

Purpose of this series of articles:

The articles in this series are all related to *PERFORMANCE*. We will address one or more of the elements of performance and stake out a position in the space of each article.

Before we deal with each of the elements, let's consider "Performance."

Performance: What is it?

The Oxford English Dictionary says, "the doing of any action or work." In the business context, I suggest we view performance as a history of accomplishment – usually indicating some level of capability relative to our competitors and/or a measurable standard (usually financial, but it can be merely quantitative and/or qualitative). The capability that is important in business is using the factors of production to accomplish your strategic business purpose with effectiveness and efficiency.

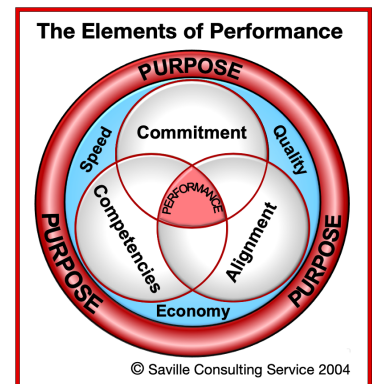
The factors of production include: Intellectual Capital (people), Capital, Information, Physical Resources (materials, equipment, space), Methodologies, Labor (people), Time, Products and/or Services, Organization, and Markets. [See the "Factors of Production" diagram available on this website.]

There are both **effectiveness factors** and **efficiency factors** that are important in determining our level of performance. The effectiveness factors include:

- > Purpose
- > Commitment
- > Competencies, and
- > Alignment

The efficiency factors are:

- > Speed (faster)
- > Quality, and (better)
- > Economy (cheaper)



In order to improve performance we must work on all of these effectiveness and efficiency factors. Maybe not all at the same time and maybe not all with the same amount of emphasis, but these factors are the keys to successful performance improvement.

There are a number of initiatives that we can undertake to improve our performance. They range from comprehensive initiatives such as Enterprise Transformation to taking advantage of immediate opportunities (seizing the low hanging fruit). In pursuing any of these initiatives we still have to work on the effectiveness and efficiency factors in the context of the particular initiative.

Topic: Purpose (the first of the effectiveness factors):

Purpose is, indeed, the first element in performance. It is the first of the effectiveness factors [see "Review" below for a list of the factors], and effectiveness must always be considered before efficiency. Because, if we are not effective in what we are doing, we have failed. Any consideration of efficiency before we know that we have actually accomplished our purpose could be a major waste of time.

Definition: I use the word purpose to include all of those other words such as mission, vision, goals, etc. that seem to cause people to debate their exact meaning. Purpose is that which the company has set out for itself to achieve. I believe that when you look at the purpose of a company you should be able to see each of four elements that are the *foundation* of the company:

- > Values: those things that the company values above all others;
- > Vision: one that captures the excitement of the true potential of the company;
- > Orientation: the functionality required of your company to produce the services and/or products that provide value to your customers and clients;

- > **Responsibility:** the value and stewardship that you owe to all those who have a stake in your company, including customers and clients, investors and shareholders, employees, communities in which you operate and many more.

Why is purpose so important to the performance of your company? Purpose is the ultimate standard by which performance is measured. Without a clear articulation of purpose it is impossible to know how you have performed. Purpose is also the key to determining the functions and organization of a company. A thorough understanding of the purpose of the company is the first step in identifying all of the many functions, business processes, support systems, organizational structures, and procedures that are required to achieve that purpose.

A clear articulation of purpose is also an essential ingredient in building commitment within the work force – commitment being another important performance factor. The prerequisites to building commitment (as stated in the article on Commitment in this series) are *clear goals* and a *strategic and lofty vision*. Both goals and vision are included within an understanding of the *purpose* of a company.

In his book Peak Performers: The New Heroes of American Business Charles Garfield identifies and describes the ingredients essential to enabling people to operate in their *zone of peak performance* in their work life. Understanding the purpose of the company is one of those three ingredients. The concept is simple enough. How can we expect any individual or team to be committed unless we share with them exactly what we are expecting them to be committed to? Purpose is that to which we want everyone in the company to commit. Purpose is that which we want everyone in the company to strive to achieve.

How do we communicate our company's purpose? Can we merely set out our company's purpose – maybe a mission statement and a description of our strategic business goals – and expect people to become committed? Doubtful! That would be like expecting loyalty without exhibiting the behaviors that are deserving of loyalty.

We must present our company's purpose in a way that is compelling and that makes absolute business sense to those whose efforts we wish to enroll. We must provide a Compelling Business Rationale. Let's take a closer look at the characteristics of a compelling business rationale:

- Compelling . . .
 - Convincing
 - Inspires trust
- Business . . .
 - Related to your business purpose, vision, and strategic goals
 - Based on an accurate assessment of the market situation
- Rationale . . .
 - Logical plan related to accomplishment
 - Outlines actions required and how you will implement those successfully

You must describe your business purpose (that which you want to accomplish), the strategy you will use in accomplishing that purpose, why that will win for you in the marketplace, and why all of this is good for the people who have a stake in your company.

Bottom Line: Purpose is that which we want to accomplish – it is the very reason for performance. It defines the nature of the performance required for achievement (functionality) and it provides the standard for measuring performance.