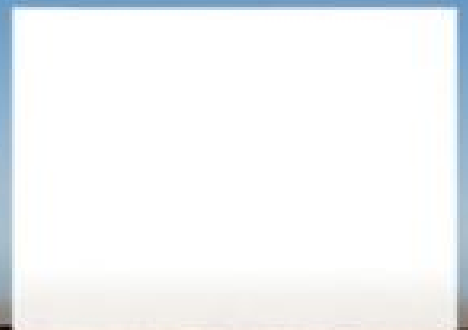
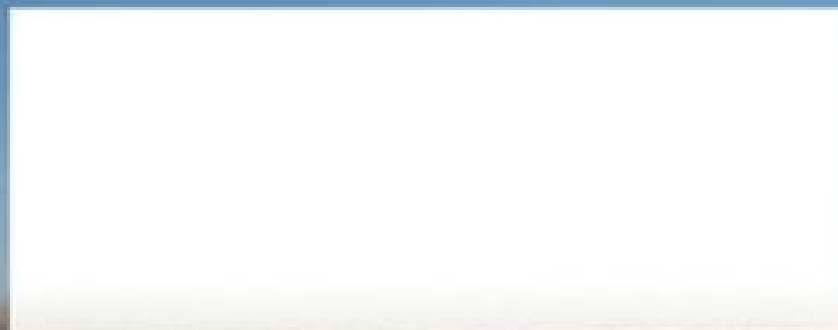


# CLOSING THE EXECUTION GAP

RICHARD  
LEPSINGER

HOW GREAT LEADERS AND THEIR  
COMPANIES GET RESULTS



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# Closing the Execution Gap

How Great Leaders and Their  
Companies Get Results

Richard Lepsinger

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## About the Author

**Richard Lepsinger** is president of OnPoint Consulting ([www.onpointconsultingllc.com](http://www.onpointconsultingllc.com)) and has a twenty-year track record of success as a human resource consultant and executive. He was a founder and managing partner of Manus, a human capital consulting firm, which he grew to over \$4 million in revenue and sold to Right Management Consultants in 1998. At Right, Rick was the managing vice president of the Northeast and Eastern Canadian Consulting Practice, where he was responsible to fifty-five professionals and grew the region's revenue from \$7 million to \$20 million.

The focus of Rick's work has been on helping organizations close the gap between strategy and execution. He has served as a consultant to leaders and management teams at Astra-Zeneca, Bayer Pharmaceuticals, Citibank, Coca-Cola Company, Conoco-Phillips, Eisai Inc., GlaxoSmithKline, Goldman Sachs, Johnson & Johnson, KPMG, Merck & Co., the NYSE Euronext, Northwestern Mutual Life, PeopleSoft, Pfizer Inc., Pitney Bowes, Prudential, Siemens Medical Systems, Subaru of America, and UBS, among others.

Rick has extensive experience in formulating and implementing strategic plans, managing change, and talent management. He has addressed executive conferences and made presentations to leadership teams on the topics of leader effectiveness, strategy execution, managing change, performance management, 360-degree feedback and its uses, and developing and using competency models to enhance organizational performance.

Rick has co-authored three books on leadership, including *Flexible Leadership: Creating Value by Balancing Multiple Challenges and Choices* (with Dr. Gary Yukl), published by Jossey-Bass; *The Art and Science of 360-Degree Feedback* (2nd ed.; with Toni Lucia), published by Pfeiffer; and *The Art and Science of Competency Models* (with Toni Lucia), published by Pfeiffer.

He is also the author of several book chapters and articles on leadership and organizational effectiveness, including “Performance Management and Decision Making” in *The Handbook of Multisource Feedback*; and “Using 360-Degree Feedback in a Talent Management System” in *The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing, and Promoting Your Best People*. “Why Integrating the Leading and Managing Roles Is Essential for Organizational Effectiveness” (with Dr. Gary Yukl) appeared in *Organizational Dynamics* and is one of their most frequently downloaded articles.

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# Introduction

If your company is like many companies, you may have a vision or mission statement about being number one in your industry . . . about your exceptional customer-driven service . . . about being a “one firm” firm. That’s great. Having a shared picture of the kind of company you want to be provides something to strive for. But here’s the real question: How true are these statements? How well are you delivering on your vision’s promise?

In the past, the chasm between what’s proudly proclaimed on your company website and reality might have been seen (and written off) as the standard “mission, vision, and values” statement that all companies feel obligated to produce. Even worse, it might have been joke fodder for customers and employees alike. But these days, it’s just not funny anymore. If you can’t execute in this sluggish economy (or any economy)—and execute well—you won’t thrive. And there’s a very real chance you won’t survive.

We’re living in unforgiving times. As I write these words, we’re officially in “recovery,” but experts warn of the possibility of a double-dip recession. Unemployment is hovering around 10 percent and consumers are clinging tightly to their wallets. Despite a hefty TARP infusion, banks are reluctant to lend. And many businesses are paralyzed by fear—fear of launching new products, entering new markets, buying new equipment, hiring staff, and taking the kinds of risks that can lead to prosperity and (ultimately) economic expansion.

This combination of frozen commercial credit, tight-fisted customers and general economic malaise has serious implications for businesses. They *must* be able to keep their

promises to customers and shareholders and meet their goals. Execution has always been important, but when margins (and the margin for error) are paper thin, it's everything.

And that's why I wrote this book.

By the time you read this, economic conditions may have changed. Perhaps they'll have improved greatly or at least moderately. Perhaps they'll have stayed much the same. Or perhaps (and I sincerely hope this isn't the case) they'll be worse. Either way, execution will still matter, and the information in this book will still be relevant. And I think you'll see it's not the kind of information you'll find anywhere else.

As my company's recent study made clear—and as you will discover in the first chapter—the “conventional wisdom” about execution isn't all that wise. Most of us have been taught that if an organization has a clear vision and strategic direction, communicates that vision across the company, engages and motivates employees to achieve the vision, focuses on the customer, and provides quality products and services, success will surely follow. Unfortunately, this is not always the case.

In many companies, there is a deep and troubling gap between vision and strategy and actually “getting stuff done.” What's worse, it appears many executives just don't believe their organizations can bridge that execution gap.

Although much attention has been focused on the need for organizations to improve their ability to execute, up until now, few specific, practical, research-based guidelines have been offered at the level of the day-to-day behavior it takes to get things done. Many of the current books on execution treat it as a “process” and focus on policy and procedure and organizational structure and systems. The implication is

that you can “program” execution and that if you follow certain steps you will achieve the intended results.

Our research shows that “process” is only part of what it takes. This book is designed to fill that gap. It focuses on execution at the day-to-day operational level and describes what all managers (not just senior leaders) can do to ensure the delivery of consistent results. Unlike many of the books currently available, I will not only describe what needs to be done to enhance execution, but I will provide specific “how to” guidelines, tools, and skills for leaders.

This book is intended for anyone, at any level of the organization, who depends on others to get work done and is responsible for the successful implementation of plans and initiatives. Specifically, three groups will find this book particularly relevant and helpful:

- Leaders who manage a business, function, department, work unit, or team and are responsible for translating strategy into action and delivering results.
- Managers who do not have direct reports but need to coordinate across organizational boundaries to get work done.
- HR professionals who control many of the organizational systems required to support effective execution (hiring and selection, performance management, leadership development, rewards and recognition, and succession planning) and are responsible for ensuring leaders have the skills and knowledge needed to close the execution gap.

In addition, if you are dealing with one or more of the following situations, you will benefit from reading this book:

- You’d like to enhance your knowledge of execution in preparation for taking on a new role or implementing

an important plan or initiative.

- You're preparing to take on additional responsibility as a result of a promotion.
- You'd like to enhance your ability to consistently implement plans and initiatives on time and on budget.
- You have an inconsistent track record in the delivery of business results.

The book is organized into seven chapters. Chapter One, "Vision Without Execution Is Hallucination," is a brief overview of the findings of my study of 409 companies from across industries. The baseline factors required for effective execution are briefly reviewed, and the majority of the chapter is spent on the five factors that differentiate companies that are most effective at executing plans and initiatives. Positive and negative examples of companies are provided for each differentiating factor. The rest of the book covers the specific things leaders can do—the Six Bridge Builders—to close the execution gap and help people get things done day-to-day.

Chapter Two, "Bridge Builder 1: Translate Strategy into Action," focuses on how to ensure a strong link and clear line of sight exists between strategy and vision, strategic projects and programs, and project action plans. Tools for action planning and techniques to help minimize risk and increase the likelihood of success are also provided.

Chapter Three, "Bridge Builder 2: Expect Top Performance," explains how and why your expectations of others and how you interact with them produces the level of performance, high or low, consistent with those expectations. I've included suggestions for how to set higher expectations for direct reports who have not performed well in the past and techniques for translating

your higher expectations into high-impact behavior that will enhance your direct report's performance.

Chapter Four, "Bridge Builder 3: Hold People Accountable," reviews the reasons why people don't take accountability and why they feel the need to make excuses. It also explains why we don't consistently hold people accountable and why we should. The chapter provides easy-to-use tools to help you manage accountability and increase the likelihood that your direct reports and team members will take responsibility for their actions and the impact of those actions.

Chapter Five, "Bridge Builder 4: Involve the Right People in Making the Right Decisions," describes the psychological and cognitive processes that impact how we process and react to information and that determine the choices we make. The factors that impact our judgment and the quality of our decisions are also explained. I've also provided practical techniques for avoiding the pitfalls of a lack of relevant information, poor information processing, impulsive reactions to what appear to be familiar situations, overly emotional responses, and risk aversion.

Chapter Six, "Bridge Builder 5: Facilitate Change Readiness," explains why it is so hard for us to change our behavior and what you can do to enhance your direct reports' and team members' readiness for change. What top-performing companies do to prepare for and implement change are reviewed and the characteristics of the most effective change managers are also discussed. Tools you can use to assess the level of change readiness in others and techniques to move people to the next level are provided.

Chapter Seven, "Bridge Builder 6: Increase Coordination and Collaboration," explains why we would rather compete than collaborate and what you can do to create a climate in

which people are motivated to cooperate and work effectively together. You'll find specific techniques that will help you increase the likelihood that people will work effectively together, within teams and across organizational boundaries, to achieve department and business unit objectives.

I hope you will find this book helpful as you navigate the ups and downs of our turbulent economy. The good news is that the tips and techniques it contains are research-based, grounded in logic, and easy to follow.

Effective execution is about the consistent application of practical common-sense actions—it's not "glamorous" or "sexy." It was my goal to write a book filled with practical, nitty-gritty, nose-to-the-grindstone advice you can start using right away. I hope I got it done. And once you've put the content into practice inside your organization, I hope you'll be able to say the same.

# ***Chapter One***

## **Vision Without Execution Is Hallucination**

Once upon a time, not so many years ago, strategy was king. Leaders immersed themselves in the matter of planning how best to achieve their company's goals. The subject of strategy dominated the attention of senior executives and the writings of consultants and management gurus. Experts of various stripes weighed in on how to put strategic planning processes in place and transform employees at all levels into strategic thinkers.

Naturally, leaders assumed all this strategizing would pay off. And yet, for too many organizations the results promised to flow from these well-crafted visions went unrealized.

Quite simply, they couldn't *execute*.

Now, strategy's hey-day has passed. The business world has shifted its focus to execution—execution of plans and initiatives and the consistent delivery of results. If an organization can't execute, nothing else matters: not the most solid, well-thought-out strategy, not the most innovative business model, not even the invention of technology that could transform an industry.

Thomas Edison famously said: "Vision without execution is hallucination." It's true. And as the hallucinations of countless business leaders have proved, knowing what you want to do or where you want the company to be in three to five years may be less than half the battle.

So what's the problem? Why—given all the buzz about having a clear and compelling vision and a realistic and feasible strategy—can't some leaders seem to execute?

This is a question I pondered for a very long time. My work with senior teams made me curious about why, despite having a sound strategic planning process in place and teams made up of smart, experienced professionals, many organizations still struggled and were unable to get things done and deliver results.

It seemed obvious there was a gap between planning and execution. And while much had been written on the need for leaders to improve their ability to execute, I could find very little information on what causes this gap and why it exists in some organizations but not in others. In addition, specific guidelines for solving this problem were even more elusive.

So my company, Onpoint Consulting, set out to gather specific information on what it takes to effectively execute plans and initiatives. We designed a study to answer three questions:

- Is there a gap between an organization's ability to formulate a vision and strategy and achieve business results?
- What differentiates organizations that are more effective at execution from those that are less effective?
- What can leaders do to enhance their organization's ability to close the strategy-execution gap and achieve business results?

We asked leaders in the pharmaceuticals, chemical, healthcare, insurance, financial services, and manufacturing industries to complete an online survey designed around these three questions. Response choices ranged from 5 =

*Strongly Agree* to 1 = *Strongly Disagree*, and a “Don’t Know” option was also provided.

In addition, we asked leaders whether they believe there is a gap between the ability of their companies to develop and communicate a sound strategy and implement the strategy successfully. Participating companies had more than one hundred employees and more than \$10M in revenue. A total of 409 middle- and senior-level leaders responded.

As part of our analysis—a very important part—we looked at the differences between the most-successful and least-successful companies. We asked respondents to indicate the extent to which sales, revenue, and net earnings had increased or decreased over the last three years. We used a performance composite score based on net sales and net earnings to identify the most successful companies (see the Appendix).

The chapter you’re reading is all about what we learned.

## **Yes, There Is an Execution Gap—But That’s Only the Tip of the Iceberg!**

We expected some percentage of leaders to report a gap between their organization’s ability to formulate and communicate a vision and strategy and its ability to deliver results. Anecdotal evidence suggested that the number was fairly substantial. And our suspicions were confirmed: nearly half of the 409 leaders we surveyed (49 percent) believed there was a strategy-execution gap in their organizations.

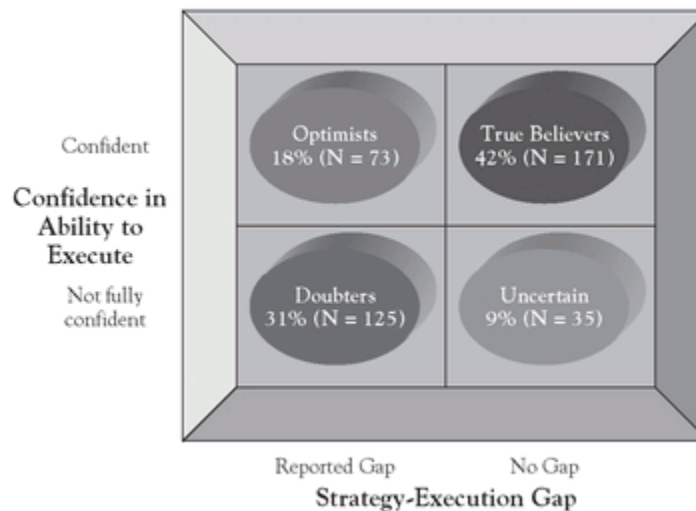
Here’s what really surprised us: only 36 percent of leaders responded positively to the question, “I have confidence in my organization’s ability to close the gap between strategy

and execution.” Said another way, a staggering 64 percent of leaders who indicated there was a strategy-execution gap lack confidence that it can be closed.

To provide further insight, we segmented survey respondents into four categories (see [Figure 1.1](#)).

- *True Believers*: Those who believe that their organizations are executing effectively and are not struggling with a strategy-execution gap

**Figure 1.1 Doubters, Optimists, and True Believers**



- *Doubters*: Those who reported a gap and lack confidence it can be closed
- *Optimists*: Those who reported a gap, but are confident that the gap can be closed
- *Uncertain*: Those who did not report a strategy-execution gap but who did indicate that they lack confidence in their organizations’ ability to effectively execute

We found that only 42 percent of those who participated in the study were “True Believers.” This finding—coupled

with the high percentage of leaders who don't believe their organizations can close the gap—underscores the magnitude of the strategy-execution problem.

If people's perceptions of their company can be trusted—and it stands to reason that the men and women responsible for getting things done day to day have the clearest viewpoint of all—this confidence problem is troubling. It suggests that most organizations simply aren't set up to execute well.

Right now you may be thinking, “Okay, I know my organization suffers from an execution problem. I've known for some time. But what can we do about it? What's the secret to ensuring effective execution—and consequently, gaining people's confidence that the organization is capable of achieving its intended business results?”

## **“Conventional Wisdom”: Maybe Not So Wise!**

If you're like many leaders, you've bought into the conventional wisdom about strategy execution. It goes something like this: communicate an inspiring vision and realistic strategies, make sure you have an engaged and committed workforce with the skills to do the job, provide high-quality products and services, and focus on the customer to ensure success. Admittedly, it sounds good. But all evidence indicates that something is missing from the equation.

It's true that these baseline practices are necessary and relevant. Unfortunately, they are *not* sufficient to ensure successful implementation. Most of the organizations in our study—those afflicted with a strategy-execution gap and those who are not—have these practices in place. In fact, the five items contained in the “conventional wisdom”

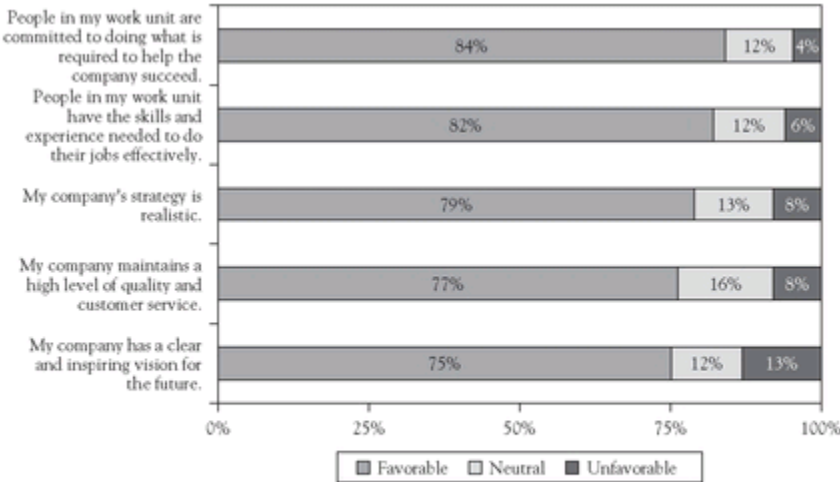
statement above and shown in [Figure 1.2](#) were among the highest-rated in our study. Plus, these factors are also reported to be in place in top-performing and less-successful companies alike.

Here are some of the things we learned from our study regarding “conventional wisdom”:

***Companies Have “Vision” and “Strategy” in Abundance***

As the baseline practices show, organizations reporting a strategy-execution gap don’t trace the issue back to an unclear vision or an unrealistic business strategy. In fact, despite the high percentage of leaders our study turned up who perceive there is an execution gap, a large majority of respondents believe their companies have clear and inspiring visions (75 percent) and realistic strategies (79 percent).

**Figure 1.2 Top Five Items**



A five-point rating scale was used:  
 5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree  
 Ratings of “4” or “5” are considered favorable, ratings of “3” neutral, and ratings of “1” or “2” unfavorable.

Of the leaders reporting a gap, 63 percent believe their companies' visions are clear and inspiring, and 69 percent believe their strategies are realistic. Even in less-successful companies, a high percentage of respondents believe the visions are clear and inspiring (56 percent) and the strategies are realistic (67 percent).

Few would argue that a clear, inspiring vision and a realistic strategy are fundamental for business success. (That they are central to success is supported by the fact that respondents in top-performing companies provided significantly higher ratings on these items.) However, our study indicates that effective execution and performance results are not *guaranteed* by having these factors in place. Crafting a realistic, inspiring vision and gaining employee buy-in is clearly just a first step.

### ***Lack of Employee Commitment Isn't the Problem, Either***

It's widely believed that employee commitment is a critical component of an organization's ability to execute effectively. And it does make sense: employees who care will naturally exert more effort to get the job done than employees who don't. Although our results do support this premise, we found commitment not to be a differentiator. *All* organizations—those with gaps and those without, the successful and the not-so-successful—report that they are staffed by committed employees.

We used two questions to measure commitment: "People in my work unit are committed to doing what is required to help the company succeed" and (to measure discretionary effort) "People in my work unit look for new and better ways of doing things."