



EXECUTION

The Discipline of Getting Things Done

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Author bio and credits: Larry Bossidy is Chairman and former CEO of Honeywell. Earlier in his career he was chairman and CEO of Allied Signal, COO of GE Credit etc.

Ram Charan is a highly sought after advisor to CEOs and senior executives. He is the author of several books.

Author's main point: In order to execute the strategies that they develop, companies have to integrate their people, strategy and processes. Without proper execution, even the best strategies fail.

A few supporting ideas (ideas which support the main point):

Chapters:

Part 1. Why Execution is Needed

1. The Gap Nobody Knows

When companies fail to deliver on their promises, the most frequent explanation is that the CEO's strategy was wrong. But the strategy itself is not often the cause. Strategies most often fail because they aren't executed well. Either the organizations aren't capable of making them happen, or the leaders of the business mismanage the challenges their companies face in the business environment, or both.

Everybody talks about change. 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. Talking about taking organizations to "the next level" brings rhetoric down to earth. This is an execution approach to change. It's reality based – people can envision and discuss specific things they need to do. It recognizes that meaningful change comes only with execution.

Execution needs to be part of a company's strategy and its goals. It is the missing link between aspirations and results.

To understand execution, you have to keep three things 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

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

2. The Execution Difference.

Three examples are given – two of poor execution at Xerox and Lucent and good execution at EDS. The first two are struggling to recapture a small fraction of their former glory, while the third has regained its luster and aims to lead its industry again. The difference? Execution.

Part 2. The Building Blocks of Execution

3. Building Block 1: The Leader's Seven Essential Behaviors

Know your people and your business

Insist on realism

Set clear goals and priorities

Follow through

Reward the doers

Expand people's capabilities through coaching

Know yourself

4. Building Block 2: Creating the Framework for Cultural change

The hardware (strategy and structure) is inert without the software (beliefs and behaviors).

Most efforts at cultural change fail because they are not linked to improving the company's outcomes.

To change a businesses culture, you need a set of processes – social operating mechanisms – that will change the beliefs and behavior of people in a way that is linked to bottom line results.

Cultural change gets real when your aim is execution. You need to change people's behavior so they produce results. First you tell people clearly what results you are 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.

A key component of software is Social operating mechanisms. These are formal meetings, presentations, even memos or email exchanges – anywhere that dialogue takes place. Two things make them operating mechanisms. First they're integrative, cutting across the organization and breaking barriers among units, functions, disciplines, work processes, and hierarchies and between the organization and the external environment as well. They create new information flows and new working relationships.

Second, Social Operating mechanisms are where the beliefs and behaviors of the social software are practiced consistently and relentlessly. They spread the leaders' beliefs, behaviors, and mode of dialogue throughout the organization.

Linked to one another and to the measurement and reward systems, the Social Operating mechanisms collectively become the Social Operating System of the corporation. As such, they drive its culture.

Robust dialogue makes an organization effective in gathering information, understanding the information, and reshaping it to produce decisions. It fosters creativity. Ultimately, it creates more competitive advantage and shareholder value. Robust dialogue involves candor and informality. It encourages people to test their thinking. Informality gets the truth out. Robust dialogue ends with closure.

5. 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. The quality of their people is the best competitive differentiator.

Why the right people aren't in the right jobs:

- Lack of knowledge
- Lack of courage – the leader doesn't have the emotional fortitude to confront a non-performer and take decisive action
- The psychological comfort factor – the leaders who promote them are comfortable with them
- Bottom line: lack of commitment

What kind of people are you looking for?

- They energize people
- They're decisive on tough issues
- They get things done through others
- They follow through

There's nothing sophisticated about getting the right people in the right jobs. It's a matter of being systematic and consistent in interviewing and appraising people and developing them through useful feedback. Sometimes it means replacing an excellent performer with a person who is better equipped to take the business to the next level.

Part 3. The Three Core Processes of Execution

Chapter 6. The people Process: making the Link With Strategy and Operations

If you don't get the people process right, you will never fulfill 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 the organization will need to execute its strategies down the road. And it fills the leadership pipeline that's the basis for a strong succession plan. What's important is if the individuals can handle the jobs of tomorrow.

A robust people process provides a powerful framework for determining the organization's talent needs over time, and for planning actions that will meet those needs. It is based on the following building blocks:

- Linkage to the strategic plan and its near-, medium, and long-term milestones and the operating plan target, including specific financial targets. The right kinds and numbers of people to execute the strategy.
- Developing the leadership pipeline through continuous improvement, succession depth, and reducing retention risk. Tools mentioned(pages 151, 153): The leadership assessment summary, the continuous improvement summary, succession depth and retention risk analysis
- Deciding what to do about non-performers. The final test of a people process is how well it distinguishes between managers who have been promoted beyond their capabilities and need to be put in lesser jobs and those who need to be moved out, and how well leaders handle the painful actions they have to take.
- Transforming the mission and operations of HR. HR has to be integrated into the business processes. It has to be linked to strategy and operations, and to the assessments that the line people ultimately make about people. HR becomes recruitment oriented and a far more powerful force for advancing the organization than its typical staff function.

7. 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. A good strategic planning process also requires the utmost attention to the "hows" of executing the strategy. The plan must be an action plan that business leaders can rely on to reach their business objectives. Developing the plan starts with identifying and defining the critical issues behind the strategy. To have realism in the strategy you have to link it to your people process and to your operating plan.

The Building Blocks of a Strategy -The substance of any strategy is summed up by its building blocks: the half dozen or fewer key concepts and actions that define it.

Corporate level strategy is the vehicle for allocating resources among all the business units.

Building the Strategic Plan – 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. It looks at the cost of the strategic results it wants to achieve in terms of the capital resources it needs, analyzes the risks that are involved, and instills flexibility in case new opportunities arise or the plan fails.

To be effective, a strategy has to be constructed and owned by those who will execute it. Robust dialogue is central to the execution culture. The leader of a business has to own the strategy development.

Questions for a strategic plan –

- 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 most important milestones for executing the plan?
- What are the critical issues facing the business?

- How will the company make money on a sustainable basis?

8. How to Conduct a Strategy Review

The business unit strategy review is the prime Social Operating Mechanism of the strategy process. It provides the penultimate ground for testing and validating the strategy. It has to be inclusive and interactive: it must feature a solid debate, conducted in the robust dialogue of the execution culture, with all the key players present and speaking their minds. The review should be a creative exercise. It's a good place for a leader to learn about and develop people.

Questions to raise at a strategy review:

Go over the same critical issues as in building the plan but with a fresh diversity of ideas with an expanded group.

- Is the plan realistic?
- Is it internally consistent?
- Are people committed to it?
- How well versed is each business unit team about their 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?

Throughout the process, asking questions constantly keeps the critical issues in mind:

- Do you have the right leaders in the right jobs?
- How well do they work together?
- Do you have enough of the kind of people you need?
- Do you have the production, financial, and technological resources to execute the strategy?

9. 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.

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 production plan that improves efficiency. The assumptions on which the operating plan is based are linked to reality and are debated among the finance people and the line leaders who have to execute. All then people accountable for executing the plan need to help construct it.

Reviewer's recommendation: A must read for CEOs and their coaches and advisors.

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About the reviewer: Frumi Rachel Barr, MBA, PhD

Many CEO's find themselves asking "What now?" to sensitive situations that only an experienced former CEO can understand. Frumi is brought in to solve problems and often remains to work with you, as your confidante and secret weapon. She has an uncanny knack of getting to the heart of your corporate climate and maximizing your team's performance, profitability and sustainability.

To schedule a free ***Break From the Pack to Success*** consultation email ceocondfidante@frumi.com or call 949-729-1577