Achieving Sustained Growth

A whitepaper on

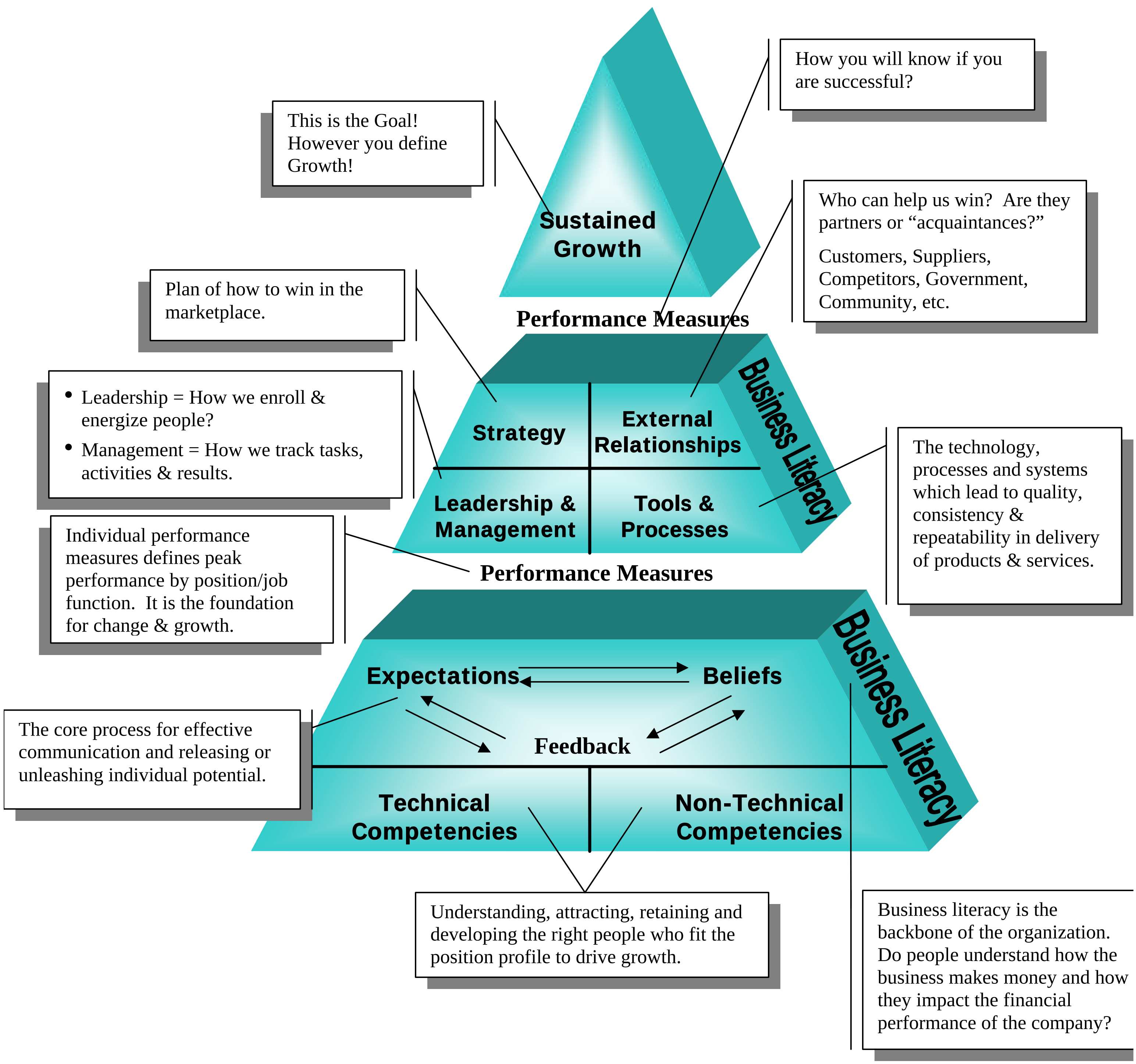
The Peak Performance Growth Process

PEAK
PERFORMANCE
ASSOCIATES

608-835-9288
330-562-2308
www.peakperform.net

Sustained growth is possible. In fact, it is predictable! Our experience in working with many organizations in many different industries has taught us the conditions that must be present for sustained growth to occur. Those conditions are represented graphically in the “Peak Performance Growth Process”.

PEAK PERFORMANCE GROWTH PROCESS



No magic, no silver bullet, no shortcuts or program of the month. Rather, a blend of these factors leads to reliable, sustained, year-in and year out growth. Not just puny 2-3% growth either; but the robust, double digit variety!

This whitepaper will expand upon each of the factors in the growth pyramid in a practical, real world way. This can help you determine which "vitamin" you may need or where you have too much of a factor.

TECHNICAL & NON-TECHNICAL COMPETENCIES

Let's begin with the foundation, the Technical and Non-technical competencies of your people at all levels of the organization. Most organizations focus most of their efforts on the "technical' part of the job. This is fine at the "associate" level in the organization, as the technical competencies comprise ± 80% of the job.

Position	Technical Competencies	Non-Technical Competencies
Senior Management	20%	80%
Mid-Management	50%	50%
Associate	80%	20%

The chart above illustrates the shift in competencies away from technical and toward non-technical for an individual to successfully move up in an organization. This raises two issues within organizations:

1) **What are the specific non-technical competencies in this company that are essential to high performance in a position?**

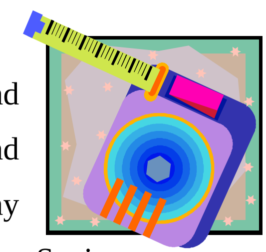
2) **How do we systematically identify and grow those non-technical competencies in our emerging leaders?**

Tools are available to accurately identify both the technical and non-technical competencies for most job positions from associate through senior management. Once identified, a decision can be made as to whether a particular competency can be enhanced by training or whether another approach, such as coaching or a work experience is best able to improve the competence.

FEEDBACK & EXPECTATIONS

To turbo–charge this process, add consistent 1:1 feedback. According to author and professor, Chuck Hickok, feedback is the "breakfast of champions." In the absence of feedback, improvement is virtually impossible. Unbiased feedback about our performance is crucial to sustained growth. Supervisors that are not only trained but comfortable in giving feedback, even if it is corrective in nature, develop high performing people and teams and cause desirable turnover by quickly weeding out under performers. Weak managers and supervisors who are not skilled or at ease in giving feedback tend to ignore or avoid performance problems until the problem is so large that it can't be ignored. Jointly creating measurable expectations of performance and giving regular coaching and feedback on what a person can do better, as well as where they have performed well, is one indication of a high performance organization.

PERFORMANCE MEASURES



The next element in the pyramid is the first set of performance measures. This band represents the linkage between the **macro**, organizational results to be achieved and the individual, **micro** results expected from each person in the organization. Many companies we've worked with experience serious disconnects at this juncture. Senior managers and leaders **expect** that frontline workers know exactly what to do; how fast, how well and how much. The reality is, without measurable performance standards, it is virtually impossible for any meaningful dialogue to occur about job performance. Why? Because both parties will be discussing job performance "subjectively" not "objectively". To compound the problem, absent hard factual data, there is no way to implement a reliable performance improvement effort. Any improvement would be by chance and not likely repeatable.

Effective individual performance measures must meet 3 basic criteria..

1. **Be measurable or observable**. Technical competencies are generally the easiest to measure, e.g., typing, computer operation, etc. and many companies do track these capabilities by testing speed,

tracking error rates and so on. The real payoff comes through measurement and feedback in the non-technical skill area, e.g., communication with boss and peers, teamwork, flexibility, etc. Those who work closely with the person can measure these "non-technical" competencies through observation of specific behaviors.

2. **Connect individual performance with organizational objectives**. Recently, in conducting a customer satisfaction survey for one of our clients, we found that on-time delivery was the number one criteria. In examining the individual performance measures within that company, we found that **no one was specifically measured on on-time delivery!**

3. **Be relevant, understandable and easily tracked.** Look for performance dimensions that connect to overall organizational results and don't require massive investments in technology or time to accumulate. The best measures are often the simplest and easiest because they make up the majority of the "work" in a job!

As we continue to discuss the middle section of the growth pyramid, we know that several shifts occur when moving from the bottom section to this middle area and they roughly coincide with a typical organizational structure. Even in today's "lean & mean" organization chart, at some point the overall mission, vision and purpose of an organization must be translated into pieces small enough to be implemented by people. The lower tier of the middle section is where, through the **performance measures,** this critical "translation " must occur to be a Peak Performance organization. Next, we focused on creating energy within an organization through strong leadership & management.

LEADERSHIP & MANAGEMENT

Leadership & Management refers to the ability of our line managers/leaders to create energy and action within a company's business units. Size here is not relevant; small and large organizations alike all look the same at this point! The critical interpersonal effectiveness of the operational leaders in your organization will have a ***disproportionate impact on the overall results in your organization***! Leaders who are adept at understanding the differences in what employees need from both a motivation and behaviors perspective will, month in and month out, turn in superior results compared to those who use a "one size fits all" approach.

This means that time and opportunities must be carved out to enable people to get to know one another and develop "relationships" with one another. This is the only way I know of to gain the in-depth understanding needed to truly create an energizing environment for everyone to work in! One of our partners tells the story of a client of his who was very astute at this skill. While visiting this client at his office, as they walked through the halls, this executive stopped and explained to Steve that for Nancy, here in this office, it was essential that he stop in and tell her regularly, 2 or 3 times a week, what a great job she was doing, how she really handled a particular situation with a great deal of skill and empathy. On the other hand, another employee, Ron, across the hall from Nancy, needed to be reminded regularly that while he had had a good day yesterday, he could certainly put forth some additional effort which would pay big dividends for himself and the company. Not only that, but he expected Ron to increase his efforts and sustain that increase.

In further discussion with this CEO, it was apparent that he understood exactly what each employee needed to maintain and increase their self-esteem and motivation to continue to exert the effort necessary to reach the sales targets set by the company. Are your people energizing to your employees or de-energizing? One telltale sign that your people aren't as energized as they could be is high turnover rates of good, solid performers. Are you losing good people faster than you would like? If so, there are solutions to improve the situation!

TOOLS & PROCESSES

Tools and Processes which refers to our ability to deliver upon our value proposition to the customer consistently over time. In short, regardless of the product or service you provide, once someone buys it, can that customer reliably receive a quality experience that meets and preferably exceeds their expectations?

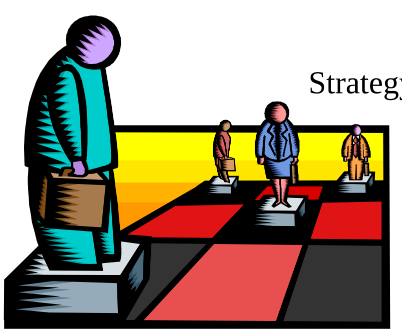
Surprisingly, our experience with many companies in many industries tells us that most do not consistently solicit and collect feedback from their customers on the quality (timeliness, quantity, price, specifications, fit/finish, etc) they received from you and how that compared to what they expected when they agreed to the purchase.

Do **NOT** confuse a lack of complaints or returns for a vote of satisfaction. The PIMS study done in the mid 80's and still relevant today found that only 4% of those customers that were dissatisfied with a product or service ever actually complained. Instead, they voted with their wallets and took their business elsewhere. By *actively* and *regularly* surveying customers, especially the 20% to 30% of your customers that comprise the 70% to 80% of your revenue and profit, you can obtain the vital feedback that will tell you the areas within your organization that need improvement or redesign.

The other group of people that you need feedback from is your employee base. Being closest to the customer, in most cases they know where the bottlenecks are to delivering better products and services. All you have to do to tap into this resource is, in most cases, ask! Ask first, and then invest in improvements that are most meaningful to your customers!

Continuing to move up within the organizational section of the Growth Pyramid, we explore the importance of Strategy and External Relationships. While these are separate they are tightly connected.

STRATEGY



Strategy is one of the most misused and misunderstood concepts in the business world. The business press has contributed to this by applying the word "strategy" to everything from customer service to selling to coaching. Thus, the real meaning is lost. Applied to business, **Strategy is a plan of how to win in the marketplace without fighting**. It means understanding the target customers and markets, understanding the competitive alternatives available, and creating an advantage that the alternative sources can't or won't match!

In order to determine what an organization's strategy should be, an outside in approach is best. That is, to identify unmet needs in the marketplace that your internal strengths can address. Wal-Mart is probably the most notable example of this in its' early years. Rather than competing head to head with the number one market leader at the time (Sears), Wal-Mart chose to go where they weren't, into smaller, secondary market areas. The Wal-Mart threat was ignored or dismissed by Sears' management until it was too late for them to take any meaningful action. The market position of these two retailers today tells the "rest of the story."

What are the implications for you and your business? Do you have a strategy? Does your strategy position you as a market leader with a definable cluster of customers? If not, several things happen:

- You pursue business opportunities that don't match your core competencies. The result is low profitability.
- Customers don't understand what you do best and are attracted to others that have focused solutions and benefits. The result is low revenue.
- You seem to only get the "crumbs." The prime business opportunities seem to always go to others. The result is not being able to attract and retain talented people.

The result of taking the time to purposely select a market strategy and align your assets, both tangible and intangible around that strategy is market leadership and sustained growth. This has been documented by a number of books in the business press. Conversely, there are also many examples of companies that have floundered and either gone out of business or are clinging to life by their fingernails, barely surviving. These companies are stuck firefighting every day, living "deal to deal" with survival as their goal.

Which of these scenarios most closely matches your organization?

EXTERNAL RELATIONSHIPS

Who can help us win? Today, even the largest companies in the world, companies like GE, GM and a host of others, have strong partner relationships with a host of other companies. They recognize that it is impossible to master all the functions that are required for them to win in the segment of the market they are competing in. Look at General Motors, for example. Not only are most of the components of a GM car made by others, but entire assemblies are completely built and shipped to be installed as a single unit, in a vehicle. Further, their entire sales function is outsourced to dealers!

This trend is more and more prevalent today in many industries. The question for you is, are you developing "partners" in critical areas so that you have the resources in position so you can grow? At a minimum, this includes…

- Customers
- Suppliers & vendors
- Competitors
- Banks and financial resources
- Government
- Community

There may be others as well. Many will question competitors in terms of how do we align or ally ourselves with them. This is where relative size and market share come into play. If you are in an industry where there is one dominant company with 40% or more of the market, it makes sense for two or more smaller companies to either form an alliance or merge so as to have the necessary size to enable them to compete with the number one company. Otherwise, it is virtually impossible for those smaller companies to accumulate enough resources to successfully challenge the leader.

Sustained growth doesn't happen without many resources being focused on the target. Actively recruiting and entering into mutually rewarding relationships is vital to achieving long-term growth.

BUSINESS LITERACY

The backbone of the entire process is strong business acumen or business literacy. Business acumen is a basic understanding of how the company makes money and how each individual fits in and contributes to that result. Dr. Eileen Shapiro found in her study of companies that the average frontline employee makes on the order of 100 decisions per day. Without *basic business acumen*, a person has no way of **self-evaluating the results** of those 100 decisions.

> "The most successful business leaders never lose sight of the basics. Their intense focus on the fundamentals of business is, in fact, the secret to their success. …..They have a keen sense of how a business makes money. This ability to apply the universal laws of business is what I call business acumen."
>
> Ram Charan,
> ***What the CEO Wants You to Know***

The efforts aimed at making a more responsible and accountable workforce have missed this point completely. Without a context against which to weigh and compare the alternative actions a person may choose in performing their job, the only way to get a good decision is (1) tell them what to do or 2) get lucky! With an understanding of their own key performance factors ***and*** how the company makes money, frontline employees can dramatically improve the quality of their decisions and the financial results of the organization. Further, each employee can now better participate in improvement efforts!

Peak Performance Associates did not invent this approach. Rather, through our work with literally hundreds of companies over the past fifteen years, we "discovered" this process. We have designed and developed or sourced world class tools, technologies and processes to assist virtually any company to become a high performance growth company. The first step in the process is to learn where you are right now; what are the strengths, over extensions and weaknesses that currently exist that are holding back greater growth. The Growth Audit, completed by the senior management team is the beginning of the growth process. Using that information, management is able to clearly see what needs to be accomplished. Peak Performance Associates serves as a facilitator, guide, teacher and consultant in the growth process. Why not make the call? Talk with us to see if the Peak Performance Growth Process is right for you!