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# Books in Brief

## *Execution: The Discipline of Getting Things Done*

Larry Bossidy and Ram Charan with Charles Burck
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## *What is Execution?*

People think of execution as the tactical side of business, something that leaders delegate while they focus on "bigger" issues, but that is wrong.

- Execution is not just tactics, but a discipline and system that has to be built into a company's strategy, goals, and culture in order for it to have a competitive advantage. It is not just a theory of management, but a specific set of behaviors and activities.
- Execution is a system of getting things done through questioning, analysis, and follow-through that meshes strategy with reality, aligns people with goals, and enables the achievement of promised results.
- Execution is the missing link between aspirations and results.

### Execution is a discipline that is integral to strategy.

It is systematic process of:

- Rigorously discussing how's and what's.
- Questioning.
- Following through tenaciously.
- 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 disciplines.
- Linking rewards to outcomes.

Additional components include mechanisms to:

- Change assumptions with changes in the environment.
- Improve the company's ability to meet the challenges of ambitious strategies.

## *Why Execution is Needed*

A CEO was at a loss to explain the failure of his great strategic initiative. He had done everything right—assembled the brightest team in the industry, developed a good plan, assigned stretch goals, empowered people with the freedom to do what they needed, had a clear incentives system and high energy—and yet, it didn't work. The initiative didn't deliver results, he had to lower earnings estimates over and over, the company lost credibility with investors, and the CEO lost the trust of the board, which ended up firing him.

What went wrong? And what makes this story not an exception, but typical of the biggest problem facing corporations today?

The business news is filled with reports about companies that should be succeeding but aren't—companies like Aetna, AT&T, British Airways, Compaq, Gillette, Kodak, Lucent Technologies, Motorola, Xerox, and many others. These are good companies with smart CEOs, talented people, and inspiring visions, but they, and others, regularly fail to produce the results they promise, with the result that their stocks lose value, their employees are demoralized, and their CEO's get fired.

The problem is not just a rough and rapidly changing business environment, because other companies have been able at the same to deliver on their commitments year in and year out—for example, GE, Wal-Mart, Emerson Electric, Southwest Airlines, and Colgate-Palmolive.

What do the companies that deliver have in common, and the many companies that fail lack? ***A culture of execution.***

No company can deliver on its commitments or adapt well to change unless all leaders practice the discipline of execution at all levels.

This means a focus on the practical—bringing the rhetoric down to earth in order to take the organization to "the next level." An execution approach to change and to strategy is reality-based, so that people can envision and discuss specific things they need to do, and then have the follow-through to actually do them.

### Execution is the major job of the business leader.

A lot of business leaders like to think their job is stand on the mountaintop thinking strategically and attempting to inspire people with visions, while managers do the grunt work of actually doing things.

This is a fallacy, which can do enormous damage.

- 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.
- Only the leader can make execution happen, through his or her deep personal involvement in the substance and the details of execution.

### Execution must be a core element of an organization's culture.

The organization's culture has to focus on getting things done, rather than simply expounding lofty visions and grandiose strategies. There has to be attention to specifics in the planning stages, there has to be effective follow-through, and there has to be real accountability

### How can the leader get things done?

By personally running the three core processes at the core of execution:

- Picking other leaders—the People Process
- Setting the strategic direction—the Strategy Process
- Conducting operations—the Operation Process

This means being directly engaged with the people who are doing the work, and with the practical details of how they are going to achieve the goals set for them.

The leader must assemble an architecture of execution:

- Put in place a culture and processes for executing.
- Promote people who get things done more quickly.
- Give people who get things done more rewards.
- Assign tasks and follow up.
- Make sure that people understand the priorities, based on the leader's understanding of the business.
- Ask specific questions that will uncover weaknesses in order to correct them.

## *The Building Blocks of Execution*

### Building Block One: The Leader's Seven Essential Behaviors

To be in charge of execution without being a micromanager, leaders need to:

- Know their people and their business.
- Insist on realism.
- Set clear goals and priorities.
- Follow through.
- Reward the doers.
- Expand people's capabilities.
- Know themselves.

### Building Block Two: Creating the Framework for Cultural Change

When things are going badly at a company, changing its strategy or structure by itself is inadequate unless the corporate culture—people's beliefs and behaviors—also changes. Most efforts at cultural change fail, however, because they are not linked to improving the business outcomes. Cultural change only works if you have a set of social operating mechanisms that will change the beliefs and behavior of people in ways that are directly linked to the bottom-line results.

**Framework for cultural change toward execution**

1. Tell people clearly what results you are looking for.
2. Discuss how to get those results, through a coaching process.
3. Reward people for producing the results.
4. If people do not produce the results, provide more coaching, withdraw rewards, give them other jobs, or let them go.

**Demystify the word "*culture*."** It is essentially just the sum of an organization's shared values, beliefs, and norms of behavior.

- The basic values may need reinforcement, but they rarely need real change.
- More often, the beliefs that influence specific behaviors are likely to need change. These reflect people's training, experience, what they hear about the company's prospects, and their perceptions of what leaders do and say.
- These beliefs change only when people are persuaded by new evidence that they are false.

**The key to changing beliefs and the related behavior is to link rewards to performance.** This means using an assessment or evaluation process that focuses on the results you want people to achieve and the behaviors you want to encourage.

**You get what you measure for**—it's that straightforward. When people measure up, reward them appropriately—use various alternatives like options, bonuses, and salary increases to differentiate among levels of achievement, or between people who demonstrate significant potential for the future and those who don't.

**Promote robust dialogue.** It is vital to bring reality to the surface through openness, candor, and informality. This makes an organization effective in gathering information, understanding the information, and reshaping it to produce decisions. It fosters creativity, and ultimately creates more competitive advantage and shareholder value.

What makes for robust dialog?

- People start with open minds, not trapped by preconceptions or private agendas. They want to hear new information and choose the best alternatives, so they listen to all sides of the debate and contribute to it themselves.
- People express their own opinions honestly, not those that will please the powerful or maintain harmony.
- Candor is stronger than the desire for harmony. When harmony prevails everyone is pleasant and agreeable, but people do not express their true opinions and often veto in practice decisions they did not like but did not debate at the time. Candor prevents initiatives from stalling that way, and avoids the frustration and energy drain such behavior causes.
- Informality is necessary for candor. Formal conversations and presentations suppress dialogue and leave little room for debate. Informal dialogue is open, invites questions, encourages spontaneity and critical thinking. It promotes experimentation, cross-checking, enables people to take risks among colleagues, bosses, and subordinates, surfaces out-of-the-box breakthrough ideas, and gets the truth out.
- Robust dialogue ends with closure. At the end of the meeting, people agree about what each one has to do and when. They have committed to it in an open forum. They are accountable for the outcomes.

Ineffective dialogue that is politicized and constrained provides little chance for reality to get on the table and does not move the issues forward much, or produce real results.

To make the dialogue at an organization more robust, the change has to start at the top. If the leader practices robust dialogue, others will take the cue. If they lack the emotional fortitude needed to invite disagreement without getting offensive, or if they don't have the skills needed to help people challenge and debate constructively, give them the help they need.

**What are Social Operating Mechanisms?**

They are occasions for dialog (e.g. formal or informal meetings, presentations, memos, email exchanges, etc.) that:

- Cut across the organization and break through barriers among units, functional disciplines, work processes and hierarchies.
- Social Operating Mechanisms create new information flows and new working relationships.
- They bring together people who normally don't have much contact in order to exchange views, share information and ideas, and learn to understand the company as a whole.
- Provide opportunities to consistently practice the desired beliefs and behaviors of the company's culture and spread the leaders' beliefs, behaviors, and mode of dialogue throughout the organization.
- People who participate in these Social Operating Mechanisms learn to bring these beliefs and behaviors t the lower-level meetings and interactions they conduct, include coaching and feedback.

When linked to each other and to the measurement and reward systems, the Social Operating Mechanisms become the company's Social Operating System and drive its culture.

An example: GE has a highly developed Social Operating System that is central to its success. Its Social Operating Mechanisms include:

- Quearterly meetings of the Corporate Executive Council
- Session C, an annual leadership and organizational review
- S-1 and S-2, strategy and operating reviews
- Boca, an annual meeting in Boca Raton FL where operating managers plan the next year's initatives and re-launch current initiatives.
- Annual online survey of employees for feedback on how well initatives are taking hold throughout the organization
- Annual meeting of 150 top corporate officers at Crotonville Learning Center to review initiative progress, get operating plans rolling for the next year, and participate in executive development courses.

GE's Social Operating System helps unite a company of extremely diverse businesses and tie the overall strategy to the performance of each unit through honest and reality-based dialog with candid feedback and active participation of the CEO at every meeting.

## Building Block Three: The Job No Leader Should Delegate—Having the Right People in the Right Place

Many of the elements that affect a business's performance are out of its direct control, but it does have control over one crucial element—the quality of its people. If the team is weak, or the people don't have the specific skills the company needs, results are bound to suffer. Yet all too often the right people are not in the right jobs. Why? Typically,

- The leaders don't know enough about the people they are appointing, but rely on staff appraisals that focus on the wrong criteria, or accept fuzzy and meaningless recommendations ("Bob's a great leader, he gets along with people, and he's smart as hell") without probing for specifics.
- The leaders may be picking people they feel comfortable with, rather than those who have better skills for the job.
- The leaders may not have the courage to discriminate between strong and weak performers, and to confront, and if necessary remove, the people who don't measure up, even if their weakness is causing serious damage to the organization.

The foundation of a great company is the way it develops people—providing the right experiences (jobs to learn in, people to learn from), giving candid feedback, providing coaching, education, and training. A leader who spends as much time and energy developing people as on budgeting, strategic planning and financial monitoring will see a payoff in sustainable competitive advantage.

**What kind of people are you looking for?** An execution-focused leader should work to develop and promote people who:

- Energize others.
- Are decisive on tough issues.
- Get things done through others.
- Follow through.

In assessing people's record, do not simply perform a mechanical evaluation. How someone meets their commitments is at least as important as whether they meet them, and often more so.

Meeting them the wrong way can cause serious damage to an organization.

Candid dialogue is vital. Most people have never had an honest appraisal and been confronted with their weaknesses as well as their strengths. But unless people are told honestly and specifically what they need to fix to improve their performance, improvement can't occur.

Being systematic and consistent in interviewing and appraising people and developing them through useful feedback is the key to getting the right people in the right job.

# *The Three Core Processes*

## The People Process

This is the most important of the three. Its purpose is to:

- Evaluate individuals accurately and in depth.
- Provide a framework for identifying and developing the leadership talent, of all kinds and at all levels, the organization will need in the future to execute its strategies.
- Fill the leadership pipeline that is essential for a strong succession plan.

Few companies do all of these things well.

The greatest failing of the traditional people process is that it is backward-looking and focuses on evaluating the jobs people are doing today without considering whether they are able to handle the jobs of tomorrow. The result is the wrong people in leadership positions, delay in recognizing and correcting the problem, and damage that could have been avoided.

The building blocks of a powerful people process are:

- Linkage to the strategic plan and its near-, medium- and long-term milestones and the operating plan target, including specific financial targets.
- Developing the leadership pipeline through continuous improvement, succession depth, and reducing retention risk.
- Deciding what to do about non-performers.
- Transforming the mission and the operations of HR.

**Linkage to strategy.** Identify the strategic milestones and targets over the near, medium, and long timeframes, and focus on the shift in skill mix that will be required to achieve those milestones. What skills will become obsolete? What new skills will be needed? How much lead time will it take to train people for a new mission? Who will be accountable?

This analysis sometimes means that some of an organization's current high performers are not able to handle the challenges of a new strategic future—excellent people may need to be replaced, for the good of the organization's future performance. This is a very tough call to make, but it is necessary to get the question on the table in a timely way, and do what has to be done before the potential situation becomes an actual crisis.

**Developing the leadership pipeline.** A useful tool to for this step is the *leadership assessment summary*: assess individuals on their behavior (below, at, or exceeding standard) and on their performance, and plot the results on a matrix. Those who are both promotable and have high potential will be in the upper right hand quadrant. Also important tools include:

- the *Continuous Improvement Summary*, which not only assesses an individual's specific skills, but also spotlights performance targets missed and met, developmental needs and plans, and potential next moves over the short and long term
- Succession Depth and Retention Risk analyses, which determine whether the company has enough high-potential people to fill key positions, and looks at an individual's marketability, potential for mobility, and the risk the business faces if he or she leaves. A high-potential person who has been in a current job for too long may feel blocked from moving upward and be susceptible to headhunter calls; the company needs to recognize that and take steps to keep that person on board and growing.

**Dealing with non-performers.** It's necessary to distinguish between people who have been promoted beyond their capabilities and need to be put in lesser jobs, and those who just have to be moved out. When mistakes happen, you have to deal with them constructively, and preserve the dignity of people who leave a job, as part of reinforcing the positive nature of the performance culture.

**Linking HR to business results.** HR has to be linked to strategy and operations, and to the assessments that the line people make about individuals. HR's new role is oriented toward the recruitment of people with the skills to move the strategy forward and achieve specific results.

## The Strategy Process

A good strategic planning process does not simply define a business's direction and position it to move in that direction, but also gives considerable attention to how that strategy is to be executed. A strategic plan must be an action plan that business leaders can rely on to reach their business objectives.

- Develop the plan: identify and define the critical issues behind the strategy.
- Then ask, how good are the assumptions on which the plan hinges? What are the pluses/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 term to make the plan work in the long term? Can you adapt the plan to rapid external changes?
- Link your strategy to your people process: Do you have the right people in place to execute the strategy? If not, how will you get them?

The building blocks of a strategy are the half-dozen or fewer key concepts and actions that define it. Pinpoint the building blocks to force leaders to be clear in discussing the strategy and to help them judge whether the strategy is good or bad, and why.

**Building a business unit strategic plan:**

An effective strategy has to be built and owned by the people who will execute it, i.e. the line people. (Staff people can help by collecting data and using analytical tools.)

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? 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?

A strategic plan contains ideas that are specific and clear. It is not a numbers exercise. The important questions will vary from situation to situation and from year to year. The answers that are right for one business may not be right for another business, or for the same business at a different time.

### How to Conduct a Strategy Review

Strategy reviews are too often dominated by dry discussions of numbers and by people maneuvering for power and ducking tough questions.

That is not the way to execute. The business unit strategy review is the principal Social Operating Mechanism of the strategy process and provides the last chance to get things right before the plan is put to the final test of the real world. It has to be inclusive and interactive, feature a solid debate conducted in the robust dialogue of the executive culture with all the key players present and speaking their minds.

The review should be a creative exercise, not a rehash of canned data. People have to leave with closure to the discussion and clear accountability for their parts in the plan. The leader must follow through to be sure everyone is clear about the outcome of the review.

**Key questions for the strategy review** are:

- Is the plan plausible and realistic?
- Is it internally consistent?
- Does it match the critical issues and the assumptions?
- Are people committed to it?

Discussion should also raise new question and hone in on old ones to a new degree of specificity. For example:

- How well informed 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?

**Follow through is critical.** At the end of the strategy review, the leader should write a letter to each person to solidify and confirm the agreements that were made, so they can be used later as the basis for reviewing process. The letter should itemize and specify each point that was agreed upon.

### The Operations Process

Many companies translate their strategic plans into operations via a budgeting process that spells out the results you are supposed to achieve (revenues, cash flow, earnings, etc.) and the resources you are allotted to achieve them. But because the process does not deal with how or even whether you can get the results it decrees, it is disconnected from reality. The result is often failure.

What companies that execute do, on the other hand, is to use a robust operating process centered on an operating plan that links strategy and people to results.

If 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 map the people can use.

- It breaks long-term output into short-term targets.
- Meeting those short-term targets forces decisions to be made and integrated across the organization.
- It puts reality behind the numbers.

**The operating plan includes the programs the business is going to complete** within one year to reach the desired levels of financial objectives. 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.
- A productivity plan that improves efficiency.

The assumptions the operating is based on are linked t reality and debated among the finance people and the line leaders who have to execute. The operating plan:

- Specifies how the various moving parts of the business will be synchronized to achieve the targets.
- Deals with trade-offs that need to be made.
- Looks at contingencies for the things that can go wrong or offer unexpected opportunities.

The role of the leader in the operating plan is to oversee the seamless transition from strategy to operations by setting the goals, linking the details of the operations process to the people and strategy processes, and leading the operating reviews that bring people together around the operating plan. The leader has to make timely, acute judgments and trade-offs among the many possibilities and uncertainties. The leader must conduct robust dialogue that brings truth to the surface. And the leader must teach others how to do these things as well, while at the same time learning about the people and how they behave when things get practical and strategies hit the real world.

## *About the Authors*

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