MANAGEMENT WORLD
The Online Journal for Certified Managers
Supported by a Grant from the Administrative Management Society Foundation

Best Practices

July/August 2009

Driving Performance – First Define It!

Over the past several years there has been a lot of research conducted and articles and books written about high performance organizations and how to apply what they've discovered to achieve high performance in your organization. But what, exactly, is high performance? How can you achieve high performance if you don't know exactly what it means to be high performing? How do we define high performance?

Sure, we could look to stock price, but if we use that measure, then we are leaving out a huge group of organizations that are either for-profit but aren't publicly traded, or are non-profit or governmental organizations. We could also look at profits, revenues, or a whole host of measures, but we would be hard pressed to find any one measure that would fit every organization's circumstances, encompass all levels of performance, and which would set apart a certain group of organizations as performing at a higher level. Furthermore, financial measures are a lagging indicator of performance and don't really tell us how well the organization will perform in the future, only how well it performed in the past.

So what is the best measure for defining high performance? It is simply what ever the organization wants it to be. That's right; the best performing organizations don't allow others to define what performance means for them. They define it themselves. And that performance is usually a few simple measures that they have found will provide them with both a measure of where they have been in the past and an idea of how well they will perform in the future. It is precisely this focus on the future that seems to set high performance organizations apart from the rest.

Additionally, high performance organizations insure that the measures they have chosen to define their performance are things that they actually need to be doing in order to achieve their overall purpose. This means that they have taken the time to understand why their organization exists, other than to just make money, and focus their efforts to support that purpose. Because every organization has its own reasons for existence, the purpose of every organization, even those in the same industry, will be different. It isn't that any single purpose is better than another organization's purpose that sets high performance organizations apart. It is the understanding of their purpose and a focus on achieving that purpose that allows the best organizations to focus their resources in a single direction that makes the real difference.

With a clear understanding of the purpose of their organization, leaders can then identify the few key goals that the organization must achieve in order to be successful. Once again, the best organizations aren't just focusing on financial goals. While financial goals are important and every organization should address them, as discussed above, they do not give the entire picture of performance. The best organizations are also looking at other key areas that impact their long-term ability to consistently perform at high levels. After all, becoming a high performance organization isn't something that is attained once and then forgotten.

There are four key areas that leaders should be focusing on. Perhaps the most important of these are the relationships that the organization must achieve in order to be successful at accomplishing its purpose. At the very least we are talking about the relationships that the organization creates with its customers, who ever they may be, as well as the relationships that it creates with its employees. The research is clear; the better an organization does at creating strong relationships with both employees and customers, the more dramatic the impact on the organization's ability to perform.

Again, because each organization is different, the best way to measure the strengths of these relationships is going to vary. An organization must take the time to fully understand who its customers are, how the organization provides value to those customers, and how and where employees interact with these customers. It must then examine the organization's relationship with its employees and how the organization can strengthen those relationships. The research seems to be clear; Relationships seem to be the biggest deciding factor in the performance of any organization. An organization's ability to clearly define and measure its relationships is going to have a huge impact on its ability to be successful in other areas for defining and measuring performance.

While relationships trump finances, the economic factors for an organization are still important. 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. 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 resources, such as pay for employees or technology, so that it might achieve its purpose.

Another area for measurement of performance is in the organization's ability to take action and achieve its purpose. 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. Again, these measures can't be determined without a clear understanding of the organization's purpose and the relationships that the organization has.

Finally, the last area for measurement surrounds the ability of the organization to remain viable and capable of achieving its purpose for a very long time. Perhaps longevity is an area that is often overlooked or often sacrificed in order to achieve better measures for the economic area. When we see the collapse of an organization it most often is a result of this over-focus on economics coupled with a lack of focus on the longevity of the organization. Making a lot of money today will simply not insure that it will be in existence in the future.

These four areas, Relationships, Economics, Action-Ability, and Longevity, are the four areas where organizations should be determining what and how they will measure performance. Again, each organization is different, thus the kinds of measures will vary in each of the four areas. But setting REAL Goals™ in each of these four areas will allow the organization to define what high performance means for it. This definition of high performance, the organization's long-term goals, now gives it a focus for its resources. If something does not impact the goals in the four areas, then it simply is not pursued any longer. Money and time are no longer wasted on the things that don't matter.

The organization's REAL Goals™ also allow it to cascade those goals and measures down through the organization to the team and individual level. Combined with clarity of purpose for the organization, employees now can understand what they are doing as individuals and in their teams to impact the organization's ability to achieve that Purpose. They can now easily see that when they do certain things that it directly impacts the measures for the REAL Goals™ for the organization. They can then focus their activities on those things that are the most important for driving performance for the organization.

Too often organizations approach the issue of driving performance at the wrong level. Most organizations focus on individual performance, hoping that defining individual performance will translate into organizational performance. It simply doesn't work. If you want to achieve high performance for the organization then you have to define what that actually means for the organization, and then you can begin defining what divisions, departments, teams and individuals need to do to impact organizational performance. The best organizations understand that they must define what performance means to them and not necessarily focus on or do the things that everyone else is doing. They understand that they must provide high level guidance for their employees, and then link what the employees are doing back to the purpose and goals of the organization. It is this kind of alignment that drives organizational performance.

Does this kind of approach take more work and effort to put into place? Sure; initially, anyway. But in the long run it becomes much easier to operate the organization and employees are much more focused on the things that make a real difference in performance. But the other thing that sets high performance organizations apart from the rest is *Intent*. They set out with *Intent* to be better than the rest and they make the choice to do those things that will allow them to be better than the rest. Remember that you also can make this choice for your organization, no matter where in the organization you are.

Article by Gary Lear, President and CEO of Resource Development Systems. Gary is an international speaker, trainer, author and consultant with over 22 years experience in staff and organizational development. Gary's latest book, the Seven Elements of High Performance, will be published this fall. Contact him at: gelear@rds-net.com