

# The Dynamics of High Performing Organizations



**Resource  
Development  
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Managing the Human Side of Business <sup>SM</sup>

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Note: the US Navy's Center for Naval Leadership is already utilizing our model in their leadership development programs with our permission.

This article is an updated version from our original article and our original model, which was first published in 2003. After additional research review, the final model, which is contained in this version of the article, was developed and published in 2005. This article was updated to reflect the new model in 2009.

For a more in-depth look at this model and how these Seven Elements help drive performance in organizations we invite you to read our new book **Leadership Lessons From the Medicine Wheel: The Seven Elements of High Performance** (ISBN 978-1-59932-111-0).

# The Dynamics of High Performing Organizations

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Over the past several years we've reviewed a considerable amount of research about what it takes for organizations to achieve high performance. There are an insurmountable number of studies out there, so we've confined most of our research to the larger scale studies conducted by some of the most reputable researchers. Our list includes the business schools at Harvard, Stanford, and Cornell, the Gallup Organization, as well as the groundbreaking work of Jim Collins and Jerry Porras in their book *Built to Last* and Collins' follow-up book *Good to Great*. All of the studies we have chosen have some very distinct and unique approaches, yet they all seem to either reveal the same results or provide support for each other in some way.

We have been able to identify Seven Elements that must be present for an organization to become a high performing organization. These Seven Elements are the building blocks that end up driving the success of the High Performing Organizations that have been studied. But it is more than just having these elements present in the organization; it is the dynamics that are involved in these Seven Elements that create high performance. These dynamics are represented in the following model.

## It's not processes, but people that drive performance.

What we've been able to determine from the research is that it is not process issues that drive organizational success. Yes, all organizations have to control their processes, which allow them to control quality and costs. However, as Gallup revealed in one of their articles, most organizations have done a pretty good job of achieving low cost as a result of the drive by many of the market forces. Most organizations have done well with the various forms of process controls (Business Process Reengineering, TQM, Six Sigma, etc.), but what most have done poorly is the human side of the equation.



What differentiates the high performing organizations is not how well they have dealt with their process issues, but how well they have dealt with their people issues. In fact, those organizations that have the highest levels of performance are those that have leveraged their people to achieve the greater efficiency in processes as well as superior levels of customer service. What they have done is become masters at managing the human side of their business.

The Dynamics of High Performing Organizations is all about leveraging the people issues involved in creating successful long-term organizations. As we look at the model, we see People in the very center. Surrounding the people are the elements of Vision, Leadership, Strengths and Innovation. Below, providing the foundation for all is the element of Trust, and above, over-arching all is the element of Personal Responsibility. Let's take a closer look at each of these Seven Elements.

## **The Seven Elements of High Performance Organizations™**

### **The Core Element – People**

As already indicated, it is the people issues that are making the difference in high performing organizations. That, in and of itself, is enough to put people at the center of the model. But that isn't the only reason that people appear in the center of the model. Whether we want to admit it or not, everything that an organization does is either done by or for people. People design and make the products or services; people market and sell the products or services; and people buy the products or services.

While it is all too easy to forget that people are at the heart and soul of any organization, we can also see that some organizations focus on one constituency to the detriment of another. In their book *Corporate Culture and Performance*, Harvard professors John Kotter and James Heskett talk about this issue extensively. They talk about three constituencies: shareholders (owners), customers, and employees. We'd add a fourth constituent, that of management.

The point that Kotter and Heskett revealed was that so often management tends to play one constituency off against another, allowing for a focus on the needs of only one or two of the constituencies. We've seen this over the past few years with management's focus on short-term shareholder value or their own perks at the expense of customers and/or employees.

What Kotter and Heskett found was that the most successful of the organizations had cultures that focused on the success of ALL of the constituents, not just one or two. This means finding a way to balance the needs of shareholders while also insuring the needs of employees are being met, yet at the same time we are insuring that customers are getting the highest quality products and services, and management's concerns are also being addressed. By its very nature, this undertaking is no easy task.

Balancing the needs of so many people all at the same time is enormous, but it must be done. This was one of the key findings that came out of the study that Kotter and Heskett conducted. What they found was that those organizations that could master it achieved an average increase in profits by 756% over the course of 11 years, while their comparison companies were only able to increase their profits by an average of 1% in the same time frame.

Research conducted by the Gallup Organization approximately 10 years after the Kotter and Heskett research shows a similar connection. Their research shows that the behavior of managers has a significant impact upon the behavior of employees, resulting in their engagement level. The higher the engagement level of employees, the better they perform and the higher levels of customer service they provide. The better customer service that customers receive, along with quality products and services created by better employee performance results in higher customer engagement and loyalty. With higher customer and

employee engagement, the organization sees a higher return on profits, which provides for better returns for shareholders.

It's fairly clear that all of these constituents are connected, and that the organization has to continually focus on the needs of all. As we will see as we move through the Dynamics of the other Elements, that each will continue to relate back to the Core Element of People.

### **The 4 Cardinal Elements – Vision, Leadership, Strengths and Innovation**

Surrounding the Core Element of People are the four elements of Vision, Leadership, Strengths, and Innovation. As we look at the Model above, we see that not only does each of these Cardinal Elements surround the Core Element of People, but that they are linked by arrows emanating from the Core outwards towards each Cardinal Element equally. This symbolizes a couple of issues. First, that each of these elements are directly related to People, and that People are the origin of the Cardinal Elements and that these Cardinal Elements only exist in as much as People allow them to.

Secondly, the arrows pointing outwards symbolize growth. The organization must continually grow in each of the 4 Cardinal Elements. But the equal length of the arrows also indicates that each of the 4 Cardinal Elements must remain in balance, too. So while the organization must grow in its strength of its values, it must also grow in its strength of purpose, leadership, and innovation, as well.

If an organization focuses too much on any one of the 4 Cardinal Elements without a corresponding effort on the others, the organization will find itself unbalanced and its success and high performance will begin to wither. In fact, most organizations that are struggling to breakout and become a high performing organization are struggling precisely because they do not have balance in all 4 of the Cardinal Elements.

But achieving balance is not the goal. The goal is to achieve balance and continue to grow in each of the 4 Cardinal Elements. As with maintaining a balance between all four of the People constituents, this is no easy task, but one that must be accomplished to achieve success. Perhaps keeping in mind that the 4 Cardinal Elements are connected to the Core Element of People will help in keeping this focus.

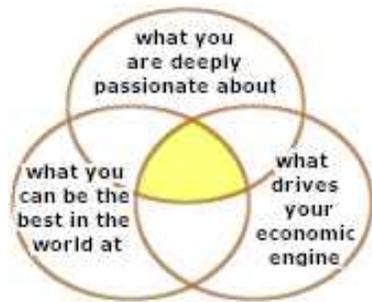
**Vision** – A compelling Vision is what motivates employees to give their discretionary effort to the success of the organization. Rather than inspiring employees through individual leaders, the Vision should be what inspires them to want to do great things. A leader's task is to help create the emotional connection between the employee and the inspiring Vision.

A Vision is comprised of three sub-elements, all of which must be aligned in order for the Vision to be successful. These sub-elements are:

**Purpose** – Directly opposite from Values is Purpose. As previously stated, Collins and Porras indicated that Purpose was the second part of what they called the “core of the organization.” They defined Purpose as “why the organization existed other than to make money.” Too often the management of the organization thinks that the only reason that they exist is to make money, and all their energies are placed

into this one focus. However, research study after research study seems to indicate that this kind of focus actually costs the organization money.

Purpose involves the unique things about why this particular organization exists. What sets this organization apart from all of the rest of the organizations that might also be out there doing the same kind of thing?



In his follow-up book *Good to Great*, Jim Collins found that in his second large scale study that those organizations that were good but later became great had a “hedgehog concept.” This concept involved 3 things: what you are passionate about; what you can be the best in the world at; and what you can make money at. The intersection of these three concepts is what your organization should be focusing on as its Purpose.

So while the Purpose of the organization does involve its financial side, there is much more to it than just the balance sheets. Again, unfortunately, too often that is the single focus of most organizations. They forget that their organization exists to serve others in some form or fashion. And as such, it is the passion about this existence that engages the employees and the customers, which drives the long-term success of the organization.

**Values** – As we reviewed the research the issue of Values continued to arise over and over again. Not only were values discussed in the research of Kotter and Heskett, but we see a tremendous focus on values in the study of several high performing organizations in the book *Hidden Value* by Charles O’Reilly and Jeffrey Pfeffer from the Graduate School of Business at Stanford University. Not only did they find that each of the organizations put a great reliance on their people to achieve tremendous results, but that each and every one of the organizations had a strong set of values that they operated by.

These values provided the boundaries for how the people in the organization will act in their daily routines of working with each other and in servicing their customers. The values weren’t just something that are written on a document and hung on a wall, but are actual living statements that are used day in and day out to make decisions. They have become the rule book around which people hold their conduct against.

This fanaticism about living values is also revealed in the research by Jim Collins and Jerry Porras in their book *Built to Last*. They talk about “preserving the core” of the organization, and indicated that the core was comprised of two components – values and purpose. While they and O’Reilly and Pfeffer did not find any particular values as being shared across the many organizations, what they did find was that it was imperative that the values of the organization had to be shared by all people in the organization.

This focus on shared values is key, as each and every person must agree that the values that the organization will operate by are important. As a result, the values do

truly provide a set of guidelines and boundaries for behavior, and the need for an extensive bureaucracy of rules and regulations for behavior is unnecessary.

**Goals** – Amazingly, most employees have no real idea what the organization’s top goals are, and how what they do on a daily basis contributes to the achievement of those goals. Furthermore, most employees daily job functions provide little support to the achievement of those goals. In a Harris poll a few years ago they discovered that 51% of employees do not understand what they personally need to do to help the organization achieve its goals. Employees also reported that they only spend about 49% of their time working on things that might impact those goals, and what is worse is that only 15% of employees could even identify their organization’s top goals.

Having clearly articulated goals that everyone understand and which are cascaded down throughout the organization is a key component to achieving a compelling Vision that employees can get excited about. Robert Kaplan and David Norton has shared in several books about the Balanced Scorecard approach. This is basically a great way to focus the organization on the things that matter most to its success. However, we advocate a slight modification to the kinds of Goals that an organization should focus on. Since we are putting People at the center, then People Goals should be at the top of our list. This helps us keep focused on the long-term sustainability of the organization.

Therefore, our four areas for goal setting are:

**Relationships:** These goals are built around the people we must build relationships with in order to be successful: customers and employees. Rather than just focusing on the customer, I have also included the employee, as our relationships with employees will impact on our ability to have relationships with customers. The focus here should be on finding measures that give the organization information about how well it is engaging these two constituencies. Keep in mind that engagement tells us information about the future, not just the past, so this is a very key area to set goals and measures. Therefore, at a minimum, this area should have at least two objectives: employee engagement and customer engagement.

**Economics:** While the most successful organizations understand that they exist for reasons other than just to make money, they also understand that the financial stability of the organization is still important. We must set goals in the economic area in order to insure that the organization has the other tools and resources that it needs in order to accomplish its Purpose and Goals. If it is a for-profit company it must have money so that shareholders will want to stay invested and will insure the viability of the organization. A non-profit or governmental agency still must have money in order to provide the resources, such as pay for employees or technology, to achieve its Purpose. At a minimum, this area should have at least one objective: cash flow.

**Action-Ability:** This area is concerned with the internal operations of the

organization and can vary greatly depending on the type of organization (for-profit, non-profit, or government) and the industry that it is in. Issues that should be addressed are process flow, total cycle time, waste, and adherence to governmental regulations.

**Longevity:** This area concerns the ability of the organization to insure that it will remain in operations for many, many years to come. In the Norton/Kaplan approach they often put employee engagement measures in this area, but as I have already shared, I believe that employee engagement measures are important enough to place at the top in the Relationships area. There are other issues that help to insure the long-term viability of the organization, such as research and development efforts, training of employees, and the long-term development of leaders (succession planning).

**Leadership** – Every single one of the large scale studies referenced the issue of leadership and just how important it is for the long-term success of any organization. In all four of the largest of the studies (*Corporate Culture and Performance*, *Built to Last*, *Good to Great*, and *First Break All the Rules*), each one of them talked about leadership being at the very heart of creating high performance.

When we talk of leadership in these studies, we aren't talking about positions of leadership, such as CEO, General Manager, or Shop Supervisor. Leadership for our purposes isn't about positions of authority, but rather acts of leadership. It is about a behavioral approach to dealing with people and ideas. In his book *A Force for Change*, John Kotter talks about the key differences between being a manager (position) and being a leader. They are:

### Managers

- ◆ **Planning and Budgeting** – setting targets or goals for the future, typically for the next month or year; establishing detailed steps for achieving those targets, steps that might include timetables and guidelines; and then allocating resources to accomplish those plans.
- ◆ **Organizing and Staffing** – establishing an organizational structure and set of jobs for accomplishing plan requirements, staffing the jobs with qualified individuals, communicating the plan to those people, delegating responsibility for carrying out the plan, and establishing systems to monitor implementation.
- ◆ **Controlling and Problem Solving** – monitoring results versus plan in some detail, both formally and informally, by means of reports, meetings, etc.; identifying deviations, which are usually called “problems;” and then planning and organizing to solve the problems.

### Leader

- ◆ **Establishing direction** – developing a vision of the future, often the distant future, along with strategies for producing the changes needed to achieve that vision.
- ◆ **Aligning People** – communicating the direction to those whose cooperation may be needed so as to create coalitions that understand the vision and that are committed to its achievement.
- ◆ **Motivating and Inspiring** – keeping people moving in the right direction despite major political, bureaucratic, and resource barriers to change by appealing to very basic, but often untapped, human needs, values, and emotions.

The behaviors for being a leader are substantially different than that of being a traditional manager. Yet in study after study we see a great gap in the ability of the organization to meet its leadership needs. There is no wonder why so many organizations seem to struggle mightily with their move to becoming high performing when they are filled with plenty of traditional managers who do not understand their role of being a leader.

Perhaps one of the reasons for this is again the issue of status quo versus innovation. As Kotter revealed, a traditional manager's job is to keep things steady, and to insure that problems are overcome with the most minimum amount of change. In other words, traditional managers are there to produce consistency and order. Leaders, on the other hand, while preserving the core of Purpose and Values, are there to specifically create change and Innovation within the organization to achieve its Goals. But more than this, leaders are there to help each and every member of the organization to understand their unique role in fulfilling the Purpose of the organization while also being Innovative and creative, and ultimately serving the needs of the core constituencies.

In order to accomplish this, leaders must put their own self-interests aside and look to the interests of the other members of the organization, as well as the interests of the core constituents. Many refer to this kind of act as being a "servant-leader" or "servant-leadership." Collins also referred to this kind of leadership as "Level 5 Leadership" in *Good to Great*.

This kind of leadership focuses on mentoring others to be the best that they can be, rather than judging and attempting to "fix" people. A leader-mentor will ask others questions in an attempt to help them find their own answers, rather than to tell others what to do or how to become better.

What we see in all of this is that Leadership is about creating relationships with and for others. It is all about helping to reach people's emotions and helping them to use the power of their emotions to work well with each other and to perform exceptionally well. It is about creating emotional bonds between the employees and the organization, and between the employees and management. And it is about helping members of the organization to reach the emotions of their customers and to provide the kind of service that makes those customers emotionally connected to the organization.

Finally, of all of the things that leaders do, perhaps the most important is that of creating an environment where the Foundational Elements of Trust and Personal Responsibility can flourish.

**Strengths** – There is an ever-growing body of research about the issue of how we deal with strengths and weaknesses. Traditionally the approach has been to simply accept our strengths and focus development efforts in the areas of our weaknesses. But research by Gallup and others seems to blow this traditional approach out of the water. Instead of wasting time on trying to develop the areas of our weaknesses, the body of research is indicating that we should be spending our resources on developing our areas of strengths and learning how to leverage these. After all, if we are lousy at doing something, even if we spend a whole lot of time trying to develop that area, the best we can expect is to become marginal at that skill. On the other hand, if we focus our efforts on those things we

are good at doing and that we like to do, we can learn how to become exceptionally well at those things.

This idea is also evident in the previously mentioned Hedgehog Concept. The best organizations learned how to play to their strengths and focus their organizational efforts and resources on those things that they could be good at doing exceptionally well (best in the world at) and which they were passionate about. They didn't waste time and resources in trying to figure out what they didn't do well and try to become better at it. In fact, Nucor Steel was previously a nuclear energy company, and found that they struggled at this. Instead of spending a tremendous amount of time and effort on trying to get better, they looked towards what they were already doing well and discovered just how good they were at making steel in their mini-mills. The rest is history.

Also, part of focusing on Strengths is that we want to Accentuate the Positive. This means that while we acknowledge the realities of the current situation, we choose to look at what is right with the situation and focus on it. As we focus on trying to make more and more "right things" happen, we see an ever decreasing number of "wrong things" occurring.

**Innovation** – In the book *Built to Last*, Collins and Porras stated that one of the keys to organizational success was to "preserve the core, yet stimulate progress." As we've already discovered, the "core" is the Purpose and Values of the organization. It is paramount that these Purpose and Values be preserved no matter what else happened in or to the organization. Yet, at the same time, it is also important that the organization not stand still and become stagnant in its ideas, methodology, technology, and creativity. In other words, the organization needs to be continually innovative.

Again, we see this element expressed in many of the other realms of research, as well as in the concepts of the various disciplines of Statistical Process Control. We have to continually make things better; we have to continually react to the change in our environment (including competitors). To do this we have to find new ways of doing things.

This approach, like all the other Cardinal Elements, involves People. Only People can be innovative. But to do so organizations need to have a culture that encourages Innovation and the many other things that come along with Innovation, such as Risk, and Failure. This means that the organization has to encourage its members to take risks for the sake of the organization, and that everyone has to be receptive to new ideas.

Thinking needs to be focused on solving problems, not on finding someone to blame when something goes wrong. Everyone also needs to be receptive to new ideas, regardless of where they come from. And finally, each and every person needs to be willing to learn, and to be involved in increasing their learning.

It is not easy to be Innovative, especially for those organizations who have struggled to be good, and who have finally attained a level of performance in which they are satisfied. However, by only maintaining the status quo invites other organizations to take away your market place; to come up with new and better ways of doing things. And in the end, the organization that has failed to Innovate is good no longer. It has failed to grow in this area, and has diminished in its performance.

Of all of the Cardinal Elements, the element of Innovation might very well be the most important of the Elements in driving the organization towards continual Growth and Balance.

## **The 2 Foundational Elements – Trust and Personal Responsibility**

Above and below the Core and Cardinal Elements are the two Foundational Elements of Trust and Personal Responsibility. Just as the 4 Cardinal Elements can not exist without the Core Element of People, neither can they exist without the Foundational Elements of Trust and Personal Responsibility.

**Trust** – This element is the very foundation upon which all the other elements are built. Just like a house has to have a solid foundation, a High Performing Organization must have a solid foundation of Trust. So often this element is ignored entirely, as most don't understand its significance, and those that do don't fully understand how it works. Many believe that they are trustworthy and honest, and that they are acting in a trustworthy manner. This may very well be true, but being trustworthy is not the same as building trust in an organization.

A manager may very well be honest with their employees, telling them exactly what they think about their performance. This honesty might be so honest that it is actually on the verge of being brutal, causing more harm than good. The straightforwardness of the information is not being balanced with the acceptance of the employee as an individual with feelings and self-worth.

Another example might be surrounding the lack of providing others with the ability to exhibit Trust. A manager might require that every employee check in with them at the beginning of every shift just to insure that they are there and on time. This procedure tells the employees that they are not trusted. Employees then begin to play games with the process, attempting to shirk their own Personal Responsibility. When you rob people of their own ability to be trusted, then they stop being Personally Responsible.

So how do we build Trust in an organization? It is paradoxically both simple and hard. Trust is composed of four components: Straightforwardness; Openness; Acceptance; and Reliability. Let's look at each one in a bit more detail:

- ◆ **Straightforwardness** – for some this is an easy component of trust. It means that we say what we mean and feel about situations. It means that we will “tell it like it is.” As stated previously, for some this can come across as being very brutal unless it is tempered with Acceptance. For others this is very hard because they are afraid that they will hurt others feelings. This requires that others are willing to be Open.
- ◆ **Openness** – this means that we are willing to listen to others' ideas and beliefs, especially when it concerns issues involving our own behaviors. However, Openness is not confined solely to our own behaviors, and it is a very important component of Trust when it comes to dealing with the element of Innovation.
- ◆ **Acceptance** – this is perhaps the hardest of all components of Trust to exhibit and live. This means that we Accept others as they are and believe

that everyone has a sense of self-worth just by being a person. We are accepting of the gifts each unique individual has to offer, and look for ways to use those gifts to help the group or organization.

- ◆ **Reliability** – Again, a component that might be easier for some to exhibit than others. Reliability means that people can be counted upon to follow-through with commitments. People who exhibit Reliability will do what they say they will do with no excuses.

It is only by focusing on each of these and discussing how they impact our daily operations with each other and with our customers can we actually begin to build trust within our workgroups and our organization. While it is very hard to build trust because of the focus we must keep on attempting to achieve it, it is all too easy to destroy what we have built. While it takes many acts of trust building to increase the Trust level between two people or within a workgroup or the organization, it is all too easy to destroy the Trust level by just one single act.

One of the ways to overcome this is to continually communicate about Trust and all of the elements that create high performance. It is only through our constant communication about our needs and our intentions can we begin to understand each other and Accept each other and our differences that will allow for us to overcome those acts that are a result of forgetfulness or thoughtlessness that weren't intended to harm others.

Often managers erroneously think that the issue of trust is “mushy stuff” that they don't need to be concerned about. After all, their job is to make people do their jobs and make the company money, right? Amazingly, there is some research by Dr. Tony Simons at Cornell's Graduate School of Hotel Management that demonstrates that the level of Trust on one of the components, Reliability, has a direct relationship to profits.

Remember, an organization can work all it wants to on any of the other Elements of the Dynamics of High Performing Organizations, but without this one single Element, nothing will be achieved.

**Personal Responsibility** – If Trust is the foundation of the building, then Personal Responsibility is the trusses; the foundation for the roof, if you will. Personal Responsibility is the over-arching element that allows everything else to work in the organization. Without Personal Responsibility, Trust can not survive. Without Personal Responsibility, Values will not be lived, Purpose will not be pursued, Innovation will cease to happen, and people will not step forth to be Leaders nor will they follow.

Personal Responsibility sets the stage for individual contributions to the overall success of the organization, yet is the one thing that so many organizations seem to constantly be seeking. One of the reasons we've seen for this is that most think that if you can find responsible people then you will have responsibility in your organization. What we've found in our own experience and in our research is that it isn't a presence or lack of presence of responsible people, but the environment that is created that creates that Personal Responsibility that so many organizations seek.

To be Personally Responsible is to be a “self-directed” person; a person who decides how they will react to the “requests” of others and then takes responsibility for those actions and does not end up blaming others for their feelings or behaviors. These people retain their Personal Power. Those who retain their Personal Power review their options for action and then consciously choose their behavior. If there is something that is needed to be done, yet it is something that they did not want to do, they do not later complain that someone else “made them do it.” They recognize and acknowledge that they had a choice and made that choice on their own, and are willing to accept the consequences.

Those that aren’t self-directed, who relinquish their Personal Power, allow others to direct and control their behaviors. They are often resentful of those who they see as controlling them and their behaviors. They tend to feel as if they are a victim and they may seek revenge on those who are their “controllers.” These kinds of attitudes lead to all sorts of problems in the work environment, including a shirking of responsibility, seeking to lay blame, and a continuous cycle of avoiding the real problems. Customers often hate being exposed to the negative emotions that emanate from such a situation, and often receive less than stellar service from these people.

It’s easy to say that it is the fault of these people because they are not being responsible. Yes, we are truly all in control of our own lives. Each and every one of us can choose to retain our Personal Power or relinquish it. But often the cultures in our own work environments are such that those who would attempt to retain their Personal Power are continually punished over and over again for taking Personal Responsibility. Often managers do things that create the expectation that people should be other-directed, specifically in this case, manager-directed.

Managers make the decisions and tell others what to do without any regard to input from those they are directing. This keeps their employees from taking any kind of ownership in the results of what they have been directed to do. In other words, the employee doesn’t care if they are successful or not. If they fail then it is the manager’s fault, and if the manager tries to lay the blame at their feet, then they are a victim of the manager.

Clearly, if we want to then avoid creating other-directed people and shift to having people who are self-directed, who retain their Personal Power, and thus, who exhibit Personal Responsibility, then we need to change our approaches of managing employees to one of leading employees. This means that rather than directing people, we help them engage their jobs. Instead of making decisions and solving problem for them, we help them to make their own decisions and solve their own problems.

This means creating a culture (though a Vision that we talked about earlier) that allows people to actually take responsibility for their own actions, and where leadership creates opportunities for people to have real input into the success of the organization. This means that they have a say in how they will do their own jobs and how their workgroups will operate. It means that leaders build consensus about these operations rather than direct and control the behaviors of the team.

Once we have created this kind of culture and leadership where people can actually be Personally Responsible, then we have to Trust that they will accept that choice and act accordingly. For some organizations, this transition period might be a little rough. But with the hard work of managers acting like mentors and leaders, most employees can learn

to give up their “other-directed” behaviors and attitudes and become “self-directed.” But it will take consistency on the part of leadership to not fall back into their old directive ways.

Those who can’t be trusted to be Personally Responsible and to put the interests of the organization before their own can’t be allowed to stay. If we allow people to shirk their Personal Responsibility and to remain “other-directed” when they have the opportunity to be “self-directed” then we only hurt them and the rest of the people in the organization. Their behavior is a violation of Trust, and as such, can’t be allowed to continue. Thus, they must be asked to leave.

## All of the Seven Elements are Interrelated.

In many models of organizational success, the elements are often discussed as if they each stand on their own. In other words, you could have one element of success but not have another. In our model of the Dynamics of High Performing organizations, we take a totally opposite point of view. We believe that you can not have any true growth and success unless you are focusing on all of the Seven Elements. Furthermore, the success of any one of the Seven Elements is directly related to the organization’s ability to grow and balance the other Elements.



While Elements like Trust and Personal Responsibility are foundational elements, we have to realize that they are also dependent upon the presence of the other elements. Trust can not live without Personal Responsibility and Values (and we’d argue the rest of the Elements, too). Personal Responsibility can easily be destroyed by poor leadership or failing to find a purpose in what one is doing.

As you review the Seven Elements we think that you will begin to see this connection with each other as well.

## What about the Money?

There is no doubt that the Dynamics of High Performing Organizations raises some new questions. If the “bottom line” is one of the key performance measures, then why doesn’t it appear anywhere in the model? How can we actually make money for the organization and its shareholders without focusing on making money?

We believe that the financial performance is dealt with in the Model, but in more subtle ways than having a direct focus. First, the shareholders are one of the core constituencies whose needs are balanced with the other constituencies of customers, employees and management. We also have to recognize that Goals also looks at making money as a part

of achieving economic success; it's just not the primary driving focus. We can also look to Innovation to keep the organization as a major player against its competitors not just currently but in the future. This is the forward-looking thinking that so many organizations lack, and which allows them to burn out very fast.

Yes, there is no doubt that financial performance is a key indicator of a High Performing Organization. But what we've found is that those organizations that are High Performing don't make the balance sheet their driving force or their focus. They focus on the Seven Elements that we've discussed above, and through this focus they realize the financial profits that so many other organizations dream of and strive for, but seem to struggle so hard to achieve. The reason those organizations don't achieve these exceptional results is that their focus is on the bottom line and not on the Seven Elements that are contained in the Dynamics of High Performing Organizations.

In addition, financial performance is a measure of how well the organization has already performed. We can only measure profit *after* performance has occurred. This means that if an organization focuses on the financial performance of the organization they are then looking at their results after their chance at success has already passed. By doing this they will constantly be behind in adjusting their behaviors to enhance performance.

But if an organization focuses on the Seven Elements as their guides, they can consistently be ahead of the curve. They can measure just how well they are achieving growth and balance in the Seven Elements, and if they are doing well then they should reasonably expect to do well in their bottom line. If they are not doing well on the Seven Elements, then they can make adjustments to improve and still have a reasonable chance of having a positive impact on the bottom line.

### **It takes more than the Basics.**

Yes, organizations still have to focus on business basics. Organizations must still raise money, design products or services, market those products or services to customers, and provide exceptional service to those customers. They have to insure that they operate in a cost efficient and effective manner. They need to insure that their business processes are optimized and that waste is reduced to a minimum. You can't ignore the business basics.

But these things alone will not create High Performance. It takes the Seven Elements to move a good performing organization on to become a High Performance Organization that can achieve exceptional results. It is by tapping into the knowledge and energy of the organization's employees that allows it to make this leap from being just a good organization to one that can achieve great things, including an ever increasing profit margin.

As we have shared, research study after research study continues to emphasize these key issues as being vital to long-term organizational success. Admittedly, this article is a very cursory overview of these Seven Elements. We believe that this is just the beginning of exploring about how these Seven Elements can work together to create cultures where exceptional performance is the norm, not the exception. We believe that through these elements that organizations can not only achieve high performance, but become places where people want to come to work because they enjoy the challenges of their jobs and the camaraderie that they share with their coworkers and leaders.

By creating great places to work we also create great places for customers. Employees know that customers are the lifeblood of the organization and can't wait to delight and dazzle them with exceptional service. The result is a customer that now is highly loyal to the organization and wouldn't consider getting their product or service anywhere else. This, of course, leads directly to increased revenues and increased profits for the shareholders.

We believe that it is not a paradox to have a highly disciplined place to work, a fun place to work, and to achieve extraordinary financial returns. The research shows us time and again that this is indeed truly possible. It just takes a different kind of focus on some different kinds of things than just the bottom line. It takes a strong focus on these Seven Elements of People, Vision, Leadership, Strengths, Innovation, Trust, and Personal Responsibility. With them your organization can achieve its dreams.

### **Be – Do – Achieve**

- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ If you do what everyone else is doing, you will get what everyone else is getting.
- ◆ Most get *mediocrity*, at best.
- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ To **Do** what you have never done, you must Be what you have never been.

Know what you need to Be first.

Then you will know what to Do to Achieve your Goals!

## **The Seven Elements of High Performance™**

- ◆ Put **People** at the *Center* of everything you do; employees, customers, and community
- ◆ Build **Trust** as a *Foundation*
- ◆ Allow **Personal Responsibility** through *Individual Decision Making*
- ◆ Share a **Vision** of an *Aligned Purpose, Values, and Goals*
- ◆ *Create Emotional Connections* through **Leadership**
- ◆ Focus on **Strengths** and *Accentuate the Positive*
- ◆ Encourage **Innovation**, because *Good Enough is Not Enough*

**For more on the Seven Elements of High Performance™ check out our book**

### **Leadership Lessons from the Medicine Wheel: the Seven Elements of High Performance**

## About Gary Lear, President and CEO

Dynamic thought leader in the areas of organizational performance, strategy and leadership, Gary Lear combines the teachings from his American Indian heritage with the most modern business research to help organizations achieve results by more effectively *managing the human side of business*<sup>SM</sup>. His approach is to help leaders learn how to create the high performance cultures and make the connections that unlock the hidden potential of the people they employ. With over 20 years of experience working with culture change and leadership development, Gary has worked with thousands of managers in all kinds of industries. Challenging, yet practical, Gary takes a different approach to help his clients get the results they want because he understands that the best organizations don't just do things differently; they do different things.

## About Resource Development Systems LLC

Founded in 1997, **Resource Development Systems** LLC is an organizational performance consulting firm dedicated to helping its clients increase performance by being more successful at *Managing the Human Side of Business*<sup>SM</sup>.

At **RDS** we excel in developing the new critical competencies organizations need to prevail in the global business environment - skills like trust building, collaboration, and innovation. These skills can never be outsourced, replaced, or made obsolete, and they are absolutely key to competing successfully in the world today.

Our development programs are always designed to align people's skills and behavior with organizational strategies to create high performing organizations. That means you have the ability to shape your workforce in alignment with your organization's Vision and its strategies, because our solutions give you a complete system for creating the results you want.

We know change begins with insight, takes shape through action, is intensified by focus, and is fueled by ongoing success.

*If you would like to learn more about how you can apply the **Seven Elements of High Performance**<sup>TM</sup> in your organization and help it create a high-performance workplace where people want to come to work and excel; where the organization not only achieves its goals, but also achieves significance; then please give us a call. We'll be happy to talk with you about your needs.*

**Contact Resource Development Systems** LLC for more information.

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