The Silent Killers of Strategy Implementation and Learning

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Six silent killers of strategy implementation exist in most companies, but too many managers avoid confronting them. Leaders need to face these killers if they and their organizations are to learn and succeed.

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Doctors call high cholesterol a "silent killer" because it blocks arteries with no outward symptoms. Companies, too, have silent killers working below the surface — mutually reinforcing barriers that block strategy implementation and organizational learning. The silent killers can be overcome, but first leaders must engage people throughout their organizations in an honest conversation about the barriers and their underlying causes.

Companies have long known that, to be competitive, they must develop a good strategy and then appropriately realign structure, systems, leadership behavior, human resource policies, culture, values and management processes.[1] Easier said than done. Between the ideal of strategic alignment and the reality of implementation lie many difficulties.

For one thing, senior managers get lulled into believing that a well-conceived strategy communicated to the organization equals implementation. For another, they approach change in a narrow, nonsystemic and programmatic manner that does not address root causes.

We began our research on strategy implementation when CEO Ray Gilmartin and chief strategy officer Ralph Biggadike of Becton Dickinson recognized that perfectly sound strategies were not easily implemented.[2] Nowhere was the challenge more evident than in their global strategy. As is often the case, good intentions embodied in a new structure were not sufficient to change behavior.[3] Teams created to enact strategies across several geographic regions couldn't seem to coordinate their research and development, manufacturing and marketing. A worldwide educational program created to demonstrate how the global organization should work failed to overcome barriers.[4] At the business-unit level, too, the lack of cross-functional systems blocked strategy implementation. Like other companies we know, Becton Dickinson bought in to the structures consultants recommended, but a gap appeared between knowing what to do and actually doing it.[5]

For a decade, we have conducted research focused on understanding the root causes of the difficulties that Becton Dickinson and others encounter when responding to shifts in competitive strategy. Using an inquiry and action-learning method we call "Organizational Fitness Profiling (OFP)," we enlist a team of senior managers to serve as our co-investigators. The process provides a window for understanding deeply rooted barriers that are common to an array of companies. (See "Organizational Fitness Profiling.")[6]

The method starts with the top team of the business unit or corporation defining its strategy. Team members then commission a task force of eight lower-level managers to collect data about perceived strengths as well as barriers to implementing the strategy. After the task force completes training, it interviews 100 people two or three levels below the top team — and some internal or external customers. In a three-day meeting, the managers and the researchers receive feedback from the task force, diagnose the root causes of the problems and identify and develop a plan to change the organization.

Of the profiles we conducted in 12 companies (consisting of more than 150 different units), we examined 12 profiles in depth from 4 companies — 10 for business units and 2 for corporate entities. We facilitated each process from beginning to end and thus were able to obtain a deep understanding of the underlying organizational challenges the businesses faced.

Obvious Strengths, Hidden Barriers

What were the strengths in the companies in our sample? Feedback to the top team nearly always included, "We have great people." Also, in many organizations, a function such as R&D or manufacturing was perceived as a strength.

Organizational Fitness Profiling

A Way To Unearth the Root Causes of Strategy Blockers Step by Step

Organizational Fitness Profiling (OFP) is both an intervention method and a research approach. It unfolds over a series of meetings intended to promote an open and fact-based dialogue within the senior management team of an organizational unit, as well as between the top team and lower organizational levels. The process involves five steps.

1. Create a statement about direction. The senior management team develops a concise statement of strategic and organizational direction that articulates the links among the competitive environment, performance goals, business strategy and needed organizational and cultural changes. The statement will be used to communicate the strategy to the broader organization and to explain the logic behind it — and as a stimulus to collecting organizational information on barriers to implementation.

2. Collect data on barriers and strengths. A task force composed of a cross-section of well-regarded managers, one or two levels below the top team, is appointed to conduct open-ended interviews inside and outside the organization about specific management practices and organizational arrangements that help or hinder the implementation of strategy. The task force selects the sample of individuals interviewed. The outside researchers conduct interviews with members of top management about their own views of barriers to strategy implementation and about their effectiveness as a team. The task force meets together to analyze the information collected from the interviews and identifies major themes.

3. Develop an integrated plan for change. In an intensive, three-day feedback and planning meeting, the top team receives a thorough and candid account from the task force on how the organization is functioning. Then, using a comprehensive analytic framework, the top team analyzes the underlying causes of the barriers to implementation and develops a broad vision for redesigning the organization. The team typically refines its own role, responsibilities, meetings and decision-making process. Senior managers also develop an implementation plan which integrates previous initiatives and adds supplements, if necessary. Work focuses on projects that directly improve business performance and that develop broader organizational capabilities, such as improved coordination, managerial competence and employee commitment. Projects are typically conducted by cross-functional teams and are periodically reviewed by the senior management team.

4. Refine the plan. The top team reviews and refines the proposed plan with the employee task force. The meeting serves as a reality check on the adequacy of the senior management team's plan. It also furthers the development of a cross-level partnership for better managing strategy implementation and learning.

5. Implement the plan. Members of the task force are often asked to play leadership roles in implementing the plan. The overall process is championed as well as periodically reviewed by the senior team as a whole, and the task-force data-collection process is repeated, typically every year or two.

What were the barriers? The six silent killers listed below were most often mentioned, although structure, systems, management processes and human resource policies were sometimes identified.[7]

- Top-down or laissez-faire senior management style (9 of 12 cases)
- Unclear strategy and conflicting priorities (9 of 12 cases)
- An ineffective senior management team (12 of 12 cases)
- Poor vertical communication (10 of 12 cases)
- Poor coordination across functions, businesses or borders (9 of 12 cases)
- Inadequate down-the-line leadership skills and development (8 of 12 cases)

Employees saw the overall problem rooted in fundamental management issues of leadership, teamwork and strategic direction, not in the commitment of people or their functional competence. Successful implementation needs more than a leader; it requires teamwork from a leadership group that, through dialogue and collaboration, stays connected to the knowledge embedded in lower levels.[8] The six barriers are silent killers because they are rarely publicly acknowledged or explicitly addressed. In fact, the core barrier, called "poor vertical communication," not only hinders strategy implementation, it also prevents discussion of the barriers themselves. The case of Santa Rosa Systems Division (SRSD), formerly of Hewlett Packard (HP) and now part of Agilent Technologies, illustrates the silent killers at work.[9]

SRSD was formed in 1992 from 14 product lines that came from five different divisions in HP's test-and-measurement organization. Its charter was to establish, in new and emerging markets, a beachhead for complex electronic systems capable of measuring and testing high frequencies emitted by equipment employed in communications, semiconductor manufacturing, aerospace and defense.

HP had competed successfully in the general-purpose instrument business, but customizing systems was a new enterprise. By 1994, general manager Scott Wright and his staff were experiencing difficulties implementing the strategy. Growth and profits lagged projections, and morale among employees was at an all-time low.

The performance gaps at SRSD were due, not just to a difficult competitive environment, but also to choices that Wright and the other leaders made about how they organized and managed SRSD, including how they operated as a team. They and others in the organization brought with them a no-longer-valid set of assumptions, values and skills formed in HP's traditional business. That business was built around standardized products — differentiated from competitors' by technical excellence, developed over a long cycle and sold to engineers. In contrast, success at SRSD involved speed, expensive integrated systems and customers who were often not engineers. The former HP managers were accustomed to the R&D function being the most powerful — with marketing, manufacturing and interfunctional cooperation of minor importance. In contrast, success at SRSD demanded interfunctional coordination and a greater voice for marketing and the manufacturing engineers who tailored systems to individual customers. An order no longer meant shipping a box. Cross-functional teamwork was required to customize and install systems on customers' sites.

Adding to the challenge was a strategic and resource-allocation trade-off unique to the systems business: whether to focus on building revenues through one-shot custom systems or to focus on developing standard systems platforms. The R&D function, headed by John Vink, had responsibility for long-term systems-platform development. It was up to the custom-systems group, located in Sam Scott's manufacturing group, to respond to current and highly variable customer requests for tailored systems. Custom-systems engineers, who managed to create a vibrant custom-systems business in just two years, also were expected to support long-term R&D; R&D engineers were needed to support the custom-systems business. Therein "lay the rub."

A cold war developed between the two groups. Competition for resources also appeared from the marketing function. Wright and his top team set up three cross-functional teams to coordinate product and strategy development in three distinct product lines, but R&D section managers were assigned to run all three teams. Custom-systems engineers skipped meetings, complaining that no one paid attention to their business. Meanwhile R&D protested the custom-systems group's unwillingness to help develop new platforms. And the marketing group saw its resources dwindling in the struggle to serve both short- and long-term strategies. The approach that Wright and his team adopted to manage SRSD did not fit the competitive task at hand. The mismatch resulted in an organization plagued by the silent killers.

The Silent Killers

Silent killer one: top-down or laissez-faire senior management style. Aspects of Wright's leadership style exacerbated the tensions at SRSD. The aspects included a discomfort with conflict, frequent absences to manage an acquisition and use of the top team for administrative matters rather than focused strategic discussions. In addition, as one SRSD manager explained, "Scott is a very perceptive and intelligent manager. But he is also very opinionated. Whenever we sit down to discuss strategic issues, I have this nagging feeling that Scott's decision concerning that matter has already been prewired. Chances are that he has already had a closed-door meeting with one of the other functional managers to make the decision." Development of the necessary coordination to implement SRSD's strategy suffered; so did development of lower-level managers.

Employees suspected that the top team preferred to avoid potentially threatening and embarrassing issues.

Silent killers two and five: conflicting priorities and the resulting poor coordination. Those barriers went hand in hand. As one employee explained, "We have two competing strategies that are battling each other for the same resources. The resulting factions around these two strategies are tearing this organization apart."

Silent killer three: ineffective senior management team. According to another manager, "The members of the top team operate within their own silos. They are like a group of fiefdoms that refuse to cooperate effectively for fear that they will lose power."

Silent killer four: poor vertical communication. As individuals, employees recognized the problems, but they feared the senior managers were not open to candid discussion. Employees suspected that the top team preferred to avoid potentially threatening and embarrassing issues and that people at lower levels would do better keeping their observations to themselves. Cynicism grew.

Silent killer six: inadequate down-the-line leadership skills and development. Lower-level managers were not developing skills through newly created opportunities to lead change, nor were they supported through leadership coaching or training. The situation cried out for open engagement with root causes.

How the Six Barriers Interact To Block Strategy Implementation and Learning

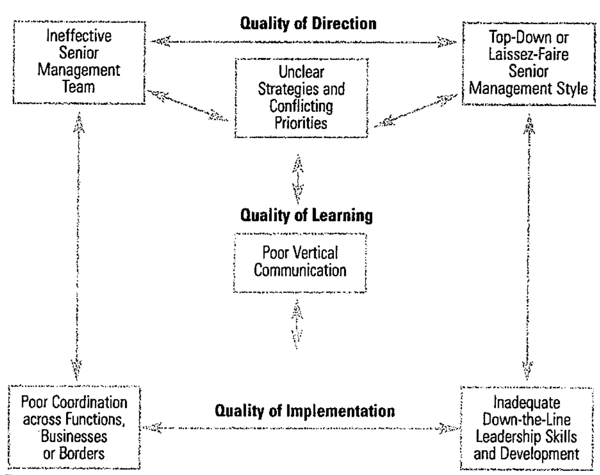
Individually, the six barriers are troubling. Taken together, they create a vicious circle from which it is difficult to escape. To explain their interaction, we group them into three categories: quality of direction, quality of learning and quality of implementation. (See "How the Six Strategy Killers Interact.")

Quality of Direction

An ineffective top team, top-down or laissez-faire senior-management approach and unclear strategy are all related. The CEOs and general managers we observed often bypassed members of their senior team, getting information from and giving orders to those at lower levels — a surefire way to keep the leadership group from becoming an effective team. Laissez-faire managers, on the other hand, undermined the team's potential by avoiding discussions that could cause conflicts or by not holding their subordinates accountable for coordinated decision making. It's a red flag if a leader manages members of the top team on a one-to-one basis and limits group discussions to nonthreatening administrative matters.

How the Six Strategy Killers Interact

Three killers relate to ineffective leadership at the top, two to implementation. The sixth suggests that leaders and implementers are neither talking honestly about problems nor learning.



Many top teams hide their differences rather than confront hard trade-offs directly.

At SRSD, when members of the top team thought that important decisions had been made in a prior one-on-one with Wright, they were less motivated to address difficult but strategically important issues in the group. Wright admitted working one–on-one out of fear that he would be unable to resolve the conflict that might arise if decisions were put to the whole team. That kind of pattern has been shown to reduce trust, effective strategy reformulation and, ultimately, business performance, particularly in uncertain and dynamic business environments.[10]

The lack of a clear and compelling statement of the strategic direction deprives many top management groups of a common rallying cry that might help them coalesce as a team. Conversely, a team of managers unwilling to subordinate their individual functional interests to the needs of the overall business will never be able to develop a clear statement of priorities.

Effective business strategies are about making choices; deciding what not to do is as important as discussing what to do. The functional heads that make up the top management group each stand to gain or lose by the choices that are made. An emphasis on decreasing the product cost may tip the balance of power toward manufacturing; an emphasis on innovation will move power toward R&D. Vice presidents of quality push for increases in product reliability; vice presidents of sales want to increase market share.

A desire to help one's own department is not always a matter of self-interest. At Apple Computer, for example, Jean Louis Gasse had a sincere belief that the company's future lay in high-end computers. It was really CEO John Scully's unwillingness to engage his top team in constructive conflict that let Gasse, in effect, block Apple from responding properly to its competitive environment.[11] At SRSD, manufacturing's Sam Scott certainly cared about helping SRSD survive. But some of his assumptions needed to be challenged, and general manager Wright's aversion to conflict meant they never were.

Many top teams hide their differences rather than confront hard trade-offs directly. Some develop vague statements of strategic purpose. One division we studied articulated its overall strategic objective as "fortifying our quality, product cost and market share strengths, while also transforming the industry through expanded customer knowledge and product/service innovation." How was the organization to get direction from that? The goals are blameless, but which one is most important — and why?

Quality of Learning

Blocked vertical communication has a particularly pernicious effect on a business's ability to implement and refine its strategy — in short, to learn. In many of the organizations we examined, strategic-planning documents went into great detail on long-term technology trends, customer buying behavior and the competitive environment, but they failed to communicate downward a coherent story showing why the changing world outside the organization demanded new ways of working together.[12] Employees never heard how the strategy affected priorities nor received any guidelines showing the relative priorities of projects. How could employees decide on a day-to-day basis which of their activities would be most helpful in making the business successful?

Lack of strategic consensus and clarity undermines effective upward communication, too. Employees, unsure of where the business is supposed to be going, cannot help get it there, nor can they warn those at higher levels when the engine is "skipping the track." A top-down management style is often the main barrier to honest upward communication and organizational learning.

Apple Computer is again illustrative. Until 1990, senior managers did not seriously consider opening up the computer architecture, licensing the operating system or shifting from a high-end technical strategy to a middle- or low-end customer-driven strategy. All that despite the fact that Microsoft's development of Windows was known to be under way as early as 1984, and the likely impact of Windows on the cost of computing was fairly evident. Apple's difficulty lay in developing an open dialogue. One manager recounted his own frustration: "For two and a half years I wanted to do low-cost Macintoshes. I was always yelled at by senior managers that this was wrong." Not surprisingly, a 1990 survey revealed that many Apple employees saw senior managers as unconnected to what was going on at lower levels.[13]

If those charged with implementation cannot tell senior managers about problems, a company has no early warning system. Only after programs fail can corrective action be taken. Even then, most corrective action focuses on program content, not the silent killers. New goals, resources, technical programs and staff will not solve the root problems. As the vicious circle persists, lower levels become cynical. They come to realize that their inability to communicate openly and directly with the leadership team about its role in blocking strategy implementation makes it highly unlikely that problems will be corrected. Frustrated, they adopt a passive stance. Lost is the commitment of employees to do everything in their power to make the business a success.

At quite a few of the organizations we studied, the new opportunity to speak candidly to senior managers reinvigorated employees. Task forces described long, emotional interviews. In one organization, task force members were besieged by unsolicited requests to be interviewed. At Hewlett Packard's SRSD, the task force that Wright and his top team appointed to collect data was so energized that team members asked for permission to break with their role as reporters and speak for themselves about the need for change. Emotional releases show how much is suppressed when the silent killers cannot be addressed openly.

Quality of Implementation

The three silent killers associated with senior management make it very difficult to develop needed coordination at lower levels or to develop needed down-the-line leadership capabilities. Middle managers from different functions, businesses or country organizations cannot be expected to collaborate effectively when their leaders are pushing them in competing directions. Middle managers are not going to risk rejection by their own bosses or peers. At SRSD, the tensions between Sam Scott, to whom the custom-systems group reported, and John Vink, head of R&D, trickled down until each group was sure the other had the wrong priorities.

Understanding the strategic direction helps resolve differences of perspective and liberates the organization to be purposeful and tenacious. Lower-level managers are better able to exercise independent judgment if they know where the business is going and why. Otherwise, if an unexpected event occurs, their only recourse is to follow the rules or ask the boss. And the boss might be as confused about the strategy as they are. If the general manager is the only one who has the whole picture, all major decisions must be made at the top. That leads to the sixth barrier, inadequate leadership development down the line.

Senior managers who exercise top-down management fail to provide the opportunity for leadership development. Yet those same managers are often surprised to find a shortage of people to run cross-functional programs. Senior managers point to the paucity of management talent and conclude that lower-level managers can't handle increased responsibility. Another vicious circle.

In one organization we know, senior managers were about to invest resources in a management-education and succession-planning program when they decided to use OFP to uncover why the company had had difficulty developing managers in the first place. A task force of upper middle managers found that the first five silent killers were causing the sixth. According to employees, the CEO and his direct reports were an ineffective team. They operated in separate fiefdoms, unwilling to give up their best people to meet the needs of other business units — even though such developmental experiences are widely accepted as one of the best ways for an organization to develop future managers.[14] People were afraid to discuss barriers with senior managers, who were thus prevented from learning what was blocking management development. Task-force feedback showed that the company needed more than new human-resource systems and management education; it needed to attack the silent killers.

Six Capabilities Required for Sustainable Competitive Success

Why are the silent killers so pervasive? Probably because they represent critical organizational stress points where new capabilities are required to successfully transition to higher levels of performance, speed and responsiveness.

We challenged the senior executives at Becton Dickinson to describe the kind of organization needed to succeed in today's environment of ever more aggressive competitors and a dizzying pace of technological change. They spoke in terms of a virtual company — adaptive, agile, connected with a spider web of information, in touch with the environment. They also likened the company to a trauma unit: excellent people who are working, planning, innovating and making fast decisions together. Other analogies included antigens (representing outside opportunities) and the human immune system (a system that can respond in many different ways).

These images suggested an organization in which those with the most relevant expertise and information would be able to come together rapidly, across levels and locations, in response to threats and opportunities. The executives pictured such individuals and groups as having the authority and resources to take action. As Ray Gilmartin, now CEO of Merck, suggested, "a hierarchy of ideas replaces the hierarchy of position."[15]

Companies can become fast and agile only if the six silent killers are met head-on and transformed into the six core capabilities:

A leadership style that embraces the paradox of top-down direction and upward influence. The general manager advocates direction but learns from the feedback of those down the line.

Clear strategy, clear priorities. The top team formulates the strategy as a group and spends significant amounts of time discussing it with lower levels.

An effective top team, whose members possess a general-management orientation. Through constructive conflict, the team arrives at a common voice and creates and maintains the organizational context needed to implement the strategy.

Open vertical communication. The top team and lower levels are engaged in an open dialogue about the organization's effectiveness.

Effective coordination. Effective teamwork integrates activities around customers, products or markets across diverse functions, localities and businesses.

Down-the-line leadership. Mid-level managers with the potential to develop leadership skills and a general-management perspective are given clear accountability and authority.

To develop such capabilities, hierarchical organizations must be managed in a nonauthoritarian manner. Managers must use their authority both to set direction and to delegate authority to clearly accountable teams.[16] The dual approach requires lots of open communication about difficulties, including difficulties traceable to those in authority.[17]

SRSD struggled with, and ultimately succeeded in, managing the tension between the functional hierarchy that had worked so well in HP's traditional instrument business and the cross-functional business teams they created to develop and implement strategy.

Wright and the senior management team had a far more important role than oversight of details. They needed to clarify the strategy and create an organization that would enable resource-allocation decisions to be made within cross-functional business teams close to the action. They, not the senior team, would decide how much focus to place on building current revenues through one-off custom systems vs. building future revenues through standard-systems-platform development. And given the dynamism of the systems business, good vertical communication between the business teams and Wright's senior team would enable the senior team to be abreast of progress and allocate resources between business teams accordingly.

What Can Be Done?

We have observed three distinct responses to the silent killers — avoidance, managerial replacement and engagement. Although each response may prove successful in some circumstances, direct engagement of the barriers has the best chance of building long-term competitive capabilities.

Avoidance

It is not surprising that most CEOs and their senior management teams avoid engagement. Insecure managers are apt to view open discussion of the silent killers as a challenge to their authority. And whatever they are worried about hearing, down-the-line managers are worried about telling. What if the CEO acts threatened, embarrassed or defensive? Confrontation can be scary.

Using consultants is a popular way to avoid honest engagement. Consulting is a multibillion-dollar industry and growing, and our research suggests that a reason for the boom is tacit collusion between consultants and top management to avoid engaging the silent killers.[18]

One of our research sites was a highly regarded technology company we will call "Chipco." The CEO believed that the flagging pace of Chipco's product development (its key to success) was the reason that growth was beginning to plateau. Although he could see that a "silo mentality" was sabotaging cross-functional teamwork — particularly between marketing and the powerful R&D department — he did not address that problem directly. Instead, he called a consulting firm.

The consultants recommended a system that would be driven by cross-functional product-development teams and overseen by a committee of functional heads from R&D, manufacturing, marketing and finance. After extensive interviews, discussions and education, Chipco charged ahead with the plan.

Two years later Chipco turned to OFP. The unsurprising discovery: Everyone thought that although the consultants' system had the potential to speed product development, the potential was undermined by the functional silos. In particular, the mighty R&D function undermined the marketing department.

Although the consultants' system called for a cross-functional review of all new projects for both technical and marketing viability, the review committee had difficulty saying no to anything the powerful R&D director supported. As a result, too many projects were chasing too few resources. Moreover, marketing's weakness was undermining new-product launches.

The leaders for approved projects expressed frustration that functional heads assigned people to the team who were "B" players or already overcommitted. Leaders complained that team members often skipped meetings because of functional responsibilities.

Team members (particularly from R&D), whose functional heads were not ceding authority, had difficulty committing their departments to work on projects. Team leaders had to go directly to those functional heads.

Why did the consultants' new product-development system, with all its great potential, go astray? The answer: management by avoidance. Consultant- or staff-group-driven change efforts are successful mainly at helping managers avoid what cannot be avoided: the silent killers of strategy implementation.

Consultants and staff groups have numerous incentives to maintain senior managers' dependence on them.

Certainly, confrontation is scary. Chipco's CEO was loath to confront the powerful R&D vice president and the company's deeply engrained functional mindset. Although it is a normal human tendency to shrink from confronting one's own deficiencies, leaders do so at the peril of their business.

Consultants and staff groups have numerous incentives to maintain senior managers' dependence on them for change programs. But in failing to address root causes of problems, consultants and staff groups prevent organizations and managers from learning how to learn.

Managerial Replacement

When attempts to bypass the silent killers fail, the likelihood that the CEO or general manager will be replaced increases.[19] Managerial replacement can be an effective process for addressing the silent killers. New general managers are not directly implicated in the problems of the old regime and find it easier to surface hidden issues. Their mental models and relationships with key managers are not constrained by the past. They can — and often do — replace other managers and initiate a new direction.[20]

At first, the organization may be open to such change, but without ongoing identification and discussion of the silent killers, the honeymoon will end. The new leader will become closely identified with the new business direction and organizational arrangements, which in turn will run into difficulties as the business environment changes. Once again, employees at lower levels will be fearful of identifying the silent killers. If the new general manager's approach is to replace staff rather than engage in open discussion, senior and lower-level managers who want to speak up may worry that they will be shown the door. As upward communication falters, the organization's ability to self-correct will deteriorate. So although replacing the CEO can be an effective way of addressing the silent killers in the short term, it will not build the embedded organizational capabilities that prevent the barriers from recurring. Other costs include damage to morale and the loss of the manager's business-specific knowledge, experience and longstanding relationships.

Engagement

Our research points to engagement as the best alternative to avoidance and replacement of managers. If senior teams and lower-level staff together confront the silent killers and build up the organizational capabilities that are the barriers' opposites, companies can achieve sustainable competitive advantage.

Because the silent-killer syndrome represents deeply ingrained behavior, the cure necessitates large numbers of people acting in very different ways. Anyone who has tried to address unproductive but long-practiced behaviors among family members or friends knows that behavioral change does not occur in a simple and linear manner. Progress requires all parties to engage in surfacing and discussing unproductive behaviors and to reflect and learn from their collective efforts to change.[21] Leaders must direct a learning process from which they also learn. Fortunately, for each silent killer there is an action principle that directly addresses the dysfunctional behavior and builds a corresponding organizational strength. (See "Attacking the Six Barriers to Strategy Implementation.")

The Principles of Effective Management

Effective leaders of organizational change intuitively follow the necessary action principles. Unfortunately, there's a shortage of such people.[22] And even if organizations have a natural leader, they lose the capabilities when the leader leaves. When new barriers arise, organizations will not have learned how to confront the strategy-blocking killers on their own. A disciplined and institutionalized learning process is required.

One of the few comprehensive organizational learning tools is General Electric's (GE) WorkOut process. Jack Welch used it to build organizational capabilities, and he fully expects it to be self-sustaining when he retires. OFP, with its strategic and systemic focus, offers another good way to attack silent killers.

Managers may find it helpful to observe how Scott Wright used profiling at Hewlett Packard's SRSD to tackle the six silent killers and turn them into capabilities.[23]

Principle 1: Turn Top-Down or Laissez-Faire Management Style Into Engaged Leadership

Wright and his senior team decided to use profiling after recognizing that the strategy was not being implemented and that morale was low. The cross-

Attacking the Six Barriers to Strategy Implementation

Change starts with the leader

The Silent Killers	Principles for Engaging and Changing the Silent Killers
Top-down or laissez-faire senior management style	With the top team and lower levels, the CEO/general manager creates a partnership built around the development of a compelling business direction, the creation of an enabling organizational context and the delegation of authority to clearly accountable individuals and teams.
Unclear strategy and conflicting priorities	The top team as a group develops a statement of strategy, and priorities are developed which members are willing to stand behind.
An ineffective senior management team	The top team, as a group, is involved in all steps in the change process so that its effectiveness is tested and developed.
Poor vertical communication	An honest, fact-based dialogue is established with lower levels about the new strategy and the barriers to implementing it.
Poor coordination across functions, businesses or borders	A set of business-wide initiatives and new organizational roles and responsibilities are defined that require "the right people to work together on the right things in the right way" to implement the strategy.
Inadequate down-the-line leadership skills and development	Lower-level managers develop skills through newly created opportunities to lead change and to drive key business initiatives. They are supported with just-in-time coaching, training and targeted recruitment. Those who still are not able to make the grade must be replaced.

Many managers approach strategic change with the assumption that employees are barriers. Our research suggests the opposite.

functional task force they appointed reported back on conflicts between functions and the widespread belief that decisions were being made off-line.

After receiving the feedback, Wright moved beyond his accustomed avoidance of conflict to directly engage his top team in frank discussions about the division's strategic and organizational problems. He had made a visible commitment to seeking the unvarnished truth, and the task force gave him a rich and comprehensive report that was difficult to ignore.

"I had known that there were some serious issues in the division that needed to be addressed," Wright said. "But when these problems were spelled out in detail to me and my staff by a group of employees, the situation took on a whole new light. Some of the task-force feedback directed at me and my staff was pretty hard to swallow. Frankly, I am not sure I would have taken it as seriously as I did if those remarks had been coming from a group of outside consultants."

Partnership with lower levels was solidified after Wright and his team asked the task force to evaluate the change plan the top team developed. After caucusing alone, the task force returned with some candid criticism. Wright experienced that feedback as the worst day in his HP career. But he made an important and courageous decision; he asked task force members to participate with senior team members in developing and evaluating alternatives. The result was an improved change plan that had the commitment of both the top team and the task force.

Many managers approach strategic change with the assumption that employees are barriers. Our research suggests the opposite; when properly involved, they become true partners.

Principle 2: Turn Unclear Strategy and Conflicting Priorities Into a Clear and Compelling Business Direction

To launch change at SRSD, Wright and his top team met off-site to discuss their own understanding of the strategy and to agree on a statement they could present to the organization. It was then that Wright learned that his views about the strategy — and the business teams created to enact it — were not shared. The top team had avoided strategic issues and the conflict inherent in them, so it had failed to develop agreement on priorities to guide resource allocation.[24]

The members of the top team were asked to write the strategy concisely and to develop an explanation about why it was important to achieve it. Later, when task-force members conducted interviews, they began with that story. SRSD employees said it was the first time they had been told about the strategy; many disagreed with aspects of it. Their feedback was vital in helping the top team clarify and refine the strategy.

Principle 3: Turn an Ineffective Senior Management Team Into an Effective One

With Wright and his senior team involved in every step of the change — including strategy development, organizational diagnosis, action planning, communicating the change and monitoring it — they *had* to work together.

They also underwent interviews with the authors. Our feedback, added to that of the task force, led to deep, searching team discussions of Wright's decision-making style, his aversion to conflict and his tolerance of the cold war between R&D and manufacturing/custom systems. At a critical moment, Sam Scott, the head of manufacturing, admitted: "I didn't know the problems I was causing." The sincerity of his tone startled everyone, and the trust needed for an open dialogue was created. The senior managers ended up completely redesigning the way they would work together.

Nevertheless, change takes time. As one task force member observed two years after the profile, "Our top team has taken some big strides in becoming more effective. Scott [Wright] looks to be taking more control of the reins and becoming the kind of leader the division needs. He and his staff will sit down as a group now and talk strategy, where before they would have only talked about administrative detail. But they are still not where they want to be as a team. They still seem to be having a tough time getting together and really coming to agreement over some tough and pressing issues. I think people in SRSD wanted an overnight change in the top team's behavior. But, realistically, most good teams are not made in a day."

There are no quick fixes. OFP is often a painful process, but after managers reveal the six silent killers, most are determined to take action.

Principle 4: Turn Poor Vertical Communication Into an Open Fact-Based Dialogue

Task force members at SRSD were energized by their charge to find the "unvarnished truth." When top-team members refrained from defensiveness or retribution, trust and commitment revived throughout the organization.

As one member of the top team member recalls, "The task force feedback really served several important roles. Not only did it function as a powerful tool to communicate difficult issues, but it also showed that the top team cared about what the employees thought and that we could not institute a change process without asking for their input. Also, I believe, by asking for their 'unvarnished' opinions, the employees realized just how serious we were about improving SRSD's effectiveness. To Scott [Wright]'s credit, he probably took the most amount of risk in initiating a process like this. He acted as a linchpin, and without his involvement, a process like this would have been spinning its wheels."

Truthful employee feedback relevant to strategy and business performance can give managers the needed push to manage change through open engagement.

Principle 5: Turn Poor Coordination Into Teamwork Through Realigning Roles, Responsibilities and Accountabilities With Strategy

Following feedback from the task force, Wright and his team engaged in a root-cause diagnosis. They concluded that many of their problems had their origins in the mismatch between HP's traditional approach to organizing and managing its instrument businesses and the demands of their current business. Over a two-day period, Wright and his team redesigned their organization. They chose to shift from functional silos overlaid with weak teams to a structure featuring strong cross-functional business teams accountable for profitability. The new matrix structure was quite alien to HP's tradition of organizing businesses into autonomous divisions, but SRSD needed an organization that fit its strategy.

One year later, a production manager commented, "What was really important was that we really understood what the process was trying to do — that is, align the different parts of the organization. I think that the alignment we now have after the reorganization is both accurate and necessary for us to become an effective organization. In the small systems business that we have, there is no way of getting around the matrix structure. In the past, there was no clear level of top-management responsibility and ownership for key decision making."

Principle 6: Turn Inadequate Down-the-Line Leadership Skills Into Strong Leadership With a General-Management Perspective

Increasingly the implementation of strategy requires more managers at lower levels who can lead teams that coordinate key strategic initiatives across functions, business units or geographic borders. The process SRSD followed enhanced leadership development. The task force produced eight people who had worked closely with the top team — a significant management-development experience that changed their own perspective and the perspective of the senior team about employee capabilities. A member of the top team remarked, "The work that the employee task force did was extremely impressive. They operated much like a professional consulting firm except, unlike consultants, they were a part of the organization and knew it inside and out. I think they worked so well together because they believed in what they were doing."

With increased confidence in lower-level managers, senior managers became more willing to delegate authority to them as members of business teams. Those teams, in turn, provided additional opportunities to develop down-the-line leadership skills and a general-management perspective.

Can the Silent Killers Be Overcome?

The evidence from our research indicates that, when a top team follows the six principles for overcoming the silent killers, it has a good chance of developing an organization capable of both strategy implementation and learning. Ned Barnholdt — now CEO of HP's spinoff Agilent Technologies and formerly the HP executive with oversight responsibility for SRSD — praised SRSD's change efforts. "They have done a terrific job after a year or so of struggling to figure out what the business was and how to get it going. Today I see them as one of our star divisions. Compared to other divisions, it's probably the most dramatic improvement. Now they are one of the top divisions in terms of growth and profitability and return on assets, as well as customer satisfaction. Today SRSD represents best practices in a lot of areas. They have really turned weaknesses into strengths. This is not to say they don't have issues. They need to work on resource planning and being able to schedule resources and live up to commitments. But even in that area, they are doing better than our other divisions."

Can all organizations overcome the silent killers? Our research suggests not. Certain conditions and values must come together to motivate a manager to productively engage the barriers. There must be a compelling business need. The CEO must have some faith that building organizational capabilities is key to a high level of performance. He or she must be willing to learn and must believe in partnering with employees. It is easier for recently appointed CEOs or general managers to confront the root causes of blocked strategy implementation in their new organizations because they have fewer reasons to worry that they will be personally implicated. But when general managers of longer tenure, such as Scott Wright, summon the courage to directly confront the silent killers, their world view as well as their leadership style is likely to change. Wright gained a paradoxical and valuable insight: being vulnerable can be a source of strength and influence.

Additional Resources

Resources not mentioned in the footnotes but useful for interested readers include the 1996 book "Organizational Learning II: Theory, Method and Practice," by C. Argyris and D.A. Schon. An article in the November-December 1990 Harvard Business Review, "Why Change Programs Don't Produce Change," by M. Beer, R.A. Eisenstat and B. Spector, describes the fallacy of programmatic change and makes an argument for a deeper look at barriers. A spring 1995 California Management Review article by D. Hambrich, "Fragmentation and the Other Problems CEOs Have with Their Top Teams," relates directly to our own findings. K. Eisenhardt, K.M. Kahwajy and L.J. Bourgeois in "How Management Teams Can Have a Good Fight" in the July-August 1999 Harvard Business Review discuss problems of top teams and what to do about them. L. Hirschhorn and T. Gilmore's "The New Boundaries of the Boundaryless Company" in the May-June 1992 Harvard Business Review addresses the deeper issues that must be confronted when organizations transform into team-based, flexible organizations.

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