, years of conducting global research on managing change, and study into the psychology and neuroscience of change (Trautlein, 2013). Read on to learn about CQ[®]—namely, the awareness of one's own change-leader style, and the ability to adapt one's style to be optimally effective across people and situations—and explore why it is pivotal

for PPPMs today. You will then learn how to create a simple and visual Benefits Dependency Map (BDM) at the organization's strategic level (CxO), based on the organization's strategic objectives. Thereby, you will be exposed to a new approach to benefits realization, and how that tool fosters alignment toward strategic and operational objectives at the portfolio, program, and project levels. Next, we apply CQ[®] to bridge the gap between strategy and execution and facilitate SIM, engaging sponsors and stakeholders in the process. CQ[®] helps leaders and organizations engage the "heart" (i.e., build a common culture for change through language and relationships), inspire the "head" (i.e., create common systems through networks and structures), and help the "hands" (i.e., develop common processes through methods and tools). Our intention is that readers obtain immediately applicable insights to enhance their change leadership agility and strategic execution capacity.

BRIDGING THE GAP: THE BUSINESS CASE FOR A NEW APPROACH TO SIM

As many as 96% of executives (strategy& and PWC, 2014) are in some way concerned with their organization's capability to implement strategy because they encounter difficulties in bridging the gap between strategy and its implementation, and a majority of executives believe that their organizations are not focused on implementing their strategies. A whopping 95% of these executives (PMI, 2014) claim that their organizations are not focused on executing strategy.

The underlying reasons are to be found in too many conflicting priorities, little alignment between strategy and implementation, and insufficient management of the people side of change, resulting in enormous an enormous waste of money (strategy& and PWC, 2014).

Bridging the gap between strategy and implementation is about providing the required active and visible leadership and sponsorship throughout the ranks of the organization, by communicating strategy and business reasons in a clear and meaningful way, to connect influencers with implementers. Implementing strategy requires specific change leadership capability.

Some of the change management (CM) challenges that strategy implementation leaders face are as follows: (1) The challenges inherent in being skilled at both strategy and execution, with only a small minority good at both (strategy& and PWC, 2014), (2) Managing a line organization, in the old fashioned "silo" way versus leading and developing the capabilities of a cross-functionally interconnected organization, since implementing strategic initiatives necessitates horizontal collaboration and teamwork, and (3) Managing the human side of change, using more of the CQ[®] "heart" skills, to enable the required culture change. Actively engaged sponsors are of tremendous importance to bridge the gap between strategy and execution.

As we extract from multiple surveys done by PMI, EIU (Economist Intelligence Unit), and others from 2012–2016 (Project Management Institute, 2014) (Leinwand, 2015) (Project Management Institute, 2016), around 70% of change initiatives are either unsuccessful or have failed, resulting in USD122,000 lost per invested USD 1 million (Project Management Institute (PMI), 2014). In fact, this is an increase from US\$109,000, a 12% increase from 2014 (PMI, 2015). One of the reasons for this backsliding is to be found in the number of change initiatives continuing to increase steadily and ever more rapidly with greater complexity. Strategy implementation is also being undermined by a widespread inability to move the right talent into the right place. The problem

is so significant that it has hampered the implementation of 40% of the strategic initiatives over the last three years (PMI & EIU, 2014). On the other hand, only 17% of the surveyed companies have a structured approach to benefits realization, evidencing that a majority of organizations lack alignment on their strategic direction across all hierarchical levels, since benefits realization is the “connector” between overall strategic objectives and the strategic portfolio at the enterprise level.

Altogether, these are the aforementioned reasons for failed change. In light of the developing journey in digital transformation, together with other major topics such as globalization, urbanization, and the climate debate, competition is on the rise with disruptive change, as are constantly evolving and rapidly changing business models. For organizations and companies, this should be a wake-up call to enhance project management and change management-maturity, to strive to become organizationally agile, thereby outperforming the competition (Economic Intelligence Unit, 2013).

The overarching “make or break” in change management is an organization’s capability to change its culture. As discussed before, leaders need to increase their CQ[®] (Change Intelligence[®]) by starting with the “heart” (build a common culture for change through language and relationships), to manage the people side of change effectively.

In order to achieve agility and strategic alignment, thus closing the gap between strategy and implementation, organizations must make shaping a project management culture a high priority. In organizations that do so, 71% of projects and programs meet original goals and business intent versus, 52% for those organizations where the shaping of a project management culture has a low priority (PMI,

2016). Interestingly, high-performing organizations are three times more likely to have organizational agility (PMI, 2014). Furthermore, 62% of organizations that elevate portfolio management to a strategic level have met or exceeded expected ROI (PMI, 2012).

THE CRITICAL ROLE OF BENEFITS DEPENDANCY MAPPING (BDM)

While effective project management is essential for any strategy implementation, it is rarely enough on its own. What is required is a paradigm shift toward value-based investment decisions, with a clear focus on achieving the organization’s strategic objectives, by aligning these with portfolio, program, and project management. This alignment is reached through a benefits realization-driven approach, where benefits are the “connector” between the strategic objectives and benefits realization-driven portfolio management, as shown in Exhibit 1.

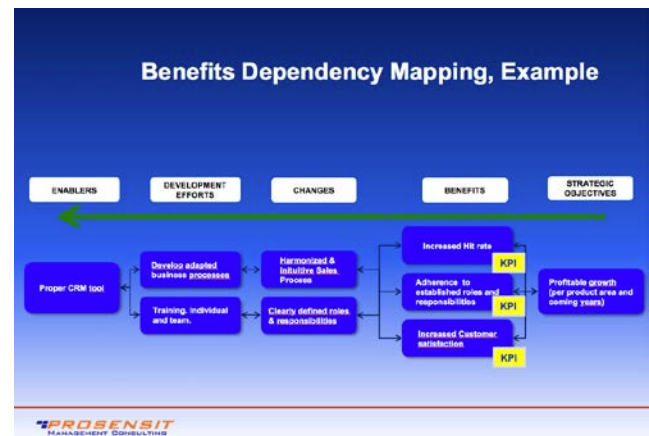


Exhibit 1: Benefits Dependency Map (BDM), example.

The value of creating a benefits dependency map (BDM) lies in having exactly the same agreed view on the strategic objectives to be achieved, how these shall be realized, the changes and related development efforts needed, as well as required enablers, to make the changes possible (see Exhibit 1). The key

benefits of a BDM, besides that the leadership team has reached consensus, is that it provides alignment between strategic objectives and PPPM with benefits realization at both the portfolio and program management level, which is also a key requirement (providing measurability) for managing the human side of change properly, thereby accelerating change adoption speed and overall strategy implementation success.

A systematic, sustained approach to benefits realization ultimately drives increased benefits realization maturity, leading to a sharp increase in successful strategic initiatives. Since improvements in strategy implementation most often are directly related to a new strategic direction, stemming from external aspects such as the need to accelerate growth, mergers and acquisitions, carve outs, and other major business transformation initiatives (change the business, CtB), this represents a major challenge to the daily operations of the organization (run the business, RtB). Most organizations rarely run with spare capacity and capabilities, both in terms of required manpower and needed change leadership skills. Therefore, it is vital to focus on a few selected, strategic initiatives, defined as “changes” (portfolio of programs and projects) according to the shown BDM above, balancing these initiatives with ongoing business (RtB). Such approach enables integration of the change initiatives’ outcomes back into daily operations incrementally, to accelerate change adoption and usage rate and realization of the linked business benefit(s).

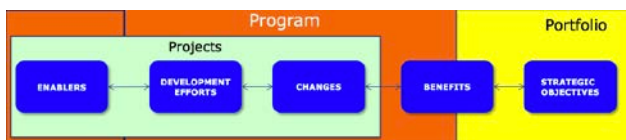


Exhibit 2: Integrated strategic initiative management.

Successful SIM requires an integrated approach to program management with a framework

integrating strategy, people (CM), process, technology, structure and measurement dimensions (KPI-based benefits realization) (Subramanian, 2015), as displayed in Exhibit 2.

High-performing organizations have implemented proven PPPM practices, resulting in programs and projects meeting original objectives and business outcomes 2.5 times more often than low-performing organizations (89% versus 34%) and waste 13 times less money (PMI, 2016).

THE CRITICAL ROLE OF CHANGE INTELLIGENCE® (CQ®)

Building Change Intelligence® is key to managing the human side of change as well as effective project, program, and portfolio management. Change Intelligence® (CQ®) is the awareness of one's own change leader style and the ability to adapt one's style to be optimally effective in leading change across a variety of people and situations. The three key change leader styles are “head,” “heart” and “hands.” To be optimally effective in achieving SIM, organizations (and therefore PPPMs) must inspire the “head” (focus on purpose through vision and strategy), help the “hands” (focus on process through tactics and tools), and engage the “heart” (focus on people through communicating and collaborating)—that’s CQ®.

Depending on the circumstances, sometimes we lead in one way and sometimes in another. No style is better or worse, right or wrong. However, at any given time one style may be more effective in leading change. Awareness of our style can help us adapt to different people and situations and ultimately take action to become more powerful change leaders. The most effective change leaders (and all PPPMs are change leaders) are aware of their change leadership style, accept their strengths and

developmental areas, and get into action to build CQ[®] to catalyze powerful change in their careers, teams, and organizations. As PPPMs build their mindset, heartset, and skillset, they become more savvy and adept at selecting the right tools for the right situation—bolstering their effectiveness as change leaders.

Oftentimes PPPMs struggle to effectively engage executive sponsors, which is the foremost contributor and requirement for successful strategy implementation. By building head-oriented CQ[®] skills, PPPMs hone their capacity to communicate in a business language and demonstrate to executives how the changes they are spearheading help the organization achieve its mission and bottom-line results.

PPPMs frequently grapple with effectively engaging end users in adopting new methods, tools, and behaviors mandated by the changes they are advocating. By building heart-oriented CQ[®] skills, PPPMs learn to connect with a diverse variety of people across levels and functions, in a way that promotes two-way feedback to understand needs and concerns and build those into the resolution strategy.

Similarly, PPPMs are often challenged to lead teams and partners cross-functionally with colleagues who have different agendas and objectives. By building hands-oriented CQ[®] skills, PPPMs become empowered to operationalize strategies in a way that promotes mutual accountability and a realistic path forward.

In these and other ways, change-intelligent PPPMs are able to bridge the gap between strategy and execution.

MEASURING SUCCESS AT THE PROJECT, PROGRAM, AND PORTFOLIO LEVELS

As discussed before, any strategic change initiative that is not connected to one or several benefit(s)-to-be-realized will most likely result in failure, due to lack of strategic direction and measurability. Additionally, and most importantly, how can the people side of change occur if we have no sense of direction? Therefore, it is vital to define the success criteria for change success. PMI defines the success criteria for portfolios, programs, and projects accordingly (see Exhibit 3).



Exhibit 3: Strategic and operational direction for strategy implementation.

In conclusion, our advice for successful SIM, to close the discussed gap, is as follows:

- The executive team needs to get aligned on the vision and strategic objectives: this can be achieved by using the BDM technique.
- Recognize the value of promoting the project management office (PMO) at enterprise level by migrating the PMO into an enterprise project management office (EPMO) and get it aligned to strategy, responsible for the overall

business benefits-driven strategic portfolio at enterprise level (PMI, 2016), including CM.

- Finally, we need leaders able to utilize the head, heart, and hands of CQ® in a

savvy manner, for effective leadership, to succeed in strategy implementation.

ABOUT THE AUTHORS



Barbara A. Trautlein, PhD, is author of the best-selling *Change Intelligence* and founder/principal of Change Catalysts (a PMI Registered Education Provider). During her 25+ year career, she has facilitated change initiatives, coached leaders, and certified change practitioners globally in a wide variety of industries, resulting in powerful leadership and bottom-line business results. A thought leader and sought-after speaker/trainer, she is gifted at sharing real-world, actionable strategies. Clients include Abbott Laboratories, Ascension Healthcare, BP, Cisco, Ford, and ThyssenKrupp.



Christian de Loës, BSc, PMP, has more than 25 years of international experience of successful change. His specialties are initiating, advising on, and leading accelerated, profitable growth through enabling customer-centric cultures and increased organizational project maturity. Some of the clients he has worked for include, Ericsson, CGI, Indra, Kaba, Vattenfall, and Amadeus. Christian has also served as Chapter Officer for PMI Sweden from 2005–2009, playing a key role in the foundation of the PMI branches concept.

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