

THE EXECUTION PREMIUM

Linking Strategy to Operations for Competitive Advantage

ROBERT KAPLAN and DAVID NORTON

ROBERT KAPLAN is a professor at Harvard Business School. He specializes in the study of linkages between business strategy and performance. Dr. Kaplan is the author or coauthor of hundreds of research papers, articles in the business press and fourteen books including *The Balanced Scorecard*, *The Strategy-Focused Organization*, *Strategy Maps* and *Alignment*. Dr. Kaplan is a graduate of Massachusetts Institute of Technology and Cornell University.

DAVID NORTON is founder of the Palladium Group and president of the Balanced Scorecard Collaborative, a consulting company which specializes in the Balanced Scorecard approach to strategy execution. He was previously president of Renaissance Solutions Inc., an international consulting firm and Nolan, Norton & Company, a business consulting firm. Dr. Norton is a management consultant, researcher and public speaker. He is a co-creator of the Balanced Scorecard concept along with Dr. Kaplan and has coauthored *The Balanced Scorecard*, *The Strategy-Focused Organization*, *Strategy Maps* and *Alignment*. Dr. Norton is a graduate of Worcester Polytechnic Institute, the Florida Institute of Technology, Florida State University and Harvard Business School.

The Web site for this book is at www.executionpremium.org.

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

An “execution premium” is the extraordinary value which gets created by an organization when it clarifies its strategy and then demonstrates an ability to follow through and execute that strategy in the marketplace. The execution premium may be manifested in several different ways – as an increase in the company’s share price, in greater revenues, in broader brand recognition, as enhanced customer loyalty or in terms of greater employee commitment.

To link strategy formulation systematically and consistently with operational execution, six stages are required:

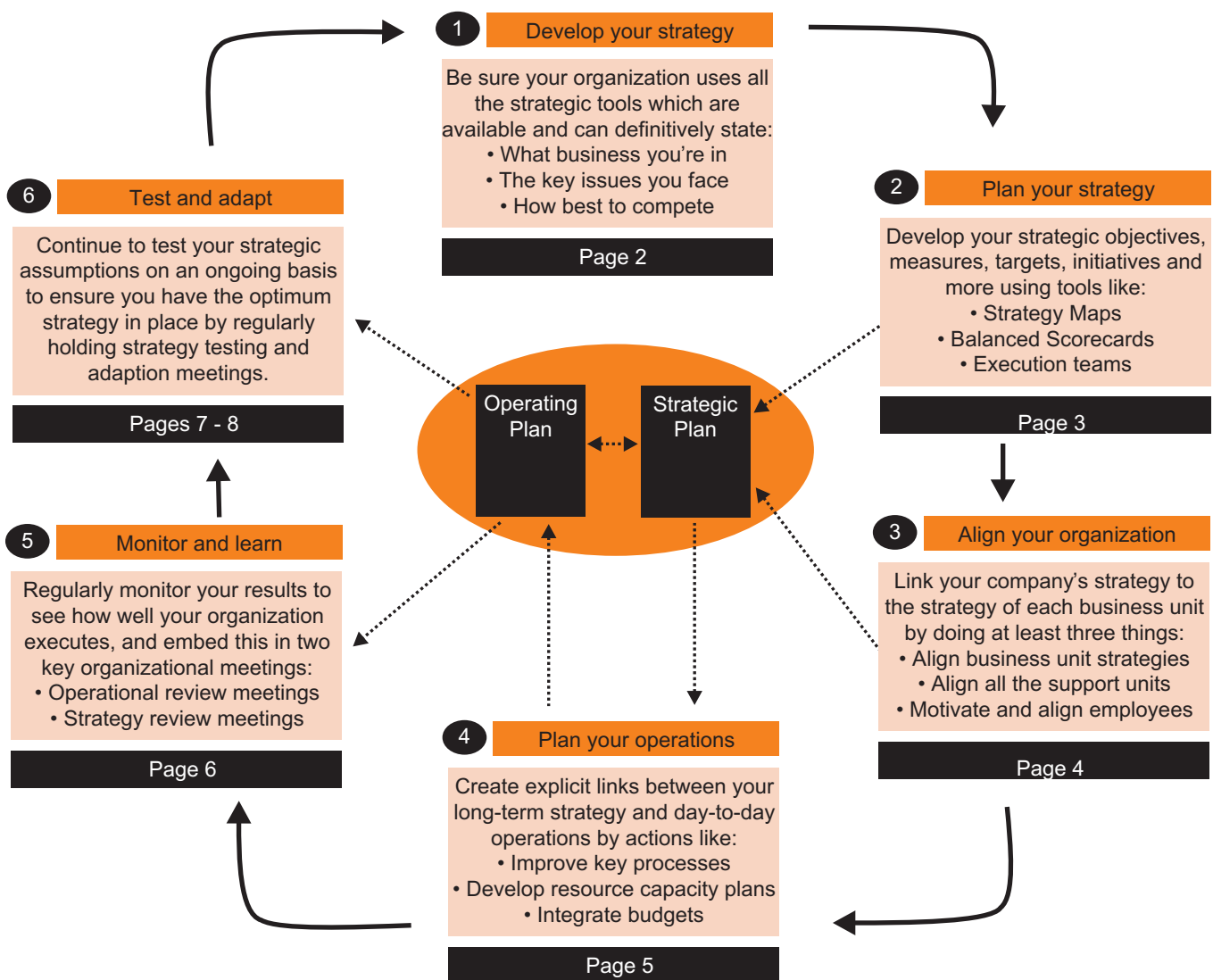
1. *Develop your strategy* – be able to state exactly what business you’re in and what your ideal strategy is with clarity.
2. *Plan your strategy* – use tools to develop a framework of measures and initiatives which will guide actions and allocate resources.
3. *Align your organization* – with your preferred strategy.
4. *Plan your operations* – in such a way there is alignment between your day-to-day operations and your long-term strategy.
5. *Monitor and learn* – so you can determine whether your strategy is being implemented and take corrective actions if required.
6. *Test and adapt* – keep on challenging your strategic assumptions and change as needed.

By integrating these six stages into a closed loop system, you stand a greater chance of achieving an execution premium.

“Strategy development and the links between strategy and operations remain ad hoc, varied and fragmented. Given the myriad strategy and operational tools now available, we believe that companies can benefit from taking a systems approach to link strategy with operations. Having a comprehensive and integrated management system can help companies overcome the difficulties and frustration that most of them experience when attempting to implement their strategies – particularly new, transformational strategies.”

– Robert Kaplan and David Norton

A six stage plan for achieving an execution premium



Summaries.Com

The Ultimate Business Library



We condense **300+ page** business books into **8-page** summaries.

By reading summaries, you'll get the **key ideas** in **30 mins**, so you can spend more time turning your ideas into **dollars**.

Knowledge is Power — Invest in Your Future

For just **\$2 per week**, you will...

- Learn from the mistakes and success of the smartest people in business;
- Get fresh ideas, strategies & motivation that could be worth millions to you;
- Follow emerging trends, so you can catch the wave before your competitors do;
- Catch up on the classics you always wanted to read.

1,000 Top Business Book Summaries

Our catalog includes summaries on a range of topics for aspiring entrepreneurs, managers, and consultants.

BUSINESS PLANS

MANAGEMENT

PRESENTATIONS

SALES

LEADERSHIP

MOTIVATION

STRATEGY

AND MORE

