

If every company has a winning strategy, then why doesn't every company win?

Michael F Andrew argues that even the smallest of companies can be successful – they just need to have a winning strategy in place.

Have you ever noticed that most companies claim to have a winning strategy? Read any annual report or listen to a company's emissary (usually the CEO or CFO) deliver the corporate message to the financial community, and you will hear a winning strategy. It could be about winning now, winning in the near future or winning in the long term.

But if every strategy is focused on winning, then why doesn't everybody win? The difference is in the execution.

Years ago, companies would keep their strategies confidential for fear their competitors would find out about them and perhaps copy them. Though this practice is not uncommon today, it really doesn't matter what competitors know about your strategy because all that really matters is the execution.

General Electric's well-documented business strategy – to become number one or number two in each of its businesses, or get out – became popular because its chairman and CEO, Jack Welch, made sure it happened. Put simply, Welch led in a way that ensured his strategy was executed.

Companies with business models and strategies such as Dell Computer (no inventory because they build to order), or Emirates Airline (which recently announced impressive 2010 first half results, and is committed to exploiting its unique transfer hub strategy in Dubai) do so by executing those strategies and executing in a way that is extremely difficult to replicate.

The Gulf's largest listed firm, Saudi Basic Industries Corporation (SABIC), is a company that also consistently wins due to its global growth strategy and committed investments in research and development, which prevents any potential competitor from replicating.

A past issue of *Harvard Business Review* had an interview with Michael Dell, founder and chairman of Dell Computer, and Kevin Rollins, Dell's CEO at the time, on the topic of execution. The title of the article was "Execution without Excuses."

In response to the question, "Why haven't other companies been able to copy your model or beat you at your own game?" Rollins responded by saying: "The same reason why Kmart can't imitate Wal-Mart. What Wal-Mart does isn't rocket science – it's retailing. It takes more than strategy. It takes years of consistent execution for a company to achieve sustainable competitive advantage."

"So while Dell does have a superior business model, the key to our success is years and years of DNA development within our teams that is not replicable outside the company. Other companies just can't execute as well as we do."

Creating the grandest or most insightful strategy is not the end. Though we can all appreciate compelling strategies, it means nothing unless it happens. Execution is the differentiator among all of the winning strategies out there.

According to Ram Charan and Larry Bossidy in their book *Execution*, "When companies fail to deliver on their promises, the most frequent explanation is that the CEO's strategy was wrong. But the strategy by itself is not often the cause. Strategies most often fail because they aren't executed well."

Lou Gerstner, the former CEO of IBM and the man who transformed the iconic company from a product culture to a global service, experienced first-hand the necessity and challenge of execution.

Gerstner stated: "All of the great companies in the world out-execute their competitors day in and day out, in their

manufacturing plants, in their logistics, in their inventory turns, in just about everything they do. Rarely do great companies have a proprietary position that insulates them from the constant hand-to-hand combat of competition."

So, if strategy is about execution, what does it take to execute? The short answer is it starts with effective leadership. Effective leadership is about achieving results, consistently, and doing so with integrity.

Back to Welch, a leader who led GE to record-breaking market value results during his twenty-year tenure. Welch says in his book *Winning*, that "any strategy, no matter how smart, is dead on arrival unless a company brings it to life with people – the right people."

This is where leadership plays a role. The October 2010 issue of *CEO Middle East* magazine featured some of the top CEO's in the Middle East. I was impressed by Mohammad Nasr Abdeen, CEO of Union National Bank, whose leadership and conservative banking strategy led the bank to impressive financial results even amidst the difficult global economic environment.

Nasr Abdeen's approach to success is that you don't necessarily have to be the biggest. And he's right. You don't have to work for the biggest company to win, you just have to be the best and achieve what you set out to accomplish.

By looking at these and many other successful companies and leaders, we learn that companies win by focusing tenaciously on executing their strategies. After all, strategy is very straightforward – it is about knowing what you want to do and executing. It is not what the strategy is, it is what the strategy does.

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