TEN CORE ATTRIBUTES OF HIGH-PERFORMANCE ORGANIZATIONS

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Most organizations aspire to attain peak performance in their respective endeavours. The pursuit of high performance has become more challenging for companies in today's increasingly globalized, highly competitive and rapidly changing business world. As stated by Peter Drucker, the turbulence of our times is not because of so much change but rather change moves in so many different directions. To create and sustain the competitive edge, companies have to be customer oriented, improve quality, lower costs, bring new products and services to the market faster than their competitors, and practice continuous organization renewal.

Many organizations don't seem to learn from the experiences of others. Based on my consulting experiences, there is overemphasis on operational efficiency, cost cutting, installing formal quality procedures, management tools and techniques. Management pays lip service to people. The slogan "People are our most important asset" has been reduced to a mere top management oratory cliché. Employee autonomy and creativity have been stifled and many managers are "toxic" in their dealings with subordinates. There is often lack of trust between management and employees. Some organizations don't have clear and compelling mission statements and do not focus adequately on customers. Others lack inter-departmental collaboration and verifiable performance standards. Worse still, organizational strategies are poorly executed with inadequate emphasis on getting things done and following through.

What Are High-Performance Organizations?

High-Performance Organizations (HPOs) are organizations that enjoy sustainable competitive advantage by being effective and efficient in their operations. HPOs are able to bring out the best in their people (psychological alignment) and align all organizational parts or subsystems into a functional whole (performance alignment).

As popularized by Peter Drucker, *effectiveness* is "doing the right things." Effectiveness is essentially the ability to choose appropriate goals and attaining them; it is the relationship between actual and planned results. An important element of effectiveness is *quality* which can be defined as "meeting or exceeding customers' requirements consistently". *Efficiency* is "doing things right." Efficiency is basically a measure of how well resources are utilized in the process of attaining goals; it is concerned with cost reduction for given levels of output.

Core Attributes of HPOs

There are ten core attributes which are common to most HPOs. Although this paper focuses on HPOs in the private sector, the stated core attributes are common to most of the best-run public organizations worldwide.

1. A clear and compelling mission, challenging goals, and value-creating strategies.

HPOs (as best exemplified by *General Electric*, *Ford*, *Sony* and *Philip Morris*) have a clear, compelling and shared mission or vision which provides a sense of future organizational direction and helps to increase employee commitment. The mission is made more specific through the formulation of corporate goals which explicitly state the verifiable results to be attained within specific time frames. Goals help to improve organizational performance by focusing managerial attention on specific ends; increasing employee motivation; and facilitating performance evaluation and control. To attain the organizational mission and goals, HPOs have distinctive, focused and value-creating strategies which help them to beat the competition. In short, HPOs know "why they exist", "where they are going" and "how they are going to get there".

2. Customer-oriented.

HPOs (as best exemplified by *Nordstrom*, *American Express*, *Rubbermaid, IBM, Walt Disney, Digital Equipment* and *Marriott*) are customer-driven and easy to do business with; they focus on providing quality products and services in a hassle-free manner that "delight" their customers. HPOs continuously listen to their customers; prioritize their needs and expectations; and respond accordingly in a creative and timely manner through customer-friendly service delivery systems. For example, senior managers at *IBM* and *Digital Equipment* spend at least 30 days per year conferring with key customers. Organizational processes and procedures are designed to meet the requirements of both the external and internal customers. HPOs focus on measuring what matters most to customers besides acting quickly on customer complaints.

3. Excellence through people.

HPOs (as best exemplified by *General Electric*, *3M*, *Johnson & Johnson, Dana Corporation, Walmart* and *Toyota*) are fully aware that the human capital is

their most vital competitive advantage and that satisfied employees result in higher profitability. In the words of Jack Welch, "Getting the right people in the right jobs is a lot more important than developing a strategy." HPOs hire the right people; provide relevant and adequate training; and motivate employees to do quality work by treating them with respect and dignity, providing adequate authority, making jobs challenging, encouraging participation in the decision-making process related to their work, and rewarding them based upon work performance and attainment of goals.

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Employees are regarded as internal customers and they understand clearly how their role makes a difference to the company's success. *Dana Corporation* promotes a sense of "family feeling". Employees at *Walmart* stores are referred to as "associates". Employees are also considered as the most important source of improvement ideas. At *3M*, the management never kills an idea without trying it out.

4. A lean and purposeful organizational structure.

HPOs (as best exemplified by *General Electric*, *Southwest Airlines*, *Dell, 3M, Dana Corporation* and *Saturn Corporation*) have lean and purposeful organizational structures with clearly defined roles, authority and accountabilities that facilitate strategy implementation and organizational excellence. HPOs generally have fewer layers of management which foster rapid decision making and cross-functional collaboration. For example, in most of General Electric under the leadership of Jack Welch the levels of management were reduced from nine to four. People in HPOs are empowered (decentralized decision making) to do "whatever it takes" to get the job done and to delight customers. Managers are authorized to act as entrepreneurs. For example, managers at *Dana Corporation* are free to make purchasing decisions and to initiate productivity improvement programmes on their own. In short, management gives up some control to secure results. When people are empowered, they are more likely to produce spectacular results.

5. Excellent work processes.

HPOs (as best exemplified by *Dell Computer*, *3M*, *IBM*, *Duke Power*, *Motorola* and *Progressive Insurance*) have excellent work processes that produce products and services as desired by their customers in a timely and cost effective manner. A *process*, as defined by A. R. Tenner and I. J. DeToro, is "the sequential integration of people, materials, methods and machines in an environment to produce value-added outputs for customers." HPOs are aware that long-lasting quality improvement is attained through preventive management i.e. building quality into the work processes, particularly key business processes. Work processes are simplified by combining related tasks and eliminating any elements which do not directly enhance customer value.

6. Effective and transformational leadership.

According to a study by Andersen Consulting's *Institute for Strategic Change*, the stock price of companies perceived as being well led grew 900% over a 10-year period compared to just 74% growth in companies perceived to lack good leadership. Leaders in HPOs (as best exemplified by Jack Welch, Lee Iacocca, Jan Carlzon and Herb Kelleher) provide a clear sense of organizational direction; align people to the vision; create and nurture a trusting environment which brings out the very best in people by "walking the talk", honouring commitments, sharing relevant information with employees, encouraging open and honest communication, encouraging discussion of key problems and issues; and delivering results with a focus on effective execution. They mobilize individual commitment by empowering employees and inspiring and coaching them to optimize their potential. Leaders in HPOs also engender organizational capabilities by promoting teamwork and managing change proactively.

7. Healthy corporate culture.

HPOs (as best exemplified by *Ford*, *General Electric*, *Hewlett-Packard*, *IBM*, *Nordstrom* and *Procter & Gamble*) have a "healthy" culture which brings out the best in people. *Corporate culture* is essentially a system of shared values, beliefs and norms that foster organizational success in the existing environment. A healthy corporate culture facilitates decision making, attainment of strategic goals, cooperation between individuals and teams, and provides meaning and purpose to work. In short, the corporate culture provides the boundaries or guidelines for how people in the organization act towards one another and in dealing with their customers.

HPOs have a clear understanding of "who they are" and "what they stood for". There is a fit between the corporate culture and strategy. Equally important, the corporate core values are woven into the basic fabric of organizational life: hiring, employee orientation and ongoing training, promotion, awards, and organizational structure and office layout. Some of the core values of HPOs (which differ from one company to another) are integrity, customer satisfaction, teamwork, innovation, respect for the individual, open and honest communication, and responding positively to change. Examples of core values are "Innovative people at all levels in the organization" (*Hewlett Packard*) and "Honesty and integrity" (*General Electric*).

> **"HPOs have a clear understanding of 'who they are' and 'what they stood for'."**

8. Results-oriented.

HPOs (as best exemplified by *General Electric*, *Federal Express*, *Motorola* and *Marriott*) are results-oriented with a high premium placed on getting things done. Organizational strategies are translated into operational plans with high

performance standards established for most areas of operations. Performance standards are important as they help to clarify work roles, communicate priorities and form the benchmark for assessing and rewarding employee performance. The performance standards are primarily customer-oriented, specific and verifiable, realistic and challenging, and mutually established and agreed upon by management and employees. The key organizational goals are regularly monitored with adequate follow-through to ensure organizational plans are on track. Appropriate and timely performance feedback is given to employees. Above all, employees are rewarded based upon work performance.

9. Teamwork.

HPOs (as best exemplified by *Ford*, *Saturn Corporation*, *General Electric*, and *3M*) promote teamwork as collective wisdom is generally more superior to individual wisdom. Teamwork also creates a sense of ownership and commitment. Equally important, it breaks down divisional and functional barriers. Teamwork has assumed greater importance in the "boundaryless" organization of the twenty-first century in which employees do not identify with separate departments but instead interact with whoever they must to get the work done. Teamwork is encouraged by demolishing departmental barriers, establishing cross-functional work improvement teams or self-managed teams, maintaining open and honest communication, solving conflicts constructively, avoiding formation of cliques, sharing relevant information fully, and encouraging robust discussion of key problems and issues.

10. Continuous improvement and change-adept.

HPOs (as best exemplified by *Southwest Airlines, Nokia*, *IBM*, *Walmart, America Online, General Electric*, *3M*, *Motorola, Singapore Airlines* and *Hewlett-Packard*) don't rest on their laurels. HPOs are fully aware that quality is a moving target; there is no one best or optimum level of quality. Technological changes often render current "quality" products as obsolete. Customer expectations often change over time. In this regard, HPOs continuously improve the quality of their products and services to stay ahead in an increasingly competitive business world. HPOs continually ask, "How can we improve ourselves to do better tomorrow than we did today?"

HPOs are learning organizations which embrace change and lay great emphasis on employee training and retraining. HPOs anticipate, create and respond successfully to change. Employees are viewed as critical business assets and not as a cost to be minimized! HPOs ensure that employees have core competencies. *Motorola* provides each employee at least 40 hours of training per year whilst *Singapore Airlines* spends 15% of its payroll costs on training. HPOs encourage risk-taking, mentorship programmes, rapid sharing of information, forums for people to share learning and best practices, and provide regular feedback on work performance.

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Conclusion

There are no real secrets to high performance in organizations. Organizations need only to master simple management basics and to consistently apply them. Have a clear, compelling and shared mission; know your customers and their requirements; design excellent work processes aimed at delighting customers; empower employees and listen to their ideas; establish challenging and verifiable performance standards; reward employees based upon work performance and accomplishment of goals; embrace change; and encourage continuous learning. Make no mistake. The creation of an HPO depends primarily on top management's competence and visible commitment. In this regard, top management must demonstrate effective leadership, nurture a high-performance culture, and learn to unlearn so as to relearn basic management skills and keep abreast with the times.