



Pathway Advisors LLC



GETTING IT DONE

Actionable Management and Financial Insights for Business Professionals

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Dear Friend,

Steve Jobs really got it right when he said “To me, ideas are worth nothing unless executed. They are just a multiplier. Execution is worth millions.” To that point, the term “execution” frequently comes up in my conversations with friends, associates, clients, or prospects. Common comments sound like this: “Gee, we were six months late getting our new product enhancement into the market” or “We’ve been trying for a long time but just can’t get our labor utilization rate up to where we know it can be.” And I could go on – and on.

Today I’ll be sharing my thoughts on “Precision Execution”- what it is and the irreplaceable contribution it can make towards a company achieving its immediate and long-term goals.

With my best wishes for a great 2022!

Gerry

PRECISION EXECUTION PROPELS PROFITS:
A “Getting It Done” Five Minute Primer



Precision Execution Defined

My definition of Precision Execution has two elements:

*The completion of tasks, both individually, and organizationally, **on time, on budget, and on spec**, combined with the rapid recalibration of time, budget, and quality goals whenever setbacks occur.*

It almost sounds too simple – but we all know it’s not.

Why Are Execution Issues So Common Place - And Often So Chronic?

As I see it, there are three key reasons. First, my view is that the challenge begins with human nature. Just think about it. Many, if not most, people who have ambitions about achieving great business success start with thoughts about having the next transformational idea, taking over the family business, or becoming a renowned private equity investor etc. Becoming great at business execution just doesn't make the list. Not close. Furthermore, many entrepreneurially oriented business professionals just don't have execution "in their bones" from a behavioral standpoint. It's not who they are.

Second, have you ever seen a college class titled "Execution 101"? I haven't. It's just not treated as an area of expertise on the same level of importance as traditional basics, like finance or marketing. Yes, there are courses focused on operations or project management but they're not nearly broad enough to do the job.

Finally, let's look at the issue from a very practical standpoint. With the family-controlled and owner-driven companies where Pathway's services are focused, the preparation of a financial plan or set of financial projections is virtually universal. But never once have I seen a proactively prepared document that provides essential details about how a company's team will execute the efforts needed to accomplish these plans. Need I say more?

Precision Execution: Overarching Considerations

The irony about execution is that it's fundamentally about commitment, attention to the nuts and bolts, effective management practices and common sense. Genius is not a requirement. Going beyond this, though, I want to point out three baseline considerations:

- **Precision Execution should be viewed as a core strategic building block**

Steve Jobs nailed it when he said ideas are "just a multiplier" and the same is true for great products, a strong market position, a state-of-the-art systems infrastructure, or a solid Balance Sheet, etc.

- **The ability to execute should always be a focal point when making impactful decisions**

Do we have the right people? Do we really have the financial resources? Can we commit the executive time needed to supervise the work involved? Questions like these are often overlooked. Of even greater significance, when these questions are asked – often they're not really thought through thoroughly or answered realistically.

- **It all starts with leadership**

In many of the owner-driven and family-controlled companies I work with, the CEO spends much of their time focused on one functional area. It may be marketing and sales, or product development or production for example. And in my experience, when a CEO goes in one of those, or another direction, there are always at least two solid reasons why. First, almost invariably, the area they've migrated to is where they can make their most significant contribution. Second, as I suggested above, day-to-day, detail-oriented management typically just isn't their strength – or interest. Regardless, she or he *must* fully support the non-negotiable need for Precision Execution. (And you would be surprised how often that's not the case.) If, however,

the CEO does support the necessity for Precision Execution, the effort to *drive* the process can often be delegated, at least in part. (Yes – I do acknowledge that in very small, or solo companies, this is a real challenge with no easy answer.)

Precision Execution Requires Two Complementary Approaches

For the purpose of institutionalizing Precision Execution practices, it's *essential* to look at two facets of a company's operations:

- **Day-to-day tasks**

For example, a day-to-day task could be the completion of manufacturing an order, getting it into the shipping area and ultimately onto a truck.

- **Operational and strategic initiatives**

As examples, an operational initiative might be the installation of an upgraded financial administration system. Quite differently, a strategic initiative might involve the multiyear effort to locate and transition to a new, substantially modernized manufacturing facility.

Day-to-day execution is largely driven by the quality of a company's underlying Management Practices. These include well-defined organizational structures; clear job descriptions; ongoing professional training; and the frequent use of KPI's to measure ongoing performance. In contrast, operational and strategic initiatives call for a project management approach. This includes clearly established tasks to be completed by a staff member, or members and clear timelines for doing so; clear quality and budget specifications for each of the tasks to be completed; benchmarks to measure progress; and a clear description of how various staff members will interact with one another as they complete tasks.

The execution-related distinctions between day-to-day tasks and various types of initiatives are crucial to understand. At the same time, to achieve Precision Execution, the commonalities are of even greater significance. And what are they? The establishment of a fully understood linkage between a company's overarching goals and strategies and the tactical efforts needed to accomplish them; at appropriate levels, the establishment of a fully understood linkage between a company's financial goals and the tactical efforts needed to accomplish them; timely senior-level decision making; discipline and accountability; proactivity; and consistent top-down and bottom-up communications.

A Comprehensive Execution Plan Pulls It All Together

The final and essential component of Precision Execution is a written plan intended to achieve three goals. The first is to detail the material elements of all steps to be achieved. The second goal of the plan is to help assure that all significant participants have a full understanding of the answers to the "who, what, when, where, how, and why" question. Finally, the plan should be viewed as a motivational document that fosters focus, enthusiasm and drive.

Final Comment

You may have noticed by now that I like to begin each issue of "Getting it Done" with a quote and conclude with one as well. The fact is that I find them short and powerful (and better said than I could for that matter) so today I'll close with this:

“Execution has to be part of a company's strategy and goals. It's the missing link between aspirations and results.”

– Larry Bossidy

RECOMMENDED SUPPLEMENTARY READINGS

Books

Execution: The Discipline of Getting Things Done

Larry Bossidy and Ram Charon

The Execution Premium: Linking Strategy to Operations for Competitive Advantage

Robert Kaplan and David Norton

Articles

5 Ways the Best Companies Close the Strategy-Execution Gap

Michael Mankins

How to Actually Execute Your Business Strategy

Molly St. Louis

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