

# Creating a Culture of Execution

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The Four Stages of Cultural Transformation



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## Execution: the new strategic imperative

If you could pick only one area to improve in your organization this year, what would it be? You may be tempted to dive into an individual initiative. But before you do, consider one area that could improve all others: execution. The ability to effectively execute is the critical key in turning vision into reality. Plan poorly, and market forces are likely to crush you.

Execute poorly, and results are far worse.

Executing smarter, faster and better than your competitors is the most surefire way to succeed and there are many areas in any given business that, if improved, can have a compounding effect on execution. Let's look at the impact of one that you may have overlooked: culture.



## Why the odds are not in your favor

Harvard Business Review states that 75 percent of organizations struggle to execute strategy. The Economist Intelligence Unit reports that 61 percent of executives admit that their organization struggles to bridge the gap between strategy and execution. Just by looking at those numbers, you can see execution is a big – and perhaps more common – struggle than you may have thought. Those odds are daunting, but not insurmountable...

Much has been written about culture and its effect on productivity, but don't underestimate the impact it can have on your execution. Focus on creating an

organizational culture of execution, and then watch as your results accelerate. In his book *What the CEO Wants You to Know*, Ram Charan writes, "Execution is the great unaddressed issue in the business world today. Its absence is the single biggest obstacle to success and the cause of most of the disappointments mistakenly attributed to other causes."

But creating a culture of execution doesn't happen overnight. An organization must make its way through each of the four stages of cultural transformation. Then, it must hardwire the tools that allow execution to become the cultural norm.

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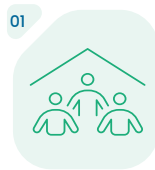
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# Cultural Transformation Stages Quick Guide

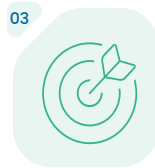
The speed and pace at which an organization transforms itself depends on several factors: size, leadership, industry competitiveness, threat of new entrants or substitutes, the bargaining power of buyers and suppliers, internal constraints and capabilities and external environmental conditions.



## STAGE 1 COLLABORATION



## STAGE 2 INDIVIDUAL ACCOUNTABILITY



## STAGE 3 EXECUTION



## STAGE 4 INNOVATION

The decision of how fast to evolve through the stages is critical. Moving too fast can cause dysfunction. Managers who are not accustomed to evaluations that use true performance metrics can crumble under the pressure of meeting specific business targets. This could create morale issues, hasten management turnover and foster mistrust. On the other hand, moving too slow can stall the company's progress.

That said, while some organizations have completed the process in as little as six month, it really should take no more than three years to evolve to a culture of execution. Only then can it begin the final transformation to a culture of innovation.

## STAGE 1: Culture of Collaboration

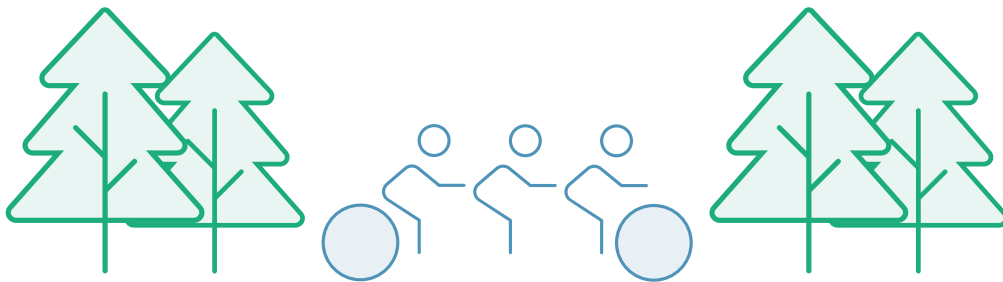
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For most organizations, developing a culture of collaboration happens naturally. As organizations create a common vision, executive and middle managers rally together in support of one or more long-term goals. Work plans are developed and a great amount of activity takes place. A collaborative organization often mistakes activity for results; being busy for being strategic.

At this stage, there is very little effort to track tactical implementation against performance targets. A lot gets done, but not a lot is ever accomplished.



## STAGE 1: Culture of Collaboration



For most,  
**a culture of collaboration**  
happens naturally



but...

little is done to track performance,  
being busy is often mistaken for being strategic,  
and a lot gets done with little accomplished

## TAKE IT TO THE NEXT LEVEL

### From **collaboration** to **accountability**

According to the Oz Principle , “A culture that embraces full accountability is created when people – on a team, in a department, in a division, or in an entire company – take accountability to think and act in a manner necessary to achieve desired organizational results.”

Moving from a culture of collaboration (Stage 1) to a culture of individual accountability (Stage 2) is often the most difficult. It requires the company not only work together as a team to achieve a common vision, but also to embrace transparency and measure progress along the way. Organizational transparency enables all members of the team to monitor success and failure. It allows them to see where implementation is lacking and shift the focus from getting things done to getting results.

The key difference between organizations stuck in a culture of collaboration and those that have evolved to a culture of individual accountability is that the former generally reward performance on the amount of work the team produces and the latter on the amount of results the team achieves. Companies in the collaboration stage oftentimes mistake “being busy” for “being strategic.” They are very active and are doing a lot of “things,” but the “things” aren’t tied to measurable results.

#### **Developing a culture of individual accountability requires the following tools:**

- Organizational, departmental and individual scorecards
- Dashboards that track results over time
- Objectives that are measurable and quantifiable
- Strategies and tactics that support the objectives
- Items assigned to individual owners with firm due dates
- Progress review meetings at least monthly



## STAGE 2: Culture of Individual Accountability

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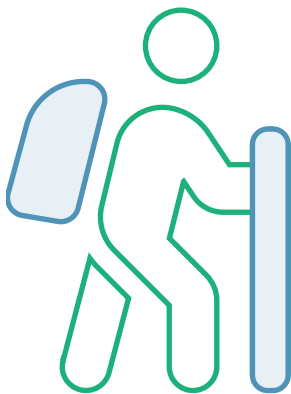
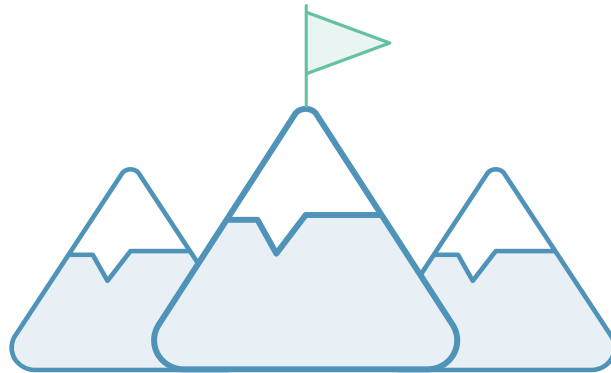
Developing a culture of individual accountability requires three challenging, fundamental changes within the organization:

1. Understanding that tracking measurable outcomes is more important than completing a lot of tasks.
2. Willingness to assign every task in the plan to one individual with firm due dates. These assignments must also tie in to annual performance objectives.
3. Instilling transparency throughout the organization by providing managers with access to all plans– including regular updates on plan implementation and performance



## STAGE 2: Culture of Individual Accountability

Conquering this mountain **requires three changes** within the organization



It is important to...



01 **TRACK**  
measurable outcomes



02 **PROVIDE**  
access to all information



03 **ASSIGN**  
firm due dates

## TAKE IT TO THE NEXT LEVEL

### From **accountability** to **execution**

A culture of execution requires strategy to be pushed to the front lines. Holding your management team responsible for results is still important, but the hallmark of a culture of execution is getting everyone in the organization involved in implementation.

Pushing strategy to the front lines is no easy task. It requires that the organization's mission, vision and strategy are integrated. It requires that every employee knows how he or she helps fulfill the mission through his or her day-to-day activities. If the primary focus of all employees is to live the mission and vision through the work they perform, then the company is well on its way to developing a culture of execution. Once the mission, vision and strategy are aligned, it is important to cascade strategic imperatives from the executive management team to middle management to front-line staff.

## STAGE 3: Culture of Execution

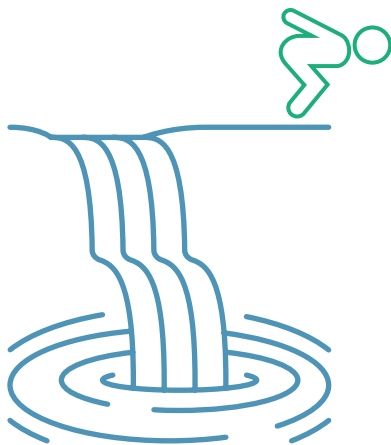
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Creating an organizational culture of execution involves two primary factors:

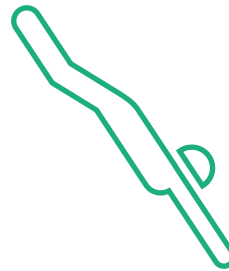
1. The organization becomes more focused on strategy development. Plans address the most critical – rather than all – strategic needs of the organization. This laser-like focus fosters better resource allocation, less internal competition and improved execution.
2. Strategy cascades to every employee in the organization. All employees understand how their performance affects the successful execution of the plan. Ideally, employees also understand how their jobs affect the mission and vision of the company.



## STAGE 3: Culture of Execution



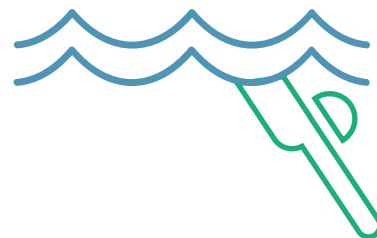
Diving into this stage  
**involves two factors**



Addressing the organization's most...

**01 most critical needs**

**02 & cascading strategy** to everyone  
in the organization



## TAKE IT TO THE NEXT LEVEL

### From **execution** to **innovation**

Companies that develop a culture of execution create a competitive advantage in the market place. Sound strategy and widespread involvement create the ability to grow exponential market share.

There are two distinct advantages to having all employees involved in strategy execution, mission fulfillment and vision achievement:

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**01.** The organization naturally elevates customer and employee satisfaction, quality and overall company performance

**02.** The entire organization improves processes, effectiveness and efficiency

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True innovation comes when employees from all levels and areas are involved, and not just upper management. Those on the front-lines have a different insight into how customers use your company's offerings. They are first-hand witnesses to product (or service) successes and shortcomings. They help customers adapt your offerings to fit their unique needs. These front-line employees see the gaps in your company's product delivery and implementation.

If your team is isolated from your organization's core strategies and have little – if any – idea how their performance drives strategy execution, creating a culture of innovation is impossible. Relying on a small group of executives to drive innovation may yield some profitable results, but it will never yield long-term breakthroughs. Creating a culture of execution puts you one step away from unlocking a culture of innovation – a culture that ultimately will create longterm market differentiation.

To involve all employees in both execution and innovation, you need processes and methodologies for capturing innovation at the front lines. Innovation without knowledge capture serves no purpose. You must provide employees with the mechanisms to move innovation up the corporate ladder, from front-line staff to middle management and to executive leadership.

## 5 TIPS to hardwire a culture of execution

### 01. Integrate mission, vision, & strategy

Ensure employees know how they contribute to the strategic plan. Have every employee complete a personalized mission, vision and strategy statement. As well as a commitment card that contains the following phrase: "I will help my company fulfill its mission, achieve its vision and execute its strategy by doing the following every day ...." Put the statement in the employee's personnel file, and use it as part of your performance management process.

### 02. Communicate strategy frequently

Use the 7x7 method: communicate your strategy seven times, seven different ways. Once you have deployed the 7x7 method, deploy it again. The bottom line is that you should communicate strategy every chance you get. The more your employees know about your strategy, the more they'll be able to make effective decisions that can positively impact it.

### 03. Include strategy discussion in new employee orientation

While new hires may not immediately know how they contribute to the overall strategy, they should start thinking about it. Then, within their first 90 days of employment, have each new employee complete a commitment card.

### 04. Reward employees who internalize strategy within their daily job

Create a recognition program to applaud those employees who show commitment to the organization's strategy. Once others see these top-level employees being honored, their own behavior will change too. Before long, you will have a workforce driving strategy execution every day!

### 05. Post dashboards and scorecards in every department and unit

Harvard Business Review has reported substantial improvements for companies that use dashboards. Make these dashboards focused on both company objectives and department or unit objectives. Remember the old phrase, "You don't get what you expect. You get what you inspect." Track performance and post it for all to see.

## STAGE 4: Culture of Innovation

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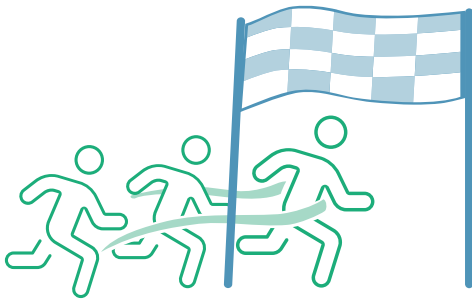
The evolution towards innovation happens naturally, after a culture of execution is achieved. The reason for this transformation is simple. A unique organizational dynamic develops when every employee understands the relationship between individual performance, execution and vision. When employees have a better understanding of the big picture, they are able to:

1. Make better decisions.
2. Identify improvement opportunities and start to question the status quo.
3. Become a vital component of ongoing strategy discussions. Ideally, employees also understand how their jobs affect the mission and vision of the company.



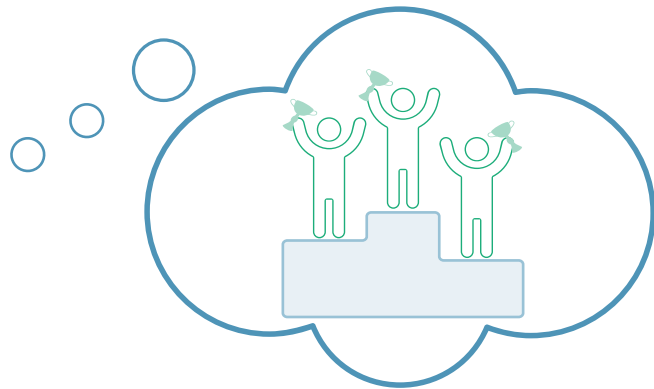


## STAGE 4: Culture of Innovation



Once you achieveit a culture of execution, **the rest is effortless**

Everyone knows their performance **affects the company vision**



Team members make better decisions, and **question the status quo**

When team members question the status quo, they **dare to innovate**



## 5 TIPS to hardwire a culture of innovation

### 01. Give people the needed tools and skills to participate

Becoming more innovative doesn't mean finding the "natural innovators" inside the company and pinning your hopes on them. Innovation can be taught. Leaders must intentionally and proactively build new skills throughout their teams of employees. Your employees need to develop new perspectives about your customers, market and company. This requires skills to:

- Identify and challenge industry orthodoxies
- Extract unmet customer needs
- Envision industry and market changes
- Understand the company's core competencies

### 02. Focus innovation on issues of importance

Front-line employees are not likely to be motivated by financial targets (such as grow revenue by 20 percent). Ambitious strategic goals that inspire the employee as a person, as well as a contributor to the company, are more likely to motivate them.

### 03. Connect the pools of innovation

Innovating isn't a solitary activity; it's a collaborative activity and should be managed as such. Take a hint from the successful open-source movement. Connected innovation is successful in part because of the emotional rewards and reputational equity that it provides. Plus, ideas only get better as more people hear about them and build on them. about it.

### 04. Keep the enthusiasm flowing

Nothing is more de-motivating to would-be innovators than a mysterious "black box" process. Keep the process simple, clear and transparent. Let innovators know who has the decision rights for moving ideas forward. Provide clear decision criteria that are being used. Strive to keep politics out of the process. Once the flow of ideas begins to wane, start a new campaign. And don't discount the benefits of public recognition for innovators.

### 05. Use all levers at your disposal

Front-line innovation is a systemic challenge that requires a systemic solution. If you want your employees to innovate, you'll also have to create the right leadership, culture, incentive and organizational structures. You'll have to make process changes. You'll need to embolden experimentation and motivate people to achieve new results.

## SUMMARY

# 4 Stages of Cultural Transformation

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At this stage, there is very little effort to track tactical implementation against performance targets. A lot gets done, but not a lot is ever accomplished.

## SUMMARY

### 4 stages of **cultural transformation**

Organizations evolve through the following  
**four stages of cultural evolution**



The speed and pace at which an organization transforms itself depends on several factors: size, leadership, industry competitiveness, threat of new entrants or substitutes, the bargaining power of buyers and suppliers, internal constraints and capabilities and external environmental conditions.

The decision of how fast to move is critical. Moving too fast can cause dysfunction.

Managers who are not accustomed to evaluations that use true performance metrics can crumble under the pressure of meeting specific business targets. This could create morale issues, hasten management turnover and foster mistrust.

On the other hand, moving too slow can stall the company's progress. That said, an organization should take no more than three years to evolve to a culture of execution. Only then can it begin the final transformation to a culture of innovation. However, some organizations have completed the journey in as little as six months.

# About Achieveit

Unfortunately, most organizations face a nightmare of processes that make it challenging to connect integrated plans, manage progress, review performance, and achieve goals. But Achieveit makes it easy to focus on your most important initiatives. At each stage of the planning & execution process, Achieveit eliminates the manual processes by automating update collection, report creation, insight generation, and more.

Visit [www.achieveit.com](http://www.achieveit.com) to learn more.

## You have a plan. Now Achieveit.

