

Features

July–August 2005

17 A.A. 2549



54 Designing High-Performance

Robert Simons

Are the jobs in your business set up to fail? Learn how to adjust the levels of control, accountability, influence, 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

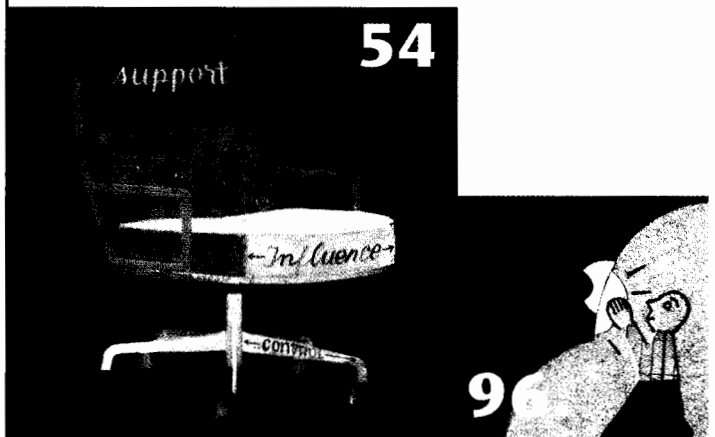
A revealing new study shows that companies, on average, reach only 63% of their strategies' potential value. Creating tight links between planning and execution is one way to close this strategy-to-performance gap.

74 Moments of Greatness: Entering the Fundamental State of Leadership

Robert E. Quinn

When we outdo 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.

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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.



96 Collaboration Rules

Philip Evans and Bob Wolf

Who would have thought that the Toyota Production System works in much the same way as Linux software development? The similarities between the two communities point to a surprising model for innovation, learning, and growth.

continued on page 6

Features

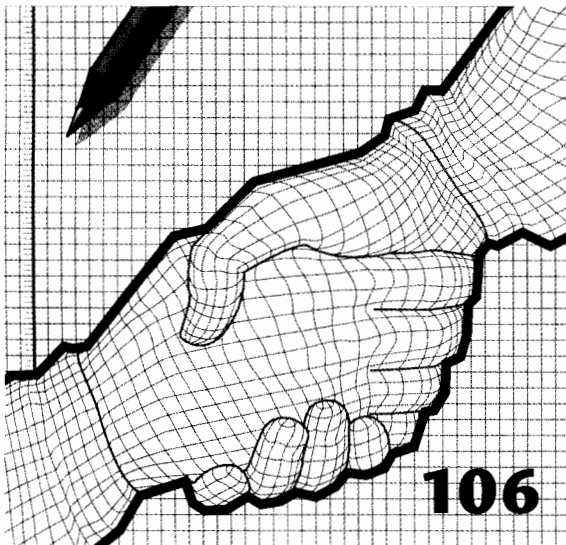
continued

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.



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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.

Best of HBR

136

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.

continued on page 10

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 HBR CASE STUDY

Feed R&D—or Farm It Out?

Nitin Nohria

The iVid headset prototype might just be the answer to RLK Media's evaporating 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 is too tightly knit for outsourcing to work. What should CEO Lars Inman do?



30 HBR AT LARGE

Toward a Theory of High Performance

Julia Kirby

It's been a quixotic quest for the most part—discovering not only which companies are the greatest, 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 Dongier, Robert P. Murgallis, Mary Khosh, Elizabeth K. Allen, and Ray Evernham

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 addresses the essential elements of team performance, especially under stressful—and sometimes life-or-death—conditions.

94 STRATEGIC HUMOR

183 LETTERS TO THE EDITOR

Women who have competing work/life 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 Moyer

Numbers don't lie, but they can distract. "How much?" and "How fast?" are important questions, but so are "Why?" and "What else?"