A major Australian retailer was proud of its BHAGs—the Big Hairy Audacious Goals it had set for its future. The BHAGs (pronounced bee-hags), included aspirations such as doubling earnings, becoming Australia’s most-loved brand, and becoming the most sustainable retailer in its sector. An employee survey yielded glowing endorsements, such as “The BHAGs are great. They are simple and people can relate to them,” “They are crystal-clear and everybody

Turning Strategic Vision into Action: It’s a Mind Game

Between the grand visions of the board and the day-to-day activities of the average employee, a gaping hole often exists where the practical translation of a company’s strategy should be. We know many organizations with lofty aspirations—and many typical employees who want to rally around those aspirations but don’t know how. The solution, we have found, is as simple as keeping it simple.
knows what we are aiming for,” and “Everybody knows the BHAGs; they are reinforced every-where we look.”

In that same survey, however, employees expressed frustration about how they could work to achieve these goals. One manager said, “I’m shocked at times by how little my team-mates know what’s expected of them.” Another said, “We are missing a clear, easy, commonly understood description of how BHAGs will be achieved.” A third simply summarized, “No one understands the strategy.” These were not mere anecdotes from a few disgruntled employees. While survey results showed that employees had very high aspirations to achieve corporate goals, they also revealed that employees didn’t necessarily believe that their business unit was guided by a clear strategy, that the company measured what mattered to its customers, or that employees were held accountable for their performance. Even more surprisingly, these individuals were just one and two levels down from the CEO—they were the organization’s leaders. If they weren’t clear on how these admirable goals translated into action, what chance did the rest of the organization have?

In other words: Everyone loved the big vision, but nobody knew how to achieve it. The survey revealed that this particular company had failed to articulate and communicate the substance of its strategy in a way that could help employees attain the desired results in a practical manner.

The dilemma struck us as familiar. We know many organizations with lofty aspirations—and many typical employees who want to rally around those aspirations but don’t know how. As we engaged with this retailer (and other companies) to help them become more customer-centric and more results-driven, and to improve performance and achieve their potential, we came to see this as a common problem. We began to call this issue “the hole in the middle.” This article explains the causes and consequences of this gap, and the steps any organization can take to bridge it.

**When the Gap Widens**

When a large company is afflicted with a puzzling, hard-to-shake stagnation, it’s often the company’s inability to fulfill a strategic objective that is to blame. If top management won’t articulate a strategy, then middle management will often step into the void. Five middle managers might each develop initiatives they believe will achieve the strategy, but the initiatives are at best uncoordinated and at worst diametrically opposed. These do-it-yourself strategies led by functional leaders never work. In the short term, this strategic gap causes a company to squander effort, resources and investment.

For example, at a leading dairy, the executive team had made no explicit choices about the future of the company’s milk business. Would it continue to pursue a branded strategy, despite declining share and margins in that segment, or would it realign its internal economics to meet the growing private-label segment? Various initiatives were proposed to promote the brand, including improving packaging, deepening channel relationships, and researching ways to extend shelf life. Individually, all sounded promising, and all got funding. All were added costs, however, at a time when a high-priority cross-functional team was seeking to rebase the company’s cost structure to compete in the private-label space. The lack of strategic clarity resulted in business-unit leaders trying to pursue both market segments at the same time.

Another short-term consequence is the deterioration of company culture. For most people,
job satisfaction comes primarily from a belief that you are adding value and that your efforts matter in achieving a greater corporate outcome. People want to know, “How do I fit in?” The gap between the vision and implementation, therefore, leads to poor employee engagement, because people don’t understand how their contributions fit into a grand plan. They can become frustrated and angry, then disengaged and unproductive.

Such conditions can cause talented, ambitious employees to leave the organization. There’s no need to prove the case here that employee attrition is expensive, whether it be the cost of recruitment or the negative impact on customer experience and revenues when employees leave. In this case, however, those who stay might be even more dangerous. These folks decide to solve the problem themselves: “Since management hasn’t provided a vision for the department, I’ll become a hero by creating my own.” The department might have goals that soon trump those of the larger organization and it becomes a fiefdom. Different fiefdoms push their own agendas, often heatedly, in the mistaken belief that they alone are aligned to the mysterious grail known as the company’s strategy. The long-term results of both squandered resources and deteriorating culture are poor performance and loss of competitiveness. Dragged down by the cumulative weight of non-value-adding investments and activities and the enervating fiefdoms of disengaged employees, the company loses its way. The goals become ever more unreachable, dissatisfaction grows, and soon everything spirals out of control.

In another example, a company sought to become “the leading integrated convergent telephony player” in its geographic market, but never defined how this would be achieved. Each part of the business interpreted the vision in its own way, often using tacit assumptions based on the way things used to be. (In a fast-changing industry such as telecommunications, beliefs such as “we should get into media and content,” “we should build a closed proprietary platform,” or “we should invest in standalone retail” are so outdated they can be called only folklore.) Expensive, vastly divergent initiatives failed to add value. Newer, more nimble companies are now eroding share in various competitive arenas, and the organization’s future seems downright dicey. You could say this company was too big, too slow, too unfocused—or you could say it had a hole where its strategy should have been.

### Five Lessons to Bridge the Gap

How does an organization ensure alignment of its top-down vision and bottom-up initiatives? We’ve been pleased to work with several companies that have successfully bridged this gap, and we can summarize their approaches in the following five steps:

1. **Confirm the vision and goals.** Given the reasons for failure cited above, the first step is to ensure that the company has an accurate, meaningful vision and set of strategic objectives. A meaningful vision is clear and easy to communicate to a wider group. Most importantly, it forces the organization to commit. If the vision statement could be adopted equally well by a competitor—or, worse still, a company in an entirely different industry—then it’s time for the leadership team to return to the drawing board.

   It’s rare, however, that anyone need start from scratch. In many cases the vision and major objectives are most likely correct. The purpose of this step, rather, is to challenge colleagues to ensure that the objectives are sufficiently specific. Is the meaning clear both to internal stakeholders and to those looking into the organization from
the outside? We’ve found three common pitfalls that tend to erode meaning:

• “Motherhood” statements. Who could disagree with “deliver excellence in customer service”? Such wishy-washy endorsements could apply to any organization. A meaningful vision must be specific.

• Lack of commitment. If the vision doesn’t commit the organization to a path, it isn’t helpful. For example, saying you’re going to be “a leading player” can mean anything. Commit to a course of action.

• Absence of realism. It’s a nice aspiration for the smallest player in a market to set a goal of being number one—but is it realistic? Remember that the vision will serve as a motivator for the workforce for an extended time period. It’s great to be hairy and audacious, but you might end up doing more harm than good if you articulate an unachievable vision.

2. Ensure that the strategy is tightly linked to vision. If the vision represents the mountain peak, the strategy shows the path through the boulder field. As noted above, a full description of sound strategy-development processes is beyond the scope of this article, and in many instances is a largely commoditized topic area. (Our colleagues write on this topic in “Playing on the New Strategy Chessboard” on page 5 in this issue of Executive Agenda.) The ultimate goal is for leadership—the people paid to make difficult decisions—to provide sufficient detail when setting the strategy to ensure alignment of all activities and initiatives. Points to address include:

• Where the organization will play; in other words, its target segments, geographic regions and channels.

• How the organization intends to differentiate itself sustainably from competitors in the market.

• How value/profit is to be created. Will volume and cost-cutting make up for low prices? Will pricing extract a premium for premium brands? Ideally, when you’re finished, people listening to the strategy description will be able to say, “This plan will make money by….”

• When a specific set of objectives will be completed. What is the window of time in which certain activities will be accomplished to achieve the vision and goals?

We worked with an organization that sought to be a leading food and beverage company in its region. Although it had set several financial objectives, the organization realized that these objectives did not provide sufficient strategic guidance to business units about how to create value, how to set priorities, and what type of effort to apply. To do this it created four buckets for its products and marketplaces: one named “run hard,” in which it had strong market position and intended to defend and accelerate margins; a second named “get fit,” a group of poorly performing products that needed to shape up quickly or develop an exit strategy; a third named “niche,” for areas where it had an opportunity to occupy a distinct niche; and a fourth, labeled “get ready,” in which it wanted to meet emerging consumer trends by considering entrepreneurial invest-
ments that could pave the way to future growth. Each bucket thus contained answers regarding target segments and channels, differentiation, and economic logic.

Does the strategy-development process sometimes result in killing good ideas before they can get off the ground? Absolutely—and commendably. At one of Australia’s largest banks, the annual strategic-planning process often knocks down a team’s great strategy because it doesn’t align with the bank’s overall goals. This bank understands that no good idea exists in a vacuum, and having a strategy means choosing only the good ideas that complement each other.

3. Slice the strategy into smaller initiatives. A restaurant slices prime rib into steaks for each individual diner—but even these aren’t swallowed whole. Each diner cuts his steak into bite-sized pieces. Similarly, you can divide strategies into initiatives small enough to disseminate throughout the entire organization. Ideally, these initiatives will be unambiguous and will have an obvious, overtly stated linkage to the grander objective they seek to achieve.

This process will vary based on the objective and size of the organization. Some objectives might require only one or two initiatives, while others might require an entire program of sub-initiatives. Likewise, some might involve only a few parts of the organization, while others will require coordinated effort across many units and functions.

Again, you usually don’t need to start the process from scratch. Any company will have existing initiatives that can be tested against the strategy to ensure alignment. For example, after the food and beverage company created its four buckets, it assigned each new and existing initiative to a single bucket (see figure). As the buckets provided clear strategic intent, it was easy to prioritize initiatives and understand where scarce resources should be allocated. Furthermore, it became clear to each business unit and initiative leader how their work would create value for the company. To achieve this same goal, the Australian bank requires project leaders to articulate in project-funding documents exactly how a proposed project will support the strategy. A tight governance process

**FIGURE**

Formulating strategic intent gives practical meaning to the vision

![Management Agenda](image)
ensures that projects cannot obtain significant funding without demonstrating this alignment—and projects also have many stage gates, at which each new release of funds further checks progress against alignment.

4. **Ensure the organizational structure supports the strategy.** It takes no great leap to say, “structure follows strategy.” Sometimes, however, it takes diligence to ensure structural alignment when the strategy has been changed. This need not be difficult: It might just mean ensuring that each initiative has a project owner in each business unit or assembling cross-functional teams. A company seeking to become more customer-centric might implement a consumer board to meet every two weeks to make decisions that slice through the organization. Only in extreme cases is it necessary to realign the organization, for example, by creating a new consumer division.

In other words, the key is not the scope of change but its sincerity. Creating a customer advocacy *position* is mere window-dressing if that advocate has no power. Thus the structural follow-through sometimes involves elevating the prominence of an existing position. For example, a telecommunications company that wanted to become more customer-centric created its first-ever senior executive position for customer service and satisfaction, so that its customer advocate could speak to other managers as peers.

In addition to structure, individual and group incentives can also support the strategy. To illustrate this, the Australian bank offers a high-profile award that celebrates employees who go out of their way to delight customers with exemplary service and support. The bank also values employees who work together as a team, so requires that managers spend an hour one-on-one with each subordinate every month.

The adage that “what gets measured gets managed” provides the ultimate rationale for linking strategy to employees’ key performance indicators (KPIs). By nature, KPIs are limited in number and focus: They should address only the best leading (or lagging) indicators of performance. The challenge comes in successfully breaking down broad KPIs into specific variables that employees can influence. The effort and analytical rigor needed to accomplish this task should not be underestimated. If the organization takes the time to translate these few high-impact KPIs into measurable employee performance actions, then the company will be rewarded with a clear nexus between action and strategy that the boardroom can share with the rest of the organization.

5. **Communicate the strategy succinctly.** The better that leadership can communicate strategy to the entire organization, the less ambiguity will exist about what the company is trying to achieve, and whether or not a specific initiative supports those objectives. The first step is to ensure that the strategy and objectives are in a form that can be communicated to—and understood by—all employees. This requires a holistic, systematic, ongoing approach to communications. It also requires thought about who needs what. In our experience, a “diamond approach” might be best; with this approach, middle managers receive considerably more detail than do lower-level employees or board members.

To avoid the doorstop phenomenon of strategy professionals issuing a weighty tome that nobody reads, we suggest giving lower-ranking employees a less-detailed “strategy on a page” view: a succinct single page providing a clear view of the essential elements of the strategy and the role they must play. This is a very tricky document to prepare, because it needs to distill the strategy without dumbing it down so much that it loses the elements that make it distinctive.

The Australian bank does an extraordinary
job of internal strategic communication. Its simple and consistent messaging is reinforced through many channels, including weekly updates from the CEO, town hall-style meetings and local team meetings. The result is that values such as “delighting customers” flow both down and up the organization, because lower-ranking employees are thoroughly invested in its value. They understand how their efforts to delight customers contribute to the profitability of the company as a whole.

Such internal communication should also be augmented with a well-structured external communication effort. While concerns always exist about the level of public disclosure of an organization’s strategy (for obvious competitive reasons), the investor relations department has a clear role in communicating direction. How many times do you hear about a new CEO joining an organization and launching a “strategic review”? Perhaps such an organization has lost its way and has little strategy—or perhaps investors and employees need reminding about the raison d’être of the organization. Public communication efforts help employees and investors both feel proud to work for an organization that knows where it’s going, and confident that funds and efforts will be effectively deployed to generate superior returns.

All successful communications tend to be multi-channel efforts: You communicate using as many channels as needed to get the message across to all relevant stakeholders. The final point to note is duration. Too often there is a big-bang announcement of a new strategy or major initiative, but then it’s not reinforced, and perhaps in a few months a new fad replaces it. The benefits of repetition should not be underestimated. The CEOs who truly appreciate the power of repetition will typically seek to weave aspects of the firm’s vision, values and strategy into almost any communication, whether it’s internal or external. A one-time communication is not sufficient to articulate a company’s vision: It’s like sand through your fingers. Only repeated, consistent communication of strategy can turn that sand into concrete actions that everyone understands and executes together.

What Should Be True

Some organizations and initiatives are so successful that a sort of folklore arises around them. John F. Kennedy is said to have asked a janitor scrubbing a floor at Cape Canaveral what he was doing and received the reply, “I’m working to put a man on the moon.” The story is probably apocryphal, as it’s also been attributed to architect Christopher Wren at St. Paul’s Cathedral in London. Legend or not, the point is that all great legends encapsulate what should be true.

We think all workers should believe they are contributing to a worthwhile goal. If they don’t, is it their fault? Or is the burden on leaders to close that gap in the middle of their strategy, ensuring that their visions and goals are communicated in a way that can provide meaning to all they encounter?

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