Topic: Performance Improvement

The Elements of Performance

PURPOSE

Speed · Commitment · Quality

PURPOSE · Competencies · PERFORMANCE · Alignment · PURPOSE

Economy

PURPOSE

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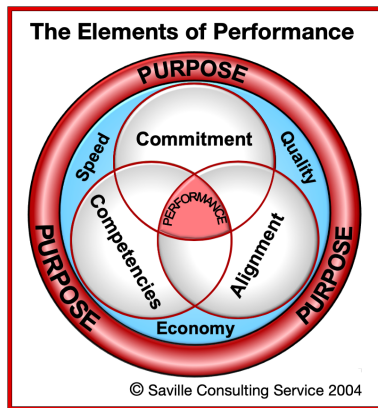
It is easy to support the current move toward performance improvement; after all, how could you possibly be against improving performance? But what is involved in organizational performance improvement? In a way performance improvement is really the difference between the present and the future. Obviously, this viewpoint assumes positive change – changes in the operation of an organization that make a positive difference in its effectiveness and/or efficiency. Change, even positive change, is difficult. However, when you consider today's highly competitive marketplace in which profitability and market share define the winners and losers; is there really any alternative?

The impact of performance improvement: The companies making significant investments in performance improvement are betting that improving their performance will produce a *one-two punch* that will increase their profits, their profitability and their market share. The *one* and *two* of their punch is: *one,* improving their services and/or products, and *two,* decreasing the cost of producing those products and services.

The benefits to those who are successful in improving performance are:

- More people will be attracted to the improved products and services available at competitive or better prices.

- The demand for these *particular* products and services will increase.

- This will result in an increase in market share for those who invest in performance improvement. [And, a decrease in the market share of those who are producing the same products or services without the benefits of performance improvements of similar magnitude.]

After all, who would buy lesser quality at a higher price? Not the fabled "rational man" reported in basic economics courses all over the land, that's for sure.

And, if a company that has not invested in performance improvement drops their price to hold on to their market share. . . That company will experience lower levels of profit than companies that have been successful at improving their performance. Surviving at a lower level of profitability is possible, but before long serious and mounting disadvantages will force the company out of business or to take emergency measures to improve.

How do you compete with a company that has invested in performance improvement and is experiencing success in both improving their products and services and decreasing the costs of those products and services? The answer is: by doing it better.

The performance improvement process: Theoretically, we all should be interested and involved in performance improvement – that is one of the things that the total quality movement is all about. However, we are not always given the opportunity to assist in improving the performance of the company, the firm, the agency, the department – the organization. But, when we are given, or can seize, the opportunity to help improve performance what methods can we use?

Over the years there have been many honest-to-goodness breakthroughs and improvements in the methodologies that are available. Despite the occasional unkind generalizations made by those we have tried to help, more than the buzz words have changed. Sometimes business strategies were highlighted. Other times strategies for change management were emphasized so that action plans would be implemented and the sought after results would be realized.

There have been a number of holistic and comprehensive approaches: reorganization, strategic planning, the learning organization, total quality management, and reengineering – just to name a few. Also, there have been a number of techniques that concentrated on particularly important subsystems: information systems, process reengineering, just-in-time _____ [fill in the blank with your favorite JIT application]. The purpose of each of these has been to improve performance.

In order to realize improvements in performance, some group of people (whether internal or external to the organization), acting in a consulting capacity, is needed to analyze the current operation and formulate measures that will result in increased efficiency and/or higher quality services and products. Potentially, each of these measures is a change in the operation of the organization. In order to achieve the desired results each measure will need to be implemented successfully. All of these actions require an outlay of money and/or time. If this outlay of time and money is to be a worthwhile investment all of these actions must contribute to the achievement of the company's goals and objectives; if not, there is no return on this investment.

Seeing the forest *and* the trees: Sometimes we get so wrapped up in trying to keep up with all of the new theories and tools that are available we lose sight of the basics. I believe having a firm grasp of the basics helps us appreciate the beauty and value of the forest so that the tree-by-tree examinations we conduct to address issues and problems will be correctly directed toward improving the performance of the organization.

I believe there are four distinct elements to address in any significant performance improvement effort. I also believe that there is a definite order in which these elements must be addressed to be effective and efficient in your efforts to improve performance. The elements, in their proper order are: (1) Purpose, (2) Commitment, (3) Competencies, and (4) Alignment.

Purpose: Before we turn to any of the other elements of performance improvement it is essential that we come to an accurate understanding of the purpose of the organization. Purpose is more than a set of strategic goals; it is more than a mission statement. In order to know the true purpose of an organization, it is first necessary to identify and define the values and vision of the organization. Then a mission and/or a set of strategic goals and objectives in concert with organizational values and vision can be considered.

Values: Each organization has a set of values. To accurately identify and define the organization's values it is important to observe the manner in which the organization actually behaves. This is the way to determine those things that are truly valued within the organization. I have seen organizations that constantly and consistently professed that they valued "life balance" and attention to family responsibilities, but the behavior observed within the organization was very clearly contrary. The things which were consistently rewarded in terms of power, privilege and the paycheck were long hours and being available at any hour, day or night and on weekends, to respond to the needs of the client. The people who got ahead were specifically not those who were paragons of life balance and devotion to family. Everyone in this company was able to repeat the company litany about family orientation and the value of life balance, but any person with a desire to get ahead (and even those who didn't) also knew exactly what it took to get the highest possible raise and the next promotion. The medium of exchange was clearly "long hours on the job."

Sometimes observing behavior to identify values yields some results that are somewhat surprising – but not really. The results are a surprise only in that certain values had not been articulated before. When values that had been previously unarticulated are identified in this way, the normal reaction is:

> "Yes! That certainly is one of our values. I wonder why we haven't expressed it before now."

The only real surprise is that values that are actually present within the organization have escaped notice at the conscious level and therefore have not been "said out loud."

Occasionally, values are discovered that the organization does not want to say out loud. An example might be finding that one of the things that is valued within the organization is stepping on, or over, other people to get ahead. If this conduct is supported and even rewarded within the organization it is an organizational value. But would it be one that your organization would want to include in a paragraph describing its values? I don't think so.

More often our observation of behavior within an organization is rewarded with more positive results. I remember an experience in a large professional services firm in which the marketing department had begun to include a number of references to quality in their PR when the TQM movement was about at its zenith. Independently, and for an entirely different set of reasons, we were making an honest effort to identify and catalog the things that were really valued within the firm – whether they were good or not-so-good. One of the things that jumped out at us very early was just how much people within the firm really did care about the quality of the work they provided to the firm's clients – almost to the point of spending too much time on work products. It was truly a good feeling to report on the extent to which *quality* was valued within this organization. It was a double bonus to have reality marry up with the firm's PR.

Vision: Values are not the only component of the purpose of an organization. In performance improvement, the organization's vision is just as important as its values. In my opinion, the values must be identified and

defined before turning attention to vision. A vision of future success accomplished through exciting challenges will spark imagination and generate enthusiasm, but if it is composed independently of the values of the organization and happens to run counter to one or more of these values the vision will never be realized. The vision of the organization must be fully in concert with the values of the organization.

"Vision" is a little hard to define, but, if I had to define it succinctly, I might define it as:

> _A highly desirable future state for your organization that you think might never happen but is exciting and just barely possible enough that you would actually work hard toward its realization. The stuff that is in your "wildest dreams."_

This vision must be both strategic and lofty. Having a _strategic_ vision involves staying focused on the needs of your clients and/or customers, and basing your strategy on strengths that the organization already has or can readily acquire. Having a direction and goals that make sense in terms of probable success and responsiveness to the existing marketplace is essential.

People within any organization have a fair amount of knowledge about the market(s) in which their organization is active. If people do not believe the organization's direction and goals are achievable in the current marketplace – i.e., that it is strategic – they will not "buy in." Would you commit to something you believe to be impossible?

The vision needs to be _lofty_ in order to capture the imagination and engage the spirit. A lofty vision leads to inspired performance, and that is what we want and need to have. A lofty vision is one that provides challenge and requires people to stretch and grow. When challenges are presented, especially significant challenges, it is important to provide equal measure of support to enable people to accomplish new goals and realize the lofty vision. When properly supported in pursuit of a lofty (and strategic) goal, people feel that the challenge is important and worth achieving. And, _they_ feel important and will derive a sense of accomplishment from their efforts because they believe that their work is important. Which brings us to "meaning."

Work that has _meaning_ is very important. As each individual compares the direction and goals of the organization with his or her own personal goals, aspirations and sense of social responsibility; every individual will want to feel that the work that they are doing has meaning to them on a personal level. They will want to feel that their work has value to clients, customers and the business community – maybe even to society in general.

The vision for your organization should include engaging in activities that have meaning to you, and your company's personnel, and which are genuinely needed within the business environment in which you work.

Strategies, goals and objectives: A well-defined set of values and a vision that is articulated in an inspirational manner are essential ingredients of purpose. However, if you want to establish a clear guide to the specific behaviors that are encouraged and expected in order to fulfill the purpose of the organization, well developed strategies, specific goals, and clear objectives are also necessary. Without strategies, goals and objectives individuals will not have enough information about what they need to do to improve their performance and that of the organization.

It is essential that business units and individuals at all levels within the organization know and understand the strategies, goals and objectives that will be used by the organization to accomplish its purpose. Knowing the vision and values provides overall direction – and that is an important guide to action especially when performing in an area that is not quite covered by detailed strategies, goals or objectives. Having clear objectives, goals and strategies that coordinate the deployment of the strategic resources of the organization and furnish definite targets for individual business units provides an outline for day-to-day activities and a mechanism to use in measuring progress and achievement.

Together, values, vision, strategies, goals and objectives add up to the purpose of the organization. Each of the other three major elements in performance improvement depend on the guiding light established in this purpose.

Commitment: After purpose the most important element on which to work is commitment – specifically, commitment _to the purpose of the organization_.

Many organizations take all the steps necessary to accurately define, and carefully articulate, their purpose and then do not act on their responsibility to take positive and specific actions to build commitment to that purpose. It is a fatal mistake to assume that people will become committed to the purpose once it is stated. Sorry, it just doesn't happen that way.

There are a number of additional steps that an organization can, and should, take to cultivate commitment. It all has to do with creating the right environment in the work place. You must actively work to build a work environment, or culture, in which individual employees and work teams will, *by their own choice*, become committed to achieving the goals of the organization.

To identify the actions to be used in building commitment that are appropriate for your organization it is first necessary to understand that commitment must be viewed from the perspective of the individual employee. Commitment is not something that can be enforced from the top down and cannot be achieved through a motivational campaign.

Commitment is much different than motivation. I believe the term *motivation* is really more limited than most people intend by their use of the word. Motivation is something one person can do *to* another. For example, I can *motivate* you to do something I want you to do. There are two ways I can do this: negatively or positively. I can threaten you with a baseball bat (or some other politically correct "or else...") in order to *encourage* you to perform. That is, "I can't make you do this, but I can make you wish you had." Occasionally, it just might be appropriate to use some form of negative motivation to get something done. I could just as easily offer to pay you lots of money to encourage you to perform some task. Or, I could promise you a raise, a promotion, or some other reward – these are examples of positive motivation. Both forms of motivation are short term in their impact. Nevertheless, both are perfectly appropriate tools in a manager's skills repertoire (well, maybe not the baseball bat).

Commitment is a term I use to describe what some people call *self motivation*. The impact of commitment is longer term and comes from within each individual rather than from some external source.

Commitment differs from motivation in that there is no way I can *make* you committed. Commitment is not something I can do *to,* or *for,* you. Commitment is something that happens internally. You, and you alone, commit to something. You may do something that I want you to do. But are you really committed? Only you know for certain.

Each individual, regardless of their hierarchical level within the organization, must make a highly personal decision about their commitment to the purpose of the company. In my experience an individual will not – cannot – become committed to the purpose of the organization if that purpose does not coincide in some significant way with their own personal set of values and sense of meaning of the work of the company and the work that they do for the company.

When people do things that coincide with their ideas about what has value, they are more likely to be committed to their work. If they are asked to do things that are meaningful and have value and importance they will also be committed to, and work toward, the accomplishment of the organization's goals. With this kind of commitment people will perform well, and with good performance comes personal reward and advancement.

If people are asked to do things that do not have meaning to them there will be no commitment. Lack of commitment results in a lower level of performance. When performance levels go down the individual's value to the organization decreases and ability to advance within the company is limited. This is a road that leads only downhill.

Commitment to the purpose of the organization – not merely motivation – is what is required to effect improvements in organizational performance. All performance improvement measures require some amount of organizational, and/or behavioral, change. People, for the most part, resist change. Organizational changes are difficult and must be carefully implemented if they are to be successful. Asking for, and obtaining, changes in individual behavior is even more difficult. Behavioral changes, for example, the ways in which individuals relate to clients and customers on a personal level, are perceived as a greater threat by individuals and individual resistance is even higher than in the case of organizational changes. Reengineering a process is one thing; no one person is singled out. Requesting a change in my behavior in the way I deal with people on teams of which I am a part is something else entirely. Complying with the requested behavioral change must certainly be an admission that my former behavior was *wrong*; and that is a difficult pill to swallow.

Commitment to the purpose of the organization can make a tremendous difference. Much more will be accomplished if the need for organizational and behavioral changes is logically related to accomplishing goals that are well understood and perceived as necessary to accomplishing the organization's purpose. Much less will be accomplished if the need for change is interpreted by individuals as merely one more measure to get them to work harder and do more for the same pay.

Commitment – not merely motivation – is what is needed today for continuing success. It is commitment that is required in order to achieve the high levels of customer focus and service quality that you need to survive and thrive in the increasingly competitive marketplace. It is commitment that is required in order to actually realize the benefits of Total Quality Management, rather than just wasting time in fulfilling the process and procedural aspects of TQM and "continuing quality improvement" measures.

It is much more difficult to build commitment in people than it is to motivate them. The factors that lead to commitment are more numerous and complex than in the case of motivation. Nevertheless, there are a number of things that can be done to build commitment.

Although each organization is different, there are a number of common attributes usually present in the cultures of organizations that have a highly committed work force. These attributes both support the organizational purpose and enable individuals to become committed to the accomplishment of that purpose. The role of leaders and managers is to build an organizational culture with these attributes.

Important attributes of an organizational culture in which individuals are more likely to make a personal choice to peak performance (i.e., significant performance improvement) in the accomplishment of the organization's purpose include: widespread and complete understanding of organizational purpose, encouraging self-expression (i.e., in order to have a dialog about what has meaning), mutual trust and individual trustworthiness, personal integrity, positive regard for others, and individual responsibility and accountability for the success of the business.

One final, and very important, point about commitment. The leadership of the organization must be the first to commit to the new organizational purpose, goals and objectives. This is mandatory. If the leadership team is not committed attempts to institute organizational change based upon the new purpose will ultimately fail. It takes sincere and sustained commitment on the part of leadership to be successful in an organizational change or organizational transformation effort, and some organizational change is required for performance improvement.

Building a culture of commitment within the organization is only possible when the leadership demonstrates their commitment day in and day out in both word and deed. In fact their actions speak louder than their words. Every individual in the organization will be looking carefully at the actions of leadership. The most visible indication of organizational commitment is the actions of leadership. Likewise, the most visible indication of the lack of organizational commitment is the actions (or inactions) of leadership. It is not possible to gain the commitment of the rest of the organization if leadership is not committed, and the lack of commitment on the part of leadership is easy to observe.

Competencies: In achieving improvements in performance, processes essential to the production of products and/or services must be modified, individual and team behaviors may be changed, administrative procedures might be rewritten and even the organizational structure may be altered. Individual job descriptions may, or may not, change substantially, but it is a good bet that a significant number of people will need some different skills in order to perform well in their new responsibilities. The third element in successful organizational performance improvement is building new competencies. Where ever there is a change in the nature of an individual's work or in the manner in which that individual is to perform, that individual must be supported in acquiring and/or improving the new competencies required for exceptional performance in their new responsibilities.

The challenge of improving performance to produce meaningful work and achieve lofty goals can be exciting and even inspiring. But, neither the inspiration nor the excitement will last long if individuals at all levels within the organization are not supported in acquiring the new competencies they need in order to do their part well. In fact the positive aspects of the new challenges can quickly turn very negative unless people are supported in their efforts to grow – for every challenge there must be an equal measure of support. If challenges are not supported you are setting people up for failure; and high levels of frustration on the way to failure.

In building new competencies the steps sound rather straightforward: (1) identify the new competencies needed, (2) design effective programs of development, education and training, (3) deliver them in an appropriate and cost effective manner that does not compromise effectiveness, (4) follow-up to ensure that the training programs are successful and that the new competencies are applied appropriately on the job. In the jargon of training and development this represents: needs analysis, program design and development, delivery, and evaluation. And, as any good training and development person will tell you, it isn't all that simple,

but all of these steps can be done well given talented people and an appropriate investment of time and money.

In completing these steps there are a few complexities that should be highlighted. In identifying the new competencies for each position it is absolutely essential to include all of the competencies needed in order to perform the new job responsibilities in the manner required by all of the new changes. This means that the needs analysis must be well designed to anticipate the impacts of the many changes on specific types of jobs. This also means that each of the three basic types of competencies must be addressed by the training and developmental programs designed and delivered. The three types of competencies are: knowledge, skills, and attributes. Most people in the competency building field are very familiar with designing and delivering programs that provide new knowledge and develop new skills. The term *attribute* is one I use to describe any of a number of individual characteristics that might have to be cultivated in order to perform new re-sponsibilities and/or to function well in a changed work environment.

There are a number of good examples of attributes that might have to be cultivated as a result of the types of exciting changes that are happening in business today. Here are a few: having a client-centered attitude, taking initiative, partnering with clients, working in unstructured environments (this might also call for a different view about what is stressful), and valuing things such as diversity and teamwork. Notice that in the case of each of these attributes there is probably an element of "attitude adjustment." Some shift in a system of beliefs and/or values may be involved. It is also essential to emphasize that in dealing with these, and any other attributes, it is important to establish the link of necessity between the attribute being cultivated and the accomplishment of the organization's purpose, goals and objectives. Since we are openly seeking to bring about some changes in attitudes, beliefs and values it is necessary to demonstrate how the desired changes are important in achieving the goals of the organization, and in turn how that will benefit the individual.

Alignment: The fourth and final element in organizational performance improvement is alignment. In my taxonomy *alignment* means taking all steps necessary to ensure that policies, procedures, systems and structures are all in concert with the purpose, goals and objectives of the organization. We do this to enable people to do their jobs better by eliminating administrative barriers and organizational road blocks. This is a small contribution to the current efforts aimed at *empowering* and *enabling* others.

Alignment is about making certain that company policies and procedures do not run counter to accomplishing the purpose and goals of the organization. For example, let's say a company has determined that providing higher quality service to customers is essential to their success. This company surveyed their customers and found that they didn't like having to deal separately with several different departments within the company on a single transaction. The company instituted interdepartmental teams and encouraged individual employees to keep other departments informed about their dealing with customers. However, the performance evaluation does not even list team work and keeping other departments informed as performance criteria. Further, all rewards seem to come for meeting departmental objectives, there is no mechanism for input from team mem-bers or others from outside one's department. Is the performance evaluation aligned with the purpose of the organization? Clearly not.

All policies and procedures should make it easier for individuals to accomplish organizational goals. Employees should not feel that they have to disobey company policies to achieve what they know to be the right results. When policies and procedures are inconsistent with organizational purpose and goals, more than inconvenience and frustration result. At some point employees begin to question the level of organizational commitment to purpose, goals and objectives. After all, when the company can't seem to change a few simple policies to help us accomplish what they say is vitally important to our mutual success... When this point is reached, the lack of alignment becomes a negative factor in any effort to build a climate of commitment within the organization.

Alignment is also about attempting to structure the organization so that it is easier for individuals and the organization as a whole to accomplish purpose, goals and objectives. This means, for example, that information systems captures the right data and makes the correct calculations at the right interval to measure individual and collective progress toward meeting specific objectives and accomplishing overall purpose. If you have an exciting purpose and challenging goals and no way of knowing how you are doing on meeting those goals, are the systems within the organization aligned? No.

Sometimes even the organizational structure will need to be changed to accomplish the desired results. I once worked with an accounting firm that had the typical major departments: audit, tax, and management assistance services (consulting). There were also a few minor departments: accounting services, etc. They

were concerned with serving their clients better. After much analysis and even more internal resistance one of the changes made was to do away with the traditional departmental structure. They reorganized around their major client business sectors: banking, real estate, utilities, high-tech, etc. On a certain day people literally played musical offices so that there were auditors, tax specialists, consultants and others on a single team in a specific physical location that worked together on certain types of clients, e.g., banking clients. Reporting relationships were changed, organizational structure was changed. The new structure was not without its problems but it was aligned with the overall purpose: to provide better service to clients.

Summary: Purpose, commitment, competencies and alignment – these are the four elements in organizational performance improvement. There is a definite order. Purpose drives everything so it must come first. Commitment comes next, and the leadership of the organization must be the first to become committed to the new organizational purpose, goals and objectives. If leadership is not committed, the process should stop there. Acquiring new competencies follows commitment. And, alignment ensures that the administrative and organizational dimensions of the organization are streamlined to facilitate achievement of the purpose of the organization.