Agenda

- Prologue
- Dismal State of Execution
- Strategic Business Execution
- Key Findings
- Five Rules of Business Execution
- Appendix
Prologue

“Genius is one percent inspiration and ninety-nine percent perspiration.”
- Thomas Edison

My interpretation:

“Having a great idea is only 1% of the effort, getting it done is the other 99%”
The Dismal State of Execution

90% of well-formulated strategies fail due to poor execution\(^1\)

47% of survey respondents believe business execution is extremely important or the most important to their organization\(^2\)

9% of respondents are "very satisfied" with their organization’s ability to achieve its strategic business objectives\(^2\)
Selective findings from my firm’s research

- To measure this execution phenomenon, my firm created the “ExecutiveIndex” or Ei™, which is on a scale of 0 to 100.
- We estimated every point on the index is valued at 2% project success.
- Here are the statistical findings:

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<tbody>
<tr>
<td>Total # of Responses</td>
<td>601</td>
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<tr>
<td>Average &amp; Media</td>
<td>61</td>
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<tr>
<td>Top 10%</td>
<td>79</td>
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<tr>
<td>Bottom 10%</td>
<td>43</td>
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<tr>
<td>Best;</td>
<td>98</td>
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<tr>
<td>Worst;</td>
<td>26</td>
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The Top 10% is 36 points higher than the Bottom 10%, or about 72% more likelihood of achieving project success.
How well does your firm execute? What is your Ei™?
The study examines 12 key factors, across 45 attributes. Selective factors and attributes include:

- Formal strategic planning process
- % Resources dedicated to Execution
- Business execution linkage with strategic planning
- Organization Stress
- Business processes importance
- Business processes performance
- Integrating processes performance
- Business discipline
- Project status availability
- Project status accuracy
- Initiative successful rate
- Importance of business execution to your organization
Why is execution so dismal?
Three Big Reasons

Reason 1: Execution is difficult to do!
- It’s nearly impossible to plan everything. As Moltke the Elder stated: “No plan survives contact with the enemy.”
- So many things can go wrong.
- Even when things go well, people can argue that the project can be better, faster, and cheaper.

Reason 2: Execution is big!
- What is execution? It feels all pervasive – people, politics, situations, interests, and idiosyncrasies.
- We know good execution when we see it, but we rarely can describe it. It’s messy.

Reason 3: Execution has an image problem; it is not sexy
- Students want to learn about strategy.
- Academics are attracted to research on business strategy, strategy formulation, and strategic alignment.
- Strategy is exciting; execution is grunt work.
But! What is strategy without execution?
What is Strategic Business Execution?

“A thought which does not result in an action is nothing much, and an action which does not proceed from a thought is nothing at all.”

Georges Bernanos

My understanding:

“Plan without action is worth little, and action without purpose is just waste.”
Strategic business execution is about

“doing the right thing”

in the “right way”
Things get done!

They may not be perfect and there are trade-offs.

But the alternative of not achieving results is often far worse...
Strategic Business Execution Framework

Culture, Value, Behavior + Enabling Competencies + Core Disciplines = Execution Excellence

Integrating Processes
Specific Components

- Accountability
- Commitment
- Follow-Through
- Resiliency
- ...

- Decision Making
- Problem Solving
- Managerial Courage
- Analysis
- ...

- Project Management
- Project Management Office
- Process Improvement
- ...

- Communication
- Knowledge Management
- Issue Management
- Performance Management
- Strategy Alignment
- ...

September 16, 2014
What do organizations do?

How much of this work is “execution-related”? Answer: a whole lot
Activity Map of An Organization

Planning
- Corporate Strategy
- Corporate Structure
- Corporate Integration
- Mission, Vision & Culture
- Business Strategy
- Business Objectives
- Financial Plan
- Budgeting
- Functional Strategies: Marketing, Sales, Product, IT...

Operating
- Portfolio (Risk & Reward)
  - Identify & Analyze: ID & Categorize, Evaluate & Select
  - Risk: ID & Analyze, Develop Risk Tolerance & Response
  - Govern: Prioritize & Balance, Authorize & Adjust, Communicate
- Program (Benefits)
  - Initiate Program
  - Plan Program: Benefits Management, Stakeholder, Governance, Scope, Schedule, Finance, Integration
  - Execute Program
  - Monitor & Control
  - Closing Program
- Project (Deliverables)
  - Initiate Project
  - Plan Project: Scope, Schedule, Cost, Quality, Human Resources, Communication, Risk, Procurement, Integration
  - Execute Project
  - Monitor & Control
  - Closing Project

Changing (PPP)
- Operation Plan: Facility Plan, Production Plan, Contingency Planning, Disaster & Recovery, Service Plan, Material Plan, Resource Plan, Training Plan, Quality Management, Customer Relationship...
- Service Catalog
- Manage Operations
- Operational Metrics & Reporting
- Continuous Improvement

Multi-Disciplinary
- Organization Change Management
- Leadership
- Communication
- Business Process Change / Re-engineering
- Organization Development
- Incentives
- Control
- Functional Leadership (e.g. IT, Finance, Marketing...)

PMOAdvisory

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Strategic Business Execution Study

“Execution is never an accident; it is always the result of high intention, sincere effort, intelligent direction, skillful execution and the ability to see obstacles as opportunities.”

- Te Wu

My interpretation:
This survey started on February 8th and it is continuing.

As of today, we received a total of 600+ valid responses.
To facilitate discussions, ease analyses, and establish a benchmark for comparison, we created the ExecutionIndex or Ei™.

Ei is designed on a point scale from 1 to 100 with a normal distribution curve. Based on survey results, we estimated that each point is equivalent to 2%-3% of execution success.

Implications: Our research has shown that each point, beyond the mid point, is equivalent to 2-3% of increased project success rate. This means Company A at 80 "out-executes" Company B at 70 by 20%-30% of greater project success!
Key Findings

1. The best of non-profits organizations “out-executives” both public and private companies.

But the average and bottom 20% of non-profit organizations are significantly worse than for-profit businesses.

Unsurprisingly, overall, public companies outperform all other types of organization.

Government organizations are the worst in business execution. NGO may be even worse, but the data sample is too small to be statistically significant.

Implications: Contrary to common bias, the best of non-profit organizations can excel at business execution, at nearly a full point better than publicly traded firms. But sadly, the worst of non-profit is more than 1.7 points worse.
The survey response is representative of organizations of all sizes (as shown in the bar).

Interestingly, Ei is in a see-saw motion, dipping as organizations go through growing pains.

Specifically:

- **Very Small** (1-20 people) organizations execute well, largely because they are small and nimble and unencumbered with bureaucracy and processes.

- **But Small** (21-100) organization often struggles to remain nimble yet the rigor of management is becoming every more important.

- **Medium** size firms (100-1k) often find the right balance.

- Yet, as it grows to become a **Large** (1k to 10k) organization, it again struggle with the scalability.

- **The Very Large** (10,000+) organization are often transnational organizations that are resource-rich. As indicated here, their ability to execute is significantly higher than smaller organizations.
Key Findings
3. Planning and resources matter!

The formality of strategic planning processes and organization resources dedicated to execution are strongly correlated with ExecutionIndex.

This finding is unsurprising. Organizations that are more diligent with planning and dedicate resources tend to plan for execution, leading to superior results!
Key Findings
4. Aligning strategy and execution is clearly important!

- The “quality” of linking strategy and execution clearly impacts execution.

- What is surprising is the linear improvement.
  - The difference between “excellent” and “good” is a full 10 point difference, including a 20% increase in likelihood of project success.
5. Importance of Business Processes

- On the business processes, our survey asked respondents to rate the importance of 8 business processes.

- The average response and its correlation with ExecutionIndex is shown below.

A. Strategic planning process
B. Clarity of the strategic plan and its business objectives
C. Realistic expectation or feasibility of successfully executing our strategic plans
D. Ability to translate business objectives to tangible actions.
E. Allocation of resources
F. Internal capabilities and skills of people
G. Discipline of getting things done
H. Managing risks
How to achieve and sustain execution excellence?

“One cannot resist an idea whose time has come”

- Victor Marie Hugo
To achieve **sustained** execution excellence, there is no easy shortcuts. Organizations must invest, establish, maintain, and continuous improve the four dimensions of the strategic business execution framework.

- Execution culture
- Enabling competencies
- Integrating processes
- Core disciplines

Much of my current work and research are in these dimensions.

But there is a simple set of rules to achieve short-term or near-term wins, especially if your organization is undertaking major change initiatives.

- Here, I am introducing the “Five Rules of Business Execution”.
The Five Rules of Business Execution

1. Focus on the vital few
2. Determine "what is good enough" for the rest
3. Establish good metrics and reward systems
4. Create an easy to understand scoreboard
5. Develop a culture of accountability
Focus on the Vital Few

The vital few should be both urgent and important.

<table>
<thead>
<tr>
<th>Urgency</th>
<th>Important</th>
<th>High</th>
<th>Low</th>
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<tbody>
<tr>
<td><strong>High</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why are we working on these?</td>
<td>Vital Few</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why are these even on the list?</td>
<td>Do we need to focus on these now?</td>
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</table>

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Determine "what is good enough" for the rest

- We all desire to achieve excellence, but the price of excellence is often high - sometimes very high.
  - Be practical, be real, and decide "what is good enough"

- In most business endeavors, achieving "good enough" on time is far more important than attaining "greatness" that misses the optimal window of opportunity.
  - Make trade-off decisions early and quickly.
  - There is always a next phase
Determine "what is good enough" for the rest

- More important, for the entire “system” to work, the complimentary pieces must work together.
  - But often, they do not need to be perfect

- Finding the “good enough” components will reduce anxiety, workload, and buy time and resources to work on the vital few
Establish good metrics and reward systems

○ Business (and people) often achieve what they measure. But determining the **right metrics** can be challenging? For example:

  ? ? ?

  ○ Does your organization operate on a consistent set of metrics, also known as key performance indicators (KPIs)?

  ○ Do the metrics give you the ability to diagnose and predict?

  ○ Are people and teams rewarded for the right results and behaviors?
Establish good metrics and reward systems

- Organizations should critically challenge the current metrics and make sure they measure the desired outcome.

- In “Execution: The Discipline of Getting Things Done”, Bossidy and Charan, point out that rewards are pivotal in motivating people towards achieving specific results.
Create an easy to understand scoreboard

- People need to see how they are doing, and there is no better motivator than making real progress on achieving challenging goals.

- Therefore, all leaders need an easy to understand dashboard that requires no more than 30 seconds for the followers to check on their progress.
Create an easy to understand scoreboard

- The dashboard must be timely, relevant, and accurate.

**Some of the best scoreboards include:**

- Traffic signs – Red, Amber, Green
- Sport scoreboard – Soccer, Basket, Football, etc.
- Goal posts – revenue, profit, margin, market share, net presenter score
- Progress reports - % completion

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Develop a culture of accountability

- Accountability is accepting responsibility for a specific area of focus and consciously striving to meet expectations of all facets from strategy to execution.

- Creating a culture of accountability will be vital for the building a sustainable engine of execution excellence.
Develop a culture of accountability

- But for some organizations, establishing this culture can be difficult.
  - Leaders should start on small but meaningful tasks, celebrate success when achieved, and move the organization toward larger tasks and activities.

- Once the rhythm of accomplishment is established, then take opportunities to nurture them including applying the right rewards and recognition.
  - Before long, the organization becomes a powerhouse of business execution.
Sustainable execution excellence requires patience, diligence, and commitment. These are future area of research.
Examples of Culture, Integrating Processes,

**Culture**
- Accountability and ownership
- Commitment
- Follow-Through
- Resiliency
- Adaptive
- Risk taking
- Meritocracy

**Integrating Processes**
- Communication
- Knowledge Management
- Issue & Problem Management
- Performance Management
- Strategy Alignment
- Decision Making
- Change Management

**Core Disciplines**
- Project Management
- Program Management
- Portfolio Management
- Project Management Office
- Process Improvement
- Organization Change
- Product Development
### Examples of Enabling Competencies

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<td>1</td>
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<td>Intellectual horsepower</td>
<td>59</td>
<td>Systems, managing through</td>
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<td>Ambiguity, deal with</td>
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<td>Interpersonal savvy</td>
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<td>Teams, building effective</td>
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<td>Listening</td>
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<td>Time management</td>
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<td>Managerial courage</td>
<td>63</td>
<td>TQM/Reengineering</td>
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<td>Career ambition</td>
<td>35</td>
<td>Managing and measuring work</td>
<td>64</td>
<td>Understanding others</td>
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<tr>
<td>7</td>
<td>Caring about direct reports</td>
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<td>Motivating others</td>
<td>65</td>
<td>Vision and purpose, managing</td>
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<td>8</td>
<td>Comfort around higher management</td>
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<td>Negotiating</td>
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<td>Work/life balance</td>
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<td>Command skills</td>
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<td>Organization agility</td>
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<td>Organizing</td>
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<td>Balancing</td>
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<td>11</td>
<td>Composure</td>
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<td>Paradox, dealing with</td>
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<td>Consultative</td>
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<td>Conflict management</td>
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<td>Patience</td>
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<td>Confronting direct reports</td>
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<td>Peer relationships</td>
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<td>14</td>
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<td>Perseverance</td>
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<td>Personal disclosure</td>
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<td>16</td>
<td>Decision making, timely</td>
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<td>Personal learning</td>
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<td>17</td>
<td>Decision quality</td>
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<td>Perspective</td>
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<td>Developing direct reports</td>
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<td>Political savvy</td>
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<td>Presentation skills</td>
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<td>Ethics and values</td>
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<td>Problem solving</td>
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<td>23</td>
<td>Fairness to direct reports</td>
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<td>Process management</td>
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<td>Functional/technical skills</td>
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<td>Results, drive for</td>
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<td>Hiring and staffing</td>
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<td>Self-development</td>
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<td>Humor</td>
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<td>Self-knowledge</td>
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<td>27</td>
<td>Informing</td>
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<td>Sizing up people</td>
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<td>Innovation management</td>
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<td>Standing alone</td>
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<td>Strategic agility</td>
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Source: Career Architect Development Planner, Lominger, 2002

*Italics: PMO Advisory additions*
“No question is stupid unless you don’t ask it”
- Unknown
Contact Information

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- LinkedIn: www.linkedin.com/in/tewu1

If you are interested in the survey, please go to
www.pmoadvisory.com/survey_study/.

If you are interested in the PfMP exam preparation, visit us at
www.pmoadvisory.com/pfmp_prep/.
Appendix
Reference A: Book and articles mentioned


2. “Strategic Business Execution Survey”, August 15, 2014, PMO Advisory LLC.
Reference B: Recent books on Execution

- **The 4 Disciplines of Execution**: The Secret To Getting Things Done, On Time, With Excellence... by Stephen R. Covey and Chris McChesney (2012)
- **Six Disciplines® Execution Revolution**: Solving the One Business Problem That Makes Solving All Other Problems... by Gary Harpst (2008)
- **Business Execution for RESULTS**: A practical guide for leaders of small to mid-sized firms by Stephen Lynch (2013)
- **Confronting Reality**: Doing What Matters to Get Things Right by Larry Bossidy and Ram Charan (2004)
- **Execution**: The Discipline of Getting Things Done by Larry Bossidy, Ram Charan and Charles Burck (2002)
- **Get It Done!**: A Blueprint for Business Execution by Ralph Welborn and Vince Kasten (2005)
- **Ruthless Execution**: What Business Leaders Do When Their Companies Hit the Wall (paperback) by Amir Hartman (Jul 19, 2003)
- **Seven Strategy Questions**: A Simple Approach for Better Execution by Robert Simons (2012)
Reference C: Recommended Literature

PERIOD

WORK & AUTHORS

IMPLICATIONS

Early Strategists

3,000 BC

Old Hebrew Bible
Illiad - Homer (800 BC)
Art of War - Sun Tzu (400 BC)

Stories of conflicts and outwitting opponents; David vs. Goliath
Biē vs. metis. Biē is strategy of superior strength; metis is strategy of wit and cunning
Thirteen strategies of against military opponents

Fast forward to modern

1 BC

The Principal of Scientific Management, Taylor (1911)
Administration Industrielle et Generale, Fayol (1916)
Economy and Society, Weber (1922)
The Functions of the Executive, Barnard (1938)
A Behavioral Theory of the Firm, Cyert & March (1963)

Initiated modern management movement; focused on results
Developed fourteen principles of management; much still in use today
Presented the necessity of bureaucracy; initiated Organization Theory
First work to focus on executives and top management
Initiated the Organization Behavior school; popularized concepts such as “sufficing”

Classical and Neo-Classical

1,900 AD

Strategy and Structure, Chandler (1962)
Corporate Strategy, Ansoff (1965)
Patters in Strategy Formulation, Mintzberg (1978)
Competitive Strategy, Porter (1980)

Advanced the notion that executives need to formulate organization strategy
Recognized as the Father of Strategic Management
Proposed that strategies often emerge from situations
Provided a well developed framework for analyzing internal and external forces

1,960 AD

Strategic Implementation: Five Approaches to an Elusive Phenomenon, Bourgeois and Brodwin (1984)
Balancing Strategy and Tactics in Project Implementation, Slevin and Pinto (1987)
Implementing Strategy, Hrebiniak (1990)
Sensemakign and Sensegiving In Strategic Change Initiation, Dennis and Chittipeddi (1991)
Implementing Strategy Through Projects, Pellegrinelli and Bowman (1994)
The fall and rise of strategic planning, Mintzberg (1993)

Developed five models of strategic implementation including: Commander, Change, Collaborative, Cultural, and Cursive
Connected strategy implementation and its tactics with project management
Discussed the challenges of strategy implementation confront all
Extension of Mintzberg’s emerging strategy urging CEO’s to use their sense when leading change
Advocated the use of project management in strategy implementation

1,980 AD


Highlighted that strategic planning actually being practices is more akin to “programming” than creating new ideas and visions, leading to its downfall
Presented six barriers to strategic implementation that quietly kills implementation
Latest major work on strategy implementation, an update to the original 2008 work