EXECUTION

By: Larry Bossidy and Ram Charan

Execution is one of the most influential and successful business books of our time. This new introduction addresses our current financial and economic crisis. Execution shows how to link people, strategy, and operations together, the 3 core processes of every business. This book shows the importance of leaders being deeply and passionately engaged in the organization they run and why healthy dialogues about people, strategy, and operations result in a business based on intellectual honesty and realism.

Execution, written by two accomplished and insightful businessmen, Larry Bossidy and Ram Charan, provide the realistic approach to business success using case histories from the real world of JP Morgan Chase and Citigroup.

When first published, Execution was based on an observation that the discipline of getting things done was what differentiated companies that succeeded from those that just muddled through or failed. Today we are mired in a deep global recession that is taking a tremendous toll on businesses, consumers, and governments. Everywhere there is a huge loss of confidence. Strategies and business models that once worked well no longer do so. Even when the recession ends the business and economic environment will not return to what we have come to regard as “normal.” The world is experiencing a tectonic shift – the global business environment is being “reset.” We now live in a world in which radical change can happen seemingly overnight, and in which many former “givens” will be in flux for a long time. That reality makes execution harder (not that it’s ever been easy), but also more important than ever before. Execution not only ensures efficient use of resources in a credit and cash-starved world, but also provides the feedback loop needed for the business to adjust to changes- big or small- in the external world. True, leaders must still conceive of a path forward, but execution is what drives the organization along that path and allows it to seize opportunities. And good execution not only will see a company through the tough times, but also significantly improve its chances for success as the environment continues to shift. No one can predict precisely what the future holds – we will all have to deal with whatever is ahead when it happens – but consider some of the more profound changes that are likely to be in store:

-Growth will be slower
-Competition will be fiercer
-Governments around the world will take new roles in their economies and business environments
-Risk management – understanding and controlling risks at every level of the business including political and global economic risk – will become a huge part of every leader’s job. As of this writing there is considerable debate about whether the global economy will slide into deflation or if stimulus policies will touch off a new burst of inflation. Being prepared for either result is a fundamental tenet of risk management. Execution is what gives you an edge in detecting new realities in the external environment as well as risks that are being introduced, perhaps inadvertently, to your own operations.

THE THREE CORE PROCESSES OF EXECUTION:
The three processes- people, strategy, and operations-remain the building blocks and heart of good execution. But as the economic, political, and business environments change; the ways in which they are carried out also change. It's not enough to simply get one, two, or even all three of the processes right. Linkage between all three is crucial.

FOLLOW-THROUGH: Follow through is a constant and sequential part of execution. It ensures that you have established closure in the dialogue milestones for measurement. The failure to establish this closure leaves the people who execute a decision or strategy without a clear picture of their role. As events unfold rapidly amid much uncertainty, follow-through becomes a much more intense process. Milestones need to be placed closer together so there is less room for slippage, and information needs to flow faster and in more detail so that everyone knows how the strategy is evolving. Follow-through is based on knowledge, but there are times, especially now, when follow-through also requires courage. There were people who were apprehensive about the scale of the collateralized mortgage obligations that their companies were generating. They knew that in the wrong circumstances CMOs could create serious problems. Yet there is little evidence that they had the courage to address the issue in the face of the huge amounts of money being minted through the issuance of CMOs and other exotic derivative products. For follow-through to serve its function, action must follow analysis. Knowledge without courage isn't effective.

REWARD THE DOERS: This is a critical part of achieving success. In the intervening years, however, the significance and importance of rewarding the doers has led to excessive compensation plans that are severely out of balance. To properly reward the "doers" you must correctly define what a doer is. This is central to the idea of execution. Simply put, a doer is a person who gets things done. Doing is meeting goals. Some goals are legitimately short-term goals that yield short-term basis. But other goals are long-term and by definition we will not know if we have achieved those goals for some time. Consequently the people striving to meet those goals should be compensated on a long-term basis with some portion of that long-term compensation based on achieving critical milestones toward the goal. And there are some goals that are so long-term that compensation should only be awarded when a person retires and his or her contributions to meeting those extremely long-term goals can be assessed. Leaders must take responsibility for setting the right rewards for doers.

Author, Larry Bossidy states: My job at Honeywell International is to restore the discipline of execution to a company that had lost it. Many people regard execution as detail work that's beneath the dignity of a business leader. That's wrong. To the contrary, it's a leader's most important job.

Most often the difference between a company and its competitor is the ability to execute. If your competitors are executing better than you are, they're beating you in the here and now, and the financial markets won't wait to see if your elaborate strategy plays out. So leaders who can't execute don't get free runs anymore. Execution is the great-unaddressed issue in the business world today. Its absence is the single biggest obstacle to success and the cause of most of the disappointments that are mistakenly attributed to other causes.

Execution is not just something that does or doesn't get done. Execution is a specific set of behaviors and techniques that companies need to master in order to have a competitive advantage. It is a discipline of its own. In big companies and small ones, it is the critical discipline of success now. Execution will help you, as a business leader, to choose a more robust strategy. You can't craft a worthwhile strategy if you don't at the same time make sure your organization has or can get what's required to execute it, including the right resources and the right people. Leaders in an execution culture design strategies that are more road maps than rigid paths enshrined in fat planning books. That way they can respond quickly when the unexpected happens. Their strategies are designed to be executed. Execution paces everything. It enables you to see what's going on in your industry. It's the best means for change and transition – better than culture, better than philosophy. Execution-oriented companies change faster than others because they're closer to the situation.

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 organizations 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.

Built-to-order improves inventory turnover, which increases asset velocity, one of the most underappreciated components of making money. Velocity is the ratio of sales dollars to net assets deployed in the business, which in the most common definition includes plant and equipment, inventories, and accounts receivable minus accounts payable. Higher velocity improves productivity and reduces working capital. It also improves cash flow, the lifeblood of any business, and can help improve margins as well as revenue and market share.

Inventory turns are especially important for makers of PCs, since inventories account for the largest portion of their net assets. When sales fall below forecast, companies with traditional batch manufacturing are stuck with unsold inventory. What's more, computer components such as microprocessors are particularly prone to obsolescence because performance advances so rapidly, often accompanied by falling prices. When these PC makers have to write off the excess of obsolete inventory, their profit margins can shrink to the vanishing point.

The gap between promises and results is widespread. The gap nobody knows is the gap between what a company's leaders want to achieve and the ability of their organization to achieve it. 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. We're not necessarily debunking this stuff. But 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.

Early in 2001 the National Association of Corporate Directors added “execution” to the list of items that directors need to focus on in evaluating their own performance. Directors, the group says have to ask themselves how well the company is executing and what accounts for any gap between expectations and management’s performance. Very few boards now ask these questions, the group noted. But for all the talk about execution, hardly anybody knows what it is. 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 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.

In its most fundamental sense, execution is a systematic way of exposing reality and acting on it. Most companies don’t face reality very well. As we shall see, that’s the basic reason they can’t execute. Much has been written about Jack Welch’s style of management – especially his toughness and bluntness, which some people call ruthlessness. We would argue that the core of his management legacy is that he forced realism into all of GE’s management processes, making it a model of an execution culture. The heart of execution lies in the three core processes: the people process, the strategy process, and the operations process. Every business and company uses these processes in one form or the other. But more often than not they stand apart from one another like silos. People perform them by rote and as quickly as possible, so they can get back to their perceived work. Typically the CEO and his senior leadership team allot less than half a day each year to review the plans—people, strategy, and operations. Typically too the reviews are not particularly interactive. People sit passively watching PowerPoint presentations. They don’t ask questions.

Execution is the job of the business leader; only the leader can set the tone of the dialogue in the organization. Dialogue is the core of culture and the basic unit of work. How people talk to each other absolutely determines how well the organization will function. Is the dialogue stilted, politicized, fragmented, and butt-covering? Or is it candid and reality-based, raiding the right questions, debating them, and finding realistic solutions? If it’s the former—as it is in all too many companies—reality will never come to the surface. If it is to be the latter, the leader has to be on the playing field with his management team, practicing it consistently and forcefully.

Specifically, the leader has to run the three core processes and has to run them with intensity and rigor.

Leaders often bristle when we say they have to run the three core processes themselves. “You’re telling me to micromanage my people, and I don’t do that,” is a common response. Or, “it’s not my style. I’m a hands-off leader. I delegate, I empower.” We agree completely that micromanaging is a big mistake. It diminishes people’s self-confidence, saps their initiative, and stifles their ability to think for themselves. It’s also a recipe for screwing things up—micromanagers rarely know as much about what needs to be done as the people they’re harassing, the ones who actually do it. But there’s an enormous difference between leading an organization and presiding over it. The leader who boasts of her hands-off style or puts her faith in empowerment is not dealing with the issues of the day. She is not confronting the people responsible for poor performance, or searching for problems to solve and then making sure they get solved. She is presiding, and she’s only doing half her job.

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. Leaders who excel at execution immerse themselves in the substance of execution and even some of the key details. They use their knowledge of the business to constantly probe and question. They bring weaknesses to light and rally their people to correct them.
Leaders of this ilk are powerful and influential presences because they *are* their businesses. They are intimately and intensely involved with their people and operations. They connect because they know the realities and talk about them. They’re knowledgeable about the details. They’re excited about what they’re doing. They’re passionate about getting results. This is not “inspiration” through exhortation or speechmaking. These leaders energize everyone by the example they set.

When a business is making major changes, the right people have to be in the critical jobs, and the core processes must be strong enough to ensure that resistance is dissolved and plans get executed. A leader with a comprehensive understanding of their organization will not set unrealistic goals. One part of execution is knowing your own capability, and having the capability to get products to market fast enough. Companies with the greatest strength in a mature technology tend to be least successful in mastering new ones. The innovator’s dilemma has an execution solution that isn’t generally recognized. If you’re really executing, and you have the resources, you are listening to tomorrow’s customers as well as todays and planning for their needs.

It takes emotional and mental processing to make a radical change, to understand that ‘Hey, what we did before doesn’t always have to be the way we do it in the future, and you just have to be open to it.’ And at the end you become personally close because you have to wrestle through all the points together.

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. Observations noted about these building blocks: the essential behaviors of the leader, an operational definition of the framework for cultural change, and getting the right people in the right jobs.

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? There are seven essential behaviors that form the first building block of execution:
-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.

Leaders have to live their businesses. In companies that don't execute, the leaders are usually out of touch with the day-to-day realities. They're getting lots of information delivered to them, but it's filtered—presented by direct reports with their own perceptions, limitations, and agendas, or gathered by staff people with their own perspectives. The leaders aren't where the action is. They aren't engaged with the business, so they don't know their organizations comprehensively, and their people don't really know them.

Consistent leaders who are connected have distilled the challenges facing the business unit into half dozen or fewer fundamental issues. These challenges do not change much over short periods of time, and the way leaders master the total company is through a short list that cut across multiple business units. Being present allows you, as a leader, to connect personally with your people, and personal connections help you build your intuitive feel for the business as well as for the people running the business. They also help to personalize the mission you're asking people to perform. Personal connections at all levels of the organization foster a degree of commitment and passion that wouldn't exist otherwise. As a leader, you have to show up. You've got to conduct business reviews. You can't be detached and removed and absent. When you go to an operation and you run a review of the business, the people may not like what you tell them, but they will say, "At least he cares enough to come and review it with us. It's a way to foster honest dialogue, the kind that can sometimes leave people feeling bruised if they take it personally. But the dialogue should not be mean-spirited. Confront reality, don't go home mad. Try to promote the ability to intellectually debate important points. It doesn't matter who wins or loses. The fact that the debate happened and a resolution occurred is good in itself.
If a manager is having trouble, you don't want to threaten to fire him—you want to help him with his problem. The personal connection makes that easier too. So you keep working on the personal connection every way you can.

Making a personal connection has nothing to do with style. You don't have to be charismatic or a salesperson. It doesn't matter what your personality is. But you need to show up with an open mind and a positive demeanor. A business review should take the form of a Socratic dialogue, not an interrogation. All you've got to prove is that you care for the people who are working for you. Whatever your respective personalities are, that's the personal connection.

The personal connection is especially critical when a leader starts something new. The business world is full of failed initiatives. Good, important ideas get launched with much fanfare, but six months or a year later they're dead in the water and are abandoned as unworkable. Why? Down in the organization, the managers feel that the last thing they need is one more time-consuming project of uncertain merit and outcome, so they blow it off. "This too will pass," they say, "just like the bright idea of the month." Result: the company wastes time, money, and energy, and the leader loses credibility, usually without realizing that the failure is a personal indictment. The leader's personal involvement, understanding, and commitment are necessary to overcome passive (or in many cases active) resistance. He has not only to announce the initiative, but to define it clearly and define its importance to the organization. He can't do this unless he understands how it will work and what it really means in terms of benefit. Then he has to follow through to make sure everyone takes it seriously. Again, he can't do this if he can't understand the problems that come with implementation, talk about them with the people doing the implementing, and make clear—again and again—that he expects them to execute it.

Realism is the heart of execution, but many organizations are full of people who are trying to avoid or shade reality. Why? It makes life uncomfortable. People don't want to open Pandora's Box. They want to hide mistakes, or buy time to figure out a solution rather than admit they don't have an answer at the moment. They want to avoid confrontations. Nobody wants to be the messenger who gets shot or the troublemaker who challenges the authority of his superiors. How do you make realism a priority? You start by being realistic yourself. Then you make sure realism is the goal of all dialogues in the organization.

Leaders who execute focus on a few clear priorities that everyone can grasp. A leader who has ten priorities doesn't know what the most important things are. There must be a few, clearly realistic goals and priorities, which will influence the overall performance of the company. Along with having clear goals, you should strive for simplicity in general. One thing you'll notice about leaders who execute is that they speak simply and directly. They talk plainly and forthrightly about what's on their minds. They know how to simplify things so that others can understand them, evaluate them, and act on them, so that what they say becomes common sense. Clear, simple goals don't mean much if nobody takes them seriously. The failure to follow through is widespread in business, and a major cause of poor execution. How many meetings have you attended where people left without firm conclusions about who would do what and when? Everybody may have agreed the idea was good, but since nobody was named accountable for results, it doesn't get done. Other things come up that seem more important or people decide it wasn't such a good idea after all. (Maybe they even felt that way during the meeting, but didn't speak up.)

If you want people to produce specific results, reward them accordingly. This fact seems so obvious that it shouldn't need saying. Yet many corporations do such a poor job of linking rewards to performance that there's little correlation at all. They don't distinguish between those who achieve results and those who don't, either in base pay or in bonuses and stock options. When companies don't execute, chances are that they don't measure, don't reward, and don't promote people who know how to get things done. Salary increases in terms of percentage are too close between the top performers and those who are not. There's not enough differentiation in bonus, or in stock options, or in stock grants. Leaders need the confidence to explain to a direct report why he got a lower than expected reward. A good leader ensures that the organization makes these distinctions and that they become a way of life, down throughout the organization. Otherwise people think they're involved in socialism. That isn't what you want when you strive for a culture of execution. You have to make it clear to everybody that rewards and respect are based on performance.

Education is an important part of expanding people's capabilities—if it's handled right. Many companies are almost promiscuous about it, offering cornucopias of generic courses in management or leadership and putting far too many people into them. You need to make judgments about which people have the potential to get something useful out of a course and what specific things you're trying to use education to accomplish, in order to expand the capabilities of the organization. Strategies should be based on the kind of organizational capabilities people need. Some of these include tools people have to master. Some are broader, having to do with executive development. Here the best learning comes from working on real business problems. Keep in mind that 80 percent of learning takes place outside the classroom. Every leader and supervisor needs to be a teacher; classroom learning should be about giving them the tools they need.

Everyone pays lip service to the idea that leading an organization requires strength of character. In execution it's absolutely critical. Without what we call emotional fortitude, you can't be honest with yourself, deal honestly with business and organizational realities, or give people forthright assessments. You can't tolerate the diversity of viewpoints, mental architectures, and personal backgrounds that organizations need in their members in order to avoid becoming ingrown. If you can't do these things, you can't execute. It takes emotional fortitude to be open to whatever information you need, whether it's what you like to hear or not. Emotional fortitude gives you the courage to accept points of view that are the opposite of yours and deal with conflict, and the confidence to encourage and accept challenges in group settings. It enables you to accept and deal with your own weaknesses, be firm with people who aren't performing, and to handle the ambiguity inherent in a fast-moving, complex organization. Emotional fortitude comes from self-discovery and self-mastery. It is the foundation of people skills. Good leaders learn their specific personal strengths and weaknesses, especially in dealing with other people, then build on the strengths and correct the weaknesses. They earn their leadership when the followers see their inner strength, inner confidence, and ability to help team members deliver results, while at the same time expanding their own capabilities. Putting the right people in the right jobs requires emotional fortitude. Failure to deal with underperformers is an extremely common problem in corporations, and it’s usually the result of the leader’s emotional blockages. Moreover, without emotional fortitude, you will have a hard time hiring the best people to work for you. Because if you are lucky, these people will be better than you are; they will bring new ideas and energy to your operation. A manager who is emotionally weak will avoid such people out of fear that they will undercut his power. His tendency will be to protect his fragile authority. He will surround himself with people he can count on to be loyal and exclude those who will challenge him with new thinking. Eventually, such emotional weakness will destroy both the leader and the organization.

Four core qualities that make up emotional fortitude:

Authenticity: A psychological term, *authenticity* means pretty much what you might guess: you’re real, not a fake. Your outer person is the same as your inner person, not a mask you put on. Who you are is the same as what you do and say. Only authenticity builds trust, because sooner or later people spot the fakers.

Self-Awareness: Know thyself—its advice as old as the hills, and it’s the core of authenticity. When you know yourself, you are comfortable with your strengths and not crippled by your shortcomings. You know your behavioral blind sides and emotional blockages, and you have a modus operandi for dealing with them—you draw on thepeople around you. Self-awareness gives you the capacity to learn from your mistakes as well as your successes. It enables you to keep growing.

Self-Mastery: When you know yourself, you can master yourself. You can keep your ego in check, take responsibility for your behavior, adapt to change, embrace new ideas, and adhere to your standards of integrity and honesty under all conditions.
Self-mastery is the key to true self-confidence. We’re talking about the kind that’s authentic and positive, as opposed to the kinds that mask weakness or insecurity—the studied demeanor of confidence, or outright arrogance. Self-confident people contribute the most to dialogues. Their inner security gives them a methodology for dealing with the unknown and for linking it to the actions that need to be taken. They know they don’t know everything; they are actively curious, and encourage debate to bring up opposite views and set up the social ambience of learning from others. They can take risks, and relish hiring people who are smarter than themselves. So when they encounter a problem, they don’t have to whine, cast blame, or feel like victims. They know they’ll be able to fix it.

Humility: The more you can contain your ego, the more realistic you are about your problems. You learn how to listen and admit that you don’t know all the answers. You exhibit the attitude that you can learn from anyone at any time. Your pride doesn’t get in the way of gathering the information you need to achieve the best results. It doesn’t keep you from sharing the credit that needs to be shared. Humility allows you to acknowledge your mistakes. Making mistakes is inevitable, but good leaders both admit and learn from them and over time create a decision-making process based on experience.

Leaders get the behavior they exhibit and tolerate. No leader who's disengaged from the daily life of the business can possibly change or sustain its culture. Dick Brown states: "The culture of a company is the behavior of its leaders. Leaders get the behavior they exhibit and tolerate. You change the culture of a company by changing the behavior of its leaders. You measure the change in culture by measuring the change in the personal behavior of its leaders and the performance of the business." To build an execution organization, the leader has to be present to create and reinforce the social software with the desired behavior and the robust dialogue. He has to practice them and drill them relentlessly in the social operating mechanisms.

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. 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. Yet the same leaders who exclaim that "people are our most important asset" usually do not think very hard about choosing the right people for the right jobs. They and their organizations don't have precise ideas about what the jobs require—not only today, but tomorrow—and what kind of people they need to fill those jobs. As a result, their companies don't hire, promote, and develop the best candidates for their leadership needs.
Quite often, we notice, these leaders don't pay enough attention to people because they're too busy thinking about how to make their companies bigger or more global than those of their competitors. What they're overlooking is that the quality of their people is the best competitive differentiator. The results probably won't show up as quickly as, say, a big acquisition. But over time, 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 multimillion-dollar corporation or in charge of your first profit center, you cannot delegate the process for selecting and developing leaders. It's a job you have to love doing.

When the right people are not in the right jobs, the problem is visible and transparent. Leaders know intuitively that they have a problem and will often readily acknowledge it. But an alarming number don't do anything to fix the problem. You can't will this process to happen by issuing directives to find the best talent possible. As noted earlier, leaders need to commit as much as 40 percent of their time and emotional energy, in one form or another, to selecting, appraising, and developing people. This immense personal commitment is time-consuming and fraught with emotional wear and tear in giving feedback, conducting dialogues, and exposing your judgment to others. But the foundation of a great company is the way it develops people—providing the right experiences, and 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.

In most companies people regard a good leader as one with vision, strategy, and the ability to inspire others. They assume that if the leader can get the vision and strategy right, and get his message across, the organization's people will follow. So boards of directors, CEOs, and senior executives are too often seduced by the educational and intellectual qualities of the candidates they interview: Is he conceptual and visionary? Is he articulate, a change agent, and a good communicator, especially with external constituencies such as Wall Street? They don't ask the most important question: How good is this person at getting things done? There's very little correlation between those who talk a good game and those who get things done come hell or high water. Too often the second kind are given short shrift. But if you want to build a company that has excellent discipline of execution, you have to select the doer. You can easily spot the doers by observing their working habits. They're the ones who energize people, are decisive on tough issues, get things done through others, and follow through as second nature.

Some leaders drain energy from people and others create it. People who arrive in the morning with a smile on their faces, who are upbeat, ready to take on the tasks of the day or the month or the year, are going to create energy, and energize the people they work with—and they're going to hire people like that too.

We're not talking about inspiring people through rhetoric. Too many leaders think they can create energy by giving pep talks, or painting an uplifting picture of where the business can be in a few years if everybody just does their best. The leaders who visions come true build and sustain their people's momentum. They bring it down to earth, focusing on short-term accomplishments—the adrenaline-pumping goals that get scored on the way to winning the game.

Decisiveness is the ability to make difficult decisions swiftly and well, and act on them. Organizations are filled with people who dance around decisions without ever making them. Some leaders simply do not have the emotional fortitude to confront the tough ones. When they don't, everybody in the business knows they are wavering, procrastinating, and avoiding reality.

Getting things done through others is a fundamental leadership skill, if you can't do it, you're not leading. Yet how many leaders do you see who cannot? Some smother their people, blocking their initiative and creativity. They're the micromanagers, insecure leaders who can't trust others to get it right because they don't know how to calibrate them and monitor their performance. They wind up making all of the key decisions about details themselves, so they don't have time to deal with the larger issues they should be focusing on, or respond to the surprises that inevitably come along. Others abandon their people. They believe wholeheartedly in delegating: let people grow on their own, sink or swim, empower themselves. They explain the challenge (sometimes at such a high level of abstraction that it amounts to superficiality) and toss the ball

entirely into their people's court. They don't set milestones, and they don't follow through. Then, when things don't get done as expected, they're frustrated. Both types reduce the capabilities of their organizations. Some people are temperamentally unable to work well with others.
Learn how to get things done through others; because if you can't, ultimately you're going to sink or burn out. People who can't work with others reduce the capacities of their organizations. They don't get the full benefit of their people's talents, and they waste everybody's time, including their own.

Follow-through is the cornerstone of execution, and every leader who's good at executing follows through religiously. Following through ensures that people are doing the things they committed to do, according to the agreed timetable. It exposes any lack of discipline and connection between ideas and actions, and forces the specificity that is essential to synchronize the moving parts of an organization. If people can't execute the plan because of changed circumstances, follow-through ensures they deal swiftly and creatively with the new conditions. Leaders can either follow through one-on-one or in group settings as a feedback method. In the group, everybody learns something. The variety of viewpoints raised helps people see the criteria for the decisions, the judgments that are exercised, and the tradeoffs being made. This exposure calibrates people's judgments and aligns the team.
Never finish a meeting without clarifying what the follow-through will be, who will do it, when and how they will do it, and what resources they will use, and how and when the next review will take place and with whom. Never launch an initiative unless you're personally committed to it and prepared to see it through until it's embedded in the DNA of an organization.

There's nothing sophisticated about the process of 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. If you have leaders with the right behavior, a culture that rewards execution, and a consistent system for getting the right people in the right jobs, the foundation is in place for operating and managing each of the core processes effectively. There's no one system for creating and maintaining a robust people process, but certain rules are needed: integrity, honesty, a common approach, common language, and frequency. Above all, candid dialogue is critical.

The successful executive identifies four basic groups of competencies: functional skills, business skills, management skills, and leadership skills.
Management's skills are an important criterion, because operations mean management, planning, organizing, directing, and controlling work.
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. It helps them judge whether the strategy is good or bad and why. It provides a basis for exploring alternatives if needed. If the building blocks are clearly defined, the essence of even the most complex strategy can be expressed on one page.
It's important to understand the distinction between strategy at the business unit level and strategy at the corporate level. Corporate-level strategy is the vehicle for allocating resources

among all of the business units. But it should not be simply the sum of those parts. If it is, then the business units could do just as well standing on their own (or better, since they wouldn't bear the burden of corporate overhead). Corporate leaders must add value to strategies created at the business unit level. A corporate strategy also defines the walls of a company—the businesses it wants to be in and the general arena of play. Corporate-level strategy analyzes the mix of businesses and makes decisions about whether the mix should change in order to earn the best sustainable return on the company's capital. 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 it 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. The strategy statement elucidates the positioning of the business in the context of its market segment map and analyzes the strengths and weaknesses of competitors. 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. If you can't describe your strategy in twenty minutes, simply and in plain language, you haven't got a plan. Strategy itself isn't complex. Every strategy ultimately boils down to a few simple building blocks. A good strategic plan is a set of directions you want to take. It's a roadmap, lightly filled in, so that it gives you plenty of room to maneuver. You get specific when you're deciding the action part of the plan, where you link it with people and operations. 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. They know the business environment and the organization's capabilities because they live with them. They're in the best position to introduce ideas; to know which ideas will work in their marketplace and which ones won't; to understand what new organizational capabilities may be needed; to weigh risks; to evaluate alternatives; and to resolve critical issues that planning should address but too often doesn't. Not everyone can learn to be a good strategic thinker, of course. But by working in a group, guided by a leader who has a comprehensive understanding of the business and its environment, and by using the robust dialogue that's central to the execution culture, they all can contribute something—and all will benefit from being part of the dialogue. A good strategy process is one of the best devices to teach people about execution. It makes the mind better at detecting change; pieces of paper don't do that. People learn about the business and the external environment—not just data and facts, but how to analyze it and use judgment. How is the plan put together? How is it synchronized? They discover insights, and develop their judgments and intuition. They learn from mistakes: "Why, when we made our assumptions, did we not see the changes that overtook us?" Discussing these things creates excitement and alignment. In turn, the energy that these discussions build strengthens the process. If the business doesn't meet milestones as it executes the plan, leaders have to reconsider whether they've got the right strategy after all. A good strategic plan is adaptable. Once-a-year planning can be dangerous, especially in short-cycle businesses where markets won't wait on your planning schedule. Periodic interim reviews can help you to understand what's happening and what turns in the road are going to be necessary. This is another reason your business leaders have been in on the plan from the beginning. Because they helped build it and they own it, they carry it around in their heads all the time—unlike a staff-driven planning book, which will spend a year on shelves before being discarded. So they can regularly test it against reality. And because you've crystallized the essence, it doesn't take too long to implement changes. Strategy planning needs to be conducted in real time, connected to shifts in the competitive environment and the business's own changing strengths and weaknesses. This means defining the mission in the short to medium term as well as in the long term. Breaking the mission down into these chunks will help bring reality to the plan—thinking about what will deliver results in the short and medium term will give you an anchor to build for the future. Anything, from the customer preferences to cash flows, can change in mere moments. Businesses have to prepare themselves to adapt to an economy of constant change. In developing your plan, you need to look ahead to landscapes that are more likely than not to change before your plan can come to fruition.

Balancing the short run with the long run is a critical part of a strategic plan. Most plans don't address what a company has to do between the time the plan is drawn up and the time it is supposed to yield peak results. A plan that doesn't deal with the near-term issues of costs, productivity, and people makes getting from here to there unacceptably risky—and often impossible.

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. The review itself is a basis to compare how the general manager has done against the first quarter plan. You might learn what is needed to adjust the plan.
Select the capital projects most beneficial to the business. This process doesn't guarantee that you make every plan in the corporation—you don't. But you'd be surprised by the number of people who come awfully close under conditions that were a lot different than were assumed when they put the plan together.

The heart of the working of a business is how the three processes of people, strategy, and operations link together. Leaders need to master the individual processes and the way they work together as a whole. They are the foundation for the discipline of execution, at the center of conceiving and executing a strategy. They are the differentiation between you and your competitors. The disciple of execution based on the three core processes is the new theory of leadership and organization distilled from practice and abbreviation. We hope you find it useful to change the way you work.