

CHAPTER 1

The Gap Nobody Knows

The CEO was sitting in his office late one evening, looking tired and drained. He was trying to explain to a visitor why his great strategic initiative had failed, but he couldn't figure out what had gone wrong.

"I'm so frustrated," he said. "I got the group together a year ago, people from all the divisions. We had two off-site meetings, did benchmarking, got the metrics. McKinsey helped us. Everybody agreed with the plan. It was a good one, and the market was good.

"This was the brightest team in the industry, no question about it. I assigned stretch goals. I empowered them—gave them the freedom to do what they needed to do. Everybody knew what had to be done. Our incentive system is clear, so they knew what the rewards and penalties would be. We worked together with high energy. How could we fail?

"Yet the year has come to an end, and we missed the goals. They let me down; they didn't deliver the results. I have lowered earnings estimates four times in the past

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nine months. We've lost our credibility with the Street. I have probably lost my credibility with the board. I don't know what to do, and I don't know where the bottom is. Frankly, I think the board may fire me."

Several weeks later the board did indeed fire him.

This story—it's a true one—is the archetypal story of the gap that nobody knows. It's symptomatic of the biggest problem facing corporations today. We hear lots of similar stories when we talk to business leaders. They're played out almost daily in the press, when it reports on companies that should be succeeding but aren't: Aetna, AT&T, British Airways, Campbell Soup, Compaq, Gillette, Hewlett-Packard, Kodak, Lucent Technologies, Motorola, Xerox, and many others.

These are good companies. They have smart CEOs and talented people, they have inspiring visions, and they bring in the best consultants. Yet they, and many other companies as well, regularly fail to produce promised results. Then when they announce the shortfall, investors dump their stocks and enormous market value is obliterated. Managers and employees are demoralized. And increasingly, boards are forced to dump the CEOs.

The leaders of all the companies listed above were highly regarded when they were appointed—they seemed to have all of the right qualifications. But they all lost their jobs because they didn't deliver what they said they would. In the year 2000 alone, forty CEOs of the top two hundred companies on *Fortune's* 500 list were removed—not retired but fired or made to resign. When 20 percent of the most powerful business leaders in America lose their jobs, something is clearly wrong. This trend continued in 2001 and will clearly be in evidence in 2002.

In such cases it's not just the CEO who suffers—so do

the employees, alliance partners, shareholders, and even customers. And it's not just the CEO whose shortcomings create the problem, though of course he or she is ultimately responsible.

What is the problem? Is it a rough business environment? Yes. Whether the economy is strong or weak, competition is fiercer than ever. Change comes faster than ever. Investors—who were passive when today's senior leaders started their careers—have turned unforgiving. But this factor by itself doesn't explain the near-epidemic of shortfalls and failures. Despite this, there are companies that deliver on their commitments year in and year out—companies such as GE, Wal-Mart, Emerson, Southwest Airlines, and Colgate-Palmolive.

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.

Former Compaq CEO Eckhard Pfeiffer had an ambitious strategy, and he almost pulled it off. Before any of his competitors, he saw that the so-called Wintel architecture—the combination of the Windows operating system and Intel's constant innovation—would serve for everything from a palm-held to a linked network of servers capable of competing with mainframes.

Mirroring IBM, Pfeiffer broadened his base to serve all the computing needs of enterprise customers. He bought Tandem, the high-speed, failsafe mainframe manufacturer, and Digital Equipment Company (DEC) to give Compaq serious entry into the services segment. Pfeiffer

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moved at breakneck speed on his bold strategic vision, transforming Compaq from a failing niche builder of high-priced office PCs to the second-biggest computer company (after IBM) in just six years. By 1998 it was poised to dominate the industry.

But the strategy looks like a pipe dream today. Integrating the acquisitions and delivering on the promises required better execution than Compaq was able to achieve. More fundamentally, neither Pfeiffer nor his successor, Michael Capellas, pursued the kind of execution necessary to make money as PCs became more and more of a commodity business.

Michael Dell understood that kind of execution. His direct-sales and build-to-order approach was not just a marketing tactic to bypass retailers; it was the core of his business strategy. Execution is the reason Dell passed Compaq in market value years ago, despite Compaq's vastly greater size and scope, and it's the reason Dell passed Compaq in 2001 as the world's biggest maker of PCs. As of November 2001, Dell was shooting to double its market share, from approximately 20 to 40 percent.

Any company that sells direct has certain advantages: control over pricing, no retail markups, and a sales force dedicated to its own products. But that wasn't Dell's secret. After all, Gateway sells direct too, but lately it has fared no better than Dell's other rivals. Dell's insight was that building to order, executing superbly, and keeping a sharp eye on costs would give him an unbeatable advantage.

In conventional batch production manufacturing, a business sets its production volume based on the demand that is forecast for the coming months. If it has outsourced component manufacturing and just does the assembling, like a computer maker, it tells the component suppliers what volumes to expect and negotiates the

prices. If sales fall short of projections, everybody gets stuck with unsold inventory. If sales are higher, they scramble inefficiently to meet demand.

Building to order, by contrast, means producing a unit after the customer's order is transmitted to the factory. Component suppliers, who also build to order, get the information when Dell's customers place their orders. They deliver the parts to Dell, which immediately places them into production, and shippers cart away the machines within hours after they're boxed. The system squeezes time out of the entire cycle from order to delivery—Dell can deliver a computer within a week or less of the time an order is placed. This system minimizes inventories at both ends of the pipeline, incoming and outgoing. It also allows Dell customers to get the latest technological improvements more often than rivals' customers.

Build-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 life blood 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, like Compaq, 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 mak-

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ers have to write off the excess or obsolete inventory, their profit margins can shrink to the vanishing point.

Dell turns its inventory over eighty times a year, compared with about ten to twenty times for its rivals, and its working capital is negative. As a result, it generates an enormous amount of cash. In the fourth quarter of fiscal 2002, with revenues of \$8.1 billion and an operating margin of 7.4 percent, Dell had cash flow of \$1 billion from operations. Its return on invested capital for fiscal 2001 was 355 percent—an incredible rate for a company with its sales volume. Its high velocity also allows it to give customers the latest technological improvements ahead of other makers, and to take advantage of falling component costs—either to improve margins or to cut prices.

These are the reasons Dell's strategy became deadly for its competitors once PC growth slowed. Dell capitalized on their misery and cut prices in a bid for market share, increasing the distance between it and the rest of the industry. Because of its high velocity, Dell could show high return on capital and positive cash flow, even with margins depressed. Its competition couldn't.

The system works only because Dell executes meticulously at every stage. The electronic linkages among suppliers and manufacturing create a seamless extended enterprise. A manufacturing executive we know who worked at Dell for a time calls its system "the best manufacturing operation I've ever seen."

As this book goes to press, the merger between Compaq and Hewlett-Packard, proposed in mid-2001, is still up in the air. No matter: Alone or in combination, nothing they do will make them competitive with Dell unless they come up with an equal or better build-to-order production model.

The chronic underperformers we've mentioned so far

have lots of company. Countless others are less than they could be because of poor execution. The gap between promises and results is widespread and clear. 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.

These days we're hearing a more practical phrase on the lips of business leaders. They're talking about taking their organizations to the "next level," which brings the rhetoric down to earth. GE CEO Jeff Immelt, for example, is asking his people how they can use technology to differentiate their way to the next level and command better prices, margins, and revenue growth.

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.

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. As such, it is a major—

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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.

EXECUTION COMES OF AGE

Business leaders are beginning to make the connection between execution and results. After Compaq's board fired Pfeiffer, chairman and founder Ben Rosen took pains to say that the company's strategy was fine. The change, he said, would be "in execution. . . . Our plans are to speed up decision-making and make the company more efficient." When Lucent's board dismissed CEO Richard McGinn in October 2000, his replacement, Henry Schacht, explained: "Our issues are ones of execution and focus."

Clients of high-level headhunters are calling and saying, "Find me a guy who can execute." Writing in IBM's 2000 annual report, Louis V. Gerstner said of Samuel Palmisano, the man who would succeed him, "His real expertise is making sure we execute well." 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. When we're teaching about execution, we first ask people to define it. They think they know how, and they usually start out well enough. "It's about getting things done," they'll say. "It's about running the

company, versus conceiving and planning. It's making our goals." Then we ask them *how* to get things done, and the dialogue goes rapidly downhill. Whether they're students or senior executives, it is soon clear—to them as well as to us—that they don't have the foggiest idea of what it means to execute.

It's no different when execution is mentioned in books, newspapers, or magazines. You get the impression (implicitly), that it's about doing things more effectively, more carefully, with more attention to the details. But nobody really spells out what they mean.

Even people who pinpoint execution as the cause of failure tend to think of it in terms of attention to detail. Ben Rosen used the right word in his remarks, for example, but if he understood what execution actually requires, Compaq's leadership never got the message.

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

People think of execution as the tactical side of business. That's the first big mistake. 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. If you're talking about the smaller specifics of getting things done, call the process

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implementation, or sweating the details, or whatever you want to. But don't confuse execution with tactics.

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.

They don't debate, and as a result they don't get much useful outcome. People leave with no commitments to the action plans they've helped create. This is a formula for failure. You need robust dialogue to surface the realities of the business. You need accountability for results—discussed openly and agreed to by those responsible—to get things done and reward the best performers. You need follow-through to ensure the plans are on track.

These processes are where the things that matter about execution need to be decided. Businesses that execute, as we shall see, prosecute them with rigor, intensity, and depth. Which people will do the job, and how will they be judged and held accountable? What human, technical, production, and financial resources are needed to execute the strategy? Will the organization have the ones it needs two years out, when the strategy goes to the next level? Does the strategy deliver the earnings required for success? Can it be broken down into doable initiatives? People engaged in the processes argue these questions, search out reality, and reach specific and practical conclusions. Everybody agrees about their responsibilities for getting things done, and everybody commits to those responsibilities.

The processes are also tightly linked with one another, not compartmentalized among staffs. Strategy takes account of people and operational realities. People are chosen and promoted in light of strategic and operational plans. Operations are linked to strategic goals and human capacities.

Most important, the leader of the business and his or her leadership team are deeply engaged in all three. *They* are the owners of the processes—not the strategic planners or the human resources (HR) or finance staffs.

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. This idea creates a lot of aspirations for leadership, naturally. Who wouldn't want to have all the fun and glory while keeping their hands clean? Conversely, who wants to tell people at a cocktail party, "My goal is to be a manager," in an era when the term has become almost pejorative?

This way of thinking is a fallacy, one that creates immense damage.

An organization can execute only if the leader's heart and soul are immersed in the company. Leading is more than thinking big, or schmoozing with investors and lawmakers, although those are part of the job. The leader has to be engaged personally and deeply in the business. 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. And only the leader can make execution happen, through his or her deep personal involvement in the substance and even the details of execution.

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.

How good would a sports team be if the coach spent all his time in his office making deals for new players, while

delegating actual coaching to an assistant? A coach is effective because he's constantly observing players individually and collectively on the field and in the locker room. That's how he gets to know his players and their capabilities, and how they get firsthand the benefit of his experience, wisdom, and expert feedback.

It's no different for a business leader. Only a leader can ask the tough questions that everyone needs to answer, then manage the process of debating the information and making the right trade-offs. And only the leader who's intimately engaged in the business can know enough to have the comprehensive view and ask the tough incisive questions.

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, raising 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.

LARRY: When I appoint a new business manager, I call her into the office to discuss three issues. First, she is to behave with the highest integrity. This is an issue where there are no second chances—breach the rule, and you're out. Second, she must know that the customer comes first. And finally I say, "You've got to understand the three processes, for people, strategy, and operations, and you've

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got to manage these three processes. The more intensity and focus you put on them, the better you make this place. If you don't understand that, you've got no chance of succeeding here."

Companies that do these processes in depth fare dramatically better than those that just *think* they do. If your company doesn't do them in depth, you aren't getting what you deserve out of them. You put in a lot of time and effort and don't get useful output.

For example, everyone likes to say that people are the most important ingredient in their success. But they often hand off the job of assessing people and rewarding them to the HR staff, then rubber-stamp the recommendations at their reviews. Far too many leaders avoid debating about people openly in group settings. That's no way to lead. Only line leaders who know the people can make the right judgments. Good judgments come from practice and experience.

When things are running well, I spend 20 percent of my time on the people process. When I'm rebuilding an organization, it's 40 percent. I'm not talking about doing formal interviews or selecting staff; I mean really getting to know people. When I go out to visit a plant, I'll sit down for the first half hour with the manager. We'll have a discussion about the capability of his people, looking at who is performing well and who needs help. I'll go to a meeting of the whole staff and listen to what they have to say. Then I'll sit down after the meeting and talk about my impressions of the people and write a letter confirming the agreements made at the meeting. And I'll assess people's performance not just at our formal reviews but two or three times a year.

When we were putting these processes into place at

AlliedSignal, one guy—a pretty good guy—said to me at a meeting, “You know, I’ve got to go through this people ritual again this year.” I said, “That’s the dumbest comment I’ve ever heard, because you tell the world how little you know about your job. If you really feel that way, you’ve got to do something else, because if you’re not going to get good at this, you can’t be successful.” I didn’t say it in front of everybody, but I thought to myself, *That just tells me maybe I’ve got the wrong guy.*

But he didn’t do that again. I don’t think he ever came to love the people process, but he did it, and he got something out of it. He got to know his staff and made it better.



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

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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. As you read on, you'll see how 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.

The leader who executes assembles an architecture of execution. He puts in place a culture and processes for executing, promoting people who get things done more quickly and giving them greater rewards. His personal involvement in that architecture is to assign the tasks and then follow up. This means making sure that people understand the priorities, which are based on his comprehensive understanding of the business, and asking incisive questions. The leader who executes often does not even have to tell people what to do; she asks questions so they can figure out what they need to do. In this way she coaches them, passing on her experience as a leader and educating them to think in ways they never thought before. Far from stifling people, this kind of leadership helps them expand their own capabilities for leading.

Jack Welch, Sam Walton, and Herb Kelleher of Southwest Airlines were powerful presences in their organizations. Just about everybody knew them, knew what they stood for, and knew what they expected of their people. Was it because of their forceful personalities? Yes, but a forceful personality doesn't mean anything by itself.

“Chainsaw Al” Dunlap, the celebrated and outspoken champion of savage cost-cutting, had a forceful personality—and he wrecked the companies he was supposedly turning around.

Are leaders like Jack, Sam, and Herb good communicators? Again: yes, but. Communication can be mere boilerplate, or it can mean something. What counts is the substance of the communication and the nature of the person doing the communicating—including his or her ability to listen as well as to talk.

Maybe such people are good leaders because they practice “management by walking around.” We’ve all read the stories about Herb or Sam popping up on the front lines to chat with baggage handlers or stockroom clerks. Sure, walking around is useful and important—but only if the leader doing the walking knows what to say and what to listen for.

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.

In his last year as GE’s CEO, Jack Welch—as he had done for twenty years in the job—spent a week of ten-hour days reviewing the operating plans of the company’s various units. He was intimately involved in the back-and-forth dialogue. Even at the end of his career, Jack wasn’t presiding. He was leading by being actively involved.

Execution Has to Be in the Culture

It should be clear by now that execution isn't a program you graft onto your organization. A leader who says, "Okay, now we're going to execute for a change" is merely launching another fad of the month, with no staying power. Just as the leader has to be personally involved in execution, so must everyone else in the organization understand and practice the discipline.

Execution has to be embedded in the reward systems and in the norms of behavior that everyone practices. Indeed, as we will show in chapter 4, focusing on execution is not only an essential part of a business's culture, it is the one sure way to create meaningful cultural change.

One way to get a handle on execution is to think of it as akin to the Six Sigma processes for continual improvement. People practicing this methodology look for deviations from desired tolerances. When they find them, they move quickly to correct the problem. They use the processes to constantly raise the bar, improving quality and throughput. They use them collaboratively across units to improve how processes work across the organization. It's a relentless pursuit of reality, coupled with processes for constant improvement. And it's a huge change in behavior—a change, really, in culture.

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. Like Six Sigma, the discipline of execution doesn't work unless people are schooled in it and practice it constantly; it doesn't work if only a few people in the system

practice it. Execution has to be part of an organization's culture, driving the behavior of all leaders at all levels.

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.

WHY PEOPLE DON'T GET IT

If execution is so important, why is it so neglected? To be sure, people in business aren't totally oblivious to it. But what they're mostly aware of is its absence. They know, deep down, that something is missing when decisions don't get made or followed through and when commitments don't get met. They search and struggle for answers, benchmarking companies that are known to deliver on their commitments, looking for the answers in the organizational structure or processes or culture. But they rarely apprehend the underlying lesson, because execution hasn't yet been recognized or taught as a discipline. They literally don't know what they're looking for.

The real problem is that *execution* just doesn't sound very sexy. It's the stuff a leader delegates. Do great CEOs and Nobel Prize winners achieve their glory through execution? Well, yes, in fact, and therein lies the grand fallacy.

The common view of intellectual challenge is only half true. What most people miss today is that intellectual challenge also includes the rigorous and tenacious work of developing and proving the ideas. Perhaps it's the result of the TV generation's upbringing, believing a mythology in which ideas develop instantly into full-blown outcomes.

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There are different kinds of intellectual challenges. Conceiving a grand idea or broad picture is usually intuitive. Shaping the broad picture into a set of executable actions is analytical, and it's a huge intellectual, emotional, and creative challenge.

Nobel Prize winners succeed because they execute the details of a proof that other people can replicate, verify, or do something with. They test and discover patterns, connections, and linkages that nobody saw before. It took Albert Einstein more than a decade to develop the detailed proof explaining the theory of relativity. That was the execution—the details of proof in mathematical calculations. The theorem would not have been valid without the proof. Einstein could not have delegated this execution. It was an intellectual challenge that nobody else could meet.

The intellectual challenge of execution is in getting to the heart of an issue through persistent and constructive probing. Let's say a manager in the X division plans an 8 percent sales increase in the coming year, even though the market is flat. In their budget reviews, most leaders would accept the number without debate or discussion. But in an execution company's operating review, the leader will want to know if the goal is realistic. "Fine," she'll ask the manager, "but where will the increase come from? What products will generate the growth? Who will buy them, and what pitch are we going to develop for those customers? What will our competitor's reaction be? What will our milestones be?" If a milestone hasn't been reached at the end of the first quarter, it's a yellow light: something's not going as planned, and something will need to be changed.

If the leader has doubts about the organization's capacity to execute, she may drill down even further. "Are the right people in charge of getting it done," she may ask,

“and is their accountability clear? Whose collaboration will be required, and how will they be motivated to collaborate? Will the reward system motivate them to a common objective?” In other words, the leader doesn’t just sign off on a plan. She wants an explanation, and she will drill down until the answers are clear. Her leadership skills are such that everyone present is engaged in the dialogue, bringing everyone’s viewpoint out into the open and assessing the degree and nature of buy-in. It’s not simply an opportunity for her managers to learn from her and she from them; it’s a way to diffuse the knowledge to everyone in the plan.

Suppose the issue is how to increase productivity. Other questions will be asked: “We have five programs in the budget, and you say we’re going to save at least a couple million dollars on each one. What are the programs? Where is the money going to be saved? What’s the timeline? How much is it going to cost us to achieve it? And who is responsible for it all?”



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. You have to review a wide array of facts and ideas, the permutations and combinations of which can approach infinity. You have to discuss what risks to take, and where. You have to thread through these details, selecting those that count. You have to assign them to the people who matter, and make sure which key ones must synchronize their work.

Such decision making requires knowledge of the busi-

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ness and the external environment. It requires the ability to make fine judgments about people—their capabilities, their reliability, their strengths, and their weaknesses. It requires intense focus and incisive thinking. It requires superb skills in conducting candid, realistic dialogue. This work is as intellectually challenging as any we know of.

Leadership without the discipline of execution is incomplete and ineffective. Without the ability to execute, all other attributes of leadership become hollow. In chapter 2 we demonstrate, through the stories of four businesses and their leaders, why execution makes all the difference in the world.