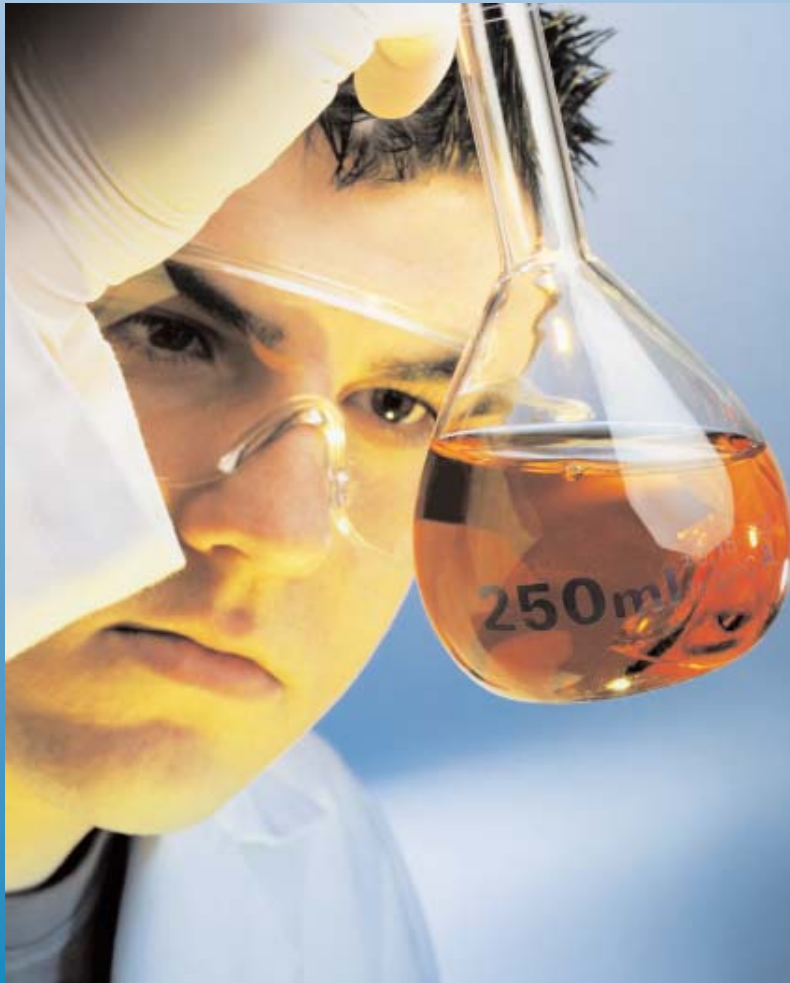


10 Key Ways to Align Your Strategy with Execution



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What pharmaceutical companies should do to achieve their strategic goals.

By Tarja Mottram, CEO, Action for Results, Inc.

Everyone speaks about the importance of strategy and flawless execution, but recent studies show that organizations are failing to link the two together: 80% of pharmaceutical companies engage in some form of strategic planning, but less than 10% achieve their strategic goals.

Traditional strategic planning and functional capability building efforts often fail to recognize the critical interplay between strategy and execution and the need to connect the cross-functional dimensions of the organization to create sustainable performance.

Introduced here are 10 key factors to remember in creating aligned and focused execution. The magic is not in any one factor, but rather in how they are connected to each other through daily practices.

1. Make Strategy Comprehensible and Meaningful

Strategy comes alive and sets direction for the organization only through the right dialogue across the organization. An ongoing part of every executive's work is to help translate the strategy into clear guidance for managing daily choices and trade-offs. Yet a recent study indicates that typical executive teams spend less than an hour per month in strategic dialogue!

What Executives Can Do: Dedicate regular time in executive meetings to focus on strategy alignment, clarify targets and boundaries, and manage trade-offs and integration. Coach project teams in specific implications of the strategy to their work.

What Project Teams Can Do: Enlist the Executive Sponsor to help the team understand the business strategy sufficiently to quantify the project contribution towards the strategic objectives. For instance, what percentage of the total market growth can be expected to come from the project?

2. Invest in Rapid Execution

Companies with sustainable performance invest proactively in building the strategic capabilities that allow for rapid growth in the therapeutic areas and markets defined in their long-term strategy. This requires willingness by senior management to identify gaps and formalize cross-functional processes to reach the next level of execution capability.

What Executives Can Do: Perform an honest evaluation of the core competencies most crucial to achieving the strategy and identify gaps. Discuss the strategic options for the organization and map out a phased approach to build capability while moving forward with the new strategy.

What Project Teams Can Do: Perform an honest evaluation of factors critical to success for their new product development program, and identify viable trade-offs and options. Ensure that the development strategy, detailed plans and timing are based on available capability and adjust for risk stemming from existing gaps.

3. Resource the Work

This is one of the hardest things to do because resource allocations are based on the current structure of the organization and how resources are managed by functions representing core competencies. Structure shapes strategy in profound ways, as seen by measuring the level of focused action that is actually generated in support of new product development. According to recent studies¹, R&D productivity is on a downward spiral as organizations are focusing on modifications, improvements and tweaks but failing to resource new product innovation.

A shortened version of this article was originally published in *BioPharm International* magazine, July 2008

What Executives Can Do: Ensure that each major project that is undertaken has the right resources assigned and committed to it. Identify the “strategic resource assets” that are most important to develop and drive their mobilization centrally! The functions should still own and assign other needed resources to the project, but be ready to address resource conflicts quickly as they arise.

What Project Teams Can Do: Include detailed resource planning in the schedule development of the project. Bring reality to the plan by assessing the impact of resource commitments and gaps on the schedule and identify the tough decisions that must be made by senior management.

4. Generate Empowered Action

Despite best intentions articulated in kick-off meetings, communications can break down and operational practices are not always in alignment with strategy. The end result can be mixed expectations and messages to employees, disempowered teams, and the inability of the organization to respond to changing market conditions.

What Executives Can Do: Invest time with middle managers in planning specific actions that they can take to support the direction of the company. Articulate the behaviors these leaders must exhibit to empower their teams for the right action. Pay attention to the “rate of behavioral adoption” – misaligned expectations between middle management and employees are the number one reason for disempowerment!

What Project Teams Can Do: Watch out for signs of disempowerment in the team: inability to make decisions, unwillingness to try new approaches, lack of commitment to action. When there are concerns, have an open and

honest conversation with the team and raise issues for resolution with management as needed.

5. Adjust Processes for the Right Outcomes

The product development process is the horizontal “value chain” that links functional processes and activities together in order to create value to the customer and to the business. The value delivered is in direct correlation to the quality of the cross-functional interactions and practices.

What Executives Can Do: Evaluate quality of outputs and outcomes and the extent of collaboration, integration and alignment across functions in support of the business objectives. For instance, when the team presents a target product profile for a new product opportunity, does it reflect input on unmet clinical needs and market opportunity as well as technical considerations? Does it provide clear boundaries for decision making?

What Project Teams Can Do: Be clear about what they need to know to be able to create a superior product. Individual deliverables should not receive a silent sign-off but rather become key discussion points in team meetings to ensure ongoing alignment and focus. Make sure that the right people are involved at the right time during the process!

6. Master Integrated Project Execution

Project management is a key discipline to generate reliability in execution and for managing risk. Companies that practice ad-hoc project management have only a 25% chance of meeting project milestone commitments and will not gain the confidence of their shareholders over time.

What Executives Can Do: Get educated on the essentials of project management! Know what questions to ask when reviewing a project and what expectations to set for cross-functional project teams. As an executive team, have honest conversations regarding the capability level of the organization and specific actions to improve it.

What Project Teams Can Do: Clarify roles and responsibilities within the project and ensure that the entire core team has a basic education on how to plan, manage, execute and track projects. Then make it part of day-to-day practice.

7. Manage Natural Tension

Bringing diverse entities together creates a more complete view of the whole, promotes creativity, critical thinking and proactive risk management. Yet cooperation is not a natural act for functions or individuals who have competing agendas or goals. Failing to build proactive processes to manage the natural tension between different disciplines can result in teams shutting down emotionally; this ultimately disables required performance.

What Executives Can Do: Systematically and consistently build in dedicated time for organizational learning at all levels: people need to learn about each others' work, processes and values to build the trust necessary to generate the cross-functional wisdom needed to deliver outstanding results. This is particularly important in global, virtual environments where communications often occurs without face-to-face personal contact. Budget for critical face-to-face time!

What Project Teams Can Do: Learn about each others' needs and appreciate what each team member brings to the project. Acknowledge that conflict will

be part of the process and discuss upfront how to resolve it. Get help from a neutral party if necessary.

8. Focus on Critical Success Factors

Never lose sight of the basics:

- ♦ Strong market orientation: Uncovering the unmet medical need, understanding the behavior or the care-delivery-system, creating value to the end-user of the product.
- ♦ Cross-functional participation: R&D, Manufacturing, Sales and Marketing, Legal, Regulatory, Quality, and other key players, coming together from the beginning, grounded in the business strategy, and translating it to a solid project strategy.
- ♦ New Product Development strategy that supports the overall business strategy and can be resourced by leveraging existing core competencies and relationships while building the new capabilities for growth.

What Executives Can Do: Never lose sight of the basics: make them part of the strategic dialogue in the executive team meetings!

What Project Teams Can Do: Never lose sight of the basics at the team level and provide feedback at the organizational level.

9. Build Time for Reflection

Fast action and rapid problem-solving have their place in every organization. However, fundamental solutions to complex problems require time. Companies that are flexible in adjusting their approach to problems, while keeping a focus on the ultimate goals, nurture a team culture that provides time for reflection, lessons learned, and creative problem solving.

What Executives Can Do: Make reflection part of the company's culture. Start with the Executive Team by building in dedicated time for reflection at least once a quarter without a controlled agenda.

What Project Teams Can Do: Make reflection part of the project team's culture. Recognize that some project teams may need more time because they are entering a new therapeutic area, technology, market or other dimension of the project: build the time right into the project schedule!

10. "Let Go" in Order to "Let Come"²

"Letting go" is first personal and then organizational. It is the most difficult and perhaps also most important part of creating sustainable change. And it requires both patience and persistence!

What Executives Can Do: Starting with the Executive Team, engage the entire organization in defining the practices and behaviors that should stop in order for others to become prominent. Make bold decisions on projects and work to be stopped in order to reallocate the resources to what's most important.

What Project Teams Can Do: Start acting as if the change to be created is already a reality. Everyone should focus first on what they can control: themselves. What does each person need to stop, start or continue to bring about the desired project and business outcomes?

Honesty takes courage but it is the most powerful personal connector of strategy and daily execution. The spirit that results is contagious!

For more information, refer to studies by Arthur D. Little, APQC, Product Development Institute.

²Term used by Senge, Scharmer, Jaworski & Flowers, in "Presence", March 2004.

About Action for Results, Inc.

Action for Results, Inc. (AfR) is an international consulting company working with health-care organizations to connect their strategy and execution to produce innovative products and services that respond to the needs of patients and customers worldwide. Our specialties include strategy definition, organizational capability building, product development process optimization and governance, and portfolio and project management.

Because we work primarily with companies in the healthcare industries, we know and understand the unique complexities and challenges that affect our clients on a daily basis. Our consultants come from a variety of fields in the biotech, pharmaceutical and medical device industries, along with hospitals and healthcare administration.

As transformational change facilitators, it is AfR's mission to help our customers crystallize their future direction and inspire the collective spirit within their organization for the right change to unfold.

For more information on AfR, visit www.actionforresults.com.

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AfR's training division, mScholar, offers project management workshops and PMP exam preparation solutions that have advanced the careers of project managers and team members across the globe. Our in-depth experience in highly complex and global project environments has taught us that a "cookie cutter" approach to project management training may not address the underlying causes of unsatisfactory project management practices. That's why we tailor our learning solutions to meet the specific needs and goals of your company. Hundreds of people in over 20 countries have benefited from mScholar's interactive and dynamic project management training and PMP exam preparation.

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