

**EXECUTION: THE
DISCIPLINE OF GETTING
THINGS DONE**

Execution: The discipline of getting things done by Lawrence Bossidy and Ram Charanis a 3-part examination of what it takes for companies to succeed through strategies, processes, leadership and ultimately, execution. It is this which sets successful companies apart from those that fail.

Part I: WHY EXECUTION IS NEEDED

The Gap

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. Things that are supposed to happen don't happen.

Everybody talks about change. In recent years, a small industry of changemeisters has preached revolution, reinvention, quantum change, breakthrough thinking, audacious goals, learning organizations, and the like. Unless you translate big thoughts into concrete steps for action, they're pointless.

Without execution, the breakthrough thinking breaks down, learning adds no value, people don't meet their stretch goals, and the revolution stops dead in its tracks. What you get is change for the worse, because failure drains the energy from your organization. Repeated failure destroys it.

No company can deliver on its commitments or adapt well to change unless all leaders practice the discipline of execution at all levels. Execution has to be a part of a company's strategy and its goals. It is the missing link between aspirations and results.

Execution is a major— indeed, the major—job of a business leader. If you don't know how to execute, the whole of your effort as a leader will always be less than the sum of its parts.

Business leaders are beginning to make the connection between execution and results. Directors, have to ask themselves how well the company is executing and what accounts for any gap between expectations and management's performance.

To understand execution, you have to keep three key points in mind:

- Execution is a discipline, and integral to strategy.
- Execution is the major job of the business leader.
- Execution must be a core element of an organization's culture.

Execution is a discipline

Tactics are central to execution, but execution is not tactics.

Execution is fundamental to strategy and has to shape it. No worthwhile strategy can be planned without taking into account the organization's ability to execute it.

Execution is a systematic process of rigorously discussing hows and whats, questioning, tenaciously following through, and ensuring accountability.

It includes making assumptions about the business environment, assessing the organization's capabilities, linking strategy to operations and the people who are going to implement the strategy, synchronizing those people and their various disciplines, and linking rewards to outcomes.

It also includes mechanisms for changing assumptions as the environment changes and upgrading the company's capabilities to meet the challenges of an ambitious strategy.

Execution is a systematic way of exposing reality and acting on it.

The heart of execution lies in the three core processes: the people process, the strategy process, and the operations process.

Execution is the job of a business leader

An organization can execute only if the leader's heart and soul are immersed in the company.

Execution requires a comprehensive understanding of a business, its people, and its environment. The leader is the only person in a position to achieve that understanding.

The leader must be in charge of getting things done by running the three core processes—picking other leaders, setting the strategic direction, and conducting operations. These actions are the substance of execution, and leaders cannot delegate them regardless of the size of the organization. Leading for execution is not about micromanaging, or being “hands-on,” or disempowering people. Rather, it's about active involvement—doing the things leaders should be doing in the first place.

Execution has to be in the culture

Execution has to be embedded in the reward systems and in the norms of behaviour that everyone practices.

Leaders who execute look for deviations from desired managerial tolerances—the gap between the desired and actual outcome in everything from profit margins to the selection of people for promotion. Then they move to close the gap and raise the bar still higher across the whole organization.

Execution should begin with the senior leaders, but if you are not a senior leader, you can still practice it in your own organization. You build and demonstrate your own skills. The results will advance your career—and they may just persuade others in the business to do the same.

Organizations don't execute unless the right people, individually and collectively, focus on the right details at the right time. For you as a leader, moving from the concept to the critical details is a long journey. Leadership without the discipline of execution is incomplete and ineffective. Without the ability to execute, all other attributes of leadership become hollow.

The discipline of execution is based on a set of building blocks that every leader must use to design, install, and operate effectively the three core processes rigorously and consistently.

Part II: THE BUILDING BLOCKS OF EXECUTION

Building block one: The leaders seven essential behaviours

Know your people and your business – In companies that don't execute, the leaders are usually out of touch with the day-to-day realities. They aren't where the action is. The personal connection is especially critical when a leader starts something new.

Insist on realism –Realism is the heat of execution, but many organizations are full of people avoiding or shading reality. Why? It makes life uncomfortable. Be realistic about weaknesses. And make realism the goal of all dialogues in the organization.

- Set clear goals and priorities – focus on a few clear priorities that everyone can grasp. This means less trade-offs, less ambiguity over decision rights and better working relationships.
- Follow through – clear, simple goals mean nothing if nobody takes you seriously. Follow through on ideas that are agreed upon and make people aware that you follow-through with your actions.
- Reward the doers – if you want people to produce specific results, you reward them accordingly. Make a clear distinction between those who achieve results, and those who don't. Bonuses, pay rises and stocks are all options.
- Expand people's capabilities – leaders acquire knowledge, experience and wisdom. The most important part of the job is passing this on to the next generation of leaders. Expanding the capabilities of everyone in your organization.
- Know yourself – you require a strength of character. It takes emotional fortitude to give you courage to be honest with yourself and others, to accept opposing points of view, to deal with conflict and to be courageous in accepting challenges. It enables you to accept and deal with your own weaknesses, be firm with people who need it and handle

the ambiguity inherent in a fast-moving, complex organization. The four key qualities required to make up emotional fortitude are; authenticity, self-awareness, self-mastery and humility.

Building block two: Creating framework for cultural change

Making changes in strategy or structure by itself takes a company only so far. Recognize that the “soft” stuff—people’s beliefs and behaviours—is at least as important as hard stuff, such as organizational structure, if not more so.

Most efforts at cultural change fail because they are not linked to improving the business’s outcomes. The ideas and tools of cultural change are fuzzy and disconnected from strategic and operational realities. To change a business’s culture, you need a set of processes—social operating mechanisms—that will change the beliefs and behaviour of people in ways that are directly linked to bottom-line results.

You need to change people’s behaviour so that they produce results. First you tell people clearly what results you’re looking for. Then you discuss how to get those results, as a key element of the coaching process. Then you reward people for producing the results. If they come up short, you provide additional coaching, withdraw rewards, give them other jobs, or let them go. When you do these things, you create a culture of getting things done.

We don’t think ourselves into a new way of acting, we act ourselves into a new way of thinking.

Acting your way into a new way of thinking begins with demystifying the word culture.

Behaviours are beliefs turned into action. Behaviours deliver the results. We are talking less about individual behaviour than about norms of behaviour: the accepted, expected ways groups of people behave in the corporate setting—the “rules of engagement,” as some people call them. The norms are about how people work together. As such, they are critical to a company’s ability to create a competitive advantage.

You cannot have an execution culture without robust dialogue— one that brings reality to the surface through openness, candor, and informality. Robust dialogue makes an organization effective in gathering information, understanding the information, and reshaping it to produce decisions. It fosters creativity—most innovations and inventions are incubated through robust dialogue. Ultimately, it creates more competitive advantage and shareholder value.

Building block three: The job no leader should delegate – Having the right people in the right place

An organization's human beings are its most reliable resource for generating excellent results year after year. Their judgments, experiences, and capabilities make the difference between success and failure.

Choosing the right people is what creates that elusive sustainable competitive advantage. If you look at any business that's consistently successful, you'll find that its leaders focus intensely and relentlessly on people selection. Whether you're the head of a multibillion-dollar corporation or in charge of your first profit centre, you cannot delegate the process for selecting and developing leaders. It's a job you have to love doing.

The foundation of a great company is the way it develops people— providing the right experiences, such as learning in different jobs, learning from other people, giving candid feedback, and providing coaching, education, and training. If you spend the same amount of time and energy developing people as you do on budgeting, strategic planning, and financial monitoring, the payoff will come in sustainable competitive advantage.

Ask the important question: How good is this person at getting things done?

When you interview, you have to create a full picture of the person in your mind based on things you can learn by probing them. Then you need to find out about their past and present accomplishments, how they think, and what drives their ambitions.

PART III: THE THREE CORE PROCESSES OF EXECUTION

The people process: Making the link with strategy and operations

It's the people of an organization who make judgments about how markets are changing, create strategies based on those judgments, and translate the strategies into operational realities. If you don't get the people process right, you will never fulfil the potential of your business.

A robust people process does three things: It evaluates individuals accurately and in depth. It provides a framework for identifying and developing the leadership talent— at all levels and of all kinds—the organization will need to execute its strategies down the road. It fills the leadership pipeline that's the basis of a strong succession plan.

Linking people to strategy and operations – creating links between people, strategies and creating both short term and long term strategy milestones is essential for focus and accountability.

Developing the leadership pipeline through continuous improvement, succession depth and reducing retention risk – meeting medium and long-term milestones depends on having a pipeline of promising and promotable leaders. Assess them and decide what each leader needs to do to take on larger responsibility.

Dealing with nonperformers – Some managers may be promoted beyond their capabilities and need to be put in lesser jobs. Others just need to be moved out. It is a test to leaders to how well they handle the painful actions they have to take here.

Linking HR to business results – HR has to be integrated into the business processes. Linked to strategy and operations, and to the assessments that the line people ultimately make about people.

The right people are in the right jobs when information about individuals is collected constantly and leaders know the people, how they work together, and whether they deliver results—or fail to. It's the consistency of practice that develops expertise in appraising and choosing the right people. The people process begins with one-on-one assessments, but when developed and practiced as a total process, it becomes incredibly effective as an execution tool.

The strategy process: Making the link with people and operations

The basic goal of any strategy is simple enough: to win the customer's preference and create a sustainable competitive advantage, while leaving sufficient money on the table for shareholders. It defines a business's direction and positions it to move in that direction. Why, then, do so many strategies fail?

A contemporary strategic plan must be an action plan that business leaders can rely on to reach their business objectives. Developing such a plan starts with identifying and defining the critical issues behind the strategy. Once you have developed the plan, you need to ask: How good are the assumptions upon which the plan hinges? What are the pluses and minuses of the alternatives? Do you have the organizational capability to execute the plan? What do you need to do in the near and medium terms to make the plan work in the long run? Can you adapt the plan to rapid changes in the business environment?

- If a strategy does not address the hows, it is a candidate for failure.
- The substance of any strategy is summed up by its building blocks: the half-dozen or fewer key concepts and actions that define it. Pinpointing the building blocks forces leaders to be clear as they debate and discuss the strategy.
- When a business unit creates its strategy, it clearly lays out in specific terms the direction of the unit: where it is now, where it will be going in the future, and how it will get there. A business unit strategy should be less than fifty pages long and should be easy to understand. Its essence should be describable in one page in terms of its building blocks.

- To be effective, a strategy has to be constructed and owned by those who will execute it, namely the line people. Staff people can help by collecting data and using analytical tools, but the business leaders must be in charge of developing the substance of the strategic plan.

A strong strategic plan must address the following questions:

- What is the assessment of the external environment?
- How well do you understand the existing customers and markets?
- What is the best way to grow the business profitably, and what are the obstacles to growth?
- Who is the competition?
- Can the business execute the strategy?
- Are the short term and long term balanced?
- What are the important milestones for executing the plan?
- What are the critical issues facing the business?
- How will the business make money on a sustainable basis?

How to conduct a strategy review:

- Raise new questions, and address old ones;
- How well versed is each business unit team about the competition?
- How strong is the organizational capability to execute the strategy?
- Is the plan scattered or sharply focused?
- Are we choosing the right ideas?
- Are the linkages with people and operations clear?

The operations process: Making the link with strategy and people

The strategy process defines where a business wants to go, and the people process defines who's going to get it there. The operating plan provides the path for those people. It breaks long-term output into short-term targets.

Meeting those here-and-now targets forces decisions to be made and integrated across the organization, both initially and in response to changes in business conditions. It puts reality behind the numbers.

An operating plan includes the programs your business is going to complete within one year to reach the desired levels of such objectives as earnings, sales, margins, and cash flow. Among these programs are product launches; the marketing plan; a sales plan that takes advantage of

market opportunities; a manufacturing plan that stipulates production outputs; and a productivity plan that improves efficiency.

It's not just the leader alone who has to be present and involved. All of the people accountable for executing the plan need to help construct it.

Synchronization is essential for excellence in execution and for energizing the corporation. Synchronization means that all the moving parts of the organization have common assumptions about the external environment over the operating year and a common understanding—the left hand knows what the right hand is doing. Synchronizing includes matching the goals of the interdependent parts and linking their priorities with other parts of the organization.

Sound Assumptions are the key to setting realistic goals. Debate on assumptions is one of the most critical parts of any operating review—not just the big-picture assumptions but assumptions specifically linked with their effects on the business, segment by segment, item by item. That's a key part of what's missing in the standard budget review. You cannot set realistic goals until you've debated the assumptions behind them.

Once the assumptions are pinned down, the next step in the operations process is to build the operating plan itself, which takes place in the operating review. It's a three-part process that begins with setting the targets. In the second part, you develop the action plans, including making the necessary trade-offs between short-term objectives and long-term goals. You also try to identify areas where people can develop contingency plans. Finally, you get agreement and closure from all the participants, establishing follow-through measures to make sure people are meeting their commitments or to work up corrective steps if they aren't.

One outcome of the operations process is identifying targets that clearly and specifically reflect not only what a business wants to achieve but what it is likely to achieve—because they are based on the most realistic assumptions and on the hows of achieving them.

Any good review ends with closure and follow-through. Without them, you're apt to get one of those meetings where people nod their heads in agreement, only to start wriggling out of the deals a few days later. The leader has to be sure that each person has carried away the right information and taken accountability for what he or she agreed to do.

Quarterly reviews help keep plans up to date and reinforce synchronization. They also give a leader a good idea about which people are on top of their businesses, which ones aren't, and what the latter need to do.