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White paper

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Assessment - Execution skills of leaders

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I. Introduction

It is estimated that more than 60 % of strategies is not executed properly. There are many factors which contribute to this problem. Out of these factors, the most important one is the skill set of business leaders. Skills can be further subdivided into Technical skills, Functional skills and Behavioural skills. This research aims at evaluating the competencies of business leaders in terms of their functional skills required for strategy execution, as these set of skills are the ones which can be controlled vis-a-vis behavioural skills. The research does not emphasize on the technical skills of business leaders as it is implied already that leaders are technically competent to have assumed leadership roles in organizations.

The objective of this research is to develop a comprehensive tool to assess the competencies of business leaders across three key segments viz. IT, Manufacturing and Banking in terms of their functional skills required to execute strategic decisions.

In this project, the functional skills required executing strategic decisions by mid-level managers across three key sectors viz. IT, Manufacturing and Banking is studied. The study focuses on functional skills of managers/ leaders who are positioned below the C-level in organizational hierarchy. The research will be conducted in two stages. The primary research would involve direct in-depth interview of the business leaders in the target segment. The secondary research would involve reference to existing scholarly articles for creating a suitable questionnaire and a measurement scale for the assessment tool.

The tool will be based on self-assessment model, which can be used to assess if the test taker is competent in executing strategies. A detailed analysis of the result will be provided upon completion of the assessment, upon which the candidate can take improvement measures, mentored or consulted on improving the lags in his functional skills.

II. Objective

Using primary research by interviewing 20 leaders and secondary research from scholarly articles and academic journals.

- To investigate the top 20 key skills required for business leaders focusing on 3 sectors IT, Manufacturing and Banking with regards to their ability to execute strategies.
- Conduct in-depth interviews of business organisation leaders across 3 sectors of IT, Manufacturing and Banking to probe the most essential skills required for strategy execution. Questionnaires will also be circulated via E-mail to reach out to business leaders.
- To develop a globally suitable assessment tool to identify and develop the identified skills on a five rating scale.

Scholarly articles and academic journals will be referred to research and learn about the tools and manner in which the assessment of these skills must be conducted at the organisation level. This will be used to develop the assessment tool with a five rating scale. In our research, we will focus on those executives in the organization who may or may not be a part of designing the business strategy but is involvement directly in executing strategy. "Leaders" defined under this white paper are all individuals involved in leading execution of strategies irrespective of the level in which they are placed in the organization hierarchy.

We will focus on three prominent sectors. IT, Manufacturing and Banking. The three sectors are diverse in terms of their strategic objectives and style of functioning, the extent of decentralisation and the impact of cultural differences will also be considered.

The assessment of Leaders will be done by a tool which will help in identifying and developing the execution skills. Questions and rating scale will be developed on the top 20 skills essential skills for business execution. The rating will be based on a five rating scale is inspired by the Likert scale. A report will be generated which will highlight the strengths, potential strengths and areas that need attention.

The assessment tool can be used to assess new hires, existing leaders and aspiring leaders to gain insights as to where they stand in strategy execution.

III. Leadership Skills for execution

1. **Risk Management**

   Conducting a thorough assessment, actively and proactively manage potential risks while executing an objective. To develop contingency plans so that when unanticipated issues arise, no time is wasted. The ability to accurately foresee operational risk, timely management of risks, develop appropriate contingency plan and provide planned responses to avoid dramatic impact, protect resources, minimize customer inconvenience and enable quick recovery. Thus it is the leader's commitment to mitigate operational risks is essential for effective strategy execution.

2. **Identifying bottlenecks**

   Ability to identify those activities that can potentially disrupt the continuity of the process. Ability to identify bottleneck activities which takes maximum amount of time, identify redundancy and plan optimal resources to overcome it. The leader's ability to ensure smooth flow to deliver customer promise on time every time is critical for strategy execution.

3. **Change Management**

   Identification, planning and implementation of required changes within his responsibilities. Whether making a large or small transition or resetting a strategy, the impact needs to be assessed and addressed quickly and correctly. Therefore it is required for leaders to identify the scope, scale of effort and judge the impact, effectively and timely communication, effective implementation of the proposed changes. It is also important to minimize resistance, elicit feedback, improve awareness and set expectation for the change. Thus it is the leader's ability to be agile and implement change is required for effective strategy execution.

4. **Managing Initiatives**

   Ability to allocate resources effectively by accurately forecasting resource requirements to minimize wastage, maximize potential and balance risk. Identifying initiatives that add value to the organisation, judging complexities, checking feasibility, maximising benefits and optimal allocation of resources are required to implement any new initiatives. Thus it is the leader's ability to ensure new initiatives yield the desired results is essential for effective strategy execution.

5. Performance Enablement

Ability to build a constructive process of acknowledging and enabling performance. Developing appropriately metrics which can accurately measure performance, conduct continuous evaluation and suggest improvement and changes through feedback. Thus it is the leader's ability to ensure individual and team success is required for effective strategy execution.

6. Recruitment and staffing

Ability to articulate the right requirement, recruit the right people in put them in-charge of the right objectives. Ability to involve the right people and delegate enough autonomy to make decisions. As a matter of fact only 61 percent of executives are convinced that the strategic projects are staffed with the right people according to a Mckinsey survey. The most commonly observed fault in the recruitment process is a faulty job description or an erroneous job analysis. Therefore a leader should be able to identify and deploy the right fit.

7. Customer Focus

Ability to clearly understand who the internal and external customers are, understand their needs and service levels to best serve them and solve their problems. Objectively understanding the customer needs and being customer centric so that all decisions are taken by keeping in mind the customer requirements and outcomes. Thus it is the leader's ability to keep customer in mind in everything they do is required for effective strategy execution.

8. Mentoring and Coaching

Ability to effectively transfer knowledge to team members to improve awareness, to set and achieve goals to improve a particular behavioural and functional performance. Ability to shape an individual's beliefs and values in a positive way; often a longer term career relationship from someone who has 'done it before'. A leader should be a good mentor and a coach to enable his/her team members achieve their personal and business goals.

9. **Negotiation**

   It is the skill required to hold a long term relationship with the suppliers and customers, but the leader must also know his strengths and must not let any party be it the customer or supplier gain advantage. He should know the optimal cost of negotiation and yet maintain a long term relationship with his suppliers and customers and leverage this relationship to gain competitive advantage.

10. **Delegation**

    Ability to assign responsibility to increase individual and team productivity. Assign responsibilities to bring out the best in team members, utilise their strengths, aid development, increase confidence, aid teamwork and motivate. Thus the leader should assign, trust employees and allow them space to perform for effective strategy execution.

11. **Planning and Organizing**

    Ability to visualize, develop and implement plans to accomplish short and long-term goals. Ability to thoughtfully and systematically plan a course of action, set priorities with timelines, maintains alignment, follow up and achieve goals. Also be focused on keeping both short term as well as long term outcomes in mind so as to maintain clear objectives, keep everyone on-board and adapt easily. Thus the leader should be able to identify and work on both urgent and important work for effective strategy execution.

12. **Attention to Detail**

    Ability to prioritize both the end goal and the individual steps need to achieve it. The ability focus on the big picture, prioritize, incorporate different points of view to achieve thoroughness, accuracy, improve productivity and effectively. Thus the leader should have the ability to focus on the quality of work for effective strategy execution.

13. **Information Communication**

    Ability to effectively take part in strategic discussion, carefully listen to understand and receive inputs and articulate in such a way that his foot soldiers can understand the objective however complex the information. Therefore a leader should constantly validate if the information received is percolated down the hierarchy correctly for effective strategy execution.

14. Motivation

Ability to align the needs, desires, wants of individuals with that of the organization. The leader requires the ability to align individual needs with that of the organization and create a feeling of a common goal, provide an environment to encourage knowledge sharing and learning to enable them to achieve goals, improve performance and be responsive to changes. Thus the leader should lead by example for effective strategy execution.

15. Continuous Improvement

Ability to constantly innovate while achieving goals and customer outcomes through idea generation. The leader should be able to build a culture of innovation by encouraging out of the box thinking to improve creativity, productivity, efficiency, commitment and satisfaction of employees. Thus leaders must be able to continuously exceed expectations and go that extra mile to add value.

16. Alignment

Ability to translate strategies into objectives and cascade these objectives down the last person. Ability to involve the team members in setting goals and objectives so that their personal aspirations are perfectly aligned with the organization's mission. Therefore an effective leader must be able to get buy-ins fro team members to contribute to the overall goals of the organisation and the team.

17. Handling Tasks

An ideal leader must be the one who can set a logical precedence to all the individual tasks of the broad objective. This should enable him to understand bottlenecks and optimize resource allocation. Also the leader must be able to multi task or get some of his team members to cross train across different functions as today's organization demands agility.

18. Collaboration

The ability to achieve synergy across departments within the organization to achieve agility in working towards a common goal. An effective leader must take initiatives to achieve this. Sometimes he will also have to work together with the suppliers to achieve a competitive advantage. At times the leader will also have to resolve conflicts during the collaboration process. The leader must possess the ability to achieve collaboration within team members and across functions that impact his/her team outcomes.

19. Discipline

Ability to demonstrate the attention to detail required for strategy execution. A leader must have a systematic approach to problem solving and execution of tasks. An important aspect of a leaders' skill is that he must ensure adherence to organization values and must not compromise what so ever. He must lead by example and consistently live the process he has created.

20. Agility

Ability to adapt to change. Adaptability to changing external environment and customizability are key factors for value creation. Another key aspect of agility which is often overlooked is the customizability. Greater the degree of customizability, greater the value proposition. Therefore an effective leader must have customer focus which includes the ability to objectively understand the business of the customer and its dependence on the leader's activities.

IV. Findings

As a part of our primary research, we conducted interviews of leaders across three sectors viz. banking & financial services, manufacturing and information technology. The interview questions were so crafted that the leaders would be able to answers without being influenced by the sector that they were in.

Some of the questions and responses were as follows
Question: "*Let us say a leader comes up with a new initiative which needs a new strategy to execute. One option is that he/she converts this strategy into further objectives at team level and individual level and allocates objectives to all team members. Another options, he/she involves all team members to plan his new initiative and asks what each individual would do to complete the team's objective? Which method do you think will be more effective? Do you have any different take on this process?* "

Majority of respondents vouched that they would mostly get buy-ins from their team members and a few said that they allocate tasks themselves. The responses can be summarized using the chart below. The leaders who prefer to allocate themselves were from the manufacturing sector.
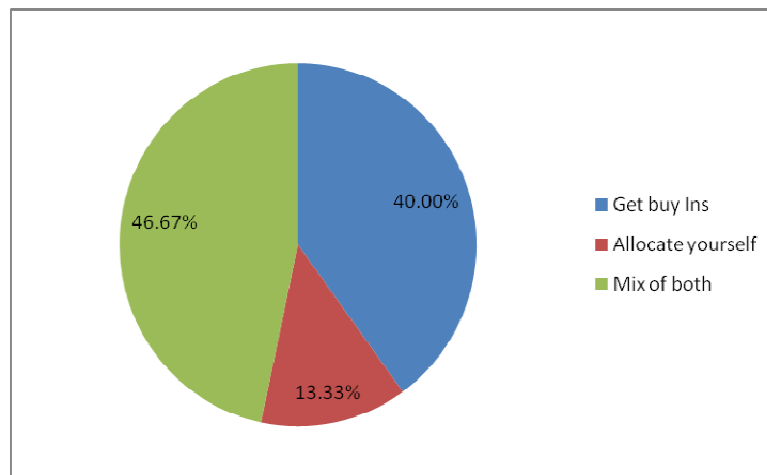
Assessment of execution skills of leaders

Fig1

Question: *"You know that many initiatives in organizations don't get implemented (Cost saving initiatives, new process initiatives etc.). Why do you think that happens? What are your strategies to overcome those problems?*

The answers are summarized in this pie chart below (fig2). Most leaders are reluctant to implement initiatives or are stonewalled by the lack of acceptance of the ideas and also a lack of sponsorship. A leader must be smart enough to understand and prioritise which initiative is well and truly needed in his organization.
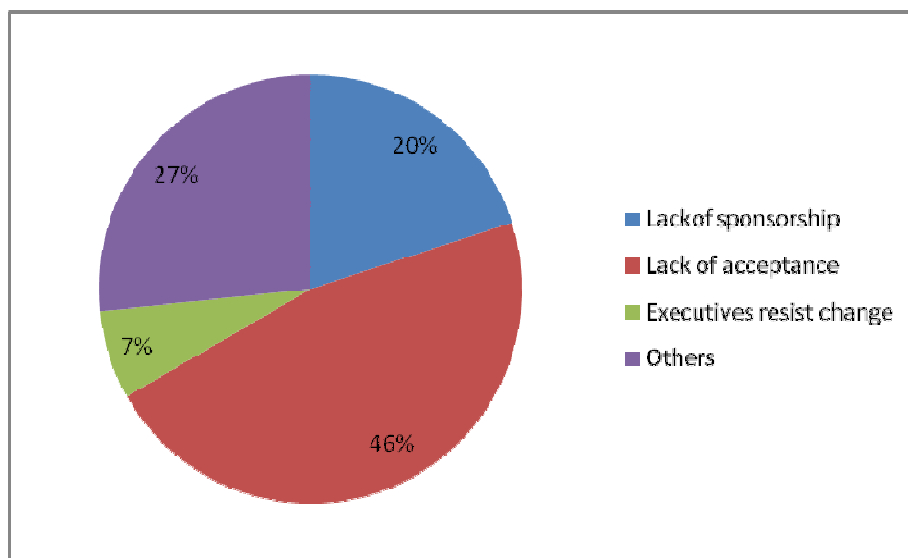

Fig 2

Assessment of execution skills of leaders

Question: *"I am sure in your career you must have hired lots of people. Most likely, you may have on-boarded a few wrong people as well. Why did it go wrong? What measures did you take to prevent that from happening again?"*

The answer to this question was uniform across sectors. The complaint is that there is not enough time to understand the competencies of a candidate at the time of the interview. This is usually done while the candidate is on his probation in the organisation.
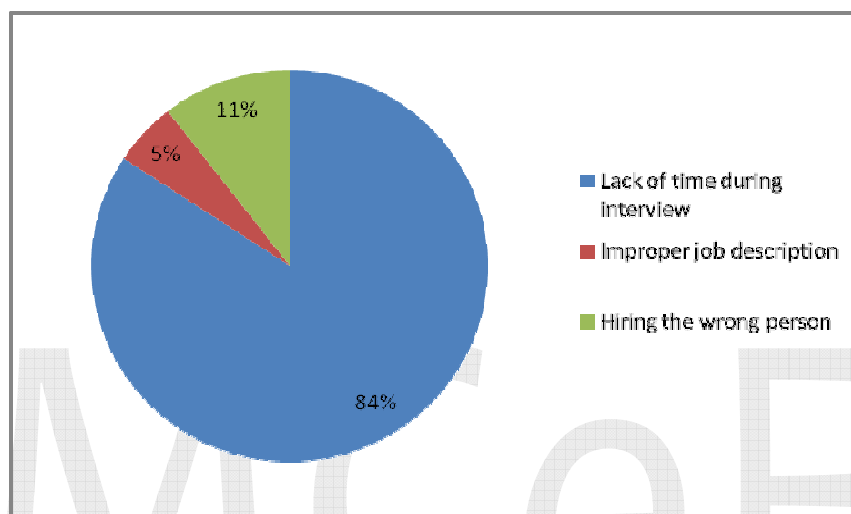

Fig 3

Question: *"Suppose that your critical employee leaves the organization this will lead to a gap in business continuity and the work will be delayed, like these there are other operational risks like scope creep, capability etc. which are likely to occur. What is your way of dealing with operational risks?"*

The answers have been summarized in the pie chart below [Fig 4]. Majority of the leaders were prepared and had back up plans. However in some cases where the dependency on individual skills is very high and re-skilling is difficult, retaining the talent by mitigating the issues that prompted to leave. Another solution that came up was to have a system in place whereby such issues can be handled in advance so as to not affect timelines and cause undue stoppages.
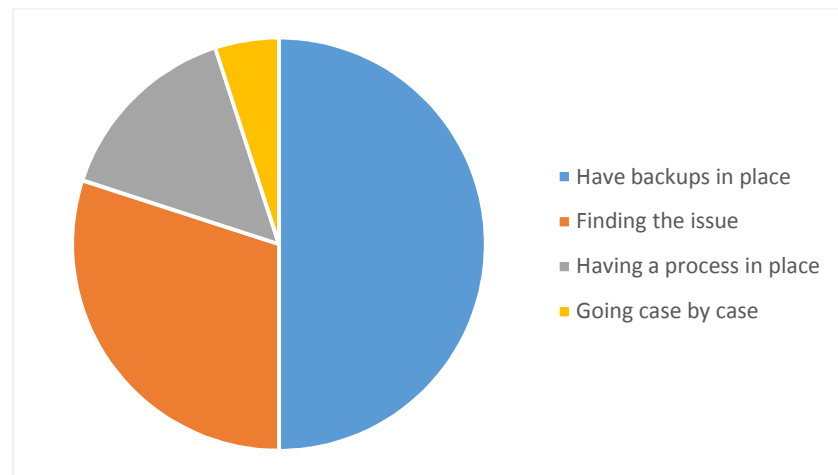
Assessment of execution skills of leaders

Fig 4

Question: *"In today's business environment there are a lot of changes - like strategy, product, customer, growth, process improvements etc… your leadership tells you to make constant changes. What is your opinion about constant changes and how would you go about it as a leader?"*

The answers that we got were common across the sectors that change is imperative and to progress a company must constantly change. The leader must be ready to implement changes as and when they occur. In some cases the leaders were cautious and wanted to implement changes gradually. While few leaders wanted to implement only important changes. However none of the leaders said that they will say no to change which shows the dynamic nature of business today. The answers have been represented in the form of a pie chart below [Fig 5].
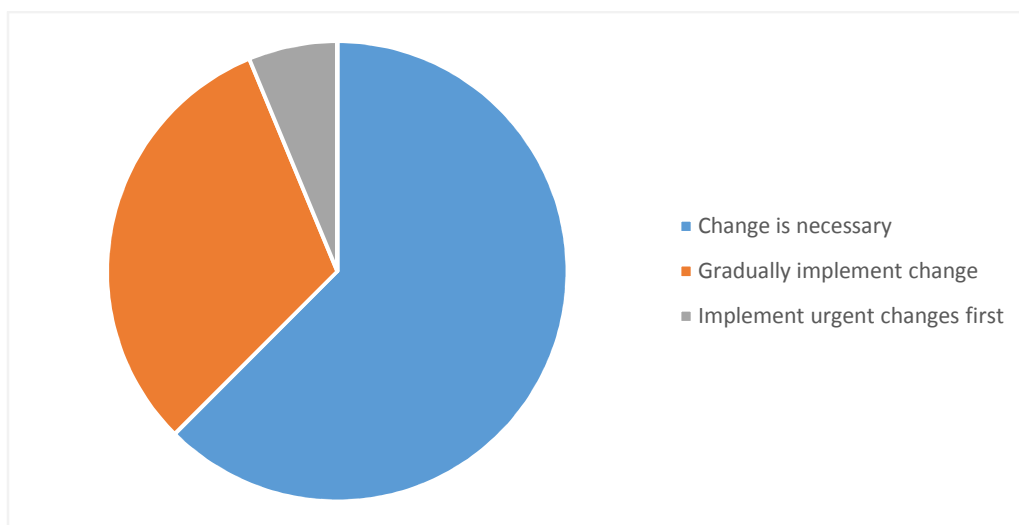

Fig 5

Assessment of execution skills of leaders

Question *"You as a leader will have goals to achieve for your organisation and you have important things to do to achieve this...but every day when you arrive at office, you will be required to attend to urgent work like client escalations, call to make, adhoc meetings etc. How do you prioritize?"*

Majority of the leaders wanted to get the client escalations handled as it is directly linked to their performance. Some of them said that while working it is common to get such urgent issues and they have to be dealt with immediately. The minority however went for an organized schedule which helps them to prioritise both urgent and important goals for the organization. Some leaders were able to distinguish between urgent and important work. The answers have been represented as a pie chart [Fig 6].
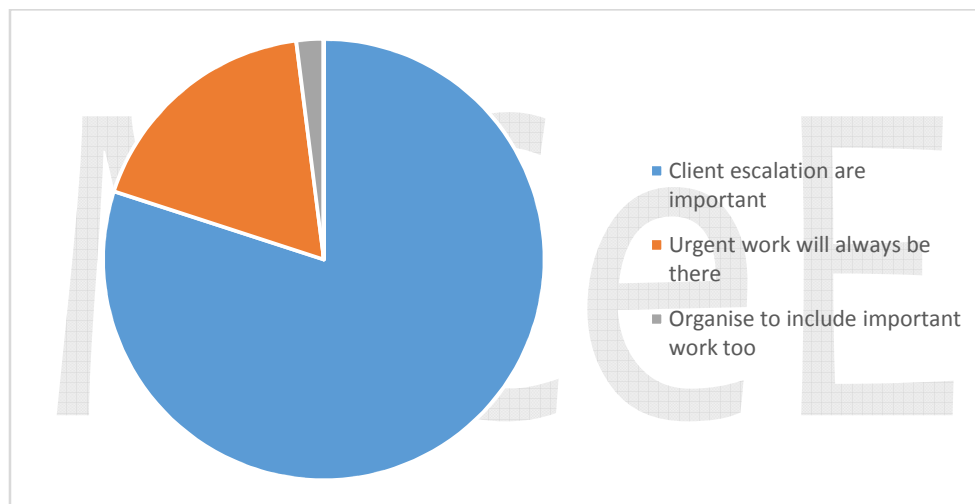

- Client escalation are important
- Urgent work will always be there
- Organise to include important work too

Fig 6

V.   Research Methodology

Studies and papers by Gary L. Neilson, Karla L. Martin and Elizabeth Powers in the area of strategy execution and Michael Mankins in Harvard Business Review formed the foundation on which our research is built. Primary research consisted of in-depth interviews with organisation leaders across three sectors of IT, Manufacturing and Banking to probe the most essential skills required for strategy execution. The duration of all the interviews was in the range of 45 to 60 minutes. Careful observation and analysis on the data, provided the insights that have been elaborated in this report. Further these insights have been used to develop an assessment tool with a rating scale which can be used by leaders globally across sectors.

VI. Excerpts from Questionnaire

The final assessment tool comprises of two sets of questions- A set of situation judgement questions (SJT) and a set of direct questions. Given below are the samples questions. The SJT questions require multiple answers (two), the most effective and the least effective.

Effectively communicating change

Given that we have an uncertain and constantly changing environment, there may be some team members who may not be comfortable with the changes. How do you ensure that those individuals are not left behind?

1. *Explain the reason for constant change and seek their assistance in implementing the change.*
2. *Explain the reason for constant change and ask them to catch up.*
3. *Give training on change management and regularly follow-up.*
4. *Demonstrate the effectiveness of the change by using example of the executives who are comfortable with making changes.*

Effective contingency planning

Some of your earlier projects have been delayed due to breakdowns (internal procedures, people, systems etc.) and could not be delivered on schedule. How do you ensure that this does not happen again?

1. *Inform your team members to be watchful for risks and handle it as and when they come.*
2. *Have a team meeting before the project and discuss all the possible risks and have a mitigation plan.*
3. *Give training to team members on risk management before commencing any project.*
4. *In case a risk arises during the project involve all team members to give suggestions to mitigate the risk.*

Assessment of execution skills of leaders

In addition to these SJTs we also have a set of direct questions which is to measure their attitude towards certain industry best practices.

			1	2	3	4
1.Performance Enablement	Effectively manage performance	How often do you provide feedback to your team members regarding their work?				
2.Attention to detail	Identify diverse ways to get things done	How often do you pay attention to different points of view while arriving at a solution?				

The rating scale for the above question is as follows

1	2	3	4
I want to be able to do this	I have done this a few times	I have learnt a lot while doing this and implemented many	I am good at this and can mentor others

VII. Scales for the questions

In the Situation Judgement question, if the candidate chooses the correct set of options, he will earn 0.5 marks whereas an opposite choice i.e. selecting the worst answer as the best and vice versa will result in 0 marks being awarded. The rest of the combinations will be awarded 0.25 marks. In total there are twelve different combinations for each SJT.

The rating scale for the direct questions is 0, 0.25, 0.5, 1. Since it is likely that the responses to direct questions have an accuracy rate of 70%, a weightage of 0.7 to the overall score from direct questions will be multiplied and then added to the score of SJT to arrive at the total score.

VIII. Report

The report generated at the end of the assessment would consist of the detailed analysis of the 20 skills required by an effective leader. A more detailed, in depth analysis for each individual skill will also be provided.

Assessment of execution skills of leaders

A snapshot of the report for the SJT given in the above section (Effectively communicating change) would be as given

	Skills	Strength	Potential Strength	Needs Attention
Change Management	Impact Assessment	◯		
	Communicate Change			◯
	Effective Implementation		◯	

The individual skill break up will be
0.5 for strength
0.25 for potential strength
0 for needs attention

IX. References

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