

Strategy Study Summary

The Execution Gap

DO employees feel it's important for them to be informed about matters relating to long term goals and the strategy to achieve them? Absolutely! **DOES** a company perform better when it communicates with employees about the long term strategic aspects of the business? Yes! **DO** most companies make it a point to keep their employees in the strategy "loop"? Sadly, no. **DOES** financial performance and morale suffer as a result? Definitely!

These are some of the key findings in Summit's performance study entitled: The Execution Gap. We began by asking respondents what they believed were the most important strategy communications practices and found that *communicating how people individually contribute to the strategy* topped the list.

<i>Performance is positively affected in ANY organization when most everyone knows:</i>	4	5	Total
How they individually contribute to the strategy	32%	62%	94%
The strategy for reaching the long term goals	49%	39%	88%
The long term goals	42%	44%	86%
How well the organization is executing the strategy	46%	38%	84%
Where the organization is in relation to its long term goals	45%	31%	76%
How the organization is doing financially	40%	32%	72%

"Organizational long term goals should be carried down to the individual contributor level so they understand how their day to day activity helps achieve the corporate goal. Without that occurring, the goals are not owned by the individuals and are looked at as a target for the 'corporation' just like profit or stock price." --- Study Respondent

Then we asked the respondents the extent to which these communications practices existed in their own organizations. The results were striking. Although we fully expected to see gaps between "should" and "do", we were surprised by the extent of the variances.

Opportunity Gap - Should and Do totals by size of variance	Should	Do	Variance
How they individually contribute to the strategy	94%	37%	57%
How well the organization is executing the strategy	83%	35%	48%
The strategy for reaching the long term goals	87%	42%	45%
Where the organization is in relation to its long term goals	77%	32%	45%
The long term goals	85%	50%	35%
How the organization is doing financially	74%	54%	20%

"Dedication to the plan and then actually spending time implementing it would help tremendously along with focused productivity from the staff." --- Study Respondent

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Next, we looked at responses to survey questions about revenue growth, profits and morale, and compared these against responses to the strategy communications questions. In particular we looked for large differences in communications practices between successful companies and other companies.

What we found was that successful companies, measured by high marks in growth, profit and morale, scored much higher in most strategy communications areas.

Communications Practices	Successful Companies	Other Companies	Variance
The long term goals	59%	5%	54%
The strategy for reaching the long term goals	46%	0%	46%
How they individually contribute to the strategy	61%	16%	45%
How well the organization is executing the strategy	50%	11%	39%
Where the organization is in relation to its long term goals	44%	5%	39%
How the organization is doing financially	67%	37%	30%

The results of our study appear to confirm what is typically found in today's strategy and business performance literature and what is considered common sense by many. That is, successful companies get everyone on board with respect to where the business is going, how it plans to get there and how it's doing along the way. They have the information and they share it.

If you would like to discuss the findings or receive your free copy of the complete 77-page PowerPoint summary, please contact Brian Kinahan at Summit Performance Systems. You can email him at brian@summit-performance.com or call 919-225-3040.