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## Big Ideas Mark the Path from Strategy to Execution

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BY KEN FAVARO

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**B**usiness leaders know that great strategies with great execution produce winning companies. They also know that winning companies are far outnumbered by mediocre ones. What they may not realize is that it's the path from strategy to execution that often separates the two.

The typical path goes something like this: You start by setting your goals. These could be financially oriented (grow earnings a certain amount by so-and-so year) or strategic (become the leader in this-or-that market). Then you prioritize the actions that will get you there: invest here, cut there, reorganize this, buy that. And then you implement like mad: align the organization around your goals and priorities, review your progress quarterly, reward performance accordingly, and so on. Of course, some companies are much better than others at following this track. That could explain the difference between winning and mediocre companies — but in my experience something much more significant is at play.

Take Cardinal Health, one of the world's largest distributors of pharmaceuticals. The company started out as a food distributor, but its founder and then CEO, Bob Walter, decided in the early 1980s that he would make a better living by distributing high-margin drugs instead of low-margin food. That sounds like a typical move from an unattractive market to a more attractive

one. And if that's all it was, it may not have amounted to much. But Walter had a big idea. At the time, the distribution of medicines was well established, but it was also highly fragmented among numerous local players. This made the sourcing of prescription drugs exceedingly complex for nationalizing pharmacy retailers and regionalizing hospital groups. Walter's idea solved that problem. He created the "prime vendor model" whereby Cardinal would aggregate the supply of drugs from the pharmaceutical manufacturers on behalf of a pharmacy retailer or hospital group. This breakthrough idea brought much needed, rational consolidation to a fractured system. He saw a big problem, resolved to crack it, turned a simple but novel idea into an innovative strategy, and overcame the many barriers (including initial resistance from both suppliers and buyers) to executing on that strategy. And over the course of about 20 years, he turned a mediocre food distribution business into a healthcare company worth over \$US20 billion.

You find something similar in the history of most winning companies. When Howard Schultz bought out the original founders of Starbucks, he turned the company from a local coffee roaster into a global brand by doing something most people (including Starbucks's founders) thought was foolhardy: offering people in the U.S. high-quality coffee drinks at a "third place" be-

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tween office and home. The strategy was based on a simple idea inspired by how many Italians live their social lives in their country's espresso bars. Similarly, when Rose Marie Bravo took over as chief executive of Burberry Group in 1997, she turned a staid British rain-coat maker into a global fashion powerhouse with an idea that few people thought would work: "doing what Gucci did, at Burberry." And Jochen Zeitz, who became chief executive of Puma in 1993 at the age of 29, turned a struggling sports-shoe business into a leading sports-apparel company with the then-radical idea of serving "people who like to wear sporting clothing because they like the look" rather than just athletes.

Walter, Schultz, Bravo, and Zeitz could have generated all the goals, actions, and implementation discipline that any "world class" executive would have wanted, but that would not have been enough to create a winning enterprise. Instead, they designed innovative strategies based on novel ideas they owned unconditionally, and their commitment to those ideas enabled them to lead their companies through thick and thin to execute their strategies. In other words, their path was problem-idea-strategy-leadership, not goals-actions-implementation.

This tells us that mastering the strategy-to-execution challenge starts by asking two questions:

- What's the big problem your company or business is trying to solve?
- What's the big idea you have for solving it?

If you have compelling answers to these questions, you can proceed to the next two:

- What strategy does your company or business have for commercializing its big idea?

- Do your company's leaders own the idea as if it was their own (if it isn't already their own)?

Unfortunately, too many companies cannot make it past the first two questions. When that's the case, they inevitably slide into a form of sleepwalking through an endless cycle of goals-actions-implementation — a cycle that's doomed to produce mediocrity. And that's no fun for the leaders or their organizations.

The path from strategy to execution should be energizing and inherently inspirational. You shouldn't need vision, mission, and purpose statements to have that kind of atmosphere. It won't work anyway. The fact is all companies (even the most "disciplined") are a mess when you look inside them, with runaway bureaucracy, spirited politics, dispiriting waste, and pointless meetings. These everyday realities will suck the joy and energy out of anyone. To overcome them, you need leaders who have an exciting idea that solves a big problem, and a genuine commitment to seeing it through. This begets an organization with people who, even as they deal with the inanities of corporate life, intrinsically want to follow their leaders. *That* is how you master the strategy-to-execution challenge. +

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