



WHAT IS STRATEGIC COMMITMENT?

If It's So Important, Why Don't I Know About It?

Most corporate initiatives fail. That's right, you read it here: Most fail. The scorecard doesn't show a great many runs and is rife with errors.

Our experience, globally, is that cost cutting, revenue enhancement, improved customer satisfaction, even employee retention initiatives are not accomplished to the extent desired, within the time frame established, or within the budget allocated. In fact, Professor Robert Kaplan of the Harvard Business School and his associate, David Norton at the Balanced Scorecard Collaborative, have researched this issue and estimate that as much as 90 percent of all corporate strategies are not executed successfully.

Other than that, they work very well.

There's Commitment and There's *Commitment*

We are all aware of the struggle Hewlett-Packard had in digesting its competitor Compaq, with the resultant earnings drop, loss of repute, and ultimate firing of CEO Carly Fiorina. Global titan FedEx had significant problems in many overseas markets. The subprime financial world was ignoring clear economic

indicators in 2007 or had faith in illusory controls and contingencies.

There are many examples of poor planning and worse implementation. However, economists and consultants are fond of saying, “On the other hand. . . .”

So consider this: In the telecommunications industry, the leaders of Lucent’s (then Avaya’s) nascent U.S. indirect channels organization reached a revenue goal ten times higher than projected over just three years—growing the business to \$1.7 billion—after skeptical managers stopped harping and criticizing and began supporting and innovating in what executives referred to as “a culture of unstoppable commitment.”

Or consider this: Capital One’s treasury function, a not atypically perceived “staff function” and traffic cop within most organizations, metamorphosed into a key supporter of the company’s double-digit growth in the face of capital market turbulence and regulatory hurdles.

Why do some organizations, albeit a minority, succeed in their initiatives and strategies while most stumble like a drunkard walking on cobblestones?

Because there is commitment and then there is *commitment*.

Everyone would readily agree that commitment is important, yet most firms too readily accept compliance masquerading as commitment. As we stated in chapter 1, *compliance* is the acceptance of alternatives by the workforce because there is no choice and there are often penalties for noncompliance. *Commitment* is the vigorous, voluntary support of initiatives by the workforce that they participate in formulating and/or implementing, and for which they take complete ownership.

Motivation is intrinsic. You cannot “motivate” someone else. However, outstanding managers can create environments conducive to people motivating themselves. That is a huge distinction, and the reason, by the way, that blanket “motivational programs” seldom work. Nirvana for you is cough syrup for us.

What Drives True Commitment?

True commitment is a function of leaders focusing on both the *content* and *context* aspects of their strategy, which we'll discuss in the next section. But for now, let's make this clear: Our experience is unequivocal. Leaders such as Lou Gerstner at IBM, Herb Kelleher at Southwest Airlines, and Steve Jobs at Apple shift their workforce into a state of strategic commitment—a *condition of total ownership and alignment for the organization's direction and goals, and a self-imposed accountability for its success*.

Most “commitment” does not involve these elements to this degree. Hence, beyond “compliance” there is a “pseudo commitment” wherein employees feel aware of, and even interested in, the organization's direction and goals, yet they are not supportive. That's why there is “commitment” and then *commitment*—which we're calling Strategic Commitment. The latter state only occurs when employees are passionately sharing in the ownership and accountability for achieving new levels and standards.

One of the distinguishing characteristics of the three leaders above is that they created clear styles so that everyone viewed them in a certain manner. Gerstner, Kelleher, and Jobs* were visible, serving as exemplars, and quite vocal. And within their organizations, scores of senior managers adopted the same behaviors. These are the people we don't readily know and who are seldom recognized beyond the office, but who form the key cohort to set the example for ongoing, cascading commitment throughout the organization.

Here's another example: Lucent's real estate division (prior to the merger with Alcatel) cut costs *by more than \$100 million* and had to gain unprecedented support from its major union to make the requisite workplace changes. The executive leading the turnaround—Tony

* At this writing, Steve Jobs has taken a temporary break from Apple's helm to attend to his health.

Marano—had been perceived by union leaders as highly effective, but harsh and controlling. He had to understand and change his style (perception is reality, after all, and informs the behavior of others) before the union would agree to participate in radical changes. That is the hallmark of outstanding appreciation of the need for true commitment.

Aside from the personal behavior adjustments required of leaders, there are process and structural adjustments that can be key to creating organization-wide commitment. Leaders often have to embrace a great many others within the strategy formulation process in order to make them feel included. This process can entail delays and even friction internally, but those are the tolls required to travel the road of commitment. Marano was able to learn new leadership behaviors and norms. He was the avatar for personal responsibility for change.

If he could do it, so could the union leaders and the employees.

Lee Iacocca was back with a new book in 2007, and his history as the Chrysler turnaround champion has been so thoroughly examined as to be old news. But Iacocca's behaviors remain the standard today: He put himself on the line as company spokesman. He "personally" guaranteed quality; took the heat from Congress in asking for funds; went to the union to ask for collaboration, not capitulation; and was the pointman for innovative new products, including the trend-setting minivan and the reintroduction of the convertible into American mainstream auto production.

Commitment starts with the leader, permeates through the senior ranks, and then "infects" everyone with a willingness and urgency to reach new heights through personal accountability and improvement.

The Heart of Strategic Commitment: Content and Context

There are two key dimensions to gaining and perpetuating strategic commitment: *content* (which most executives understand) and *context* (which is usually ignored).

Let's begin with content, which itself includes two drivers: *validity* and *clarity*.

Content: Validity

The typical approach to developing the content of a strategy often involves using an internal strategy group (consisting of ex-consultants who are tired of traveling week after week), cross-functional teams, and/or outside consultants. They will work for months and months to develop objectives and plans as they attempt to ensure the relevance and accuracy of the strategic approach: Can we be certain that this strategy, at this time, with these assumptions, is the right one for our organization?

Content: Clarity

In most cases, a major communications campaign happens next, to try to guarantee that the messages are clear. The public relations staff, corporate communications personnel, and others may be involved. There are meetings and memos; videotapes and feature stories in house organs are produced; hot lines and all kinds of mechanisms are established to try to ensure everyone understands the content of the strategy.

These two drivers, validity and clarity, may satisfy the executive team that strategy is well in hand, and that the key issue is now ensuring everyone in the organization understands it. However, that is seldom the reality. For one thing, a "thermal zone" exists in virtually all organizations that refracts messages, just as light is refracted at differing water levels and temperatures (see Figure 2-1).

For example, the head of strategy at the international division of a major financial services company spent months building a strategy to increase European market share, reiterating it, and socializing it throughout his organization. Although he had gathered and included input from his peers in preparing the

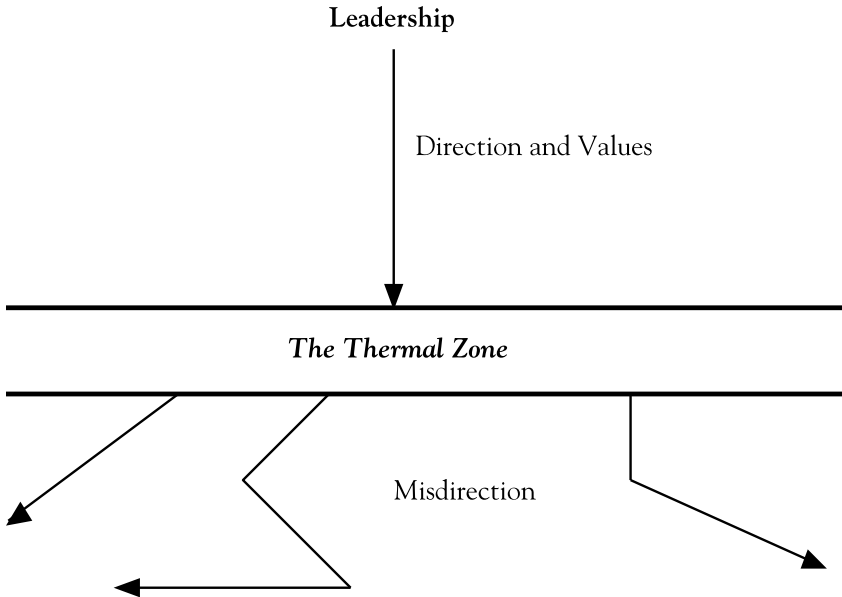


Figure 2-1. *The thermal zone.*

strategy, upon completion those same senior managers resisted what they believed to be *his* plan being imposed on *them*. What he failed to understand was that creating a feeling of true involvement and commitment requires much more than the socializing of content.

Even this seemingly straightforward idea of getting everyone on the same page about content is not effectively implemented in many organizations. So often when we talk to leaders about their key challenges, different executives have varying—and even contradictory—interpretations about the direction, the strategy, and the key objectives. Some say it’s clear and it’s right or left; others say it’s not clear, or it’s more left than right—and this is at the senior manager level! The lower in the organization you go, the worse it gets. We frequently hear leaders say, “We spent two days agreeing on our key imperatives for the year, only to see later on that everyone had gone back to work on their own things.”

The Drivers of Context

Getting people behind the strategy doesn't begin and end with perfecting its content. The CEO must also focus on the *context* of the strategy—people's decisive beliefs that ultimately determine success or failure. These beliefs fall into four categories:

1. Whether leaders and managers are perceived as *credible* and *sincere*. Do people believe the leaders and managers will be straight with them about what is really going on?
2. Whether leaders and managers are perceived as having the *courage* and *resolve* to see the strategy through. Will they be open to hearing the real, often negative feedback, and will they have the guts to deal with the real issues? Will they stay the course in the face of adversity?
3. Whether the leaders are perceived as *competent* in creating and executing the strategy. Do people believe their leaders know what they are doing?
4. Whether people believe their leaders and managers truly *care* about the impact of the initiative on them. Will the leaders and managers ensure that people see the benefits, are able to contribute, and are recognized for that contribution? Will management care about them as human beings, or will they view them as mere instruments to achieve their goals?

Let's further explore each context driver.