

15.361 EXECUTING STRATEGY FOR RESULTS
MIT SLOAN SCHOOL OF MANAGEMENT
FALL 2017, H1
Monday and Wednesday 1:00-2:30 in E51-376

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I. INTRODUCTION

A recent survey of more than 400 global CEOs revealed that excellence in execution was the number one challenge facing corporate leaders in Asia, Europe, and the Americas, topping a list of 84 issues including innovation, geopolitical instability, and top-line growth. These executives are right to worry about execution. Between one-half and two-thirds of companies fall short when it comes to achieving their strategic priorities.

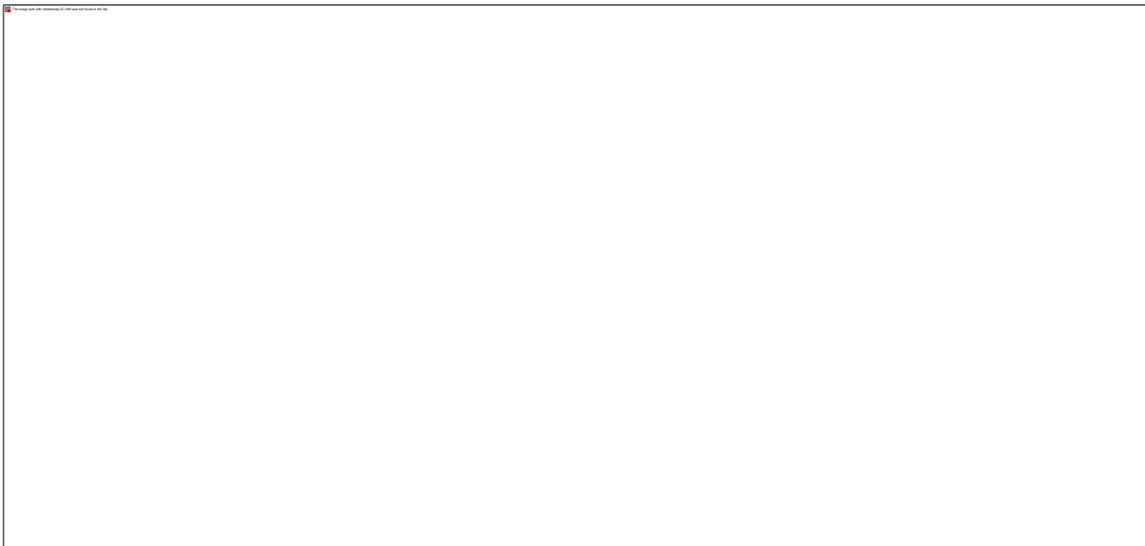
Strategy execution is important and difficult, so you might expect it to be a core concern in business schools. Despite its importance, strategy execution is not well understood. An amazon.com search for “business strategy,” produces 65,000 books, while “strategy implementation” and “strategy execution” together yield fewer than 2,000 books.

The dominant view of strategy execution is, at its heart, mechanistic. After setting a direction, top leaders manipulate “levers of control” to break their strategy into goals, assign these objectives down the hierarchy, measure progress, and reward performance. This approach, developed in an era when executives wore fedoras to work, is ill-suited to current market realities. Today, companies must balance strategic persistence with the agility to respond to unexpected changes—i.e., flexible execution (or flexecution for short). This course is organized around the seven components of the Flexible Execution model:

- *Strategy for Execution.* An organization’s strategy describes how it will get its present state to a desired future. A strategy for execution must provide sufficient structure to guide actions and trade-offs, but leave enough latitude to respond to changing conditions. We will focus on strategic priorities as a tool to balance direction with agility.

- *Shared context* measures how well leaders responsible for execution understand what matters, why it matters, and how the organization is doing against its strategic priorities. The best way to build and maintain shared context is not one-way communication, such as email blasts from the CEO, but through ongoing discussions among key leaders throughout the organization.
- *Goals 2.0* refers to the processes—including goal setting, performance feedback, and incentives—that organizations use to align activities with strategic priorities. To balance flexibility and alignment, goals should be revisited quarterly, ambitious, linked to metrics and milestones, and transparent throughout the organization.
- *Distributed leaders* oversee key teams, and represent the central nodes in the organizational network. Most distributed leaders will be middle managers running business units, functions, or regions, but this group may also include technical experts or thought leaders critical to executing strategy.
- *Resource re-allocation* refers to the formal and informal processes to allocate, and more importantly re-allocate, the cash, people, and managerial attention required to achieve strategic objectives as market circumstances change. We will focus on simple rules as a tool to shift resources without losing sight of strategic priorities.
- *Corporate culture* is the bundle of values that are deeply held and widely shared throughout the organization, and thereby shape behavior on a day-to-day basis. We will discuss how to quantify corporate culture, the importance of fit between values and strategy, and how to change culture over time.
- *Top leaders* are responsible for taking a holistic view, and ensuring that all components of the Flexible Execution model are working together to execute on their organization’s strategy.

Flexible Execution Model



II. COURSE OBJECTIVES

This course is designed for students who intend to work in general management positions in start-ups, large corporations, or not-for-profit organizations at some point in their career. The course will also be useful for students who plan to work as management consultants after graduation.

This course is designed to help MIT Sloan students bridge the gap between strategy and execution in four ways.

- Present an alternative to the mechanistic view of strategy execution that reframes an organization as a complex network of teams ceaselessly adjusting to market conditions and to other teams.
- Introduce the *Flexible Execution Model*, consisting of seven elements--strategy for execution, shared context, goals 2.0, resource re-allocation, distributed leaders, top leaders, and execution culture—that together shape how well an organization executes its strategy.
- Discuss a set of practical tools—based on research and field-tested in the real world—that help leaders achieve their organizations’ strategic priorities.
- Explore novel ways to use data—including surveys, Glassdoor reviews, and other sources—to measure strategy execution and identify what is and is not working.

III. GRADING AND REQUIREMENTS

This class is offered pass/fail. To pass the course, students must

Class attendance and participation	25%
Pre-class surveys	25%
Two class preparation memos (team)	50%

Class participation (25%)

This course relies heavily on discussing and learning, from case studies. We will spend a substantial portion of each class discussing the assigned case, an interactive process designed to surface multiple viewpoints, debate their pros and cons, and decide on a course of action. Given the cumulative nature of the course and the important role that classroom interaction plays, attendance is mandatory for every session. If you cannot attend a session, please notify the teaching assistant via email *before* the class commences. We will track class participation, and all students are expected to participate in our class discussion on a regular basis to pass the course.

Pre-Class Surveys (25%)

For most classes, a brief pre-class survey will be distributed through Stellar the day

before class. Survey responses are required, and should demonstrate familiarity with readings and case materials. Each student is responsible for answering each survey question. **The survey responses must be submitted by 11:00 pm the night before class.**

Two class preparation memos (25% each)

Twice during the course, students must submit a two-page memorandum of analysis and recommendations for a case study or assigned reading. These memos are a team assignment, and can be completed in teams of up to four members. Each memorandum should be typed and double-spaced, 12 point font with one-inch margins. The two-page limit is for text only. You may attach as many numerical calculations or diagrams as you wish. More detailed guidelines for the memos will be available on Stellar. **Memos must be uploaded to Stellar in the homework folder by 5:00 PM day before class.** You may write case preparation memos for the following case studies or sessions:

- Strategic Priorities (due September 10)
- Canadian Compression Corporation (Due September 19)
- Henkel (due September 26)
- Silvio Napoli at Schindler India (due October 10)
- Carnival Cruise Lines (due October 15)

IV. OFFICE HOURS

I will not hold scheduled office hours, but am available to discuss the course content and assignments. Please contact Lisa Barone (lbarone@mit.edu) to set up a time.

V. SCHEDULE OF SESSIONS AND READINGS

We will meet Mondays and Wednesdays from 1:00-2:30 for the first half of Fall semester.

Course Overview			
	Date	Topic	Case studies and readings
	Sep 6	What strategy execution is (and isn't)	<ul style="list-style-type: none"> Sull et al., "Why strategy execution unravels, and what to do about it," <i>Harvard Business Review</i>
	Sep 11	Strategy for Execution	<ul style="list-style-type: none"> Rumelt, "The perils of bad strategy" Sull et al., "Strategy for Execution" working paper
	Sep 13	Goals 2.0	<ul style="list-style-type: none"> <i>BetterWorks</i> case Sull et al., "Goals 2.0" working paper
	Sep 18	Simple Rules	<ul style="list-style-type: none"> Sull and Eisenhardt, <i>Simple Rules</i>, chapters 1 & 5
	Sep 20	Simple Rules in action	<ul style="list-style-type: none"> <i>Canadian Compression Company</i> case
	Sep 25	Execution Culture	<ul style="list-style-type: none"> Kang et al, "Measuring Culture" working paper Sull and Spinosa, "Promise-based management: The essence of execution"
	Sep 27	Building an execution culture	<ul style="list-style-type: none"> <i>Henkel: Building a winning culture</i> case
	Sep 27	The execution loop	<ul style="list-style-type: none"> Sull, "Closing the gap between strategy and execution"
		The execution loop (continued)	<ul style="list-style-type: none"> Sull, "Closing the gap between strategy and execution"
	Oct 9	Columbus Day. No class	
	Oct 11	Leading execution from the middle	<ul style="list-style-type: none"> <i>Silvio Napoli at Schindler India</i> Huy, "In praise of middle managers"
	Oct 16	Executing Strategy in Volatile Markets	<ul style="list-style-type: none"> <i>Carnival Cruise Lines</i> case
	Oct 18	Competing on Agility	<ul style="list-style-type: none"> Sull, "Competing through organizational agility"

September 6th *What strategy execution is (and isn't)*

Readings

Donald Sull, Rebecca Homkes, and Charles Sull, 2015, "Why strategy execution unravels—and what to do about it" *Harvard Business Review*

September 11th *Strategy for execution*

Readings

- Richard Rumelt, 2011, "The perils of bad strategy," *McKinsey Quarterly*
- Donald Sull, James Yoder, Charles Sull, and Stefano Turconi, 2017, "Strategy for Execution" working paper. (Note will be uploaded to Stellar prior to class)

September 13th *Goals 2.0*

Readings

- *BetterWorks* (A), MIT Sloan case study
- Donald Sull, James Yoder, and Charles Sull, "Goals 2.0," working paper.

September 18th *Simple rules*

Readings

- Donald Sull and Kathleen Eisenhardt, 2015, *Simple Rules*, chapters 1, 5.

September 20th *Simple rules in action*

Readings

- *Canadian Compression Company*, London Business School case study. (Available on Stellar)

September 25th *Execution culture*

Readings

- Donald Sull and Charles Spinosa, 2007, "Promise-based management: The essence of execution," *Harvard Business Review*
- Hyo Kang, Lucy Hu, Donald Sull, and Neil Thompson, "Measuring culture," working paper

September 27th *Building an execution culture*

Readings

- *Henkel: Building a winning culture*, Harvard Business School case study.

October 2nd *The execution loop*

Readings

- Donald Sull, 2007, "Closing the gap between strategy and execution," *Sloan Management Review*

October 4th *The execution loop (continued)*

Readings

- Donald Sull, 2007, “Closing the gap between strategy and execution,” *Sloan Management Review*

October 9th Columbus Day. No class

October 11th *Leading execution from the middle*

Readings

- *Silvio Napoli at Schindler India*, Harvard Business School case study
- Quy Nguyen Huy, 2001, “In praise of middle managers,” *Harvard Business Review*, September

October 16th *Executing Strategy in Volatile Markets*

Readings

- *Carnival Cruise Lines*, London Business School case study

October 18th *Competing on Agility*

Readings

- Sull, “Competing through Organizational Agility,” *McKinsey Quarterly*