HOWWE GROWTH ASSESSMENT™ INSIGHTS

Uncovering the Execution Gap

An analysis of the state of strategy execution





ASSESSING THE STATE OF STRATEGY

In an era marked by volatility and disruption, the significance of a well-defined and executed strategy cannot be overstated. Yet, many companies struggle with the complex process of setting, aligning, communicating, and executing their strategies, often missing their financial targets.

The implications of abandoning or poorly executing a strategic plan are substantial, both in terms of financial costs and missed opportunities. Leaders often grapple with confidence in their company's strategy, facing concerns about alignment and execution. But where exactly do these strategies falter, and what are the real costs of these shortcomings?

To probe these critical questions, Howwe Technologies developed the Howwe Growth Assessment[™]. This intuitive instrument aids CEOs and Functional Managers in evaluating their company's readiness for success and identifying potential strategic gaps.

This ebook delves into the current state of strategy among CEOs and Functional Managers, revealing key findings from an analysis of 300+ assessments while comparing the perspectives of these roles.

All respondents provide their input using a four-tiered scale: Strongly Agree, Agree, Disagree, Strongly Disagree. For a clearer interpretation, responses are consolidated into two categories: Agree and Disagree. The ebook presents these consolidated figures, reflecting the percentage of respondents who agree with the given statements.

With only 8% of companies outperforming their market benchmarks and a mere 10% successfully implementing their strategic initiatives on time, the need for strategic clarity has never been more urgent.

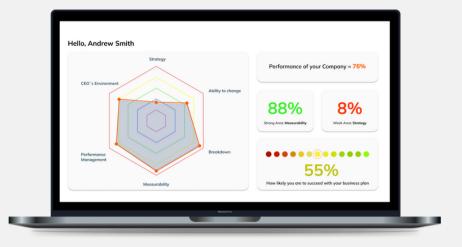
Our goal is to provide CEOs with the insights necessary to navigate the journey from strategy formulation to execution, ensuring their organizations not only keep pace with the market but exceed their growth aspirations.

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HOWWE GROWTH ASSESSMENT™ A STRATEGIC TOOL FOR EVALUATING ORGANIZATIONAL EXECUTION CAPABILITY

At Howwe Technologies, we have committed ourselves to mastering the complexities of strategic execution. We've dedicated over 160,000 hours to understanding every facet of this process – from high-stakes strategy rooms to the front lines where strategies are tested and proven. The culmination of this effort is our strategic Howwe Growth Assessment[™], a predictive model with a structured set of 30 questions that span five critical focus areas offering unparalleled insights into an organization's likelihood of strategic success.

Our Howwe Growth Assessment[™] is not only built on our extensive in-house experience but also validated through over 300 assessments conducted with CEOs and Functional Managers at companies from various industries. It is further supported by a wide array of external research.

For a CEO, achieving strategic success is not only the primary duty of the role; it is also the path to creating lasting structural capital within the company that secures success for future strategies. The competencies assessed by the Howwe Growth Assessment[™] are directly linked with increased growth, profitability, and shareholder value, setting the top leaders apart from the rest. It is designed to evaluate the strategic approach and organizational capabilities, directly enhancing the likelihood of business success. It ensures CEOs embark on their strategic journey with essential self-awareness and a proactive approach to potential vulnerabilities.

This ebook offers an insightful overview of common challenges faced by CEOs and organizations. But let's turn the focus to YOU. What are your specific weaknesses? Where do you find yourself struggling? Identifying your most accessible opportunities for improvement can be challenging. That's where our free Howwe Growth Assessment[™] comes in: we pinpoint your top 5 critical weaknesses. This way, you don't need to navigate through every aspect of this e-book; instead, you can concentrate on addressing the areas most crucial for your organization's growth.

Get Assessment[™]

Howwe Growth Assessment[™] Analysis

Covering 5 perspective of strategy and strategy execution

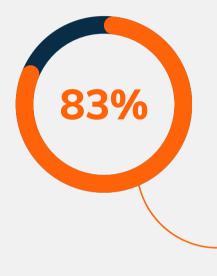
- About the Strategy
- Ability to Change
- Breakdown of the Strategy
- Measurability
- CEO Conditions



Perspective 1 ABOUT THE STRATEGY

This perspective evaluates the ability to formulate and communicate a clear strategy. It focuses on how well the strategy is understood and embraced by the management team and assesses the ability to prioritize effectively within the strategic framework. The ultimate goal is a clear direction that's compelling and concentrated on critical priorities.

WE HAVE A CLEARLY DEFINED STRATEGY



83% of CEOs affirm that they have a clearly defined strategy, a sentiment echoed by functional leaders, highlighting the widespread recognition of strategic clarity's pivotal role.

A clear strategy serves as a guiding light, aligning every initiative with the company's vision and preventing efforts from becoming fragmented and less impactful. Leaders are responsible for articulating precise, targeted objectives, thereby directing the organization towards unified success.

While 83% say they have a clear strategy, the reality is that many companies are not being specific enough about their initiatives and goals to drive significant change.

However, the percentage decreases with each hierarchical step. 75% of the CEOs answer that the strategy is clear to the management team.



WE AGREE ON THE PRIORITIES IN THE STRATEGY

Assessment reveals a concerning disconnect, with only 57% of the CEOs expressing agreement about the strategic alignment. This highlights a critical gap in ensuring that priorities are clearly communicated and universally understood across the organization. Addressing this misalignment is important for cohesive execution and overall success.

However, looking at the same question among functional leaders and the agreement within their functions, the results are more positive with 81% agreement on the priorities in the Business Plan.



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Leaders struggle to focus on the core priorities of the strategy and to complete them in time.

Employees don't know what to focus on, yet **82% want to contribute.**



LET'S PUT THIS INTO CONTEXT

What's important to keep in mind when interpreting the results of the Assessments is that it is based on CEOs self-assessments. Putting the results of alignment of priorities in the context of external studies paints a darker picture. A <u>study by MIT</u> reveals a worrying cascade effect: as we move down organizational levels, the clarity of the company's strategic priorities sharply diminishes. With only 51% of executive team members able to identify their company's top three priorities—compared to a mere 13% of general employees—the gap in understanding is not just significant; it's critical.

This misalignment is not merely a communication issue but can lead to a strategic execution crisis. If the majority of employees are unaware of what they should be focusing on, the company's strategic initiatives are unlikely to be realized effectively.

Leaders must take decisive steps to ensure that the company's core priorities are not just communicated, but understood and acted upon at every level of the organization.

This gap in strategic awareness underscores the need for a tool or system that can disseminate and clarify strategic priorities across all tiers of a company, ensuring everyone is moving in concert towards the same goals. Howwe aims to bridge this gap, providing a platform for aligning and activating every member of the team on the strategic path laid out by their leaders.

WE HAVE LIMITED OUR PRIORITIES TO THE CRITICAL FEW



Exceptional execution begins with narrowing the focus—pinpointing what must be achieved above all else. Over-diversified goals dilute focus and impact, and this tends to escalate as the strategic direction is cascaded down the organization. Concentrating on a few key goals sharpens strategic direction and enables better resource allocation, leading to impactful results. Focus on less to achieve more' is a guiding principle and 63% of CEOs claim to adhere to this principle. However, there is a clear disconnect between the CEOs and Functional Managers perception of how well the companies have managed to prioritize, with only 50% of Functional Managers agreeing.

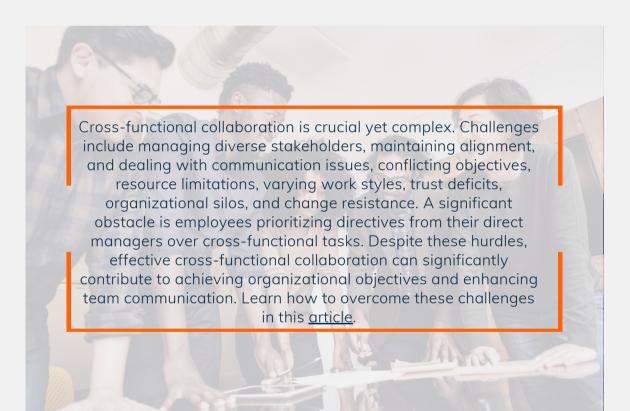
It's challenging to prioritize, but it's about daring to make decisions. The essence lies in the courage to say no and to carry that decision through all layers of the organization. You'll face resistance, but handling it as non-optional simplifies the process. As a CEO, your ability to articulate the problem, explain the 'why' behind actions, and continuously reinforce this message builds a critical mass of trust.

Anonymized CEO insights, courtesy of Growth Club. Names omitted for privacy.

MY STRATEGIC INITIATIVES / MUST-WIN BATTLES ARE DEPENDENT ON CROSS FUNCTIONAL WORK

85% of CEOs claim that their strategy includes a few but very critical company wide strategic initiatives. Strategic initiatives are typically cross-functional and involve "bigger bets" and 85% agree that the strategic initiatives are dependent on cross functional work.







Swift execution is paramount and CEOs recognize the urgency of meeting goals with 89%, emphasizing the importance of timely strategy execution. This highlights a pivotal opportunity for leaders to harness digital tools to expedite crucial initiatives and navigate the complexities of modern strategic challenges more effectively.

Learn more about the opportunities of digital tools for strategy execution on page 25.

89%

It is important for me to succeed with my goals in time



Only the CEO can create clear decisions. Knowing when we're ready to decide, and understanding that a 'no' is also a powerful decision, are pivotal. Clear decisions, even more than good ones, allow for focused execution. Limiting choices lets us concentrate on actual implementation, which varies in intensity over time."

Anonymized CEO insights, courtesy of Growth Club. Names omitted for privacy.

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Perspective 1 About the Strategy



Prioritize a few impactful goals to increase focus Over-diversified goals dilute focus and impact. Concentrating on a few key goals sharpens strategic direction and enables better resource allocation, leading to impactful results.



Unite Management Team on Strategic Priorities

Disunity on strategic priorities hampers execution. Consensus in the management team is essential for organizational alignment and focused execution.



Develop Actionable Initiatives

Vague strategic initiatives hinder execution. Creating a clear and robust framework for strategic initiatives guarantees their actionability and alignment with company goals, offering a definitive roadmap for HOW goals are to be achieved, effectively transforming strategic visions into tangible outcomes.

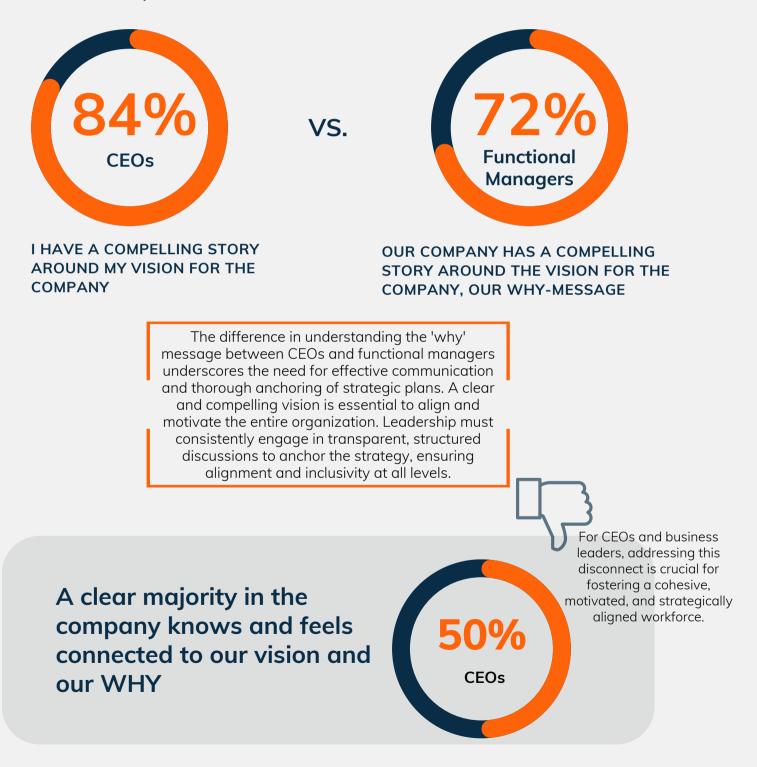
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I've realized I need to be the poster child for tough priorities. It won't make me popular, but it's a long game. Consistency in our message across various forums is crucial for credibility and building psychological trust. Being that voice that tackles tough questions head-on fosters a safe environment for delegation and embeds the strategic mindset into the board's operations."

Anonymized CEO insights, courtesy of Growth Club. Names omitted for privacy.

Perspective 2 ABILITY TO CHANGE

This perspective measures organizations adaptability and responsiveness to change. It explores how effectively the leadership can motivate and lead the organization through transformation, the ability to maintain momentum during change, and the commitment to embed lasting improvements. The intent is to foster an environment where change is embraced and executed efficiently.



MY MANAGEMENT TEAM HAS A STRONG SENSE OF URGENCY TO CHANGE WHEN NEEDED



MY FUNCTION HAS A STRONG SENSE OF URGENCY TO CHANGE WHEN NEEDED



Assessment shows that initiatives are often not broken down into the current quarter, resulting in the goals being pushed too far into the future. This tends to deprioritize strategic initiatives in favor of operational work, leading to poor results.

I AM SATISFIED WITH HOW MY MANAGEMENT TEAM IS DRIVING OUR PRIORITIZED AREAS WITHIN THEIR RESPECTIVE FUNCTIONS



I AM SATISFIED WITH HOW MY FUNCTION IS DRIVING OUR PRIORITIZED AREAS



The fact that only 49% of CEOs feel satisfied with their management team's drive in prioritized areas signals a significant alignment issue. As the CEO's crucial allies, the management team's alignment with strategic priorities is fundamental for organizational success. This gap points to a need for enhanced communication, clearer role definition, and stronger commitment to shared goals, ensuring that the management team is fully equipped and motivated to effectively drive the CEO's vision.

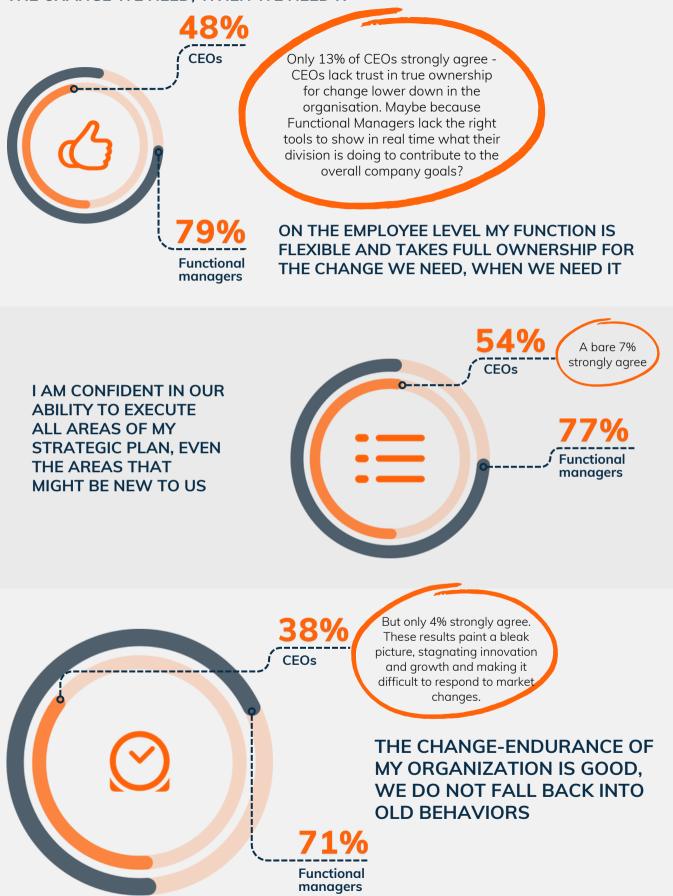




Creating a culture where open expression of concerns and doubts is valued is key. Constant engagement in one-on-one conversations, not just annually, catches discrepancies early. The company's culture should celebrate silent achievers over 'firefighters'. As a CEO, shaping what's valued in the company can dictate its direction towards executing with agility, emphasizing the importance of initiating strategies at 70% readiness and adjusting as needed, but delegation of execution is crucial to avoid burnout."

Anonymized CEO insights, courtesy of Growth Club. Names omitted for privacy.

ON THE EMPLOYEE LEVEL MY ORGANIZATION IS FLEXIBLE AND TAKES FULL OWNERSHIP FOR THE CHANGE WE NEED, WHEN WE NEED IT



The Remedy Perspective 2: Ability to change



Elevate Strategic Focus in Operationally Oriented C-Suites

C-suite's operational emphasis overshadows strategic initiatives. Increasing focus on strategic tasks ensures critical goals are pursued, empowering managers to drive change effectively and independently.



Cultivate Urgency in Slow Response to Change

Slow execution of strategic initiatives hinders competitiveness. Accelerating change with a heightened sense of urgency reduces costs and emphasizes the necessity of immediate action for organizational success, underscoring the consequences of inaction.



Optimize Cross-Functional Collaboration

Siloed approaches limit success in complex initiatives. Enhancing crossfunctional collaboration maximizes potential and efficiency, ensuring successful, integrated execution of complex projects.



Strengthen Leadership's Role in Driving Change

Leadership's inefficacy in change management slows transformation. Enhancing leaders' ability to champion change fosters enthusiasm, overcomes resistance, and embeds a culture of proactive transformation, ensuring that change is embraced and effectively managed across the organization.



Raise the Bar for Strategic Planning

Broad strategies lack clear, actionable translation. Improving strategic planning skills leads to tangible, executable plans, facilitating concrete progress amidst operational demands.

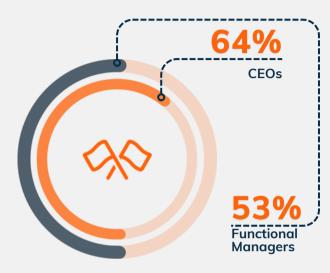


Ensure Action in Strategic Implementation

Leadership's difficulty in operationalizing strategy impedes tangible progress. Encouraging decisive action and rigorous monitoring at all levels guarantees that strategies are converted into concrete actions, focusing on implementation and real results. This approach ensures that crucial, impactful objectives are not overshadowed by day-to-day operations.

Perspective 3 BREAKDOWN OF THE STRATEGY

This perspective measures organizations adaptability and responsiveness to change. It delves into how organizations break down their strategic goals into actionable and measurable plans. It examines the alignment and coherence of plans across different levels of the organization, investigating if strategies are not only well-articulated but also effectively translated into departmental actions and individual responsibilities.

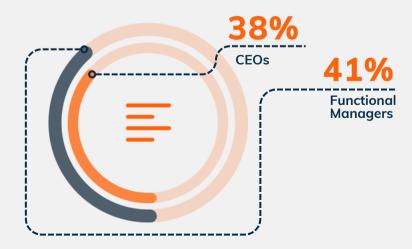


ALL TEAMS HAVE INDIVIDUAL GOALS THAT ARE CONNECTED TO OUR STRATEGY AND BUSINESS PLAN (OUTPUT WANTED)

ALL TEAMS HAVE DEFINED WHAT ACTIVITIES THEY NEED TO DO TO REACH THEIR GOALS (INPUT NEEDED)

Do you notice the huge drop from KPIs to activities that will lead to improvements? To succeed in strategy execution, don't focus on "output" – i.e., what we have achieved – but also on "input" – the activities required to reach our strategic goals.





OUR PLANS ARE ALIGNED BOTH TOP-DOWN AND ACROSS THE ORGANIZATION

This result suggests a significant alignment gap in organizational planning, both vertically and horizontally, which could lead to fragmented efforts, inefficiencies, and a lack of cohesive progress towards shared goals.

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Perspective 3: Breakdown of the Strategy

Align Organizational Focus

Misaligned goals and plans lead to inefficiency and strategic disconnection. Realignment across the organization ensures cohesive strategy execution, with each team's efforts significantly contributing to unified objectives, enhancing efficiency and fostering a shared strategic vision.



Integrate Key Activities in Governance Model

The absence of high-impact, actionable steps hinders goal advancement. Integrating Key Activities into the strategic plans provides clear, actionable steps, aligning individual efforts with the strategic direction and making strategy understandable at all levels.

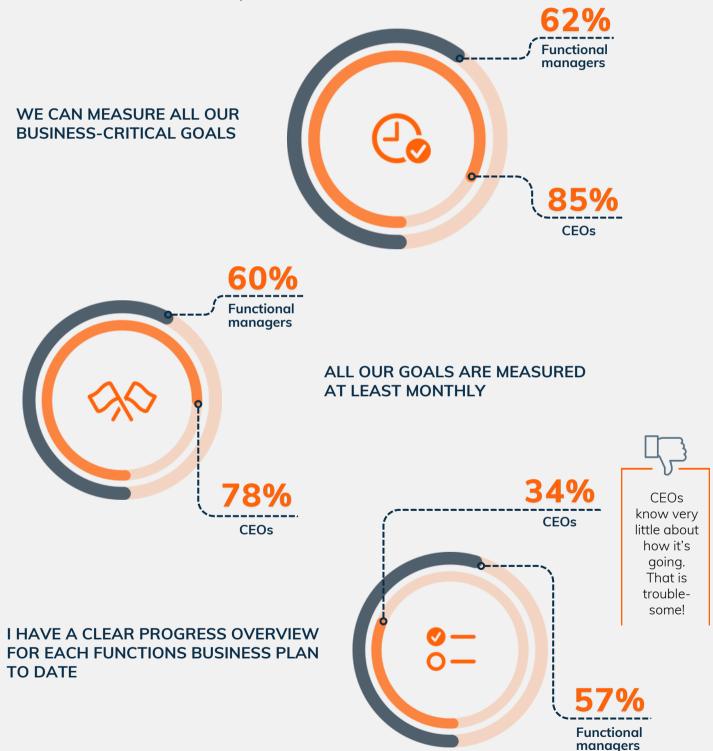


Enhance Steering to Drive Organizational Commitment

Inadequate steering leads to unfulfilled strategic ambitions. Implementing a structured team processes for enhanced steering drives a culture of commitment, focusing efforts on priority tasks and ensuring commitment and accountability towards strategic progress.

Perspective 4 MEASURABILITY

Measurability focuses on organizations ability to track and measure progress towards its strategic goals. It assesses the systems and processes in place for monitoring performance and how well these indicators are communicated and understood across the organization. It's about how organizations have managed to create a performance-focused culture where progress is measured, understood, and acted upon.



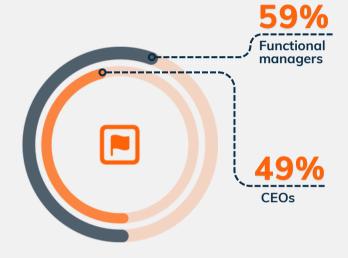


THE ORGANIZATION CAN ACCESS OUR RESULTS BOTH VISUALIZED AND TRANSPARENT

THE MY FUNCTION CAN ACCESS OUR RESULTS BOTH VISUALIZED AND TRANSPARENT

WE USE LEAD MEASURES TO INCREASE PERFORMANCE (ACTIVITY BASED STEERING)

KPI-based management tracks progress towards goals with periodic reviews, while Activity-based management focuses on daily actions impacting KPIs. The former sets the destination; the latter guides the daily journey. Which do you think drives greater impact: the goal's vision or the daily steps towards it?





I CAN CLEARLY MEASURE THE FINANCIAL IMPACT OF THE PROGRESS WE GENERATE IN THE CHANGES WE ARE DRIVING

CEOs have no idea how it is going. Half can't measure the financial impact. And by the time the financial impact becomes apparent it is way to late to offer support and to make adjustments to the strategy.

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Perspective 4: Measurability

Ensure Measurability of Business Critical Goals

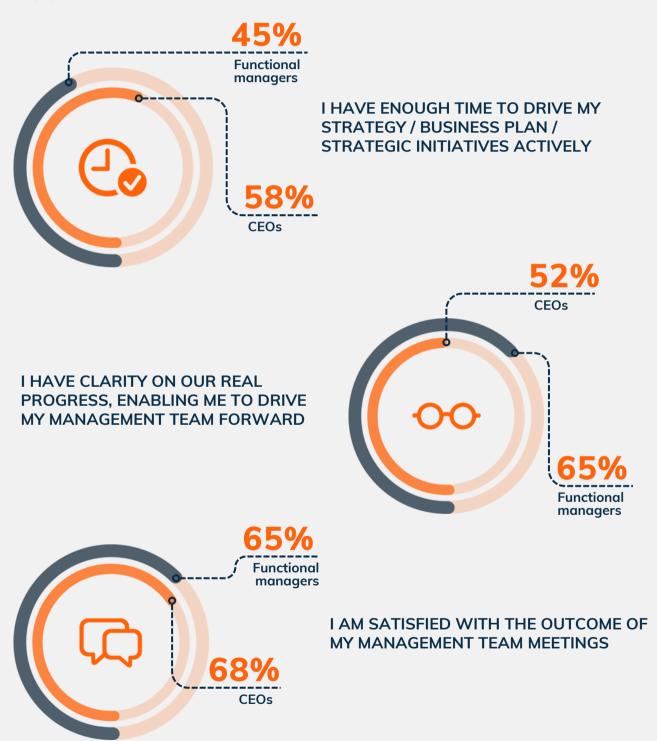
Immeasurable goals create strategic uncertainty. Establishing clear, measurable goals for all teams allows for accurate progress tracking, informed decision-making, and a swift response to changes.

Visible Progress Tracking, beyond traditional KPIs

Conventional KPIs offer limited insights and often reactive, when it's too late. Senior leaders need visualized real-time progress of the plan focused on input - not output - to address bottlenecks and resistance effectively. Implementing progress tracking for initiatives on activity level offers deeper, immediate insights, allowing leaders to tackle challenges proactively, leading to simplified execution and faster strategic achievement.

Perspective 5 CEOS CONDITIONS

This dimension is specifically concerned with the personal effectiveness in leading the organization's strategy. It assesses the allocation of time to strategic tasks, the clarity and quality of information available for making strategic decisions, and the overall satisfaction with strategic execution. It's about ensuring that the top leadership is well-equipped, informed, and actively engaged.



The Remedy Perspective 5: CEOs Conditions



Operational Mindset for Strategy in the C-Suite

Senior management's detachment from hands-on strategy execution reduces organizational efficiency. It is essential for leaders to engage in strategic initiatives, their proactive involvement sets a precedent for the entire company. This toplevel commitment acts as a pivotal force, unifying and invigorating the organization towards shared strategic objectives.



Optimize Management Meetings for Strategic Focus

Management meetings are lacking in strategic focus leading to missed opportunities and reactive decision-making. By emphasizing strategic depth in meetings, leaders can prevent being sidetracked by minutiae and maintain their role as guardians of long-term value, enhancing strategic alignment and facilitating effective goal implementation.

Streamline Strategic Progress Reporting

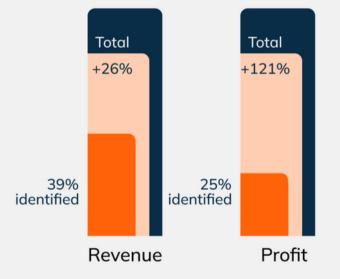
Inefficient reporting methods hamper effective strategy tracking and consume valuable managerial time. Streamlining these processes not only improves strategic insight for CEOs but also eliminates the need for labor-intensive data consolidation, freeing up leadership to focus on more strategic tasks.

OVERESTIMATING PERFORMANCE: A GROWTH RISK FACTOR

Strategic Initiatives are carefully targeted 'big bets' designed to achieve clear, measurable objectives and directly drives business growth and strengthen market positioning. Top-performing CEOs ensure that these initiatives collectively have the financial potential to bridge the gap between the current financial growth trend and strategic ambitions. A striking disparity exists between CEOs' perceptions and the actual status of their strategic initiatives.

While 83% of CEOs believe they have a clearly articulated strategy, aiming for an average revenue growth of 26%, the initiatives they pinpoint to achieve this growth cover only 39% of the target. In the case of aiming for a 121% increase in profitability, the initiatives laid out address merely 25% of this ambitious target. This discrepancy leaves a significant portion of potential profit and revenue opportunities undefined and not translated into actionable plans.

Identifying less than half of the growth potential is a stark indicator that the strategy is too vague. For the C-suite, this should be a call to action: transform wishful thinking into a clear, executable roadmap. Without a concrete plan for how to achieve your financial ambitions, the job is incomplete and the strategy is in risk of remaining on paper, unrealized.



The Howwe Growth Assessment[™] reveals a consistent pattern where company leaders tend to overestimate their capability to meet strategic objectives, a well-documented cause of strategy failure. This overestimation can significantly hamper the realization of the strategy. Understanding where growth will originate is key to directing your organization's resources efficiently and providing a clear growth path to stakeholders. Investing in a robust initiative structure pays dividends in execution speed and clarity.

"A CEO's overconfidence in clarifying, measuring, and actioning the strategy leads to consequences throughout the organization. This misalignment at the top level often results in operational, rather than strategic, focus and challenges functional managers in driving change, affecting the company's growth potential."

Per Forslund, President of Howwe Technologies



STRATEGY AND EXECUTION: THE DUAL DRIVERS OF ORGANIZATIONAL ACHIEVEMENT

"Without a strategy, execution is aimless. Without execution, strategy is useless."

- MORRIS CHANG FORMER CEO & FOUNDER OF TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY



In the corporate world, the duo of strategy and execution is as crucial as it is misunderstood. Picture this: a brilliantly crafted strategy is like a roadmap to treasure. Without the journey (execution), the map is just a piece of art. Conversely, embarking on a journey without a map (strategy) is a wild goose chase. For a CEO, merging these two is akin to aligning the stars – it turns vision into tangible success, and it's not just about avoiding loss – it's about setting the stage for unprecedented growth and unlocking the full potential of your team.

Did you know that 64% of companies bring in external brains to sketch out their strategies? Yet, this is where many hit the brakes. Crafting a strategy is just the starting block. The real race is in its implementation – the phase often left gathering dust. A mere 38% of organizations seek expertise in bringing these strategies to life, and an even smaller 31% focus on ingraining them in their team's ethos.

The Digital Detour: From Boardroom to Ground Floor

Here's a familiar scene: groundbreaking strategies confined to PowerPoint slides and Excel sheets, turning them into corporate myths rather than action plans. The irony? Companies splurge on consultants for strategy crafting, not realizing that the true battleground is in its execution. This oversight leads to two victims: unmet goals and a disengaged workforce.

In the digital age, this gap is more than just a missed opportunity. It's akin to leaving your most potent weapon sheathed. Digital tools are the new knights in shining armor, ready to take your strategy from the boardroom to the front lines. Ignoring these tools doesn't just stall growth; it's like turning down a turbo boost in a race.

Shortening Calendar Time: DIGITAL SUPPORT FOR ACCELERATED STRATEGY EXECUTION

In today's fast-paced world, decision-makers and CEOs face their biggest challenge – shortening the time from decision-making to actual execution of strategic initiatives. It's no secret that this is a critical factor in achieving success and staying competitive. Unfortunately, we are witnessing a concerning trend where decision-makers from all sectors—be it government, education, healthcare, nonprofits, media, military, or religious organizations—demand increased digitization from their employees, subordinates, or community members but continue to work in an analog manner themselves.

Time – Our Most Valuable Asset

Time is an irreplaceable resource and our most valuable asset. We cannot gain more time, but we can use it more intelligently. Understanding the value of calendar time and its consequences enables us to catalyze changes that will enhance our results. If the change speed in an organization is consistently too slow, it significantly hinder strategic potential. A sluggish pace impedes the effective response to market demands or opportunities. Shortening the time from decision to goal attainment means we can quickly reap both the economic and human benefits according to our decisions.

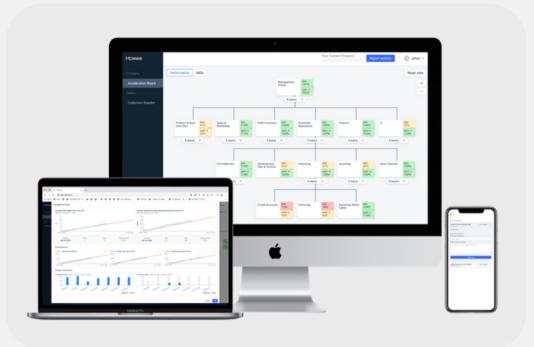
It's not the capability that's lacking; it's the behavior of decision-makers. By understanding and optimizing the value of time, prompt decision-making translates into accelerated, impactful action.

Transition from Analog to Digital

As leaders, you have probably heard about the importance of digitization to drive progress. However, the key to truly leveraging this digital transformation lies in your hands. Embracing digital tools specifically designed with CEO and business perspectives can significantly increase the likelihood of strategic success. These tools not only speed up the execution of key initiatives but also provide a clearer measurement of progress toward the goals you deem most critical.

Implementing change may pose challenges in terms of change management, for both CEOs and senior leaders. However, it is crucial to recognize the consequences of inaction regarding critical vulnerabilities. Pursuing transformative success requires navigating change, but the benefits far outweigh the initial effort.





Execution with next generation technology

BY SIMPLIFYING THE GROWTH JOURNEY, HOWWE IS HERE TO REDEFINE STRATEGY EXECUTION

Imagine executing every strategy as effortlessly as following a recipe. Howwe transforms complex growth strategies into clear, actionable steps for everyone, from the boardroom to the breakroom.

Just as GPS navigates us through unknown paths, Howwe acts as your business's digital roadmap. Merging a time-tested growth method with a user-friendly platform, it steers companies through corporate growth, reshaping how they operate.

Our mission is clear: bridge the strategy-execution gap with clarity and foresight. No more missed targets or deadlines. Envision a synchronized company, unified by best practices and empowered by digital precision. Amidst market upheavals, Howwe stands firm, enabling businesses to not just adapt but proactively excel.

In an era of endless data, Howwe simplifies growth. It's beyond digitalization—it's a pledge to clarity, ease, and unified progress.

Howwe is the Solution for Growth. With our method and software, we simplify the execution of your strategy.





Learn more <u>CEO Forum | Other E-Books | Howwe.io</u>