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Why implementation matters

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How important is the way you implement a major change effort? We surveyed more than 2,000 global executives to find out—and to learn from the best.

Implementation matters. That may be no surprise to executives who have lived through the challenges of actually executing strategies and major change programs. But what may surprise you is just how much impact implementation has on a range of measures of corporate health.

Our global survey on implementation[1] asked executives about seven core implementation capabilities and 21 specific underlying practices identified as the most critical to success by McKinsey's Implementation Capability Assessment. The results were striking. Good implementers—defined as companies where respondents reported top-quartile scores for their implementation capabilities—are 4.7 times more likely than those at the bottom-quartile companies to say they ran successful change efforts over the past five years. Respondents at the good implementers also score their companies around 30 percent higher on a series of financial-performance indexes.

Perhaps most important, the good-implementer respondents say their companies sustained twice the value from their prioritized opportunities two years after the change efforts ended, compared with those at poor implementers (Exhibit 1). After all, every company "leaks" value at various stages of the implementation process. Some opportunities that are prioritized will not be implemented. Others will be implemented but will not achieve bottom-line impact. A final set may achieve bottom-line impact, but it will not be sustained. Yet good implementers retain more value at every stage of the process than poor implementers do, and the impact is significant. So what can we learn from them?

Secrets of the world's best implementers

Almost by definition, good implementers outscore poor implementers by a significant margin on all of the seven core capabilities in our Implementation Capability Assessment—which the survey results confirm (Exhibit 2). Yet beyond these aggregate results, our extensive work with companies

[1] The online survey was in the field from January 14 to January 24, 2014, and garnered responses from 2,230 executives representing a range of regions, industries, company sizes, functional specialties, and tenures. The total results reported also include responses from an additional 151 global executives, who were surveyed at an earlier date. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP.

Exhibit 1 **The 'good implementers' retain more value than their peers at every stage of implementation.**

Proportion of opportunities that good-implementer companies retain at each stage of implementation, relative to bottom-quartile companies

All opportunities identified during a change effort	Opportunities that were **prioritized and implemented**	Opportunities that were **implemented and achieved measurable financial benefits**	Opportunities that achieved **financial benefits and were sustained**	Total opportunities that were **sustained after 2 years**
	1.4x ×	1.1x ×	1.3x =	2.0x

Exhibit 2 **The companies that best execute organizational changes possess the strongest core capabilities for implementation.**

Average capability score,[1] out of 4, n = 563

Key capabilities for implementing major change efforts		Strength of good-implementer scores, relative to bottom-quartile organizations
Clear, organization-wide **ownership and commitment to change** across all levels of the organization	3.60	**1.8x**
Ability to focus organization on a **prioritized set of changes**	3.50	**1.7x**
Clear accountability for specific actions during implementation	3.40	**2.0x**
Effective program management and use of standard change processes	3.30	**1.9x**
Planning from day 1 for the **long-term sustainability of changes**	3.30	**1.8x**
Continuous improvements during implementation and rapid action to devise alternative plans, if needed	3.20	**2.0x**
Sufficient **resources and capabilities** to execute changes	3.20	**1.8x**

[1] Respondents were asked to evaluate statements about their organizational best practices and capabilities on a scale of 1 ("strongly disagree") to 4 ("strongly agree").

in implementation and the survey itself point to some specific practices common to the world's best implementers. Let's look at just three examples:

- **Ownership and commitment.** Leaders devote appropriate time and energy to support major change, often clearing their diaries to drive efforts in a hands-on manner and inspire their colleagues. They also role model the right behaviors to support the change, commonly by demonstrating the difficult act of making personal behavioral changes.

- **Prioritization and planning.** Line managers use tools such as value-driver trees to ensure employees spend the majority of their time on the organization's priorities. They communicate at all levels about which actions and outcomes are most important to the organization's shareholders, customers, and other stakeholders, and they have set intervals to review individual efforts toward the organization's priorities.

- **Accountability.** Line managers eliminate performance variability through tight monitoring and quick responses. This includes effectively using key performance indicators that the organization tracks at the right frequency, conducting regular performance discussions with teams, and regularly assessing employees against individual goals and targets.

Similar examples can be identified across the remaining four core capabilities in Exhibit 2. Finally, one cross-cutting secret of the world's best implementers is their belief that implementation is an individual discipline that can be improved over time. Top-quartile implementers manifest this belief by having a higher proportion of experienced change leaders run their programs relative to other companies. In fact, the survey respondents at good implementers are 1.4 times more likely than those at poor implementers to say they have personally led multiple change efforts.

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Executives and line managers around the globe often lament their organizations' implementation capabilities. Our survey underlines what's at stake, but it also has good news: there is a clear path to improving implementation capabilities by understanding the practices that matter, prioritizing them in your organization, and building them systematically. ◻

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