

Connecting strategy and the system of work

ENTERPRISE PERFORMANCE ESSAY #3

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Evolving the system to deliver tomorrow's performance

Success is built through expertise, relationships, judgement and ways of working developed over time. Those strengths deserve respect. But the ability to deliver an established proposition is not necessarily the same as the ability to realise a changing ambition—or to sustain the same performance when the people and circumstances on which it depends change.

This raises a question for leaders:

Does the way the organisation works reflect only what it has learned to deliver, or also what it now seeks to achieve?

Strategy sets direction. The system of work determines what is possible.

Large organisations devote considerable attention to strategy: choices are debated, ambitions agreed, priorities translated and performance reviewed. These disciplines matter. Yet even a strong strategy process cannot, by itself, ensure that the organisation's collective capabilities are evolving in the ways needed to deliver it.

Consider an established business extending its proposition from a well-run core service into a broader set of customer experiences. The expertise that made the core successful remains valuable. But new outcomes may require that expertise to be applied differently: different contributions from functions, different decisions across boundaries, or capabilities that must be developed and shared rather than held by a few experienced individuals.

Artificial intelligence is expanding what organisations can achieve and changing the capabilities through which they achieve it. It can strengthen forecasting, planning and decision-making, enable new ways of serving customers and alter how expertise is applied across the enterprise. Yet realising these opportunities requires more than introducing technology. Leaders must understand how AI changes the work, decisions, relationships and capabilities needed to deliver their strategic ambitions—and whether those changes strengthen the enterprise as a whole.

The question is not whether each function has a strategy or performs well. It is whether the way those capabilities work together is suited to the enterprise outcome now being pursued.

See the system before changing it

That judgement is difficult to make from an organisation chart, a strategy presentation or a collection of functional scorecards. It requires understanding how performance is actually produced—the subject of Essay 2.

Leaders need to connect the outcome sought with the work that produces it; the decisions and dependencies that shape that work; the expertise, capacity and resources on which it relies; and the results being achieved. These are not additional reporting layers. They are different lenses on the same lived system of work.

Seen together, they reveal where existing strengths can be better applied, where dependencies limit the whole, and where performance rests on arrangements that may not be sustainable. They also reveal what should not be disturbed.

Translating strategic ambition into changed ways of working also demands judgement and capability from leaders throughout the organisation. They must recognise what the ambition requires of their area, understand its dependencies with others and have the authority and support to act. Where these conditions are uneven, the organisation's response may be fragmented, even when its strategic direction is clear.

Evolve deliberately, not indiscriminately

An illustrative case of evolving organisational capability

Imagine a large retail organisation whose replenishment function has successfully supported an extensive store network through broadly defined, generalist roles. As the business grows in scale and complexity, this approach becomes less suited to the depth of expertise and coordination now required.

Rather than simply improving existing processes, leaders evolve the function into four specialist disciplines: forecasting, supply planning, network optimisation and store replenishment solutions. Each develops deeper expertise and clearer accountabilities, while their contributions must remain connected to deliver the outcomes the business seeks.

The evolution builds on what the organisation has already achieved, strengthening its ability to manage complexity, improve performance and meet future demands.

The response need not be a major redesign. It might involve strengthening a critical capability, changing who contributes to a decision, connecting specialist expertise at the point it matters, or making knowledge and judgement less dependent on a single individual. In other circumstances, the ambition may genuinely require new investment or more substantial operating model change.

The discipline is to choose changes for the enterprise value they are intended to create—not because change itself signals progress. Connections between expertise and capabilities should serve identifiable enterprise outcomes.

Nor should a change be considered successful merely because it has been implemented. Leaders must examine what it produces, including unintended consequences elsewhere in the system, and adapt as they learn. The evidence may justify extending an adjustment, refining it or reversing it.

Build on success, rather than repeatedly starting again

The deeper opportunity is to strengthen the organisation while delivering its ambitions. New capabilities may begin producing results before they are fully established within the system of work. As the organisation grows or places greater demands upon them, leaders need to ensure

those capabilities are sufficiently developed, connected and embedded to support the performance expected of them.

Deliberate evolution should leave the enterprise more capable: its expertise better connected to the outcomes sought, its decisions and ways of working more resilient, and its learning available to inform what comes next.

An organisation's future performance depends not only on the capabilities it has developed, but on how deliberately it continues to strengthen and evolve the system through which those capabilities create value.

ABOUT THE AUTHOR

Melanie Lisboa is an enterprise performance executive whose work focuses on how strategy, operating models, leadership, capability and execution combine to create value. Through Valde Enterprise Performance, she helps organisations develop the enduring capability to understand and deliberately improve how enterprise value is created.

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RELATED THINKING

This essay presents a practitioner perspective on connecting strategic ambition with the evolution of organisational capabilities and ways of working. Established research on organisation design, strategy execution and dynamic capabilities explores related questions.

- **Jay R. Galbraith (1974)** – *Organization Design: An Information Processing View*. *Interfaces*, 4(3), 28–36.
- **Robert S. Kaplan and David P. Norton (2008)** – *The Execution Premium: Linking Strategy to Operations for Competitive Advantage*.
- **David J. Teece, Gary Pisano and Amy Shuen (1997)** – *Dynamic Capabilities and Strategic Management*.
- **Donald Sull, Rebecca Homkes and Charles Sull (2015)** – *Why Strategy Execution Unravels—and What to Do About It*. *Harvard Business Review*.

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