

## The Execution Quotient™: The Measure Of What Matters



“If leaders do not execute well  
they lose their economic base;  
if leaders do not operate based  
on principles they lose their  
voice, their power.”

—Stephen R. Covey

FranklinCovey (NYSE:FC) is a global leader in effectiveness training, productivity tools, and assessment services for organizations and individuals. FranklinCovey helps companies succeed by unleashing the power of their workforce to focus on and execute top business priorities. Clients include 90 percent of the Fortune 100, more than 75 percent of the Fortune 500, thousands of small and mid-sized businesses, as well as numerous government entities and educational institutions. Organizations and individuals access FranklinCovey products and services through corporate training, licensed client facilitators, one-on-one coaching, public workshops, catalogs, over 180 retail stores, and [www.franklincovey.com](http://www.franklincovey.com). More than 3,000 FranklinCovey associates provide professional services and products in 39 offices and in 95 countries.

“Execution is THE great unaddressed issue in the business world today.”

—Ram Charan

## Execution—the Great Unaddressed Issue

“A leader who says ‘I’ve got ten priorities’ doesn’t know what he’s talking about,” says management consultant Ram Charan. “He doesn’t know himself what the most important things are. You’ve got to have these few, clearly realistic goals and priorities, which will influence the overall performance of the company.”<sup>1</sup>

Business success depends on the quality of those few clear goals. But that’s only half the story. The other half is execution. Charan says, “Goals don’t mean much if nobody takes them seriously. The failure to follow through is widespread in business, and a major cause of poor execution.” Many leaders fall victim to the execution gap—“the gap between promises they’ve made and results delivered.”<sup>2</sup>

## Closing the Execution Gap

Great companies close the execution gap by unleashing a disciplined team of people who are tightly focused on a few clear core objectives.

John Kotter of Harvard Business School verifies this success pattern in his classic studies of highly effective business leaders.<sup>3</sup> Observing the daily work of general managers noted for getting results, he finds that they have these things in common—they focus totally on a limited agenda of clear core objectives, and they keep their people constantly and measurably moving forward on those objectives.

It sounds simple. Pick the two or three things that are “wildly important,” that are absolutely key to success, and then get everybody focused and executing on those core objectives. But execution remains a major challenge for most organizations.

At FranklinCovey, we have been taking the measure of this execution gap since the late 1980s. We have conducted profiles on about 500,000 people—including more than 50,000 managers—from thousands of organizations worldwide. This vast database, including input from roughly 2.5 million respondents, consistently points to a remarkable paradox. Respondents report that their managers are admirably hard workers; in fact, in rating managers on 77 items, they say “work ethic” tops the list. But at the same time, the lowest ratings are always on issues relating to execution, as table 1 shows:

“It is possible to be busy—very busy—without being very effective.”

—Stephen R. Covey

<sup>1</sup> Bossidy, L. and Charan, R., *Execution: The Discipline of Getting Things Done*. Crown Business, 2002, 69.

<sup>2</sup> Bossidy and Charan, 71, 7.

<sup>3</sup> Kotter, J. *What Leaders Really Do*. Harvard Business School Press, 1999.

**Table 1. Managers work hard but fail to provide focused direction**

My manager . . .	Ranking
Is a hard worker	1
Prioritizes work so our time is spent on the most important issues	74
Sets clear expectations when assigning tasks	75
Plans ahead to reduce having to work in a crisis mode	76
Provides feedback on our group's performance	77

(Source: FranklinCovey Profile Center Aggregate Report, 2002)

Clearly, although managers are perceived as busy and hard working, their ability to stay focused and get results is not so highly regarded.

This paradox has always intrigued us at FranklinCovey, so we decided to try to answer the question: what makes organizations good at executing? With the help of McKinsey & Company, we have identified the principles that are crucial to execution.

## The Execution Quotient

FranklinCovey has developed a measure of these principles of execution. We call it the Execution Quotient, or xQ™ metric. An organization's xQ is the measure of how well people execute the crucial goals, and, as such, is a key metric for managers. Except for financial measures, the organization's xQ is possibly the most important gauge managers should watch.

The xQ metric is calculated on a scale of 0 to 100, where 100 indicates that everyone is fully focused and executing with precision. To figure an organization's xQ, we take a census of everyone, asking them questions about their levels of execution.

The xQ of the American corporate and government world has been calculated by Harris Interactive, the administrators of the Harris Poll, in a survey of 12,182 people from hundreds of organizations. The national xQ is 47/100, indicating that most organizations are only semi-focused and semi-executing. To put that number in context, imagine what shareholders would say if they knew that only about half the organization's time, talent, and resources were deployed on key organizational objectives.

In this paper, we drill down to the reasons for this alarming xQ score, which is at the root of the widespread failure to execute core organizational goals.

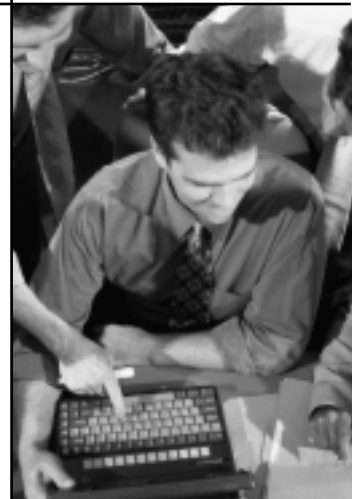
xQ measures the alignment of work teams to key goals by gauging organizational compliance with six principles of execution:

1. **Clarity.** Do people know the organization's few critical objectives? Do they understand those goals? Do they understand that these goals are "wildly important" and must take precedence over the "merely important" or the "merely urgent"?

"A leader who says 'I've got ten priorities' doesn't know what he's talking about. He doesn't know himself what the most important things are."

—Ram Charan

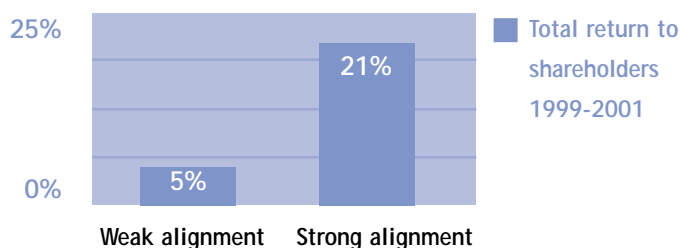
2. **Commitment.** Are people energized and committed to the goals? Do they feel ownership for them and involvement in setting them? Do they buy in to the realism and feasibility of the goals?
3. **Translation into Action.** Do people know what to do about the goals? Are they clear on their own individual roles in achieving them? Do they know how to turn goals into daily tasks?
4. **Enabling.** Does the organization educate and equip people to execute? Does the organization actively seek and remove barriers to execution?
5. **Synergy.** Do people work well with each other and with other teams? Do they “clear the path” for each other? Can they speak candidly with each other about key issues? Do they consistently come up with new or better ways to execute?
6. **Accountability.** Do people actively and regularly account to each other for the commitments they make? Can they honestly report their good and bad results to each other?



Now, does it make any difference to the bottom line if people live by these principles? On the face of it, this kind of alignment to key goals should make a difference, but just how big a difference?

Watson Wyatt, a global consulting firm specializing in the financial impact of human resource practices, conducted in 2002 a study of 12,750 US workers to determine how aligned they are to organizational goals. They then correlated the alignment results to stock values, defined as “total return to shareholders” (TRS, the sum of share price and dividends.) The correlation between high focus and value creation is dramatic: The increase in TRS since 1999 is **FOUR TIMES HIGHER** (21 percent rather than 5 percent) in companies with strong goal alignment than in those with weak alignment (figure 1).

**Figure 1. Correlation between employee alignment to goals and total return to shareholders**



Clearly, strong organizational alignment to key goals pays big dividends. So how do most organizations stack up in terms of alignment to key goals?

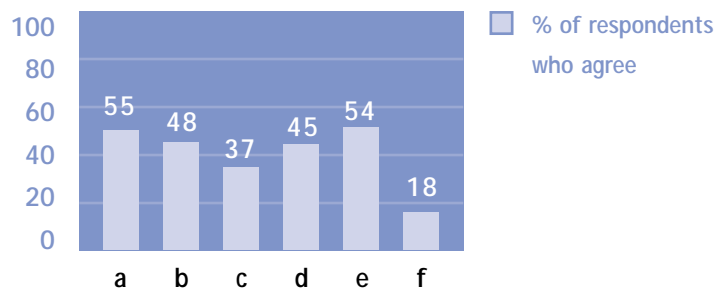
“In the absence of clearly defined goals, we become strangely loyal to performing daily acts of trivia.”

–Unknown

### Clarity of the Goals

Obviously, people cannot execute goals they neither know nor understand. To ensure that core goals are widely understood, several conditions must be met. Ideally, respondents should be able to say yes to the following five standards of clarity.

Figure 2. Which of these statements are true about your organization's direction?

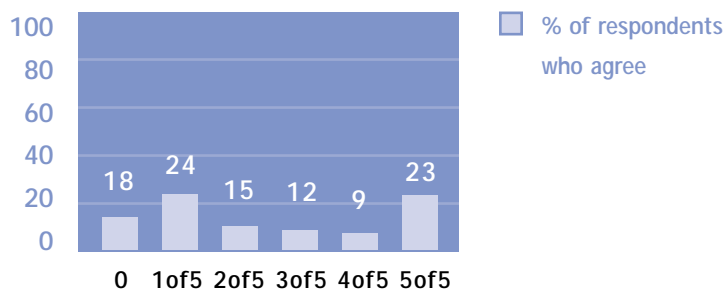


- a. My organization has a clear and compelling mission or purpose.
- b. My organization has a clear strategic direction.
- c. I clearly understand the reasons for the strategic direction.
- d. Our goals are clearly connected to the organization's mission and strategy.
- e. I clearly understand what I am supposed to do to help achieve my organization's goals.
- f. None of the above.

xQ results show (figure 2) that most organizations fail to meet these standards even halfway, which means that they are seriously out of focus on key strategies and goals. Indeed, only a third of respondents feel that they clearly understand the reasons behind those strategies.

The story is even more alarming than that, however. All five of these standards are clearly essential to execution, but the number of people who agree that all five apply in their organizations is abysmal—only 23 percent (figure 3). And 18 percent say that none of these standards apply in their organizations.

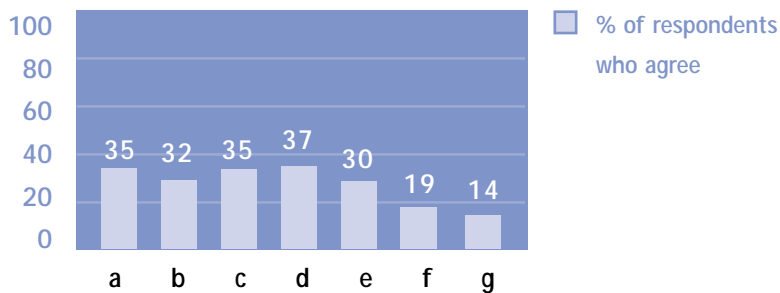
Figure 3. How many of the standards of clarity apply in your organization?



Organizations should manage their people so that 100 percent can say that all five standards of clarity apply. Until that day, they will lack the sharp focus on key goals needed to execute.

Another source of confusion is the lack of clear, widely understood measures of success. Without a clear understanding of the measure and target, workers have only a “gut feel” about progress.

Figure 4. Which statements are true about the measures used to track progress toward the goals of my unit?



- a. The measures are clear.
- b. The measures accurately track progress toward goals.
- c. The measures are visible and accessible to everyone.
- d. We regularly discuss our performance on the measures.
- e. Rewards and consequences are clearly based on performance on the measures.
- f. We do not have any measures.
- g. None of the above.

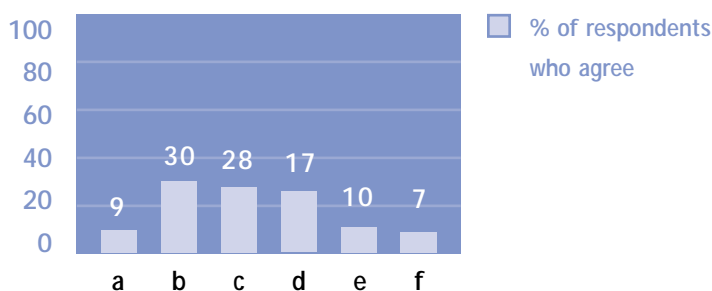
The principle here is simple: we’re not serious about a goal until we measure progress. The consequences of unclear measures are enormous: no one really knows how to judge performance, or why some people are rewarded and not others. Combine items “f” and “g” and it’s apparent that at least a third of workers have no conception at all of success measures. This is a considerable leadership challenge.

### Commitment to the Goals

It’s one thing to understand clearly the “wildly important” goals; it’s another to buy in to them. Execution is at risk if people don’t feel committed. So how many workers are energized by and committed to the key goals of the organization?

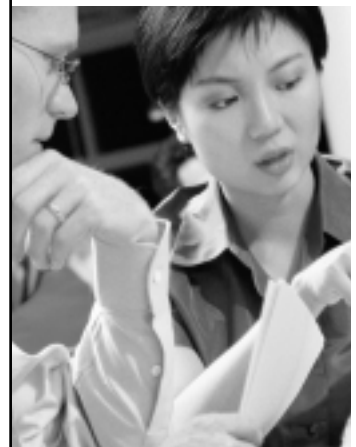
Again the picture is not encouraging. When asked, people tell us they feel middle to low levels of commitment (figure 5).

Figure 5. To what degree do you feel energized by and committed to the goals of your organization?



Two-thirds of organizations have unclear measures that accurately track progress toward goals.

—FranklinCovey xQ Survey





- a. Very highly energized/committed
- b. Highly energized/committed
- c. Moderately energized/committed
- d. Somewhat energized/committed
- e. Barely energized/committed
- f. Not at all energized/committed

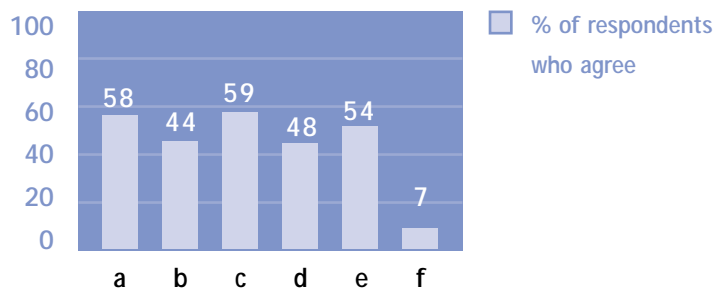
Only 9 percent of respondents, fewer than 1 in 10, feel a very high level of commitment to organizational goals. Clearly, most workers feel uninvolved and unengaged in achieving key organizational objectives. The picture becomes alarming when we realize that a third of respondents (34 percent) are only somewhat, barely, or not at all engaged.

### *Translating the Goals into Action*

Workers might understand key goals and genuinely commit to them, but still lack the ability to execute because they don't know what to do about them. For example, sales professionals are often highly motivated people who understand their targets all too well, but lack an understanding of the behaviors needed to get there. Or service people might commit to a quality-improvement goal without translating that goal into the daily tasks needed to achieve the goal. Execution takes discipline and clear definition of the tasks and behaviors necessary to achieve the goal.

Do people actually translate goals into action? Here the picture becomes dismal indeed. By their own account, American workers generally lack understanding of their roles in achieving key organizational goals (figure 6).

**Figure 6. Which statements are true about the most important goals of your unit and your role in achieving them?**



- a. My organization has decided what its most important goals are.
- b. My organization has clearly communicated its most important goals.
- c. The goals of my unit clearly support the goals of my organization.
- d. The goals of my unit are translated into my individual work goals.
- e. My individual work goals are translated into daily tasks and activities.
- f. None of the above.

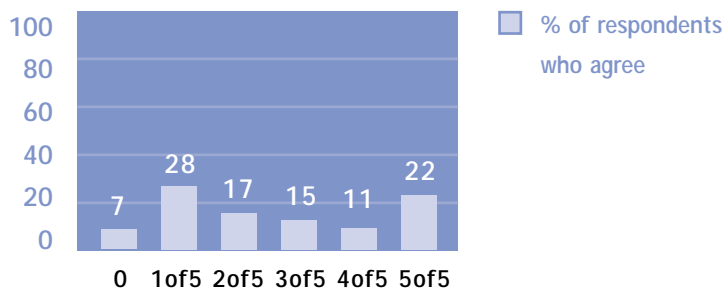
Even with all the attention these days to “line of sight” from the strategic head of the organization to the line worker, there doesn't appear to be much of it. Work-group goals are tied to organizational goals for only about 59 percent of respondents, while only

“It’s awfully important to know what is and is not your business.”

—Gertrude Stein

about half believe that their individual work goals have any connection to their work-group goals. To top it off, only 58 percent of workers believe that their employers even have goals. No wonder workers feel disconnected; but the true magnitude of that disconnect only comes clear when we see how few agree that all of these standards apply in their organizations (figure 7):

**Figure 7. How many of the standards of “translation to action” apply in your organization?**

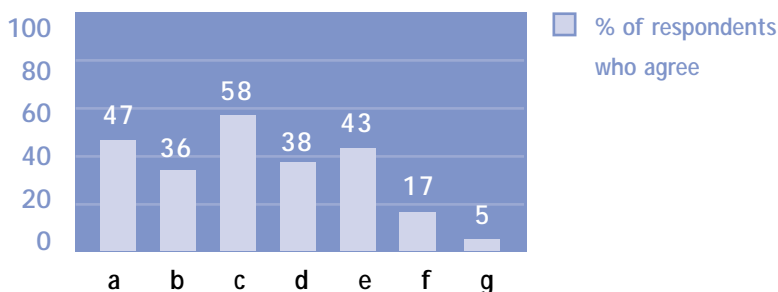


Only 22 percent agree that there is clear line of sight between their own work and the organization’s top priorities, while a full 35 percent feel that only one or none of these standards are practiced where they work (28 percent plus 7 percent).

In a fully aligned organization, figure 9 will show 100 percent of respondents selecting all five of the standards “a” through “e.” Clearly, that kind of focus is a long way off.

A key reason for this lack of focus is a lack of planning at the work-group level. Few work groups actually follow a disciplined planning process for developing goals that support the organization’s goals, as figure 8 shows:

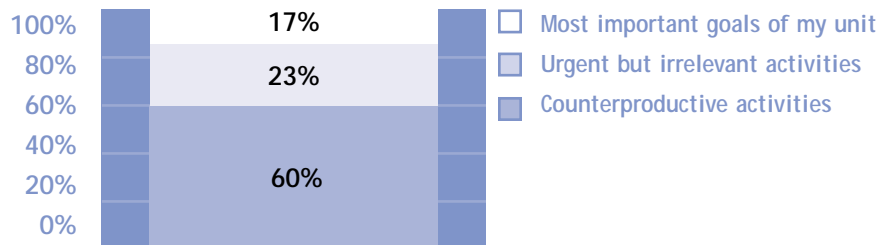
**Figure 8. Which statements are generally true about how my unit plans together to achieve its goals?**



- a. We plan our work around our most important goals.
- b. We plan specific ways to help each other.
- c. We work together to identify and solve problems.
- d. Our planning results in clear assignments for individuals.
- e. We follow through with our plans.
- f. We do not plan together.
- g. None of the above.

Highly focused people stay on task without being sidetracked by less important urgencies or petty bureaucratic demands. The xQ findings indicate, however, that people are distracted from high-priority work almost half the time to attend to non-core activities (figure 9).

Figure 9. What percentage of your work time is spent on the following activities?



“Most of what we call management consists of making it difficult for people to get their work done.”

—Peter Drucker

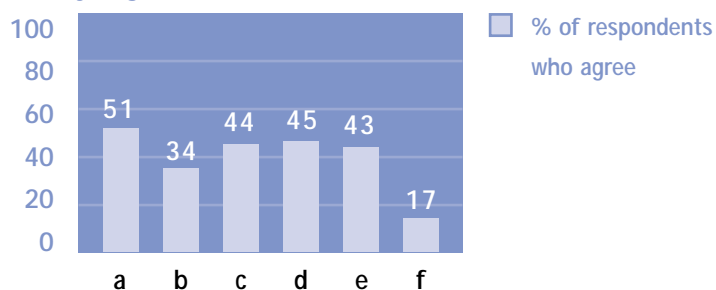
Why do people by their own admission spend only three in five of their work hours on key priorities? Probably because of the turmoil that results when there is no clear set of “wildly important” goals and measures. In such an environment, it’s hard to distinguish what’s wildly important from what’s merely important, and people have a hard time saying no to whoever is loudest and most demanding.

Where people are crystal clear on what is truly important, there will obviously be far fewer interruptions, and priorities will not shift as readily. When these “fatal distractors” are diminished, execution on key goals will increase.

**Enabling People to Achieve the Goals**

People feel that much more could be done to enable them to execute key goals (figure 10). Personal development and feedback are particularly lacking, along with new and better ways to achieve new goals. Note especially that only one third feel that their managers are involved in helping them develop new capacities in order to execute better.

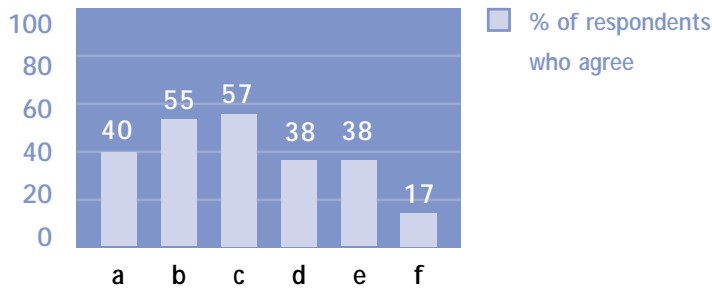
Figure 10. Which of the following statements are true about improving performance at my organization?



- a. People are expected to perform at a high level—low performance is unacceptable.
- b. Managers are genuinely involved in helping people develop their potential.
- c. We systematically gather feedback on our performance from a broad range of sources.
- d. We consistently seek ways to simplify our operations.
- e. We consistently apply better practices and new ideas to improve performance.
- f. None of the above.

Ironically, the organization often gets in the way of execution by failing to provide the systems, processes, and resources necessary to achieve the goals, as figure 11 demonstrates:

Figure 11. Which statements are generally true about how my unit is run?



- a. We have the resources (e.g., people, equipment, information, tools) we need to achieve our goals.
- b. We have the freedom we need to do our jobs well.
- c. My manager and I have a clear understanding about my roles and responsibilities.
- d. Our systems and processes are aligned to help us achieve our goals.
- e. Our managers actively seek our opinions on how to do things better.
- f. None of the above.

The work of leadership is to enable people to execute the wildly important goals. This work means “clearing the path” for others in every way necessary so that they can execute with excellence. It means ensuring that priorities are unmistakably clear and the resources are provided to achieve them. It means actively seeking differing viewpoints on how to do things better.

### Synergy in Achieving the Goals

Another key principle of execution is synergy—the ability of people to execute together where they could not do so alone. High-execution teams are characterized by intense synergy, where the whole effort is clearly greater than the sum of the parts. Stephen R. Covey observes:

Ineffective people . . . experience synergy only in small, peripheral ways in their lives. They may have memories of some unusual creative experiences, perhaps in athletics, where they were involved in a real team spirit for a period of time. Or perhaps they were in an emergency situation where people cooperated to an unusually high degree and submerged ego and pride in an effort to save someone’s life or to produce a solution to a crisis. To many, such events may seem unusual, almost out of character with life, even miraculous. But this is not so. These things can be produced regularly, consistently.<sup>4</sup>

“Very few people work by themselves and achieve results by themselves...Most people work with other people and are effective through other people... To manage oneself, therefore, requires taking relationship responsibility.”

—Peter Drucker



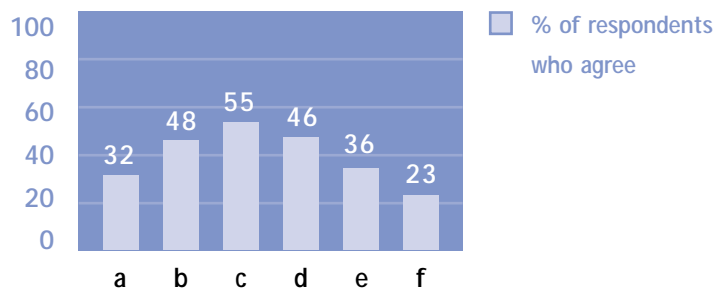
<sup>4</sup> Covey, Stephen R. *The 7 Habits of Highly Effective People*. Simon and Schuster, 1989, 264.

Quick, precise execution results when there is “an unusually high degree of synergy.” Examples abound: consider the dramatic productivity and speed of execution of the NASA team in getting to the moon; of the five-time world champion Tour de France team captained by Lance Armstrong; or of the team that rescued nine trapped miners at Quecreek, Pennsylvania, in 2002.

Without a high degree of synergy, execution is at risk.

When people must execute together, they have to cooperate. They have to dialogue. They have to be candid and honest with each other, or execution is at risk. “You cannot have an execution culture without robust dialogue—one that brings reality to the surface through openness, candor, and informality,” say Bossidy and Charan.<sup>5</sup> Fewer than half the respondents to the xQ questionnaire agree that they work in such an environment (figure 12).

Figure 12. Which statements are generally true about communication in my unit?



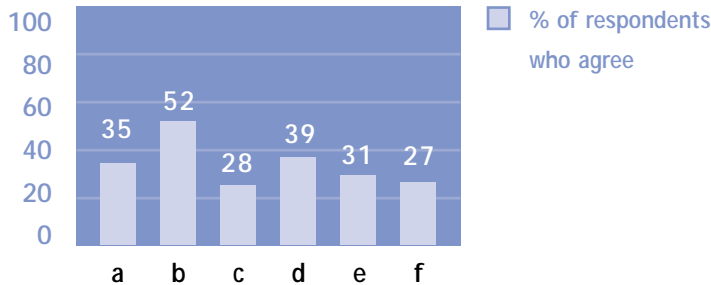
- a. We actively seek out differing viewpoints.
- b. We genuinely listen to each other, honestly seeking to understand the viewpoints of others.
- c. We express our views respectfully.
- d. We discuss tough issues candidly.
- e. Our communication is energetic and creative, often leading to new or better ideas.
- f. None of the above.

With such low levels of cooperation and dialogue, it’s no wonder that so many organizations fail to execute. In such an environment, people find it hard to face and speak truth. They find it difficult to make themselves understood. As a result, they “wait it out,” hoping for the best instead of bringing the realities of the situation into the open.

Additionally, work groups often fail to connect with each other, particularly when territorial issues arise. A lack of cooperation across work groups is one of the causes of poor execution.

<sup>5</sup> Bossidy & Charan, p. 102

Figure 13. Which statements are generally true about the working relationship between my unit and the other groups we most closely work with?

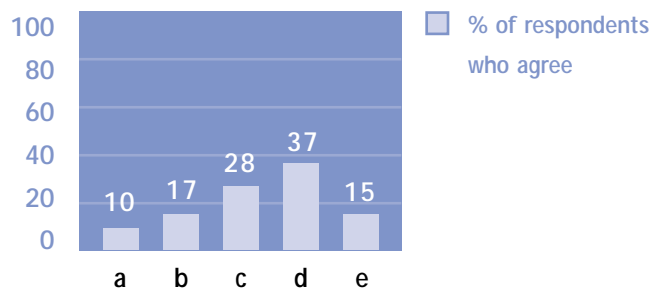


- a. We know their most important goals, and they know ours.
- b. Our goals and theirs are aligned to help my organization achieve its goals.
- c. We actively help each other to achieve our respective goals.
- d. We communicate frequently and openly with these groups.
- e. We regularly achieve better results because of how well we work together.
- f. None of the above.

W. Edwards Deming used to distinguish between two kinds of behavior in getting things done. “A” behavior is getting your own work done; “A-plus” behavior is helping others get their work done. Clearly, “A-plus” behavior is more likely to lead to quick, precise execution.

Leaders especially must take care to clear the path for the front-line workers who actually carry out the goals. This figure indicates that leaders must take a much more active role in doing so.

Figure 14. Which statement best describes how upper management supports the goals of my unit?

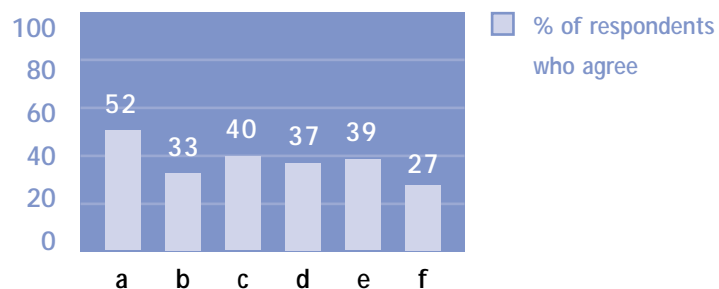


- a. Very low—it’s virtually nonexistent.
- b. Low—it’s a struggle to get the help we need.
- c. Moderate—they will eventually help us if we campaign for it.
- d. High—they usually help us.
- e. Very high—they actively help us.

Clearly, “A-plus” behavior—the kind that speeds up execution—is far from typical among business leaders.

“Organizations are no longer built on force. They are increasingly built on trust,” says Peter Drucker.<sup>6</sup> Only people who trust each other, for whom a win for everyone is a win for themselves, can execute efficiently together. “Win/Win Thinking” is the essential element of trust. Imagine, for example, going mountain climbing with a team of people who care only for their own success and think in a “win/lose” mode. When the critical moment comes, you don’t want to be hanging from a rope held by someone with that kind of mindset.

Figure 15: Which statements are generally true about trust in my unit?



- a. I feel safe in expressing my opinions openly without fear of retribution.
- b. We live by the principle that “my success is your success.”
- c. People are treated fairly—favoritism is not a problem.
- d. We do not undermine each other.
- e. We make decisions based on the best ideas and information rather than on “office politics.”
- f. None of the above.

Trust levels need considerable improvement, as figure 15 shows. So what do these scores imply for execution? When people mistrust each other, progress on the core goal slows to a crawl as they strive to protect and defend themselves in a hostile environment. Motives are weighed, territory becomes important, and credit is jealously sought. The best ideas no longer hold sway. Suspicion reigns. And execution falls victim to people who cannot move forward together.

By contrast, team members who trust each other can move forward together rapidly. Stephen Covey speaks of “the speed of trust,” the energetic advance of people who can count on each other.

#### *Accountability for the Goals*

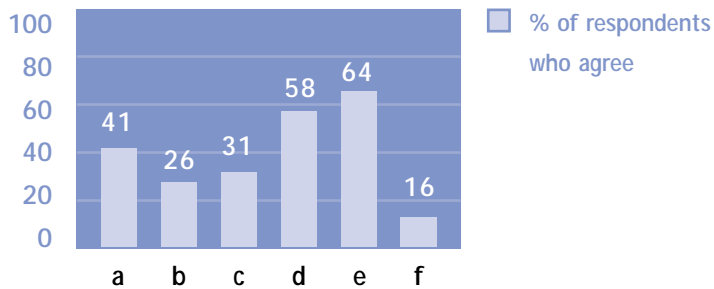
Teams known for their execution are also known for “mutual accountability.” They feel themselves accountable not only to owners, bosses, and supervisors, but to each other. They have clear roles in executing a few core goals, and they regularly answer to one

<sup>6</sup> Drucker, P., *Management Challenges of the 21<sup>st</sup> Century*, p. 187

another in keeping their commitments. The notion that the boss holds the subordinates accountable, that accountability flows only one way, is not characteristic of good execution.

Mutual accountability is not typical behavior, however, as figure 16 shows:

Figure 16. Which of the following statements describe accountability within your organization?



- a. We routinely report to each other on our progress toward goals.
- b. I meet at least monthly with my manager to review progress on my goals.
- c. We hold ourselves accountable for staying on budget.
- d. We hold ourselves accountable for reaching our commitments on time.
- e. We hold ourselves accountable for delivering quality results.
- f. None of the above.

A little more than half the respondents indicate that people hold each other accountable for keeping commitments in a timely fashion. From the perspective of the average worker, budgetary discipline is notably low. Only about one in four meets at least monthly with a manager to review progress on goals.

If sharp execution requires that people hold each other mutually accountable, and it does, then the typical organization is in trouble. “This is a formula for failure,” say Charan and Bossidy. “You need accountability for results—discussed openly and agreed to by those responsible—to get things done.”<sup>7</sup>

In summary, organizations will continue to execute haphazardly until they develop the intense focus that characterizes an execution culture. To get there, leaders must ensure that key priorities are clear, that people share and embrace them, and that they translate them into action. Furthermore, they must enable people to achieve those priorities by providing the right resources, support, and accountability systems.

“Everyone’s accountable, all of the time.”

–Rudolph Giuliani

<sup>7</sup> Bossidy and Charan, 23.

### *Are We Aligned? Are We Executing?*

The xQ findings clearly indicate that organizations typically lack alignment to key priorities, and the result is a widespread failure to execute. The findings also point to specific and manageable things leaders can do to improve execution. Ram Charan has made the issue simple: “Determine the three or four business priorities for your group. . . You can’t keep changing [them], and you have to communicate them clearly and repeatedly.”<sup>8</sup>

The execution gap can be closed. Certain behaviors are essential to closing that gap: “Businesses that execute . . . prosecute them [the behaviors] with rigor, intensity, and depth. Which people will do the job, and how will they be judged and held accountable? . . . Everybody agrees about their responsibilities for getting things done, and everybody commits to those responsibilities.”<sup>9</sup>

“A key issue for senior executives,” say Chris Zook and James Allen, “is determining whether the company’s strategy is wrong or whether the organization is not able to execute it. . . a superb organization can shape and adapt even a mediocre strategy into a winner.”<sup>10</sup> The xQ factor is the *deciding* factor.

<sup>8</sup> Charan, Ram. *What the CEO Wants You to Know*, Crown Publishing, 200, 133

<sup>9</sup> Bossidy and Charan, 23.

<sup>10</sup> Zook and Allen, 152.

## NOTES

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