

# Execution by Larry Bossidy and Ram Charan

Execution is a specific set of behaviours and techniques that companies need to master in order to have competitive advantage.

## **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 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. Either the organisations aren't capable of making them happen, or the leaders of the business misjudge the challenges their companies face in the business environment, or both.

There can be a Gap between what the executives want to have happen and the ability of the team to make it happen. That's the Gap that no-one knows exists.

## **Execution is a Discipline**

No worthwhile strategy can be planned without taking into account the organisation's ability to execute it. This is often overlooked.

## **Execution is the Job of the Business Leader**

Lots of business leaders like to think that the top dog is exempt from the details of actually running things. It's a pleasant way to view leadership: you stand on the mountaintop, thinking strategically and attempting to inspire your people with visions, while managers do the grunt work.

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

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.

## **The Building Blocks of Execution**

What exactly does a leader who's in charge of execution do? How does he keep from being a micromanager, caught up in the details of running the business?

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

## **Can the Business Execute the Strategy?**

An astonishing number of strategies fail because leaders don't make a realistic assessment of whether the organisation can execute the plan.

Questions to ask in the strategy Process

## Questions for a Strategic Plan

A strong 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 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?

Great Execution comes down to nailing the 3 most important processes:

1. The Strategy Process
2. The Operations Process
3. The People Process

(Side note these 3 processes dovetail perfectly into a senior level 1-3-5®)

## **The Strategy Process**

### **Questions to Raise at a Strategy Review**

...the discussion must answer the key questions: Is the plan plausible and realistic? Is it internally consistent? Does it match the critical issues and the assumptions? Are people committed to it?

You'll also be raising new questions and sharpening old ones to new levels of specificity.

For example:

- How well versed is each business unit team about the competition?
- How strong is the organisational 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**

### **The Operations Process: Making the Link with Strategy and People**

#### **Building the Operating Plan**

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.

Finally, you get agreement and closure from all the participants, establishing followthrough measures to make sure people are meeting their commitments or to work up corrective steps if they aren't.

In the operating plan, the leader is primarily responsible for overseeing the seamless transition from strategy to operations. She has to set the goals, link the details of the operations process to the people and strategy processes, and lead the operating reviews that bring people together around the operating plan. She has to make timely, incisive judgments and trade-offs in the face of myriad possibilities and uncertainties. She has to conduct robust dialogue that surfaces truth. And she must, all the while, be teaching her people how to do these things as well. At the same time, the leader is learning—about her people, and how they behave when the rubber meets the road, and about the pitfalls that beset elegant strategies.

## **The People Process**

### **The People Process: Making the Link with Strategy and Operations**

It's the people of an organisation who make judgments about how markets are changing, create strategies based on those judgments, and translate the strategies into operational realities.

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 organisation will need to execute its strategies down the road. And it fills the leadership pipeline that's the basis of a strong succession plan.

### **The Job No Leader Should Delegate—Having the Right People in the Right Place**

Given the many things that businesses can't control, from the uncertain state of the economy to the unpredictable actions of competitors, you'd think companies would pay careful attention to the one thing they can control—the quality of their people, especially those in the leadership pool.