

Business Execution - Making The Plan Happen

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Execution has been described by business leaders in a number of ways: as getting the task done, making it happen, the ability to get the job done, the discipline of getting things done and so

forth. Over the last several years, execution has received increased attention. Robert Kaplan and David Norton in their book *The Strategy Focused Organization*, written in 2001, provide some very interesting information on execution. "A study of 275 portfolio managers reported that the ability to execute the strategy was more important than the quality of the strategy itself." Additionally, "A 1999 Fortune cover story on prominent business performance failures estimated that 70% aren't from bad strategy but rather bad execution."

Chief executive officers, business owners and leaders can improve their ability to "make the plan happen" by taking the actions shown below.

Always have an accurate assessment of your current business position and performance

Bad business diagnosis equals bad decisions and bad results. Improvement actions cannot be effectively taken unless the company's current position and performance are accurately assessed. This assessment includes how the company is performing relative to its strategy, customers, business processes, operations, financial performance, and progress in achievement of its key initiatives and programs.

Have the right people in the right jobs

Well-qualified employees must be selected for each job. Capability requirements for jobs vary greatly in any organization. At times employees are promoted or assigned to new positions when their experience and capabilities do not merit this change. Employee training, development, education and other resources must be provided to employees to ensure that they perform their jobs better than the persons performing the same jobs for a top competitor. Employees need to have good people skills, be team oriented as well as having sound technical skills.

Build a high performance culture

A company's culture typically takes on the behavior of its leader(s). If the leader has a strong, positive, winning attitude, expresses enthusiasm, is energetic and is very achievement oriented, he will favorably influence the employees around him. The leader needs to actively express the importance of achieving the company's strategy and objectives and hold employees accountable. A high performing business has a work environment or internal climate characteristics that encourage and help employees and teams achieve business objectives. Communications within the organization are very robust and travel up, down and across the organization. The environment provides for a team orientation where employees work together and collaborate to achieve its strategy and objectives.

Develop a core values statement

Values are defined in the book *Built To Last* by Jim Collins as "The organization's essential and enduring tenets- a small set of general guiding principles." Values influence the day to day behavior of employees. Jack Welch, in his book *Winning*, says this about values, "People must be able to use them as marching orders because they are the means to the end-winning. Every one in the company should have something to say about values." An examples of core values from *Built To Last* is Wal- Mart's, "We put the customer ahead of everything else."

Pay for performance

Employee behavior and job performance can be favorably influenced with a well-designed incentive compensation program. Organizations should implement an incentive compensation plan that provides some form of a "bonus" to employees if the company achieves its plan and strategy. If a company is out performing its competitors, reward employees for their contributions.

Ensure there is employee involvement and commitment

As many employees as possible should be involved in the business planning and strategy development process, since they will be executing the strategy. Also, employees should be actively encouraged to provide ideas to improve their job performance, business processes and overall company performance. Stephen Covey, in his book, *The 7 Habits of Highly Effective People*, made it very clear that if people do not get involved in planning or other organization improvement activities they will not be committed. "Without involvement, there is no commitment."

Show appreciation and praise for a job well done

Dale Carnegie's all time best seller and masterpiece, *How To Win Friends & Influence People*, in the section "How to Spur People On to Success" provided the key principle as "Praise the slightest improvement and praise every improvement. Be hearty in your approbation and lavish in your praise." In that book, a famous Harvard professor stated, "The deepest principle in human nature is the craving to be appreciated."

Communicate the strategy and plan in operational and simple terms

Employees need to understand the direction, strategy and objectives of the company. They must know how their job relates to these. High-level strategy must be translated in simple terms to all levels of the organization.

Rigorously manage action plans

Action plans are specific actions that are required to achieve the business plan and strategy. Action plans can include a clearly stated definition, purpose, objectives, expected results, responsible individuals or teams, performance milestones, priorities, schedules, resources required and other components. There should be regular and timely monitoring of the progress with corrective actions taken as needed.

Implement a well-designed organization wide business performance assessment and measurement system

A comprehensive company wide measurement system needs to be in place. The system should translate top level strategy and objectives and cascade them down to all levels of the organization. Frequent and candid assessments of how the organization is performing and executing are made and communicated. Timely corrective actions are taken.

Ensure that business processes are both effective and efficient

Unless business processes are designed to deliver the desired results in terms of both effectiveness and efficiency the company's strategy will not be achieved. If part of an organization's growth strategy is to provide excellent customer service and that process is ineffective the strategy will fail.

Fully utilize "best practices" and technology

Explore how the best performing companies are doing things including your core business processes, employee incentive compensation, employee benefits, application of the latest technology and others. The best managed companies in the world such as General Electric are continuously benchmarking to find better ways to get the job done, improve productivity or improve a business process.

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Redtail Advisors assists later stage business owners in preparing for their exit from the company by building a plan, creating a team, and maximizing exit value.