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# Crossing the chasm: Leadership nudges to help transition from strategy formulation to strategy implementation

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#### **KEYWORDS**

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Top managers tend to focus on strategy formulation and planning but fail to embrace the problem-solving complexity of strategy implementation. This can lead to implementation failures that are reflected in misaligned organizations that seem to know where they want to go but cannot seem to get there. We posit that one reason for the ineffective transition from strategy formulation to strategy implementation is that planning is associated with a different set of thought processes and emotional experiences than is required for strategy implementation. We integrate research from management (strategy implementation and change management) with that from psychology (self-regulation and nudges) to identify the transition from strategic planning to implementation as a roadblock that prevents effective strategy implementation. We then present six leadership nudges that aid this transition. The first set of nudges are willpower-enhancing nudges that rely on increasing willpower to help transition from planning to implementation: Remove the distraction to plan, develop implementation intentions, and use verbal framing. The second set are desire-reducing nudges that work to decrease the desirability of planning and in so doing facilitate the transition to implementation: Highlight the end game, leverage a crisis, and celebrate small wins.

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## 1. Crossing the chasm from planning to implementation

Management guru Peter Drucker once said: "Plans are only good intentions unless they immediately degenerate into hard work. "A common refrain from CEOs is that even though they have the right strategy in place, firm performance suffers because of poor execution. Far too often, firms develop grand plans for strategic change but experience a shortfall in execution once teams walk out of the boardroom. In the personal sphere, people often feel good about making long to-do lists but end up procrastinating and not implementing them. Is the transition between the formulation of plans and the implementation of plans such a treacherous chasm that plans simply do not make it to the other side? If so, why does it happen and what can be done about it?

The issue of crossing the chasm from planning to implementation is particularly germane to top managers and other business leaders who bear primary responsibility for strategy formulation and must engage in the implementation process for it to be successful (Hrebiniak, 2006). Like the coaching staff of a football team, the work does not stop with the development of a draft strategy, playbook, or game plan. The hard work of communicating, training, motivating, and developing teamwork must accompany the strategy in order to actualize the plans and achieve strategic goals. Although there is significant research supporting the importance of involvement by managers at all levels in the implementation process (e.g., Greer, Lusch, & Hitt, 2017; Hrebiniak, 2006), we don't know enough about why many plans never see the light of day.

Our research is based on insights gained from the intersection between the management (strategy implementation and change management) and psychology (self-regulation and nudges) literatures, coupled with interviews with CEOs frustrated with a lack of engagement by managers in the implementation process. Based on this integration of knowledge, we propose a hedonic rewards framework to suggest that strategy formulation and strategy implementation involve fundamentally different mindsets (thought processes and emotional experiences). Specifically, we argue that because strategic planning is hedonically more rewarding (emotionally and psychologically pleasurable) than strategy implementation (good to do, but not as enjoyable), managers display the tendency to continue in a planning mindset rather than transition into an implementation mindset that supports strategy execution. We identify the transition between planning and implementation as a key roadblock that poses a self-control dilemma: the battle between the desire to continue to plan and the willpower needed to transition to implementation.

To address this problem and aid the transition from planning to implementation, we propose six leadership 'nudges' that managers can leverage to facilitate their team's transition from a planning mindset to an implementation mindset. The term nudge was popularized by recent Nobel laureate, Richard Thaler, who defined them as "any aspect of the choice architecture that alters people's behavior in a predictable way" (Thaler, Sunstein, & Cass, 2008, p. 6). Nudges impact decision making at a subconscious level and can be used to improve goal-seeking behavior. The successful application of nudges can be found in diverse fields of study, including economics (e.g., to increase 401(k) participation), healthcare (e.g., increasing organ donation), and marketing (e. g., food selection from a menu). In this article, the nudges are designed to subconsciously transition a manager's mindset from planning to implementation so that they more effectively focus on the 'doing' portion of strategy realization.

## 2. The problem: Poor strategy implementation

Effective strategy implementation can be a powerful source of competitive advantage. Companies like Southwest Airlines have leveraged the power of superior implementation to repeatedly outperform their competitors over long periods of time (Hallowell, 1996). Effective implementation is also a critical component of the process of experimentation that is the foundation for the development of new business models (Broekhuizen, Bakker, & Postma, 2018). Instead of focusing on long planning cycles, companies like Amazon leverage their capability to take quick action through the use of experiments to rapidly innovate and develop powerful new sources of competitive advantage (McGrath, 2010).

However, top executives report that they only achieve about 60% of expected returns on strategy (Sull, Homkes, & Sull, 2015). To deal with this issue, they often look outside the firm for help. The CEOs we interviewed noted that instead of rolling up their sleeves to engage in the implementation problem-solving process, they often find themselves and their management team investing large sums of money into do-it-all software systems or outsourcing implementation improvement

<sup>&</sup>lt;sup>1</sup> https://www.goodreads.com/quotes/65135-plans-are-only-good-intentions-unless-they-immediately- degenerate-into

programs to consultants. The result is a seemingly continuous search for silver bullet solutions, organizational misalignment, and employee frustration. Furthermore, these factors contribute to a culture of cynicism that negatively impacts employee commitment, satisfaction, and motivation (Reichers, Wanous, & Austin, 1997), which hinders the change management process.

In this article, we argue that successful strategy implementation should stem from within the organization and needs to garner total organizational effort (Greer et al., 2017), including the leadership and active participation of top-level and mid-level managers (Yang, Sun, & Eppler, 2010). We describe our proposed hedonic rewards framework, explain how the processes and emotions associated with planning are different from those of implementation, and proceed to identify the transition between planning and implementation as the chasm that needs to be crossed for effective strategy implementation.

## 3. Our approach: The hedonic rewards framework

The question we begin with is: Why do top managers struggle with the transition between strategy formulation and implementation? We propose that strategic planning and strategy implementation are associated with different thought processes and emotional experiences, so that planning does not smoothly and naturally transition into implementation. In short, planning is more fun. It is hedonically rewarding and immediately gratifying compared to the hard work of doing. Due to the disconnect between planning and implementation, we argue that the transition from planning to implementation may be conceptualized as a self-control dilemma that entails a struggle between the pull of the desire to continue to plan and the willpower needed to transition to implementation. We discuss this hedonic rewards framework next.

# 3.1. Strategy formulation is more hedonically rewarding than strategy implementation

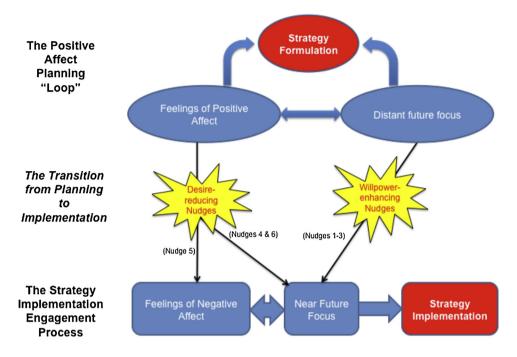
In relative terms, strategy formulation is more emotionally and psychologically rewarding than implementation because thinking about the future involves abstract thinking, which requires less cognitive energy and creates feelings of positive affect (Labroo & Patrick, 2008; Trope & Liberman, 2010). When individuals think about the future they tend to think about the desirability of a particular outcome (e.g., growth, international expansion,

or diversification) over the feasibility of the outcome and describe situations in more abstract ('why') terms as opposed to more detailed ('how') terms. Thus, when planning, people generate more 'pro' arguments as opposed to 'con' arguments (Beukeboom & Semin, 2005). When thinking about the possibility of a new business acquisition, an executive team might focus on the value and possible synergies of the deal while underemphasizing implementation details such as how to merge disparate organizational cultures, systems, and structures. In other words, thinking about the future creates what is referred to as a deliberative mindset—conducive to strategic planning--characterized by big-picture thinking and a broad mental focus on desired outcomes for organizational success relatively free of the stress, limitations, and constraints that often accompany the implementation of plans. Thus, the act of planning creates a positive-affect planning loop within which thinking about the distant future, strategy formulation, and positive affect work to reinforce each other (see Figure 1).

## 3.2. Strategy implementation is less hedonically rewarding than strategy formulation

In contrast to strategy formulation, strategy implementation takes more cognitive effort and is more emotionally draining and psychologically taxing. Although critical for organizational success, implementation activities (e.g., the coordination of work and problem solving) are cognitively more difficult to embrace, especially when continuing to strategize for concurrent organizational initiatives remains a viable option (as it generally is for top executives). This is because an implementation mindset is characterized by attention narrowing, a focus on the details, and thinking about the how of problem solving (Beukeboom & Semin, 2005; Liberman & Trope, 1998). Research has found that this type of mindset is also related to negative affect, the development of con arguments, and, most importantly, outcome feasibility over outcome desirability (Liberman & Trope, 1998). Thus, compared to planning, implementation involves greater effort and more negative emotions that are associated with the stress of problem solving and the possibility of failure (see Figure 1). Therefore, in order to preserve cognitive energy and avoid the associated drop in positive affect that comes with the work of implementation, top managers often escape to the more comfortable loop of strategizing and planning, which is associated with less taxing abstract thought and relatively happier feelings.

Figure 1. Use nudges to help your team cross the chasm from a deliberative mindset to an implementation mindset



## 3.3. The transition between planning and implementation is a self-control dilemma

The decision of whether or not to engage in or continue to engage in a hedonic pleasure or vice is conceptualized as a self-control dilemma (Dhar & Wertenbroch, 2000). Inherent in this dilemma is the subconscious struggle between the desire to engage in the vice and the willpower to resist the temptation. We propose that the same self-control dilemma characterizes the struggle between continuing to formulate strategy and the transition to strategy implementation. This self-control dilemma is a difficult barrier to overcome and explains why, when sitting in a meeting, top managers often experience enthusiasm and engaged dialogue when discussing future plans and objectives but when the subject turns to the details of when, how, and who should implement the plan, the energy level in the room drops and people start looking for the nearest exit. It is therefore imperative to recognize the problem of transition from formulation to implementation and develop nudges that CEOs can rely on to help ease this transition for the management teams that they lead.

# 4. The solution: Nudges to ease the transition from strategy formulation to strategy implementation

Keeping the hedonic rewards framework in mind, how can top management facilitate the transition from planning to implementation? Figure 1 highlights the use of two sets of nudges to help managers cross the chasm between the positive affect planning loop and the more taxing process of strategy implementation engagement. We draw on previous research to suggest that self-control can be facilitated by nudges that either bolster willpower (Labroo & Patrick, 2008) or decrease the desirability of the hedonic reward (Mead & Patrick, 2016). We propose three nudges that help improve willpower to overcome the desire of planning and ease the transition to implementation and another three nudges that reduce the desirability to continue to formulate strategy and create an urgency to initiate implementation. Although some of these technigues may sound familiar in the personal sphere, our work reinforces their importance as mechanisms that positively impact strategy implementation outcomes in organizations.

## 4.1. Nudges that improve willpower to implement

## 4.1.1. Nudge #1: Remove the distraction to plan

The first willpower-improving nudge is to separate meetings that deal with strategy formulation from meetings that focus on strategy implementation. Several of the CEOs we interviewed noticed that when formulation and implementation issues are on the agenda together, managers often unconsciously drift toward continuing to formulate ideas and plan

for the future rather than dig in to the details of how to execute. One way to strengthen willpower to overcome this phenomenon is to remove the distraction to plan and make implementation a clear priority. This can be done by scheduling and holding implementation-only meetings in which the focus is on problem solving and improvement of the strategy implementation process. A good example of this nudge is the approach taken by the team charged with fixing the HealthCare.gov system after the system experienced a 43% reliability rate during its launch in 2013 (Schlesinger & Bhayai, 2015). Mikey Dickerson, the person responsible for its implementation, created rules that all meetings were about solving problems, and priority was given to the most immediate and actionable tasks (Schlesinger & Bhayai, 2015). Although the mood was most likely less than upbeat, the allure of escaping to a more emotionally rewarding process of strategizing about the future was not an option. The result was an improvement to 95% reliability in 6 weeks, with almost 1 million monthly enrollments compared to only 100,000 during the first month.

The CEOs we interviewed also mentioned that the physical location of implementation meetings can improve top managers' commitment to the process. Holding implementation meetings in or close to areas where implementation activities need to happen (e.g., the plant floor, the engineering department, sales office) cues managers to engage in the details of implementation. This approach aligns with the lean management concept of going to gemba<sup>2</sup> in order to gain a better understanding of issues and identify possible inefficiencies associated with value-added implementation activities (Imai, 2012). Additionally, one of our interviewees noted that simply labeling a meeting as an implementation meeting emphasized and reinforced the commitment to implementation.

## 4.1.2. Nudge #2: Develop implementation intentions

The second type of willpower-improving nudge is to ask your team to develop implementation intentions by coming up with and solving if/then scenarios (Gollwitzer, 1999; Gollwitzer & Schaal, 1998). Within this format, a goal intention (e.g., reducing the cost of goods sold by 5%) is followed by a series of if/then-implementation intentions (e.g., "If the cost analysis on the new production line comes in too high, we will rearrange the current line to take up less space and reduce the lead time" or "If we can't improve the efficiency of Line 2, we will begin

to outsource the production of widgets."). This second nudge is preemptive in nature, and provides individuals with a mental weapon to combat future distractions that might derail effective implementation. When developing the implementation intentions, the if/then exercise nudges the mind into a near-future focus, which is associated with an implementation mindset. By already having thought about and solved implementation complications before they arise, teams are better able to maintain a how focus, both in the moment when the if/then scenario is developed and if and when the potential issue actually arises. Thus, this nudge has a double barrel impact, positively promoting an implementation mindset at the time of development and in the future.

The first two nudges that we discussed can be easily combined to provide a powerful boost to implementation effectiveness. By holding if/thenfocused implementation meetings, the probability of escaping to a deliberative mindset is minimal. In addition, prepackaged solutions to anticipated problems allow valuable cognitive resources to be preserved in the moment the problem or issues actually occur (Gollwitzer & Schaal, 1998). In fact, several of our interviewees mentioned their use of 'lessons-learned' databases from prior projects when creating the if/then scenarios. When teams formally or informally take the time to document what went right and what went wrong with prior projects, and what lessons were learned from implementation experiences, these narratives act as a repository of learning for the team (Davenport, De Long, & Beers, 1998). This repository of learning is an effective tool in future if/then-implementation meetings and enhances managers' motivation to engage in execution details.

#### 4.1.3. Nudge #3: Use verbal framing

Verbal framing is a simple yet powerful nudge that appeals to individuals emotionally and increases intrinsic motivation to make decisions that support action rather than the intent to act. For example, it has been found that using an "I Don't" instead of an "I Can't" response empowers an individual to resist tempting but unhealthy food choices (Patrick & Hagtvedt, 2012). Although I Don't and I Can't are objectively similar, the psychological feedback they provide is profoundly different. The I Don't connotes a stronger level of commitment towards the goal, which in turn serves as a stronger feedback mechanism than I Can't. Using the same logic in the corporate world, managers could be nudged toward embracing implementation related activities through the use of simple verbal mantras such as "We Execute" or "Get it Done!"

<sup>&</sup>lt;sup>2</sup> Gemba means "where work happens"

Powerful examples of implementation mantras include Nike's iconic slogan, Just Do It, which has been used to inspire customers and employees to take action, and the Navy SEALs' slogan, Embrace The Suck, which is used to inspire perseverance and fortitude during very difficult times. Furthermore. slogans like NASA's Failure Is Not An Option, frequently associated with the implementation of the successful Apollo XIII rescue mission, activates employees' inventiveness and perseverance to implement NASA's ambitious goals (Kranz, 2001). Although slogans and mantras are often criticized as cliché, if chosen wisely and applied with a strong verbal frame, they can serve the valuable purpose of motivating employees to take action towards strategic goals.

## 4.2. Nudges that reduce the desirability of planning

#### 4.2.1. Nudge #4: Highlight the end game

Although thoughts of implementation are associated with negative emotions, the act of actually accomplishing a goal is associated with something more powerful than short-term hedonic happiness. As opposed to simply feeling good in the moment, the extensive work needed to accomplish a challenging and meaningful task can provide feelings of deep satisfaction and psychological wellbeing (Cameron, 2012). When individuals get things done, it provides a sense of empowerment, personal growth, and life purpose, and is often associated with having an engaged life (Seligman, Ernst, Gillham, Reivich, & Linkins, 2009). Thus, another way to improve the transition from formulation to implementation is through the effective use of an inspirational nudge that focuses on future accomplishment, which in turn increases the desire to get things done in the near term. This nudge complements the previous one (use verbal framing) in the sense that in verbal framing, teams use mantras to motivate themselves towards action, while in this nudge, teams use vision and mission statements to inspire themselves to complete a meaningful strategic goal.

As a component of creating a business environment conducive to implementation, Dobni (2003, p. 45) described a hospital janitor motivated to maintain strict cleanliness and sanitation by his employer's mission "to improve the health of the population we serve." Similarly, NASA employees reported being motivated to perform at their best because they were helping to "put a man on the moon" (Carton, 2018, p. 323). CEOs we interviewed emphasized that this type of motivation is important to executives, as it motivates them to make the

cognitive link between actions that they take and the satisfaction of achieving an inspirational goal. In fact, in today's business environment, companies such as Nestlé, IBM, and Whole Foods are increasingly creating shared value—that is, pursuing profitability in conjunction to contributing to societal needs (Porter & Kramer, 2011). Companies that pursue shared value create visions that speak to a higher purpose. These visions are continuously reinforced, require action in order to live up to them, and provide a sense of empowerment so that management teams can feel like they are making a contribution (Lipton, 1996; Ricco & Guerci, 2014).

#### 4.2.2. Nudge #5: Leverage a crisis

Another way to leverage the relationship between emotions and actions in order to increase the desire to implement is to create a sense of crisis or urgency. This is not a novel concept, but the reason it is an effective approach to crossing the chasm is that it pushes individuals into a mindset of near-term focus and/or negative affect, both of which are associated with an implementation mindset. This type of mindset manipulation has been used to show that concrete implementation mindsets tune the mind toward thoughts that satisfy the need to get things done (Gollwitzer, Heckhausen, & Steller, 1990). As an example, the development of the Toyota Production System is often attributed to the crisis Toyota faced following World War II. The threat of corporate extinction led to the development of novel manufacturing and management practices that became the foundation for decades of performance dominance over global powerhouses like Ford and General Motors (Fujimoto, 1999).

But what can be done if a clear and present danger does not exist? Create one! Cynics will tell you that politicians do this frequently in order to motivate the masses to vote for one party or the other, and a similar tactic can be used within an organization. Whether it is a competitor gaining market share, a slip in financial results, or an increase in product costs, there is always a piece of data that can be used to highlight a possible threat to success. A few decades ago, when Lotus was battling with Microsoft and Borland for office software supremacy, it featured a poster in its lunchroom with a photo of Bill Gates dressed as a pointing Uncle Sam, with the caption: "This Man Wants Your Lunch!" Around the same time, Intel's rallying cry was: "Only the Paranoid Survive" (Brown & Eisenhardt, 1998). As research has found, fear of the near future will foster negative affect (Watson, Clark, & Tellengen, 1988), which is more conducive to problem solving and action.

#### 4.2.3. Nudge #6: Celebrate small wins

Our final nudge focuses on the relationship between near-term focus and implementation. In order to keep your team in an implementation mindset. teams can create near-term deadlines and frequently celebrate progress toward implementation goals. This will improve the desire to implement in two ways. First, the short deadlines help teams to maintain a near-future mental focus, which is more associated with problem solving rather than thinking about the distant future (Trope & Liberman, 2003). Second, the celebration of small victories reinforces the rewards of achievement. This tactic is used by weight-loss programs in which success relies on short-term (daily or weekly) weight-loss targets and includes small but frequent rewards for reaching goals (Bagozzi & Edwards 1998). For example, setting a goal of losing 2 pounds a week is more effective than setting a goal of losing 10 pounds a month or 100 pounds in a year.

Small wins have also proven effective in the business world in order to get things done. When studying creative work, Amabile and Kramer (2011) showed how, whether knowledge workers are trying to solve a major scientific mystery or simply producing a high-quality product or service, everyday progress—small wins—can make all the difference in how they feel and perform. This same progress principle can be applied to strategy implementation. Even though the overall strategic goal remains the same, the shorter-term focus better supports an implementation mindset that requires immediate

action. Several of our interviewees noted how small wins and small celebrations can be added as milestones to the project management of strategy implementation and change management efforts. A summary of each type of nudge is provided in Table 1.

## 5. Overcome the hidden chasm between planning and doing

Despite widespread agreement among researchers and practitioners that effective implementation is as important as strategy itself, not enough is known about why so many organizations struggle with it and what can be done to improve it. While implementation experts provide valuable guidance about key managerial levers associated with implementation effectiveness (e.g., Crittenden & Crittenden, 2008; Olson, Slater, & Hult, 2005), our research suggests that there is a previously unexplored roadblock between strategy formulation and implementation that must first be crossed in order for organizations to fully realize the benefit from the application of these levers. Our hedonic rewards framework posits that there are psychological and emotional differences between making plans and implementing those plans. Specifically, strategy formulation is hedonically rewarding since it focuses more on abstract long-term goals and is associated with positive emotions. In contrast, effective

Table 1. Nudges to improve the transition from formulation to implementation			
#	Name	Nudge	Impact
NUDGES THAT IMPROVE WILLPOWER TO IMPLEMENT			
1	Remove the distraction to plan	Arrange implementation meetings that exclude any discussion of strategy formulation.	Improves willpower by removing the temptation to plan.
2	Develop implementation intentions	Perform if/then scenario exercises.	Improve willpower by preparing the mind to resist future distractions from implementation.
3	Use verbal framing	Say "we do" instead of "we can do."	Strengthen willpower by creating an implementation mindset.
NUDGES THAT REDUCE DESIRABILITY TO PLAN			
4	Highlight the end game	Inspire through motivational vision and mission statements.	Increase the desire to implement through the intrinsic reward of achievement.
5	Leverage a crisis	Nudge individuals into a state of negative affect.	Decrease the desire to plan by creating a sense of urgency, where immediate action is required.
6	Celebrate small wins	Extrinsic goals motivate task initiation.	Tight deadlines and frequent rewards motivate individuals to initiate task-relevant action.

strategy implementation requires attention to detail and can be inherently less hedonically rewarding. Because of this relative difference in emotional valence, we liken the transition from strategy formulation to strategy implementation to a self-control dilemma that often drives top executives to continue to formulate plans rather than engage in the process of strategy implementation.

However, once this self-control dilemma is acknowledged, top leaders can choose from a range of nudges to influence their teams' mindsets in order to help them better engage in the implementation process. We propose three nudges to improve the willpower to implement in the face of the temptation to continue planning (remove the distraction to plan, develop implementation intentions, and use verbal framing) and another three nudges that reduce the desirability of the planning temptation itself (highlight the end game, leverage a crisis, and celebrate small wins). By helping top executives to break free from the positive-affect loop of planning, the nudges improve the chances of strategy implementation engagement, which evidence suggests is an integral component of implementation success. Engagement is especially important when organizational change is episodic and intentional in nature (as opposed to continuous and built into organizational culture) because it requires the action of legitimate and influential change agents (Weick & Quinn, 1999).

The six nudges we have discussed are easy to implement and powerful, especially when used in combination. While a wide variety of factors influence the strategy implementation process, our goal in this article is to remind executives not to ignore the psychological and emotional forces that stand in the way of making a great strategy come to life and to proactively take steps to overcome the hidden chasm between planning and doing.

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