CHAPTER 7

COMMITMENT TO EXECUTION

I’ve passed them the baton of my conviction.

Estée Lauder\(^1\)
Visionary marketing involves the formulation and implementation of decisions aimed at developing a sustainable competitive advantage. While this sounds easy, in reality it rarely is. Progress can never be taken for granted. Some scholars argue that the major goal of strategic thinking is to formulate a response to changing contexts. Unfortunately, it is precisely in this aspect that management ostensibly fails, especially in big organisations. For example, a Scandinavian IT consultancy firm once unveiled ‘ivas,’ i.e., a global plan for its future market strategy, involving ‘Integrated Value Added Services.’ The original ivas
document was laden with hollow, strategic prose: big ambitions, few concrete objectives, dangerous assumptions and many operational uncertainties. This became all too obvious during a business roadmapping workshop we held with the senior management team. Afterwards, the reality turned out to be stranger than fiction. The corporate board asked us during the subsequent training sessions with the workforce to only discuss the past and the present of the company – never its future! The unclear nature of the future had become *terra non grata*. Not surprisingly, *ivas* was never successfully implemented.

In the example above, the strategic choices were doubtful and the implementation failed. However, even when there is little wrong with the strategy, the devil is often to be found in the details of the implementation. Please note that we see implementation as an integral part of business roadmapping, and not as a mere detail. Many marketers employ the same philosophy when implementing a new strategy as Hollywood veterans when marrying. Even though the choice is apparently a ‘no-brainer’, the implementation nevertheless consistently fails. In all honesty, the formulation of a competitive strategy is never a sinecure, but successful implementation is even harder to accomplish. Words, knowledge and intentions need translation into action. Many well-founded ambitions wash ashore in the surf of daily practicalities. A ‘strategic action plan’ too often appears to be a *contradictio in terminis*, which can lead to annoying flashbacks years after the fact. ‘What where our plans back then?’, is one of the most common questions asked in companies! Typically, the average performance loss of a strategy has been estimated at around 37%. This strategy-to-performance gap indicates that if a certain strategy brings in, say, €50 million, then a potential of €29 million has not been realised. Imagine what a company could with this extra cash. Many marketing roadmaps suffer the same fate as the market research that preceded it. Written with the best of intentions, they end up in a forgotten drawer of a dusty office.

**Dual Marketing: Exploitation and Exploration**

Many organizations operate at a fierce pace – today in this market, tomorrow in a different one – and, as a result, often bring about their own demise. As we observed in Chapter 4, the realisation of a *sustainable* competitive advantage is no easy thing. ‘Winning in and of itself is difficult enough. To keep on winning is much harder,’ said Luca Cordero di Montezemolo, the man who led the fabulous turnaround at Ferrari. Sports always offer a fascinating theatre to observe the rise and fall of self-proclaimed semi-gods. During the world championships in Germany in 2006, David Beckham (England), Raul (Spain) and Luis Figo (Portugal), all belonging to Real Madrid’s *Los Galacticos*, all bore a
greater resemblance to *Les Misérables*, as their teams withered.

Is it any different in business? Not really. Of the 100 biggest industrial companies in America in 1980, during the following twelve years 18 improved their position, 13 maintained their ranking, 25 sank on the ladder and 44 disappeared altogether from the list. Keynes warned us long ago that the ‘long term’ implies a terminal process for all of us. Twelve years is not a horizon that managers see as the long term, especially when it concerns their own possible downfall! Clearly, then, maintaining leadership is amazingly difficult – even for the best of the best.

The widespread idea that firms erode their competitive position by a lack of action must be interpreted correctly. There is compelling evidence that business failure is not only the consequence of inaction; it may also be caused by the blind application of a given success formula. Miller refers to this as the ‘Icarus’ paradox:

> [...] outstanding firms will extend their orientations until they reach dangerous extremes; their momentum will result in common trajectories of decline.

Strategic perspectives become blinding; winning core processes erode towards non-competitive routines; the business network partners provide chains rather than opportunities for the organization; and yesteryear’s energising values have transmuted into immobilising dogmas. Managers all too often focus on maximising the output from the current business model. Andrew Van de Ven, in a brilliant essay, observed it crisply:

> [...] what most individuals think about the most is what they will do, but what they do the most is what they think about the least.

Sustainable business success requires the concurrent realisation of business exploitation (generating a solid economic rent on the current activities) and business exploration (investigating the future and the activities that will be needed to generate a continued economic rent). This is captured by the concept of the ambidextrous organization.

Thus, the objective of change is to seek stability. It is precisely the lack of thoughtful change that will cause instability. The implementation of a marketing plan has a dual character. ‘Running the business and changing it are not sequential but parallel pursuits,’ wrote Derek Abell. A company cannot afford a sabbatical for building or revising the marketing strategy. A company must compete today, whilst preparing for tomorrow. A marketer cannot demote 90 percent or more of the company’s current revenues to a mere footnote in an
action plan. Changing successfully is like learning to play the violin while the paying audience is already present in the theatre! Demands are high – and contemporary stakeholder audiences are rarely in a forgiving mood.

Some organisations choose to ignore the call for change. FIFA provides a classic example. Many soccer enthusiasts became annoyed – and rightly so – at the peculiar refereeing during the 2002 World Soccer Championships in Japan and Korea. Most Belgians (and even some of their Dutch neighbours!) felt that they were robbed of the lead in their game against Brazil. What could have become one of the shock results of all time was smothered at birth, when the Jamaican referee inexplicably disallowed Marc Wilmots’ goal in the thirty-fifth minute. Quite a few spectators thought that the ref – Prendergast was his name – would have been better suited to beach volleyball than the World Cup! Prendergast later won the ‘zero of the day’ nomination on the CNN website. The days that followed saw the World Championships degraded to a collection of bizarre refereeing decisions. Judging the off-side rule proved too difficult for many of the referees, resulting in a number of excruciating blunders. On the Dutch television, sports commentator and former Dutch soccer international, Youri Mulder, even suggested doing away with the off-side rule completely. The Dutch newspaper Dagblad van het Noorden accepted the challenge and found two soccer clubs – Emmen and Veendam – which were willing to play a game without the off-side rule. The Royal Dutch Football Association (KNVB) supported the initiative and afterwards the clubs, the spectators and the media were also in favour. However, it all made no difference: the World Soccer Association ruled against the game in November 2002. Without giving any real reasons, FIFA preferred to maintain the status quo. Changing the mindset in that organization may require another World Cup or two.

**The Unproductive Rituals of a Rain-dance**

Mindful of Bananarama’s advice ‘It ain’t what you do, it’s the way that you do it,’ one cannot but observe that the strategy process is often poorly designed. Strategy formulation and implementation have become a sort of ritual rain-dance: ‘it has no effect on the weather, but it makes those who engage in it, feel as if they are in control,’ says James Brian Quinn. Strategic planning has become a kind of annual folklore event. The yearly marketing rituals involve painstaking spreadsheet gymnastics, numerous budget rounds and lengthy approval procedures.

External advisors may sometimes help to bring the company’s strategy to a higher level. Unfortunately, more often than not they represent a further refinement of the rituals rather than an improvement of the output. Bright brains
dressed in expensive, tailor-made suits prove the truth of the old saying that form all too often prevails over content. In addition, the fickle economy has caused some advisors to avoid asking fundamental questions which might put a ‘billable’ relationship under pressure. In the film Moulin Rouge star-actress Nicole Kidman’s character remarked, ‘I am a courtesan. I am paid to make men believe what they want to believe.’ Replace the word ‘courtesan’ with ‘consultant’ and you won’t be far wrong!

In our view, it is above all the employees of the firm who should assume a pivotal role in the strategy formulation process. This, however, means that senior management must be open-minded towards such an approach. One banking CEO once quite sternly remarked during a guest presentation in front of 30 of his own marketers: ‘We do not need people who think about strategy. That’s senior management’s job. But only every four years, otherwise things change too much.’ At that very moment, thinking in the room came to a grinding halt.

**Phasing Implementation**

Embedded within a strategic marketing plan lies a modified business model, i.e., a modified customer value proposition and an enabling resource configuration. ‘Implementation’ is essentially the roles and processes which a company and its management design in order to make a successful transition from the current business model to the future business model (Figure 7.1).

In Figures 7.2 a – d, we have summarised the business models of two different firms at two different moments in time. De Witte Lietaer is a French-owned manufacturer and distributor of household linen. It supplies its products to retail outlets and to leading hotel chains (e.g., Marriott). Terms of payment...
were considered a non-sustainable competitive advantage. The customer value proposition apparently changes little over time. The company, however, focuses on improving its ‘heritage’ by further raising the standards in product range, customer service, product quality and image. While some activities remained essentially unaltered (light grey resource boxes in figure 7.2.b), others have been significantly modified (moderate grey) and some are completely new (dark grey). Many of the changes in its business model between 2001 and 2004 relate to the emergence of China and other Asian countries as leading textile producers. In addition, a fully automated warehouse was established, the promotional niche markets were explored and both internal and external communication was freshened. In contrast, the customer value proposition and the business model of Siemens Mobile changed dramatically between 1995 and 2001. The company moved from an inward-looking, engineering-driven company towards a market-oriented business. The competition, however, remained tough and Siemens Mobile was sold to BenQ.
**Figure 7.2 b** · Business Model of De Witte Lietaer (2004)

**Figure 7.2 c** · Business Model Siemens Mobile - The Netherlands (1995)
The success of implementation is defined along three dimensions:\(^{14}\)

- **Completion**: the activities to migrate from the current business model to the future business model are carried out in such a way that the balance of competitiveness, investments and milestones is optimised during the implementation;
- **Achievement**: the degree to which the new business model performs as intended;
- **Acceptability**: the degree to which the implementation occurs satisfactorily for the primary stakeholders of the company.

While the first two dimensions involve hard business performance measures, the third dimension relates to the softer human aspect of strategy implementation. Marketers all too often behave as technocrats when designing a marketing plan and forget that strategy implementation involves people. A marketing strategy that does not take account of the employees involved is doomed to failure. You cannot reconfigure business processes on the assumption that the human components will behave as dumb pieces of machinery. In organising successful implementation in terms of completion, achievement and acceptability, we can distinguish three phases (Figure 7.3):\(^{15}\)
• Seeing: people will not move to a new business model if they do not see the need for doing so;
• Starting: for a successful take-off, the implementation must be embedded in the day-to-day organisational activities;
• Sustaining: the organisation must maintain its efforts, if it is to accomplish the implementation programme;

In the next sections, we will detail each of these phases.

SEEING THE NEED

A Coalition for Change

Changing an organisation is not a democratic activity. ‘Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it’s the only thing that ever has,’ was an axiom of American cultural anthropologist Margaret Mead. Most successful, innovative strategic marketing programmes start with a relatively small, highly inspired and committed coalition. They are the movers and shakers which the organisation needs. Some of them (but not all) are likely to be level 4 or level 5 marketing people (see Chapter 4). They have the vision to see the need for change and the ability to create the personal degrees of freedom needed to initiate the first sparks. Such change may be of a proactive or a reactive nature. In the first case, the roadmap for change is initiated at a time when it is apparently not needed. While resistance may be high, the implementation costs are minimal. In the second case, the company is confronted with an internal or external threat. In such situations, the company cannot afford the luxury of waiting. While such a shock induces change, it is change of a costly nature. Consequently, the moral is clear but sometimes

Figure 7.3 · The Triple-S Model of Strategy Implementation
difficult to accept: most organisations benefit from a proactive stance towards change.

Good marketing leaders know where the organization is going, show entrepreneurial qualities and facilitate action.\(^{16}\) They tell stories, rather than providing their people with bullet lists.\(^{17}\) They are ‘sense-makers’ of the company’s

\hspace{1em}

<table>
<thead>
<tr>
<th>'We aim to offer a portfolio of related products or services that are strongly based on a common set of competences in our company'</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% D</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>'Our marketing professionals have a lot of experience in other functions (e.g., in production, finance, etc.)'</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% SD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>'A number of strategic projects have been identified to implement the needed changes in our marketing operations'</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% SD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>'Marketing changes are monitored by means of formal procedures (milestones, budgets, actions undertaken)'</th>
</tr>
</thead>
<tbody>
<tr>
<td>7% SD</td>
</tr>
</tbody>
</table>

The data above represent the responses of the 2007 sample. Companies maintain a strong focus in their market strategies (61% agree, 16% strongly agree and only a negligible 1% strongly disagrees). In their self-assessment, many of the respondents agree that the cross-functional experience of the marketing professionals in the company is not strong. In terms of project roadmapping, strategic projects have been defined in the majority of cases (48% agree and 10% strongly agree). However, the monitoring of the project trajectory is only moderate (almost one third do not have milestones, budgets and actions specified).

\(SD=\text{Strongly Disagree} - D=\text{Disagree} - N=\text{Neutral} - A=\text{Agree} - SA=\text{Strongly Agree}\)
environment and ‘sense-givers’ for the organisation as a whole. Josephine Esther Mentzer, the founder of Estée Lauder cosmetics imperium, was a true marketing leader. The choice of the right department store as the distribution channel ensured Estée Lauder did not have to invest in training salespeople in traditional drugstores and chemists. Sampling – *Tell-a-Woman marketing*, as Estée Lauder called it – came into existence because the marketing budget did not allow for traditional, expensive advertising strategies.

However, we want to repeat the word of caution with which we ended Chapter 4. In our opinion, there is no reason to romanticise leadership. That being said, in recent times we have witnessed a growing search for business icons. This search for icons seems to have moved from Russia to the United States, the religious Messiah being replaced with a more mundane commercial version. Apparently, managers love to read about the kind of leader who *schwarzeneggers* his followers with unimpeachable selflessness through the competitive arena. It is, however, dangerous to over-romanticize leadership in this way. Altruism is hardly ever the true driving force of leaders. General Electric’s Jack Welch, for example, was often idealised as the type of prophetic leader, with an unsurpassed, genuine savvy for business. But that was only part of the story. His interview with Suzy Wetlaufer, then-editor of the prestigious *Harvard Business Review*, ran into a romantic sequel. This resulted in the outside world getting to know about Welch’s monetary details. His exorbitant pension financed by GE amounted to $2.5 million annually, as Jane Welch explained when she filed for divorce!

Fair is fair. Many directors struggle daily to save their company’s skin and to keep their own heads above water. Sometimes the scenarios are truly painful and very public. When the battle surrounding Michael Eisner’s chairmanship at Disney broke loose, the respectable *Economist* quickly renamed the company ‘The Tragic Kingdom.’ The present-day pressure on senior marketing managers is almost indecently high. As we peruse the war stories which cover the pages of the many business magazines, we may be forgiven for suspecting that most corporate leaders are able to gracefully integrate the symptoms of the Alzheimer and Parkinson diseases into their daily way of thinking. When they are in the limelight, they conveniently forget the things that previously frightened them in the dark! ‘There is light at the end of the tunnel. And this time, it is not oncoming traffic,’ the coo of an international publishing company once quipped during a strategy presentation. Two months later, ‘Teflon Thomas’ was on his way out. The seemingly indestructible protective layer that endowed him with his illustrious nickname was not sufficiently resistant against the scratch-es left by disappointing results. Michel Tilmant, the strong leader of the ING group, has a down-to-earth vision on business life: ‘Complacency is the biggest risk for an organisation.’
In many companies the position of staff on the hierarchical ladder has more to do with age than with competence. The fact that somebody has risen to the top ranks in spite of a lack of competence does not necessarily mean that such a person will act humbly afterwards. We may need to expand the term ‘white collar crime’ to also embrace the stupidities that often arise in the twilight of a leader’s complacency, stubbornness or downright self-interest. And if there is one thing worse than a manager wanting to save his own skin, it is a top manager who knowingly wants to prove himself in bad times. Cleaning up the mess created by former CEO Piëch at Volkswagen has run in the billions of Euros. ‘I don’t know about technology and I don’t know about finance and accounting,’ proclaimed Bernard J. Ebbers, the former CEO of WorldCom during his testimony in court. 21 In such circumstances we can ask ourselves a simple question: when the director drives to work each morning, has he decided to cling vehemently to his previous decisions as a matter of principle or has he simply left his common sense at home? In both instances, the results are the same: a cerebral haemorrhage at the top echelon of the company.

**Internal Marketing of the Vision**

In Chapter 4, we explained the need for a marketing vision. The well-known quote from *Alice in Wonderland* 22 summarises this beautifully:

‘Cheshire Puss’, Alice began, rather timidly, ‘would you tell me please which way I ought to go from here?’

‘That depends a good deal on where you want to get to’, said the Cat.

‘I don’t much care where’ -, said Alice.

‘Then it doesn’t matter which way you go’, said the Cat.

- ‘so long as I get somewhere’, Alice added as an explanation.

‘Oh, you’re sure to do that’, said the Cat, ‘if you only walk long enough.’

A new roadmap demands efforts throughout the organisation and needs support from a powerful vision statement. A compelling vision communicates a winning ambition and creates commitment and momentum across the board. A good example of a successful BHAG is the vision of former Ferrari CEO, Luca Cordero di Montezemolo: ‘I always want to be before the trend.’ 23

Unfortunately, reality often contrasts sharply with dreams. Following a soporific presentation by a member of the corporate marketing staff of a leading company, there was little euphoria among his marketers. When the Q&A session revealed further strategic errors, the last bit of hope faded. ‘I wish he had not spoilt my illusions,’ one of the participants remarked. It was the kind of occasion
President Chirac would have described as: ‘You have missed a perfect opportunity to remain silent.’ Companies need a BHAG; not an extra dose of valium, disguised as strategy. Weak ambition statements bring companies terrifyingly close to punk business: ‘Don’t know what I want, but I know how to get it.’

A true BHAG is intelligently constructed, balancing the ambition and the genome of the corporation. ‘In der Beschränkung zeigt sich der Meister,’ as the Germans say. The menu of market-making, market-hunting and market-farming is never a menu à la carte. What a company enjoys tomorrow depends on what it absorbs today. A company cannot thrive in the absence of focus. One must therefore also judge a marketer’s commercial intellect on his or her appetite for focus. The bets are sometimes enormous, as are the investments. The €500 million that Heineken spends on advertising is just a part of the solution. Stamina is necessary as well. ‘Next to a relentless commitment to marketing and large cash funds, you need 20 years to build the brand,’ says Karel Vuursteen, former CEO of Heineken.

Everybody knew that eternal fame awaited the first person to reach the South Pole. Roald Amundsen and Robert F. Scott vied for this honour. Both reached the South Pole, Amundsen on 14 December 1911 and Scott on 17 January 1912. As he died in dramatic circumstances on his way home, Scott became as famous as Amundsen. The words in his diary remind us of the last thoughts of many managers when they stare at their first results in the Promised Market. ‘Great God! This is an awful place.’ How would Carly Fiorina, HP’s former CEO, feel now? Would she still stick to the opinion that it was useful to expand HP’s portfolio unrestrainedly? Toward the end of 2004 she still positioned HP as ‘a networked, integrated company for a broad, networked world.’ Was she right? The Financial Times calculated that the total stock value of the integrated HP, at that time, was equal to that of the successful printer business on its own.

Sense of Urgency

Strategies that involve more than merely marginal changes are generally resisted. The reason for this resistance lies in the fact that every stakeholder pursues his or her own self-interest through the organisation. Many of these stakeholders will prefer the status quo. Five hundred years ago, Machiavelli was already summarising the ‘Catch-22’ of change management:

*It should be borne in mind that there is nothing more difficult to handle, more doubtful of success and more dangerous to carry through than initiating changes in a state’s constitution. The innovator makes enemies of all those who prospered under the old order and only lukewarm support is forthcoming from those who would prosper under the new. Their support is lukewarm...*
partly from fear of their adversaries, who have the existing laws on their side, and partly because men are generally incredulous, never really trusting new things unless they have tested them by experience.28

There is an abundant literature on resistance to change. The sources of this resistance are varied: the vision of a founder that slows down the entire organisation, an inert corporate culture, a lack of resources, fear of the new situation, working place and time, inadequate reward structures, the demanding nature of the new job requirements, a company’s track record of past failures, a lack of convincing communication, a loss of status or position, diverging beliefs, limited job security, personal relations, etc.29 The quintessential obstacle hindering correct strategy implementation is the unwillingness of employees to embrace the new order of things. What is the consequence of this attitude?:

Companies don’t make the most of new opportunities because they’re making the most of old ones.30

Resistance to change provides senior management with the challenge of appealing to the personal interests of the employees.31 Put another way, management must not only provide the employees with a vision of where the organisation should be aiming to go, but also a reason why the company and its primary stakeholders cannot afford to stay in the same place. It must demonstrate what employees may gain by embracing the future – or what they stand to lose by staying where they are. It is the latter aspect that change-guru Kotter encapsulates in his phrase: ‘Sense of urgency’.32 According to Kotter, more than 50% of companies already fail in this phase: they are not able to provide their employees with a great enough sense of urgency. In initiating a new implementation agenda for marketing, it is imperative that marketing executives describe the ‘pain of no gain’, the dysfunctional nature of the comfort zone. This has lately been illustrated on a broader scale than in business marketing:

- While environmental pressure groups have worked assiduously for many years to convince us that we must change our behaviour in order to preserve our planet, it is the rapid succession of devastating hurricanes in the us, the absence of a clear seasonal pattern in Western Europe and the forcible arguments of Al Gore’s Inconvenient Truth that has induced new behaviour on a world scale.
- The aim of the governing body in cycling is a sport without doping. A series of tragic occurrences in recent years, involving multiple casualties, did little to prevent cyclists from doping up. However, in 2007, a major change occurred.
ZDF (the main German television channel) and its 80-man crew left the Tour de France in the wake of Patrick Sinkewitz' positive doping test. Later, the Zurich Grand Prix was cancelled and the interest of sponsoring organisations weakened. It made the economic risk of ‘no change’ all too clear to the cyclists and their team managers.

**Understanding the Barriers to the Next Steps**

To many people, a marketing strategy is a marketing communications strategy. However, marketing is not a function – it is a process. The marketing strategy determines the customer value proposition and the enabling resource configuration. *De facto* this means that many business processes in the company will be involved. Consequently, a market strategy is also automatically a business strategy. In this context, the authors vividly remember a meeting with a European truck manufacturer. Following two days of intensive workshops and brainstorming on their future competitive power, the strategy team proposed a business model in which **it** was splendidly absent. Unfortunately, big fleet contractors demand a high level of control over their fleet of trucks. **It** is a dream come true for this customer group – and for marketers looking to cater for their needs. How could this strategy group ignore **it**, one wonders? The answer is deceptively simple: there was no **it**-representative in the group.

![Figure 7.4 · Mapping Organisational Barriers to Change (Example)](image)
'Individuals play the game, teams win championships,' Bo Schembechler, the former successful coach of the University of Michigan's football team once remarked. In other words, the whole organisation must be involved with and must support innovation. Clearly, this means that a new market strategy will have many human aspects. A strategy that ignores the human dimension will lead into a cul-de-sac. Such a roadmap links interesting words to nice pictures, but runs little risk of being implemented in practice. For this reason, marketing must understand the barriers to the next steps. Figure 7.4 provides a useful tool to acquire insight into these barriers.

The procedure is simple. Draw a 2-by-2 matrix, of which the horizontal axis reflects the probability that an organisational bottleneck will emerge in the course of strategy implementation. The vertical axis represents the negative impact of the bottleneck. In an interdisciplinary group of six to ten people, everybody notes down the likely barriers to the proposed strategy and marks these in the appropriate place on the 2-by-2 matrix. Often these factors will relate to the human dimension: resistance to change, rigidity in management, unadjusted remuneration, un-cooperative unions, etc. Corporate structures (e.g., headquarter’s inertia) or environmental changes (e.g., new legislation) may provide additional burdens, but in the case of a well-conceived plan most obstacles will be human-based. An analysis of the organisational barriers provides excellent input for human resource managers. It allows them to design projects that facilitate the acceptance and implementation of the other aspects of the overall strategy project. These will become the HRM projects in the project roadmap (see below).

Project Roadmapping

‘Everybody who says that business people deal in facts and not in fiction has never read old five-year year projections,’ Malcolm Forbes once observed. In hindsight, many marketing plans contain more fiction than the *Lord of the Rings* trilogy! Part of the solution lies in a correct formulation of the trajectory. Changing the route that a company takes calls for a delicate balance between autonomy and guidance:

*Once autonomy is no longer directed by the organisation, it has little more than a random chance to be relevant to the organization.* 33
If staff enjoy total freedom, then it is only likely to be by pure chance when such a ‘motley crew’ – an expression we encounter regularly in companies – contributes towards the goals of the organisation. Admittedly, the other extreme is equally damaging: an environment where everyone is tied up in rules (including exceptions to the exceptions), stifling initiative and killing enthusiasm. Many ISO certifications have produced little but paper, frustrating those who want to renew their company.

The quality of strategy implementation has an impact on a company’s competitiveness. Marketing leaders must carefully manage the processes that are needed to realise the new business model. Successful businesses (or successful marketing leaders) excel in seamlessly integrating several disciplines through temporary projects. Academic jargon labels this as an ‘adhocracy’. Formalising the route is a condition sine qua non for the organisation to reach its objectives. Thorough project management translates a strategic ambition into an action plan and allocates human, financial and technical resources, as well as specific project leaders. In addition, clear milestones are powerful instruments to keep people on the right track in complex and knowledge-intensive environments.

- In July 1998, Siemens decided to implement the 10-bullet programme, which encompassed strengthening the portfolio, improving the financial processes and implementing major restructuring efforts and disinvestments.
- In 2002, Fiat’s existing business model appeared to be highly uncompetitive. A new approach was needed for the besieged company. The main focal points were reducing costs and improving sales (no surprise at that!). The 2002-2005 action plan entailed the further development of profitable models (SUVs, for instance) and the introduction of 20 new models; heavy investment in improving product quality (€2.6 billion annually between 2003 and 2005); and the redesign of the distribution network (€150 million annually between 2002 and 2005).

To summarise, a project roadmap is a consistent and sequenced set of activities which aims at successfully realising the transformation from the present business model to the future business model. A project roadmap typically contains a diversity of disciplines. Consequently, it is necessary to determine the tasks which need to be accomplished during the coming 2 to 3 years (or more), in order to successfully create the future business model. For each of the sub-projects, an action plan must be developed. This will require answers to be given to the following questions:
• Who will lead the project and who are the members of the project team?
• What are the resources that will be allocated to the project?
• What is the time-frame and what are the milestones?
• What is the expected return of the project?
• What will the company do better than the competition as a result of the project?

The last question in particular is a difficult one for many marketers and executives. Nevertheless, defining what will happen in each of the projects and assessing how this will enable the company to differentiate itself successfully from the competition lays at the very heart of all competitive strategy. Often, a visual representation of the strategy can offer useful support during the formulation and implementation periods. Consistency between the various projects is an important point for the management’s attention.

The success of implementation depends on the strength of the weakest link. During the project definition phase, marketers all too often forget the deep-rooted human elements involved in strategy implementation. As mentioned above, the results of the barrier analysis (Figure 7.4) must be translated into the project roadmap. This may be done explicitly (by defining hrm-projects) or implicitly (by ensuring the business projects cover all the human bases). In the example of Figure 7.5, three explicit hrm-projects were defined (‘Competence profile’; ‘Training’; ‘Link Bhag to marketing goals’).

Many marketers have little problem in defining next year’s agenda (i.e., the ‘marketing calendar’). Everybody benefits from a detailed middle-range horizon: it ensures that the first year is fully calibrated and it indicates the steps to be implemented. But the real trouble starts when it comes to the design of the second year. Marketers apparently have difficulties in thinking beyond next Christmas. The following project labels will begin to creep into the project roadmap: ‘to be defined,’ ‘to be assessed,’ ‘to be fine-tuned’. The second year in a marketing plan often has a definite Shakespearean feel: to be or not to be, that is indeed the question. As the future is constantly in motion, changes will inevitably occur and the medium horizon will need revision. Nevertheless, simply leaving year two blank is not an option.

In the example of Figure 7.5, projects are grouped along major themes. Such clustering is important, as it provides the necessary simplicity and synthesis to be useful in everyday practice. White-collar workers and blue-collar workers must both be able grasp the big picture, if implementation is to succeed. Such a simple, theme-based synthesis is therefore not a gimmick, but a necessity. The importance of simplicity should not be underestimated. Eighty percent of the general population can remember a telephone number that consists of 7 digits,
while only two percent can remember a number of 10 digits. It is no surprise that two leading management gurus, Jack Trout and Edward de Bono, each published a book calling for more simplicity at the recent turn of the century. Successful management typically boils down to systematised common sense. But, as Voltaire long ago realised, ‘Le sens commun n’est pas si commun.’

While many executives opt for a functional or divisional grouping of projects, we strongly recommend a theme-based clustering. Such an approach enables the company to optimally synchronise both internal communications (towards the employees) and external communications (towards customers, suppliers and interest groups). In the case of a functional or divisional clustering of the projects, a further translation is often necessary before it may appeal to the outside community. In addition, this will create confusion within the company itself. It is also recommended to maintain consistency in the themes over the years. While minor modifications may be needed, profound up-front thinking enables the marketing team to develop company-specific themes that can be

---

1. Platform balance  
2. Acquisitions  
3. New pricing system

4. Market intelligence  
5. Post-mortem, segmentation  
6. Sales forecasting per SKU

7. Key performance indicators  
8. Systems  
9. Logistics  
10. Cost reduction  
11. BPR

12. Rental innovation  
13. Direct-to-retailer  
14. Sales and account plans  
15. Catalogue/PLC  
16. Promotions

17. Competence profile  
18. Training  
19. Link BHAG to marketing goals

---

**Figure 7.5 · Project Roadmap (Example)**
exploited over an extended horizon. Changing themes rapidly and radically will create misapprehension, ‘change-fatigue’ and cynicism.

We often use the example of Figure 7.5 in our classes and in-company marketing sessions. One question we always ask our participants is: ‘How many of the projects that were defined in this company at the start of the two-year period were still on target two years later?’ The number most frequently mentioned (the modus) is two. This reveals much about the sense of realism that prevails in many companies. In reality, seventeen of the nineteen projects were on target at the end of the two-year time span. Only two projects were not on target (they were slowed down because of dependence on the American headquarters and other subsidiaries). This shows that strategies can be successfully implemented, as long as the agenda for implementation is carefully crafted. But it remains hard work, as Peter Drucker observed in his inimitable style:

*In innovation, as in any other endeavour, there is talent, there is ingenuity and there is knowledge. But when all is said and done, what innovation requires is hard, focused, purposeful work. If diligence, persistence and commitment are lacking, talent, ingenuity and knowledge are of no avail.*

---

![Figure 7.6 · Project Roadmap Detail (Example)](image-url)
Expanding the Coalition

There is a close correlation between a project roadmap and the quality of the project owners and co-workers. Employees are needed who are willing to take on the projects and to view them as a personal challenge. From such a perspective, project leaders are *intrapreneurs* who run a company-in-the-company. This small, internal company does not have a reason for existence in its own right. However, the success of its implementation is necessary to the health of the company as a whole. The company’s pool of young high potentials forms a good catchment area from which to select project leaders. The business cards of such persons look like this: thirty-something with a varied experience, able to analyse business problems thoroughly, capable of motivating others and willing (and able) to play the internal game of politics. High potentials see the project roadmap as an excellent opportunity to prove themselves in the eyes of their peers and superiors. It is precisely this pursuit of their own self-interest that helps to promote the organisation’s interest and prevents roadmap milestones from becoming implementation tombstones. Good project owners are entrepreneur, manager, strategist and relationship therapist, all rolled into one. Cultural differences do exist, however. The entrepreneurial ‘loner’ is less esteemed in Western European than in American companies. In Western Europe, group entrepreneurship clearly dominates.43

There is, of course, a catch in all this. If senior management deploys high potentials, it cannot easily turn back the clock. High potentials clearly understand the fine difference between loyalty and naivety. They will not settle for a lesser situation and will prefer to explore other business horizons if their project is cancelled. Assigning high potentials to critical projects is equivalent to awarding an insurance premium to protect your company against the eventual quarterly short-sightedness of management executives. Having said all this, high potentials remain something of a rarity. In some organisations they represent a pressing issue. A West-European telecom company recently identified 150 high potentials for an intrapreneurial development programme. Unfortunately, only three out these 150 (2 percent!) responded to the challenge...

Project coordination is also critical. A leader from the top of the organisation is best suited to this task, especially when it involves a thorough adjustment of the business model, with various divisions or departments affected, or when the organisation is large or internationally dispersed. Such a ‘sponsor’ legitimises the programme and creates the necessary sense of operational expediency throughout the company. The role of the sponsor as the *bonus pater familias* of the idea of change must begin at the start of the implementation process. Informing and involving parties at an early stage and coordinating the different...
initiatives requires a degree of ceremonial communication which evokes a feeling of importance in those taking part. This ‘ground floor’ involvement is crucial for the implementation of cross-functional change strategies. Everybody should know what everybody else is up to. Inadequate up-front involvement suffocates future commitment.

Creating Momentum

Everybody needs a success to help them on their way. Initiating an agenda for change will usually occur amidst a whole host of other operational worries. It is important to create and celebrate early wins. According to the former CEO of ABB, Percy Barnevik:

*You have to exploit your success stories to break resistance. If you want to break direction, you have to shake people up, not by threatening them, but by illustrating in a similar situation what can be accomplished.*

Strategic change will involve cross-functional, cross-divisional and even cross-echelon interactions. In large, established firms, this is not standard practice. It is important that the organisation sends signals of praise for employees who embrace the agenda for change. Early adopters should be sought out, recognised and symbolically praised for their endeavours. For many employees, the change agenda must be implemented on top of their existing agenda. The worst thing that senior management can do is to neglect or ignore these early supporters of the change strategy.

Sustain the Efforts

Mobilise Commitment

Let us be clear: building sustainable business is everybody’s responsibility. Everybody must understand how they can contribute to the competitive power of the firm. Employee commitment is needed, not only to the overall strategy, but also to individual responsibilities. However, it must be remembered that ‘organisations rarely do exactly what they are told to do.’ Convincing co-workers that current routines need change requires unlearning and forgetting. Even in companies that are not performing well, many employees continue to enjoy the comfortable yet dysfunctional habits of the past. In this sense, the past and the present jeopardise the future. Even genuine capabilities have a flip side: they
become core rigidities when change is needed. Change requires employees to reinvent themselves.

Employees’ opinions about strategic marketing decisions depend on where they are located within the organization. Marketers have the difficult task of convincing the rest of the organisation to board a train that may ride into unknown business territory. Employees at all levels must be able to recognise and understand their own position in the strategic agenda. In most instances, marketers lack formal authority outside their own department. This calls for the kind of marketing leadership we discussed in Chapter 4, in order to convince other functions and divisions to embrace the roadmap at all levels. Time is the ‘most important commodity’ of the marketing professional. This time will be devoted to action and communication which can sustain the initiative and bring about organisation-wide co-operation. Mintzberg sums up the essential balance in a few words:

The manager who only communicates or only conceives never gets anything done, while the manager who only ‘does’ ends up doing it all alone.

This means that actions and communications must, at all times, be in synchronisation with the strategic ambition and the project roadmap. From an internal marketing perspective, it should be noted that also marketers cannot not position (Chapter 5). The task becomes even more challenging if one considers the context of an international corporation with multiple subsidiaries. Strategic change implementation will not be accomplished if organisational values and individual mindsets are not aligned with the roadmap and vice versa. Some executives dismiss organisational culture as too soft to be of any interest. ‘The only culture round here is in the yoghurts in the canteen’, was the caustic appreciation of one executive. The true test of marketing leadership is impressively challenging: without any form of formal authority, to simply walk the talk outside marketing walls, changing individual mindsets and behaviour in order to accomplish the company’s BHAG and sustain its successful implementation over an extended period of time:

Leaders are tested on a daily basis for the consistency between their walk and their talk. And, yes, they can be forgiven and sometimes their behaviour can be forgotten; but more often, they are judged on their most recent actions. They, and their visions, are judged by how well they have mobilized commitment, by how new ways of working have become routinised and, finally, by how well the overall culture, including their own behaviour, supports and reinforces their vision. It is no small task. But it is for no small reward.
People on the Train

Developing a new business model often implies a thorough change in an organisation’s core processes. Without the right co-workers, this change is impossible. As mentioned in Chapter 5 when reviewing the new product portfolio, the reality is often harsh: lightweight people cause heavyweight problems.

If we compare organisational change to a train full of people, we can distinguish four separate groups. The first group helps you to turn the train in the chosen new direction. An organisation needs people in this group – but not too many of them. Otherwise, the company will run the risk of turning into an expensive NATO debating society (No Action, Talk Only).

The second group comprises a larger group of passengers who prefer not to lead, but who understand that change is necessary. Their agenda may be full or they may feel dangerously inexperienced in the new situation. If you communicate with them in the right way, they will enjoy the ride. You need this group.

The third group is often, proportionally speaking, the largest one. This group views the road ahead with trepidation. Change is seen as a passage through an unlit tunnel. However, since innovation implies achieving extraordinary goals with ordinary people, this third group is also necessary to your project. In turn, this implies that truly extraordinary leaders must do ordinary things. If you persuade these doubters gently, they will travel with you.

Finally, there is a fourth group of passengers who do not like the proposed agenda for change and who will do whatever they can to keep the train on the current tracks. They represent a virus which can spread much negative comment and gossip within the company. They are dangerous adversaries who are well-versed in amiably destroying a company’s working atmosphere. It is better to lose this group of people rather than keep them. ‘It is dangerous to be reasonable with stupid people,’ as a mobster observes in one of Mario Puzo’s novels. Getting rid of unprofitable employees saves the company major opportunity costs. This is also the opinion of Fortis CEO Votron: ‘It is to be expected that a number of people may not fit the profile that you want in the future. We feel we can inspire efficiency.’

Fragmented commitment within an organisation creates fault lines in the cooperative project roadmap. Research at Frankfurt’s Goethe University voted the term ‘human capital’ as the ugliest phrase in 2004. However, one cannot deny that co-workers do show clear differences in effectiveness. There is no reason to close our eyes to this fact.

In this respect, management has a major responsibility. While some personnel are beyond improvement, many companies use task training and cultural education (in addition to formal education) to align the competences of the per-
sonnel with the requirements of the future business model. There are no quick fixes where employee mindset is concerned. During a presentation at a Belgian company, we asked the participants to write their job titles on their nametags. This simple action allows us to understand someone’s frame of reference when they ask a question. The information we received in advance from the employer showed that 15 account managers were present, along with one senior account manager. However, the participants themselves spontaneously described their jobs as ‘Sales Manager’ and ‘Senior Sales Manager.’ Yet there is world of difference between account management and sales management! This is a classic case of ‘uptitling’: the nametag displays a fancier name, but the approach and evaluation remain the same. Implementing account management, without considering its human resource aspects, simply reinforces the status quo.

Track and Celebrate Progress

There are many schools of thought in strategic management literature. The ‘emergent’ school holds that companies must be able to deal with emerging opportunities. In short, companies must be able to cope with events that occur outside the scope of their original vision. The entry of Honda into the American motor market provides a good example. Honda’s success was not so much the result of the quality of its original vision, but more the result of its adaptive persistence. Management needs to continuously re-invent itself. A project roadmap involves multiple interdependencies. The delay of a project on a critical path of the full roadmap jeopardises the success of the complete operation and erodes the company’s competitiveness. A strategy has an order date, a delivery date and a ‘best-before’ date. Decisions involving the postponement of milestones or major re-orientations of the strategic agenda must not be taken lightly. With the exception of the fourth group of people described in the previous paragraph, nobody in the organization intentionally kills the company’s strategy. However, extra resources and additional time are often wasted resources and lost time. Continuous tracking of progress in relation to the milestones is necessary (Chapter 8).

Unfortunately, under the influence of writers such as Mintzberg and Hamel and Prahalad, it became fashionable in the mid-1990s to surround strategic planning with a cloud of suspicion. Formality was viewed as an evil. However, there is no replacement for a thorough understanding of a company’s internal and external environments. ‘The myth is that an owner-entrepreneur can depend on a flash of genius. I have been working with entrepreneurs for 40 years. The ones that depend on the flash of genius also go out like one’, observes Peter Drucker. Marketers that fail to plan, plan to fail.
It is the eclectic myopia of an outsider that attributes permanent successes to entrepreneurs in spite of a lack of market knowledge. When Akio Morito developed Sony’s US strategy, he had already lived in New York for three years. While it may not have resembled a traditional market study, his stay is best viewed as an impressive anthropological expedition to better understand the New Yorker. A strong internal and external orientation allows for dramatic improvements. When designing the Renault Twingo, the successor of the highly successful Renault 4, Renault allowed some important parts to be designed by their suppliers. The suppliers were able to manufacture the components at a cost price that was 17% below the most optimistic estimation of Renault’s own cost department. Enough said!
BUSINESS ROADMAPPING AUDIT

QUESTIONS FOR THE MARKETER

FROM THINKING TO IMPLEMENTATION

- How proficiently do we conduct our strategic planning processes? What is the value added, if any, from the external experts whom we involve in our strategic planning?
- What is the result of our investigations about the future and the activities which are needed to generate an economic rent? How good are we at converting such strategic ideas into real action? Do we have a strong track record of achieving our business goals? What are the major disconnects that explain unrealised initiatives?
- Are strategic changes easily accepted by key stakeholders?
- Do we balance present and future in the planning and implementation phases?

SEEING THE NEED FOR CHANGE

- Do we have a powerful coalition for change? Do we have A marketers with A plans?
- Is the BHAG communicated strongly within the organisation? Do the employees see the need of the new business model (sense of urgency)? Do they see ‘the pain of no gain’?
- Does the coalition for change understand the barriers that confront them?

GETTING STARTED

- Is the organisation maintaining the necessary effort to accomplish the implementation programme?
- Is the implementation embedded in the day-to-day running of the organisation? Are action plans developed for each project (project leader, team members, resources, time-frame, milestones, expected return and what will be done better or differently than the competition)? Do we have strategic themes that enhance the internal and external acceptance of the changes?
- Is everybody convinced that building sustainable business is everybody’s responsibility? Do we have high potentials and interested sponsors who want to be front runners in the implementation of this plan?
- Do we tell success stories to others? How do we reward the champions of change?
SUSTAINING THE EFFORTS

- Do our leaders ‘walk the talk’?
- Who are the people on the train of change? Who is thrilled to be on the train? Who understands why this train is needed? Who is afraid? Who wants to hinder the train from reaching its destination?
- Do we measure and celebrate progress?
1. Estée Lauder, who died in April 2004, wrote this in her memoirs. ‘My company is alive with a dauntless spirit of its own, and my children and grandchildren are here to cheer it on and shepherd the pursuit of beauty to new wonders. I’ve passed on the baton of my conviction.’ Foster L., ‘Estée Lauder dynasty hands on the baton’, Financial Times, 13 July 2004.


6. Hodgetts R.M., Luthans F. & Lee S.M., ‘New paradigm organizations: from total quality to learning to world-class’, Organizational Dynamics, 22 (3), 5 – 19 (1994). Jim Collins’ research supports this. In his analysis of extraordinary companies – i.e., companies that showed for 15 consecutive years a cumulative stock return of three times the market average – only 11 of the Fortune 500 companies fulfilled this criterion between 1965 and 1995 (Collins J., 2001, o.c.).


13. The data for the business model of De Witte Lietaer were collected during a research project and several strategy sessions in the period 2001 – 2004. The data for the Siemens business model were collected during a research project within Siemens Mobile in The Netherlands. Each of the business models was validated during several in-depth reviews with management executives of the companies concerned. The business model of Siemens Mobile 1995 has been developed ex post.


22 Carol Lewis, Alice in Wonderland. 1865.
24 From the song: ‘Anarchy in the uk’ (Sex Pistols).
30 Martin R., o.c.
36 Apparently, this was not good enough, so that GM wanted to divest its obligations toward Fiat.
38 Dixit Yoda, in Star Wars.
39 Black J.S. & Gregersen H.B., o.c., p. 9.
41 Common sense is not so common.
43 Albert M., Capitalism vs. capitalism. How America’s obsession with individual achievement and short-term profit has led it to the brink of collapse. Four Walls Eight Windows, 1993.
44 Quoted in Tushman M.L. & O’Reilly r11 C.A., o.c., p. 196.
51 3M’s ‘strategic stories’ are a nice example of how this can be accomplished: see Shaw G., Brown R. & Bromily P., 1998, o.c.
55 ‘When something is rotten’, *The Economist*, 27 July 2002.
57 On a side-note, it must be observed that some companies (e.g., Toyota) have revolutionised business by involving everybody within the organization. While it provides a nice example of a different approach, reality shows that this approach is the exception, rather than the rule.