Improving Strategic Implementation by Learning from Huawei's Strategic Decoding Model

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Abstract: The strategic management process generally consists of three phases: strategic analysis, strategic selection and evaluation, and strategic implementation and control, featuring dynamic circulation and continuous optimization. In this process, although strategic analysis and selection form the foundation of strategy formulation, strategic implementation is decisive to the achievement of strategic objectives. Only through effective implementation mechanisms and process control can strategies be transformed from plans into performance. Enterprises represented by Huawei have established a systematic tool system and methodological framework for strategic implementation management, which are of high practical reference value.

Keywords: Strategic Implementation; Huawei; BEM Model; Strategy Map

1. Introduction

In a complex and volatile market environment, sustainable corporate development relies on a scientific and effective strategic management system. Strategic management usually includes strategy formulation, strategic implementation and strategic evaluation, among which strategic implementation is critical to driving the achievement of strategic goals. However, in corporate practice, many organizations tend to attach greater importance to strategy formulation while neglecting the systematic management of strategy execution, making it difficult to deliver strategic targets effectively. Over its long-term development, Huawei has built a sound strategy execution system based on the BLM and BEM models. In particular, the BEM strategic decoding model translates strategic objectives into specific action paths step by step through strategy maps and KPI systems, providing a useful reference for enterprises to enhance their strategic implementation capabilities.

2. The Importance of Strategic Implementation Management

Every organization has its own development strategy, which is regularly formulated and renewed every 3 to 5 years. When revising strategies, organizations need to assess and analyze the implementation and achievement of previous strategies. In this process, it is found that some enterprises execute strategies well, while many others fail to implement strategies at all. A strategy is a future-oriented positioning and development roadmap. If such future vision cannot be realized, the strategy formulated with massive human and material resources becomes nothing but a wall-mounted slogan, created for the sake of form rather than substance. Therefore, ensuring the implementation and delivery of established strategies is even more important than strategy formulation itself.

3. Advanced Practices in Huawei's Strategic Management

Huawei is a company of sustained excellence and a successful model in strategic management (as noted in *Huawei's Strategic Management Methodology: DSTE Practical System*). It has undergone three major strategic transformations: the first phase (start-up) focused on the “rural areas encircling cities” approach; the second centered on internationalization and globalization; and the third shifted from serving carrier customers to operating three business groups: Carrier BG, Enterprise BG and Consumer BG. Thanks to its strong strategic management capabilities, Huawei has succeeded in each strategic transformation.

Huawei attaches great importance to strategic management, holding regular planning seminars, semi-annual strategic health reviews and semi-annual strategic execution reviews. The strategic health review assesses strategic soundness from six dimensions including opportunities, customers and competition. The strategic execution review integrates strategic planning, annual planning, budget management and resource investment into a closed-loop strategic management system. With the support of IBM, Huawei has developed the BLM (Business Leadership Model) and BEM (Business Execution Model), dividing corporate strategic management into four steps: strategy formulation, strategic decoding, strategy execution and monitoring, and strategic review and iterative improvement, forming a complete closed loop.

As stated in *Huawei Basic Law*: “We adhere to the principle of strategic focus. On key success factors and selected strategic points, we allocate resources with greater intensity than our major competitors. We either do not do it at all, or concentrate human, material and financial resources to achieve breakthroughs.” This paper does not elaborate on strategy formulation; instead, it focuses on strategic decoding, strategy execution and monitoring, drawing on Huawei's successful experience.

4. Application of the BEM Model (Strategic Decoding)

Strategic objectives concisely define an organization's future development priorities and medium- and long-term milestones. To be implemented, strategic objectives must be broken down into concrete actions and paths integrated into daily operations; otherwise, execution will be impossible.

Also known as strategic decoding, the BEM model is Huawei's innovative business strategy execution methodology that integrates Six Sigma quality management into strategy execution. Its core function is to translate strategic plans into actionable specific tasks and key activities, ensuring alignment between strategic objectives and execution paths. It is used to convert strategies into concrete action plans and KPIs. The BEM model generally follows six steps: clarify strategic direction and its operational definitions → derive CSF (Critical Success Factors) and build a strategy map → derive strategic KPIs → derive annual key KPIs → derive departmental KPIs → derive key tasks or post KPIs. Each step applies unique tools and methods. This paper elaborates on the strategy map and the following five aspects.

4.1 Strategy Map

Different development strategies correspond to different critical success factors. To clearly define an enterprise's strategic success factors across multiple dimensions, the concept of a strategy map is adopted. A strategy map is typically expressed using the Balanced Scorecard (BSC). Its core logic is to innovate and build strategic advantages and efficiency (internal processes) by leveraging intangible assets such as human capital, information capital and organizational capital (learning and growth), deliver specific value to the market (customers), and thereby realize shareholder value (finance). It articulates strategic objectives from four perspectives: financial, customer, internal operations, and learning and growth, explaining the steps and pathways to achieve strategic goals within the organization. It also serves as a new performance management system that translates organizational strategies into operable metrics and targets.

The dimensions of the Balanced Scorecard exhibit a hierarchical progression relationship, and the strategic map can also be expressed as shown in Figure 1:

Figure 1. Expression of Dimensional Relationships in the Balanced Scorecard

The financial dimension is the direct reflection of strategy realization and the top concern of owners and shareholders. Metrics vary by strategy: for an expansion strategy, key financial indicators include revenue share from new markets and new-market sales volume; for a cost-leadership strategy, gross margin and core business cost ratio become priorities.

The customer dimension focuses on sound customer relationships, emphasizing customer value propositions and demand satisfaction. Unmet customer needs will eventually undermine financial performance. Common indicators include customer satisfaction, new customer growth rate, customer churn rate, customer complaint rate and return rate.

The internal operations dimension is the most critical. While the financial dimension reflects strategic outcomes and the customer dimension reflects corporate value propositions, the operations dimension is the key to achieving these goals and the embodiment of core competitiveness. It emphasizes production efficiency, operational management and quality control.

The learning and growth dimension, covering employee satisfaction, employee competence, corporate culture, core technologies and IT application, directly affects internal process efficiency.

4.2 Strategic KPIs

Strategic KPIs are the quantitative expression of strategy maps and critical success factors. After defining strategic objectives across financial, customer, internal operations and learning and growth dimensions, enterprises need to design specific development indicators matching strategic goals. For an expansion strategy, examples include: 30% revenue from new customers (financial); 40% new product share and customer churn rate below 10% (customer); 10% improvement in customer response speed (operations); 10% faster R&D and 10 new products developed (R&D).

4.3 Decomposition from Strategic KPIs

After extracting strategic KPIs from the strategy map, enterprises first decompose KPIs into annual organizational KPIs, analyze gaps between strategic goals and current status, and set phased annual targets. Annual KPIs are further assigned to responsible departments and even individual posts; without this step, corporate annual goals cannot be achieved or assessed.

A straightforward method is direct decomposition using a task allocation matrix or “responsibility assignment matrix”. This simple approach clearly shows each department's responsibilities and contributions to corporate strategic goals. However, comprehensive indicators shared by multiple departments cannot be directly split. Moreover, relying solely on indicators without process initiatives often leads to unmet departmental goals, undermining corporate and strategic objectives. To address this, tools such as value trees or fishbone diagrams can be used to further decompose influencing factors and process actions. Taking improving accounts receivable turnover as an example, such tools link related indicators and tasks into a complete system, which is then assigned to departments based on functions and integrated into departmental and post performance appraisals via target responsibility documents.

5. Conclusion

Drawing on Huawei's BLM and BEM models, this paper explains a series of strategic decoding tools with cases and applications to deepen understanding of strategic implementation, enhance execution effectiveness, support enterprises in decomposing strategic objectives and performance indicators, facilitate process monitoring and assessment in strategy implementation, and ultimately drive the achievement of overall operational and strategic goals.

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