

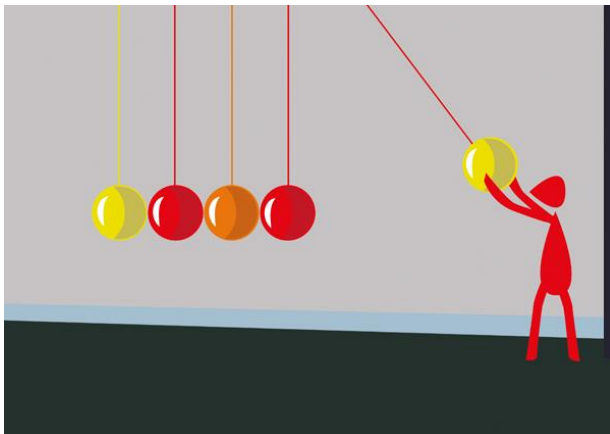
# Do you win all the battles, but lose the war, because you are fighting the wrong battles?

*Improve strategy execution by aligning short term objectives to long term goals*



By Gitte Blak Rasmussen

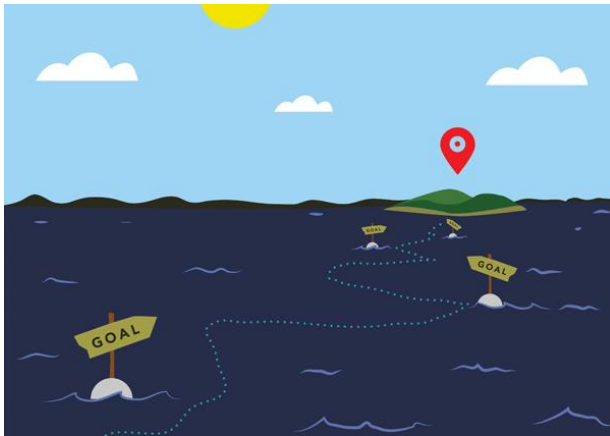
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**S**enior leadership teams and boards of directors put a lot of thought, time, and effort into articulating a winning strategy. Unfortunately, many great strategies are never executed, but suffer the fate of becoming yet another great power point presentation that never came to life. Often because not enough focused leadership was put behind making it happen.

If you want to shift that focus and lead based on long-term strategic objectives, you and your leadership team will have to think beyond the budget cycle and beyond the straightforward financial metrics.

You need to create a culture and a performance management regime that reward the behaviour of Today that creates sustainable value for your business. To do so, you need to understand the value flows of your business, and how your organisation can contribute to improving them. That is why strategy execution as well as performance management should be anchored with the CEO and the entire leadership team, not with the CFO alone.



### Manage for the long term and align short term objectives to the strategy

What many of us have intuitively known for years has now also been proven through research: It pays off to manage for the long term, and it pays off to achieve a better balance between hitting targets in the short term and operating with a persistent long-term vision and strategy.

It is my experience that the best way of making your strategy come true is by creating explicit and strong alignment between the short-term objectives of Today and the long-term objectives in your strategy. Execution of strategy is not something you do while running your daily business. To execute a strategy, you must ensure that the strategic direction governs the everyday activities and priorities.

Aligning the short-term objectives to the long-term goals will provide a clear direction to your organisation.

All stakeholders and investors benefit from this, because it drives you towards:

**Harvard Business Review:** Finally, proof that managing for the long term pays off. Read more at: [hbr.org/2017/02/](https://hbr.org/2017/02/)

**McKinsey:** Long-term capitalism - where companies with a Long-term view outperform their peers. Read more at: [mckinsey.com/global-themes](https://mckinsey.com/global-themes)

### Doing the right things:

- Clear direction and strategically aligned priorities help you manage and optimise your portfolio of projects and business development initiatives. It becomes easier to make the initiatives tie together, when they are aligned to the same overall strategic direction, rather than being a jumble of diverse short-term initiatives.
- Your short-term objectives will now serve as stepping stones and take you one step further towards realising the long-term strategy. Every journey starts by taking the first step.

### Doing the right things in the right way:

- You create a space where your teams can perform and thrive, because you take away the ambiguity and opposing objectives that have often been seen to create frustration, sub-optimisation and even stress among staff.
- Common goals will encourage your teams to work together, and in an increasingly complex world you tend to need strong cross-functional cooperation more than internal competition.
- Reward and incentivise based on a balanced and comprehensive performance model that drives performance towards the long-term goals. Be careful with financial metrics like (short-term?) improved top og bottom line, budgets met (by destroying assets?) etc.



### Doing the right things in the right way, faster:

- Having the long-term objectives broken up into manageable pieces with the short-term objectives being the first pieces of the puzzle, makes it easier and faster for your organisation to pick up the next pieces themselves, as they understand the bigger picture.

- Empower your teams to make more and faster decisions on their own, guided by the overall and long-term strategic direction.
- Increase efficiency and effectiveness by boosting motivation, confidence and trust through shared success stories of meeting short-term objectives.

## Think beyond the budget cycle

When companies fail to align short-term objectives to the long-term strategic objectives, I have on several occasions witnessed first-hand that it was due to the performance management system. Performance management systems are often tied into one-year budgeting cycles. Focus is on “what” you achieve during a specific period, more than on “how” you do it. Little to no attention is paid to the sustainability of the achievements. So you often end up rewarding only short-term objectives, some of which may even destroy future value.

## Focus on long term value creation

Even though it is understood and recognised by many business leaders, that it pays off to manage for the long term, every day actions in the companies do not always reflect that understanding.



Post the financial crisis, much focus has been put into cost optimisation and rightsizing of organisations facing decreasing demand. While it is a healthy exercise in an industrial mindset to always strive to become better, more efficient, and work smarter, you cannot beat competition in a fast moving globally connected digital marketplace, if you are not also constantly focused on creating value – for your customers, your investors, and for your employees.

## Make small steps towards your goal

Your strategy is your well-considered recipe for long term value creation. Make it come to life through every decision, every day. Running a strong business is about finding harmony between working, which pays off in the short term, and developing, which won't pay off until later on. You cannot be only a doer or only a dreamer.

Make sure you're aligning the two in the same direction: Things you can do in the short term that look toward the future, and things you can plan for in the long term with steps you can take today.

And don't forget to check, whether your performance management system is supporting the strategic objectives - or working against them.

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