# *small steps,*
# GIANT LEAPS

## *Accelerating The Delivery Of Your Key Strategic Goals*

**Stuart Cross, April 2013**

***Andrew was confused.*** *And frustrated. It was now over six months since the launch of the company's "Transforming For Growth" strategy, yet precious little had been achieved. Together with his executive team he had spent months developing the strategy and honing its implementation. Everyone on the team seemed to be bought in, but as he threw the latest performance report back onto his desk, he wondered what had gone wrong. How could all the key initiatives be 'green', he thought, when we haven't yet seen any cost reduction? And, he continued, it will be at least six more months before we deliver any of the new growth initiatives. He knew that if he didn't get some signs of profit growth soon, the Board would want to restart the discussions on the company's strategy – and his own succession plans….*

This story may be fictitious but it's far from unusual. Over 60% of corporate transformation programs fail to achieve their goals. Not only is this a huge waste of financial resources and human effort, but it also makes future success less likely. Your ability to persuade your organization to commit to your new strategic transformation is radically reduced when your people have already read that book, seen that film and bought – or been given – the t-shirt, mug and mouse-mat.

There are three key reasons why transformation programs don't work:

1. **They are process-led, not results-led.** Transformation programs are created and designed by corporate office teams in the company's headquarters. The solutions they develop are often grounded in what seems to be sound analysis, and their implementation plans make sense at the launch of the program. The problems are that the front-line teams have many priorities they must deliver and

that things change rapidly both within a business, its markets and its competitors. Unfortunately, too few of these top-down programs have the built-in flexibility to cope with these new realities, creating tensions across the organisation and a failure to match resources to results.

2. **They take too long**. The level and pace of change in virtually every market means that the majority of long-term plans last less than the time it takes to create them! Yet most corporate transformations are built upon a three or five-year planning mindset. What's more, many transformation programs are built around the implementation of new IT systems. The execution of such initiatives tend to be timed in years, rather than months, and any benefits are generally weighted towards the back-end of the program. Once these programs are implemented it often appears as a case of 'too little, too late'.

3. **They cost too much.** The back-end focus on benefits delivery is often associated with major up-front investment. This is commonly the case where the transformation is IT-led, but not exclusively so. Acquisition-driven transformations also require significant early expenditure, as does a transformation where the company is seeking to dramatically change its value proposition and its business model. Once this happens, the risk of failure becomes a critical issue and, essentially, the executive team – and particularly its CEO – finds that they are effectively making a big, single bet on the company's future. Tesco's recent failure of its Fresh & Easy format in the USA is an example of this approach, and the business has lost nearly $3 billion on this initiative.

There are ways to improve your chances of success within a transformation mindset. Better communication, greater involvement and clearer leadership can all help stack the odds a bit more in your favor. But the weaknesses of transformation programs set out above are structural. No amount of tinkering can fundamentally shift the level of success you should expect. And if the problems of most transformation programs are that they are process-led, take too long and cost too much, the solution must be to embed an approach that is results-led, rapid and low-cost.

## Small Steps, Giant Leaps: An Alternative Approach To Transformation

So, what's the alternative? This article presents five principles for faster, better and cheaper implementation of your strategic priorities. This approach, which we've called *Small Steps, Giant Leaps*, can be used at all organizational levels, from the corporate level through to the individual team. It offers a fresh, pragmatic and highly commercial alternative to the tired, top-down, planning-led bureaucracies that characterize most corporate transformation programs.

The five principles are set out below:

### Principle #1: Focus – and don't sweat the important stuff!

I'm sure that, if you give yourself five minutes, you can come up with a full page of important issues that you need to manage and address. This will always be the case; important issues are a fact of life. But if you focus on them equally you will find it impossible to really make progress on any of them. As the Japanese saying goes, you can't chase two hares!

Instead of seeking to address all your important issues, you will only deliver meaningful results if you focus on your truly *critical* challenges. When I worked for the UK health and beauty retailer, Boots the Chemists, for example, the company was facing intense, low-price competition from the major grocers. What's more the business had recently written off a failed investment in 'wellbeing' services, including dentistry, chiropody and relaxation treatments, its core retail operational standards were in decline and its cost base was clearly too high. Everywhere you turned there were issues.

It would have been easy to try to address everything at once in a major, top-down transformation. But the management team didn't do that. Instead, for one three-month period the executive team highlighted one critical challenge that they wanted to overcome. Over the previous 12 months the in-store availability of key lines had declined and if a product isn't in stock, then you can't sell it! A simple way of growing sales was to ensure that the products were available for shoppers to buy and that became the number one priority for everyone in the business.

During the quarter that followed, and through a series of mini initiatives and actions from across the organization, availability levels rose to match those of Boots's competitors. Not only did these results help to grow sales, they also gave the organization a renewed sense of self-belief and helped to create the momentum to deliver further growth initiatives.

## Principle #2: Think big, start small

A key problem with most transformation programs is that, even where there is some focus on a relatively small set of objectives, managers try to change everything at once. I have been working with a major retailer, for example, where a category team tried to test a new customer service solution by testing it in 300 stores! With this approach, you cannot possibly test and learn anything; the solution has to work first time as a result of the investment that was made.

It is far better and, in the end, far quicker to start in a single place – one store, one area, one team, one call center, one product, one factory or one shift. That way, you can learn more quickly and flex your solution to make it more effective. You are not weighed down with the logistics of dealing with a myriad of operational teams and can simply focus on finding the best solution in the quickest possible time.

Equally important, however, is the need to think big. With a single operational unit you can radically raise the bar and the stakes of the test without putting the whole operations at risk. What's more your new performance standards don't have to be forever, they could just be for a week or two so that you learn what's really required to deliver them.

At one retail business, for example, in-store stock levels had doubled in less than a year. Instead of developing new, company-wide systems, a single store was identified and the team challenged to reduce stock by 50%, without impacting on sales, within 6 weeks. If they could then hold their stock levels for a month it was agreed to let the team revert to the old ways of working if that's what they would prefer.

Within a few weeks, the team had developed new daily procedures and monitoring systems that reduced the need for excess stock ordering and stock levels fell below our target level. What's more, the teams did not feel the need to revert back to the old ways of working. The area manager quickly spread the new practices to his other stores, and the rest of the chain followed suit. Within six months, stock levels were below their historic levels without the need for any new, costly IT investment.

## Principle #3: Autonomy *and* accountability

Legions of research projects have shown that people perform better at work when they feel in control. Autonomy is a pre-requisite of high performance, both for individuals and teams. But how do you combine autonomy with accountability? There are three key steps:

1. **Clarify the objectives.** You must first be clear on the objective; the improvement in performance you're looking for. This should be as specific as possible, with measurable goals, deliverables and timings. One boss once told me that my goal was to develop 'slicker' processes. "What do you mean by 'slicker'?" I asked. "I'll know it when I see it," he replied unhelpfully. If he'd said he wanted the cost lower, or the time taken to do things to fall to a particular level, I'd have been able to do something about it, but 'slicker' left me short of ideas and ownership of the objective.

2. **Establish unambiguous accountability.** There should be a single leader of the project, who has full accountability to deliver against the goal of the 'think big, start small' project. That doesn't mean that they can write reports and recommendations for you to approve; it means that they have the final say on what happens to achieve the goal. This level of autonomy provides the project leader with the confidence to make real-time decisions, dramatically accelerating the delivery of the project's goal.

3. **Establish performance management disciplines.** When Archie Norman first became CEO at Asda, the UK grocer, he and his leadership team spent each Monday morning at a local 'laboratory' store. During their weekly meeting the team would be updated on the latest tests and trials in the store. This regular session helped to maintain the momentum on the initiatives that helped to turn around the retailer's decline. Similarly, you need to agree with your project leaders a regular discipline of updates on your key initiatives. This may range from weekly to monthly sessions, depending on the initiative's relative priority and the stage of the project, but should not be any less frequent than this. Your job as leader is not to make the decisions or try and forensically understand what's gone wrong – or who's to blame – within a project, but to help the project leader to improve results. This means that you must focus on the future, ensure that the project leader has established clear next steps, and help them remove any barriers to success.

## Principle #4: 80% ready and go!

You'll never have the perfect solution, and it's dysfunctional waiting until you find one. The answer is to have a workable solution that's 80% ready and go with that. You'll find that it's likely to be 'good enough' and you can then always add further improvements to your next version. The essence to making this approach work, and to accelerate delivery of your priorities, is to focus on action, rather than planning.

Michael Bloomberg, the founder of the eponymous financial information and media empire, put it like this, *"We made mistakes of course. Most of them were omissions we didn't think of when we initially wrote the software. We fixed them by doing it over and over, again and again. We do the same today. While our competitors are still sucking their thumbs trying to make the design perfect, we're already on prototype version No. 5. By the time our rivals are ready with wires and screws, we are on version No. 10. It gets back to planning versus acting. We act from day one; others plan how to plan – for months."*

As with the 'think big, start small' principle, '80% ready and go!' is also a less costly approach as it removes the unnecessary and expensive perfectionism required to get a new product, service or process close to 100% right before launching.

## Principle #5: Results-driven leadership

Underpinning the *Small Steps, Giant Leaps* approach is a leadership style that is focused on action and results rather than planning and process. Most business leaders will say that they are results-driven, but this is not always the case. The specific leadership behaviours required to embed a results-driven organization include:

- **Raising the bar, raising the stakes.** Are you continuously challenging the performance of your organization and do you regularly set new performance standards so that everyone is focused on developing a new and better business?

- **Decisive prioritization.** Do you know your top two or three priorities and do you constantly and consistently communicate and embed these priorities with your team and your organization?

- **Risk management, not risk avoidance.** Are you willing to use your judgement, as well as your analysis, to take prudent risks? Do you establish and follow-through on your decisions with the resources necessary to maximize your chances of success and do you have efficient ways of managing the allocation of resources in parallel with the project's success?

- **Setting the pace.** Are you seen as the exemplar of pace in your organization, or are you seen as a block on decision-making and getting things done?

- **Acceptance of honest failure.** Do you accept genuine failure when your managers have tried something new and have been willing to take the decisions and the prudent risks necessary to make them happen?

- **Silo-busting**. Are you intolerant of functional silos and are you able to build the internal and external networks necessary to make things happen?

- **Relentless follow-through.** Do you make sure that you finish what you start and systematically hold your people to account? Do you publicly celebrate the victories of your team and, equally, do you ensure that weak managers are not allowed to drag down the team's performance?

- **Welcoming challenge**. Have you built a strong team around you who are able to constructively and positively challenge you, helping you and the business to strive for better, more sustainable results?

## Making It Happen

The approaches I've set out in this paper are not particularly neat or orderly. On the contrary, they are messy, occasionally chaotic and can appear disorganized. But the key to success is not to have perfect order in the centre of an organization if there is precious little being done on the front-line. It is far better to accept some chaos and mess, and to lose some central control, if that means your teams are actually making things happen.

The 60% failure rate of transformation programs is a criminal waste of resource and talent and your business and your customers deserve better. The five principles of the *Small Steps, Giant Leaps* approach provide you with the tools to improve your chances of success and to finally accelerate the delivery of your strategic goals. Critically, they enable your organization to take the lead and your people to take control. And, perhaps most importantly, these principles encourage your teams to take focused action and to learn as they go, providing more opportunities for success than a central plan could ever provide.

So, what's the first small step that you will take to make this giant leap happen?



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