Summary

70% of companies fail to achieve profitable growth. This according to a Harvard Business Review study.

Don't be one of the 70%. Avoid common mistakes and substantially improve your results and profits.

ACTIVTips

Summary information or practical advice for business leaders, ACTIVTips represents best practices for businesses seeking new opportunity, predictable growth, and leadership excellence. Integrating ACTIVTips into your business can help you consistently **"Lead Like Never Before."**

the afterburner group

Strategy: Top 10 Mistakes to Avoid

Harvard Business Review conducted and reported out on a study, done in late 2005, that showed that 70% of companies fail to achieve profitable growth on recurring basis. The primary reasons for this are how organizations strategically plan, align their internal resources, execute to the strategy, and measure and improve for success. Every company has the ability to break this cycle or to break through to new, predictable, and profitable growth by avoiding the following:

1. Being "Hooked" on "Hopium": This is being overly optimistic in the assessment of opportunity or relying too heavily on 'gut feel.' Instead, take an objective, validated data-based approach to identifying future opportunity. Become a student of your markets, your customers, your organizational capabilities and focus on reality-based opportunities and strategies.

2. Perpetuating the Status Quo: A common tendency is to think that what has made you successful today is also the key to future success. To think this way assumes that market conditions, internal resources, budgets, and your customers will also remain the same. Intuitively we know that nothing remains in 'stasis' but, instead, is constantly evolving and changing and presenting new need and opportunity. Look to move beyond the status quo to new revenue, profitability, products, services, markets, customers, and opportunity.

3. Only Looking Internally: Organizations tend to focus on their own problems and how to overcome them. Companies tend to look to their own needs first. In both, fresh thinking and perspective is required. That is, looking outside to the customer and market to discover need and opportunity which drives strategy and action. Maintaining an 'internal' perspective is a sure prescription for failure.

4. Emphasizing Strategy or Plan over Execution: In the same HBR study, it was found that 90% of businesses have a business strategy. But, within those same companies, that 70% did not achieve profitable growth on a recurring basis. The missing link was execution - the 'operationalization' and completion of the strategies within the organization. In fact, of the companies studied, more than 60% didn't align budgets to the strategies - virtually assuring strategy failure.

5. Not Communicating: The HBR study pointed out that 95% of the surveyed company's employees did not know or understand their company's strategies, or how to contribute. And, that most of the companies did not have a clear, consistent way to describe their strategy. It is critical that all objectives, strategies, and tactics be consistently and clearly communicated to everyone in the company. It your people don't know what the goal line looks like, how can they work toward achieving the success you desire? You can't over-communicate strategy.

6. Maintaining Risk Avoidance Posture: To be sure, work hard at identifying appropriate risks as the strategy is finalized. Instead, though, of trying to avoid the risk, and thereby reducing opportunity and reward, build into your strategic plan and actions the required steps to overcome or manage the risk to an acceptable level. Managing the strategy and business to avoid risk most certainly leads to less than full reward.

7. Not Connecting the Strategy to the Organization: A business or company strategy must connect to each employee, partner, product and service. Every strategy must have an associated list of actions/tasks, owners, determined timelines for completion, and anticipated or desired outcome. Never let a strategy remain 'shelfware' or disconnected from those who must make it happen.

8. Executional Inflexibility: Strategies and their action plans are 'living.' By that, every organization should have a process to observe changes in market, product, customer, economy, etc. and allow for fast strategy adaptation to change or new opportunity. Never establish a rigid plan which must be worked to completion irrespective of the changing world around you.

9. Accountability: Every employee should be accountable to performing and delivering those actions required to achieve the business strategy. Create an environment where compensation, personal objectives, and deliverables are all focused on strategy attainment - with clear and understood rewards and penalties.

10. Measurement: Make sure your organization and company can clearly understand what success looks like and measures every activity or deliverable for progress toward or achievement of the strategies. Measure at intervals which allow for fast adaptation to obstacles or discoveries. Measure in a quantifiable and objective manner so as to eliminate the subjective and increase focus on success.