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!

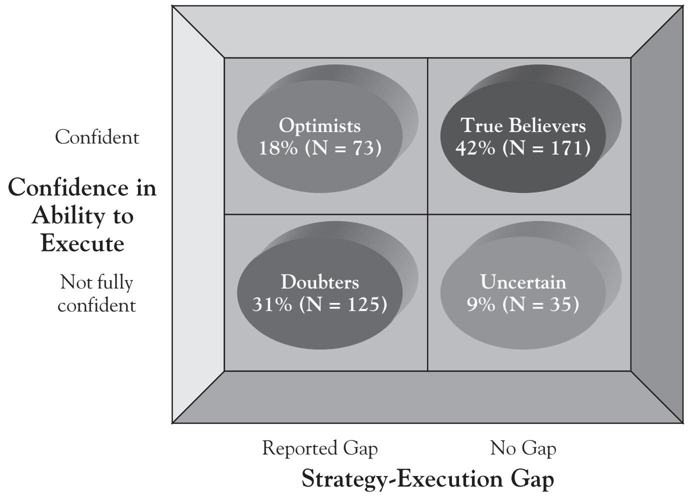
We expected some percentage of leaders to report a gap between their organization's ability to formulate and communicate a vision and strategy and its ability to deliver results. Anecdotal evidence suggested that the number was fairly substantial. And our suspicions were confirmed: nearly half of the 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.

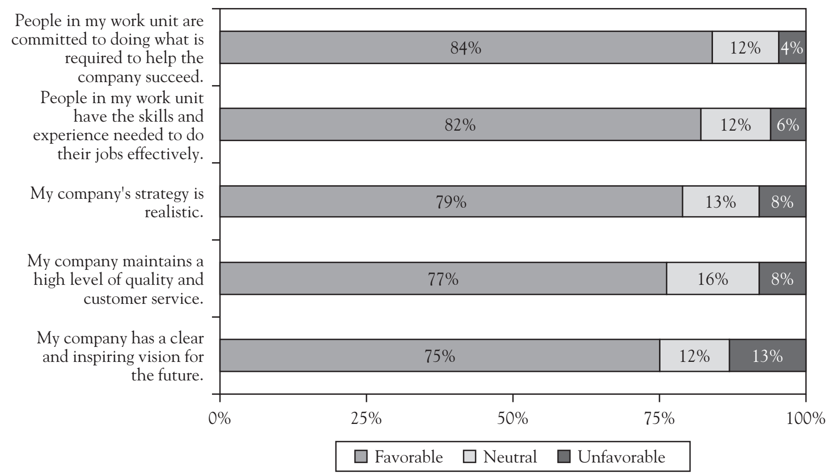
It's true that these baseline practices are necessary and relevant. Unfortunately, they are *not* sufficient to ensure successful implementation. Most of the organizations in our study—those afflicted with a strategy-execution gap and those who are not—have these practices in place. In fact, the five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

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 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).

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."

The former question is one of the five highest-rated items in our survey: even among those who reported strategy-execution gaps, 79 percent provided favorable ratings. The latter was one of the ten highest-rated items, and 70 percent of people reporting gaps provided favorable ratings. The upshot is that these items did not differentiate the "Gap" from the "No Gap" companies, nor did they differentiate the top-performers from their less-successful counterparts.

We Found No Shortage of Skills

Obviously, in order to execute well, people must have the skills and experience needed to perform their jobs. And evidently, most do. Our results indicate that all organizations—those that execute well, those that are struggling with a gap, the top performers, and the less-successful—have this factor in place. Not only was "skills and experience" one of the top five highest-rated items in our survey, but among those who reported a strategy-execution gap, 76 percent gave it a favorable score. Like commitment, while it is a prerequisite for success, it doesn't appear to be a differentiator.

The Customer Isn't Being Neglected

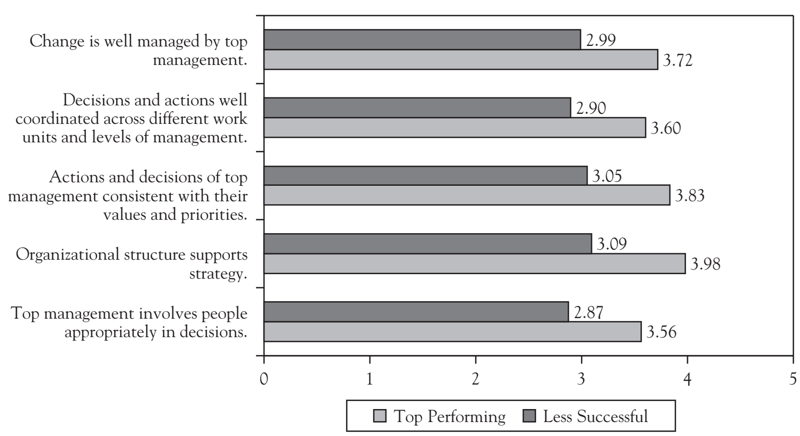
Our study also revealed that the strategy-execution gap is likely *not* related to shoddy quality or second-rate customer service. Despite the high percentage of leaders reporting a gap, this item was rated among the top five, with 77 percent of leaders providing favorable ratings overall. And even among leaders who reported gaps, 65 percent gave this item high marks.

So here's the question: If these five factors—a clear and inspiring vision, a realistic strategy, employee commitment, a workforce with the skills to do their jobs, and high levels of quality and customer service—are prerequisites for successful execution, what is it that puts organizations over the top? What sets the best apart from the rest?

The Five Bridges: Gap-Closers That Make the Difference

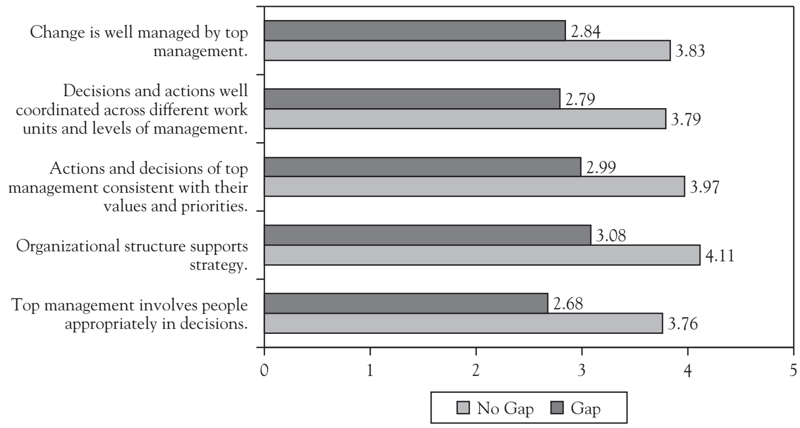
First, take a look at Figures 1.3 and 1.4. You'll see that five factors set apart the organizations with the best performance results *and* the companies more effective at execution. That is, they

Figure 1.3 Good Versus Great



A five-point rating scale was used:
5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree
All reported differences are significant at the p<.05 level.

Figure 1.4 No Gap Versus Gap



A five-point rating scale was used:
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All reported differences are significant at the $p<.05$ level.

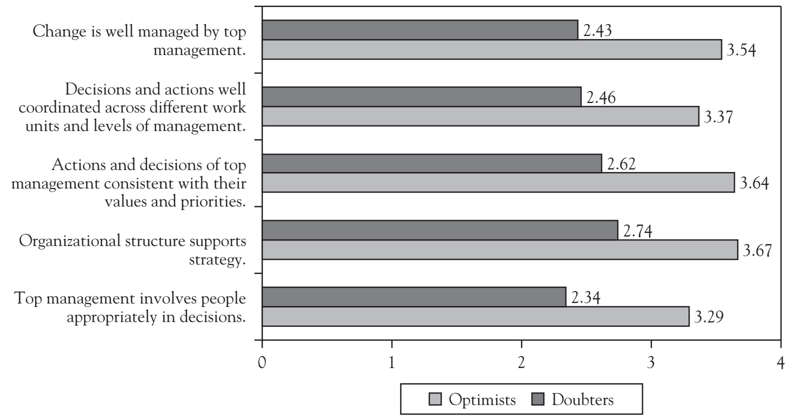
differentiated the "No Gaps" from the "Gaps." And this is interesting: in companies whose leaders *did* report gaps, the presence of these factors contributed to confidence that the gap could be closed (Figure 1.5).

I think of these differentiating factors as "The Five Bridges." If you have them in place in your company, you are more likely to be able to keep the strategy execution gap from forming to begin with, or close the gap once it has formed.

One important disclaimer: these bridges are not permanent. Once you've built them, you must keep vigilant watch over them and work hard to maintain them over time. It's quite possible for a company to have a bridge in place one year, only to discover that over time it's weakened or even crumbled and is no longer able to help your people traverse the gap.

As we get further into the book, we'll discuss specific actions—meant to be taken at the individual manager level—that will help you and your company construct these bridges. For now, though, I'd like to touch on what the bridges look like in action—and what the absence of them looks like as well.

Figure 1.5 What Separates Optimists from Doubters



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All reported differences are significant at the p<.05 level.

To that end, let's take a quick look at some real-world companies that execute well (we'll call them the Gap Closers) and those who don't (we'll call them the Gap Makers).

Bridge 1: The Ability to Manage Change

We all know change is inevitable. However, despite their sincerest efforts, many companies can't seem to operationalize that knowledge and turn it into positive action. And that's a dangerous shortcoming. Embracing the spirit of innovation and change can help you reach new levels of success, while being rigid and unwilling to change can cause serious, perhaps irreparable, harm.

> Make no mistake: if you want to run a successful business, you have to be willing to create and implement innovative strategies and adjust to changes in the market. That's true of small businesses and huge,

> international corporations alike. If you're not flexible enough to bend with the winds of change like a palm tree or a bamboo, you'll snap in half like a Bradford pear when the first storm comes along.

A Gap Closer: Procter & Gamble. A few years back, P&G hit a home run with its Mr. Clean Magic Eraser. It was, without a doubt, a fantastic product. But what makes it relevant to Bridge 1 lies in how the product came to fruition. The organization, which embraced CEO Alan G. Lafley's "customer is king" philosophy, had a track record of focusing on their needs and developing new products for them in house. With the Magic Eraser, it broke from that model.

A P&G employee actually discovered the prototype in Japan. And rather than limiting itself to internal ideas, Procter & Gamble saw an opportunity to license a product that already existed and tap into its organizational competence to add value. Its plan to use ideas that have been developed outside the company worked due to P&G's openness to change and its ability to execute flawlessly. The Magic Eraser and Procter & Gamble's similar products have made it a success story year after year.

A Gap Maker: Dell. Just as people can get stuck in a rut, so can businesses. Dell developed "The Dell Way," and the company's reluctance to tread off of the beaten path cost it its customers. In the early 2000s, the company was able to attract customers to its website with low-cost offers that required the buyer to make additions in order to have the best computer (which, of course, meant the price would end up being more than the original low-cost offer). By 2006, however, consumers didn't have to go to Dell to get a "custom-made" computer. Why? Because there were tons of affordable computers out there with all of the bells and whistles that consumers wanted.

Here's where Dell turned a problem into a *huge* problem. When its leaders realized they were losing business to competitors, they fell back on a practice that had always worked for them before: they cut costs to maintain market share. One area that suffered was customer service, which had originally been one of the company's biggest strengths. Basically, Dell created a customer service nightmare. The company has recently made changes to get back on course, but once you've lost consumer confidence, it can be hard to get it back.

Bridge 2: A Structure That Supports Execution

Our research found that striking the right balance between centralization and decentralization differentiates top-performing companies from less-successful ones. Many organizations place great emphasis on developing an exciting vision and a realistic strategy and engaging employees. That's all well and good . . . but the problem comes when leaders assume the current organizational structure and systems will support the new strategy. Sometimes it's just not true.

And don't assume that organizational structure is just about efficiency. The right structure can also enhance accountability, coordination, and communication and ensure that decisions are being made as close to the action as possible. These are key components to getting things done.

A Gap Closer: Hewlett-Packard. When Mark Hurd became CEO of Hewlett-Packard, he was constantly being asked if he thought acquiring Compaq was a good idea. His answer? The question is irrelevant. Basically, Hurd said what's done is done, and his job now was to find a way to make it work. He did just that when he reorganized the company into three divisions, with each division having its own sales force, making the heads of the divisions responsible for sales. He also reorganized the IT function. Instead of having eighty-five data centers, he centralized them into three.

Essentially, Hurd decentralized the sales force and centralized the IT function of the company. This is the opposite of the way the company was organized before, and it ensured the organizational structure would be better aligned with the business strategy. One measure of HP's success is that operating profit increased during 2006 by 31 percent.

Another Gap Closer: IBM. In 2007, IBM set out to become a "globally integrated enterprise." The key? It put in place a structure that best supports this strategy. Historically, IBM created mini versions of itself in each country where it operated. As it turned out, this was inefficient and expensive. Now the company sets up shop wherever it finds the right talent at the right price: for example, global IT service delivery in India, global supply chain in China, and a global financing back office in Brazil. IBM also redesigned business processes and automated work with software to help coordinate these activities.

In addition, to keep the supply of human capital flowing to wherever it is needed, HR shifted from a silo structure to three cross-functional teams, each dedicated to a specific set of employees. The change worked: In the second quarter of 2007, IBM's revenues increased 9 percent to $23.8 billion, and each division reported healthy growth. And they continue to do well. Revenue and net income grew from $91.4 billion and $9.4 billion respectively in 2007 to $103.6 billion and $12.3 billion in 2009.

A Gap Maker: Wal-Mart (Seiyu Stores). Since first investing in Seiyu Stores in 2002 and eventually taking full control, Wal-Mart has reportedly never managed to make the stores profitable. In 2008 the company had a net loss of 25.8 billion yen, which is about US$284,000,000, primarily due to the closure of unprofitable stores. Several decisions made by the retail giant have created employee distrust and consumer apathy: laying off employees, cutting out distribution middlemen, mandating that stores stay open twenty-four hours, and introducing low-cost products that don't meet Japanese tastes or standards of quality.

Many observers attribute these problems to the fact that Wal-Mart's international operations are centrally controlled in the United States by people who lack appropriate international experience and knowledge of the intricate aspects of Japanese culture. In addition, Wal-Mart's and Seiyu's systems have not meshed well, resulting in many products not being ordered on time and suppliers not being paid on time.

Bridge 3: Employee Involvement in Decision Making

> Involving employees in decision making is controversial. Some leaders view it as a sign of weakness. Others fear giving up control. In reality, though, the world is too complex for any leader to go it alone. To make good decisions, you must seek out the perspectives of a wide range of people. Involving people in decisions gets them focused on generating solutions to problems rather than complaining or waiting to be told what to do.

Your employees shouldn't feel like they exist only to help your company make huge profits. They need to feel respected as key players with valid viewpoints. They should be involved in all critical decisions that affect them and should be allowed—even encouraged—to freely share their thoughts and concerns.

If your employees don't have a sense of ownership, nothing truly great can occur. You must build employee involvement and engagement into your company's culture. Don't merely welcome their ideas; actively solicit them.

A Gap Closer: Costco. The big box retailer headquartered in Seattle, Washington, is consistently on our list of companies that are among the best at execution and getting things done.

Why? A big part of its success comes down to the fact that Costco treats its store managers like entrepreneurs. They are allowed to make decisions and choices that meet the needs of the shoppers in their geographies.

Of course, these entrepreneurial managers don't make decisions in a vacuum. They do so within the parameters set by the company. Costco has a remarkable ability to simultaneously focus on two performance areas that appear to be mutually exclusive: cost containment and growth. It is obsessive about keeping costs low. It does not use pricey ad agencies. There are no commissioned salespeople. Signage looks like it came off a laser printer. And yes, there are no shopping bags. Yet, with $72.48 billion in sales as of 2008, Costco has never had a negative monthly same-store sales result (excluding the impact of the strong dollar and lower gas prices in fiscal year 2008) since it was founded twenty-three years ago.

Another Gap Closer: Google. When Google started out, it was easy to keep all of their employees involved—primarily because there were so few of them. But now that the company has expanded to thousands of employees, leaders have had to find ways to ensure that everyone has a voice. One way they keep their ears open to grassroots ideas is by allowing engineers to spend at least one day a week working on their own pet projects. The company also uses smaller teams to develop new concepts—sometimes assigning only three or four people to a team.

Now, compare Google's approach to employee involvement and engagement to another computer-centric company: Microsoft. One reason Microsoft has run into problems in the past was its tendency to have many large teams working on the same project. The lack of communication and coordination between teams can lead to problems. For example, when Microsoft was developing its new operating system, one team placed a set of icons on the right while another placed the same set of icons on the left. Google avoids these problems by using small teams. Members of a small team have more ownership and accountability and can more easily communicate and execute their ideas.

A Gap Maker: The NBA. When the National Basketball Association (NBA) tried to introduce a new basketball, guess who they forgot to involve in the decision: *the players*. That's right. The NBA came up with a new ball design and never once asked the players how they liked it while it was in development. There's no reasonable explanation for this faux pas. Asking the players would have increased the quality of the ball itself *and* the acceptance of the new ball decision.

Instead, the NBA ended up with a ball that players refused to use because they felt it was difficult to handle when it was damp and it would actually cut their fingers. Because of the player backlash, the NBA had to scrap it's "improved" model and go back to the ball the players preferred—the one they have been using for decades. This anecdote is a glaring example of why it is important to involve people whose support you need to execute decisions that affect them.

Another Gap Maker: Merrill Lynch. Another cautionary tale on not involving people in decisions comes out of Merrill Lynch just before it was acquired by Bank of America. Many observers saw its breakdown in risk management as a matter of poor execution. Although Stanley O'Neal has been credited with boosting Merrill's profitability and transforming it into an international firm, former employees point to a flaw in his leadership style. He is said to be uncomfortable around people with views different from his own, and some report that he did not engage in debate with individuals who could have helped him steer clear of the sub-prime troubles. As a result, when the market value of Merrill's asset-backed debt fell, the information may not have moved through the corporate hierarchy, which made it difficult for the firm to respond quickly.

Bridge 4: Alignment Between Leader Actions and Company Values and Priorities

No company should ever have two sets of values and expectations: one for the leader(s) and one for the employees. For one thing, it's not fair. But that's not even the real issue. The real issue is that when leaders say one thing and do another, business suffers. Of course, we all know that leader behavior is relevant. Still, it might surprise you to learn exactly how much execution depends on how consistent the leader's behavior is with organizational values and priorities.

> One, people watch the leader for signals about what is important and appropriate. They pattern their behavior after yours. Two, if your behavior signifies that ''we are all in this together,'' people are more likely to be motivated and go the proverbial extra mile. When you expect employees to behave a certain way (such as better serving the customer or minimizing waste) or ask employees to focus on certain priorities (like cost containment or innovation), you'd better do the same. A do-as-I-say, not-as-I-do attitude sends mixed messages and breeds resentment.

The behaviors and priorities that pertain to employees must also pertain to leaders. If employees at your company start asking: "Why is it necessary for us but not for them?" don't be surprised when they resist needed change—or when performance falls short of expectations.

A Gap Closer: Costco (Yes, Again!). James D. Sinegal, president and CEO of Costco, is one of the best and most consistent examples of a leader whose behavior is aligned with the organization's values and priorities. Costco will not mark an item up more than 14 percent, unlike supermarkets and departments stores that mark up merchandise 25 to 50 percent. Low markups may generate sales but they also mean lower profits and Costco's pretax margins are around 3 percent. Yet, despite the microscopic margins, the company earned $1.28 billion in 2008 through its membership fee and its Spartan approach to costs. The fact that the CEO "walks the talk" is at least partially responsible for Costco's success.

In an environment of razor-thin margins, store managers need to be obsessively focused on details. Sinegal models that behavior every time he visits a warehouse store. He quizzes store managers about the sales of each department, what they are doing to move merchandise, and the progress of individual items. Here's another way Sinegal signals the importance of keeping costs low: his office overlooks the parking lot of the Costco across the street and he has folding chairs for visitors. He answers his own phone and does not have an entourage like many successful senior executives. His salary and bonus total about $450,000. Now there is someone who lives the values and keeps the organization's priorities front and center every day.

A Gap Maker: AMR Corp. The story of Donald Carty, former president of American Airlines, illustrates the importance of a leader modeling the attitudes and behaviors he or she expects of employees. In 2003, shortly after getting employees to take significant pay and benefits cuts, he offered gigantic "stay bonuses" to the members of his senior management team. Carty lost total credibility with his company and had to step down. You would think that the executives at AMR, the parent company of American Airlines, would have learned the lessons of not "walking the talk"—but clearly that is not the case.

In 2007 the top five officers of AMR Corp. shared a compensation package worth about $16.5 million that year and the chief executive, Gerard Arpey, received a package worth about $6.6 million. In 2009 management bonuses once again angered union members as CEO Arpey again awarded himself a bonus ($225,000, down from $1.7 million the year before). Although this seems modest enough, the pilots' union estimates that American management has received more than $296 million in bonuses since 1996, while 27,000 jobs have been lost.

More Gap Makers: TARP Bailout-Seeking Auto Executives. In 2008 the CEOs of General Motors, Ford, and Chrysler shocked members of the U.S. Congress, and the American people, when they used private jets to travel to Washington, D.C., for a hearing. What made it so shocking was that the CEOs were going to Washington to ask for government assistance to help their companies get through the worst recession in U.S. history and the worst market for car sales in the history of the automotive industry. As several Congressmen pointed out, behavior so inconsistent with what was being described as a crisis is an example of how the automotive executives helped create the problem they now find themselves in and how unaware they are about the connection between their behavior and the current situation.

Bridge 5: Company-Wide Coordination and Cooperation

I think we can all agree: most employees approach their work with good intentions. They want to cooperate with colleagues and co-workers. Few people will consciously sabotage their own livelihood. Yet, ensuring that decisions and actions are coordinated across organizational boundaries requires more than faith and words alone. It takes shared goals and clearly defined roles; these provide the foundation upon which cooperation and coordination can be built.

In addition, people must be held accountable—for fulfilling commitments, meeting obligations and taking responsibility for doing their jobs properly. This requires a combination of direct leader behavior and systems that encourage and reinforce the appropriate behavior among employees.

A Gap Closer: Cisco Systems. Since 2001 Cisco, led by John Chambers, has been on a journey to enhance its ability to execute plans and get things done day-to-day. Its first step? Reorganizing the company around functions. Whenever they wanted to enter a new market or geography, business unit leaders brought together team members from these functional groups. To help ensure cross-organizational cooperation, Chambers changed the compensation system so that people were paid not only for hitting their targets, but also on how effectively they collaborated with their peers.

Technology has also played an important role in facilitating teamwork. Cisco has installed 120 telepresence centers (a new high-end video conferencing system) across the company and uses social networking to bring together employees from around the world. By all measures the company has been very successful—in 2007 sales increased 23 percent to $35 billion, profits climbed 31 percent to $7.3 billion, and revenue rose 17 percent, not including acquisitions. Cisco continued to demonstrate strong performance in 2008 despite a dramatically depressed global economy. Revenue of $39.5 billion, an 11 percent increase from 2007, and net income of $8.0 billion, an increase of 8 percent from 2007, shows the impact excellent execution can have on overall business performance—even in an economy that is shrinking or growing very slowly.

A Gap Maker: Toyota. In 2010, many people were surprised when Toyota, a brand known for its quality and reliability, recalled over six million cars due to a faulty accelerator pedal. How did this once mighty brand end up with such a PR disaster on its hands?

Toyota used to work with one supplier for each part. But when a fire at a supplier's facility caused twenty plants to shut down for five days, Toyota decided it needed a second source as a back-up. For the accelerator, however, the company failed to ensure the parts it was receiving from the two suppliers were identical.

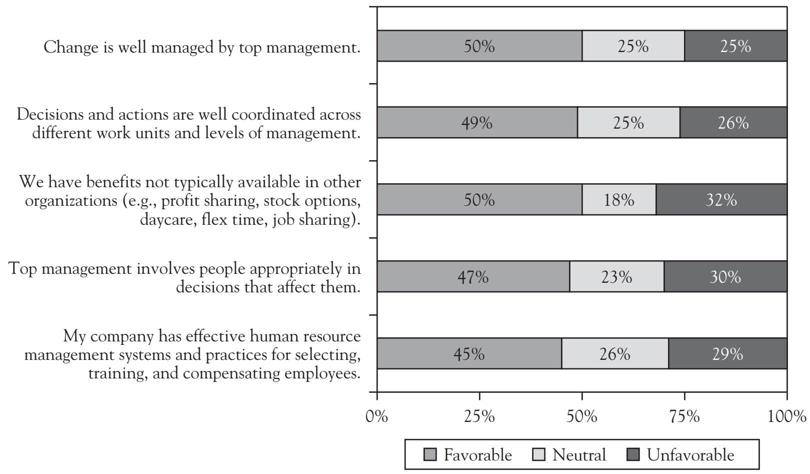
Analysts attribute the lack of communication and coordination that led to the parts mishap to a bureaucracy that could not accommodate the company's rapid growth and to a focus on profit that led executives to ignore principles that had contributed to its previously untarnished reputation. But the Toyota breakdown isn't only about this one bridge. It also illustrates how fragile *each* of the five bridges is and why they require constant vigilance—having a bridge in place one year doesn't mean it will always remain strong and help people traverse the gap.

One More Gap Maker: The Federal Aviation Administration (FAA). If you've flown recently, you've experienced another example of poor coordination and cooperation. Despite the efforts of the Federal Aviation Administration (FAA), air travel is worse than ever. More than 909,000 flights were late through June of 2007 (twice the level of 2002), and almost everyone has a horror story involving missed connections, lost luggage, or hours spent waiting on the tarmac.

The obstacle to finding a solution does not seem to be either of the usual suspects, funding shortfalls (the FAA did not spend all the money it was allocated in 2006) or lack of know-how (existing technology could meet the demand created by the increased number of fliers). Instead, it appears the FAA is unable to break the gridlock among the key players in the system. Big airlines, small aircraft owners, labor unions, politicians, airplane manufacturers, and other parties fight to protect their interests and blame each other for causing the problems.

So yes, these Five Execution Bridges are critical. If they aren't in place, you will have a tough time achieving your company's goals. The more bridges you have in place, the more likely you are to reach your goals—and the lack of any one of them could potentially derail your efforts.

Figure 1.6 Bottom Five Items



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It's clear that many organizations struggle with building these bridges. In fact, three of them were among the lowest-rated in our study, as shown in Figure 1.6. Either decision-makers are complacent because they're following what conventional wisdom dictates and assume that's enough, or they believe that changing what's wrong is outside their purview.

The Bottom Line

Today, most leaders understand that a well-thought-out and energizing vision and a realistic strategy are critical to success. They appreciate the need for highly engaged employees with the skills required to do the job, for high-quality products and services, and for listening to the customer. Yet, even when these core factors are in place, many organizations are still not able to deliver consistent results. Although essential, these factors are clearly only prerequisites.

Companies and managers who are the best at execution also create operational plans that are coordinated across departments and levels, expect and encourage top performance from everyone, hold people accountable for results and create a culture of responsibility, make high quality decisions by ensuring the right people are talking about the right things at the right time, and facilitate individual change readiness.

If other companies can build and maintain the bridges that close the execution gap, so can yours. The rest of the book will help you accomplish this. I will discuss six specific actions—to continue my analogy I'll call them Bridge Builders—that leaders at any level of the organization can immediately put into practice. Of course, you won't bridge the execution gap overnight, and once built, the bridges won't be self-sustaining. Still, getting this "construction project" underway is a step in the right direction.