

Building an Elite Performance Organization

By Gerald Pierce

In today's highly competitive, global business environment, the emergence of a more dynamic, scalable, and systemic approach to achieving corporate excellence is driving an evolution toward the elite performance organization. The core of the elite performance organization is the business performance management system. The business performance management system is much like an operating system that runs a personal computer (Windows, for example). Without a well-designed and properly functioning operating system, your personal computer is unlikely to produce the results you desire. The same rule applies in business.

The concept of the elite performance organization is built around a system with five distinct, yet interdependent, elements:

- **Focus.** The organization's mission, vision, and strategy.
- **Talent.** The knowledge, competence, and expertise mastered and demonstrated by the human resources inside the organization.
- **Infrastructure.** The resources, tools, and tactics that provide the underlying foundation for pursuit of the organization's mission.
- **Flow.** The balanced interplay of an organization's relationships, processes, and information.
- **Measurement.** The key performance objectives, related performance metrics and indicators used by the organization to validate and analyze performance.

The diagram below provides an illustration of the interdependencies within this dynamic, closed-loop operating system.

Elite Performance Management Model¹

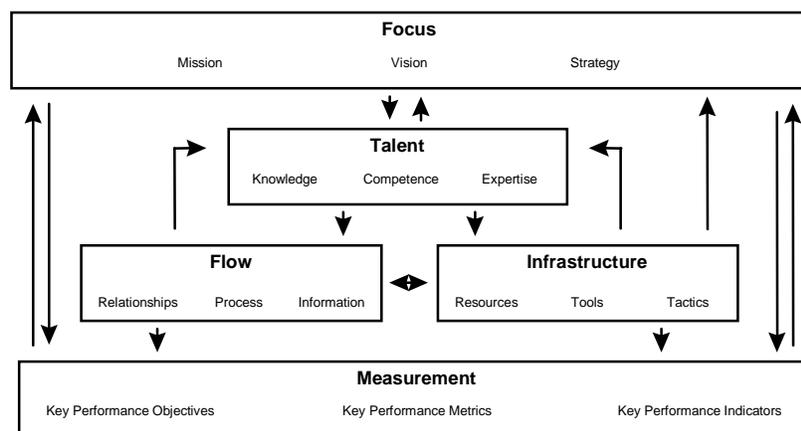


Figure A

The elite performance management model provides the backbone for a structured, disciplined approach to managing business process performance. The model links strategy and execution,

people and process, tactics and metrics at every level within the enterprise. The design is an orderly, logical method for identifying, developing, executing, and evaluating organizational strategy and putting into context what an organization is trying to accomplish and why – so that everyone involved is operating from the same playbook. This approach becomes the framework for synchronizing organizational activities, simplifying the complexity related to operational decision-making, and balancing spontaneous innovation with disciplined thought-leadership.

A Systems Approach

Imagine digging for apples. No matter how deep you dig or superior the equipment, you will never produce apples. Simply put, it's the wrong way of going about it. The notion of digging for apples captures the essence of the misunderstanding and dysfunction that undermines the management of business performance for so many corporations today.

So where is the disconnect? Misunderstood corporate mission? Flawed strategy? Lack of talent? Poor execution? Indifference about the objective? Incorrect or ill-defined indicators of success? Why would we be digging for apples in the first place? Who knows!!! This much is known -- a systems approach to management, as Dr. W. Edwards Deming taught us over 40 years ago, is still the driving force behind business success today. Especially in a business environment where competition is keen and where the 'Game' (penetrating markets, hitting revenue and earning targets, producing quality products and services profitably) is being played at the highest levels. To compete **and** win, the best and the brightest organizations leverage systems that give them a true competitive advantage -- systems that are robust, scaleable, and responsive to the dynamics of any economic climate.

Well-conceived and executed performance management systems, and the ability to operate them effectively, will continue to separate winning companies (solid earnings, most admired companies, best places to work) and losing companies (going out of business, angry stakeholders, high employee attrition). The system helps transform all types of businesses – from start-ups to aggressive-growth companies to the established icons of industry.

Think of the elite performance organization in the way that you would think of a championship-caliber sports team or industry icon. The elite performance organization has a lot of characteristics and attributes found inside great sports franchises like the Pittsburgh Steelers, San Francisco 49ers, and Los Angeles Lakers or industry leaders like The Dell Corporation, General Electric, and Bank of America. These organizations play the 'game' at a very high level **and** consistently win the highest honors for excellence attainable in their class.

Working inside the organization are the architects of the business blueprint (Corporate Officers), the coaching staff that develops and implements the game plan (Corporate Managers), and the position players who execute the plan (Corporate Athletes) on gameday.

The cornerstone of the system is **Focus**. A clear and concise definition of the mission, vision, and strategy drives the organization pursuit of excellence and gives everyone a focal point for directing their energy. Without a defined focus, the organization has no way to even begin developing a company story, their value proposition, or an elevator speech. The driving force of the system is the **Talent** that an organization utilizes to fulfill the organization's mission, vision, and strategy.

This highly interactive linkage, requires the organization's strategy to be complimented by individuals who are not only skilled, knowledgeable, and intelligent but are also capable and appropriately motivated. The coordinated integration of **Focus** and **Talent** allows businesses to remain responsive to the demands, challenges, and opportunities presented by their offer, the market, and the competition.

Let's use the Steelers of the National Football League (NFL) as an example. A passage from their mission statement reads "challenge players to be lifelong learners while pursuing continuous improvement..." The results? Since 1970 they have won four (4) Super Bowl titles, drafted eight Hall of Famers (twice as many as any other NFL team), and year after year contend for the Super Bowl title. Team owner and president Dan Rooney was the 2001 NFL Executive of the Year. Is this by accident? I don't think so. A recent ESPN the Magazine article² details how the Steelers have become the benchmark by which all other NFL teams are measured when it comes to putting together championship-caliber teams. The article captures Dan Rooney's straightforward philosophy. "We know what we want and why. And we don't get distracted." The results speak for themselves. In an extremely competitive environment and at the highest level of professional football. Consistent, sustained high-performance for over three plus (3+) decades. "We know what we want and why. And we don't get distracted." They never – ever – deviate. We're not talking about one or two winning seasons over a short period of time. Consistent, sustained performance is what elite performance is all about.

A sound game plan **and** inspired corporate athletes trump hype and hope every time. A misguided, pseudo-enlightened organization is basically the corporate version of Ringling Brother's Barnum & Bailey Circus – with no real purpose or competence. Just clowns performing tricks.

Operating the System

Elite performance organizations are execution-focused and result-oriented. Therefore, they move diligently from talk to action. Not recklessly. Diligently. They demonstrate clear commitment to the strategy and allow alignment to happen organically. Moreover, elite performance organizations constantly challenge and test their approach – realizing that their power comes from within the system. They are continually asking themselves:

- Are we organized in a way that effectively supports the company's mission?
- Do we have the appropriate tools and technologies in place to realize our vision?
- Do our organization charts or process management systems dictate how we operate?
- Are our strategies and tactics congruent?
- How productive are our internal relationships? External?
- Are our processes customer-focused or internally focused?
- Do our metrics support our objectives?
- What impact does a reassignment of key personnel or staffing adjustment have on service delivery?
- Do our people have the information they need to effectively execute at the 'moment of truth'?
- How often do we deliver the right product, to the right place, at the right time?

These questions tell the organization a lot about how well linked their system is. The answers to these questions also serve as an indicator of the level of alignment and commitment that exists within the organization.

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In order to succeed in today's environment, it is imperative for organizations to identify and understand the interdependencies between **Talent**, **Infrastructure**, and **Flow**.

Talent provides the spark that activates the system. Once the system is activated, **Infrastructure** and **Flow** breathe life into the strategy. **Infrastructure** is the platform that supports the organization's mission, vision, and strategy. **Infrastructure** is a major element within the system because unless the strategy is supported by the appropriate platform (organization charts, technology, decision-making models, level of economic and resource commitment), the organization's aspirations will be sabotaged. The organization may be able to attain short-term, incremental, tactical success but it won't be sustained.

Infrastructure consistently challenges the organization's mission, vision, and strategy because without adequate tools, well-crafted tactics, and technological and financial resources to deploy the team effectively, everything gets out of balance. Think of the stress that puts on the entire system.

Which brings us to **Flow**. Flow is that sometimes tangible, sometimes intangible thing that is hard to describe but you know it when you've got it. **Flow** facilitates collaboration. Flow makes relationships work. Flow is what is happening when the right thing is being done right at the right time. Flow is about the right information getting to the right audience at the right time. Flow is powerful, favorable, and meaningful; elegant and inspiring. Flow has a rhythm. Flow enables moments of brilliance. **Flow** is about process. Amazingly enough, most businesses don't have flow. That makes ascending to the pinnacle tough.

Case in point. During Game 7 of the 2000 Western Conference Finals between the Los Angeles Lakers and the Portland Trailblazers, the Lakers were down by 17 points heading into the fourth and final quarter. This is it. Twelve minutes left to play. The winner goes to the Championship Finals and gets a chance to mark their place in the history books. The loser gets to go on vacation.

As the Lakers headed towards their bench at the end of the third quarter, Phil Jackson (Laker's Head Coach) approached Kobe Bryant (All-Star Player), who up to that point had been playing outside the framework of the team, and said three words – "Trust the system". His message was clear. The system (otherwise known to them as the Triangle Offense) demands commitment, process, and competence. It was also a proven approach that had been the centerpiece of six (6) of the last nine (9) National Basketball Association (NBA) Championships. So needless to say, the system was reliable. During this brief exchange there was no yelling by either party or one cross word between the coach and the player. Just a simple reminder of what we do (**Focus**), who we are (**Talent**), and how we do it (**Infrastructure**). Game over. Lakers win. Simply by capitalizing on an opportunity to get the right information getting to the right audience (**Flow**). They won the title again last year and go after number three (3) – in a row – this year. The Lakers obviously have a system in place, too. Since 1980, they have won more titles, seven (7), than any other NBA team. Commitment, process, and competence always wins.

Keeping Score

Infrastructure and **Flow** produce measurable results that allow the organization to assess the execution of their strategy and validate their capabilities and limitations. At the end of the day,

what this comes down to is a redefinition of what it means to be a high-performance company – one that you or I would want to be a part of or own shares in. A company with an effective and efficient operating system – meaning they have their arms around every asset and know whether and how those assets are contributing to the overall success of the organization. **Measurement** provides the organization with that valuable information.

Every elite performance organization institutes a standard method for measuring and communicating business results. Measurement provides the only real, tangible, and meaningful way of validating business performance. Whether it's Six Sigma³, the Balanced Scorecard⁴, or the Business Productivity Index⁵, every elite performance organization understands the importance of keeping score and acts with urgency to put a measurement plan in place.

Do you really think companies like Caterpillar, Bank of America, and General Electric implement Six Sigma across their businesses because they are clueless? Hardly. Last year, Bank of America Chairman and CEO Kenneth Lewis announced that his company was unveiling a Six Sigma program to “reduce errors, streamline processes and make cross-platform selling possible.”⁶ His reasoning? “Good decisions matter more than assets. Bad decisions bring assets down on your head.” He didn't do it to hype his organization. He did it because he knows that he welcomes the challenge of competing at a high level. He also knows what he's trying to accomplish, has a plan for making it happen, and is implementing an established standard for validating performance output. And guess what? Shareholders **and** customers appreciate that kind of initiative and forward thinking. That's why **Measurement** is such a key ingredient within the system.

Unless you're work someplace where no one cares about the outcome, you better have a method for keeping score. We're talking about meaningful, tangible measurements that demonstrate that the mission and strategy (**Focus**) have been translated into operational terms – a method for **Measurement** that validates your output with reliability and consistency. This is a major step in demystifying organizational strategy and ensuring that the execution of the game plan delivers the desired result.

Ask yourself:

- How effective are your methods for managing business process performance?
- Are your key performance metrics linked to your business strategy?
- What is your company's business productivity index?
- What cost take-out (other than layoffs) measures do you have in place or are planning to initiate this year?
- Does your business performance management system facilitate the attainment of your organizational goals and objectives?
- What criteria do you use to determine the effectiveness and efficiency of your business strategy?
- How does your actual performance compare to your performance targets?
- What level of the 'game' do you want to compete?

The game is as competitive as ever. The competition is keen. It's game time. Don't waste time digging for apples.

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¹ Elite Performance Management Model™. FactBook™; Episode 3.0. The Relevant:Methods Company. 2001. For more information visit <http://www.relevantmethods.com>.

² ESPN the Magazine. Steel Curtain. April 15, 2002.

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⁵ Business Productivity Index. FactBook™; Episode 3.0. The Relevant:Methods Company. 2001. For more information visit <http://www.relevantmethods.com>.

⁶ Fortune Magazine. “Bank of America. Where the Money Is.” September 3, 2001.

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