The Elements of Performance

– Revised Edition –

Dr. Allen Saville

Performance Improvement

Enroll Everyone!

Performance is too pervasive and too important to leave only to leaders, managers and supervisors. We are all interested in improving performance: individually, in teams, and throughout the entire company. This book gives every individual the basic tools of performance improvement.

This book:

- Provides a thorough explanation of each of the seven elements of performance
- Empowers every individual to be more successful in improving personal performance
- Assists leaders and managers in understanding and using the elements of performance in cultivating high performance work teams
- Clarifies the need for continuous performance improvement
- Can be used to support specific performance improvement initiatives
- Builds greater commitment to accomplishing company goals
- Explains the relationship between performance and competencies
- Empahasizes the special importance of building commitment

Books by Dr. Allen Saville:
The Elements of Performance • Creating a Coaching Culture

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Preface

After nearly thirty years of consulting it seems to me that there are a small number of basic truths that are reinforced in almost every consulting engagement. Perhaps the most central of these truths is the abiding and continuing importance of performance and performance improvement.

Admittedly, my vantage point is that of a consultant, and consultants are usually present when there is some type of performance issue and/or when some significant improvement over and above the status quo is important to business success. But, ask yourself: “When is performance not important?”

In the business world performance should be important to all of us, all of the time, regardless of our profession or position. After all, our performance is usually a significant factor in how we are evaluated, our compensation, promotions, and respect among our peers – just to mention a few. Even if we do not care to pay attention to these things, an honest appraisal of our performance is a central element in maintaining personal pride in what we do.

Leaders, managers, and supervisors are all specifically charged with the responsibility of paying attention to performance and performance improvement. After all, the accumulated performance of all individuals, teams, and business units within the company determines the success of the business enterprise.

This book is designed to be brief. The focus is on the fundamental elements of performance. Attention to each element of performance is required to achieve stellar performance in both individuals and business organizations.

The first two chapters are devoted to identifying and defining the seven elements of performance and performance improvement and describing the importance and context of performance. The next five chapters (three through seven) address each of the performance elements in a greater level of detail. Chapter eight provides a list of places to look to find performance improvement opportunities that can yield significant results in the performance of your company. The final two chapters (nine and ten) treat *providing performance feedback* and *coordination and comprehensiveness* respectively. There are a couple of interesting examples contained in these final two chapters to underscore the importance of an integrated approach to performance improvement.

In keeping with performance improvement, please share your ideas about improving this book. If you have ideas or suggestions for improving on the concepts and/or models in this book, please consider sharing those with me so future editions can provide even greater insight into our collective understanding about performance and performance improvement. You can reach me through the Saville Consulting Service web site at http://www.saville.us.

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Chapter One

Introduction

In a perfect world of employment, people who perform well would be rewarded; people who perform poorly would not. People who perform exceptionally well would be highly rewarded; and those who perform poorly, in spite of opportunities to improve, would find themselves looking for a new employment situation.

We do not yet live in a perfect world but performance *is* important to our success. In most employment situations our overall level of performance is observed and evaluated (formally and/or informally). The frequency and consistency with which we produce the desired results makes a difference in the way others view our performance, and that is at least one factor that influences our pay and advancement.

Lest we forget, individual performance also makes a difference in the company's overall performance. When we all do our jobs well, chances are that the company will prosper. When our collective performance takes a turn for the worse, so too will that of the company.

Performance and Performance Improvement

Those who care about their level of performance and take pride in their work usually monitor and evaluate their performance in some manner on a consistent basis. In like manner, those in just about any supervisory, management, or leadership position have a responsibility to monitor, evaluate, and improve the performance of the individuals and teams for which they are responsible. This means that – at least to some degree – we are all involved in performance improvement.

The performance that is important in business is using the factors of production[1] to accomplish the company's strategic business

[1] Labor, raw materials, capital, information, etc. See also "Resources" at page 53.

purpose with effectiveness and efficiency. There are several types of performance improvement initiatives. They range from comprehensive and grand to individual and informal. There are programs of continuous performance improvement that are implemented on an on-going, company-wide basis. There are initiatives such as *enterprise transformation* that are very comprehensive but have a more limited time frame. There are specific performance improvement initiatives especially designed to deal with a particular operational facet of the company that needs attention. And, team and individual efforts to improve the way things are done are constantly happening in most companies.

Individual concern for performance, specific performance improvement initiatives, or an on-going program of continuous performance improvement – it is mostly a matter of degree – the basic principles and fundamental concepts are the same. In pursuing any of these initiatives – in all activities related to performance – we must deal with each of the elements of performance.

The Pros and Cons

It is easy to support the move toward performance improvement. After all, how could we possibly be against improving performance? In a way, performance improvement is really the difference between success and failure. In today's highly competitive marketplace, in which profitability and market share define the winners and losers, continuous performance improvement is really the only alternative to failure.

The positive: The companies making significant investments in performance improvement are betting that improving their performance will increase their revenues, their profitability, and their market share. The most attractive benefits of successful performance improvement are:

- Higher quality products and/or services
- Lower costs

- ➢ Higher value for customers and clients
- ➢ Greater demand for products and/or services
- ➢ Increased market share
- ➢ Increased profitability
- ➢ More opportunities for growth

Here is how it works. Performance improvement is improving the effectiveness and efficiency of the company. It all begins with being true to the company's purpose, and that includes paying attention to the responsibility of providing value to customers and clients. This ensures that we have the right products and/or services to respond to market needs. The emphasis placed on effectiveness and efficiency in performance improvement initiatives results in higher quality and lower costs. This creates a situation in which the company provides products and/or services that are more highly valued by customers and clients. Not only will company profitability be improved, but also more people will be attracted to the improved products and services available at competitive or better prices and the demand for these high value products and services will increase. Since customers and clients will be attracted away from lower quality, higher priced competing products and services, this will result in an increase in market share for those who invest in performance improvement.

The negative: For the companies that do <u>not</u> invest in performance improvement there are also consequences. When companies that invest in performance improvement experience an increase in market share other companies (that are not improving) producing the same products or services will experience a decrease in their market share. After all, who would buy lesser quality at a higher price? 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 – for a while. But, before long serious and mounting disadvantages will force that company to take emergency measures to improve, or they will simply go out of business.

How do we compete with a company that is successful in their performance improvement efforts? The answer is easy: by improving our company's performance, and maybe doing it in a manner that is even better than our competition. In a real way performance improvement – on a continuing basis – is a necessary part of the way we *must* do business today.

Who is responsible for performance improvement?

Theoretically, *everyone in the company* should be interested, and involved, in performance improvement. And, the better companies are making good progress toward getting more and more of their work force involved in the process.

- ➢ Widespread participation is one of the things that the *total quality* movement is all about.
- ➢ Greater participation also contributes to *empowerment* by encouraging people to take personal responsibility for the success of the business.

Improving the performance of the company benefits individual employees as well as the company. If our company performs better than its competitors our company will be more profitable. It will enjoy increasing market share. Our company will prosper and each of us will continue to have a job because our company is surviving. If our company not only survives, but thrives – our company might even grow. Company prosperity and growth add up to more opportunity for individual employees (that is: *better jobs*, *higher pay*, *greater vertical mobility,* etc.). So, it is to our own enlightened self-interest to help our company improve its performance.

But, there must be *leadership and direction*. Even if everyone in the company were completely on board with the value and individual benefit of helping to improve company performance, it would be a total mess if everyone just went off on their own to improve performance in any way that they thought best.[2] Performance improvement efforts must have clear direction and be well coordinated in order to yield positive results. Therefore, even though performance improvement is everyone's concern and responsibility, company leadership must chart the course, communicate to ensure that everyone knows the direction, and continually coordinate activities in order to focus collective efforts on the accomplishment of specific goals, objectives, and strategies.

Performance improvement is a continuous process.

Certainly there are times when a special emphasis on performance improvement is needed. But, the smart companies today are incorporating performance improvement as a regular part of the day-to-day operation of the company.

There are a number of approaches that can be used in performance improvement endeavors. Each company must find, tailor, and deploy the one that is right for its situation and its people. All performance improvement methodologies have the same basic components. Certainly, there are significant differences among approaches and in level of sophistication, but they all follow the basic problem solving approach that includes the following elements:

1. Identify where we are now
2. Set goals about where we want to be in the future
3. Formulate strategies and actions that will take us from where we are now to where we want to be
4. Determine, and vigorously pursue, the best ways to execute these strategies and actions within the company
5. Measure and monitor the results, and make revisions, as necessary, to be even more successful at accomplishing our goals

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[2] See Chapter Ten: Coordination and Comprehensiveness.

More than the buzzwords have changed. Over the years there have been many honest-to-goodness break-throughs and improvements in the methodologies that are available to use in the performance improvement process. Some methodologies emphasize the *business strategies*. Others feature tools for *change management* so that action plans are actually implemented. Each successive improvement places more emphasis on achieving results. At the present time, there are a number of holistic and comprehensive approaches available for our use: total quality management, the learning organization, and six sigma – just to name a few that represent different approaches.

Sometimes we get so wrapped up in trying to keep up with all of the new theories and tools that we loose sight of the basics. Having a firm grasp of the basics helps us to ensure that all of the detailed evaluations we conduct and actions we implement actually contribute to improving the performance of the company. We can get a great appreciation for the fundamentals of performance improvement by defining the elements of performance and walking through each element. In our walk-through of each element we will consider how individual employees and the company as a whole are acting to improve both individual and company performance.

Performance: What is it?

As a prelude to enumerating and defining the elements of performance, let's be clear about the nature of performance. In the business context, *performance is a history of accomplishment*. Performance is usually measured in terms of some level of success relative to our competitors and/or some accepted standard (usually a financial standard). If our company *performs* better than our competitors we are more successful at accomplishing our business purpose year after year than they are at accomplishing theirs. Strong performance is important because it leads to business success.

There are at least three different ways in which we can measure performance:

1. How well we do at accomplishing the specific goals and objectives that we set for our company
2. How well we perform versus our competitors
3. How well we perform against specific standards

Doing well with any one of these does not necessarily translate to doing well in all three. For example, it is possible that we could accomplish all of our company's goals and objectives and still not do well against our competition or accepted performance standards. The reason for this might be that we set the wrong goals and objectives or that our goals were not aggressive enough.

It is also possible that we could do well at accomplishing our company's goals and perform well in terms of an accepted standard, but still not do well against the competition. A possible explanation for this situation might be that the competition set very aggressive goals and did exceptionally well that year.

And, yes, it is possible to do well against the competition but not in terms of either our own goals or accepted standards. The most likely reason for this result would be that the competition's performance was very poor, so we beat them but still did not have a wonderful year.

Chapter Two

The Elements of Performance

It is true that many of the measures we use to evaluate performance are financial. Certainly, the ones we use to compare our performance against our competitors and the ones that become standards within the industry are mostly financial: gross revenues, profit, market share, etc. These are important and appropriate, and at least facilitate useful comparison.

There is yet another valuable perspective on performance and that perspective leads us to a proper identification of the elements of performance. In addition to the financial aspects of performance there are also the functional aspects of performance. These are the aspects that relate to the functions (or "competencies") that our company must perform in order to be successful in achieving our business purpose. Looking at performance from this perspective there are both effectiveness factors and efficiency factors that are important in determining our level of performance.

The **effectiveness** factors include:

- **Purpose:** The goals and objectives of the company or organization – *what we want to achieve*[3]
- **Commitment:** The level of drive and desire that individuals within the company have about achieving the company's purpose
- **Competencies:** The organizational functions, knowledge, skills, and attributes needed by the company to accomplish its purpose
- **Alignment:** The degree to which everyone is working together toward the accomplishment of the same purpose

The **efficiency** factors are:

- **Speed** (faster): The rate at which tasks are completed, functions are performed, and goals are accomplished

[3] Some companies use the word "mission" to describe this purpose.

- **Quality** (better): The level of completeness, thoroughness, attention to detail, and responsiveness to the company's purpose with which tasks are performed, items are produced and/or services are provided
- **Economy** (cheaper): The level of stewardship of resources (e.g., time, materials, labor, impact on the company, etc.) applied in performing tasks, producing items, and providing services

These effectiveness and efficiency factors are the elements of performance (and performance improvement), and can be graphically represented in the diagram below:

The Elements of Performance

These are also the ingredients of achievement, and are the tools essential for improving performance. The financial performance measures are not much help in the details of performance improvement. Financial measures let us know *when* we need to improve and *how much* we need to improve, but provide only scant indications of *what* we need to do in order to be more successful at accomplishing our business purpose, goals, and objectives.[4]

In all performance improvement endeavors the place to start is with our business purpose. Then, we can move on to commitment, competencies and alignment. We have to define our purpose before we can expect anyone to commit to that purpose. And, defining purpose establishes the criteria for identifying the specific competencies needed to accomplish that purpose. Once we have purpose and competencies figured out we can work on aligning the company to perform those competencies in order to accomplish our purpose.

Making certain that we have first correctly defined *purpose* ensures that we are performing the right set of actions and tasks required for the accomplishment of our goals and objectives. Dealing with *purpose* first is also essential for identifying the right set of knowledge, skills, and attributes needed for accomplishment and success. If we began by concentrating on the efficiency factors we might help people get better and faster at doing the *wrong* things. Concentrate first on *purpose* and the rest of the effectiveness factors– doing the right things. Then, move on to efficiency – doing the right things faster, better and cheaper.

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[4] This is a generalization, of course. In fairness, it should be noted that those skilled in financial matters are essential to business success and are usually extremely valuable in the performance improvement process. The financial indicators, and those skilled in their use, are usually very good at providing wonderful direction about where to start looking for things in need of improvement.

Purpose

3 Chapter Three

The nature of performance is unique to each company and organization. Different companies will need a different collection of competencies in order to *perform* – to accomplish its purpose. Without defining the purpose of our company, we are unable to identify the specific competencies we need for accomplishment and success. Without defining purpose we cannot know the ultimate objectives of performance improvement.

Definition

Purpose includes mission, vision, goals, objectives, and strategies. Purpose is that which the company has set out to achieve. But, purpose is more than a set of strategic goals; it is more than a mission statement. In order to know the true purpose of a company, it is first necessary to identify and define the *values*, *vision*, *orientation* and *responsibility* of the company – these elements comprise the *foundation* of the company. Then a mission and/or a set of strategic goals and objectives in concert with company values and vision can be considered.

Values are those things that the company values above all others. Each company has a set of values. To accurately identify and define the company's values it is important to observe the manner in which the company actually behaves. This is the way to determine those things that are truly valued.

> For example, there are companies that constantly and consistently profess that they value "life balance" and attention to family responsibilities, but the behavior observed within the company is very clearly contrary. The things that are consistently rewarded in terms of power, privilege and the paycheck are 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 get ahead are specifically not those who are paragons of life balance and devotion to family. Everyone in this company is 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 don't) also knows exactly what it takes to get the highest possible raise and the next promotion. The medium of exchange is 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 have not been articulated before. When values that have not been previously articulated 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 company have escaped notice at the conscious level and therefore have not been "said out loud."

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

More often, observation of behavior within a company is rewarded with more positive results. Another example concerns 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, another team within the firm was 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 surfaced very early in the work of this team 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. The team was very happy to report on the extent to which *quality* was valued within the firm. It was a double bonus to have reality marry up with the firm's PR.

Vision should capture the excitement of realizing the true potential of the company. 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 company, and happens to run counter to one or more of these values, the vision will never be realized. The vision of the company must be fully in concert with its values.

A more thorough discussion of vision is reserved for the section on commitment in chapter five of this book. At this point suffice to say that a vision should be both strategic and lofty, and might be defined as follows:

> *A highly desirable future state for the company that most might think will never happen but is so exciting and just barely possible enough that people will actually work hard toward its realization. The stuff that is in people's "wildest dreams."*

In addition to values and vision, the other two foundation elements are *orientation* and *responsibility*.

Orientation concerns the basic types of functions required of our company to produce the services and/or products that provide value to our customers and clients. For example: a manufacturing company invests in equipment to manufacture *products* and hires and trains employees to operate the equipment; design the products; then sell, distribute, and service those products. A rather different example would be large law firm. This provider of legal *services* has its largest investment tied up in human capital – perhaps graduates from top law schools around the country and talented administrative, clerical, investigative and research people to support these attorneys. Information resources such as statutes, regulations, rulings, and case law materials might be the next largest investment. Each of the two organizations has a very specific, and very different, *orientation*. Each needs very different types of resources and people with very different types of knowledge, skills and attributes. Orientation is dictated by the nature of the products and/or services that are provided to customers and clients, and the functions and resources needed to produce those products and services.

Responsibility is the value and stewardship that we owe to all those who have a stake in our company. Stakeholders include: customers, clients, investors, shareholders, employees, the communities in which we operate, and many more. We have a responsibility to our clients and customers to provide valuable products and/or services – high quality and/or functionality at a competitive price. We have a responsibility to listen to our clients and customers to learn about what they need to accomplish their personal and/or strategic business goals. We have a responsibility to our employees to provide stable employment and a safe work place with open and fair standards for compensation, advancement and the entire range of personnel actions. We have a responsibility to our owners and/or shareholders to operate in a profitable manner. We have a responsibility to the communities in which we are located, and perhaps to the world community, to be environmentally responsible and to be good stewards of the earth's resources. And, the list of responsibilities goes on…

At a macro-level most companies share many of the same types of general responsibilities. As we get down into the more detailed itemization, each company will have a unique set of responsibilities to its stakeholders.

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. So too are a consideration of the orientation and responsibilities of the company. In addition, well developed strategies, specific goals, and clear objectives are necessary in order to establish a clear guide to the specific behaviors that are encouraged and expected in order to fulfill the purpose of the organization. Without strategies, goals, and objectives individuals will not have enough information about what they need to do to improve their performance and the performance of the company.

It is essential that business units and individuals at all levels within the company know and understand the strategies, goals, and objectives that will be used to accomplish the company's 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. Clear objectives, goals, and strategies coordinate the deployment of the company's strategic resources. Objectives, goals, and strategies furnish targets for individual business units; form an outline for day-to-day activities; and provide standards to use in measuring progress and achievement.

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

Why is purpose so important to the performance of the company?

Purpose is the ultimate standard by which performance is measured. Without a clear articulation of purpose it is impossible to know how we have performed. Purpose is also the key to determining the functions and organization of the 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.

Purpose is also the required beginning place in any performance improvement endeavor. Defining the purpose of the company provides an understanding of the ultimate performance improvement objectives. It provides knowledge about the types of performance that we are seeking to improve. A thorough understanding of company purpose ensures that all of the efforts within a performance improvement initiative actually do contribute to helping the company accomplish its strategic business objectives.

A clear articulation of purpose is also an essential ingredient in building commitment within the work force (commitment is another important performance element). The prerequisites to building commitment are *clear goals* and a *strategic and lofty vision*. Both goals and vision are included within an understanding of the *purpose* of a company. 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 what we want everyone in the company to strive to achieve.

How do we communicate the 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 manifesting the leadership behaviors that encourage loyalty.

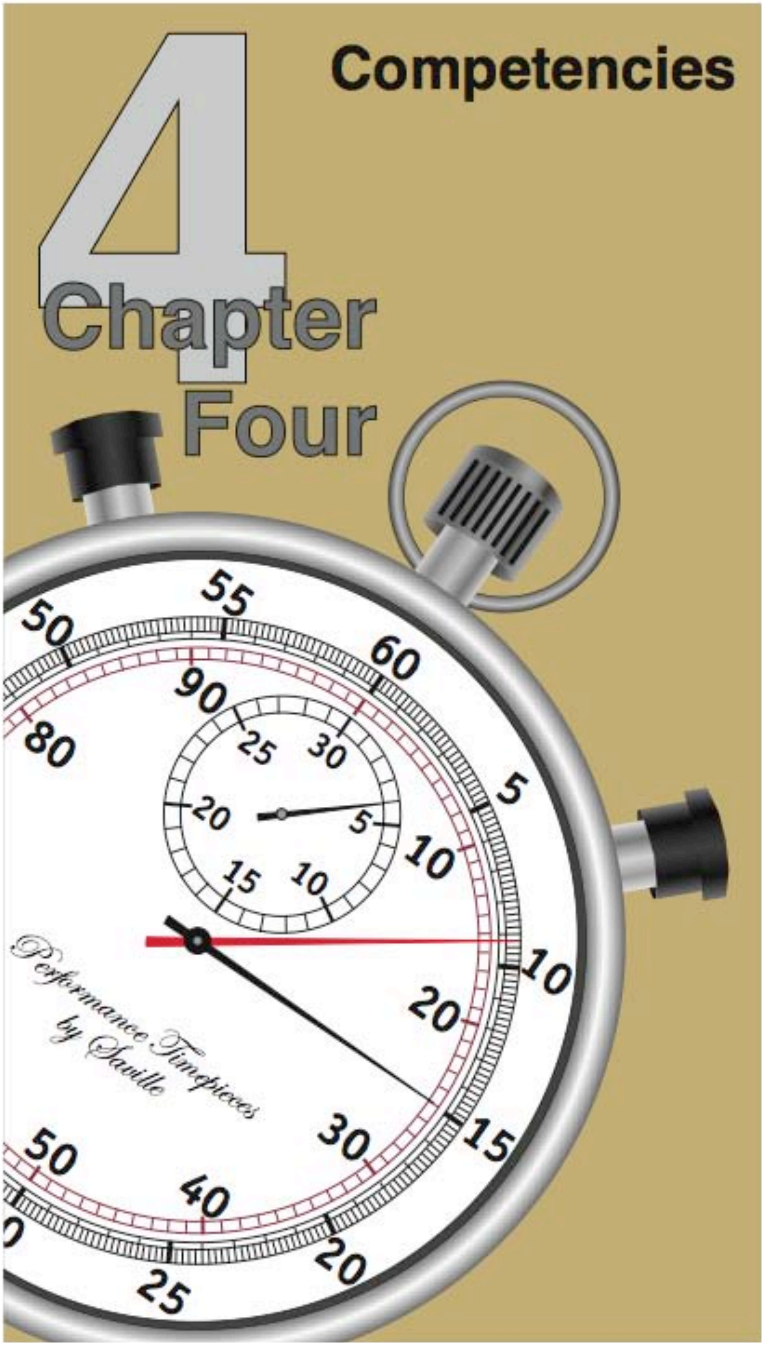
We must present our company's purpose in a way that is compelling and that makes absolute business sense to those whose efforts we wish to enroll. We must provide a Compelling Business Rationale. Let's take a closer look at the characteristics of a compelling business rationale:

- Compelling . . .
  - Convincing, persuasive
  - Inspires trust
- Business . . .
  - Related to our 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 we will implement those successfully

Our compelling business rationale must describe our business purpose (that which we want to accomplish); the strategy we will use in accomplishing that purpose; why that will win for us in the marketplace; and why all of this is good for everyone who has a stake in our company.

Summary:

Purpose is what we want to accomplish – it is the very reason for performance and the ultimate guide for performance improvement. It is the key to defining the nature of the performance required for achievement – functions, processes, systems, structures, etc. It provides the standards for measuring performance and the direction for improving performance. It is the essential starting point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Competencies
Chapter
Four
Performance Timepieces
by Saville

Dealing with competencies is the most functional side of company performance. The essence of competencies is specifying all of the functions and tasks that need to be performed in order to accomplish the company's purpose. Then, the company must ensure that it has the know-how, support and talent in place to execute every single function and task.

What are competencies?

"Competent" is defined as: possessing the knowledge, judgment, strength or skill needed to perform a particular action. Just as individuals are (or are not) competent, companies need to have a certain collection of functional capabilities, resources, methodologies, information, organizational structure and the like to accomplish their purpose and perform well against the competition. Also, individuals within the company must have certain knowledge, skills and attributes in order to contribute to company performance. For example: a manufacturer of large engines must have the organizational knowledge and the metal manipulating equipment to build the engine as well as the talented and trained people to run the computer programmed lathes, assemble the engines, sell them to customers, and maintain them in the field. "Organizational competencies" include both the required individual talents and organizational capabilities.

How are competencies related to performance?

For a company to be successful it must first know, and be committed to, its purpose; then, it must have the right collection of organizational competencies. Without these competencies, it's "all show and no go," or, as they say in the west: "it's all hat and no cattle." It's having the desire without the ability to make it happen. Having a correct (and constantly up-to-date) set of organizational competencies is what it takes to actually accomplish our company goals and objectives.

Having the set of organizational competencies required to turn out the products and/or services to serve our customers is the price of admission. Taking the next step, by maintaining an effective focus on our competencies and knowing when, and how, to apply new competencies within our company, is an important key to industry leadership and winning away market share from competitors.

Why do we need to be concerned about competencies?

When building a new company from the ground up, organizational competencies are an obvious concern. Nothing exists. Every competency must be identified and obtained so that the new company will be able to accomplish its purpose. Established companies often give inadequate attention to the topic. Over time focus shifts toward the day-to-day operations, with the unstated assumption that all needed competencies are in place. Even the most successful companies need to be concerned about competencies for performance improvement purposes – here's why:

- **New goals and objectives:** Too often those charged with performance improvement initiatives or accomplishing new goals and objectives assume that all of the organizational competencies needed to accomplish those goals and objectives are already in place. The norm is to make assignments without evaluating the possible need for new and/or different competencies and to expect the company (its people) to get the job done. Even in the case of real performance improvement initiatives many times the only emphasis is improving existing competencies. To rise above the norm, take the "half step" of checking to see if there might be a better way of accomplishing things. We must ask:
    - Are there tasks involved that we have not done before?
    - Are there new technologies and/or methodologies that can improve our effectiveness and/or efficiency?

  - Maybe others in our industry have experience that we do not; can we get information about their experience?
  - Maybe companies outside of our industry have experience in this; can we get information from them?

  Then we must ask the "buy or build" questions:
  - Do we go outside of our organization to obtain this new competency (buy it)?
  - Do we build the capability internally? Does anyone need support to acquire new knowledge and/or cultivate new skills?
  - Either way, will we have to cultivate new attitudes within the company to ensure that this new competency is implemented properly and remains effective within the company?

- **New technology:** Even when a company is continuing to do the same thing, it should always be concerned about quality, cost control and profitability. With the ever-increasing pace of change no company should assume that it continues to know all there is to know about the best practices for producing their products or providing their services. There may be new technologies and/or new methodologies, or processes for accomplishing what the company has done for years. The application of these new tools may improve the quality of products, reduce costs, or both. Maintaining a constant vigil can contribute to the effectiveness and efficiency of the business and keep it competitive. Obtaining and applying the new technologies, etc. will require addressing the same "is there a better way," and "buy or build" questions listed in the section immediately above.

- **Growth and renewal:** Every so often a major advancement or revolution occurs within an industry. The companies that are responsible for these quantum leaps are those who are paying attention to the identification and application of new competencies in their business. Companies with growth objectives (significant or otherwise) need to identify and implement new competencies that will create new markets and/or increase market share to outperform competitors. Companies that want to lead their industry (by making quantum leaps), or at least don't want to be left behind, must cultivate the search for, and application of, new competencies. In other words, a company must be able to identify and build new competencies so well that it is constantly renewing itself, and, in the process, maintaining a position of leadership in its competitive marketplace.

All three of the situations described above are forms of performance improvement. The “growth and renewal” situation, and to a lesser degree the “new technology” situation, are examples of *continuous* performance improvement. Identifying the competencies most in need of improvement, and/or identifying new competencies needed to improve overall company performance is an essential step to address early in the performance improvement process.

Competency Groups

Each company has a unique set of organizational competencies. However, all of these competencies can be categorized into just over a dozen groups of competencies. And, almost every company must pay attention to every one of these major categories. Talent and resources will have to be applied to ensuring that each of these groups of organizational competencies exists and is operating well within the company. The major competency groupings are described below:

- **Direction and Strategy:** In this group are organizational competencies that relate to the manner in which the strategic direction of the company is formulated and managed at the top levels of the company. Obviously, this competency group is very much related to *customer satisfaction*, *decision support systems* and a number of other competency groups described below.

- **Customer Satisfaction:** The organizational competencies that form this category relate to cultivating an intense customer focus in all facets, and at all levels, of our company. This group of competencies establishes and perpetuates a company mindset that is always focused on meeting the needs of customers and clients in ways that are perceived as adding more value than our competition.
- **Growth and Renewal:** There are a number of functions that are needed to pursue the company's desired growth strategy whether it is rapid, aggressive growth or not. Also, there is the issue of company renewal – keeping an eye on the continuing viability and freshness of the company's mission, products, and services in light of emerging technologies and the changing needs of customers and clients. Renewal is an easy competency category to forget when a company is doing well, and easier still to put aside when a company is not doing well. However, the competencies in this category are the ones that make companies into long-term industry leaders.
- **Planning and Implementation:** Our company's abilities to collect and analyze data, and to formulate and evaluate alternative plans for accomplishing our chosen strategies are essential for continued success. So too are the company's abilities and capacities for actually implementing the selected plans successfully. Managing change and aligning the organizational culture in support of our company's goals and strategies are also among the competencies in this category.
- **Product Development:** There is a wide range of specific organizational competencies and individual knowledge and skills in this grouping. The research and development activities to create and/or up-date the products and services needed by our customers and clients belong in this category. Also in this category are the first-to-market production capabilities needed for continuing success in a highly competitive marketplace.

- **Marketing:** This category is one that requires the coordination of many different interrelated organizational competencies. The focus of the competencies in this category is being insightful and remarkably successful in the formulation, implementation, and management of marketing and sales activities. Implied in this category is the notion that most sales activities should be pursuant to carefully constructed marketing plans that strategically focus the company's attention on the needs of the company's customers and clients, and the realities of the competitive marketplace for maximum profitability and growth.
- **Sales:** Products and services need to be sold to customers and clients in order for a company to meet its revenue and profitability goals. Though linked strongly to *customer satisfaction*, *product development*, *marketing* and *production*, there are a number of organizational competencies that are specific to sales. There are also a number of sales-specific individual talents and skills that are required for success in a company's sales efforts.
- **Decision Support Systems:** Like *administration and production support*, this category of competencies supports almost all of the others. Proper planning, implementation, and continuing management of all company initiatives require lots of good information provided to appropriate people on a timely basis in a very usable format. Identifying and gathering the correct information and creating a management information system that has these characteristics is the desired result of this group of competencies.
- **Production:** This category of organizational competencies is the one that varies the most from company to company. It can also be the largest, most diverse group of competencies. Obviously, the competencies in this category will vary widely from industry to industry, but examples might include: manufacturing, service delivery, engineering,

process design, methodology development, transportation, low cost manufacturing, and many more.

- **Resource Management:** Maybe not entirely separate from the production set of competencies are the competencies required to identify, obtain, deploy and utilize all of the resources that are needed by the company. The extent to which the company effectively and efficiently manages its resources (including its human resources) can constitute formidable competitive advantages. In addition to the traditional purchasing, inventory, and control functions this category of resource management now includes competencies such as supply chain management, and outsourcing.

- **Communication:** Another group of competencies that supports many others is communication. The communication competencies provide the vehicles through which: goals and strategies are explained to the work force; employees are empowered; ideas are traded; and the company maintains relationships with its customers, investors, and the public. Without these competencies there would be no commitment to the accomplishment of company goals and no individual commitment to the personal efforts required to achieve those ultimate goals.

- **Fiscal Management:** The procurement, leverage, management, and tracking of the financial resources of the company form a set of competencies essential to success and the accomplishment of company goals. Billing systems also support *production* and *sales*. And, the manner in which expenses are captured, tracked, allocated, and paid are important for profitability and in the determination of the incremental contribution of product and service lines and business units to the overall goals of the company.

- **Administration and Production Support:** This category of competencies includes a number of administrative systems and processes (e.g., human resources, compensation and benefits, training and education, legal, etc.) that impact and support the performance of individuals. The aggregate performance of individuals, of course, constitutes the performance of the company as a whole; therefore anything that supports the productivity of individuals is of great value to the company.

- **Performance Improvement and Quality:** This category of organizational competencies is based on the recognition that continuous improvement is needed in the effectiveness and efficiency of all processes within the company. Without continuous improvement any company will be outstripped by its competitors. Administrative processes and production processes are both addressed in this group, as are both the process aspects and the attitudinal shifts required to be successful in significantly improving the performance of the company.

  All of the individual and company efforts in the area of quality are also included in this category. The actual and perceived quality of a company's products and services is one of the primary ingredients in the value placed upon those products and services by customers and clients. Therefore, quality is one of the cornerstones of company competitiveness, profitability and growth.

The Dimensions of "Organizational Competencies"

Using the competency groups above can help us work through the process of identifying all of the various functions and tasks that our company needs in order to accomplish its purpose. In addition to ensuring that we have all needed competencies in place, we also need to ensure that we have the right *amount* of these competencies, the desired level of *performance quality* (competence), and a company culture that supports these competencies.

- **Capacity:** Just having a function within the company, even one that works well, is not enough. Our company must have the right *amount* of that function. Stated differently: the organization must have the appropriate *functional capacity* in all areas to accomplish its mission. It is not enough for a small team in headquarters to be up and running and performing well if that same competency is needed in all company locations around the globe. It is an issue of *quantity*. To ensure that our company can accomplish its goals we must have the correct quantity of all competencies in place (organizational capacity). [Also, these capacities need to be in the right places (geographical locations).]

- **Performance Quality:** In order for us to apply the sum total of all of our company's competencies in the unique manner required by our strategies for success we must also pay attention to the level of performance quality associated with each competency.

  For example: If our strategy were to generate sales through technology leadership, our research, development and production competencies would have to be superior to others in our industry. Those competencies would have to yield products or services that anticipated the needs of our customers at a speed that was first-to-market. Or, if our strategy were to generate sales through frequent and customized contact with our customers, our customer database and sales techniques would have to be highly developed. Therefore, not only would we need to ensure that these competencies were in place, we would also need to ensure that our performance in each of these areas was extremely high. Performance quality in other competency areas may not need to be as high. The company must determine what level of *qualitative* performance (competence) is needed for each specific competency to perform well enough to accomplish its goals in accord with our strategies for success in our marketplace.

- **Cultural Attributes:** In addition to competencies, capacities, and performance quality our company must constantly cultivate the right work environment to foster commitment among the work force to contribute appropriately to the performance of these competencies.

  Again using the example of a company that is generating sales through technology leadership: it is not enough to merely have a process in place that should lead to the development of new products. For a company to be a leader in introducing disruptive technologies[5] it must foster a work environment in which creativity and innovation are truly encouraged. People must feel that creativity is important for success and is highly valued. Since real creativity usually means that for every good idea there are many more that aren't so good, there must be some tolerance (maybe even encouragement) for ideas that never make it to production. Creativity, innovation, and tolerance for many not-so-good ideas for every good one, are examples of characteristics of the work environment (cultural attributes) that are required to support a specific competency. For each organizational competency, especially those that are key to our strategies, we must identify and cultivate the cultural attributes necessary to support these competencies.

- **Individual talent:** In addition to the organizational side of having the right competencies, capacities, performance quality, and culture in place, it is also necessary to have talented individuals in the right positions to perform these competencies well. Individual talent is usually evaluated in three dimensions:

  - <u>Knowledge</u>: Do individuals in the company bring with them the right collection of things stored in their head?

[5] Innovative technologies that improve the quality and/or performance of products or services enough to *disrupt* the nature of the products or services or the manner in which business in done in a particular business sector.

This knowledge can come from education and/or experience. Examples include knowledge of the industry, knowledge of a discipline (e.g.: engineering, management, or financial accounting), knowledge of methodologies and processes, etc.

- Skills: Do these individuals have the right blend of intelligence, common sense, professional acumen, and other learned behaviors to *apply* their personal knowledge and use the organizational competencies to accomplish their tasks? Are they skilled in their work? Can they get the job done?
- Attributes: Once in a while there is an individual who seems to have all of the correct knowledge and skills but whose performance is blocked by some personal attribute. Lack of physical stamina or mental resilience, or inability to deal well with uncertainty are some examples. Stamina, resilience and confidence are just as essential as knowledge and skills to individual performance and the accomplishment of company goals. In performance improvement there may be any of a number of individual characteristics that might have to be cultivated in order to perform new responsibilities 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, 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 company'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 to achieving the goals of the company, and in turn, how that will benefit the individual.

It is not always easy to specify the particular complement of knowledge, skills, and attributes required of individuals in order to contribute to the performance of organizational competencies. It may not be easy, but it is necessary if we want to achieve the success we desire.

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 we 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 learning and development this represents: needs analysis, program design and development, delivery, and evaluation. And, as any good learning 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.

Chapter Five

Commitment

Some may argue that commitment is the most important element in performance. It is important to deal with *purpose* and *competencies* before commitment, because purpose and competencies establish the context for commitment. But, real commitment is perhaps the biggest part of the equation for stellar performance.

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. We 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 our company, 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 it cannot be achieved merely through a motivational campaign.

Commitment is what some people call "self motivation." As opposed to mere motivation, the impact of commitment is stronger and longer term. Commitment comes from within each individual rather than from some external source. It differs from motivation in that there is no way that a boss or any other person can command commitment. It is something that happens internally, on an individual basis. It is possible to obtain obedience from someone, but this is not commitment. Committed people perform well because they want to, not because of someone else's wishes.

Intense customer focus is best demonstrated by people with commitment – not by those who are being obedient.

Why is commitment necessary?

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 we need to survive and thrive in the increasingly competitive marketplace. It is commitment that is required in order to actually realize the benefits of Six Sigma or Total Quality Management. With commitment, the benefits derived from TQM far exceed those attained from just fulfilling the process and procedural aspects of TQM and "continuing quality improvement" measures because someone else insists on it.

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. 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 company'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 lower level performance. When performance levels go down the individual's value to the company decreases and ability to advance within the company is limited. This is a road that leads only downhill.

Commitment to the purpose of the company – 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. For the most part, people 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 can easily be viewed as 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.

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. Building commitment may be closer to an art form than an exact science. Nevertheless, there are a number of things that can be done to build commitment.

Prerequisites for Commitment

Before we get to specific actions that we can take to build commitment in others, there are a couple of prerequisites. It is essential for the company to clearly identify the nature of the commitment we want people to make. The prerequisites for commitment are: clarity in our strategic goals, and having a strategic and lofty vision.

- **Clear goals:** If we want to achieve them, we can't keep our goals a secret. How can we expect others to commit to the goals of the company if they don't know what those goals are? How can we expect others to commit to something we don't identify or explain?

  The process of commitment within each individual involves a comparison of the goals of the company with their own personal goals, aspirations and sense of responsibility. In order for this comparison to occur, the goals of the company must be well understood by each individual. This requires an exceptional level of clarity in the definition, articulation, and communication of the goals of the company. Clarity in company goals is the basis for helping people know where they stand in relationship to the purpose or mission of the company, and know how their jobs contribute to the accomplishment of the goals of the organization.

- **Strategic and lofty vision:** There is an element of vision that should be discernible in the goals and strategies of an 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 our company that we think might never happen but is exciting and just barely possible – close enough to being attainable that we would actually work toward its realization.*

  This vision must be both strategic and lofty.

Having a *strategic* vision involves staying focused on the needs of our clients and/or customers, and basing our strategy on strengths that the company already has or can readily acquire. In other words, our vision has to be based on reality.[6] Having goals that make sense in terms of probable success and responsiveness to the existing marketplace is essential.

People within any company have a fair amount of knowledge about the market in which their company is active. If people do not believe the company's goals and strategies are achievable in the current marketplace – they will not "buy in." Would we commit to something we 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; it 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 lofty goals (that are also strategic), people feel that the challenge is important and worth achieving. They feel important and will derive a sense of accomplishment from their efforts because they believe that their work is important.

<u>A strategic and lofty vision relates directly to performance improvement</u>. A truly lofty vision usually calls for improved performance on a company-wide basis. Specific improvements are usually measured in terms of quality, growth, profitability, and the like. Most of the time these specific improvement goals cannot be met by doing more of the same things that people did in the past. More often than

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[6] There is a link here to the concept of having a *compelling business rationale* discussed earlier in the chapter on "Purpose."

not new strategies and new actions are required. This means that new competencies are required of individuals and teams. The challenge of a lofty vision contributes to improved performance in two ways.

- First, it enables an individual or team to improve performance by appropriate application of competencies they already posses.
- Second, a new lofty challenge is the clearest and best reason to develop new competencies. The commitment inspired by a new challenge cultivates the desire that must be present to learn and apply the new competencies. These new competencies are required to perform tasks and functions better, and accomplish specific goals and objectives.

Building Commitment

Although it is not possible to make someone else committed, it is possible to build a work environment in which individuals are more likely to make that personal decision to become committed. Building a work environment that encourages commitment is the responsibility of leadership and management. Each company, and each individual situation, is different and there are no simple rules about how to build a commitment-enabling environment, but it is possible to paint a picture of what such an environment looks like.

An environment in which people are more likely to make a personal choice to become committed has a number of characteristics, including, but not limited to, the following: [7]

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[7] For a treatment of each of these characteristics see the book Creating a Coaching Culture – Revised Edition by Allen Saville, Saville Consulting Service, 2009, chapter 5. Peter Block also discusses some of the concepts in this list in similar, yet different, ways in his book The Empowered Manager, Jossey-Bass Inc., San Francisco, 1987.

- **Self-expression:** Commitment is fostered when an individual finds meaning in his or her work. A work environment that fosters self-expression encourages people to express their true opinions about the value and meaningfulness of their work, and the application of specific competencies in their job responsibilities. This provides managers and others vital information and opportunities to help others understand the links between their individual work and the value that the company provides to its clients.
- **Mutual trust:** To be successful in building commitment to company goals there must be widespread trust within the work force that leadership and management are truly committed to the vision, direction and goals, and not just paying lip service to some pretty words on a company poster. Individuals in the work force must also believe that the company will stand behind the actions of individual leaders and managers in support of company goals.[8]
- **Integrity:** Integrity is a forthright assertion that being serious about the accomplishment of organizational goals is more than okay – it is necessary in order to accomplish the meaningful work of providing value to customers and clients. Being authentic to the strategic business goals means telling the truth about what is happening, admitting mistakes, and only making promises that can be fulfilled. It is putting into practice by demonstrable actions the authenticity you have to the strategic direction and goals of the company. Manifesting integrity in this way is yet another way to build commitment because attesting to the importance and value of the work helps build commitment.
- **Positive regard for others:** Having sincere positive regard for others means wanting what is best for them and their career and knowing that this is also best for the company and

[8] See the treatment of trustworthiness at the end of this chapter.

the accomplishment of its strategic goals. It is having a *burning desire* to help others identify and realize more of their human potential. When wide spread within the company, sincere and mutual positive regard enables individuals to provide one another with the kind of job related feedback that leads to real performance improvement.[9] This leads to improving the performance of the company as a whole. Another result is that people learn their jobs better and faster, and more frequently make innovative improvements in the ways they do their work.

- **Mastery:** To learn something or perform some task simply because somebody else wants us to is feeble motivation. Performing a function as well as we can in order to satisfy our own sense of accomplishment and pride is much more rewarding. There is a pride and satisfaction in understanding our function better than anyone else, in *being the best*, that is its own reward and is in our own best interest. When organizations support individuals in becoming masters in their competencies, people see that their skills are valued, and know that their competencies are important to the success of the organization. This emphasizes the value and meaning of their work, which in turn fosters commitment within individuals.

- **Enlightened self-interest:** Having a strong and sincere desire to serve the organization is the essence of enlightened self-interest. This may sound like the "company line," but the reality is:

  > *The achievement of each individual's work related goals and aspirations is inevitably linked to, and interdependent with, the interests of the business.*

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[9] This is the essential proposition of the book Creating a Coaching Culture – Revised Edition by Allen Saville; Saville Consulting Service, 2009. See also *Providing Performance Feedback* in Chapter Nine of this book.

At anything deeper than a surface level this is a difficult concept for many to understand, and equally difficult to explain convincingly to others. To act in accordance with the concept of enlightened self interest, individuals must understand, and truly believe, that their personal success and highest personal self interest is directly linked to the success of the organization – or the office, or the department, or the team.

This promise will sound very hollow (and will, in fact, be empty) unless there is a work environment in which individuals have good opportunities to talk about, and explore, their personal goals, and how those goals tie in with the work they are doing, and the direction and goals of the company.

➢ **Making commitments and expecting others to make commitments:** Making commitments to do, or accomplish, something, and expecting others to make commitments as well is an important attribute of an environment in which performance goals are achieved. We have long known that in the area of helping people be successful at making changes – in actually making improvements and/or doing things differently – a public statement of intent is an important step along the way. People who state out loud, in the presence of others, that they are going to accomplish something are more likely to actually get it done.

Behavior modeling on the part of leadership and management is important in cultivating this work environment attribute. Leaders and managers should occasionally talk about their commitments and the reasons (both from the company perspective and from their own individual perspective) for making those commitments.

➢ **Individual responsibility for the success of the business:** When individuals know that the success of the business also means their personal success, they will not accept failures, they will make opportunities, and they will repair those "little glitches" (that could compromise quality) on their own. They do this on their own authority because they have assumed personal responsibility for the success of the business. They are committed to the vision and goals of the company and they are working for their own success as well.

Trustworthiness

Every one of the work environment attributes listed above is important. The first two, self-expression and mutual trust are extremely important and interrelated. Self-expression will not happen without mutual trust.

Individual trustworthiness is an essential element in building a culture in which mutual trust can flourish. There are seven elements essential in establishing trustworthiness:

- <u>Character</u> is about who we are as a person and what we stand for. Others must be able to trust in the standards of fairness and ethical principles that guide our actions.
- <u>Competence</u> in this instance relates to the skills of the general employee population, and especially any person in a supervisory, management or leadership position. In order to cultivate mutual trust people must have confidence in the skills of those with whom they work and their ability to perform their jobs well. People might trust in a person's character and believe that they have the best of intentions, but if they don't think they can perform the work, individual trustworthiness is compromised.
- <u>Commitment</u> to the shared vision of the company on the part of individuals at all levels within the company is important in building mutual trust. Our trustworthiness is compromised when people doubt our commitment to the goals and objectives that we are working together to accomplish.

  Again, this element of trustworthiness is especially important for those in supervisory, management and leadership positions. These people are there to assist individuals and teams to perform better in their work and, thereby, help the company accomplish its strategic goals. In essence they are facilitating the *alignment* between the purpose and goals of individuals and teams with those of the company. To earn the full trust of others, those in supervisory, management and leadership positions must demonstrate commitment to accomplishing the goals and objectives of the company. Without this type of commitment they lack a credible position from which to advocate and encourage others to commit to the accomplishment of the strategic goals of the company, and, once again, individual trustworthiness is diminished.

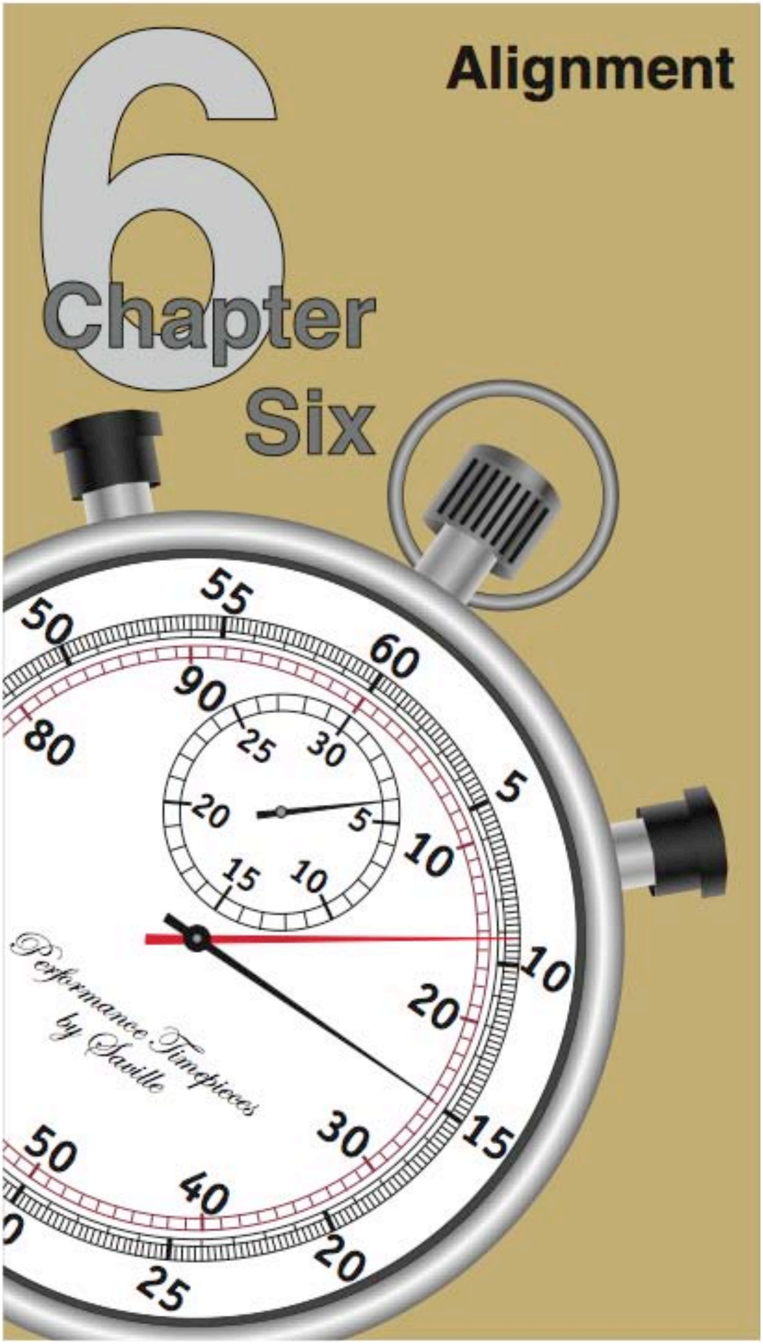
- <u>Congruence</u>: Being trustworthy in the context of encouraging performance within a particular organization requires substantial alignment between individual and organizational vision, value proposition, values, beliefs, and practices.
- <u>Consistency</u> means behaving and applying standards in a fair and uniform manner, and in all situations.
- <u>Constancy</u> – all of the above demonstrated over time.
- <u>Organizational Support</u>: Individual trustworthiness can be supported or diminished by the actions of the company as a whole. If the company demonstrates its own kind of character, competence, and commitment to the shared vision and commonly held principles, it supports the trustworthiness of individuals. If the company, in word and deed, does not appear committed to the accomplishment of the vision, goals, etc. this will undermine individual trustworthiness and building an environment of mutual trust.

  Individuals may be very trustworthy and may be trying to do all of the right things, but if the company is not trustworthy – there is no trust. If employees do not trust the company to stand behind the actions (or intentions) of the individuals within the company, mutual trust will prove to be an elusive goal.

Leadership and Commitment

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 any performance improvement or enterprise transformation effort.

Building a culture of commitment within the company 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 company will be looking carefully at the actions of leadership. The most visible indications of organizational commitment are the actions of leadership. Likewise, the most visible indications of the lack of organizational commitment are the actions (or inactions) of leadership. It is not possible to gain the commitment of the rest of the company if leadership is not committed. And, lack of commitment on the part of leadership is easy to observe. What leaders do speaks so loudly that others will not be able to hear what they say.


Alignment
6
Chapter
Six
Performance Timepieces
by Saville

The fourth and final of the *effectiveness* factors in performance and performance improvement is *alignment*. 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 company. We do this to enable people to do their jobs better by eliminating administrative barriers and organizational roadblocks.

Alignment is about structuring the company so that it is easier for individuals and the company as a whole to accomplish purpose, goals, and objectives. Alignment is about making certain that company policies and procedures do not run counter to accomplishing our purpose and strategic business goals. 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 then instituted interdepartmental teams and encouraged individual employees to keep other departments informed about their dealings with customers. However, the company performance evaluation process does not even list teamwork and keeping other departments informed as performance criteria. Further, all rewards seem to come for meeting departmental objectives, and there is no mechanism for performance input from team members or others from outside one's department. Is the performance evaluation process aligned with the purpose and strategies of the organization? Clearly not.

What is *Alignment*?

Within the context of a company or other organization...

> *Alignment is the degree to which everyone is working together, and all company systems are coordinated, toward the accomplishment of the same goals and objectives.*

This very simple definition has two parts. The first part is that everyone has the *same goals and objectives*. The second is that everyone is *working together* toward the accomplishment of those goals and objectives. Even when the goals and objectives have been established and are quite thoroughly understood, there can be multiple paths toward accomplishment. Having everyone pursuing their own course of action to accomplish the company's goals and objectives is not alignment. It may well be chaos and, at the very least, it is extremely inefficient and, most likely, ineffective.

Therefore, *working together* means that everyone knows, and appreciates the need for, the specific strategies formulated by the company to accomplish its goals and objectives. It also means that everyone is aware of, and is actively engaged in, their own part in pursuing this particular set of strategies and action plans toward the accomplishment of the company's goals and objectives.

What needs to be aligned?

So far we have talked about the need for *everyone* in the company to be in alignment. Certainly that is true, but "everyone" is a very general term. Specifically, what elements within the company must be aligned? True alignment includes more than everyone; it includes *everyone* and *everything* within the company or organization. There are at least five different facets that need to be aligned:

1. Purpose,
2. Resources,
3. Functional systems,
4. Structures, and
5. Style.

Purpose: Sometimes stating the obvious is useful. Purpose is that to which everything else must be aligned. Purpose (which includes vision, mission, goals, objectives and strategies) sets the direction for the alignment of all other aspects of the company.

Resources: Every company possesses a different collection of resources. These are the basic building blocks that are available to achieve its goals. They can be grouped into the following categories: human resources, intellectual capital, economic resources, information, physical resources (raw materials, equipment, space etc.), technology and methodologies, time, products and services, organization, and markets. To achieve success a company must ensure that it has all the resources needed, and must marshal that unique collection of resources toward the accomplishment of its particular purpose – this is alignment.

See revised version on next page

Functional systems, processes and procedures: All functional systems, policies and procedures should make it easier for individuals and teams to accomplish company 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,


Results
using the factors of production
to accomplish results
Factors of Production
Purpose and Drive
Organization
Process, Procedure
System, Structure
Organizational Culture
Proprietary Methodology
Synergy
Channels to Market
Intellectual Capital
Time
Market
Products Services
Physical Resources
Location
Information
Economic Resources
Technology
Human Resources
Raw Materials
Equipment
Space
Office, Plant, Etc.
Labor
Knowledge
Competencies
Attributes

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.

Major functions within a company are collections of processes and procedures in which resources are applied to a purpose.[10] For real alignment within a company all that occurs within each of these functional systems must support the execution of the company's strategies and the accomplishment of the company's goals and objectives. This means, for example, that information systems capture the right data and make the correct calculations at the right interval to measure individual and collective progress toward meeting specific objectives and accomplishing the company's purpose.

If you have an exciting purpose and challenging goals, and have no way of knowing how you are doing in meeting those goals – are the systems within the organization aligned? No. There should be specific measures in place that are tracked in the monitoring system that will indicate company progress toward achieving goals. This progress must be reported to leaders, managers (and ultimately everyone) via the information management system. And, individual and team performance should be evaluated in terms of goal accomplishment as one of the functions of the human resources sub-system within the resource administration system.

Structures: The various structural aspects of a company or organization must also facilitate (not impede) goal

[10] Processes and procedures within those systems vary widely from company to company. In some cases those processes and procedures are what sets one company apart from another in the same industry in terms of quality, efficiency, market share, etc.

accomplishment. The structure of a company is determined by both the formal and informal reporting relationships. Perhaps the best evidence of this structure is the manner in which business units are organized and report to, and through, the top-level executives of the company. Sometimes this is accurately reflected in a company organization chart. More often, the manner in which the top-level executives obtain information and cause things to happen departs from the structure depicted in the organization chart (if one exists).

Both the formal and informal structures should be arranged in a conscious and purposeful manner so that they better enable senior executives, managers and the work force to communicate and cooperate toward the execution of strategies and the accomplishment of company goals.

In performance improvement efforts, sometimes the organizational structure will need to be changed to accomplish the desired results. Back in the days when the largest public accounting firms were called "the big eight" there was a major office of one of those professional service firms that had the typical major departments: audit, tax, and management assistance services (consulting). There were also a few minor departments: accounting services, etc. The forward-looking leaders of this office 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.

Style: Certainly one of the most critical facets in terms of mobilizing and realizing a company's potential for achieving goals is found in the *softer* characteristics. Such things as operational philosophy, company culture, organizational behavior, and management style reflect the *style* of the company. Taken together these elements of style determine the tenor and quality of the interaction within and among individuals and teams at all levels within the company.

These style elements equate to *how people are treated* within the company and, here again, this facet of the company must be aligned with all other facets toward the accomplishment of company goals. A quick example is useful. If a company has implemented a strategy of innovation and intends to leverage the creativity of its work force, it better have a culture that supports free expression of ideas rather than one in which self expression is inhibited, because building on the ideas of others is an important ingredient in creativity and innovation.

How to go about alignment

There are a number of *key levers* for accomplishing alignment. Key levers are things that you push or pull to make things happen – in this case to align all of the different facets of the company toward the accomplishment of company goals and objectives.

Organizational analysis and *organizational design* are the first of the key levers. These include the identification and analysis of critical facets of the company to determine whether or not those facets support the company's goals and objectives. Organizational design is used as a tool to redesign facets of the company not aligned with purpose. It is also used to create new events, programs, policies, etc., where none existed, to help accelerate the accomplishment of company goals.

Most of the other key levers are vehicles that connect people at all levels with the changes happening in the company. These vehicles help people understand why the changes are necessary for the achievement of company goals. These vehicles include: communication; training, education and development; performance management; reward, recognition and remuneration; a host of policies, procedures, and processes; and a large measure of old fashion management attention. Properly designed programs in these areas can directly impact organizational behavior, management style, and company culture and that, in turn, affects the manner in which everyone works together to accomplish company goals.

Aligning all facets of a company is not easy – it takes time – and in times of major change there is usually a lot of alignment work that needs to be accomplished. Rarely can all the required work be accomplished in one bold stroke. Begin with the very top leadership and invest early in opportunities to demonstrate *symbolic modeling behavior*. That is, having leaders engage in activities that will be noticed by the work force that model the new values, behaviors and culture that are required to accomplish company goals.

Another very important feature of any alignment effort is *consistency over time*. The behavior exhibited by leadership and management must be consistent with the new message. Also, the behaviors that are encouraged and rewarded among the work force at all levels must be those consistent with the new alignment. Behaviors formerly rewarded and/or encouraged (or even just tolerated) that do not support the new company purpose must be confronted honestly and actively discouraged.

Organizational alignment is complex. There is a very large number of extremely interrelated elements and factors that must be identified, evaluated, and coordinated. When engaging in alignment activities the phrase "everything relates to everything" is really true. Enlist experience and knowledge to assist in this endeavor, and cultivate a holistic, company-wide frame of reference.

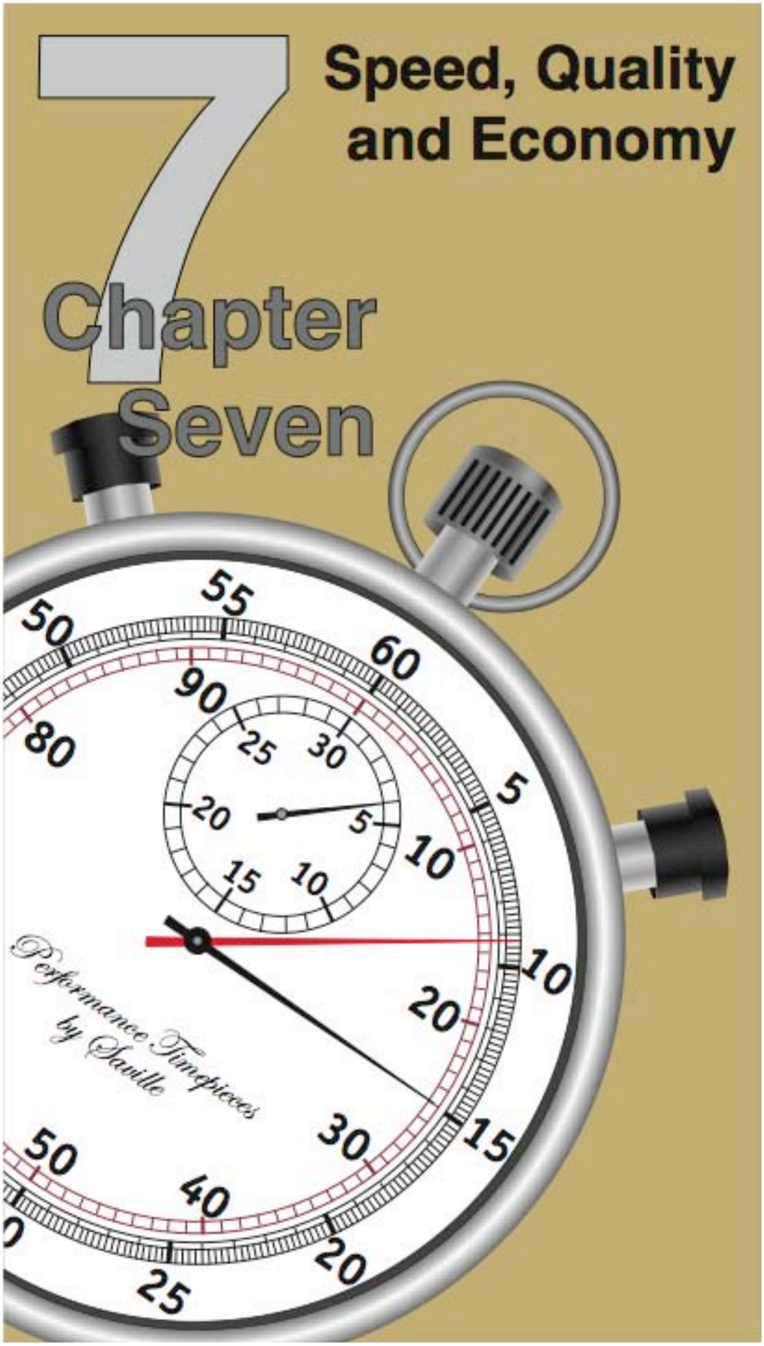
The Effectiveness Factors – Summary

Purpose, competencies, commitment, and alignment – these are the four effectiveness factors in performance and performance improvement. Purpose drives everything so it must come first, but real commitment is perhaps the biggest part of the equation for stellar performance. Having a correct (and constantly up-to-date) set of organizational competencies is what it takes to actually accomplish our company's strategic business goals. And, alignment ensures that the administrative and organizational dimensions of the organization are coordinated and streamlined to facilitate achievement of the purpose of the company.

Next, we consider the three *efficiency* factors in performance and performance improvement.

7 Chapter Seven

Speed, Quality and Economy



The Value Proposition

In business today, if we can consistently produce *faster, better, and cheaper* than our competition we have tremendous advantages. Our company will be able to produce products and/or provide services that are superior in quality to those of our competitors. We will be able to get these products and/or services into the hands of our customers faster than our competitors. And, our products and/or services will be priced the same as, or even less than, the inferior products and services of our competition.

The results are obvious. We are in a position to provide much greater *value* to our clients and customers and, given comparative shopping and distribution of this information within the marketplace, very soon we should have a much greater market share.

Speed, quality, and economy are the efficiency factors of performance. More than any others, these factors contribute to the company's short-term profitability and growth. And, this, in turn, contributes to long-term viability and success. Profitability, growth, viability and success are powerful reasons to support the emphasis that many performance improvement initiatives place on speed, quality and economy. This emphasis is neither misplaced nor inappropriate. It would, however, be a mistake to entirely exclude any consideration of the effectiveness factors in performance improvement endeavors.

Paying attention to the efficiency factors (at least as much as our competitors do) is a sort of *entry fee* for staying afloat in business today. Most industries foster a very competitive environment and most companies are constantly trying to increase their competitive advantages – that means trying to improve their efficiency. If we do not work at least as hard as our competitors on improving our efficiency we might as well be giving away market share, and sooner, rather than later, we will be bested by our competitors. Doing better than our competitors on speed, quality, and economy is the key to viability and continuing success.

The Action Agenda

So, what does it take to operate faster, better, and cheaper? If operating faster, better, and cheaper is part of company purpose; if operating efficiency is a part of an on-going continuous improvement program; it takes commitment to that purpose, special competencies, and organizational alignment – all specific to these efficiency factors.

Start with *commitment*. It is one thing to espouse the importance of speed, quality, and economy, and quite another to build organizational commitment to that mode of operation. The experience of Total Quality Management (TQM) in many US companies provides a case in point. When TQM first became popular in the US (after much success in Japan) many US companies embraced the TQM process and procedures and spent great sums in implementing quality circles and other mechanisms to build quality into operations. Most of these same companies became disenchanted with TQM because of lack of results and TQM fell out of favor. Some time later, there was a quiet resurgence of interest in TQM and considerable successes by companies who were willing to work to establish and maintain a company-wide work environment (*company culture*) in which the importance of the quality ethic to business success was truly understood and valued. The difference between the first and second experiences with TQM was that success was achieved only after investing in building real commitment to quality.

It is interesting to note that the first of Edwards Deming's 14 points for management (how to bring about Total Quality) was to "create constancy of purpose," and in discussing this point Deming noted the importance of commitment.[11]

It is the same with economy and speed. It is not easy to find new ways to take cost out of, and/or put more value into, our products and services on a continuing basis. Also, getting to market with

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[11] Dr. Deming is widely recognized as the father of the TQM movement.

new products and services faster than our competitors and delivering those products and services to our customers with more and more speed are very demanding challenges. Continuing improvements in process, procedure, systems, structure, and individual initiative come only when there is meaningful commitment both organizationally and at the individual level within the company. For this level of commitment people must appreciate the need for speed, the importance of quality and the critical role of cost in creating value. They must know why it is advantageous to them and their company to be faster, better, and cheaper.

***Competencies* are next.** Commitment alone will not produce the desired results. The company must possess, at both the organizational level and the individual level, the proper collection of knowledge, skills and attributes – competencies – to get the job of *faster, better, cheaper* done. There are many competencies required and each company will have some that are unique to accomplishing their particular goals and objectives. [Take a look at the list of competencies provided as examples in the Chapter 8 on "Performance Improvement Opportunities."]

***Alignment* is the next challenge.** To get an idea about how alignment is important to speed, quality, and economy think about whether or not rewards and recognition within the company support *faster, better, cheaper*. Then, expand on this theme by thinking about the extent to which the recruitment, performance management, training and internal communications programs in the company are aligned with company goals and objectives – and specifically the speed, quality, and economy objectives.

In the organizational context, alignment is having all of the company's policies, procedures, processes, systems, and structures make it easier for people at all levels to pursue company goals and objectives. Working to achieve alignment is sometimes tedious, but is very worthwhile. It is a powerful thing when people are supported and encouraged in all their interactions with the company to perform well and to focus their performance on accomplishing a set of common goals and objectives. Alignment yields the types of results and consistency that are only possible when people's best efforts are constantly reinforced. Alignment is a critical element in achieving consistent results in speed, quality, and economy in the company. And, the consistency in achieving those kinds of results is the key to success.

Speed

Doing the same work as others in a shorter period of time on a consistent basis is what *speed* is all about. There are many facets of company operation in which speed can become a significant competitive advantage. Despite the difficulties of being a technology leader, many companies (not only those in the hi-tech field) have beaten their competition by consistently being able to get new products to market faster. Cultivating special competencies that accelerate the new product development cycle is required to accomplish this. This, in turn, requires a focus on speed in at least the following operational components of the company: research & development, manufacturing process, marketing, distribution, and customer relationships.

There have been a number of instances in which companies have turned proficiency in its distribution system into a significant competitive advantage. Some of these have been used as case studies in the best business schools in the county. In these situations, it is all about getting goods and/or services to customers and clients faster (and more dependably) than the competition. A couple of express package delivery services and convenience store chains are the obvious examples of companies that have employed this as a big part of their successful business strategy, but there are many other companies, both large and small, that use speed as a competitive advantage.

As a bridge to the next section on *quality* it must be noted that there are very real interrelationships between speed and quality. Speed works well as a competitive advantage only when there is no sacrifice in the quality of the functions that are accelerated. Think about the example of faster new product development. A company would not last long if it got products to market faster, but they were the wrong products or they were poor quality products. Speed only works when there is no compromise in effectiveness and quality.

Quality

Originally, the word *quality* had the same meaning as *attribute* or *characteristic* – all things could be described and/or evaluated in terms of their qualities. In our context, quality has come to mean the overall functionality, fitness of purpose, utility, durability, and richness of features of an item. Today, something that has *quality* is very functional, highly durable, has many desirable features and is generally superior to other similar items.

Certainly, quality is the largest single component contributing to a perception of high value on the part of customers and clients. And, high value to the customer is the key to company profitability and growth. These direct links to business success have supported the substance, popularity and importance of quality programs such as TQM and its progeny.

With all of the emphasis on quality in business throughout the world, very high standards of quality have become almost a "given" in business today. And, there is an expectation of *continuing* improvements in quality. Every one of our company's competitors is constantly working on quality. So, a sincere, effective, and continuing focus on quality is a mandatory part of doing business in today's marketplace. It is for this reason that the phrases *performance improvement*, *continuous performance improvement*, and similar terms, should all be understood to include significant attention to quality.

Getting new products to market faster than our competition is a wonderful thing. Having those new products based on customer and market research that is more thorough than ever before is even better. Better still, is having those products manufactured by people who not only take pride in, and personal responsibility for, their work, but who also know that producing a quality product is essential for continuing success. Incorporating quality as an essential part of improving the efficiency of the company is important for success and just makes good business sense.

Economy

Economy is doing more with less – doing things cheaper. It is all about the amount of resources – economic or otherwise – that are applied to getting the job done.

Speed is one way toward economy. If we can do more of the same quality of work than others can in an equal amount of time, and with the same amount of resources, we have just saved the company some money. We have, in essence, reduced the cost of production. Multiplied many times over, this cost reduction can be shared in terms of a lower cost to the customer and higher profits for the company.

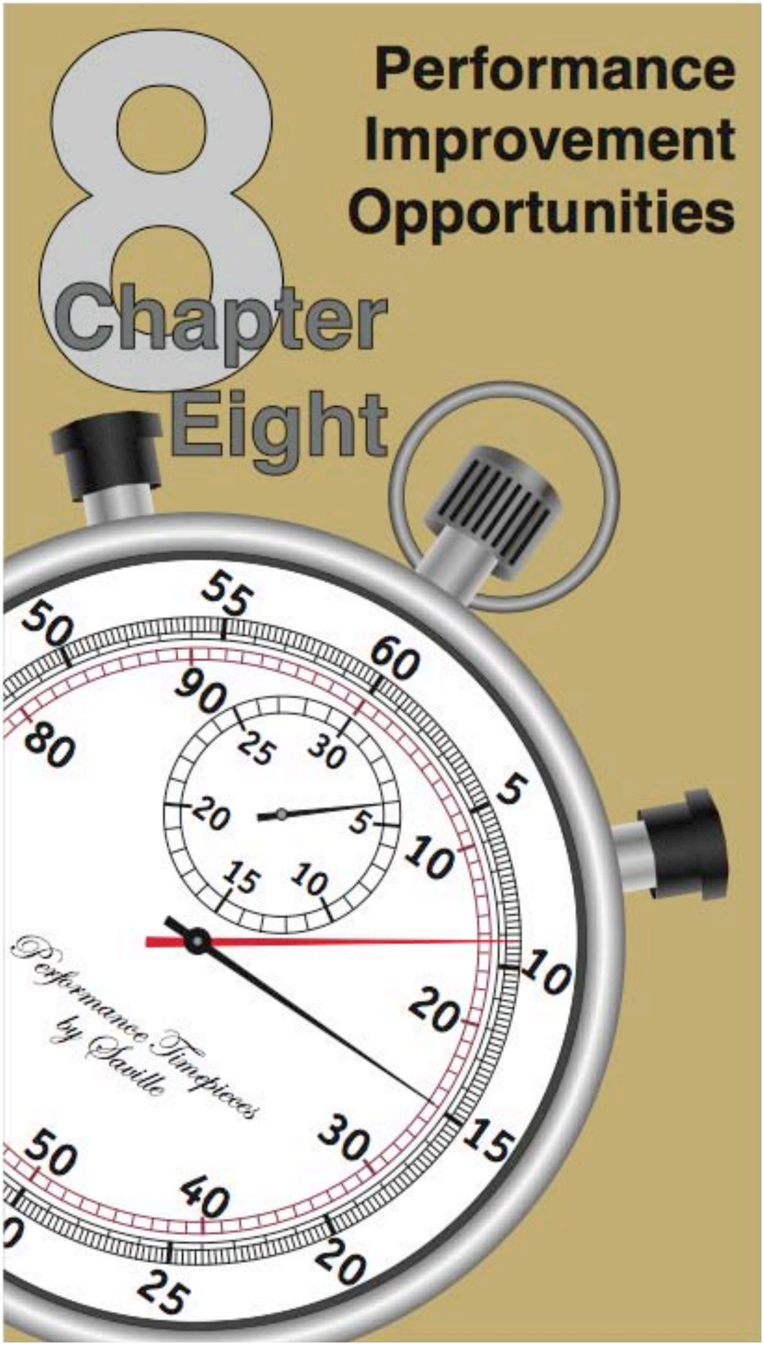
In addition to doing things faster, there are many more vehicles for lowering the cost of production. Automation, outsourcing, low-cost manufacturing, and the application of best practices are all used to decrease the cost of production for a company. Supply chain management and process re-engineering are also used to decrease costs.

All of the resources that are applied to producing services and/or products have a price tag. The raw materials have a price tag; so too does the labor required for assembly; the transportation from the manufacturing facility to the customer; the machinery, equipment and facilities used in the production process; electricity and other fuels; etc. The price tag associated with each of these resources is location specific. That is, the cost of resources may vary significantly in different locations. For example, in general, the cost of labor may be less in China than it is in the USA. The cost of timber and other forest products is less in Vancouver, Canada, than it is in Riyadh, Saudi Arabia. Economy – doing things cheaper on a company-wide basis – is about finding the lowest overall price tag. It is an *optimization* formula. Locating a manufacturing plant in China to take advantage of lower labor costs might seem like a good idea, but that particular advantage will have to be weighed against the higher transportation costs to get goods to the major markets and any potential risks of having the manufacturing facility "nationalized" at some point. Assuming that we can actually put an accurate price tag on everything, optimization means finding the location at which we have the lowest total price tag.

Another aspect of economy is related to the manner in which resources are used. Many companies have significantly reduced their production costs by redesigning their manufacturing processes – to incorporate energy efficient manufacturing equipment, for example. Other companies have done well through programs to train and reward production employees in techniques that reduce scrap and rework.[12] In these two examples companies are lowering their production cost by using lesser amounts of essential production resources than competitors. This also meets another responsibility – that of being good stewards of the earth's resources.

The examples used above are mostly from manufacturing or other product oriented industries. There are just as many cost savings opportunities in service industries. Consider the telemarketing centers located in Ireland, and the information technology consulting concerns that are now beginning to utilize the significant, talented and cheaper computer programming resources available in India.

[12] There is a strong link to *quality* here.


8
Performance
Improvement
Opportunities
Chapter
Eight
Performance Timepieces
by Saville

All things considered, there are numerous opportunities to improve the efficiency with which the company operates. The list below enumerates and categorizes a few of the more interesting company attribute, or characteristics, that, when in place, may contribute to increasing speed, improving quality and achieving greater economy.

Operations:

- Continuous process improvement procedures are in place and aggressively utilized
- Work force encouraged and empowered to improve production and service delivery processes
- Supply chain management for greater leverage of economies of scale, purchasing power, and for reducing the costs of storing materials and finished goods, etc.
- Effective links between production and new product development
- Feedback from customers and clients effectively communicated to production and new product development units
- Specific measures are in place and utilized to improve value-add of products and services
- Vendor quality program aggressively pursued
- Management expertise in outsourcing arrangements

Strategic Operations:

- Rapid new product development capabilities that are responsive to market demands
- Innovation in value-add services and products
- Cross pollination of ideas among different divisions of the company to ferment innovation in products, services, applications and solutions

- Sharing "best practices" across entire company is aggressively pursued and specific methodologies are in place to facilitate sharing of best practices
- "Transportable" manufacturing competencies to facilitate lowest total cost solutions (including both manufacturing and delivery costs)
- Creation of "disruptive technologies" (to create a leadership position in the market)
- Building alliances

Direction:

- Proper attention to managing change
- Clarity in the relationship of speed, quality, and economy to accomplishing company goals and objectives and the strategies employed to achieve those goals
- Leadership competencies in building commitment within the work force

Planning and Budgeting:

- Valuation of products and services for the purpose of value pricing
- Evaluation of production systems, service delivery systems, quality systems, customer satisfaction systems, efficiencies, and continuous improvement systems

Information and Monitoring:

- Improved "environmental scanning" to identify potential major technological shifts and applications of new and existing technologies
- Scanning for potential enabling technologies
- Collection and analysis of information on: new technology, competitors, efficiency and performance, customer satisfaction

Management Information Systems:

- Flexibility of MIS to accommodate new analyses, new questions, new concerns, etc.
- Seamless integration of all locations to obtain accurate information on costs of production, delivery, etc. in order to achieve lowest total cost production

Support Functions:

- Recruitment of specific talents needed to achieve company goals and strategies
- Performance management systems aligned with strategic goals
- Training, education and development programs in place to support accomplishment of strategic goals
- Internal communication mechanisms (for communication both up and down) in place and effectively utilized

Marketing:

- Effective utilization of market information in the design of new products, services and solutions needed by customers and clients
- Effective customer education campaigns to create awareness of, and cultivate needs for, new technologies, products, services, applications and solutions

Sales:

- Customer satisfaction information used to improve the work of the sales force
- Information obtained by sales force about product performance, quality of services, and customer needs effectively communicated to operations, new product development, marketing and other divisions

Customer/Client Relations:

- Knowledge of customers' industries and strategic business objectives is cultivated and emphasized

Company Culture:

- Intense customer focus is pervasive among the entire work force
- High level of individual pride in company products and services
- Two way communication between management and work force is encouraged and facilitated
- Creativity is valued, strong, and encouraged
- High levels of cooperation among all business units
- Recognition and rewards directly linked to performance, value-add, and achievement of company goals and objectives (including “faster, better, cheaper”)
- Appropriate level of risk taking is encouraged and supported
- Resilience to change is understood, valued, and cultivated

The items in the list above provide some ideas for ways to improve the performance of individuals, teams and the company as a whole. Obviously, there are many more performance improvement opportunities in any given company. Company employees can usually identify a considerable number of items that have high potential as good performance improvement topics.

Chapter Nine

Providing Performance Feedback

It seems to be very common in companies and institutions all around the world for managers, supervisors and others who have responsibility for the performance of groups and teams to shirk from providing honest feedback about performance, especially when that feedback is negative.

Positive Feedback

Providing positive feedback is much easier and pleasant, but there are at least two major problems with even that.

1. *It is not done enough.* Recognizing excellent performance is instructive because it sets it apart from the routine and people then begin to understand the standards for excellence. Catching people doing things well and recognizing that fact also lets people know that stellar performance is valued by the company, and it just makes people feel good.
2. *It is inflated.* Some supervisors, managers and leaders give only praise and stay away from providing negative feedback. Some even praise marginally good performance as if it were really superior. There is a quote appropriate to this situation: "He who praises everyone, praises no one." If only praise is provided and some of that is for less than praiseworthy actions, the praise becomes meaningless. To be effective positive feedback should be honest, deserved, and balanced with appropriate encouragement to do better when poor performance is observed.

Negative Feedback

It must be human nature to shy away from providing negative feedback to others. This is understandable. Giving negative feedback to others many times is perceived as confrontational and results in defensiveness – unpleasantness that most people would rather avoid. Sometimes people in the position to provide constructive performance feedback convince themselves that withholding negative feedback is a kindness to those who should receive the feedback. That is, they are sparing people from having their feelings hurt. It seems that nobody likes giving bad news to others.

The truth is that we do no favors to others by withholding negative feedback. Those who could improve their performance are deprived of information that would be valuable in that endeavor. Withholding this information may actually create a situation in which those in need of performance improvement are unaware of their performance shortcomings and, in addition, actually (and incorrectly) believe that they perform as well or better than others. This, in turn, creates a situation in which those with lackluster performance really do not understand why others receive better evaluations, more substantial compensation increases, and/or promotions. As a result it is almost impossible to justify differential compensation to reward excellent performance. Without differential compensation (i.e., when everyone pretty much gets the same type of raises) excellent performers begin to feel there is no point in stellar performance because it is neither rewarded nor valued by the company. This is the exact opposite of the work environment that we should want to build. In order to encourage stellar individual and collective performance we need to be able to reward exceptional performance.

Of course, there is both a science and an art to providing constructive feedback to others. It is important to do it correctly. Done incorrectly there will be no real benefit to people on the receiving end, and, yes, it is possible that it is perceived as hurtful even if it is not actually intended that way. Here are two broad hints about delivering constructive feedback:

1. *Learn how to do it well.* Doing it is necessary, important, and critical in nurturing a high performance work environment, so doing it well is an important skill to cultivate. There have been volumes written on this subject, as usual, some better than others. Seek out assistance and become proficient.

2. *Be compassionate.* Ideally, the people who report to us should always believe that we have their best interests at heart. They should believe that we want what is best for them and their career. As stated in the chapter on Commitment, this type of sincere and mutual positive regard enables us to provide one another with the kind of job related feedback that leads to real performance improvement.[13]

In the important endeavor of performance improvement – on both the individual and company-wide basis – accurate performance assessment and feedback is essential. Supervisors, managers and leaders are responsible for these tasks. It is also important that the culture of the company support and reinforce the importance of the kind of accurate performance feedback that can lead to the cultivation of the highest level of human potential.

An example to consider:

Inaccurate Positive Feedback… Dan, a contract consultant, was brought in to assist in a significant client-serving role in a major engagement and failed miserably. Why did this happen?

In the interview process Dan had specific and voluminous examples of positive assessment about his performance – there was even good documentation. He was hired and began work. Almost immediately junior consultants reported that Dan "could not walk and chew gum at the same time." After two meetings the client called, irate, and indicated that the real problem was that Dan was literally trying to smoke a pipe and chew gum at the same time while also providing a totally inaccurate assessment of the purpose and scope of the engagement. The client stated firmly that Dan's continuing participation in any way in the consulting project would be unacceptable.

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[13] See *positive regard for others* at page 42.

In the immediate and difficult discussion with Dan that followed the client's call it was clear that Dan truly believed that his performance was good. It was a conundrum. One of the senior consultants discovered that he had a fraternity brother who had been a senior person in the company that had formerly employed Dan. A call was initiated and queries made. The "off-the-record" information received was disturbing.

In his former situation Dan's performance was no better. It was terrible, but the people who were responsible for Dan's performance hated giving negative feedback and, somehow, successfully avoided providing it. Basically, Dan's supervisors lied to him, and Dan believed the lies. After years of believing the misinformation about his performance Dan was suddenly and unexpectedly being confronted with very negative information about his performance and getting fired. Dan was crushed. Despite rather specific and detailed information Dan refused to believe the negative feedback and rejected it as false.

With new leadership the client engagement was rescued and turned into a model project. Everyone was happy except Dan. The years of inaccurate positive feedback had set Dan up for a devastating failure. Dan's former bosses had done him a terrible disservice.

10

Chapter Ten

Coordination and Comprehensiveness

In the very first chapter of this book a case was made for the importance and value of performance improvement, i.e., company success, growth, profitability, etc. Hopefully, that case has been supported by each of the succeeding chapters. Hopefully, too, all readers are now convinced, and off to do their part in the endeavor of performance improvement.

Also in Chapter One, the importance of leadership and direction in performance improvement endeavors was emphasized. The exact words used were "…it would be a total mess if everyone just went off on their own to improve performance in any way that they thought best."

This is an extremely important point. If performance improvement is emphasized, but efforts are not coordinated and specific strategies are not provided or supporting processes not implemented, there can be untoward consequences. Here are two examples that underscore the need for a coordinated and comprehensive approach to performance improvement.

Untoward Consequences

Here are a couple of examples of bad things that might happen if individuals tried to improve performance without direction, coordination, and sponsorship from leaders and managers.

People can get into trouble and maybe even fired… Let's say Diane, who works in a hospital, is convinced of the value of performance improvement and is committed to client service. She is a trained and certified technician who provides diagnostic exams to patients who are scheduled by the hospital. Diane is also a supervisor within her department. There is a problem in that schedulers frequently make mistakes by scheduling patients for times when the doctors are not there to interpret the exam results and/or scheduling patients too close together or too late in the day to accomplish the more involved exams within the time that is available.

Diane takes the initiative. She diplomatically confronts the scheduling department about the pattern of mistakes and explains the negative impact that improper scheduling has on the improperly scheduled patients, the other patients who are delayed because of the improper scheduling, the diagnostic technicians and others who have to deal with irate patients, and the stress of not having enough time to be able to perform the diagnostic exams correctly and professionally.

Problem number one: The scheduling department (especially the supervisor) has not bought-in to the performance improvement concept, doesn't like to change things, and views Diane as a trouble maker who has no business meddling in their department.

Problem number two: Those in hospital administration, higher-up in the food chain, have not sanctioned any performance improvement efforts and are not supporting Diane's "lone ranger" efforts. They just want things to run peacefully. There is no energy to improve the way that the system works; they just want to smooth things over and deal with individual incidents as they occur. In fact, the emphasis seems to be on trying to get as many patients scheduled as possible; after all, volume is the key to more revenue – right?

Results: Diane is highly frustrated. She is trying to do the right thing and having it thrown right back in her face, and is now in trouble with the scheduling department and her superiors. She thinks she could be fired. Diane's co-workers are increasingly stressed out by having to rush through exams (possibly compromising quality), and having to deal with an assortment of patients who are rightfully upset by delays and/or not having the right hospital personnel there to do the exams that are necessary. Patients are mad and complaining loudly to anyone and everyone. Private physicians are beginning to send their patients to other hospitals. Diagnostic technicians are beginning to look for employment at other facilities.

Healthcare is a hot field and Diane's talents are in demand. She gets an interview with a competing medical facility. In that interview a continuous improvement program is described. She is told that part of her job would be to actively participate in continuing efforts to improve the processes and systems for providing service to patients. Diane quits and goes to the competition. Within a month two other diagnostic technicians also leave to take positions with the competing hospital.

Back at Diane's former place of employment, another technician who never complains and gets along with the scheduling supervisor is promoted to Diane's position. The remaining technicians (at least those who care about client service and have an inclination to try to improve things) are becoming more and more frustrated. The hospital's continuing and increasing resistance to systemic changes to enable the technicians to perform quality exams and provide high levels of customer service discourage performance improvement.

Diane really believed that, had she not left, she would have been fired. Since she also believed that she was doing nothing more than trying to provide the best service she could to hospital customers, she felt doubly wronged. In this instance Diane's personal commitment to performance improvement was out of alignment with the hospital's lack of support for performance improvement efforts.

The ultimate outcome may well be that the hospital's emphasis on high volume in the short-term and acquiescence to change resistant behavior will compromise service quality and the long-term viability of that department of the hospital.

Money can be wasted on the wrong things for the right reasons…
David is a mid-level manager in charge of one major product line within a company that manufactures a wide range of products that serve the gas compression, oil refining, and gas and oil transmission industries (and several related industries). David and several other colleagues are enlightened managers and have

cooperated to build a work environment on the production floor that encourages ideas about performance improvement. The company as a whole does not really have a performance improvement program but has been happy with many of the efficiency improvements made within David's department.

Encouraged by past successes and empowered by a fair amount of managerial autonomy, David's department and those of some of his colleagues have successfully completed a major effort to suggest measures for significant efficiency improvements. Everyone in all of the departments participated, and all are proud of the new processes that they have designed and new equipment that they have evaluated and proposed to decrease cycle times and cost, and increase production. This project consumed a lot of man-hours, but everyone is confident about the future benefits.

In a meeting with senior managers David and representatives selected from the departments involved in the performance improvement project are shocked to learn that another project was about to be launched to replace the entire product line with much more sophisticated and automated products that will utilize little, if any, of the technology included in their proposed improvements. The senior managers seemed to be understanding. In fact, they took direct responsibility for the lack of communication and wasted effort. Still, David and his group were not looking forward to telling the news to everyone else in production. David was also privately worried that the price tag for this performance improvement initiative would now become a black mark on his performance record.

For all of the right reasons and with all of the best intentions, David and everyone involved with the production side of this product line spent a significant amount of time and effort in a project that turned out to be a waste. The reason for this was that there was a lack of coordination and communication at the larger company level. There is another reason as well: the entire focus of the performance improvement effort was on efficiencies and not enough attention was devoted to effectiveness. There was no coordinated leadership and direction about the purpose of the company as a whole and how that specifically translated into the goals, objectives and product line strategies for achieving that purpose.

How could this situation have been avoided? The company could have invested in more internal communication about its purpose of being the market leader in the application of new technologies to provide customers with the most sophisticated and reliable products. Then, David and his colleagues (even without specific communication about new products) may have considered the status of the product line itself, rather than focusing exclusively on the efficiencies in the production process.

Chances are that the trap that David and crew fell into would be caused by a company culture that emphasized cost and cycle time rather than technology and break-through innovation. The company mission statement and slogan might include break-through innovation, but if the behavior and culture of the company clearly focuses on cutting costs and incremental improvements in the production processes – those will be the concerns of most employees.

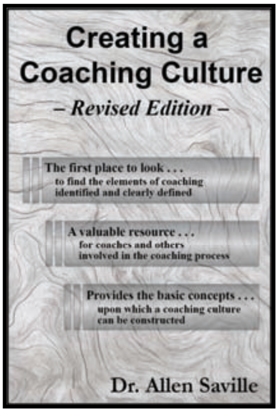
Conclusion

Performance and performance improvement are central to business success. This is a basic truth. Not new news! Everyone knows this. And, everyone is responsible for performance and performance improvement. But it is foolhardy, and can even be dangerous, to leave it at that, and assume that all appropriate actions will be taken – it will not happen that way.

Each of the seven elements of performance must be addressed in a coordinated and comprehensive manner to ensure positive results and company success. Take care in defining company purpose, then use an appropriate set of tools from today's business arsenal in the context of the seven elements of performance and enjoy the exciting and important challenge of continuous performance improvement.

Index

Performance-based Coaching



Coaching to improve performance and the extensive use of coaching to improve individual and organizational performance is the subject of Creating a Coaching Culture, another book by Dr. Allen Saville.

Think of the impact if we all took our coaching roles seriously and became proficient . . .

- Cultivate superior coaching skills
- Improve individual and company performance
- Help people realize more of their human potential
- Leverage your training, learning and development activities

To provide a foundation for building a performance-based coaching culture the basic concepts covered in the book are:

Vocabulary: This book creates a vocabulary for coaching by identifying and defining the elements and relationships of coaching. This facilitates common understanding and progress toward shared goals.

Relationships: The fundamental relationships among those involved in coaching activities are described and illustrated.

Models: The purpose, application and process of coaching are explained and models are provided to improve understanding. The models are performance-based and link coaching to performance improvement.

Behavior: Guidelines for the behavior of coaches and others involved in the coaching process are provided.

Use this book to help create a coaching culture within your company and achieve:

- Greater realization of human potential
- Higher profitability for business
- Personal reward through helping others
- Increased performance
- Greater job satisfaction
- Economic growth

Visit our website for more information: *www.saville.us*