

Global Implementation Survey

Implementation matters

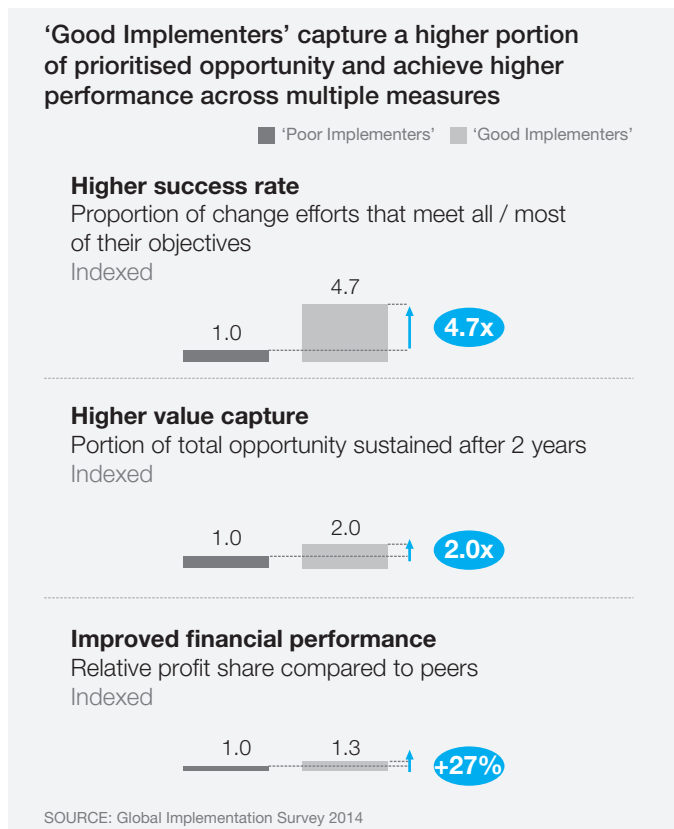
The fact that implementation matters will be no surprise to executives who have lived through the challenges of executing their strategies and major change programs. But just how much does implementation matter? A recent McKinsey survey of ~2,200 global executives set out to answer this question, and to uncover the secrets of the world's best implementers.

The benefits of getting implementation right

The survey gathered information on 7 core implementation capabilities and 21 specific underlying implementation practices that have been identified by McKinsey’s proprietary Implementation Capability Assessment as being the most critical for successfully implementing change efforts. Good Implementers – defined as those with top quartile implementation capability scores – and Poor Implementers – defined as those with bottom quartile implementation capability scores – achieved markedly different results. As Exhibit 1 shows, Good Implementers, compared to Poor Implementers:

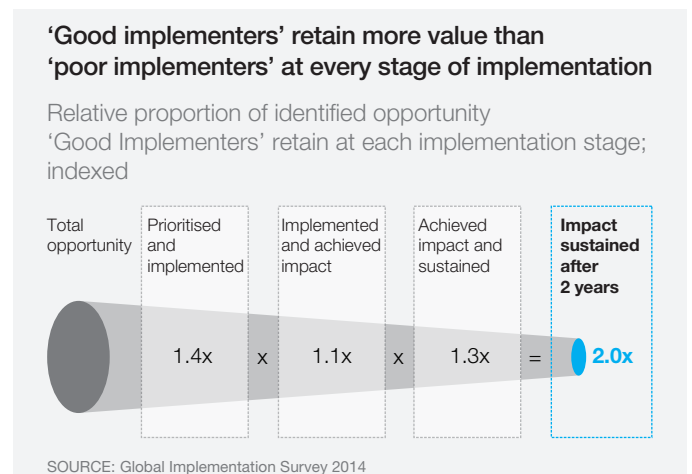
- Are 4.7x as likely to run successful change efforts;
- Sustain 2x the value from their prioritized opportunities after 2 years; and
- Report ~30% higher scores on a series of financial performance indices.

Exhibit 1



The ability of Good Implementers to sustain twice the benefits compared to Poor Implementers deserves further attention. All companies will ‘leak’ value at various stages after they prioritize a set of opportunities for implementation. Some opportunities will not be implemented. Others will be implemented but will not achieve bottom-line impact. A final set will achieve bottom-line impact, but will not sustain in the years that follow implementation. As Exhibit 2 shows, a strength of Good Implementers is that they will retain more value than Poor Implementers at every stage of implementation.

Exhibit 2



The secrets of the world’s best implementers

Almost by definition, the set of Good Implementers outscore Poor Implementers by a significant margin on all the 7 core capabilities that form part of McKinsey’s proprietary Implementation Capability Assessment. Exhibit 3 shows that they outscore by between 1.7x to 2.0x depending on the capability.

Beyond these aggregate results, extensive work with companies in implementation, and the survey itself, point to some very specific practices common to the world’s best implementers. By way of example:

- Ownership and commitment: leaders devote the appropriate time and energy to supporting major change, often literally clearing their diaries to drive implementation hands-on and stimulate their colleagues; leaders also role model the right behaviors to support the change, by acting in line with the desired behaviors, and by demonstrating the often-difficult act of making personal behavioral changes.

The path to better implementation capability is clear: understand the practices that matter, prioritize them in your organization, and build them systematically

Exhibit 3

'Good Implementers' outscore 'Poor Implementers' by an average 1.8x on all 7 core implementation capabilities

Average capability score of 'Good Implementers' out of 4; (n = 2,230)

Strength of 'Good Implementers' relative to 'Poor Implementers'



SOURCE: Global Implementation Survey 2014

- Prioritization and planning: line managers use tools like value driver trees to ensure employees spend the majority of time on the organization's priorities; they communicate at all levels about which actions and outcomes are most important to the organization's shareholders, customers, and other stakeholders; and they have set intervals to review the mapping of individual efforts to the organization's priorities.
- Performance management: line managers eliminate performance variability through tight monitoring and quick responses, including effectively using key performance indicators (KPIs) that the organization tracks at the right frequency, conducting regular performance discussions with their teams and regularly assessing employees against their individual goals and targets.

Similar examples can be identified across the other 4 core capabilities. In addition, one cross-cutting secret of the world's best implementers is their belief that implementation is an individual discipline that can be improved over time; Good Implementers manifest this belief by having a proportion of experienced change leaders run their programs that is 1.4x higher than that of Poor Implementers.

Conclusion

Executives and line managers around the globe often lament their organizations' implementation capabilities, and many have worked with McKinsey to make a dramatic improvement in this arena. The great news, perhaps intuitive and confirmed by this survey of ~2,200 executives, is twofold:

- the returns on building implementation capability are huge: a 4.7x higher likelihood of success in change programs and a 2x higher level of value capture; and
- the path to better implementation capability is clear: understand the practices that matter, prioritize them in your organization, and build them systematically.

