An Study on the Relationship Between Implementation and Strategy and the Development in the Environment of Innovation

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Abstract: The implementation and strategy are old topics in the management field, which become more and more important in modern time. Firstly, the thesis analyses the conception of execution and the research development on it by collecting a large amount of document. Moreover study on the relationship between the concept of executive force and strategy. Furthermore, the thesis also analyses the development trend of the execution in the environment of innovation.

Key words: Execution, the capability of execution, strategy, innovation, process management

CONCEPTION AND RESEARCH DEVELOPMENT OF EXECUTION

At 2002, American scholars Larry Bossidy and Ram Charan proposed that execution is the main problem for companies have to confront with in their study. Execution is the link between strategy and real effect. It's a whole set of specific behaviors and technologies, which can build and maintain competitive edge for company itself in any situation. It's a pioneering achievement for execution in academic field, which urged the scholars pay much attention to the old topic, at home and abroad.

"What is the execution?" Modern Chinese Dictionary refers that it means the act of performing, perform the rules set in policy, law, planning, judgements. Doing something by formulation or planning. Therefore, people usually consider that the execution means formulating the target and doing it with one hundred percent effort (Deng, 2010). In other words, it means doing something according to the process and institution, matching words with deeds and finally to attain to the effect. Accordingly, the execution can be interpreted as a kind of ability which can make sure that the company will implement the strategic intention firmly and attain to the intended target (Bossidy and Charan, 2011). It claims that the company can integrate all kinds of resources to realize the goals of organizations by seizing the reality and taking the systematic action.

Execution is no more than a truism. However, after analyzing the present academic documents in China we can find that there are only 42 pieces of research literature studied on execution during 24 years from 1979-2003. It declares that although execution is a project of common concern for administrator before 2003, the related research literatures are less than the other projects. Furthermore, the project of execution in management developed slowly even though it's important. But the situation has much more improvement after 2003 so that research literatures increase substantially every year. The main reason lies in that although execution is old topic and significant, scholars take it for granted that didn't pay enough attention on its study. However, in 2002, the research achievement from American scholar Larry Bossidy and Ram Charan cause much attention again in the field, which promotes the study and further thinking on this topic are resumed.

From the research performance at present in China, we retrieved in CNKI database and find that there are 2618 pieces of management documents related with execution from 1979-2012, including 2506 pieces of periodicals and 8 pieces of doctoral theses as well as 104 pieces of master theses. Although, there are 2492 pieces of periodicals, most of them studied on how to do work well in a certain field or industry and CSSCI theses take a small part. It shows that the study on execution should be improved in quantity and quality. The scholars in China who have studied on execution show their own views from different perspective (Table 1).

From all the concepts of execution listed before we can find that there is no one unified concept about execution in academic field. But most of the scholars have the same opinions on execution with business circles who running in the practice. It's a kind of ability which promotes the companies to accomplish fixed strategic target.

Comparing with the research on execution in China, foreign countries start their research earlier and get a certain of achievement. But there are few exact concepts about execution given by foreign scholars (Shi, 2009). Most of them studied on execution from all perspective...
Table 1: Opinions about execution in China

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Opinions</th>
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<tbody>
<tr>
<td>He and Zeng</td>
<td>2005</td>
<td>It refers to a kind of ability that all the staffs from any levels, departments and positions implement the strategic decision, guideline, policies, schemes and planning made by operator to achieve the strategic target.</td>
</tr>
<tr>
<td>Xijie Shi</td>
<td>2005</td>
<td>Define it from two perspectives: including taking it as the whole or individual or analyzing it from business organization structure. For the whole company, execution is the ability that the decision-making from leaders are implemented totally by the company to achieve the expected effect. For the individuals execution means that accomplish their own work in due time with good quantity and quality. From the perspective of business organization structure, execution can be classified as the decision-making ability from top level, communication ability form middle and the ability to finish work in time from bottom.</td>
</tr>
<tr>
<td>Shihua Dai</td>
<td>2006</td>
<td>Execution is a system concept. It studies on the method to operate a company effectively. The key is that the operators and administrators in the company have to think from the perspective that in favor of realizing strategic target in business operation, they design the scheme and formulate the planning and implement it. The most important is that the leaders should set an example to participate into the basic work with solid spirit.</td>
</tr>
<tr>
<td>Shihua Liu</td>
<td>2007</td>
<td>Execution means the ability that can use resources effectively to achieve to the goal, which includes result-guiding, resource acquisition and resource allocation.</td>
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<tr>
<td>Zuoqing Shen</td>
<td>2007</td>
<td>Execution is a series of systematic process which includes proposing question, analyzing question and taking the action to solve problems to achieve the goal of business organizations. Also execution is kind of ability that a person or an organization owned to implement specific decisions or instructions or accomplish a specific work. Even more execution can be considered as a kind of culture. It reflects the enterprise spirit, enterprise values, enterprise ethics and code of conduct as well as the spirit of staffs.</td>
</tr>
<tr>
<td>Hou</td>
<td>2007</td>
<td>Execution means the company has the ability to take systematic action in accordance with reality to finish the implementation. It includes a series of methods and scheme.</td>
</tr>
<tr>
<td>Tiebang Sun</td>
<td>2007</td>
<td>The so-called execution refers to the ability and means to promote the accomplishment of the business strategy or business planning. Specifically it means the ability that the company owned to make sure all management levels, all operation departments and all staffs in any positions execute the strategic decision, principles and policies, institution and measures, schemes and planning, finally to realize the strategic target in business operation.</td>
</tr>
<tr>
<td>Fan and Song</td>
<td>2008</td>
<td>Execution means the ability of transferring the decision-making into the result by using a set of effective systematic, organizational, cultural or technical methods.</td>
</tr>
<tr>
<td>Haiyang Zeng</td>
<td>2008</td>
<td>Execution means the ability to implement strategic intention and achieve to the intended target.</td>
</tr>
<tr>
<td>Quilong Shi</td>
<td>2009</td>
<td>Execution refers to a kind of comprehensive ability to implement business strategy successfully by integrating all resources effectively in strategy in management field in such a long time before. The research achievements on strategy are more than on execution. This analysis bases on research in China, we take &quot;strategy&quot; in Chinese as key word to search in CNKI database and find that there are 147900 pieces of theses about strategy and 7330 pieces was finished in 2011. The research in early ten years (from 1980-1990) also developed very well that there were 12332 pieces of theses on strategy.</td>
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including its application area, constitute, frame and usage and few concepts were given. For example, Japanese scholar Isao Endo figures out that execution should be reflected in enterprise site, it's a kind of site power in operate environment (Endo, 2007). Michael points out that execution is a goal-oriented and results-oriented activity which is also a kind of ability that integrating resources effectively. Kaplan and Norton think that execution is the strategy being quantified effectively. It can be classified as four dimensions including client, internal business process, learning and training as well as accounting (Kaplan and Norton, 2008). Some scholars figure out that the execution based on maintaining the present situation and improve it step by step. It emphasize on continuity. Execution is a process instead of a single decision-making or activity. It's a result by a series of unified decisions and activities.

We take "Execution" and "Implementation" as key words to search related documents in EBSCO database and Emerald database and only find 87 pieces literatures. Compared with the documents studied on strategic management field, the number is fewer. That may go some way to explain that the research on execution in foreign countries is still in its very start stage. It's waiting for more scholars to spend more time and effort on this field.

**RELATIONSHIP BETWEEN STRATEGY AND EXECUTION**

Strategy is also an old topic as execution, but it get much more attention from management field. The research in theories and practice spend more time and effort on strategy in management field in such a long time before. The research achievements on strategy are more than on execution. This analysis bases on research in China, we take "strategy" in Chinese as key word to search in CNKI database and find that there are 147900 pieces of theses about strategy and 7330 pieces was finished in 2011. The research in early ten years (from 1980-1990) also developed very well that there were 12332 pieces of theses on strategy.

Talked about the relationship between the execution and strategy, the scholars often interest in the affiliation of them. There are two traditional cognitions on the relationship between execution and strategy. One is that the execution depends on strategy so that the execution is subordinate element of strategy. The other opinion is that execution is independent and equal with strategy. Execution can make sure the strategy implemented.

There is one view that execution is the content of strategy, it's the leaders' job (Bosiddy and Charan, 2011). The scholars consider that strategic execution is a complicated process includes learning and response and finally impacts on company strategy and development. Therefore, execution is an important step in strategy formulation, also it's a integral part that a strategy with good execution can be called complete strategic planning. Execution must be considered when a company formulates strategy. Or the strategic planning will become castle in the air and useless (Liu, 2007b).

There are also some scholars think that strategy execution is an independent section, it has no relationship with forming of strategy. Execution has to focus on the internal operation. The issues in management can be
Table 2: Research performance on strategy in China

<table>
<thead>
<tr>
<th>Period</th>
<th>China periodicals full-text database</th>
<th>China full-text database century periodicals</th>
<th>Doctoral thesis</th>
<th>Master thesis</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1979-2012</td>
<td>126072</td>
<td>8758</td>
<td>682</td>
<td>12378</td>
<td>147900</td>
</tr>
<tr>
<td>From 1979-1990</td>
<td>6166</td>
<td>6166</td>
<td>0</td>
<td>0</td>
<td>12352</td>
</tr>
</tbody>
</table>

Fig. 1: Strategy and execution

classified as two perspectives which are strategy and efficiency. The former one solve the problem of position and later one solve the problem of operation. Or it works on two problems: "What will we do?" and "How will we do?" There are some leaders agree with this view in practice. They think execution belongs to tactical issue. Therefore, a large number of leaders would like to ask their subordinates to do execution work. And they would like to pay more attention to essential issues (Bosidy and Charan, 2011). At the same time some scholars take the relationship between strategy and execution as it between content and frame. Execution process is the content of strategy planning (Shi, 2005) (Fig. 1).

In fact, people define strategy and execution in a different way, which results in that affiliation of strategy and execution are different. Firstly, people have their original understanding to strategy in management. Strategic connotation can be distinguished from broad sense and narrow sense. The narrow strategy only contains strategic planning; the broader strategy not only means the strategic planning, but also includes implementation and adjustment of strategic planning as well as the achievement of strategic target, in terms of narrow sense, execution equal to strategy; in terms of broad sense, execution belongs to strategy (Table 2).

From the nature of execution we can find that it is a systematic subject. It can penetrate into the strategy, target and culture of a company and all aspects of the business operation. Usually, people consider about execution in terms of tactical issue. Actually, tactics is the core of execution, but execution doesn't equal to tactics. Execution can be classified into macro level and micro level. The former one refers to that the company gives a planning, organizing, managing and controlling to internal and external resources with strategic orientation. It has four characteristics includes global, systematic, variability and innovation. The latter one focuses on details. It cares about specific work in every field and every position. It emphasize on implementation in specific operation. It also has for characteristics includes partial, strictness, inertia and unchangeable. Usually people analyze the connotation of execution from two different levels; in terms of macro level, execution is a part of strategy; in terms of micro level, it can be considered as tactics or operation. The original cognition in China to execution bases on these two opinions. In fact, execution not only includes strategy issue but also include tactics issue.

The scholars and business man also have different opinions on affiliation between strategy and execution. In tradition there are two cognitions appeared in early time. Firstly, strategy is the key of success for company, secondly, execution is the key that the company win the competition. For a long time it is generally acknowledge that strategy is essential to business success. A powerful strategy can promote execution to be successful (Ezop, 2011). As the global competition increasing intensely, the company has to adjust strategy for survival and development to adapt growing complex environment (Pateman, 2008). For a long time more and more scholars focus on this research field, business leaders also spend a lot of time to execute planning to promote the company to achieve the best target (Lepsinger, 2010).

With further study on strategy and the strategy developing in practice, the cognition that strategy is king in management field changed constantly. The execution of strategy becomes a popular topic recent years. The main assuming is that the strategy that fails to carry out derive from the problem of execution instead of strategy defect itself (Hrebiniaq and Joyce, 2001; Powell, 2004; Zagotta and Robinson, 2002). Most of the practices in companies can prove that nothing will work without organization implementation, even though there are detail strategic planning, innovative business model and edge technology. Although, the business leaders spend a lot of time, effort and resources on formulate strategic planning for many years, unfortunately, they usually fails in the process, the main reason is that the strategy can't be executed precisely. In today's world, execution is the priority for all in running business. The scholar Pateman (2008) has conducted an investigation aim at professional manager in large company. The respondents generally believe that if the company wants to maintain a high-grow market, execution is a greater challenge than risk management for the company face with. How to establish excellent execution is the greatest challenge for the business leaders from all over the world.

Actually, as the competition environment changed, the traditional two cognitions about strategy and execution also changed and the company has to adjust
its strategy to adapt the competition environment, which promote both the practitioner and researcher changed their original opinions. Actually, the successful business usually has the ability on both strategy and execution. The strategy planning related with the survival and development of the company. And the execution can be carry out or not also related with the strategic effect. Both of them are important factor and business management have to take them equally (Shi, 2005).

We can analyze the relationship between strategy and execution from two aspects includes affiliation of them and effect that they have. In fact, strategy and execution is a process more than a single issue and the process is not independent and it’s a constant process. Strategy and execution can’t be separated. If the strategy can’t be execute, it has to be put on the shelf and valueless; without the strategy as guiding, execution will be also useless Strategy and execution (Fig. 2) have effect on each other as Yin and Yang. There was a bit of me in you and a bit of you in me, reinforce each other. The business development depend on the interaction of strategy and execution, which promote the business running forward or opposite.

**DEVELOPMENT OF EXECUTION IN THE ENVIRONMENT OF INNOVATION RATURE**

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**Demand of innovative execution for business development in the environment of innovation**: Economic integration, the development of high-technology and increasing of the population promote the economic environment changed intensively in today’s competitive market. The business has to face the great challenge to survive and develop in fierce competitive market. Scholar Deloitte (2010) figures out in his investigation that the return on asset at present in American companies is a quarter of that in 1965; the life cycle of Fortune Global 500 have been down to 15 years; the management in company altered quickly; the position of the leader company in market was shaken quickly (measured by lower return on assets rating). With such a terrible living-space, people general believe that innovation can help the company to adapt the changeable environment. The business who want to survive in the market have to focus on innovation and create new business model to obtain the opportunity for development (Govindarajan and Trimble, 2005); Innovation is an important driver for company winning long-term competition in the market.

However, although most of the leaders accept the consequence of innovation, they generally dissatisfied with the results from investment in innovation. Boston Consulting Group found in their annual survey that less than 50% enterprise managers satisfied with the return from investment in innovation. And the ratio tend to decline for several years from 52% in 2006 to 46% in 2007 and 43% in 2008 (Boston Consulting Group, 2009). A survey on line named "disassemble innovation password effectively" prove this point in another way by investigating 248 managers in different field from all over the world. Although, a lot of people concern about innovation, finally it doesn’t work well. The survey shows that the successful ratio of the innovation is 3:20. The reason is that most of the companies have the ability of controlling and restrict which are easily to achieve but ignored the strategy and process, which are the basic ability of innovation that difficult to achieve. Innovation asks for forward-vision, the ability to identify potential clients, the idea to break the original industry model and resources limitation. It is necessary to create a kind of atmosphere with risk-taking spirit. Also the most important and necessary is strategy and execution, which ask the company to identify the innovation, form a vision, create new model and build measure system. And at the same time to catching up the new idea and allocate resources with skilled process management ability to realize the innovation.

The strategy and execution have to constantly meet with the demand of business operation so that promote the innovation adapt the changeable market environment. A lot of scholars study on the new topic that how can the strategy and execution promote innovation. Deming (2011) points out that a lot of excellent companies always carry on their innovation by reconstructing their management model. The business goals have to change from earning profit for stockholder to produce more value for customers; the company has to pay more effort on meeting the interest of stakeholder in the society instead of stockholders in the company. At the same time the manager have to change its role from a controller to a promoter, who can devolve power to the staffs to increase more custom value for clients. And the organizations have to change from controlling internal resources to organizing the resources of internal and
external and promoting dynamic communication. Govindarajan and Trimble (2005) had a research on the issue and proposed that the organization who works on innovative target have to do that: identify the potential clients, clearly about the process of translating customer value and construct the terminal value chain.

The scholar Dervitisiotis (2010) also give a key point that as the global economy developed dramatically, especially after the economic crisis from 2008-2009, innovation management has been a powerful method to promote the company adapt to the new environment. The excellent innovation management usually focus on the effects of three factors includes clients, staffs in the company and cooperative organizations, which will have a influence on innovation process and directly effect on innovation performance of the company.

The scholar Shilian Liu in China also point out in his study that although a lot of companies want to be a "customer orientation enterprise" by innovation, however, 55% of the customer value management projects didn't reach the expected effect. The main reason for the failure of management behavior is that the traditional way of thinking from inside to outside still rooted in people's mind (Thompson, 2003). At the same time, although, the companies promote customer-oriented, they can't real satisfy the customers' expectation and value; also the research and practice of management rely solely on marketing department rather than all the business organizational factors, powerful organization pattern and organizational ability to execute.

Although, the domestic and overseas scholars study on innovative management from different perspectives and express their opinion in a different way, basically explain their common cognition that the innovation has to be executed around the customer value. It is necessary for the stakeholders from different organizations works on it together to create customer value including staffs in internal organizations from different functional area and cooperative interested parties in external organizations. All these have to base on powerful strategy and execution ability that include organized resource dynamically, cooperative, communicative and management ability.

**Trend of the business execution development in the environment of innovation:** Over the years, the scholars and managers focus on how the organization can be survival and developed better. The organizations have to adjust management methods constantly to adapt to the changeable environment. It sets a lot of obstacles to the execution successfully. Sometimes the sophisticated planning even to be finished and is out of the date at the same time (Zagotta and Robinson, 2002). It seems that some organizations can develop and execute more creatively when they face with opportunities and threatens than others; in contrary, more organizations seems lack of competitive ability, some company even can't identify the threaten that result in falling in crisis or squander the opportunity away. In the end of 20 century, Chairman of American company Bain and Company Chris Zook had an investigation shown that in 10 years from 1988-1998 there are only 1/8 companies have income growth by 5.5% per year. In the environment of innovation the companies have to focus on the integration of strategy and execution to meet with the high demand, which means the companies have to construct the innovative execution.

Firstly, focus on the process of strategy and execution (Fig. 3).

Every organization is looking for the way to improve strategy and execution. A lot of organizations work on executive activity or try to adjust strategy to be an excellent organization. However, not all the companies can be successful in the environment of innovation. An investigation conducted by onpoint consulting shown that a lot of American companies can't improve strategy to realize the target. Seventy five percent respondents said that their company had very excellent strategy and planning. But almost half of them believe that there is a gap between the strategy the company planned and the strategy the company executed, 69% of them believe that the strategy can be executed successfully but fail to be realized finally. It can prove that only the organization which combines the strategy and execution process perfectly can be successful. It's a basic regulation that combining the strategy and execution together to form a
close integrated process constantly will keep the organization running in a right way (Frigo, 2004).

Cross-functional cooperation is required in the process of strategic transfer. It asks people focus on strategic development, operation planning, budget, forecasting, technology and so on factors; the most important is understanding association of the strategy and execution. In the changeable environment, it will help the innovative strategy and innovative execution more. The key reason for failure in strategy is that people don’t understand the association between strategy and execution and can’t implement cooperation and management in across-functional area at the same time (Pateman, 2008). The strategy and execution should combine together with process thinking. Gartner Inc. has pointed out in their research that the challenge the company face with is that most CEO takes strategy and execution as specific issues in their management field. They can’t figure out specific process that described clearly how the strategy to be executed and how the people cooperate with each other and work together. Without the process, although people know the strategy well, can’t achieve to the result. The only way to be successful is that the organizations have to create a virtuous circle in the process of strategy and execution (Zagotta and Robinson, 2002).

Secondly, focus on innovative strategic execution.

To increase the possibility of breaking through on innovation, the business leaders have to learn how to provide specific products and service with increase value to the customers and how to carry out the idea to transfer the innovation quickly. Previous studies focus on initial idea, but when we get an idea by brainstorming to obtain a business opportunity, it is necessary to execute it with innovative strategy (Tuulenmaki and Valikangas, 2011). For example, thousands of companies from all over the world sell cheap furniture, but no one else executes it more creatively than IKEA. The companies want to be successful with its products and service should identify the business opportunity first and more important for them is that organizing resources and taking into action creatively. The successful business always integrates creative idea and learning ability during the process.

In the turbulent business environment, the business should be strategy-oriented. And as the environment changed, the strategy adjusted, the execution has to be creative to support strategy. It is execution innovation. The execution innovation bases on strategic target and planning of the organization and to be obtained by integrating organized and management abilities in the process. The company has to rely on cooperating with external partners to get advantage in the process. The manager have to maintain and control the balance of each party, understand and satisfy the customers’ requirements and manage the association of cross-functional department to make sure that they will treat the customers and cooperators equally. If the company can’t build up close association with each party from value chain, they can’t satisfy the customers’ requirements too.

The scholar Lepsinger (2010) figure out that there are several methods can improve the effect of execution during the innovation process: focus on the ability of changing management; build up the structure of execution; all staff involve in; extensive collaboration and cooperation in the company. A lot of excellent companies know it well. P and G is one of them that have the great ability of changing management: The company usually develops new products from internal enterprise. As the environment changed, the company breakthrough the mode by empowering exist products to adopt the new idea from external market to increase adding value. The structure of IBM provides the support to the strategy. IBM operates in small scale in all of the countries. The global IT service transfer located in India and global supply chains set down in China as well as global financial tracking office is set up in Brazil. IBM also designs a new business operation process. There is professional software to help to coordinate all activities in work. Google attach importance to the participant of staffs. The leaders try their best to listen to the suggestions from every one. They permit their engineers to have one day per week to deal with their own project. And the company also develop new concept with smaller group that sometimes the group are consisted with only by 3-4 persons. CISCO also pays attention to the extensive collaboration and cooperation in the company. CISCO has changed the reward system to promote people to get higher payment by cooperating across the departments. It not only aims to achieve the goals but promote to cooperate effectively. At the same time CISCO set up 120 remote supervising centers in the company, which associate their staffs from all over the world by internet to promote group cooperation.

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