

Business can beat the strategy bug

The secret to performance potential lies in executive coaching, writes **Janine Everson**

CLOSE but no cigar, it would seem, is turning out to be the catchphrase of strategy in a complex global economy. Research shows top executives invest countless hours each year on strategic planning processes that don't deliver their promised performance. But is all hope lost for the many business leaders burning the midnight oil?

At first appearance, it would seem that things look rather bleak for those trying to achieve their strategic objectives.

The latest Economist Intelligence Unit (EIU) research on strategy performance, which polled 200 executives from companies with sales of at least \$500m in 2005, showed companies typically realise just 63% of their strategies' performance potential. While executives spanned a wide range of industries, geographies and job functions, most of them said they struggled to produce the level of financial performance forecast in their long-range plans.

Three-quarters (76%) indicated that strategy execution was more important than strategy development in delivering superior financial results. Yet two-thirds (65%) said they were worse at strategy execution than at strategy development.

Why does this strategy-to-performance gap persist? The research says that despite the obvious importance of good planning and execution, relatively few management thinkers have focused on what kind of processes and leadership are best for turning a strategy into positive results. Moreover, a low priority is

also given to management development in this regard.

This is one of the core problems, argues US-based Wharton School of Business Prof Lawrence Hrebiniak in *Making Strategy Work: Leading Effective Execution and Change*. "Even though they are good managers, over time they really have to learn through the school of hard knocks, through experience, which means they make a lot of mistakes," he says.

But does it have to be this way? Surely the evidence suggests that the means should be made available for leaders to empower themselves for the demands of a strategy execution.

The solution to the strategy leadership quandary is emerging from a very unique source — coaching. Coaching has developed a strong reputation in the past decade as a reliable methodology that develops better leaders and long-term performance excellence. Now these benefits of leadership coaching are coming to the fore to help executives maximise strategy performance.

The potential of leadership coaching in this regard becomes very clear when one considers what is expected of leaders: they need to be able to drive strategic change or aims in their organisations and motivate others to join them.

Focused coaching is so effective because it develops in each individual their own personal leadership competencies, which are critical to becoming effective catalysts and drivers of change in their context.

The late Peter Drucker, a leading thinker on business and management, once said: "The best way to predict the future is to create it." It

seems that many executives are beginning to take this philosophy to heart through leadership coaching, among them highly regarded leaders such as eBay's Meg Whitman and Pfizer's Henry McKinnell.

When one looks at the research on return on investment for leaders, the performance premise is made stronger yet. A coaching study by US consultancy Manchester Inc, which included 100 executives mostly from Fortune 1000, found companies that provided coaching to their executives realised improvements in productivity, quality, organisational strength, customer service, and shareholder value. The average return on investment was almost six times the cost of coaching.

In the EIU study, executives echoed the argument that much performance lies untapped — they reported that if their companies were to become "very effective" at execution, they would expect operating profits to improve by an average of 30% over two years.

For SA, it is this excellence that is precisely what is needed to tackle the challenges that lie ahead — be they skills development, economic growth or global competitiveness.

South Africans, perhaps more than any other people, understand that great leaders can effect extraordinary change. Perhaps this will inspire our business leaders to respond and find new ways to be at the forefront of beating the strategy bug.

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