

Execution-focused leadership

Balancing short-term survival with
long-term sustainability

Table of contents

The heart of the matter	4
--------------------------------	---

Why effective strategy execution matters now more than ever

An in-depth discussion	6
-------------------------------	---

Excellence in execution can help businesses get back on the path to profitability and sustained efficiency

Accomplish more by focusing on less	8
The four disciplines of execution-focused leadership	9
1. Focus on a few critically important goals	9
2. Act on the lead measures that impact goal achievement	9
3. Create compelling, motivating scoreboards	10
4. Establish a consistent cadence of accountability	11
The barriers to execution-focused leadership	12

What this means for your business	14
--	----

Getting back to the basics

The heart of the matter

Why effective strategy
execution matters now
more than ever

The recent economic downturn has challenged executives with the dual imperatives of short-term survival and long-term sustainability. When pressed by demands to cut costs and increase efficiency, many leaders scrambled to revise strategies, reduce headcount, categorically cut budgets, or simply changed their stated priorities and hoped for better results. Many overlooked the power of talent inside their organizations.

That could be a big mistake.

Uncertain economic realities only increase the need for consistent and dependable strategy execution. Successful leaders recognize that a more effective and sustainable approach lies in narrowing their focus to what is most important. They enhance their ability to execute on a few critical goals by instilling basic behaviors and disciplines into their organizations that will unleash the talent inherent in their workforce.

Consider, for instance, the case of a large IT out-sourcing firm which had failed repeatedly to achieve key goals. It had communicated an impossibly large agenda of 20 strategic objectives to its divisions. Without clear priorities, employees spent their time putting out daily fires.

The company realized it needed help, so it adopted *The 4 Disciplines of Execution*[™], a framework designed by FranklinCovey that instills clear process and behavioral disciplines to improve execution.

The result? Senior leadership created a clear vision at the top of the organization by focusing on the three most important goals. They ensured that this vision, and clarity about what needed to be done to accomplish it, cascaded through each level of the company. Employees clearly understood how goals in every unit would advance the company's top priorities and how to measure progress.

In one year, the company transformed itself into a more focused organization that better managed resources, budgets, and projects. More importantly, it identified profitable products, new technologies, emerging markets, and new customers.

Today, organizations buffeted by the recession are seeking a path to similar recovery, and we believe execution-focused leadership should be the first step. Emphasis on execution isn't new, but the recession has made it more relevant than ever.

Execution-focused leadership fuses a system of execution with a principled, participative decision-making style that unleashes employee talent, inspires trust and motivation, and consistently delivers remarkable results.

FranklinCovey's *4 Disciplines of Execution*[™] are straightforward.

- Focus on a few critically important goals.
- Act on the lead measures that impact goal achievement.
- Measure success and motivate employees through visible, compelling scoreboards.
- Hold one another accountable through a weekly "cadence" of accountability.

The disciplines sound simple, and yet the results of embedding them in the organizational culture are powerful. Consistent, focused execution is a leadership capability that is fundamental to the success of every organization and leader.

An in-depth discussion

Excellence in execution
can help businesses
get back on the path
to profitability and
sustained efficiency

In difficult times, business leaders often abandon the principles of effective execution to take command and act quickly. Over the past 12 months, many senior executives and business-unit leaders have been asked to swiftly identify new strategies to survive the momentous economic upheaval.

Simply making a rapid shift in strategy will not by itself enable an organization to survive and thrive in a dynamic economy, however. We have found that effective leadership is built upon goal clarity and persistent strategy execution, which creates a foundation of trust and optimism. Leadership helps differentiate and focus on the most critical strategic bets among the many important—or seemingly urgent—demands of day-to-day operations.

Yet, among executives, execution is a skill that is often lacking—and that deficiency can be costly to an organization. As one seasoned business adviser observed, the unfortunate reality is that “many people regard execution as detail work that is beneath the dignity of a business leader. That’s wrong— it’s a leader’s most important job.”¹ Nevertheless, research shows that 70 percent of strategic failures occur due to poor execution, according to a survey of global top-tier firms.² Given that finding, it is not surprising that CEOs and their leadership teams say excellence in execution and consistent execution are their top two challenges, according to a recent Conference Board study (see Figure 1³).

Figure 1: Global top 10: Changes due to financial crisis (N=190)

Relative ranking		Challenges	Cite challenge as being of “greatest concern”	
July/August	October		October	July/August
1	1	Excellence in execution	55.4%	46.0%
3	2	Consistent execution of strategy by top management	47.0%	41.9%
7	3	Speed, flexibility adaptability to change	46.6%	24.5%
16	4	Global economic performance	44.6%	17.2%
11	5	Financial risk, including liquidity, volatility, and credit risk	43.8%	20.8%
2	6	Sustained and steady top-line growth	42.3%	42.6%
5	7	Customer loyalty/retention	40.1%	31.0%
9	8	Improving productivity	36.9%	22.1%
34	9	Business confidence	36.3%	9.1%
4	10	Profit growth	34.6%	31.3%

The global Top 10 list is weighted by regional representation in global GOP (Asia, 21.2 percent; Europe, 35.0 percent; the United States, 27.5 percent; and other, 16.3 percent) according to GOP data from the international Monetary Fund, World Economic Outlook Database, 2006.

¹ Ram Charan

² *Execution: The Discipline of Getting Things Done*, Larry Bossidy and Ram Charan, 2002

³ *The Conference Board, The CEO Challenge 2008 Survey—Financial Crisis Edition*, November 2008

Accomplish more by focusing on less

Put simply, execution is the discipline that empowers an organization to accomplish its strategic objectives. It is a systematic process that requires leaders to precisely identify and narrowly focus on the most impactful goals, concentrate teams' efforts on high-impact actions, transparently share real-time results, make timely course corrections, and ensure mutual accountability among team members. Effective execution is grounded in principles of clarity, commitment, translation of strategic goals to daily tasks, enabling sponsorship, synergistic teamwork, and accountability.

Principles of execution-focused leadership

- **Clarity**
Do we all know what is most important?
- **Commitment**
Do we believe in the goals and want to achieve them?
- **Translation to action**
Do we know what we have to do to achieve the goals?
- **Enabling sponsorship**
Do we remove barriers?
- **Synergy**
Do we work effectively together to improve our ability to achieve the goals?
- **Accountability**
Do we report results to one another regularly?

The benefits of properly designed and consciously managed strategy execution are many.

Effective execution can help an organization achieve short-term goals and realize long-term strategies. It can help boost efficiency by enabling an organization to more effectively align overall organizational objectives and allocate finite resources, time, and efforts to new initiatives.

Execution-focused leadership encourages and enables employees from all levels of the organization to work together to meet specific, measurable, and unified goals. This shared sense of purpose better aligns individual efforts with strategic goals, increases employee engagement, and helps create a culture of excellence that spans the organization. Execution-focused leaders open two-way communication lines, actively monitor progress, and quickly remove barriers that impede their teams' ability to execute. Employee talent is unleashed and channeled toward driving measurable results and achieving critical strategic goals.

Leaders who concentrate on effective execution find that they and their teams actually accomplish more by focusing on less—and that is liberating and empowering.

The four disciplines of execution-focused leadership

Paradoxically, today's harsh business environment provides leaders a unique opportunity to promote organization-wide clarity by defining and achieving a few focused goals. FranklinCovey has distilled the key principles and components of execution-focused leadership into four disciplines.

1. Focus on a few critically important goals

The more narrow the focus of goals, the greater the chance of achieving them with excellence. These prioritized goals must cascade from the C-suite through every level down to the front line, including the teams that own, influence, or are accountable for each aspect of the goal.

Effective business-unit leaders, together with their staff, then define prioritized goals that are aligned with the organization's mission and strategy. Leaders must ensure that these goals are clearly articulated, aligned with teams' and individuals' functional accountability, and are within the teams' ability to influence.

As a general guideline, no team should have more than three goals at one time because most employees are expected to achieve these critical team goals in the midst of their hectic day-to-day job demands. An abundance of competing goals makes it difficult to distinguish real priorities from daily challenges; employees must know the most important tasks that further the achievement of critical goals. Team members throughout the organization must also understand how their own team goals link to the organization's overall mission and strategies.

To achieve this, leaders must clearly articulate and map the top priorities to functional teams throughout the organization. Everyone at every level must understand the organization's purpose, strategy, and goals—and how their daily tasks contribute to them.

While leaders often communicate longer-term objectives, which typically have a timeline of two to five years, execution-focused leaders must also distill their longer-term strategic goals into clear shorter-term goals to be accomplished within the next 12 months or less. It is essential that employees understand the big picture of how long-term visionary goals and near-term goals align. This alignment will engage teams by providing a clear link between the longer-term strategic imperatives and their efforts to achieve near-term goals.

2. Act on the lead measures that impact goal achievement

Once goals are clear, leaders must link team goals to specific behaviors and actions that individuals must perform each week to measurably impact goals. The leader owns the process of execution and empowers the team to maintain focus on the highest-impact work while managing the whirlwind of competing daily responsibilities.

In today's busy workplace, strategic imperatives often are layered on top of normal responsibilities, presenting a constant prioritization challenge. One of the best ways to manage the whirlwind of daily activities is to understand Pareto's law, which, applied

here, states that 80 percent of goal results are influenced by acting on the 20 percent of activities that most affect goal attainment. The effective leader helps the team jointly identify and define activities that yield the greatest impact on goal achievement every week. These proactive 80/20 actions, or lead activities, must be measurable on a frequent basis.

In identifying performance measures, an effective leader must differentiate between lag measures (outcomes of success) and lead measures (proactive weekly inputs or activities that directly impact the outcome). Both are useful, but too often the leader and team spend more time focusing on historical (or lag) measures, which typically become available too late for timely course correction. The real task is to identify lead activities that will influence each goal and can be frequently measured as prospective indicators. Tracking progress against these lead measures helps teams maintain focus on the right goals and ensure their behaviors are leading to successful achievement of those goals.

We have found that monitoring lead measures can change behavior by fostering team engagement. As the team members define the right behaviors and actions that they can perform each week to impact the goal, this discipline motivates and empowers employees by helping them realize they have a direct and positive influence on the strategic objectives of the organization through their daily actions.

3. Create compelling, motivating scoreboards

It is undeniable that the economic downturn has heightened fear and anxiety among employees. Leaders can minimize this anxiety by motivating their team to “win,” and providing clear, visible scoreboards that showcase weekly progress. In addition to supplying an at-a-glance update, scoreboards can be a constructive leadership tool to help focus, motivate, and inspire team members.

Scoreboards should be developed together with the team members to help them monitor results in a way that feels a bit like an athletic contest. An effective scoreboard should create transparency, by offering a realistic assessment of current results that enables every employee to understand how success is measured and how their efforts measure up. It is imperative that team members know whether they are winning or losing each week; semiannual, quarterly, or even monthly reviews come too infrequently or too late for timely course correction on this year’s critical goals.

The scoreboard also helps motivate employees to increase their efforts and improve their performance. We have found that too often people don’t know whether they are “winning” or “losing” in the workplace, until quarterly financial results or year-end performance reviews—both lag measures—give them some idea.

Employees should be able to know and actively monitor what they can do each week to improve their results.

A compelling, easy-to-understand scoreboard helps the leader maintain consistent messaging to the team and the broader organization. It enables the team to maintain focus on strategic goals and facilitates fact-based decision-making, which is especially valuable when the leader is called upon to make tough choices. What's more, employees gain real-time clarity, understanding, and a sense of accountability for functional and individual accomplishments and execution.

4. Establish a consistent cadence of accountability

Leaders must establish specific responsibilities for all team members and foster a sense that each team member is accountable to the rest of the team—not just to the leader—for his or her contributions related to the team's critical goals.

In our experience, accountability enforced through a punitive, authoritative style of management will ultimately not be successful. Leaders should build a positive, creative, and transparent atmosphere that enables candid assessment in brief weekly team huddles. The frequent,

regular cadence of these meetings will help enable daily and weekly progress on lead activities and measures, and that will accelerate the accomplishment of goals.

The weekly meeting should be a positive session that solely focuses on identifying and measuring critical activities, reporting on them, and fostering a sense of personal and team accountability for them. During these brief weekly reviews, individuals concentrate on understanding the goals, the behaviors that will help them achieve those goals, their progress toward advancing key measures on the scoreboard, and what impactful actions they can perform in the coming week to “move the needle” on their lead measures. The meetings provide a consistent platform for the leader and the team members to review recent successes, analyze challenges, and make timely, specific course correction if necessary.

We have found that quarterly or monthly meetings are inadequate for assessing and adjusting critical goals. Regularly scheduled, brief weekly meetings are essential to build and maintain team member engagement because they provide 52 opportunities a year to focus on the goal. This regular cadence generates a sense of individual commitment to the team and helps create a sense of shared commitment among team members.

The barriers to execution-focused leadership

Effective strategy execution, at first glance, seems to be a self-explanatory business tactic that should be easy to implement. But it's not so simple: Daily urgent demands create a formidable barrier to success.

This “whirlwind” of pressing demands can easily delay and even derail strategy and goal execution. Employees lose focus on critical strategic goals when a torrent of administrative distractions, crises, e-mail, meetings, and pressing “day-job” tasks drain their time and energy. Yet, for the most part, these daily exigencies cannot be ignored because they are necessary to ensure ongoing business operations. The next steps toward achieving strategic goals may be more vital but may appear to lack immediate urgency.

Balancing the need for implementation of strategic priorities with completion of daily responsibilities is the most daunting challenge facing effective execution. Expedience almost always wins the tug-of-war for time, energy, and resources.

Other barriers, such as shifting priorities, politics, bureaucracy, and unclear or constantly changing roles and responsibilities, become more pronounced during economic turmoil. Often employees are struggling to master new or additional job responsibilities as they negotiate the realities of a leaner workforce.

Another obstacle may result from the organization's management style or structure. In most organizations, command-and-control leadership, for instance, will not result in optimal execution because it does not encourage transparency of organizational goals and progress toward those objectives. Under that type of leadership style, top management likely does not value, or even seek out, the input of employees on the front line, which is essential to sustaining disciplined execution.

Strategic execution is also difficult to achieve in organizations that “silo” employees and processes within departments. Effective execution relies on peer-to-peer accountability of team members to one another and to the team's goals, regardless of where those team members appear on the organization chart. It is difficult to achieve when departments don't communicate effectively across borders within the organization.

These barriers to strategy execution illustrate that creating a culture of high performance, disciplined execution, and team accountability does not happen by chance. It requires deep commitment and diligent follow-through by the leader to guide the team in identifying goals and lead measures, creating scoreboards, and cultivating teamwork through weekly goal review sessions.



What this means for your business

Getting back to the basics

The recent economic recession has forced business leaders to develop new strategies and adopt revised goals in order to remain profitable. Considering the magnitude of the global downturn, it is not surprising that some leaders have lost focus on the tenets of great leadership.

It is time to get back to the basics and unleash existing talent through proven principles of disciplined execution.

We believe it is vital to reaffirm to leaders the importance of focusing on execution and owning the process of engaging their teams in achieving the organization's strategic objectives. Successful strategy execution must be planned carefully and managed proactively.

Execution-focused leadership means institutionalizing a disciplined approach to execution throughout the organization, replicating across the rest of the organization the successful execution practices found in pockets of high performing teams. That is no easy task, given the never-ending deluge of day-to-day operational demands. Instigating behavioral change is a difficult proposition; however, the results of execution-focused leadership have been proven over and over.

To implement effective strategy execution, we believe that most organizations benefit from the help of trusted partners. PricewaterhouseCoopers (PwC) and FranklinCovey have experience working with large organizations across a broad array of industries to effectively implement and execute their strategies. We understand that execution-focused leadership at every level of the organization is key to the success of teams across the organization and, ultimately, to the organization as a whole in accomplishing its strategic objectives.

We have found that FranklinCovey's *The 4 Disciplines of Execution*[™] is a proven method through which behaviors and attitudes change, clarity and focus increase, and strategic objectives and desired results are accomplished and sustained over time. We understand that organizations today are charged with unprecedented challenges of operating in a difficult economy and doing more with less.

That's where we come in. PwC and FranklinCovey together provide the proven technical, functional, and organizational change capabilities to help you execute your most strategic initiatives and instill proven disciplines of effective execution into the culture and modus operandi of your organization. The results can be truly transformational.

pwc.com
FranklinCovey.com

To have a deeper conversation related to improving strategy execution and goal clarity in team building among senior executives and business unit leaders, please contact:

PricewaterhouseCoopers

Diane Youden
Principal—Advisory, People & Change
2001 Ross Avenue
Suite 1800
Dallas, TX 75201
diane.m.youden@us.pwc.com
214 754 5150

Amber Romine
Director—Advisory, People & Change
1301 K Street NW
Suite 800W
Washington, DC 20005
amber.romine@us.pwc.com
202 346 5126

Alan Hyatt
Manager—Advisory, People & Change
1800 Tysons Blvd.
McLean, VA 22102
alan.p.hyatt@us.pwc.com
703 918 1024

FranklinCovey

Michael Simpson
Senior Consultant/Executive Coach—
Leadership and Execution
2200 West Parkway Blvd.
Salt Lake City, UT 84119
michael.simpson@franklincovey.com
435 602 9031

Chris McChesney
Global Practice Leader
The 4 Disciplines of Execution™
3480 Preston Ridge Road, Suite 550
Alpharetta, GA 30005
chris.mcchesney@franklincovey.com
678 566 6506

Gretchen Gill
Managing Client Partner
3 Skyfield Drive
Princeton, NJ 08540
gretchen.gill@franklincovey.com
609 466 3231

This publication is printed on Finch Premium Blend Recycled. It is a Sustainable Forestry Initiative® (SFI) certified stock using 30% post-consumer waste (PCW) fiber and manufactured in a way that supports the long-term health and sustainability of our forests.



30% total recycled fiber

© 2010 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, a Delaware limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity. This document is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2010 Franklin Covey Co. All rights reserved. *The 4 Disciplines of Execution®* is a copyright-protected program. The content with its processes and tools is a facilitator-assisted manager-certification program that is offered and conducted by FranklinCovey.

PH-10-0125