Features

July–August 2005

17 H.B.R. 2549

54 Designing High-Performance Organizations
Robert Simons
See the jobs in your business set up to facilitate employee
growth, learning, and development—how to adjust the levels of control, accountabil-
ity, visibility, and support for each position and unit
to make sure the company achieves its potential.

64 Turning Great Strategy into Great Performance
Michael C. Mankins and Richard Steele
A revealing new study shows that companies, on
average, reach only 60% of their strategies' poten-
tial value. Creating tight links between planning
and execution is one way to close this strategy-to-
performance gap.

74 Moments of Greatness: Entering the Fundamental State of Leadership
Robert E. Quinn
When we outfit ourselves as leaders, it's usually
because we're responding to a crisis. But that doesn't
have to be the case. We can get into the zone by
asking ourselves four basic questions—and really
digging for honest answers.

84 Learning in the Thick of It
Marilyn Darling, Charles Parry, and Joseph Moore
The after-action review is more than a meeting;
more than a report; more than a postmortem. It is a
living, pervasive process that the U.S. Army created
to adapt quickly in unpredictable situations. Here's
how your business can use this performance tool
more effectively.

94 Collaboration Rules
Philip Evans and Bob Wolf
Who would have thought that the Toyota Production
System works in much the same way as Linux soft-
ware development? The similarities between the two
communities point to a surprising model for innova-
tion, learning, and growth.

continued on page 6

HARVARD BUSINESS REVIEW
Features
July–August 2005

106 Manage Your Human Sigma
John H. Fleming, Curt Coffman, and James K. Harter
Six Sigma works well in manufacturing contexts. Now there’s a comparable methodology for measuring and managing performance in sales and service businesses.

116 Virtuoso Teams
Bill Fischer and Andy Boynton
A team of experts can achieve extraordinary results. But you’ll need a whole new set of rules—and some unusual management tools— to harness their creative temperaments.

124 Managing for Creativity
Richard Florida and Jim Goodnight
Tap into the creative energies of all your stakeholders—from managers to support staff to customers—and your company’s performance will take off. Start with the three guiding management principles: SAS Institute applies.

126 Level 5 Leadership:
The Triumph of Humility and Fierce Resolve
Jim Collins
Of all the factors that can catapult a company from good to great, none is as essential as having a Level 5 leader at the helm, an executive who is both humble and willful, shy and fearless. Leaders with this paradoxical mix are hard to find—and hard to stop.

148 Strategic Intent
Gary Hamel and C.K. Prahalad
Western companies waste too much energy chasing the cost and quality advantages of their rivals. They should take a lesson from Japanese firms that practice “strategic intent”: the art of going after and attaining seemingly impossible goals by spreading a vision of global leadership throughout the organization.

162 The Discipline of Teams
Jon R. Katzenbach and Douglas K. Smith
Working teams aren’t always teams, no matter what management calls them. Real teams share commitment, purpose, and approach. They also strive for something greater than any individual member could achieve.

172 The Balanced Scorecard: Measures That Drive Performance
Robert S. Kaplan and David P. Norton
Most managers agree that the old measurements of corporate performance don’t match the new terms of competition. But what are the right yardsticks? Enter the balanced scorecard, which considers not only financial measures but also operational measures of customer satisfaction, internal processes, and an organization’s ability to learn.

Best of HBR

continued on page 10
HARVARD BUSINESS REVIEW
12 FROM THE EDITOR
Raising the Bar
High-performance organizations operate on a different plane. We recognize them when we see them, but can we explain them? The articles in this issue illuminate that question.

17 HR CASE STUDY
Feed R&D—or Farm It Out?
Nitin Nohria
The avid headset prototype might just be the answer to RLK Media's e-xploring margins. Outsourcing its software development to India promises to cut time to market by a third and slash R&D costs, but RLK's gifted chief scientist insists his R&D group isn't tightly knit for outsourcing to work. What should CEO Les Levinson do?

30 HR AT LARGE
Toward a Theory of High Performance
Julia Kirby
It's been a quiet, quiet year for the most part—disservices not only which companies are the quietest, but why. The search for excellence continues, however, and—believe it or not—we seem to be making progress.

41 PERSPECTIVES
When Failure Isn't an Option
Michael R. Hillmann, Philippe Dangier, Robert P. Murgalins, Mary Khosf, Elizabeth J. Allen, and Roy Kvensham
Some teams—like SWAT teams or groups of firefighters—can't afford to fail. So how do they consistently perform at such high levels? A series of commentaries by six team leaders address the essential elements of team performance, especially under stressful—and sometimes life-or-death—conditions.

94 STRATEGIC HUMOR

23 LETTERS TO THE EDITOR
Women who are competing work/jib priorities but who decide to stay in their demanding corporate positions need more than reduced hours and the chance to work at home.

189 EXECUTIVE SUMMARIES

196 PANEL DISCUSSION
Counter Proposal
Don Moen
Numbers don't lie, but they can distort. "How much?" and "How fast?" are important questions, but so are "Why?" and "What else?"