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also introduced 11 corporate priorities (which were different from the strategic objectives), a list of core competencies (including one with nine templates), a set of corporate values, and a dictionary of 21 new strategic terms to be mastered. Not surprisingly, the assembled managers were baffled about what mattered most. When asked about obstacles to understanding the strategy, middle managers are four times more likely to cite a large number of corporate priorities and strategic initiatives than to mention a lack of clarity in communication. Top executives add to the confusion when they change their messages frequently—a problem flagged by nearly one-quarter of middle managers.

MYTH 4 A Performance Culture Drives Execution

When their companies fail to translate strategy into results, many executives point to a weak performance culture as the root cause. The data tells a different story. It's true that in most companies, the official culture—the core values posted on the company website, say—does not support execution. However, a company's true values reveal themselves when managers make hard choices—and here we have found that a focus on performance does shape behavior on a day-to-day basis.

Few choices are tougher than personnel decisions. When we ask about factors that influence who gets hired, praised, promoted, and fired, we see that most companies do a good job of recognizing and rewarding performance. Past performance is by far the most frequently named factor in promotion decisions, cited by two-thirds of all managers. Although harder to assess when bringing in new employees, it ranks among the top three influences on who gets hired. One-third of managers believe that performance is also recognized all or most of the time with nonfinancial rewards, such as private praise, public acknowledgment, and access to training

opportunities. To be sure, there is room for improvement, particularly when it comes to dealing with underperformers: A majority of the companies we have studied delay action (33%), address underperformance inconsistently (34%), or tolerate poor performance (11%). Overall, though, the companies in our sample have robust performance cultures—and yet they struggle to execute strategy. Why?

The answer is that a culture that supports execution must recognize and reward other things as well, such as agility, teamwork, and ambition. Many companies fall short in this respect. When making hiring or promotion decisions, for example, they place much less value on a manager's ability to adapt to changing circumstances—an indication of the agility needed to execute strategy—than on whether she has hit her numbers in the past. Agility requires a willingness to experiment, and many managers avoid experimentation because they fear the consequences of failure. Half the managers we surveyed believe that their careers would suffer if they pursued but failed at novel opportunities or innovations. Trying new things inevitably entails setbacks and honestly discussing the challenges involved increases the odds of long-term success. But corporate cultures rarely support the candid discussions necessary for agility. Fewer than one-third of managers say they can have open and honest discussions about the most difficult issues, while one-third say that many important issues are considered taboo. An excessive emphasis on performance can impair execution in another subtle but important way. If managers believe that hitting their numbers trumps all else, they tend to make conservative performance commitments. When asked what advice they would give to a new colleague, two-thirds say they would recommend making commitments that the colleague could be sure to meet, fewer than one-third would recommend stretching for ambitious goals. This tendency to play it safe may lead managers to favor surface cost reductions over risky

growth, for instance, or to milk an existing business rather than experiment with a new business model.

The most pressing problem with many corporate cultures, however, is that they fail to foster the coordination that, as we've discussed, is essential to execution. Companies consistently get this wrong. When it comes to hires, promotions, and nonfinancial recognition, past performance is two or three times more likely than a track record of collaboration to be rewarded. Performance is critical, of course, but if it comes at the expense of coordination, it can undermine execution. We ask respondents what would happen to a manager in their organization who achieved his objectives but failed to collaborate with colleagues in other units. Only 20% believe the behavior would be addressed promptly; 60% believe it would be addressed inconsistently or after a delay, and 20% believe it would be tolerated.

MYTH 5 Execution Should Be Driven from the Top

In his best-selling book *Execution*, Larry Bossidy describes how, as the CEO of AlliedSignal, he personally negotiated performance objectives with managers several levels below him and monitored their progress. Accounts like this reinforce the common image of a heroic CEO perched atop the org chart, driving execution. That approach can work—for a while. AlliedSignal's stock outperformed the market under Bossidy's leadership. However, as Bossidy writes, shortly after he retired "the discipline of execution...unraveled," and the company gave up its gains relative to the S&P 500.

Top-down execution has drawbacks in addition to the risk of unraveling after the departure of a strong CEO. To understand why, it helps to remember that effective execution in large, complex organizations emerges from countless decisions and actions at all levels. Many of those involve hard trade-offs. For example, synchronizing with colleagues in another unit can slow down a team that's trying to seize a fleeting opportunity, and screening customer requests against strategy often means turning away lucrative business. The leaders who are closest to the situation and can respond most quickly are best positioned to make the tough calls. Concentrating power at the top may boost performance in the short term, but it degrades an organization's capacity to execute over the long

run. Frequent and direct intervention from on high encourages middle managers to escalate conflicts rather than resolve them, and over time they lose the ability to work things out with colleagues in other units. Moreover, if top executives insist on making the important calls themselves, they diminish middle managers' decision-making skills, initiative, and ownership of results.

In large, complex organizations, execution lives and dies with a group we call "distributed leaders," which includes not only middle managers who run critical businesses and functions but also technical and domain experts who occupy key spots in the informal networks that get things done. The vast majority of these leaders try to do the right thing. Eight out of 10 in our sample say they are committed to doing their best to execute the strategy, even when they would like more clarity on what the strategy is.

About the Research

Five years ago we developed an in-depth survey that we have administered to 7,600 managers in 262 companies across 30 industries to date. We used the following principles in its design.

Focus on complex organizations in volatile markets. The companies in our sample are typically large (6,000 employees, on average and median annual sales of \$430 million) and compete in volatile sectors: Financial services, information technology, telecommunications, and oil and gas are among the most highly represented. One-third are based in emerging markets.

Target those in the know. We ask companies to identify the leaders most critical to driving execution, and we send the survey to those named. On average, 30 managers per company respond. They represent multiple organizational layers, including top team members (3%), their direct reports (28%), other middle managers (25%), frontline supervisors and team leaders (20%), and technical and domain experts and others (14%).

Gather objective data. Whenever possible, we structure questions to elicit objective information. For example, to assess how well companies communicate strategy, we ask respondents to list their companies' strategic priorities for the next few years, we then code the responses and test their convergence with one another and their consistency with management's stated objectives.

Engage the respondents. To prevent respondents from "checking out," we vary question formats and pose questions that managers view as important and have not been asked before. More than 95% of respondents finish the survey, spending an average of 40 minutes on it.

Link to credible research. Although the research on execution as a whole is not very advanced, some components of execution, such as goal setting, team dynamics, and resource allocation, are well understood. Whenever possible, we draw on research findings to design our questions and interpret our results.