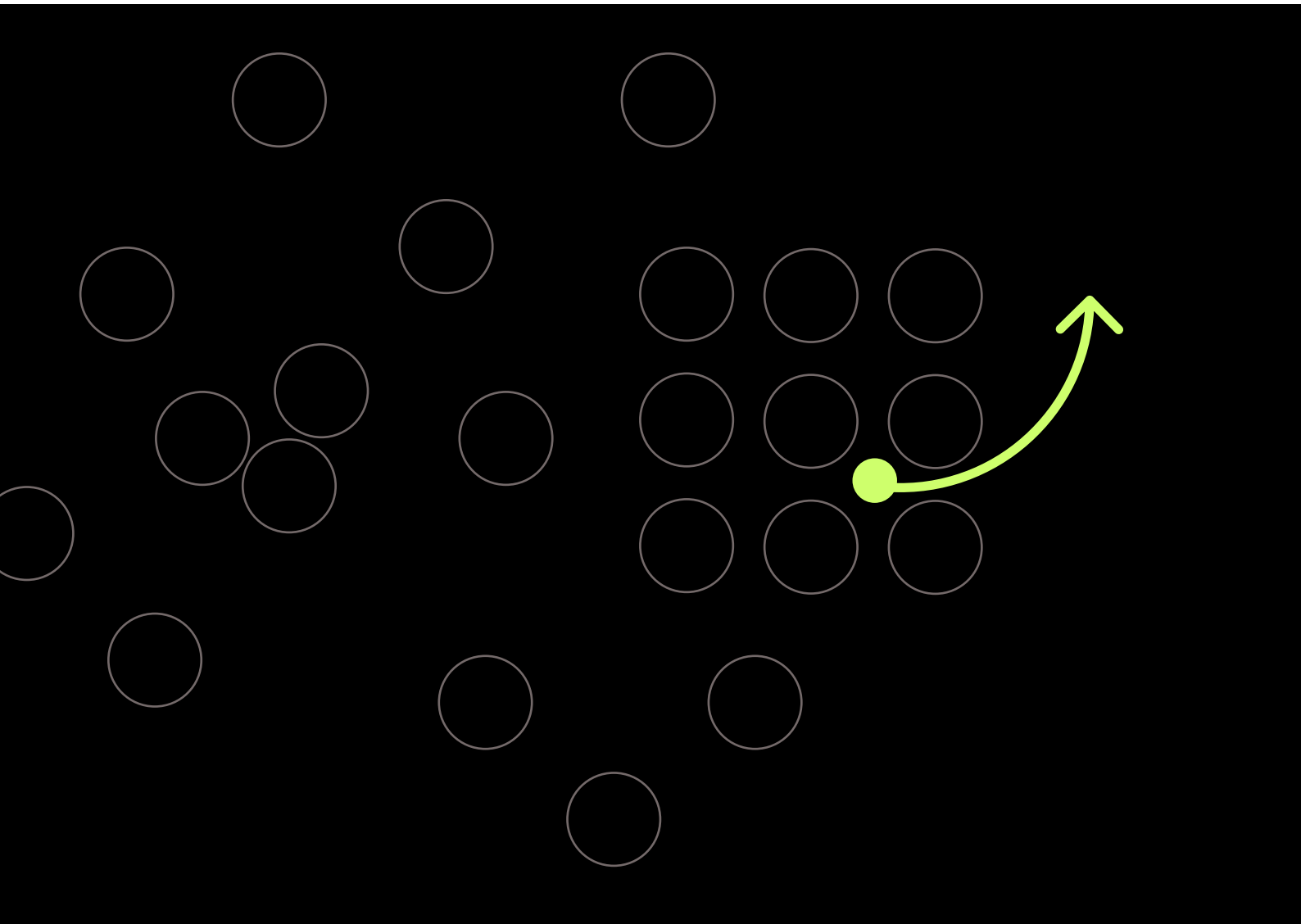
Matthias Kolbusa

SECRETS OF EXECUTION®

Strategy + Innovation Speed!

How Strategies and Innovation Get Executed Much Faster



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1. Executive Summary

- Management always takes place in one of four dimensions:

  I) Portfolio/financials,
  II) Beyond the horizon,
  III) Operations and
  IV) Strategic progress.

- Thinking, discussing and deciding in these dimensions are often mixed up. A meeting should always be focused here. Otherwise, pointless actionism and ineffectiveness are usually the result.

- Six problem areas prevent fast strategy execution. They are:

  1) amateur thinking,
  2) activity focus,
  3) ratio dogma,
  4) fear,
  5) lack of discipline and
  6) immaturity.

- Effective management strictly distinguishes in its discussions, decisions and actions between:

  1) goals,
  2) strategy,
  3) tactics,
  4) planning and
  5) execution.

- Strategy is a picture of the future that can be told: thinking in alternative target states, that is, possible future states, of which the most attractive is chosen.

- The result of strategy is neither a plan nor a package of measures but a target state.

- The target state is an emotionally charged picture of what – unlike today – will be in the future.

- In a systematic drill-down, the organisation's overall target state is broken down into individual target states for the value-creating divisions.

- To avoid prisons of experience, always develop alternative target states (= strategic options)! There is always a shorter, better, "smarter" way! The power of thinking decides between success and failure.

- Target states are described and systematised through "target state stories" written as essays of one to two A4 pages each, and through so-called "strategic gaps".

- Successful strategy execution is more an emotional than a rational matter.

- Maximum strategy speed comes about in seven stages:

  1) purpose/meaning,
  2) goals/ambition,
  3) overall target state/emotions,
  4) drill-down/certainty,
  5) strategic gap/clarity,
  6) gap targeting/focus,
  7) progress attack/speed.

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2. Strategy vs. Tactics and Thinking vs. Doing

"We urgently need a more consistent focus! The competition is miles ahead of us, and we still haven't stepped on the gas!" The CEO has spoken, and everyone agrees. When the question comes – "Who's going to help forge the right plan and finally get moving?" – the usual suspects are quickly on board. Kurt is drafted in on the spot, as is Hermann Müller, who feels he has to comment on everything, even when it isn't relevant to him, and Egon, the meeting veteran who doesn't want to miss any company news. And the new colleague, Ms Schmidt, should definitely be involved to provide fresh impetus. In the end, 14 participants – too many – come together for "strategic planning" (more on that later).

Unfortunately, the heads of sales and marketing, who really ought to be on board, are missing. To make matters worse, those present then talk about something that doesn't exist: "strategic planning". What on earth is that supposed to be? Either it is about a strategic design – a promising target state to work towards – or about a plan: prioritising the puzzle pieces and steps needed to realise the strategy bit by bit. It can only ever be one of the two, and whenever someone in a meeting speaks of "strategic planning" without being contradicted, you should step in immediately and clarify what it's actually about.

In this scenario, we hear a lot about what strategy work is not, and we see how later execution is already at risk long before a viable strategy has been designed. The bloom is doomed to wither before the flower is properly in the ground.

Before we turn to the challenges and methodology of rapid strategy execution in this SoE issue, we need to place the term strategy in its temporal and content context within a company. Management always operates in one of four dimensions (Fig. 1).

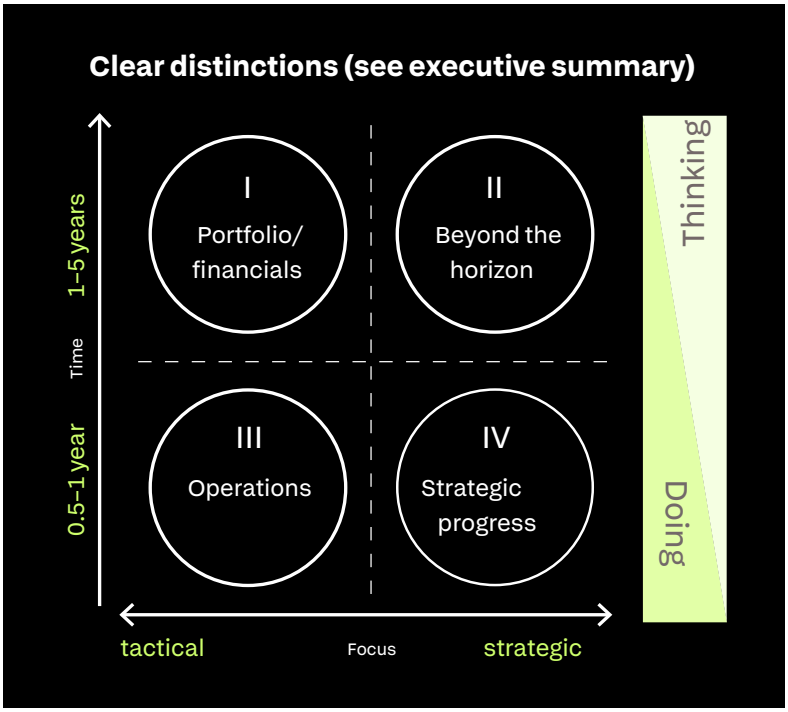


Fig. 1: Clear distinction between strategy and tactics and between thinking and doing

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Companies and managers who want more speed and higher quality in strategy execution need clarity about which dimension they are operating in at any given time. What connects these dimensions is the need always to decide what is to be achieved when. Strategic and operational management must never be mixed. That's why meetings should only ever be about one or the other, because otherwise the human mind very quickly drifts towards the operational.

Practical tip

Hold either a strategy meeting or a planning meeting – never both at once! Otherwise, even in the strategy meeting, we only talk about activities and what needs to be done, not about the strategy itself. The human tendency to jump too quickly to what concretely needs doing is simply too strong!

To draw clear boundaries, let's briefly go through the four dimensions using an example. Imagine an IT systems company that develops software for tax returns and accounting, offers the implementation of various systems and markets seminars on its product mix through a subsidiary.

Portfolio/financials (I)

This quadrant is about entrepreneurial foresight: which business areas will still carry the company and which are under threat. If the existing classroom academy faces competition from online and blended-learning formats, you have to part with it or invest in a digital future yourself. The earlier the necessary foresight takes hold and leads to decisions, the more prudently the company acts. Portfolio work covers a time window of one to five years into the future and consists largely of analytical thinking.

Beyond the horizon (II)

Strategies take effect in the longer term, one to five years out on the timeline. They look well beyond the current business. Contrary to popular belief, strategy is less a logical, rational activity than visionary, emotional work on the company's future state. A strategy that merely aims to optimise the status quo, rather than clearly transcending it, is either no strategy at all or not worth mentioning. In quadrant II, creative thinking dominates – for example, the IT systems company imagining how, in three years, it will turn the market upside down with cloud-based, AI-supported and therefore fully automated accounting without accountants.

Operations (III)

Operations stands for day-to-day business: generating revenue and profitability in the existing business areas and constantly optimising processes and structures for operational excellence. Whenever money comes in from customers for goods or services as a result of earlier strategic work, it is the hour of operations, where clever operational result and steering metrics are needed. The time horizon in quadrant III is correspondingly short. Thinking serves optimisation; otherwise, doing dominates.



More in the issue "Stop Starting! Start Finishing":

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Strategic progress (IV)
Even though much strategic work only produces measurable results in the long run, the homework for it has to be done almost daily. That's why it's important to run strategy execution on an equal footing with operations. Just as you look at the management accounts, the P&L and other KPIs every month, you need to keep an eye on the decisive strategy progress metrics that tell you whether you have moved forward with execution – with reaching the target state – regardless of any focus on activities and milestones.

In practice, this means, for example, that in meetings with business unit heads you don't just go through their latest results and operational figures, but always also discuss the few progress metrics by which each manager judges whether they are getting closer to the strategic target state. For the head of sales, this would mean talking not only about current revenue and customer figures but also about the three metrics that show how far the new market or region has been opened up.

The time window of quadrant IV is six months to a year, and here doing dominates thinking.

The focus of this issue of SECRETS OF EXECUTION® is on the speed of strategy execution, because that is a company's real success quadrant. The prerequisite, however, is to have thought "beyond the horizon" beforehand, so as to have a target state that is completely clear, that people believe in and that is "different" from what they do today.

3. The Six Brakes on Strategy Execution

One of the biggest challenges in management is executing good strategies quickly. Companies rarely lack promising strategic designs. What is usually lacking is the translation into practical consequences for the areas concerned and the implementation in profit-enhancing structures and processes.

In fact, many companies are strong on strategic design but weak on execution. Their managers rightly complain that the company is too slow – that its high-powered strategic sports cars only roll off the line by luck, with execution flaws and far too late. In such a culture they often feel left alone among colleagues who water things down instead of following through with focus, and who put on the brakes instead of going full throttle.

In my experience, there are six problem areas that hinder focused, fast strategy execution:

The six most important problem areas in strategy execution

Problem area	Amateur	Professional
Amateur thinking	Arguing about the "right" way, trapped in the prison of experience of old solutions	There are always simpler and faster ways. So work out at least three options with fresh thinking
Activity focus	Activity-based planning and orientation towards milestones	Results-oriented progress management based on clear target states
Ratio dogma	Seeing strategy as rational and wanting to get people on course through logic	Understanding strategy as something emotional that people have to burn for. Using emotionally charged, vivid goals
Fear of the bet	Playing safe with low strategic ambition	Accepting – and acting on – the fact that every strategy is a bet in which risks have to be taken consciously
Lack of discipline	Trying to execute strategies through individual projects, only to see them pushed aside by operational business	Smart, lean progress structures and strategy execution on an equal footing with operational management. Driving execution with iron discipline so that the strategy measurably moves forward month by month
Immaturity	Turning steering committees into tribunals and hunting for culprits	Generating insight, supporting each other and criticising constructively

Fig. 2: The six most important problem areas in strategy execution

4. Clarity, Goals, Strategy, Tactics

The CEO of a telecoms provider has explained at a large gathering how the company is to become a digital lifestyle provider. Everyone listening is visibly inspired, and the CEO instructs the second management level to get the projects needed to realise his vision under way. Barely eight weeks later, in the steering committee, he is furious and lays into his head of sales: “What are you doing? I never meant it like that!” The man is at a loss: “I’m sorry. But that’s exactly how I understood you.” In a painful but instructive way, it becomes clear that the CEO had given in to the unbearable lightness of managing by describing only the vision to his team. Had he held the necessary dialogue with his division heads and worked out with them what the whole thing means for sales, marketing, production and so on, he could have spared himself the trouble. Cases like this happen every day in countless companies. One says one thing, the other hears another. People misunderstand each other because they wrongly assume everything is perfectly clear, and in the end the failure is blamed on unfortunate circumstances. Nobody realises that the real failure lies not in the wrong result but already in the different understanding of the terms.

For a good strategy to lead to successful execution, it’s important to be clear from the outset about what we are actually talking about. Language is the decisive catalyst. Language becomes conversations, conversations become discussions, discussions create understanding, and understanding turns into decisions and actions. For language to enable understanding, it must be ensured that the same things are understood in the same way. Reliable, shared definitions are needed to avoid misunderstandings and to stop people talking their way out of failures. It’s advisable not only to set these definitions and communicate them one way, but also to obtain explicit agreement. Of course, this only works if clear terms are used that are not nonsensical in themselves. Adventurous constructions such as “strategic planning” or “strategic marketing” can no more be defined than a black white horse can be ridden. They are self-contradictory, because measures in the various areas of a company are always tactical or operational, not strategic. The same applies to planning: the very point of strategy is not to be planning. It is the design of an ambitious target state to be achieved (the nature of the bet), on the basis of which the paths to it are then planned. So strategy is not the path. It is a clearly described state.

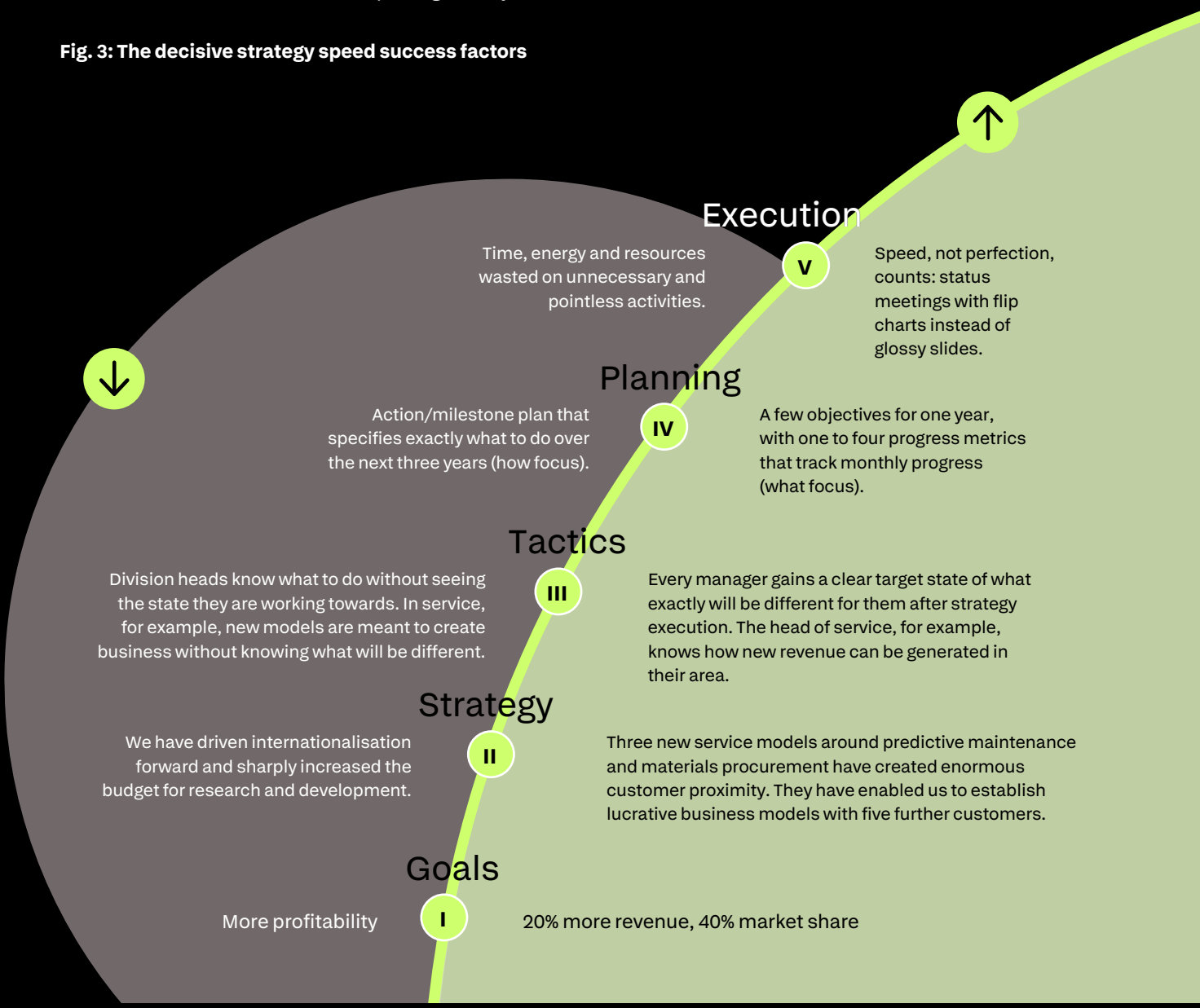
It wouldn’t be necessary to be so exact here if these and similarly nonsensical terms didn’t keep causing hopeless confusion in strategy discussions and strategy execution. Those involved talk, in an almost tragicomic way, about things that don’t exist – and interpret them differently to boot.

Practical tip

Never mix goals, strategy and planning in meetings. If you do, you can be sure that within a short time everyone present will be talking only about measures. Hold goal meetings, strategy meetings and planning meetings, but never a mixture of the three!

To create a shared understanding of what follows, the chart below shows the decisive strategy speed success factors, defines them concretely and gives practical examples of correct and incorrect behaviour. Because every definition must make clear which desired and undesired actions go with it, it's advisable to supply the most common behaviours as examples right away.

Fig. 3: The decisive strategy speed success factors



I Goals

Abstract figures, data, facts, aspirations or targets

II Strategy

A target state that serves to achieve the goals set

III Tactics

Breaking the target state down into puzzle pieces = each manager's area of responsibility: what exactly the strategy means for them

IV Planning

Prioritising the puzzle pieces and setting progress metrics

V Execution

The three secrets of success: "Success has three letters: A-C-T!"
Goethe

↓ amateur

↑ professional

5. Strategy Made Simple – A Family and Its Goals

In companies, I often find that people struggle to really understand these connections, because entrenched patterns of thinking and behaviour differ from one person to the next. An example from private life can help to create the understanding needed. One day, an executive board member asked me to illustrate the connections for him and his team in CLB format (children, laypeople and board members):

So let's imagine a family that **(in starting state A)** lives in a flat in a big city. The father is a car salesman under considerable pressure to sell. The mother is a teacher at a comprehensive school. Since she usually doesn't get home until around 5 pm, the children are left to their own devices after school. It goes without saying that they don't just do their homework. Only yesterday the mother heard, "Yes, Mum, all the homework was done ages ago," and the next evening the already stressed father finds a warning letter from the school in the letterbox.

Fortunately, the parents understand that their offspring's behaviour, however much it breaks the agreements they have made, is systemic. The family council meets, and when the mother asks the children what they long for, the answer is: "To be the happiest family in the world." Soon everyone agrees: this happiness should be the guiding star for everything they do as a family.

- I call this guiding star "purpose" (more on this in the next chapter): the great, timeless intention, the mission in life that gives meaning to every action.

While the father is still wondering how this dream can become reality, the mother is already being methodical: "That's the big overall goal at the end. To get there, we need to achieve certain goals that are clearly tangible under this purpose. What could they be?" As the discussion goes on, it turns out that everyone suffers from spending too little time together, and they feel that more closeness would do the family good. They also all love travelling but, not least for financial reasons, never get further than the Black Forest or Mallorca. And the whole family would like to move out of the overpriced city flat and be able to afford more nice things that bring them closer together.



More on alternative strategic target states in my book "Der Strategie-Scout" (English: "Strategy Scout"):

Buy the book

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Finally, the family council sets three goals. Goals are a few clear figures that are always abstract:

1. trusting togetherness,
2. seeing more of the world and learning,
3. living free of financial stress.

"Now all we need is a proper strategy for reaching our goals!" The children are fired up. And the father gets going straight away: "I'll set up as a consultant for car dealerships. After all, I know where the problems are. And with a bit of luck, we'll be on holiday in Mexico at the end of next year. We've dreamt of that for ages." "Not so fast," his wife says, putting the brakes on the euphoria. "Going self-employed isn't strategy any more, it's already a measure – maybe the right one, maybe not. We'll have to see. Only once we've sketched a few strategy drafts, weighed them up and decided on one will we know whether your suggestion is good, because it contributes to it."

The penny drops for everyone: before they can plan concrete steps, the target state has to be clear – and not just in their heads. It has to be a life they can look forward to, one worth making a great effort for. It has to feel right for head and heart. Strategy is the desirable target state in all its important aspects. Often there are several ways of reaching it. And so the father makes a suggestion and describes his inner picture **(target state B)** of where he sees the family in four to five years:

"We have a car dealership in the new industrial estate that's just being developed. I take care of purchasing, sales and the technical side; Mum is responsible for staff and administration. You kids can do your training with us later and take over the business one day. Only if you want to, of course. We've also rented a smart house nearby. We could live and work together, earn more money and be more independent. So we could travel more and would have reached our goals."

The mother, now fully inspired, develops an alternative picture **(target state C),** because it's important always to have several strategic options. "That's a really good suggestion! But let's sketch an alternative too. How about this: we own an old farmhouse in Mecklenburg with a solar power system, we use geothermal energy and have our own well. We also have a big vegetable garden and are largely self-sufficient. Dad advises car dealerships and writes their marketing concepts from home, so he isn't constantly on the road. After all, he knows the industry inside out. And I offer online tutoring for pupils and business English conversation courses for adults. That way we're independent, have much lower living costs, enough money for great trips and lots of time for each other."

"When I see the children's faces, you've already won," the father says to his wife with a smile. "Come on, let's weigh things up and decide." After a short discussion, the decision is made: the farmhouse in Mecklenburg **(target state C)** it is. This sets the strategic target state. Whatever gap exists between **starting state A** and this **target state C** – the gap that now has to be closed – we call the **strategic gap.** The father sums it up: "Maybe we should start by writing down what our starting point looks like today and everything we need to plan and do to get there. There's quite a big gap in between that we'll have to bridge step by step."

This is strategy: thinking in alternative target states – possible future states, of which the most attractive is chosen.

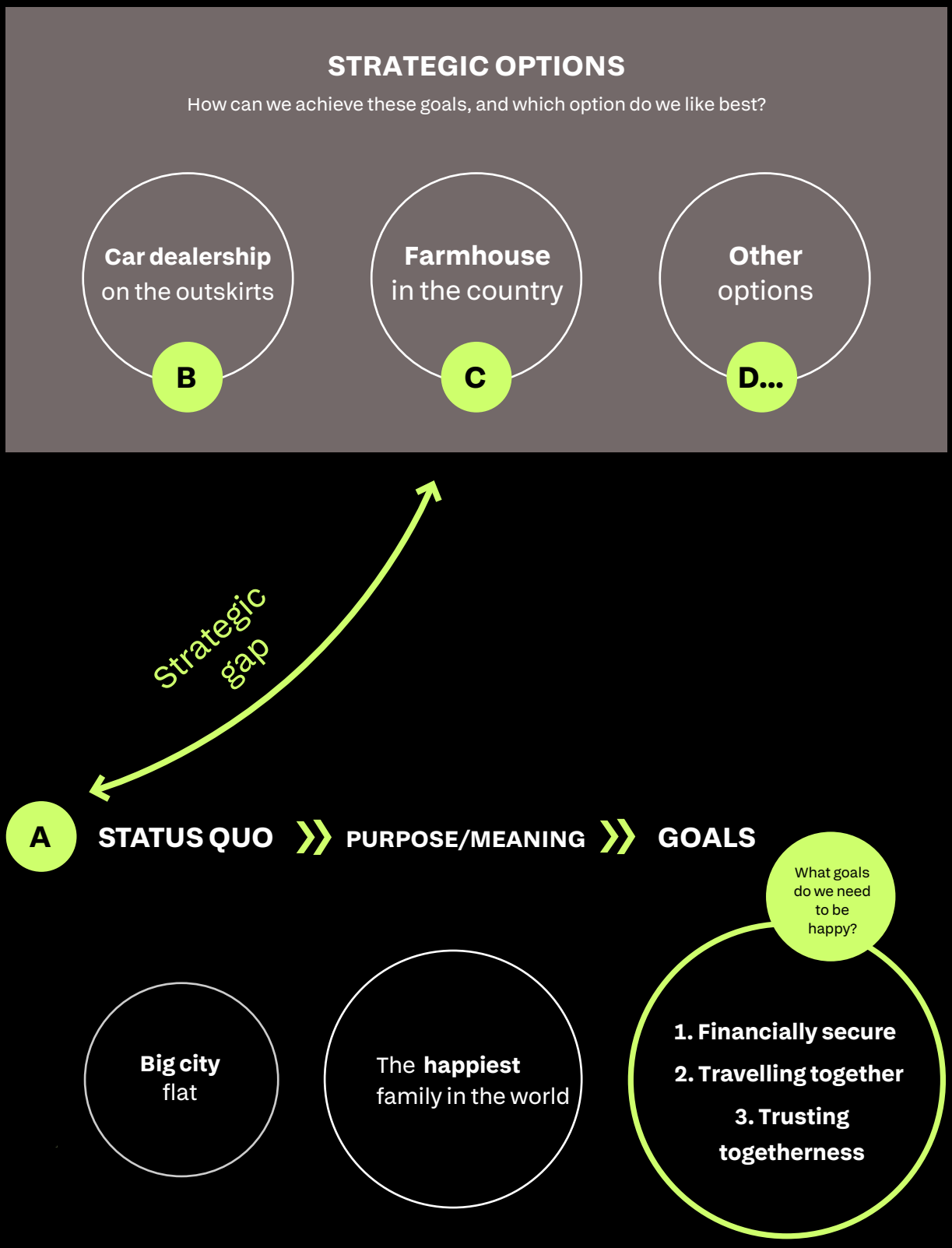


Fig. 4: Family example: from the status quo to the strategic gap

6. Kolbusa’s High-Speed Strategy Execution

Having a clear strategy – that is, a picture of the future that can be told (no PowerPoint!) – is the first prerequisite if you want to pick up speed in execution. As already mentioned, many strategy executions fail not because of bad ideas but because too few of those involved truly burn for the strategy. There are many reasons for this.

One of them is that many companies and leaders act too rationally. They may argue with perfect logic, but they fail to get their managers and employees emotionally behind the strategy. Logical insight may be enough to start a project, but when difficulties arise, the motivation to overcome them with full energy is missing. If you really want to be fast, you have to give everything. If this “everything” isn’t there, execution fails at the very first problems.

Another reason why strategy execution fails is that it has to be done alongside operational business. Without question, this places a considerable burden both on the people carrying it out and on the organisation as a whole, one that can only be overcome with great willpower. If you want organisations to achieve more than they thought they could, you have to give them the following: a clear and compelling reason why they should do things, an ambitious target state they burn for, and the confidence that they can actually reach it.

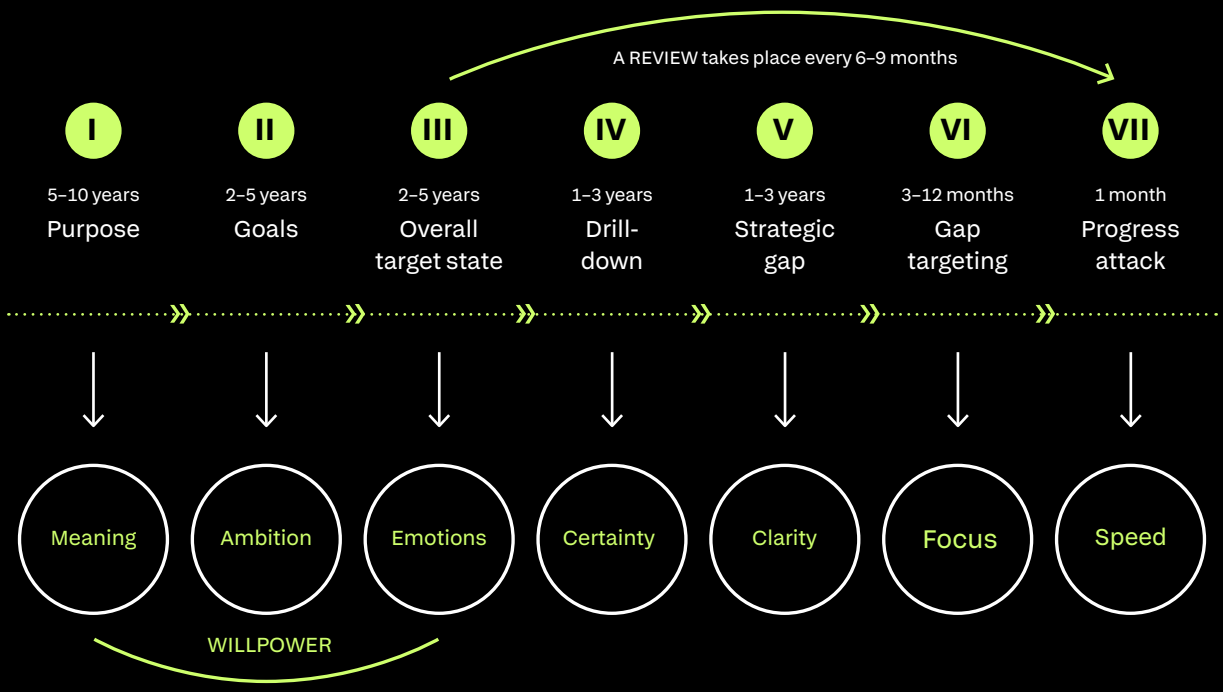


Fig. 5: The 7 elements of Kolbusa’s High-Speed Strategy Execution

Kolbusa's High-Speed Strategy Execution is based on seven elements that companies pass through on the way to strategy execution.

1. Purpose

The meaning of the company's activity is understood and formulated as the contribution through which the organisation makes the world a little better. To experience high execution speed and productivity, the organisation has to achieve more than it thinks possible. This capacity can only be fed by a clear understanding of meaning. The purpose can be seen as a kind of "cool story" in one motivating sentence. It describes the company's higher purpose.



- "We research autonomous driving so that people get from A to B relaxed and free of accidents."
- "Our materials replace plastic to relieve the oceans of microplastics."



- "We have the most satisfied customers."
- "We deliver the most innovative ERP solutions."

How-to

In a first task, a group of five to seven managers (the so-called **strategy core team)** describes what personally gives them meaning in working for their company. A subsequent workshop discusses the results in order to formulate a purpose for the next five to ten years. The key question is: what are we here for? What gives our work real meaning if we deliberately leave aside purely economic aspects such as revenue, profit and so on?

2. Goals/ambition

A company's goals translate the higher social and ethical guiding value captured by the purpose into quantifiable results. The target values consist of abstract figures, data, facts and aspirations. The driving question is: what goals do we set ourselves for the next two to five years to get closer to our purpose? Vague relative terms such as "more", "higher" or "more innovative" are expressly forbidden. Abstract metrics include revenue, return, market share, share price, quality characteristics, customer satisfaction and so on.



"In five years, 80 per cent of the parts we produce are made from alternatives to plastic. We achieve a 30 per cent market share and 12 per cent profitability."



"In the medium term, we achieve higher returns through more project throughput and more revenue through stronger marketing."

How-to

In a management brainstorming session, you determine which meaningful target metrics (see above) will be used to reliably assess success. Focusing quantifies three to four metrics (no more!) that suit the company and promise the most relevant results. More metrics add unnecessary complexity, which is also why balanced scorecards are a clever concept but don't work in practice.

3. Overall target state/emotions

The overall target state translates the goals into an emotionally charged picture of what will be different in the future compared with today. It is neither a plan nor a package of measures but a desirable state, described so vividly that people want to get there. The driving question is: what does our company look like once we have reached our goals? Abstract figures alone move no one; only a picture that can be told creates the emotional pull that execution needs.



"With our new sensor-based machine generation, we delight and retain customers with precise analyses of their material flow and efficiency-boosting suggestions for production control."



"With innovative new products we have become market leader, and with state-of-the-art products customer champion." **That's the typical bloodless, abstract waffle that speaks from colourful PowerPoint presentations. Nobody knows what the terms actually mean. Other empty terms: "greater market penetration", "higher customer satisfaction", "more profitable supplier relationships".**

How-to

The **core team,** made up of those later responsible for execution and a few creative lateral thinkers (ideally no more than seven people!), is given the task of writing a story of the future as a fully worded narrative of one to two A4 pages: imagine a journey into the future and sketch what it will look like. What is different from today, and with what tangible consequences? Pictures matter more than figures here! The managers should already have been – in perspective and emotionally – where they really want to go.

Important:
The picture is always already complete, the goals have been reached – only that is described. Neither relative terms (“more”, “higher”, “more intensive”) nor descriptions of activities (“We do …”, “We organise …”) are allowed. Only when concrete values are on the table does the incentive arise to rub up against each other with creative energy.

This is followed by an in-depth discussion of the **target states** in the **core team.** The target states are exchanged, and everyone comments on the others’ drafts using four aspects:

1. What do I particularly like?
2. What don’t I understand?
3. What is (still) missing for me?
4. What do I see differently?

The participants critically examine each draft in an open dialogue. From the discussion of the overall target states, a shared target state is developed – that is, those present decide on one strategic target state. Anyone who doesn’t voice criticism that may be needed here is acting disloyally! Because this is about the best result for the company, not about protecting turf or raising your profile, nor about likeability, lack of courage to speak up or misplaced consideration!



To explore the principles of high-performance dialogue with your team, read my book “Konsequenz” (German):

Buy the book

Note: You’ll find an example of an overall target state story in the appendix (page 26).

4. Drill-down/clarity

In the drill-down, the company's **overall strategic target state** (as worked out in phase III) is broken down into the **target states of the individual divisions.** All too often, the overall target state only seems to make clear what exactly the strategy means in detail. Especially in top management, we always think that everyone involved already understands. But that's by no means the case. Practice teaches me again and again that in many cases the managers at the next levels aren't really clear about what exactly the strategy means. That's why every division involved in value creation must describe the following: "What does my division look like in two to three years?" The focus is always on what is different after the journey through time. The style is narrative, reported in the present tense from the future: not "we will be something" but "we already are".



"With the **Müller Machines For Better Life** brand, we won the **Marketing Award 2025 for sustainable industry** in the mechanical engineering category, voted for by our customers. Thanks to the redesigned interaction between divisions, marketing is no longer an advertising department producing brochures; it communicates the service promise on an equal footing and in one voice with product and customer management."



"In marketing, we have built a brand as a maximally service-oriented company, because we have kept our service promises."

How-to

The **core team** that has carried out the previous steps represents the relevant value-creating divisions. Each core team member now has the task of working out the target state – the story for the division – with a **workstream team** from their own division (usually members of the second management level plus lateral thinkers), always within the framework of the overall picture (the overall strategy), but one level deeper. The **workstream team** carries out every task exactly as when the overall target state was developed – including the two-page story describing the differences between tomorrow and today.

If, for example, at the level of the whole company it says that customer loyalty has been strengthened by intelligent service business models (use the present tense!), conclusions must be worked out for the divisions. Each person responsible for value creation (division head) must write an essay of one to two A4 pages with their **workstream team,** describing exactly what the strategy means in practice for their division. For the head of service, this means formulating in their own target state what will actually be different in two to three years – in collaboration, in the way service is delivered and so on. Finally, the results are distributed in the **core team** and discussed in light of the model of the higher level.

Following on from the appendix example, page 28 shows a matching "puzzle piece": the drill-down to one division's detailed target state.

Practical experience

At first, managers often hate writing these essays, because they haven't done anything like it since their school days. But keep reminding yourself: writing out a prose text forces you to think thoroughly. Projecting a few colourful pictures onto the wall with PowerPoint and dressing them up with abstract buzzwords, on the other hand, is easy and usually not well-founded. Make yourself and your team write these essays, even if some resist at first. In almost every project I get feedback like this: "Mr Kolbusa, I have to be honest: at first it annoyed me. But once I had started writing down the future, it was really fun. I now see much more clearly in my mind's eye what we actually want to achieve."



More in my book "Umsetzungsmanagement" (English: "Implementation Management"):

Buy the book

5. Strategic gap/clarity

Once the target state has been worked out at both the overall and the divisional level, as in the family example (pages 10 to 12), the emotional pull in the form of passion for this state should be there. What is still missing is the certainty that the target state has been thought through sufficiently. Now the task is to use the **strategic gap** to systematise the target state cleanly, so that the gap is clear and can be closed in a targeted way. Done properly, it ensures that a) no relevant aspect is forgotten and b) the basis for clean execution management of the strategy is in place.

You'll see in the appendix how this is done correctly in practice.

You'll see in the appendix how this is done correctly in practice.

How-to

First, each **workstream team** asks itself, based on its target state story: "What are the central topics our target state revolves around?" For the **service workstream,** for example, this could mean looking at the CRM, IT equipment, the service centre structure and other topics – usually eight to twelve in total – as so-called **strategic cornerstones.**

Practical tip

In my projects, I keep hearing managers object: “This all takes far too long – all the stories and the strategic gap. Why don’t we just get started?” But practice shows that such actionism takes its revenge later on. Every manager who has tried the approach described confirms how worthwhile it is, because many blind spots were discovered and illuminated, and it is finally clear at a glance – on one Excel sheet – what needs to be brought about to reach the target state, so that you feel much more comfortable with and during execution.

Practical tip

Paradoxically, what makes good **strategic gaps** can be seen from four typical mistakes:

1. Measures are discussed instead of states.
2. The puzzle pieces are already fully prioritised at this stage.
3. Relative terms such as “higher”, “more”, “further” etc. are used.
4. There are “and” links that turn two elements into one.

Once these strategic cornerstones have been set, the following considerations must be made and written down for each of them in order to define the **strategic gap:**

1. What describes the status quo? For the CRM, for example: “A lot of manual processing and intervention is needed.”
2. What describes the target state? “We have fully automated customer management.”
3. Which puzzle pieces do we need to move from the status quo to the target state?

- [ ] “We have a new CRM system linked to SAP.”
- [ ] “We have embedded the new CRM process in sales.”
- [ ] “We have involved the service staff in the sales phases.”
- [ ] And so on …

Note: To illustrate this with an example, you’ll find a best-practice strategic gap on page 29 of the appendix, following on from the detailed target state example.

6. Gap targeting/focus

Once the **strategic gaps** have been broken down cleanly, it is clear for the strategy as a whole what the company's exact target state looks like, right down to the divisions. None of the managers involved suffers from the WDTMN phenomenon (What does that mean now?). The **target state stories** make it clear, and the individual **puzzle pieces** in the **strategic gap** describe which target states need to be brought about in detail. The strategy has therefore been thought through properly. Only now, in gap targeting, does prioritisation come in: which one or which few (important!) **gap elements** should be closed first? In other words, where should strategy execution be driven forward? A few things should be advanced quickly, not many just a little. Figuratively speaking, the point is to drill through a few boards completely and quickly instead of working half-heartedly on all of them.



Three to five **gap elements** at most, which are worked on – that is, closed – first and at the highest possible speed using so-called **OKR (objectives and key results)** (see section 7 below).



Trying to set up an inefficient mega-programme, either with as many parallel projects as possible or with an overall plan. Practice shows again and again that the strategy then frays and no real momentum emerges.

How-to

Using an impact network chart for prioritisation, so as to work first on the **gap elements** that are most logical or largest in the overall context, can be considered but is often unnecessary. In my experience, the great advantage of breaking things down into small, tangible puzzle pieces is that the common sense of the **workstream teams** is usually enough to make the right choice.

7. Progress attack/speed

Once the **gap elements** in the **strategic gap** have been captured and the first **puzzle pieces** targeted in gap targeting, execution follows – at high speed. To achieve this, every element needs an emotional target state. However, since this often implies a long period of time, in my experience it is usually too far away for human motivation. That's why all elements with a duration of more than one year must be divided into **objectives and key results** of nine to twelve months and then tackled. The key is to close the individual **strategic gap elements** in carefully sized steps **(objectives)** on the basis of monthly sprints, so that people can be proud every month and see from a few **progress criteria** that they are moving forward. With **OKR,** target or set values for these criteria are deliberately avoided, because they usually create a culture of shame and guilt instead of a momentum culture based on trust and passion.

You'll find positive examples of progress metrics in the following excursus on **objectives and key results (OKR).**

You'll find negative examples of progress metrics in the following excursus on **objectives and key results (OKR).**

How-to

What exactly will have been achieved in one year with regard to this one **gap element** of the individual **strategic cornerstone?** That's what matters now. Let's imagine our machine builder has chosen as one of its **strategic cornerstones** a state-of-the-art technical college for developing world-leading predictive maintenance technology. It is to be completed in three years. The company also wants to cooperate with renowned universities on research. However great the goal, a period of three years is too long to sustain the necessary passion among those involved. So the **workstream** decides on the **objective** of proudly breaking ground together with the mayor in nine to twelve months. Further **OKR** follow until the opening and the contractual agreements with the universities willing to cooperate.

The familiar rules also apply to **OKR:** it must be a motivating, vivid future state that people burn for – no empty relative terms and no activities. Each **OKR** in turn needs smart **progress metrics** by which progress can be determined every month. For the technical college and the road to breaking ground, this could mean tracking the number of completed sub-concepts or the number of employees involved in the design.

An **OKR** therefore always consists of
1. an emotionally charged **objective** and
2. one to five **key results (progress metrics)** by which it can be determined every month that the project is making progress.

As already mentioned, the chosen **progress metrics** deliberately avoid fixed target values. The only requirement is that real progress must be made month after month. The necessary drive comes from the chosen **OKR** – like the elements of the company goals and the overall target state – being ambitious and inspiring. As I said: strategy and its execution are first and foremost an emotional matter.

Note: To illustrate this with an example, you'll find two example OKRs on page 30 of the appendix, each addressing one element of the strategic gap.

Excursus: objectives and key results (progress metrics)

Because all sorts of things keep going wrong with **objectives and key results,** and classic project management often appears in the guise of **OKR,** here are a few pointers on how to do it right.

The term **OKR** consists of two parts: **objective** and **key result.** Although they are linked, specific requirements can be identified for each of the two elements.

The objective

1. The most important criterion of a viable **objective** is that it relates to at least one – and sometimes several – elements of the **strategic gap.** However, it is not permitted to assign several **OKR** to one **strategic gap element.**

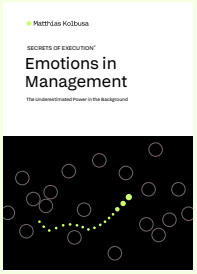
2. A frequently asked question is why an **OKR** must be achieved within one year at most. The reason is not technical but emotional: anything more than a year in the future generates no emotional thrust whatsoever among those involved – one of the most common reasons why many people in strategy projects first lose interest and then the whole project runs out of steam.

3. If an **OKR** lies two, three or even four years in the future, a way must be found to break it down into emotionally charged **objectives** in the form of interim goals that are tackled one after the other. If a new machine park is to be in place in four years, then after one year, with great pride and plenty of optimism, the machines to be installed may have been selected.

4. An **objective** contains no figures, data or facts. "20 per cent more revenue in one year" is never an **objective** but a goal! The **objective** is not something rational but an emotional aspiration that is fulfilled within twelve months at most. That's why the machine selection is only one criterion of the **objective,** whose real focus is pride in tangible progress. Quantities are expressly avoided!

The key results

In practice, defining the **KR (key results = progress criteria in the OKR)** often proves difficult. Managers who are very focused on figures, data and facts tend to set target values that lead to frustration (shame and guilt) if they are missed and to stagnation if they are reached, because in case of doubt exactly the specified values are achieved (although nothing stands in the way of achieving even better results). Without target values, the results actually turn out better than with them – experience proves it!



You can read more about the fascinating background to this and about how to stimulate and handle emotions in management in the issue "Emotions in Management":

Free download

Managers with less experience and lower self-confidence are sometimes tempted to choose criteria that are too vague. Added to this is the general human tendency to think in activities, because they are so nicely tangible. At least you know what to do – unfortunately without any guarantee that it's the right thing.

The requirements for individual smart progress metrics in brief:

1. Progress metrics must be expressed as a clear measurement term: not simply a topic or even an activity (so no "how"!), but a term that clearly expresses that something is being measured here.

   a. Negative examples: product promotion, concept phase, detailed planning, etc.

   b. Positive examples: concept maturity, market development effectiveness, customer acceptance, degree of integration, etc.

2. The definition of the measurement term contains no description of what is achieved or done as part of the progress. It is an irrevocable stipulation of exactly how the measurement or assessment is carried out – in such a way that even outsiders completely uninvolved in the process can follow it.

   a. Negative examples:
   - For the concept, a market analysis is carried out first, on the basis of which the requirements are aligned and summarised in a specification. (Wrong, because entirely activity-oriented!)
   - The degree of integration reflects how well the two business units work together. (Too vague – an ambiguous definition of how this is assessed!)

   b. Positive examples:
   - Concept maturity expresses, for the twelve necessary detailed concepts – each of which requires at least three iterations – how many iterations we have completed in total (at least 36).
   - A fixed peer group from product management and marketing rates progress on a scale of 1 to 10 based on the question: "How do you perceive the degree of integration with product management or marketing?" (1 = it's OK, we get along … 10 = we proactively challenge and inspire each other and are open to suggestions from the other area; it's great fun.) The peer group in product management consists of Fritz, Herbert, Luise, Maria and Eberhard; in marketing, of Michael, Sara, Peter and Stefan.

3. The **progress criteria** must always be chosen so that progress can actually be recorded every month. Those involved should be able to see with pride, month by month, how they are moving forward. If, for example, with concept maturity (positive example above) you concluded that the first concept iterations cannot be completed in less than four months, this criterion would initially be unsuitable. You would then need to choose and define an earlier criterion in the chain of effects before concept maturity becomes the **progress criterion.** In strategic progress management it is not unusual for certain **progress criteria** to be completed after three to four months and replaced by others.

Looking at all the key results together, what matters is that

1. all **key results** relate clearly to their **objective.** If, for example, existing customers are to be won over to an upgrade to the new product after an innovation, a larger market share (however great that would be overall) would not be a **progress criterion** for this. It would not advance the work on the strategic goal at hand;

2. a **progress criterion** is not just helpful but necessary. If an **objective** focuses on a higher market share, hiring additional field sales staff is more of a measure than a **key result.** New salespeople help once the strategic

operations for greater market strength have been carried out, because they then help to reap the fruits of the strategy;

3. the **key results** identified (usually one to five) are sufficient in total – in other words, that together they definitely fulfil the **objective;**

4. the **key actions** are only genuine key actions. The aim is to avoid specifying every possible step and action in minute detail, as is usual in classic project management.

If these few rules are understood and followed, successful **OKR** let you take the decisive step towards strategy execution.

Closing words

I hope that with this simple yet rigorous approach I have given you not only a tool that can massively accelerate your strategy execution, but above all one that is practical! I hope the examples in the following appendix give you the confidence you need to apply it. I think and hope that much of this complex topic has become clear, but I also know that the devil is often in the detail. If you need specific support, for example with particular issues in your own company, or would like to give me feedback on this SoE, feel free to get in touch at any time: +49 160 975 233 94 or matthias@kolbusa.com.

7. Best-Practice Examples

A real-life example helps you understand the explanations above even better and provides clear guidance when applying Kolbusa's High-Speed Strategy Execution model. That's why this appendix contains consistent best-practice examples from a real-life project for the following types of result:

1. Overall target state 26

2. Detailed target state 28

3. Strategic gap 29

4. OKR 30

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7.1 Target state story of a whole company

125 years of TANK AG – the story of a global brand

TANK, the world's leading digital machinery company

A few years ago, TANK AG was described as "the jewel of German mechanical engineering". The long-established company is still a "jewel". But from today's perspective, the second part – "mechanical engineering" and "German" – falls far short: after a transformation phase lasting several years, TANK is today the world's leading digital machinery company.

Digital products and new business models

At the beginning of 2018, TANK recognised that the excellence of traditional German mechanical engineering was no longer enough to stand out from the competition on the world market, and it consistently built on a two-pillar strategy. On the one hand, the development and manufacture of its performance machines naturally remains the backbone of the company. On the other, over the last five years the (digital) service business has developed into a second, no less strong pillar. TANK has doubled its service revenue over the last three years.

Alongside the classic service business of a machine builder – spare parts, maintenance/repairs, training and retrofits – the company offers a whole range of new (digital) services. The linchpin is web technology: all TANK machines are delivered with an Internet of Things interface, so they only need to be connected to the internet. In less than ten minutes they can be linked to the KM web controller, through which all machines can be controlled from anywhere in the world and data collected and analysed. Plug and play, so to speak – except that at TANK it actually works!

With this network, customers can, for example, further reduce the reject rates of their TANK systems through data analysis and optimisation. They can also predict the failure of wearing parts at an early stage to minimise downtime. Finally, a continuous display of their machines based on actual data allows them to optimise utilisation across all systems. This unlocks additional productivity potential that gives TANK a clear competitive advantage. An agile working culture and the establishment of Digifast as the nucleus for developing successful digital services were and are the foundation of innovative TANK digi-products. Here, the plant and machine builder impresses with a clear digital excellence strategy.

This made it possible to attract highly motivated software developers and data scientists. TANK is now widely recognised as a host of hackathons for jointly developing productivity apps with partners and customers. Besides building up its digital offering, TANK recognised early on that rental models, successfully established in the automotive market for decades, can also work in mechanical engineering. When the programme was introduced in 2017, a six-month marketing campaign was still needed to convince the conservative clientele of the new TANK "rent instead of buy" programme. Today the whole programme sells itself: TANK brings every fifth machine to market through this rental model.

Alongside "rent instead of buy", and in light of the strong developments in artificial intelligence, TANK has also been pushing further, completely new business models since 2018: today, for example, we offer a pay-per-use payment model depending on customer needs. TANK now also impresses in global automation solutions with a mix of German-engineered high-tech solutions and locally adapted good-enough solutions.

“By consistently expanding automation hubs in China and the USA, we have achieved global market leadership in systems integration,” explains Thomas Meier, head of the automation division.

The company pulled off a major surprise coup when it became known at the beginning of 2019 that TANK was entering completely new territory: a platform for trading used machinery. At first, the start-up was smiled at. That is no longer the case – at the latest since it became clear that more than one billion euros in revenue are to be reported in this area for 2022 and that growth rates continue to settle at 10 per cent a month (!).

Service champion

In addition to these digital services, TANK has also further expanded its classic service. Last year, based on a customer survey, TANK won the “Service Champion of the Year 2022” award from the Global Machinery Association (GMA) – a highly prestigious award in this industry. Above all, the six worldwide customer care centres were honoured, which offer TANK customers local, competent on-site service in the six global service hubs – supported by an online service drawing on the technical expertise at headquarters. Only in this way has TANK managed to establish a competent 24/7 service hotline used by customers all over the world. In addition, the six service hubs in Europe, the USA and China ensure fast, uncomplicated spare parts availability. “Our customers greatly value the speed and expertise of this offering,” reports a TANK service manager.

TANK also enables its customers to serve themselves, so to speak, via the “TANK e-service site” – an offering that almost all machine builders provide today. In TANK’s case, however, it is well worth mentioning, given the complex system landscape the company comes from and the efforts needed to standardise it. The decisive gain in TANK’s classic service business was not just the additional revenue but, above all, the significant rise in customer satisfaction thanks to the customer-centric approach.

Global footprint

Not least thanks to increased customer satisfaction, TANK has also been able to raise its market share in its second pillar, the machinery business itself, from 11 per cent to 17 per cent. The main driver here was surely that the “German jewel” has become a “global jewel”. In 2017, order volumes in the three largest sales markets – Germany, China and the USA – were roughly equal. Today, TANK’s China business is about twice the size of its German business. TANK has also further expanded its strong US business and conquered markets such as Latin America and Southeast Asia with its new basic product range.

Digitalisation with a new IT foundation

In line with the overhaul of the basic processes, the entire IT infrastructure was scaled to a sensible level. This reduced maintenance costs within IT by 40 per cent. Another valuable effect is that TANK can now access a uniform data basis for large parts of its product portfolio. Among other things, this accelerated all digitalisation projects, as duplicate developments were avoided. Products such as the global “e-service platform” and the “e-commerce platform” for spare parts, as well as the production of small-batch components, are “fed” by this data basis.

7.2 Detailed target state story – the drill-down of a division

The automation BU is the "shining star" of the ALPHA division and in recent years has grown from an addition to the existing portfolio into a mainstay of the ALPHA business model. This was necessary because, as early as 2017, it was foreseeable that customer enquiries and requirements would become ever more complex: customers increasingly expect fully integrated systems that map the entire production process and, where appropriate, include upstream or downstream process steps. To meet these requests, large investments in building our own automation department were needed in recent years. This has paid off: today around 40 engineers generate revenue of some 50 million euros. Without this step, we would not have won many turnkey projects, or would only have supplied a dosing machine to the systems integrator.

In recent years, carbon fibre reinforced plastic (CFRP) has made its breakthrough in car manufacturing – and our systems have made an enormous contribution to this. Unofficially, you could say that the first major CFRP production order in 2018 was the starting signal for all further automation developments in the ALPHA division. Besides processing various matrix systems, we also integrate upstream or downstream steps, such as the automated assembly of battery cells. Here we have entered into a partnership with a major OEM and are involved in Europe's largest battery project. In the aviation industry, too, HD production processes with their short cycle times have become indispensable.

Across BUs, we can efficiently integrate further process steps upstream or downstream of the foaming process – for example, positioning inserts and clips in seat cushion production with its short cycle times, or positioning carbon fibre tapes in the mould before the actual injection process. With seat cushions in particular, autonomous driving is increasingly creating demand for individualised products, as seats take on a new function for relaxing or as a workplace. This is where we came in, and thanks to the modular software we have developed in recent years we can serve the market perfectly. Some of these process steps can be monitored and further optimised using specially developed camera-based software.

By acquiring a thermoforming and laminating specialist, we have not only opened up new markets but can also offer fully linked systems for manufacturing instrument panels. These systems are so deeply networked that data is exchanged between them to improve process accuracy and thus produce products of the highest quality. This goes so far that the trimming and deburring systems are integrated directly into the process and process data is passed on in a linear fashion.

The newly created innovation centre for automation technology enables a small team of experts to implement new ideas independently of the actual project business and develop them to market maturity. In the innovation centre, visionary thinking is encouraged in order to develop new manufacturing ideas that efficiently enable the production of components in a batch size of "one" – for example, highly flexible systems based on autonomous transport systems.

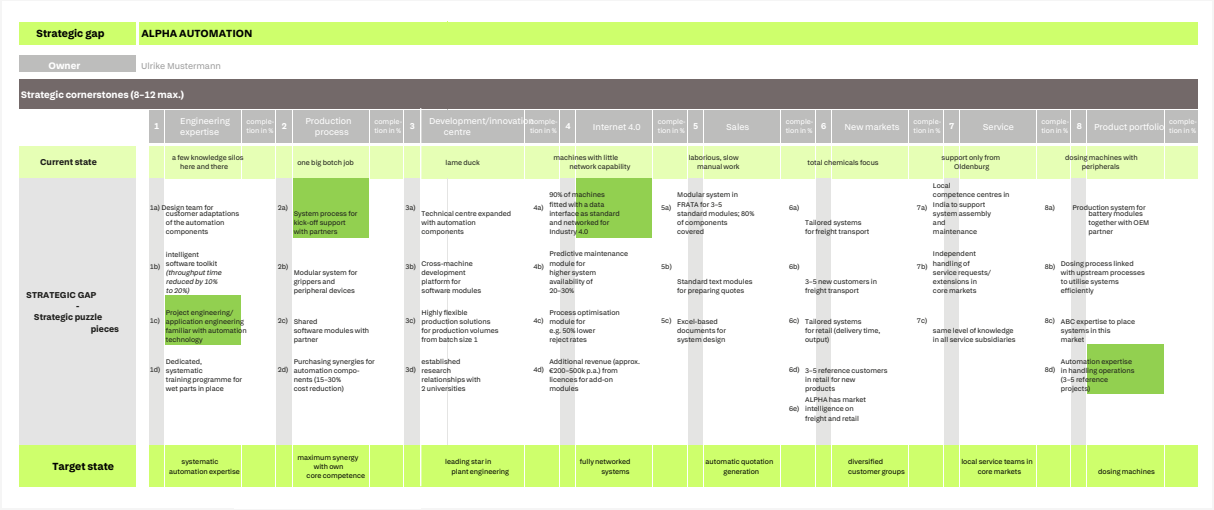
The expanded capacities in the software and commissioning department allow us faster throughput times, both in production and on the customer's site. A major milestone here was the development of a new software structure that is now state of the art and impresses with its modular design. The standardised software can be flexibly extended with modules without leaving the basic structure. At UI level, the most important information can also be accessed via the cloud on all devices.

At first, most customers were sceptical about providing data in the cloud and about our access to the data. But now the benefits outweigh the concerns, because we paid particular attention to data security when selecting the cloud provider. Customers are happy to use the newly offered process optimisation and predictive maintenance modules, which are based on the analysis of customers' anonymised system data.

If it is ever not possible to help customers with problems via remote maintenance, our excellently trained service staff can connect live to the customer by camera via a suitable device (mobile phone or similar) and help them find a solution – keyword "augmented reality". This service is free of charge during the warranty period and can then be booked for a fee under a maintenance contract.

Customers are regularly delighted at how quickly and efficiently we install and commission new systems for them. The feedback we hear from our customers again and again is: anyone can deliver steel, but no one can deliver fully integrated systems tailored to customer requirements as quickly and smoothly as we can.

7.3 Strategic gap based on the detailed target state above



7.4 Two example OKRs, each addressing one element of the strategic gap above

Workstream ALPHA | OKR automation

OKR – R4.1 (automation)

Owner	Ulrike Mustermann

Objective

Outstanding automation expertise among our engineers, especially in application engineering and commissioning. This enables timely, smooth and on-schedule commissioning of the automated systems, to the full satisfaction of our customers. Thanks above all to the resulting punctuality and fast response times, customer satisfaction has risen significantly, as confirmed by the annual customer satisfaction panel. In addition, savings in on-site staff deployment have been achieved, increasing efficiency through lower assembly costs.

Relating to strategic gap	1c

Key Results

No.	Measurement term	Definition	Ongoing tracking			
			Mar 18	Apr 18	May 18	Jun 18
1.	Utilisation of RTM lab cell (gripper robot)	Number of test weeks using the gripper robot	3	5	7	11
2.	Qualification level in automation technology	Number of people with cross-functional automation know-how	1	1	3	5
3.	Commissioning times	Ratio of calculated commissioning effort to actual commissioning effort, averaged across the machines commissioned	12%	14%	18%	21%
4.	Software effectiveness	Number of completed compatible software modules	0	3	7	11

Key Actions

No.	Short description
1.	Acquiring customers for trials to fill the wet-press cells
2.	Development plan for wet pressing
3.	Training in application engineering, e.g. robot programming, assembly, application engineering
4.	...
5.	Create an overview of software modules and a revision or development plan, and set a schedule

OKR – R4.1 (automation)

Owner	Idefix Ingeborg

Objective

Excellent handling expertise in automation through targeted cooperation with FERMONT as a partner in project engineering, robot construction and software development. These synergies make the division shine with our customers through fast, outstandingly prepared quotes. Challenges in certain projects can thus be identified at an early stage. This in turn pays off in project execution, so that projects can likewise be completed to our customers' complete satisfaction.

Relating to strategic gap	2a

Key Results

No.	Measurement term	Definition	Ongoing tracking			
			Mar 18	Apr 18	May 18	Jun 18
1.	Synergies with FERMONT	Number of joint development projects	3	6	8	11
2.	Synergy level in software project	Number of jointly used modules	23	31	50	67
3.	Robotics know-how	Number of existing robotics concepts	2	3	5	8
4.	Robotics modularity level	Number of interface problems per robot	0	4	11	21
5.						

Key Actions

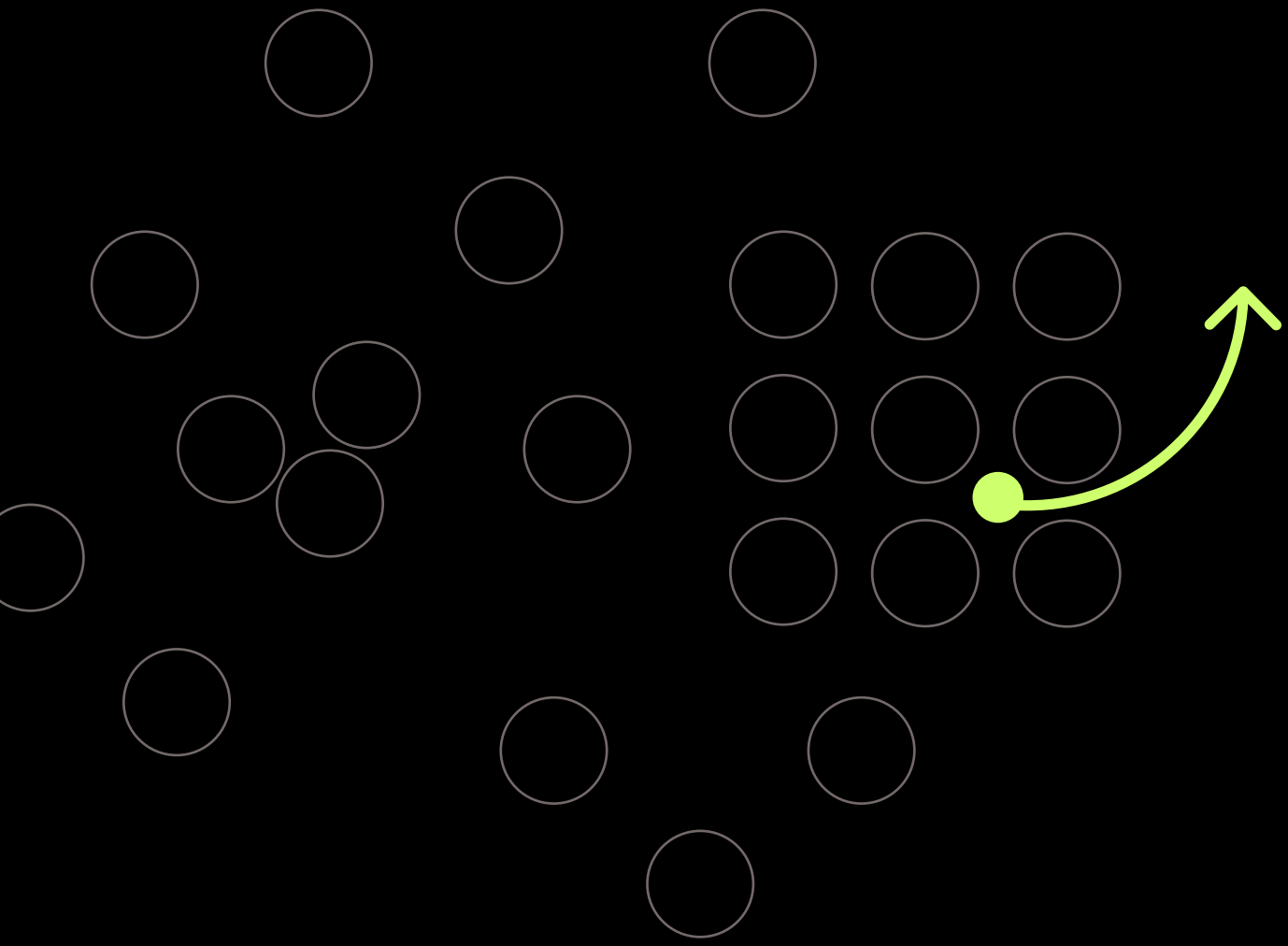
No.	Short description
1.	Establish a joint exchange platform (define participants, overall and then broken down into project engineering, design and software)
2.	Define robotics toolkit, enquiry structure, SAP exchange
3.	Prices must remain competitive
4.	Coordination with FERMONT

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