

How Companies Achieve High Performance

David Dowling
Founder and Managing Principal

About This Model

Over more than 25 years of personal leadership and consulting experience, we have had the opportunity to be at the core of strategic change leadership.

A few years ago in collaboration with colleagues*, we combined experiential findings with research conducted by the staff of a leading Canadian University to create a model that pinpoints the elements of a high performing organization.

This briefing document provides an overview of the model and is intended to introduce the reader the DNA of a high performing organization.

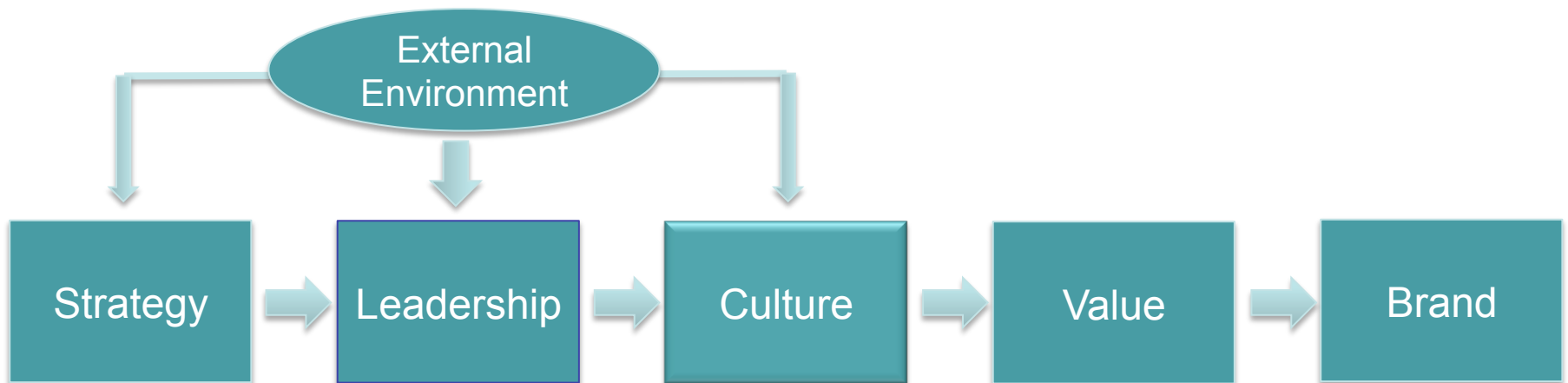
*Thanks to Mike Scofield, PhD, John Sherrod and John Michela, PhD for their insights.

The DNA of High Performing Organizations

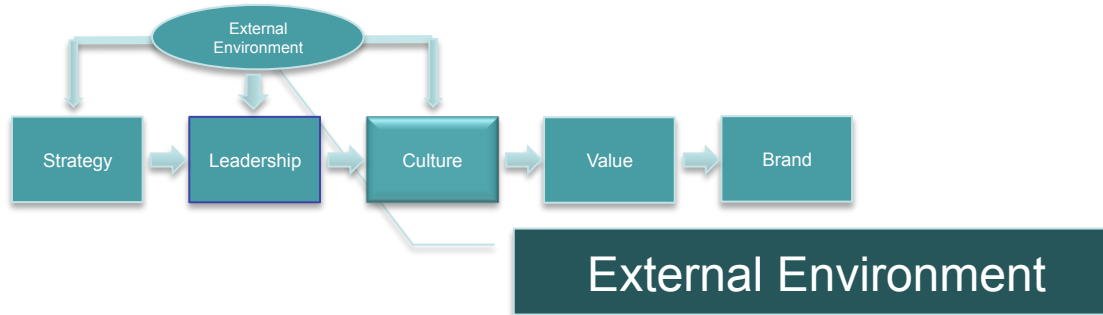
High performing organizations forge an intentional relationship among a company's strategy, culture and brand, knowing that every interaction with a customer represents an opportunity for someone to judge the degree to which the company is "walking its talk". They continually scan other elements of the external environment and apply new insights to adjust the plan as appropriate.

Strategy, developed by senior executives, shapes expectations for leadership contribution at all levels of the organization. Leadership mindset and skills set the tone for the culture.

The key role of leadership is to create a climate where high performance can occur as employees find focus and motivation to develop the skill and knowledge to implement the strategy. Change is constant. Learning is a requirement.



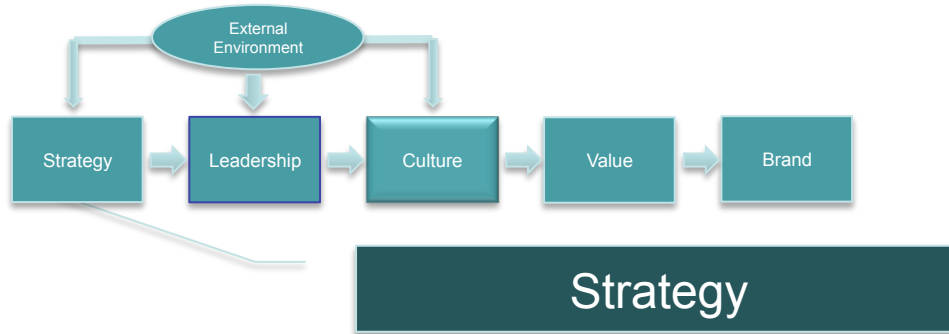
Understanding How the Environment Shapes Strategy



An organization must constantly scan the environment to maintain current knowledge of the changes in regulations, competitors, financial markets, customers, suppliers and the overall talent pool for recruiting talent. A successful strategy takes these factors in to account and adjusts as the situation demands.

Rather than building static plans, many high performing companies apply scenario planning techniques to ensure their sustainable performance in an increasingly complex and changing global market space.

Defining and Measuring Strategy in a High Performing Company

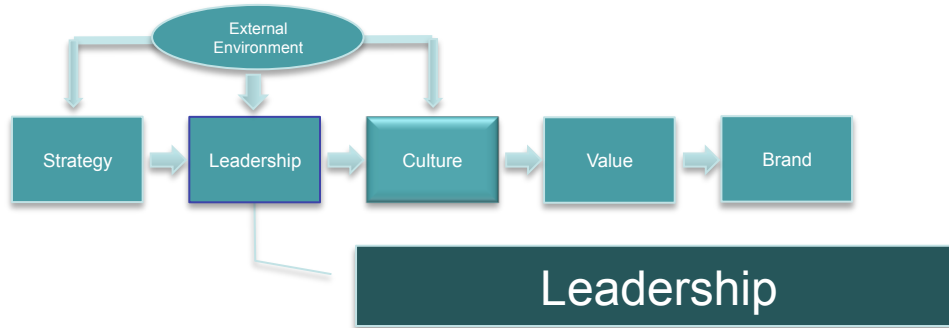


A strategy is incomplete if it does not candidly reflect the external environment and the existing capabilities of the organization. It must be stated in measurable terms. Organizations that lack a systemic approach to strategy tend to set a budget without sufficiently detailing the expectations and accountabilities to ensure the budget becomes reality.

Organizational alignment is critical to success and therefore must be quantified over time. Strategy must be defined, monitored and evaluated through a series of process and outcome measures in four core areas:

1. Financial performance;
2. Customer response to the value proposition;
3. Internal markers of process/operational effectiveness; and
4. Learning and growth experienced by individuals and the organization as a whole.

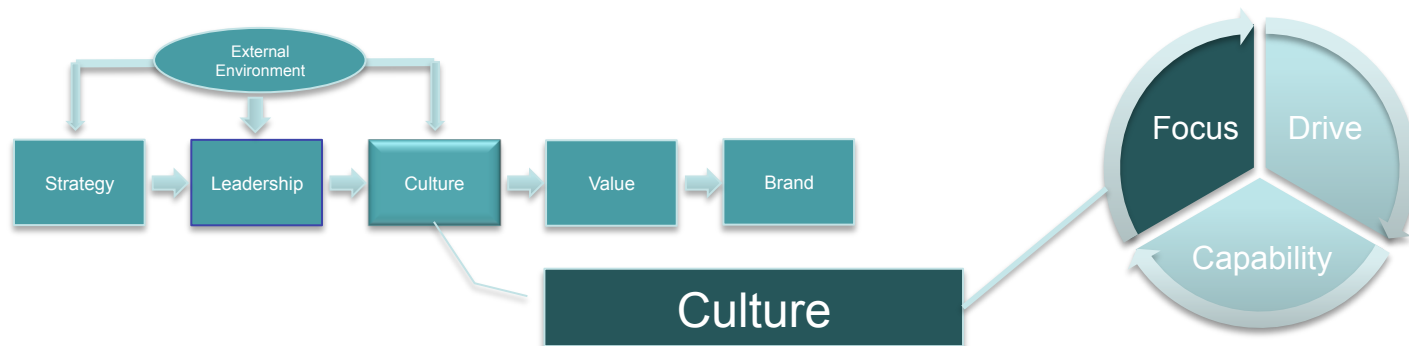
Ten Attributes of High Performing Leaders



High Performing Leaders...

- ✓ Are self-aware and seek to understanding the gifts and potential of others.
- ✓ Consistently hire and retain great talent.
- ✓ Demonstrate passion about leaving their companies better than they found them.
- ✓ Ensure possibilities and opinions are explored before moving to decisions.
- ✓ Demand that discussions focus on what would it take to achieve high performance.
- ✓ Build deep internal and external relationships through 2-way communication.
- ✓ Model work life balance holding members of their team to a similar high standard.
- ✓ Create a climate where coaching to optimize performance and potential (not only to correct performance issues).
- ✓ Build and use information systems (business intelligence) as “radar” to learn and adapt.
- ✓ Ensure that when they move on that succession occurs without much of a blip.

Culture = Focus + Drive + Capability

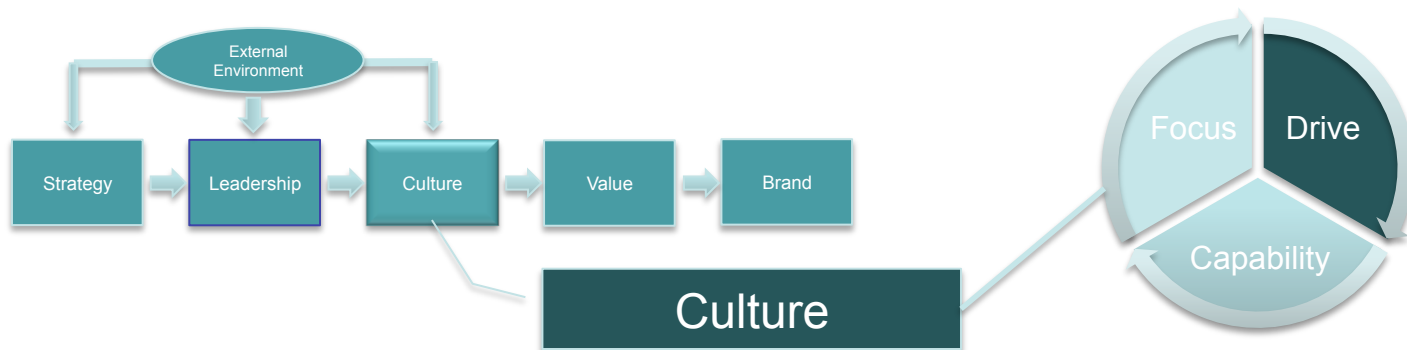


Focus is all about clarity, understanding and judgment.

Alignment of the strategic goals with leaders "culture creating" behavior causes a high degree of focus on the right mindset and behaviors that will insure the strategy's success. Everyone is clear about their goals, roles, interdependencies and processes. Yes they get a GRIP!

All understand not only what is to be accomplished, but also how they're to behave and where the strategy dictates, think and behave differently than in the past. Everybody understands the link between their roles and the impact they have on serving customers. Because of this understanding people can make better judgments when faced with the stresses and conflicts that naturally arise in the course of conducting business.

Culture = Focus + Drive + Capability

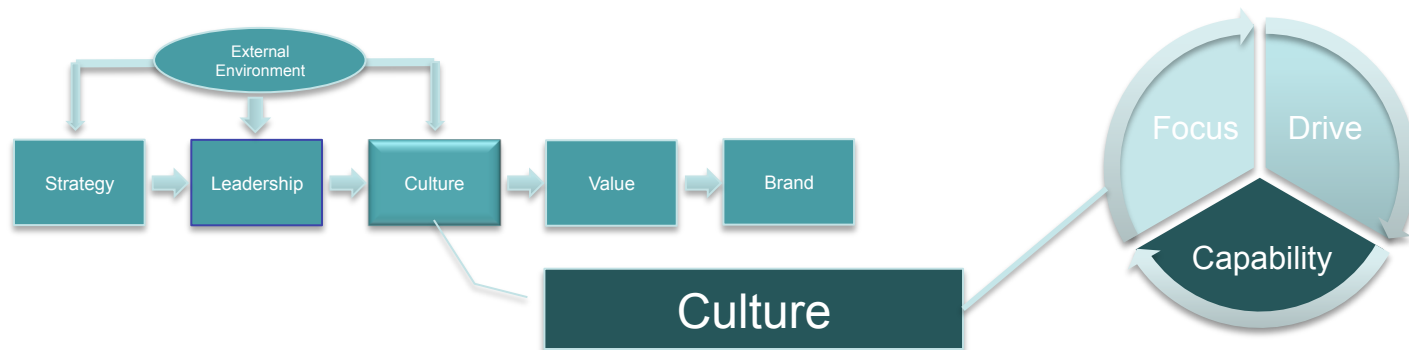


Focus is all about aligning personal incentive, organizational commitment and with the promise to the customer.

Drive comes from employees experiencing rewards and recognition that are meaningful to them. However beyond the personal benefit, employees are able to sustain their effort because they are committed to the success of the company and its customers.

Leaders are charged to create a culture in which employees want to succeed because they are personally invested in having the organization reach its goals. Employees feel that serving customers effectively and achieving financial objectives have meaning beyond simply keeping them employed.

Culture = Focus + Drive + Capability

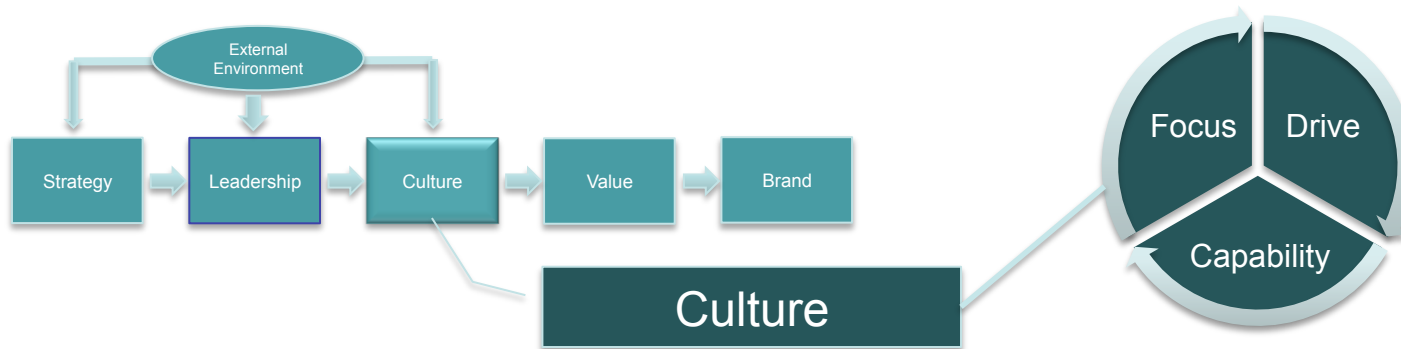


Capability is about competency, confidence and resources.

Leaders must also create a culture that allows the strategy to succeed by ensuring employees have the capacity for success. Focus and drive cannot be sustained unless there is the organizational capability for success. Employees have the capacity to fulfill the requirements for performing their jobs at a high level of proficiency. Equally important is the self-assurance necessary to take initiative and risks.

Not only are individuals confident in their ability to perform at a high level (self-efficacy), they also have confidence that their co-workers are capable of meeting the challenge (group efficacy). It is also important to acknowledge that no amount of competence and self-confidence can overcome a lack of tools and other resources that are needed to perform the job well.

Culture = Focus + Drive + Capability

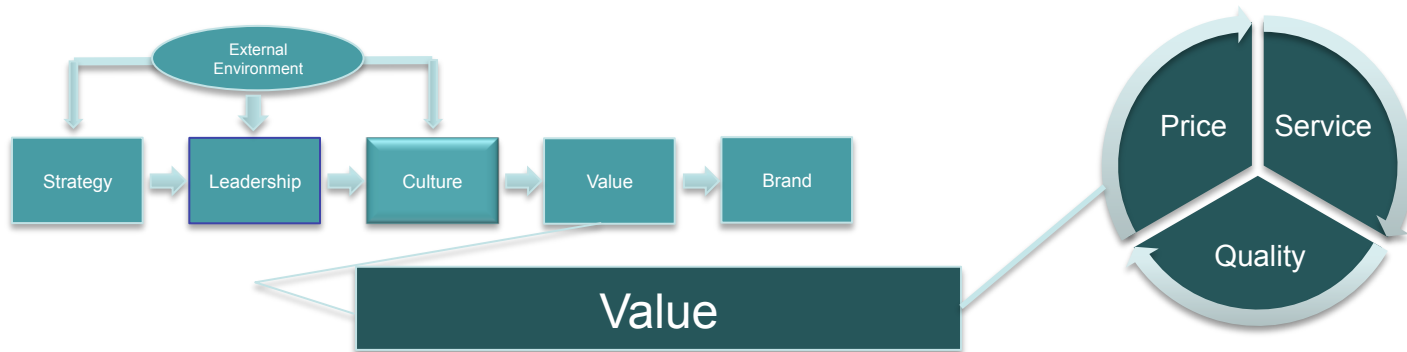


How would you experience a high performing culture?

All one has to do is walk around the organization and listen for...

- ✓ The degree to which people understand how changes in the business and organization affect them personally and may change their work, as well as overall direction of the company.
- ✓ The degree to which people not only understand the strategy, but how much they want the company to be successful, as well as what they are willing to do to participate in the glory.
- ✓ The degree to which people have what they need to do their job and are encouraged to take initiative to be successful themselves and help others.

A Company's Unique Value Proposition

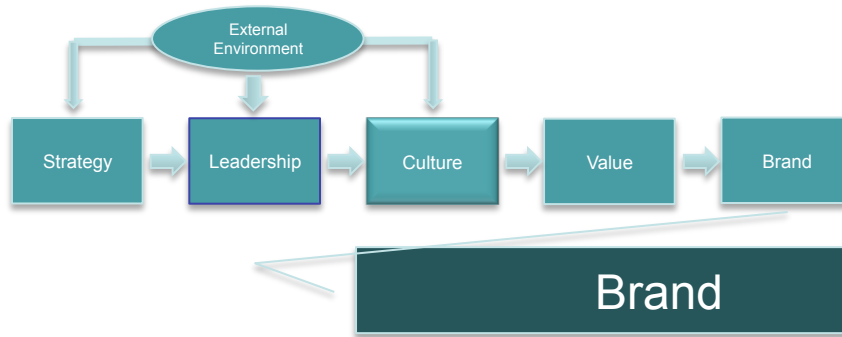


A company's value to the market is realized by how price, service and quality is experienced by the customer. This intersection constitutes a distinct company's value proposition as defined in the strategy.

Depending upon the industry, product, market, and customer segment the relative weights of quality, price, and service in the value proposition will vary widely. For some types of products (e.g., commodity items) the relative weight of service may approach zero. In high performing companies these relative weights are known.

Alignment is successful to the extent that the strategic goals have guided leaders to create a culture in which employees' focus, drive, and capability result in the desired levels of quality, price, and service perceived as desirable by the market.

It Comes Together as Aware Prospects Become Net Promoters



I Like, Know & Trust You

OK, I'll Buy

I'm Satisfied

I Bought More

I Promote You to Others

The Evolution of Customer Relationships

The outcome of an effective strategy and culture in a high performing company is measured by brand performance: How your company's products and services are perceived by the market and the resulting financial impact of that success.

Finally, if the strategic goals have guided leaders to create a culture in which employees' focus, drive, and capability result in the desired levels of quality, price, and service, then the company's brand will be optimized.

As the intersection of quality, price, and service are experienced by customers and other stakeholders, measures of mindshare, trial of the products/services, satisfaction with the experience, loyalty to the brand, and customers' spending all will increase.