

What do I do on Monday morning?

a daily
guide to
organizational
success



Harold Monty Sacher

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organizational success

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SACHER ASSOCIATES
success through people and performance

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**This book is dedicated
to the leader of the one
self-managed team
of which we are all members.**

What people are saying about 'What do I do on Monday morning?'

This book is a condensed version of virtually every business management book you will have read.

Nigel Neumann, Formerly HRM, Flinders Power

This is a book that should be on every managers' desk. Any manager who practises what is in this book, can't help but succeed.

John Gilbertson,
CEO, Bitemark

Definitely stylish and worth reading.

Geoff Rip, CEO, Change
Lever International

This book addresses the strategic issues that should be at the forefront of thinking of people in leadership positions. A very encompassing, thought provoking reference.

Mike Janes, Former Chairman
of the Board, ETSA

... a world away from those dry volumes gathering dust on most managers shelves.

David Farlie, SAAB Systems

This book is perfect for what I need. Within three hours of receiving it I ordered another 20 copies... This is a book that people who don't read management books will read.

Duncan Fraser, National General Manager,
Boral Windows

It is excellent. I was delighted by it. I thought it was refreshing and inspiring. And so easy to read. So visual. It is a very good visual prompt book.

Dennis Sparrow,
Education Department, SA

I like the way this is packaged for the busy, time-poor leader and manager.

Commodore Drew McKinnie RAN

A practical approach to improving productivity without spending hours going through a mentoring or training approach.

David Gordon, SMT Consulting

What people are saying about Sacher Publications and Consulting Services

... based on years of practical experience, this manual is essential for those responsible for improving productivity and quality, and for everyone interested in gaining an insight and dispelling the mysteries that surround the subject.

Company Director Journal

Companies line up for 'how to' guide.

The Weekend Australian

Generally, our department has a much more unified sense of direction and purpose which is a vast improvement on the way things used to be. It is now very easy to measure, plot and graph our performance by individual team and the section as a whole. We all work smarter. We discuss things more. More operators want to be developed and show commitment and enthusiasm – a new level of consciousness has developed.

Dennis Sparrow (G.H. Michell)

I looked at it and thought, hell, this is it. It was so elementary and straightforward, and it helped me sort out my thinking process.

Danny Doubell (Kempe International)
quoted in the Business Review Weekly (BRW)

This is the only manual I have ever read that relates directly to our problems. I can relate to page after page of it. If you had done an audit of our company, you would have come up with this manual. This is what we need; consultants who can tell us HOW to solve our problems.

Joe Allen (Mossman Central Mill Co.)

Monty Sacher, one of the nation's foremost business consultants, is a quiet achiever in the 'engine rooms' of top Australian companies, improving planning, productivity, and performance.

Sacher works from basics. His approach is steeped in common sense and practical solutions.

His is a 'no frills', 'warts and all' approach to unlocking the potential of people which enables the unique strengths of a business to be enhanced, and its weaknesses overcome.

He believes performance and quality solutions come from the detailed knowledge known only to workers and managers at every level.

However, Sacher's method is a disciplined, systematic approach drawn not only from years of practical experience across a wide range of business types, but also from an intelligent and detailed knowledge of business theory.

The two combine in a powerful mix and a simply constructed, workable performance improvement system.

Di Sullivan (The Skills Centre)

Other publications by the same author

A Commonsense Approach to Business Planning

Performance Measures Applied

A total performance management system

Performance-linked Communication

How to communicate the right information to the right people at the right time

Performance-linked Learning

Achieving sustainable competitive advantage through learning

Success through Team Performance

Drive your organization to better productivity and profits through high performance teamwork

Acknowledgements

To my children Sarah and Jacob. Being who you are provides me with infinite encouragement, support and inspiration.

This book is a collective effort. I am indebted to the innumerable people, most of whom I have never met, who have contributed their wisdom to this project. I am deeply grateful to them all.

The consulting process should be a learning experience for the client and the consultant. We are grateful to all our clients, past, present and future who have increased our knowledge by allowing us to contribute to their organization effectiveness.

To Bec Yule of Red Chilli Design, thank you for your design vision and your friendly and professional support. I would also like to thank Sue Anderson of McPherson's and Andrew Guy of Woodslane, for your technical help and advice.

I would also like to publicly thank my Creator for his infinite blessings.

What do I do on Monday morning?

This phrase has stayed with me for more than 20 years. It all came about back in South Africa when I had just been promoted to a Human Resources position in the training department of the South African Breweries. Roslyn Brewery — which was to become the largest brewery in the Southern Hemisphere — was just starting up and I was responsible for the training of all employees. In fact, my job was to help the company achieve success through team performance. In South Africa at that time there was a huge oversupply of unskilled labour and a corresponding shortage of people with technical skills, so the task I was given was enormous.

I asked everyone I knew for advice. Finally, I approached the general manager, a man called Graham Mackay (destined to become CEO of SABMiller, the second biggest brewing company in the world.) He looked me straight in the eye and said: ‘There’s only one question I want answered: *What do I do on Monday morning?*’

I had to think about it for a bit. Then I realised that what he really meant was, give people practical advice so they know exactly what to do and how to do it—don’t waste time with too much theory and abstract thinking. As I said, I’ve never forgotten that advice. And much of what I’ve learnt is contained in this book. Organizations throughout the world are undergoing

extraordinary change. Advances in information technology, the changing labour force, and global competition are affecting the way both small businesses and large corporations operate. And the changes are not restricted to the private sector. The move towards privatisation means more governments are adopting practices previously the preserve of private industry. Contracting-out services and the formation of new business alliances must be managed effectively.

The globalisation of world markets is facilitated by the ease with which buyers and sellers can now find each other. Never before has the communication technology been in place to aid business transactions on such a scale, and this technology is set to become even more sophisticated in the future. Customer demands will be hampered less and less by the absence of information about the range, quality, cost, quantity and timeliness of the goods that can be provided by prospective suppliers. Customer expectations have been rising proportionately with the growing capacity of suppliers to deliver the right amount of quality goods and services at the right cost, on time, every time. So the competition is intensifying for customers' hearts, loyalty and dollars.

Simultaneously, employee expectations have been rising. More and more, they are demanding quality of working life, greater meaning in their work, autonomy, and a small organizational team to which they can belong. This organizational team would serve as the organizational equivalent of the family unit. The most competitive organizations have incorporated the best aspects of home life into the workplace.

Today, organizations of all sizes are faced with a stark choice – adapt or go out of business. Those organizations that can't accommodate the competitive pressures that will be placed on them by all stakeholders, but especially customers and employees, will be shut down. On the other hand, those organizations that can create winning cultures, that can provide what we describe as total stakeholder satisfaction, will survive and thrive.

Success means different things to different people – job satisfaction, job security, more money or an ideal life style. Whatever success means to you or your organization, it can only be achieved through team performance, executed one day at a time.¹

That's why this book was written; to encourage individuals, teams, small to medium businesses, and large organizations, to focus more time, attention and energy on team performance and people management.

Sacher Associates has identified what we call the *ten components of team performance*:

- ▶ a unified sense of direction
- ▶ strategy
- ▶ outputs and performance measures
- ▶ targets
- ▶ performance feedback
- ▶ communication
- ▶ training (skills/knowledge)
- ▶ systems and processes
- ▶ structure and job design
- ▶ reward systems.

While it is true that organizations are always working with these components to some extent, this is not enough. What really matters is the degree to which these components are being successfully and permanently entrenched in the work environment or culture. This is directly correlated with the highest levels of employee performance and job satisfaction.

There are, however, many people who believe that they have *been there, done that* or they are *currently doing all of this stuff*. There are still organizations that are not implementing these basic components at the minimum standards required, particularly at the workforce and team leader/supervisor levels.

We are dealing with human beings, and therefore, the potential to improve performance is limitless, and the competition intense. The focus should be on the ongoing optimisation of employee capability through the better implementation of these components.

Sacher Associates have been measuring the ten components of team performance in organizations of all sizes for the last 18 years. It is rare to come across an organization that has implemented these basic components at our targeted standards across all levels of employees.

This runs contrary to the perception of some key stakeholders who tell us time and time again that they have these bases covered.

The secret to greater productivity is getting the basics right (see page 3). For us, this means achieving the highest standards of excellence possible on all the components across all the teams in your organization. If you are not currently at that level, there is a definite opportunity to improve performance through the better implementation of these components.

To assist you on this journey, this book offers 25 years of practical consulting experience and advice, in a flexible, digestible and affordable format.

So let's begin with what you do on Monday morning.

Monty Sacher 2007

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Success
Through Team
Performance

Success through Team Performance

1st January

How can one individual solve the problems of the world? Problems can only be solved if one is part of a team.¹

Nelson Mandela

2nd January

Team development must precede all other kinds of improvement initiatives and ... teams more than executive leadership, cultural change, TQM training, or any other strategy, account for most major improvements in organizations.²

Dennis Kinlaw

3rd January

It may sound obvious, but a team of ten people can get something done a lot faster than one person working alone. Of course, if it's obvious, why are there so many solo acts in most organizations and so few teams?³

Mark H. McCormack

Success through Team Performance

4th January

The secret to greater productivity is getting the basics right.⁴

Advertising slogan used by
Hyundai Electronics

5th January

Fundamentals were the most crucial part of my game in the NBA. Everything I did, everything I achieved, can be traced back to the way I approached the fundamentals and how I applied them to my abilities. They really are the basic building blocks or principles that make everything work. I don't care what you're doing or what you're trying to accomplish; you can't skip fundamentals if you want to be the best. But some guys don't want to deal with that. They're looking for instant gratification, so maybe they skip a few steps. It's like they're so focused on composing a masterpiece they never master the scales.⁵

Michael Jordan

Success through Team Performance

6th January

The more complex the work environment or culture, the greater the probability that the basic components essential to team performance and people management will be overlooked.

7th January

The ten basic components of team performance

- ▶ A unified sense of direction (February)
- ▶ Strategy or long-term goals (March)
- ▶ Outputs and performance measures (April)
- ▶ Targets (May)
- ▶ Performance feedback (June)
- ▶ Communication (July)
- ▶ Training (skills/knowledge) (August)
- ▶ Systems and processes (September)
- ▶ Structure and job design (October)
- ▶ Reward systems (November)

8th January

The basic components of team performance

The *basic components of team performance* are simple, commonsense elements strongly evident in all high-performance teams. All teams will have the components to some degree, but the better developed these components are, the better the team's performance. These key components must be examined, and opportunities to improve them sought. However, don't fix what is not broken – only work with those components of team performance which need improvement. Once identified, an environment or culture in which the basic components can be implemented can be created. These essential components can then be systematically built into everyday activities, ensuring that performance is continuously improved. The philosophy is simple: do the basics as best as you can, all of the time, and you will inevitably improve. With these basics anchored into the workplace environment or culture, performance will continuously improve, and the improvements will be sustained in the long term.⁶

Success through Team Performance

9th January

A unified sense of direction

This basic component of team performance is best summed up by the phrase, *one team, one direction*. Achieving this requires a shared vision. The entire company, and all the teams and the individuals which make it up, must be pulling in the same direction. Every member of every team needs to accept responsibility for that part of the company over which they have some control. [See February]⁷

10th January

Strategy or long-term goals

Strategy or long-term goals for achieving the organization's vision are an important component of team performance. These are usually described in a strategic plan with a time frame of three to five years. A good strategic plan, which includes a vision, provides the blueprint for coordination, direction and teamwork. [See March]⁸

Success through Team Performance

11th January

Outputs and performance measures

Outputs are the value-added end results of a process which are produced by an individual or a team for an internal or external customer.

Performance measures are units of measure used to assess whether outputs are achieved.

In order for a team to perform at its best, each individual, and the team as a whole, needs to understand exactly who their customers are, what outputs are required, and how those outputs are to be measured. (See April)⁹

12th January

Targets

Targets are set against outputs and performance measures and show the amount, quality and time frame in which a particular output needs to be achieved.

This basic component of team performance can best be summed up by the phrase, *No goals, no glory*.

For any team to perform, it must have short-term targets to focus activities on what must be done *on Monday morning* in order to achieve the long-term, strategic goals.

Success through Team Performance

Targets have also been called *goals, objectives or standards*. (See May)¹⁰

13th January

Performance feedback

Performance feedback is defined as *official information from the system that tells people how they are performing against targets*. Systematic, relevant and understandable feedback is an essential part of improving team performance. Every team **at every level** in the organization needs regular and systematic feedback regarding their outputs, performance measures and targets. (See June)¹¹

14th January

Communication

The link between the *basic components of team performance* and communication.

The components we have been discussing are the basic building blocks of a high-performance organization or team. The common thread running through all of the components, acting like oil in an engine, is communication. Communication won't fix a broken engine, but it will certainly help make it run more smoothly.

Success through Team Performance

Sound communication is an essential component in all business today. Whenever the output of work must exceed a single person's contribution, individuals must be able to communicate effectively. Communication skills are therefore essential to teamwork. (See July)¹²

15th January

What should be communicated

What should be communicated must be considered as carefully as **how** the components are to be communicated. The good leader addresses **what** should be communicated by defining the mission, by clarifying roles, and by developing outputs and performance measures. The leader sets targets, action plans and feedback systems for his/her team members. He/she then places equal attention on how these components should be communicated. If people don't know how to communicate properly, the *basic components of team performance* cannot be properly implemented.

Especially in technical environments, where interpersonal communication skills are often lacking, particularly at the workforce level, an overall communications strategy is essential.¹³

Success through Team Performance

16th January

Training (skills/knowledge)

Once team outputs, performance measures and targets have been determined and feedback systems established, an important question arises: Who in the team needs which skills and knowledge, and in what order, for the team to achieve its targets? Then, of course, the appropriate training should be provided. (See August)¹⁴

17th January

Systems and processes

While the *basic components of team performance* have thus far been discussed in isolation, it is important that they also be seen in relation to one another, and to the system and processes of which they are a part. All the basic components of team performance are related to each other. They cannot be approached in an ad hoc or unsystematic manner, for changes to any one component will affect all of the others. (See September)¹⁵

Success through Team Performance

18th January

Structure and job design

The best team structures and job designs are flexible. They enable the team to achieve its output and targets while at the same time meeting the social needs of individual team members. Flexibility is important because team structure and job design may need to change as targets and situations evolve. (See October)¹⁶

19th January

Reward systems

Rewards can be material (for example money) or non-material (for example recognition). Reward systems should be based on a team achieving its targets against outputs and performance measures, with information provided from the feedback system. The customer's point of view, whether that customer be internal or external, is essential in determining who will be rewarded. (See November)¹⁷

Success through Team Performance

20th January

A total approach

There is a lot more to total and continuous performance improvement than just measuring performance, or developing goals, or putting in a new system. One of the dangers of working in an unsystematic and piecemeal manner is that it is possible to do more harm than good to the complex arrangement of systems that make up an organization. People have a limited capacity for trying new things, especially when they have seen numerous initiatives come and go without any lasting positive effect. Numerous consultants are ready to promise that their approach, aimed at solving part of the problem, will provide a total solution. However, nothing short of a purposeful, total and systematic approach will suffice if continuous, and especially sustained, performance improvement is to be achieved.¹⁸

21st January

Teamwork – a learned skill

The utilisation of teamwork to achieve a sustainable competitive advantage is a complex task. Yet at school, technical college and university little training in how to work in a team-based environment is provided. Every

Success through Team Performance

individual is left to their own devices until they enter an organization that depends on their ability to work with others to achieve results.

Successful managers, supervisors and workers possess qualities of commonsense, objectiveness, analytical judgement, decision-making ability and technical competence. They must be capable of sustained hard work, team-work, and tolerance in a working environment that is complex, confusing and continually changing. In short, they have to display qualities that cannot be learned at school, technical college or university. Organizations must therefore prepare to meet their own needs. Only the consistent and persistent application of the *basic components of team performance* in a purposeful and systematic way will ensure a sustainable competitive advantage and long-term survival.¹⁹

22nd January

Changing values

Employee needs are changing. People are demanding a better quality product as consumers and a better quality of life as employees. They will no longer tolerate being treated as numbers, performing meaningless, isolating and alienating piecemeal jobs, being under-utilised and gaining no recognition for their work.

Success through Team Performance

Today's employees want to feel a part of an organizational family unit. They need to feel involved in the organization, to be given a sense of responsibility and to have the opportunity to contribute to the organization as a whole. Job satisfaction is now recognised as an important aspect of modern life, and if employees don't feel satisfied, they are likely to seek work elsewhere. Today's workforce is a mobile workforce. Highly skilled people are taking job opportunities where they see them. Loyalty can no longer be taken for granted. And the organizations that attract the most competent employees will be those with a work environment that recognises employee needs.²⁰

23rd January

The reason that our strategies worked was that we managed our risks as a team. Team building was not something we set out to do; it was the result of necessity, the need to manage a new, fast-paced business. It was the result of having to learn. We managed risks and we tackled our challenges by tearing down the walls between functional areas, and that was an important part of our competitive advantage against Gallo.²¹

Andrea Dunham and Barry Marcus

Success through Team Performance

24th January

Take responsibility for what can be changed – eliminate blame-fixing

No individual or team can solve a problem until they accept responsibility for it – or at least for those aspects of the problem that are under their control.²²

25th January

*Cadets cultivate the habit of not offering excuses. There is no place in the military profession for an excuse for failure. Extenuating circumstances may be explained and submitted, but even if accepted, such explanations are never considered excuses.*²³

26th January

*Proactive people focus their efforts in the circle of influence. They work on the things they can do something about. The nature of their energy is positive, enlarging and magnifying, causing their circle of influence to increase.*²⁴

Stephen R. Covey

Success through Team Performance

27th January

*It does not matter whether the worker wants responsibility or not. The enterprise must demand it of him.*²⁵

Peter Drucker

28th January

*If we are going to survive in the future, we must find ways to operationalize and integrate accountability as a core value. We must create an environment where we can count on one another and most of all where we can count on ourselves to achieve our desired outcomes.*²⁶

Mark Samuel

29th January

*A company with well motivated, well balanced teams is an effective company. In the modern world, an ineffective company will not exist in the long term.*²⁷

Rod Margee

Success through Team Performance

30th January

When you ask people ... what it is like being part of a great team, what is most striking is the meaningfulness of the experience. People talk about being part of something larger than themselves, of being connected, of being generative. It becomes quite clear that, for many, their experiences as part of truly great teams stand out as singular periods of life lived to the fullest. Some spend the rest of their lives looking for ways to recapture that spirit.²⁸

Peter M. Senge

31st January

Success through Team Performance

We all work smarter. We discuss things more. More operators want to be developed and show commitment and enthusiasm. The shift supervisors are now less “hands on” but more committed to the development of their teams. We have been able to introduce some unpopular ideas because the cost savings were agreed to by all operators. The Supervisors (and most operators) are more

Success through Team Performance

*professional – they realise the training of their operators and themselves is essential but must be carefully planned and conducted – they're committed to discuss and consult and give up power – they know what they get in return. There is no going back – a new level of consciousness has developed.*²⁹

Dennis Sparrow

Success through Team Performance

A Unified Sense
of Direction

A unified sense of direction

1st February

A unified sense of direction

The first basic component of team performance is a *unified sense of direction*.

A *unified sense of direction* can best be summed up in the phrase *one team, one direction*. A *unified sense of direction* means that all the departments, teams and individuals that make up an organization are pulling in the same direction. Or to put it another way, everyone is singing from the same song sheet and is working harmoniously together to achieve common goals.

To achieve a *unified sense of direction* there needs to be agreement at all levels on what the organization values, what it does, where it is headed and how it plans to get there.¹

2nd February

The first step

The first step in the development of a team-based organization is to focus, clarify and agree on the organization's values, vision and mission. Values, vision and mission on their own, however, do not equal a *unified sense of direction*. They are organizational tools employed, to varying degrees of success, to

A unified sense of direction

create a sense of direction. Their success depends upon each member of the organization contributing to and identifying with the statements created.²

3rd February

What are values?

Values are beliefs, commitments and principles that guide everyday decision making, whether consciously or subconsciously. They are what individuals believe to be truly important for the organization. Organization values develop over time, and accepted behaviours and norms emerge as a result of these values.

Values underpin the decision-making process. When an organization has defined what principles are important, in every aspect of the business, some decisions and choices will be immediately obvious. In an organization with a firm set of values, that are clearly communicated, well understood and shared, people will be able to make sound decisions that are in line with the values and the direction of the organization.

Clarification of the values is critical. The organization's values are its operating guidelines – guiding every decision, every choice. They guide the organization's vision, mission, strategies, goals, targets and daily

A unified sense of direction

actions. For example, the statement *Quality in everything we think, say and do* would provide specific guidance at all levels in the organization.³

4th February

What is vision?

Vision is a vivid picture of an ambitious, desirable future state for the organization. It is a powerful, compelling image of where people want the organization to be. At best, it is a positive dream that is a driving force for change.

Developing a vision can bring an image of the future into the present, encouraging and suggesting to people how to make that image come true. Developing a vision for an organization means that people need to work on visualising the results and qualities they want from their organization. They need to see the organization as already achieving those results and possessing those qualities. If a vision is emotionally connected and describes a place where people in the organization really want to be, then they are irresistibly drawn toward it, and it becomes a self-fulfilling prophecy.⁴

A unified sense of direction

5th February

Where there is no vision, the people perish ...⁵

The Bible

6th February

A shared vision is not an idea. It is not even an important idea such as freedom. It is, rather, a force in people's hearts, a force of impressive power. It may be inspired by an idea, but once it goes further – if it is compelling enough to acquire the support of more than one person – then it is no longer an abstraction. It is palpable. People begin to see it as if it exists. Few, if any, forces in human affairs are as powerful as shared vision.⁶

Peter Senge

7th February

Vision without action is merely a dream.

Action without vision just passes the time.

Vision and action can change the world.⁷

Joel Barker

8th February

What is mission?

An organization's mission has to do with what the organization **does** as opposed to where it wants to be (vision) or what it regards as important (values). A clear statement of what an organization does can act as a focal point for ensuring that the organization remains focused on core business. There is arguably no greater cause of organizational incompetence than straying from the fundamental purposes for which the organization was set up in the first place.

To survive and thrive, especially in today's world, an organization needs to concentrate on and specialise in its core work, leaving the non-core work to other organizations which specialise in those areas.

Vision sets the direction. Values determines the rightness of that direction and mission clarifies that what you do as an organization is in line with your direction and values. In practice, however, all these concepts can be included in one statement or series of statements.⁸

A unified sense of direction

9th February

The importance of clarity and focus

Individual human potential is limitless and, as organizations are made up of human beings, the potential for any organization to achieve its goals is also limitless. An enormous opportunity to improve productivity and quality of working life, almost without exception, exists in striving for greater degrees of clarity and focus on what is important, where an organization wants to be, and how it gets there.⁹

10th February

One industry that understands what's required

One industry that understands what's required to control the creation of abstract visions into concrete reality is the building industry.

First the vision is clarified and put down on paper so that the various stakeholders can examine the vision in terms of what could initially be conflicting values and priorities. The values of the owner, the owner's partner, the shareholders, the neighbours, the community, the builder, the architect etc. all have to be reconciled until some sort of consensus is reached about a desirable future state. The greater

A unified sense of direction

the degree of conflict over values the greater will be the degree of formal and informal involvement and participation.

Once the vision has been agreed in writing, longer-term goals and short-term targets are put in place. The net result is that everybody involved in the project has a *unified sense of direction*. They know exactly how the results of their work will contribute to the achievement of the overall vision.¹⁰

11th February

Top management must lead from the front

Top management in this context means the most senior people in the target area or group.

Napoleon Bonaparte was reported to have said that *there are no bad soldiers, only bad officers*. A good manager is one who leads by example and from the front. While this is true of many situations requiring improvement, nowhere is it more so than in the creation of a *unified sense of direction*. The troops in the trenches are not in the position, and do not have the altitude to determine the way forward.¹¹

A unified sense of direction

12th February

Ensure participation and involvement

Few people would argue with the fact that the greater the degree of involvement and participation at all levels, the greater the chances of success. The more people interact, psychologists tell us, the greater the possibility that they will share common values and norms. Participation and involvement also result in improved understanding, and therefore trust, because generally people do not trust what they don't understand.

The best way to generate trust and understanding is to directly involve people in the creation of that aspect of a *unified sense of direction* that can be directly applied to the area of the organization in which they work.¹²

13th February

Don't be constrained by the past

The creative process can be stimulated by asking the following question:

Given a blank piece of paper and all the developments in technology, information systems, increased understanding of quality principles, human resources

A unified sense of direction

and the importance of the customer, what should our vision be to best achieve total stakeholder satisfaction?

In determining a preferred future, one should not be constrained by the past.¹³

14th February

Localise the corporate vision

A vision comes to life as it cascades down through an organization. Every department and every individual in the organization should be able to adapt and apply the corporate vision. They should create their own unique team visions; these visions should not only support and align with management's vision, but should also express their own aspirations in a way that's consistent with their organization's overall purpose. What do they want their team to be? Their vision must be their own. It must be personal and meaningful to the local work group. It must enable the local work group and the leadership team to share a profound commitment – in a form that is meaningful to every individual.¹⁴

A unified sense of direction

15th February

In the absence of a shared vision, people question each other's motives and wonder whether others are acting out of self-interest or in the interest of the overall organization. Since trust is highly unlikely where people lack a higher-order vision that bonds them, someone must take the lead in developing and reinforcing a shared vision. It falls to the leader to help each party believe that their interests are being served through the acceptance of a shared vision; this belief enables them to take the risks required for trust to evolve.¹⁵

Robert Bruce Shaw

16th February

Failing to plan is planning to fail.

17th February

There is much research to show that one of the major contributory factors to business failure is lack of planning.¹⁶

A unified sense of direction

18th February

Our goals can only be reached through a vehicle of a plan, in which we must fervently believe, and upon which we must vigorously act. There is no other route to success.¹⁷

Stephen A. Brennen

19th February

Why business planning is important

The future is unpredictable. However carefully we lay out plans, certain things will undoubtedly come along that weren't anticipated. Responsible business leaders however, cannot sit back and wait for the future to control them. They need to take charge of their future.

Many business leaders, particularly those in small business, think planning is a waste of time and effort. They feel that their time is far better spent on present business activities, rather than planning for an inaccurately forecasted future. Usually, an organization with this kind of leadership doesn't survive in the long term – the market place has become too aggressive and competitive. The organization whose leadership has clearly considered its future, and who have developed plans to get there, is the organization most likely to succeed.¹⁸

20th February

Master of your own destiny

Business planning requires that the leadership clearly define what they are trying to achieve, what obstacles they will face, how they will achieve their goals, what resources they will need, and how to make it all happen. Business planning is a way of becoming master of your own destiny.

Most importantly, developing a business plan will help you compete more effectively in the market place, both today and tomorrow. It will provide you with the road map to becoming a healthy, thinking and profitable business. It will help you create the organization of your dreams.

Yet business leaders, particularly small business leaders, continue to avoid one of their most important obligations – developing and implementing a business plan.¹⁹

21st February

Plan for total success – not isolated victories

The leader who views planning as a system will realise that any plan will have repercussions on the entire organization: that plans need to be coordinated in every department; and that one department cannot

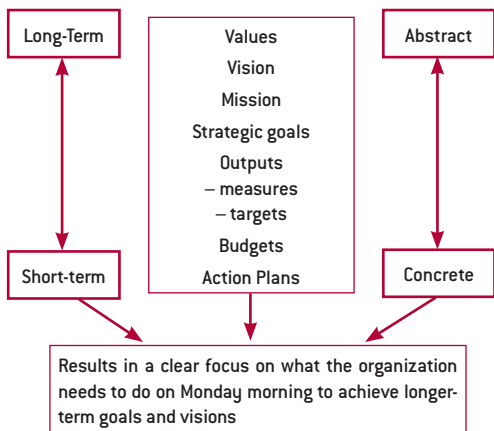
A unified sense of direction

be optimised at the expense of the total organization. In short, the leader who views planning as a system will be planning for total success, rather than isolated victories at the expense of the overall organization.²⁰

22nd February

The business planning process

The following diagram illustrates the relationship between the various components of the business planning process, and the various time scales and degree of abstract or concrete thinking required to provide direction, clarity and focus to individual teams at different organizational levels.²¹



A unified sense of direction

23rd February

Of all the things I've done, the most vital is coordinating the talents of those who work for us and pointing them toward a certain goal.²²

Walt Disney

24th February

Because of their knowledge of objectives and results, and their understanding of the overall environment, our employees are profoundly aware of their contributions to the firm's competitive capabilities. Everyone has a feeling of contributing a stone to erect a cathedral.

Malherbe

25th February

When people are in harmony, they will fight on their own initiative, without exhortation.²³

Zhugu Liang [2nd Century A.D.]

A unified sense of direction

26th February

Ultimately the businesses that win are those where all the people have the same aim and give freely in their commitment to it.²⁴

John Harvey-Jones

27th February

Nine times out of ten teams fail because of the lack of clarity and ownership over goals. Yet traditionally the questions asked are about team chemistry.

Ron Fry

28th February

Acknowledging to ourselves that we are all members of one team to improve our organization and quality of worklife, brings us clarity of purpose and a sense of relatedness as we go about our business. We are together.²⁵

Marilyn Ferguson

A unified sense of direction

Organization Strategy

1st March

Organization strategy

Strategy formulation is the selection of the best course of action in order to achieve the organization's vision. Strategy formulation can also be thought of as a series of one to three year goals.

Basically, strategy formulation defines **how** the organization is going to achieve its vision, or **how** to close the gap between where it is now and where it wants to be. In other words, it identifies the correct road map to follow in order to arrive at the desired destination.¹

2nd March

The starting point in the business planning process

Once an organization has clarified where it is going in the future, it needs to clarify where it is now, in the present. Business planning practitioners argue about the starting point in the business planning process. Some believe it is better to start with where you are now, and others believe it is better to start with where you want to be. We believe that, at the end of the day, it doesn't make much difference because you have to do both. We prefer to analyse where an organization

Organization strategy

wants to be first, because it is better to deploy lateral creativity and imagination before restricting the organization to the reality of where it is now.²

3rd March

*If we could first know where we are, and whither we are tending, we could better judge what to do and how to do it.*³

Abraham Lincoln

4th March

From the early thinking about strategy in organizations to more recent concerns with building competitive advantage and developing learning organizations, leaders and managers have continued to focus their attention and resources on developing and clarifying why their organizations exist and what they are in business to do. No matter what the language used to describe and explain the latest strategic model or theory may be, good leaders understand that the best and most effective organizations have a clear strategic focus and have aligned their operating systems to best meet the goals

Organization strategy

of their strategies and the needs of their customers. ⁴

Stewart Liff and Pamela A. Posey

5th March

Strategy is a style of thinking, a conscious and deliberate process, an intensive implementation system, the science of ensuring future success.

Pete Johnson

6th March

Business is like war in one respect; if its grand strategy is correct, any number of tactical errors can be made and yet the enterprise proves successful. ⁵

General Robert E. Wood

7th March

A corporation without a strategy is like an airplane weaving through stormy skies, hurled up and down, slammed by the wind, lost in the thunderheads. If lightning or

crushing winds don't destroy it, it will simply run out of gas. ⁶

Alvin Toffler

8th March

The SWOT Analysis

The SWOT analysis is a simple but very effective technique to help you assess where you are now in terms of the strengths and weaknesses the organization possesses in the internal environment, and the opportunities and threats it faces in the external environment.

The word SWOT is an acronym for **S**trengths and **W**eaknesses in the internal environment and **O**pportunities and **T**hreats in the external environment.

The SWOT analysis has two targets:

- ▶ to help you identify where you are now;
- ▶ and secondly, to prepare you to develop a strategy that will utilise your organization's strengths, manage its weaknesses, take advantage of opportunities, and minimise the impact of those threats that become real. ⁷

9th March

Competitive advantage

An understanding of the concept of competitive advantage is crucial to the strategy formulation process. An organization's competitive advantage refers to what the organization does or has that is better than its competitors.⁸

10th March

Two general rules

There are two general rules which need to be applied when formulating strategy:

Rule Number 1: Always lead from your position of strength. Competitive advantage should be exploited as much as possible.

Rule Number 2: The basic strategy for all companies should be to concentrate resources where the company presently has, or can readily develop, a meaningful competitive advantage.⁹

Organization strategy

11th March

You have to be fast on your feet and adaptive or else a strategy is useless.

Lou Gerstner, Jr

12th March

All strategies fall into three basic categories: to grow; to shrink; or to stay the same.¹⁰

13th March

Stay the same or stability strategy

Continue to do what the organization has been doing in the past, but do it better. The focus would be on efficiency and productivity at a lower cost; keeping marketing costs down, etc. This strategy works best in a slow changing environment. It is the most popular strategy selected by small, but stable, businesses.¹¹

14th March

Growth strategies

The available decision choices fall into two categories: Expansion by taking over other organizations or, expanding your existing organization. The following

Organization strategy

is a list of strategic options to expand your existing organization:

- ▶ increasing capacity (additional plant, branches)
- ▶ franchising
- ▶ licensing
- ▶ greater penetration of existing markets with existing products (market penetration strategies)
- ▶ developing new products for existing markets (product development strategies)
- ▶ penetrating new markets with existing products (market development strategies)
- ▶ developing new products for new markets (diversification strategies) ¹²

15th March

Reduction strategies

This strategy is employed by an organization to reduce its scale or level of operation, either by:

- ▶ scaling down to its most profitable products or those with the greatest potential
- ▶ cutting down on the smaller clients and focusing mainly on the large ones
- ▶ selling out or liquidating

Organization strategy

Reduction strategies are least desirable but are necessary when the organization realises that it will lose money if it doesn't go for this option.

Some organizations may choose to combine several strategies.¹³

16th March

The principles that Seagram applied to the development of a winning strategy to enter the wine cooler business were:

- ▶ *Never stop analyzing the business*
- ▶ *Never stop leveraging what you do uniquely well*
- ▶ *Never stop learning.*

*These are all principles that successful businesses must implement if they want to survive.*¹⁴

Andrea Dunham and Barry Marcus

17th March

Total stakeholder satisfaction

If the organization is to perform, the people who have expectations or place demands on that system

Organization strategy

have to be satisfied. These people's expectations may be different, even conflicting. For example, customer demands may differ from employee demands; shareholder demands may conflict with the demands of environmental groups, and so on. A system is required to identify, and give due weight to all the relevant stakeholders in the organization. Many organizations focus on one group of stakeholders at the expense of other groups.

Organizations are now arriving at the concept of **total stakeholder satisfaction** which is defined as satisfying the demands and expectations of all the stakeholders of a given organization or team.

To optimise the organization system there needs to be an emphasis on the rigorously measured demands and expectations of **all** stakeholders.¹⁵

18th March

Why identify stakeholders?

Many individuals don't achieve optimal results because they often don't know who they are really working for, or what outputs or expectations are being placed on them by their stakeholders.

Without this understanding, it is impossible to perform according to stakeholder expectations.

Organization strategy

It is vital, therefore, to first and foremost identify these stakeholders. Once this has been done, the organization should find out what stakeholders expect, in the clearest of terms, so that these expectations can be met.¹⁶

19th March

In fact, increasingly, the stakeholder approach reflects the practicalities of how to raise business performance. The importance of improving business relationships is the main lesson of supply chain management, total quality management, investor relations, employee relations and relationship marketing. The reciprocity and partnership which increasingly typifies contemporary business relationships is based partly on the more open communication now prevalent, which makes it difficult for companies to sustain the practice of upholding different messages and values for different audiences.¹⁷

Thomas Clarke and Stewart Clegg

20th March

Who are the stakeholders?

Stakeholders include

- ▶ owners;
- ▶ external customers;
- ▶ internal customers;
- ▶ the government;
- ▶ suppliers;
- ▶ the community;
- ▶ employees

An explanation of each of these follows. ¹⁸

21st March

Owners

Owners or shareholders are those people who have legal ownership of the team or organization. Owners or shareholders expect satisfactory returns on money invested. They may also be held publicly liable for the way the team behaves or treats its other stakeholders or customers. Owners have the responsibility of ensuring that the organization does what it sets out to do; that it complies with all regulations; meets ethical standards and is a sound and responsible organization. ¹⁹

22nd March

External customers

Ultimately the people who have the most power over an organization are the external customers. This is because the **external customers** can put any organization, no matter how large, out of business simply by spending their money on a competitive product or service. So it is in everyone's interest to provide quality customer service to external customers.

Whatever the output or service provided, it must be delivered to the ultimate satisfaction of the external customer.

This can only be achieved by controlled internal customer service at every stage in the value-added chain.²⁰

23rd March

Internal customers

Each team in an organization is producing outputs – either to be used by someone in the organization or for an external customer. Within an organization, the person who needs the output is the **internal customer**. Internal customers may be co-workers, other managers or shareholders. Internal customers are key consumers of outputs.²¹

Organization strategy

24th March

The government

The government represents the community and has legal and statutory requirements that need to be complied with if the team is to survive. Rising community expectations, particularly in areas like occupational health and safety and the environment, mean that an increasing amount of team time needs to be set aside to meet the expectations of this stakeholder.²²

25th March

Suppliers

Many organizations are realising the competitive advantage to be gained by enjoying a cooperative, committed relationship with their suppliers. One of the golden rules in good business is to surround yourself with competent people, and this includes suppliers. In instances when components of the product or service of an organization is outsourced, the supplier output is an input to the organization's value-added chain; thus the organization's quality, cost, and timeliness is affected positively or negatively by the supplier's output. Good supplier relations can contribute to a sustainable competitive advantage and the achievement

Organization strategy

of major goals for both parties. Understanding and achieving supplier expectations is important if quality suppliers are to be retained.²³

26th March

The community

Community needs are often an important consideration. A focus on the community can help build your public image positively. There is a positive correlation between organizations' contribution to charities and their customer loyalty. Aside from the ability to build your image as a Good Samaritan, where potential conflict exists between the community and the goals of the organization, the community is a very important and high profile stakeholder. Organizations in the waste disposal, forestry and mining industries know the impact the community can have if they don't like what the organization is doing. Attention must be given to understanding and meeting community expectations.²⁴

27th March

Employees as stakeholders

By eliciting worker commitment – and providing the environment in which it can

Organization strategy

flourish – real rewards will be experienced by the individuals and the organization.

Richard E. Walton

The understanding that employees are vital stakeholders has never been more relevant than it is today. Today's employees are demanding quality of work life, greater meaning in their work, autonomy, and a sense of belonging. Their loyalty, commitment and contribution will be given in return for the satisfaction of their expectations.²⁵

28th March

The satisfaction of employee needs

In the past, organizations could survive with poor work environments and without regard to the satisfaction of employee needs or total stakeholder satisfaction which includes the satisfaction of worker needs. Yet today, a great divide is evident in both the public and private sectors world-wide. Those organizations that are not creating a work environment that provides total stakeholder satisfaction are being out-performed by those that can. Organizations that can provide a better working life for employees as well as producing a better quality product for external customers are holding the competitive advantage. The

divide is evident in productivity, performance and, in the end, survival.²⁶

29th March

Stakeholder expectations

Once stakeholders have been determined, the organization should find out what stakeholders expect, in the clearest of terms, so that these expectations can be met.

The expectations stakeholders place on organizations include what outputs are expected, how the people should behave, and what values the organization should uphold.

The three types of stakeholder expectations:

- ▶ outputs expected;
- ▶ behaviours expected;
- ▶ values upheld.

A team's or individual's effectiveness depends on the clarification of these expectations since it is impossible to meet expectations that are not clear. It is therefore crucial that the expectations of each team and individual be clearly defined, developed and agreed upon.²⁷

Organization strategy

30th March

*Control your own destiny or someone else will.*²⁸

Jack Welch

31st March

*As the business environment becomes increasingly turbulent and technological change becomes more rapid it will pay companies to think more about whether they have the right strategic intent before they set about implementing it. If the preconceived strategic plans of the past are no longer appropriate, strategic thinking should not simply be abandoned. Creative and responsive strategic thought is stimulated by developing the capabilities and knowledge that allow proactive approaches to change, based on transferable skills, even if this involves the rethinking of whole businesses and industries.*²⁹

Thomas Clarke and Stewart Clegg

Outputs and Measures

1st April

Why develop outputs and performance measures?

Every person in an organization is employed to deliver results (outputs) which contribute to the organization as a whole. Effectiveness is judged by the extent to which internal and external customer demands for outputs are met.

In the long run everyone is measured against whether the customers' demands and their many and varied expectations for outputs have been satisfied.

The people who place expectations for outputs are customers, consumers, or users. Customers can demand tangible and visible products like processed milk, beer or pencils, as well as intangibles like ideas, advice or services. *Customers* may include shareholders, the board of directors, team members, other managers, and yourself, as well as external customers.

While the interests of customers are important, consideration also needs to be given to the expectations and demands of other groups of people whose needs must also be satisfied, including suppliers, government and the general community. To optimise the organization system there needs to be an emphasis on the rigorously measured demands and expectations of all stakeholders.

Outputs and Measures

Thus the concept of the customer, throughout this book, is broadened to include all the stakeholders of a given organization or team. Organization performance is judged by the extent to which stakeholder demands for outputs are met.¹

2nd April

Control variation

If we were to identify all our relevant stakeholders and customers, whether internal or external, and measure their degree of satisfaction with the output or service they require in terms of quantity, quality, cost and timeliness, then we could identify any variation that occurs in the delivery of those outputs. If we can measure and identify variation then we can control it. If we can control variation in the delivery of all the aspects of the output or service that our customers require of us, then we can improve. If we improve continuously we can stay in business and prosper.

If we were able to connect our performance measures hierarchically and even mathematically to an overall strategic plan so that each individual and team knew measurably and precisely what results were expected of them by their customers, then we could provide total stakeholder satisfaction and we would prosper.²

3rd April

There are many organizations struggling to compete

In our experience there are many organizations struggling to compete, survive and improve. These organizations are involved in wide ranging initiatives such as the Balanced Scorecard, Total Quality Management, Benchmarking, Business Process Re-engineering, Strategic Planning, Team Building, Enterprise Bargaining, Empowering Workers, Contracting Out Services, Strategic Alliances, Learning Organizations and Competitive Tendering, among other things.

Many of these initiatives are floundering because of the absence of a process to define output and measure performance.³

4th April

A strategic planning system

Many companies have strategic plans but they often do not work well because they are not implemented. As Fortune discovered, *Less than 10% of strategies effectively formulated are effectively executed.*⁴

Outputs and Measures

The workforces of many companies go about their daily business totally unaware of the fact that their companies have strategic plans. As a result, there is no relationship between company plans and the workers' activities.

The key to success lies in translating the vision and the strategic business plans into the everyday activities of the people who are actually doing the work, adding the value, providing the service, so that everybody knows exactly what they have to do on Monday morning in order to achieve results.

The building industry, for example, has mechanisms in place designed to move a project from an architect's vision of a four-bedroom house to the creation of that house **exactly** as planned. **Everyone** involved in the project knows how their contribution fits into the big picture.

Unfortunately, many businesses are lacking a mechanism or system to translate their abstract visions and plans into measurable outputs so that every person in the organization knows exactly what outputs they are expected to produce, and how those outputs are to be measured. You need to disseminate your goals amongst your workers, translating your strategic plan into their everyday activities.

Outputs and Measures

In other words, you need a process to implement strategy. The objective is to implement a performance system that is hierarchically and mathematically connected to the organization's vision and that will focus all levels of the organization on achieving its vision.

You also need to measure the degree to which this occurs. That measurement is vital, for it tells you whether or not you have successfully transplanted your ideas from paper to the hearts and minds of the workers.⁵

5th April

The performance management system

Most performance management systems fail because they do not make the crucial link between strategy and daily actions and operations. They focus attention on tactical feedback and control of short-term operations.

A good performance management system provides a comprehensive framework that translates an organization's vision and strategy into a coherent set of outputs, performance measures and targets.

By developing a set of outputs, measures, targets and feedback systems for the leadership team, and

Outputs and Measures

then cascading these down the organization in such a way that they are localised, meaningful, understood, owned and aligned, the link between the organization's strategic goals and the daily actions of the people doing the work can be made.

Resource allocations, annual budgets and strategic decisions can be driven by the strategy. Performance reviews can be used to monitor individual performance which in turn monitors organizational performance. Reward systems can be designed to reward organizational performance achievement. The vital link between what people are doing on a daily basis, and strategic goals can be made.

A good performance management system must mobilise the people in the organization in such a way that their daily activities bring them closer and closer to strategic goal achievement. The performance management system must be a systematic process to implement strategy.⁶

6th April

Team performance systems

More and more companies are belatedly recognising the competitive advantages to be gained from playing as a team – especially one that includes the people in the front-line, adding value. More and more books

Outputs and Measures

and articles on teamwork are appearing. Yet many questions and doubts slow the implementation of the team concept.

These questions include:

- ▶ Who is the team?
- ▶ How does the 'us' and 'them' conflict between management and the workforce effect teamwork?
- ▶ How can teamwork work, given the classic organizational "wars":

Maintenance versus Production

Marketing versus Distribution

Production versus Marketing

Management versus The Unions

Head Office versus The Branches

- ▶ How do you avoid optimising some teams' outputs at the expense of the whole company?
- ▶ What about trust?

A comprehensive answer to these teamwork questions is beyond the scope of this book. Meanwhile, many of the issues raised by the questions about teamwork can be resolved by identifying customers, formulating teams, allocating team outputs, and devising measurements, targets and feedback systems.

Outputs and Measures

Of all the structures that support sophisticated teamwork, none is more important than a hierarchical measurement system that works.⁷

7th April

Total quality management

Some companies put the need for short-term profit and increased production above the need for customer service and quality.

The Quality movement, under the banner of Total Quality Management (TQM), led by people such as Deming, Juran and Crosby, and aided by the spectacular way in which the Japanese have applied their principles, has taught us to think differently.

Total Quality Management is an overall philosophy based on the premise that customer satisfaction, improved market share and profit growth result from the highest quality standards in all internal and external processes, from the utilisation of all resources and from a commitment to continuous improvement. TQM has been described by the Quality and Productivity Management Association of the United States as a *customer-focused strategic and systematic approach to continuous performance improvement*. The fundamental lesson of the Quality movement is that customers should be treated as

Outputs and Measures

well as the stockholders. Allowing the desires of internal and external customers to “drive” all aspects of quality and the processing system will result in increased production and profit.

So where do outputs and measures fit in?

Summing up his advice to managers in a single sentence, Mr Deming said that they should *control variance*. In other words, outputs or results must be delivered exactly according to internal or external customer requirements, with no variation (or to put it another way, zero defects).

A system for measuring and feeding back variation in outputs from the point of view of the customer is therefore an essential first step in controlling variance and implementing a philosophy of Total Quality Management.⁸

8th April

Benchmarking

Benchmarking is a process of comparing your company's products, services and processes to those of the acknowledged leaders, so as to compete with the best.

Many companies setting out on the benchmarking journey find themselves defeated before they begin

Outputs and Measures

because they do not have an objective mechanism for measuring their products or services from the point of view of their customers. A company cannot benchmark unless it can measure itself.

Processes are needed for identifying stakeholders, and for determining outputs/results, measures and targets. These processes are essential steps to be undertaken before one can benchmark. An ongoing, systematic and two-way benchmarking program can also help determine what the outputs should be, which measures work well, and at what level the targets should be set.⁹

9th April

Enterprise bargaining, gain sharing and reward systems

Enterprise or collective bargaining and various systems of rewarding performance in a financial way are contingent upon good measurement systems. The greater the potential reward, the greater the degree to which the measurement system will be tested.

The potential rewards at the highest levels of tennis are enormous - and the measurement system determines who will receive what with minimum controversy. In boxing, on the other hand, there is a greater degree

Outputs and Measures

of subjectivity in the way performance is measured, resulting in a greater degree of controversy.

Many reward systems fail because the measurement systems are not rigorous enough to withstand the pressures created by people unhappy with the way the corporate cake was divided. Even more serious is the absence of measures to determine the size and dimensions of the cake before future arrangements are negotiated.

Sometimes we even offer the cooks a larger slice of a cake that is as yet unbaked, rewarding them for learning skills which may or may not assist them in producing a larger cake. The reward is for learning the skills, not for baking the cake!

A clear system for measuring the creation, dimensions and value of results produced is an absolutely essential prerequisite for a reward system that motivates everybody, especially the large majority of workers at the level where the value is created.¹⁰

10th April

Alignment is the necessary condition before empowering the individual will empower the whole team.¹¹

Peter Senge

11th April

Empowerment

Empowerment is the creation of an organizational culture in which all employees use as much of their ability as possible, in a unified and synergistic way, so as to produce the results required by internal and external customers and stakeholders.

In order to clarify the notion of empowerment we need to draw a distinction between **what** has to be done and **how** it is to be achieved.

What has to be done is determined in consultation with the stakeholders and customers, who may be internal or external. This is done by clarifying exactly what outputs are required, how those outputs are to be measured, and what targets or standards are acceptable.

How best to achieve these outputs should be left to the experts, who we define as 'the people doing the job'. As the old saying suggests, *If you want to know the road up a mountain, ask the man who walks it every day.*

If outputs, measures and targets are clarified at all levels of the organization, if each individual and the team to which she/he belongs knows exactly what is expected, then, and only then, is everyone empowered.¹²

Outputs and Measures

12th April

Empowerment exists because the targets and standards form parameters within which people can exercise authority, make decisions, solve problems, communicate, utilise resources and generally implement solutions.

This is exactly the way organizations are run at the upper management levels. Similar systems, including systems of measurement, should be created with the same degree of empowerment for workers and workforce teams, for those who are in the front lines dealing with customers, for those who are adding value in the manufacturing plant. Doing so will create an environment in which the energy released from unlocking human potential can be harnessed and focused.

The result will be increased productivity and quality of working life.¹³

13th April

Business process re-engineering

Business process re-engineering is the implementation of strategies to re-examine and redesign, from the customer perspective, the systems and processes that make up an organization.

Outputs and Measures

According to process re-engineering practitioners, Total Quality Management concerns itself with **how well** things are done, improving process flows and reducing variance. Process re-engineering, on the other hand, concerns itself with **what** is to be done. Process re-engineering addresses fundamental questions such as: Why does the organization exist? Can we reduce costs by 50 per cent while maintaining customer service levels?

The current popularity of business process re-engineering is probably based on the fundamental shift toward reorganizing business to provide value to customers. The process begins with a question: *Given a blank piece of paper and all the developments in technology, information systems, increased understanding of quality principles, human resources and the importance of the customer, how would we change our business today to best satisfy customer needs?*

A detailed discussion of process re-engineering and how it relates to TQM is beyond the scope of this book. However, for those involved in the business of process re-engineering, the starting point has to be the development of clear outputs and measurement systems against which the process re-engineering options can be evaluated.¹⁴

14th April

Contracting-out services

In the face of tough economic times and increasing worldwide competition, there is increasing pressure on organizations to improve the quality and cost effectiveness of their outputs and services.

Many private sector businesses and large parts of the public sector are in the process of contracting out non-core activities, while retaining overall responsibility for the delivery of outputs and services to their customers.

The ideas described in this book of clarifying customers, and identifying outputs, measures, targets and information systems, are indispensable if the goals behind contracting-out services (continuously improving quality and cost effectiveness of outputs and services to customers) are to be achieved.¹⁵

15th April

Strategic alliances

Strategic alliances are aimed at replacing historically adversarial relations between, for example, a firm and its suppliers, or a firm and its customers, with a more committed cooperative relationship. This would

Outputs and Measures

contribute to a sustainable competitive advantage and the achievement of major goals for both parties.

The formulation of strategic alliances differs from contracting-out services in the same way dating differs from marriage. It has to do with a long-term commitment and the replacement of adversarial negotiations with more of a win/win approach.

In common with any long-term relationship, clarifying up front the outputs to be achieved, how those outputs are to be measured and what standards are acceptable will enhance the chances of success and the degree to which the strategic alliance succeeds.¹⁶

16th April

Learning organizations

A learning organization is one in which purposeful systematic and ongoing learning is an integral part of a continuous improvement system and a major contributor to a sustainable competitive advantage.

If organizations were to define specifically the outputs required by internal or external customers, how those outputs were to be measured, and what standards or targets are acceptable, then exact training requirements could be defined in performance terms. Training programs, which are generally very expensive,

Outputs and Measures

could then be finely focused on identified outputs and performance requirements. This common ground between trainers and managers could form the bedrock on which the learning organization is established.¹⁷

17th April

The productivity consultant asked the worker what he was doing. "Reading the newspaper," he replied. The consultant scribbled on his clipboard. He then asked a second worker what he was doing. The second worker also replied that he was reading the newspaper. The consultant, after scribbling on his clipboard, paused, looked up and said: "I think we have a case of job duplication here, one of you will have to go."¹⁸

18th April

The 'greatest' woodcutter in the world – the most efficient – who, by misreading the assignment, chops down all the valuable fruit trees and leaves the lumber pine standing, is far more incompetent than the bumbling clod who takes a day to level a single pine. People who boast of their

Outputs and Measures

*efficiency terrify me when I don't know to what ends they are applying it.*¹⁹

Thomas Gilbert

19th April

What are outputs?

Outputs define the permanent areas in which the organization expects results;

Measures make output achievement measurable; and

Targets flow from the outputs and measures but are developed to ensure strategic goal achievement. Thus they are short-term and change according to what is required for strategic goal achievement.

An **output** is the value-added end result of a process. Outputs are produced by an individual or a team for its stakeholders – most commonly its internal or external customers or users.

Defining outputs helps to identify the output demands for every unit and every individual in the organization.

The important questions about outputs are:

1. Did this organization achieve its outputs?
2. Were the outputs achieved on time?
3. Did the outputs meet expectations in terms of quantity, quality and cost.

Outputs and Measures

Knowing exactly what outputs are required is a prerequisite to achieving an organization's plans and strategic goals. This is dealt with in more detail throughout this month.²⁰

20th April

Why identify outputs

Developing outputs (and performance measures) improves an organization's performance.

The most critical aspect of any performance management system is ensuring that the important things are being achieved. The most sophisticated performance management system in the world would be useless if they were measuring, controlling and improving trivial outputs. Successfully defining a hierarchy of outputs, performance measures, targets and feedback systems, will ensure that the important items are being achieved.²¹

21st April

A change of focus

Implementing outputs requires effort, and often a change of focus. Many organizations think in terms of management **activities** rather than **results**.

Outputs and Measures

Consequently, managers need to understand outputs and how they can contribute to their own effectiveness before they can successfully apply them.

Correctly defining a hierarchy of outputs is a critical step in the quest for performance improvement. Incorrectly defining outputs can lead to trivial, even harmful, accomplishments. For example, a publishing company that defined its target output as **books published** might achieve or exceed its target publishing figure. However, it may not *sell* any of those books. Since the company is only publishing books in order to sell them, it should redefine its output as **books sold**.

If outputs are carelessly written or incorrectly applied, they may be achieved without satisfying the needs of the organization or contributing to the achievement of the organization's strategic goals.²²

22nd April

Outputs must be expressed as end results rather than as activities

Managerial functions are often described as follows:

- ▶ Managing
- ▶ Planning

Outputs and Measures

- ▶ Leading
- ▶ Organizing
- ▶ Controlling

This list of activities describes some of the things that managers **do**. They are **activities** needed in order **to get results**. However, the focus must move away from doing activities, to achieving outputs or results. Telling people that they are responsible for planning, for example, doesn't specify what planning results are expected from them, and it certainly provides no direction as to **what** planning they should be doing. Telling them that they have to develop a financial plan, however, provides a specific direction and desired outcome. It is also much easier to evaluate the end result, rather than all the activities that go into achieving it.

23rd April

Outputs must be under the control of the individual and/or the team

Outputs must be within the authority of the individual or team concerned. This is important because the person or team responsible for the output must have control over the resources necessary to achieve the target flowing from that output. In other words, outputs

Outputs and Measures

must provide a clear definition of who is responsible for what. Here's an example of what can happen when someone does not have authority over an output for which he/she is responsible.

*As personnel manager, one of Kim's responsibilities is absenteeism. Because Kim does not have authority over the managers who may be causing the absenteeism, Kim is not in control of the output. It is therefore not fair to evaluate Kim on that output. The output should rather be the **absenteeism report** which Kim can control.*

This ensures that:

- ▶ people or teams are responsible only for that over which they have control;
- ▶ no two people will be responsible for the same result;
- ▶ the required resources can be allocated realistically.²⁴

24th April

Performance measures provide an objective basis for designing all the activities of the business towards clear and well-defined goals.²⁵

25th April

Performance measures

Performance measures are units of measure used to assess whether or not outputs have been achieved.

In the long run everyone is measured against whether the customers' and stakeholders' demands and their many and varied expectations for outputs have been satisfied.

Individuals and teams in an organization who have clear outputs know exactly what is expected of them in order to achieve results. In order to measure the extent to which those results have been achieved, performance measures must be developed.

Performance measures make clear how performance will be judged against each output. They provide the framework for generating targets, and are the core of all performance management systems.

If, for example, a manager's output is "sales", then the manager would like to know when he/she has successfully achieved this output. This can only be done if "sales" is translated into a numerical or qualitative value. Performance measures translate the output into a value: for example, *number of new customers, per cent market share, unit sales per product*.²⁶

26th April

Developing measures for intangible outputs

It is far easier to measure tangible outputs like *cans of baked beans* or sales than it is to measure intangible outputs such as *communication or company image*.

Tangible outputs are measured using numerical performance measures and are based on objective data. These are clear and specific, and open to little misunderstanding. Intangible outputs, on the other hand, are often seen to be based on subjective data and open to much misunderstanding. This often leads to an over-reliance on the measurement of tangible outputs, while the measurement and therefore the control of intangible outputs are put in the *too hard basket*. This is a pity, because some of the most essential things in business, and in life, are invisible.

The measurement of intangible outputs often requires judgemental evaluation on quality dimensions.

One definition of quality is fitness for purpose. This definition is appropriate when applied to the design of performance measures for intangible outputs.

A good rule of thumb is that if, in the perception of the identified customers, a particular measure is workable, it is a good measure.²⁷

27th April

Customer service and measurement

Many people, particularly technical people, think of customer service in terms of one-dimensional, tangible outputs: Give the customer tangible outputs that meet technical quality criteria, and the customer will be satisfied.

Technical quality, however, is only part of the customer service equation. Many customer decisions are made despite an inability to evaluate technical quality. Consider, for example, why one chooses a dentist:

- ▶ a good reputation (image)
- ▶ good with people (human relations)
- ▶ doesn't cause too much pain (subjective assessment of technical quality).

As you can see, customer service consists of much more than the ability to satisfy technical demands. Customer service is three-dimensional, and is made up of:

- ▶ technical quality
- ▶ image and reputation
- ▶ human relations.

Outputs and Measures

In situations where it is difficult to judge technical quality, then image and reputation and human relations become even more important.

The measurement of human relations and image, as well as technical quality, is essential in the development of performance measures to assess customer service.²⁸

28th April

Involve the experts

As was the case with the development of outputs, there are two categories of experts: customers who know what they want, and the people doing the job. (The latter are closest to the customers, and in a very good position to know the implications of various measures.)

It is important to involve both categories of expert in the development of performance measures.²⁹

29th April

Performance measures must not be limited to existing information

A common mistake is to omit setting a certain performance measure if there is no information system in place to provide feedback. Many people fall

Outputs and Measures

into the trap of measuring what they can measure, just because the information is available. They don't measure what they really want or need to measure; they measure what is easy.

For example, a Counselling Service may be provided to all staff. This service could contribute to the well-being of the organization. However, there may be no information system in place to record how often the service is being used, whether users value the service, and so on. Since no performance measures are in place, the service tends to be evaluated loosely – *for example, what people think of the counselling service, instead of user rating, number of times used, etc.*

This could be a costly mistake, and is often the cause of staff departments being measured on their relationships and interpersonal skills, rather than on their ability to deliver results. Eliminating weak or poor quality performance measures is the key to building effective staff departments.

If there is no information system currently available, the determination of priorities may indicate the need to set one up.³⁰

Outputs and Measures

30th April

*For a year or two you can motivate people through emotion and show biz. They are hyped up for a while. But, for the long run, people must know they will be measured in an accurate way in relation to the responsibility they have been given. That's a good way of spreading security among people, and it's one area I didn't always understand as well as I do today.*³¹

Jan Carlzon

APRIL

Targets

Targets

1st May

Target setting

Targets are set against outputs and performance measures. Targets show the amount, quality and time frame in which a particular output needs to be achieved. Many different terms are used to describe targets, including objectives, goals and budgets.

Targets are written aspirations for what the organization must achieve in the short term to achieve breakthrough performance in its strategic goals. Put another way, targets are expectations of short term achievement along the long term strategic path the organization has chosen. They are short term milestones, identifying where they expect to be weekly, monthly, quarterly or annually, along the road to strategic goal achievement.

Targets are created by simply adding figures and timings to performance measures. The figures define the quantity and/or quality required of the output, and the timing gives a deadline for delivery.¹

2nd May

*Objectives are not fate; they are direction.
They are not commands; they are commitments.
They do not determine the future;*

Targets

*they are means to mobilize the resources and energies of the business for the making of the future.*²

Peter F. Drucker

3rd May

*Mistakes in decisions about goals are the greatest single cause of human incompetence.*³

Thomas Gilbert

4th May

*If you are not making the progress you would like to make and are capable of making, it is simply because your goals are not clearly defined.*⁴

Paul J Myer

5th May

Why set targets?

Individual human potential is limitless, and as organizations are made up of human beings, the potential for any organization to achieve its goals, is

Targets

also limitless. An enormous opportunity to improve productivity and quality of working life, almost without exception, exists in striving for greater degrees of clarity and focus on what is important, where an organization wants to be, and how to get there.

Effective organizations and people rarely achieve superior results by chance. Success requires more than mere daydreaming, more than vague desire. It even requires more than hard work. Target setting is the key ingredient to success.

Without target setting, huge amounts of energy can be lost, unharnessed, unused. Conversely, by working consistently toward the attainment of certain clearly defined, specific targets, energy can be tightly focused and the results astounding.

Targets are set to steer the organization/team/individual during the short-term. They are the short-term benchmarks which show progress against longer term goals. Targets are set to define, in precise terms, particular levels for the delivery of outputs. Together with feedback information, targets monitor and control variance so as to improve the quality, quantity and timeliness of outputs to the identified customers.⁵

Targets

6th May

In the workplace, when expectations are clearly defined and uncertainty is minimised, it is easier for people to have the satisfaction of meeting expectations. ⁶

Charles E. Coonradt

7th May

Anything less than a conscious commitment to the important is an unconscious commitment to the unimportant. ⁷

Stephen R. Covey

8th May

Nothing can add more power to your life than concentrating all of your energies on a limited set of targets. ⁸

Nido Qubein

Targets

9th May

Workable targets

The degree to which people in organizations perceive they have workable targets gets worse as one approaches the levels where the value is being added so that at this all important level the potential to impact on performance by setting workable targets is greatest.

10th May

Targets must be measurable

A target is useless if it cannot be measured.

The system described in this book of identifying customers, defining outputs and developing performance measures should ensure that this quality standard is met.

Targets must be so clearly set that everyone agrees as to whether the performance criteria was or was not met.⁹

Targets

11th May

Targets must have deadlines

Every target must have a specific deadline, known both to the individual and his/her leader.

Although outputs and performance measures remain relatively stable over time and need not be reassessed regularly, targets change markedly from year to year. This is because targets define the quantity or quality required of the output, within a certain time frame. Depending on circumstances, the quantity and quality required can vary from month to month, quarter to quarter and year to year.

Targets should be set on a yearly basis, then be broken down into quarterly, monthly, and sometimes weekly targets. The higher up the organization level, the longer-term the targets tend to be.¹⁰

12th May

Deadlines placed on targets

The deadlines placed on targets must be realistic. If the time period is too far off, the individual may lose interest or may not be fully committed to achieving the target. If, on the other hand, the deadline is too short, again the individual may lose motivation, realising that the target can't possibly be achieved.

Targets

Sometimes, through miscalculation or unforeseen circumstances, a target might not be met within the defined time frame. If this occurs, the individual and the leader can adjust – reset their sights in view of altered circumstances – and change the deadline **without** abandoning the target.¹¹

13th May

Targets must be realistic and attainable, yet challenging

If targets are set at unrealistically high levels, well beyond the reach of the team responsible for their achievement, the targets will be ignored and will represent only a meaningless academic exercise. On the other hand, in order to be motivating, targets must stretch the individual. Both the organization and the individual will gain from this.

This is a fine balance, but it is well worth striving for. People often agree on stretch targets even beyond those requested by their leaders, if they believe they have the investment, resources and time to achieve these targets.

If there are any major changes in either the internal and external environment which would affect the achievement of a target (for example, a reduction in staffing), then targets should be adjusted accordingly.¹²

Targets

14th May

Targets must be under the control of the person/team setting them

If the means of achievement of the target is beyond the control of the person/team setting them, frustration and conflict will inevitably result.¹³

15th May

Focus on high-impact targets

A good set of outputs and performance measures can lead to a large number of well-defined targets. But targets should only be set for those outputs and performance measures which will have maximum impact. The rules are: (1) a maximum number of performance measures should be generated from outputs; (2) when setting targets, use only a selected number of outputs and performance measures that will have maximum impact. Targets must only be developed against selected strategic or operational criteria.

Once you have defined your targets, arrange them in order of importance.

The number of targets an individual should have will differ from person to person. Two different incumbents could have a different number of targets set for the

Targets

same job. It is up to the individual and the leader to decide on the number. The optimum number of targets must be enough to challenge, but not overload, the individual. Never set too many targets. ¹⁴

16th May

Participation in target setting

Targets should be set jointly by the individual or team who will be achieving the target, and the leader. This will ensure maximum commitment. ¹⁵

17th May

Freedom to choose method

People need to be allowed to use whatever methods they are comfortable with to achieve their goals. The more freedom people have within the bounds of defined outputs, measures, targets and control systems, the better they will perform.

Management still provides leadership, overall strategy and direction, of course, because it has a bird's eye view. Only management can bring balance and perspective to what the customer is saying. ¹⁶

Targets

18th May

*At GE, we spend a great deal of time articulating the outputs we expect from our businesses and people. Most of our time is spent agreeing on the improvement we expect in each critical area. Once that is done, we trust our people to find a way to make those targets. In other words, our efforts go into gaining clear agreement on the outputs rather than the means of achieving the outputs.*¹⁷

Steve Kerr

19th May

Develop both targets and standards

It is important when setting targets, to include **maintenance** targets, which we refer to as standards. Standards should be set for regular, routine things that must be done on a routine basis for the system to continuously improve. Targets, as we refer to them in this book, can be differentiated from standards in that they focus on breakthrough performance, or are results oriented, whereas standards are maintenance targets.¹⁸

Targets

20th May

Targets must be accompanied by a comprehensive action plan

Any target setting system is only as successful as the results it attains after it has been implemented.

Once targets have been set, action plans must be developed to ensure that the targets are met. Decisions as to who, how, when and what must be made in order to translate targets into sets of action steps.

Action planning refers to the production of a step-by-step plan which will lead to the attainment of the target. Action plans are statements, prepared in advance of what is to be done. They identify and map out the best route towards attaining targets.¹⁹

21st May

Targets must be linked to annual resource allocation and budgets

The processes described so far, will help align individual, team and organizational performance to achievement of the organization's strategy. Financial and physical resources also need to be aligned to strategy. Operational budgeting and resource allocation must also be directed to target achievement.

Targets

If the target setting process is conducted properly, the short term budgeting process simply involves translating annual targets into operational budgets.²⁰

22nd May

Targets must be systematically reviewed

The reviewal of targets should be part of a systematic process. Plans should be reviewed and updated annually, coinciding with the financial year. Targets should be reviewed quarterly, and action plans monthly, weekly and even daily. Systematic review forms the basis for a continuous improvement system in line with the long-term goals of the organization.²¹

23rd May

Common pitfalls when target setting

Target-setting often fails to achieve the desired results because the targets are not properly set. The most common pitfalls include:

- ▶ targets define activities or tasks instead of outputs;
- ▶ targets are too wordy;
- ▶ too many or too few targets are set;

Targets

- ▶ no one is truly accountable for the target(s);
- ▶ targets don't express the performance measurement criteria clearly;
- ▶ targets are not placed in the context of an overall improvement system, so they are seen as an additional task which must be performed and then forgotten about;
- ▶ Targets are either too easy or too difficult;
- ▶ Targets have an inappropriate time period.²²

24th May

*Watch out when a man's work becomes more important than its objectives, when he disappears into his duties.*²³

Alan Harrington

25th May

The balanced scorecard

The balanced scorecard, originally popularised by Kaplan and Norton,²⁴ has become synonymous with a systematic approach to implement strategy. It can be used as a framework to translate the organization's vision, mission, values and strategic goals into the

Targets

everyday outputs, measures and targets of the people doing the work.

Many strategic plans do not work well because they are not implemented. The workforces of many companies go about their daily business activities unaware of the fact that the company even has a business plan. As a result, there is no relationship between the plans and the workers' activities.²⁵

26th May

Our approach to the balanced scorecard

In short, the balanced scorecard is a structured way of building a performance measurement system that links outputs, measures and targets directly to strategy.

The development of outputs, measures and targets are necessary to implement strategy and provide total stakeholder satisfaction.

Once the stakeholders have been identified, the next step is to find out exactly what the stakeholders' expectations are.

It should be emphasised that all stakeholders care about the welfare of the entire organization. So while stakeholders are identified with particular outputs, they are all generally concerned with the overall optimisation of the organization as a total system.²⁶

Targets

27th May

Weight the targets

The step of weighting the targets enables the strategic goals to be balanced and clarified so as to achieve the overall aim of optimising the business system to achieve total stakeholder satisfaction. This will ensure that the needs of one stakeholder are not optimised at the expense of other stakeholders.

The priority order of the targets set will assist in the assigning of weighting, as the high priority targets, which are now in line with the strategic goals of the business unit, must get the highest weighting. Distribute 100 points against the targets set. Avoid the temptation of giving one target an inordinately high weighting because of a pressing short-term need. Rather, give priority to the satisfaction of stakeholder needs and strategic goals when assigning weightings.

Reducing the balanced scorecard to one number is also useful for the purposes of performance appraisal, performance management and reward systems.²⁷

28th May

Identify the information requirements

A clear understanding of the outputs, measures and targets and how those targets are to be weighted

Targets

provides a specific blueprint of what performance information should be fed back to ensure stakeholder expectations are being satisfied.²⁸

29th May

*People are naturally competitive. They'll try to exceed whatever goals are set for them, whether or not they're paid more for doing so. Since that's true, the secret is to set goals that are in the best interest of the business.*²⁹

Carl Sewell

30th May

*I've always set short-term goals. Whether its golf, basketball, business, family life, or even baseball, I set goals, realistic goals – and I focus on them.*³⁰

Michael Jordan

31st May

*People do what you inspect, not what you expect.*³¹

Louis V. Gerstner, Jr.

Performance Feedback

Performance feedback

1st June

Performance feedback

Once the organization's vision has been translated into strategic goals, and then into outputs, performance measures and targets, people will know what is required of them to achieve the organization's vision. Systematic communication on how people are performing against their targets is critical, and this is the role performance feedback plays.

We define *performance feedback* as **official information from the organization that tells people how they are performing against targets**. Performance feedback is the foundation of the performance-linked communication system which is discussed next month.¹

2nd June

Effective management teams

Effective management teams recognise the importance of feeding back performance information to all levels of the organization, particularly to the workforce level.

Failure to do this can be one of the most costly errors in organizational management. While resources are invested to ensure the financial director has all the

Performance feedback

information he needs to make decisions and perform in his role, little is invested in providing the sort of information workers need to perform their role – yet these are the people that are immediately adding value to the products or services delivered by the organization.

This month we explain how to implement a performance feedback system which informs the people doing the work of how their performance compares with defined targets. ²

3rd June

The message coming from workers is loud and clear: My productivity would be higher if my supervisor and management would give me more feedback on the results of my work, listen more to my ideas and provide greater recognition for good work. ³

Lynton Hayes

4th June

When performance is measured, performance improves. When performance is measured and fed back to the performers, the rate of improvement accelerates. ⁴

Thomas S. Monson

Performance feedback

5th June

Through the years I have found two corollaries that expand on Thomas Monson's statement: "When performance is measured, performance improves. When performance is measured and fed back to the performers, the rate of improvement accelerates."

- 1. Increasing the frequency of feedback improves the quality and quantity of performance.*
- 2. When feedback is illustrated on charts and graphs, the impact is even greater.⁵*

Charles A. Coonradt

6th June

A culture of performance is developed

When performance feedback is systematically established in the organization, a performance culture inevitably results.

Because performance feedback brings relevant performance information to everyone, ownership and accountability of performance targets can be transferred directly to the various teams doing the work. When teams take responsibility for their targets

Performance feedback

and get visible performance feedback on how they are doing, they are motivated to improve. A culture of performance improvement develops and grows.⁶

7th June

Meeting the performance information needs of teams within the organization

An organization's performance information has to be communicated to all those who work in the organization in terms that are relevant to each work group. The performance measurement system must feed back company financial budgets against actual to the financial director, and also local team targets against actual to each local work team. The strategic planning system must feed back strategic goal achievement to the directors of the company, and also targets against actual to each local team. The team performance system must communicate company-wide performance to the management team, production performance to the production team and marketing performance to the marketing team.

In the same way, the performance feedback system communicates information about organizational performance in terms relevant to every team doing each job within the organization.⁷

Performance feedback

8th June

Performance feedback is usually presented pictorially

Performance feedback is usually presented pictorially. Typical examples of performance feedback sources are production graphs, sales charts, labour turnover reports and monthly financial reports. These reports might also be a sum of figures, displayed daily.⁸

9th June

Establishing the performance feedback system

A successful performance-linked communication system facilitates communication within the team by establishing a way in which performance can be discussed and analysed in relation to outputs, performance measures and targets. The connection with outputs, performance measures and targets ensures that performance is measured in relation to what the team needs to achieve in order to satisfy all stakeholders.⁹

Performance feedback

10th June

Know how well you are progressing

Outputs define the areas in which the individual and the team must achieve results. Performance measures and targets then ensure that those outputs are achieved. Monitoring and controlling variance through performance feedback continuously improves the quality, quantity and timeliness of outputs to identified customers. By knowing how well they are progressing towards the attainment of their targets, the team can:

- ▶ track progress
- ▶ analyse trends and
- ▶ make necessary changes to ensure that their work is on target.¹⁰

11th June

What information should be fed back?

Determining **what** information should be fed back is a relatively simple, three-step process:

1. Determine outputs and performance measures.
2. Determine and prioritise the targets.
3. Determine which high-priority targets should form part of the feedback system.¹¹

Performance feedback

12th June

Make feedback relevant to those receiving it

When considering **what** performance feedback to deliver, remember that employees more readily relate and remember information that refers to them and their immediate work environment. Providing overall information that relates to company performance may be of interest but will not affect immediate performance. Communicating where the organization is headed and how it plans to get there is relevant because it underpins each person's role in the organization – but even that information is most useful when it is made relevant to each individual. With performance feedback, people are much more interested in their turf, their team, their contribution rather than the overall performance of the organization as a whole. Specific information about their day-to-day job is what most strongly influences employee performance.

Employees respond most positively to information about:

- ▶ How am I doing?
- ▶ How is my team doing?
- ▶ Is my performance improving?
- ▶ If it is, will it be recognised by my leaders?

Performance feedback

If you want your communication effort to improve performance, make sure that it relates to what the performers care about. Make sure the feedback is relevant to the team.¹²

13th June

Focus on the performance of teams, not individuals

When delivering performance feedback it is important to recognise and reinforce teamwork. Communicating individual performance can create unhelpful competitiveness and negative feelings amongst team members that can threaten the cohesiveness of the team. Providing feedback on team performance promotes pride in the local work area and encourages loyalty and dedication among team members.¹³

14th June

Focus on team targets

Presenting actual team performance against team targets produces the most meaningful data for the team leader and team members. The team leader can use the data to monitor performance, control errors and identify high-priority areas needing the most attention.

Performance feedback

Team members can relate to the information because it is about how well their day-to-day performance is meeting the team's targets.¹⁴

15th June

Compare current performance with past performance as well as with targets

Wherever possible, compare current team performance with past team performance. Accurate performance feedback that relates to past team performance has a positive effect on the team because it rewards improved performance and encourages the team to do even better.

Sometimes local work area teams begin to compete against each other. The best method of turning this potentially negative situation into a positive one is to use performance feedback to create a culture in which each team competes with itself to improve. By comparing past performance levels to current performance levels, team members become motivated to lift their team performance levels. This method is used in the sports area: the coach assesses the team's performance during the match in light of previous performances, and he draws on that information to motivate the team to improve their game.¹⁵

Performance feedback

16th June

Keep feedback concise, simple and easy to understand

The purpose of performance feedback is to show team members how their performance rates against their targets.

- ▶ Keep it concise. If irrelevant information is included, people switch off, and little is gained from the exercise. If, for example, feedback is delivered in the form of a thick computer print-out, it is unlikely to be read even if it contains important facts.
- ▶ Keep it simple. Precise measurements are not always required – particularly if they are at the expense of quick comprehension. For example, it may be sufficient to record machine breakdown of under or over ten minutes, instead of to the n^{th} degree. Or possibly, a pre-prepared chart of ten minute intervals could just get a quick stroke in the appropriate time slot documenting when and for how long the machine was down. This quick and simple record could show the trend over time and may be all that is required.
- ▶ Keep it easy to understand and meaningful, even if this is at the expense of mathematical precision. For example, it may be more precise to record that the machine was down at a rate of 0.001, but

Performance feedback

reporting that the machine was operational for 361.35 days of the year is meaningful and far more understandable.¹⁶

17th June

Provide relevant performance feedback to all employees who can optimise the organization's performance

The most common pitfall in performance management is failing to provide performance feedback to all those who can improve the organization's performance. While most performance feedback systems provide information to senior management, and workers dealing with customers receive feedback from those customers, about 80% of the employees who are adding value are missing out on necessary feedback. This is not good management. The managing director, looking at historical data, cannot do anything directly to change the result, whereas the worker, when informed, can do so.

Yet in business too often only the senior management know what is going on.

No sports coach in his or her right mind would contemplate restricting information about the game plan to the captain.

Performance feedback

Common sense tells us what has been confirmed by experts: the shop floor is where performance feedback is most valuable.¹⁷

18th June

*Give me an undigested heap of figures and it is difficult to see the wood for the trees. Give me a diagram and I am encouraged to forget detail until I have a real grasp of the big picture.*¹⁸

M. J Moroney

19th June

*An individual without information cannot take responsibility; an individual who is given information cannot help but take responsibility.*¹⁹

Jan Carlzon

20th June

Communicate performance feedback through each team leader

Recognising the role of the team leader in performance-linked communication is crucial.

Team leaders have the **trust** of their employees. Dennis Taylor's research with Australian employees shows 96% believe their supervisor is always or normally telling the truth. According to research carried out by Mackay and Hailey, immediate supervisors are the most desirable and credible source of information. Their research found that front line employees are suspicious of senior management, and that 40% of frontline employees think management does not tell the truth.

If the frontline is going to **act on** the information provided, it must come from a credible source. And the most credible source in this situation is the team leader. Workers trust their team leader and will be more comfortable receiving performance-related information from this source.

The process also enhances team communication, which in turn improves job satisfaction and with greater satisfaction comes better performance.²⁰

Performance feedback

21st June

Encourage participation and involvement of the team

Teams should be encouraged to participate directly in the performance-linked communication system: developing a local team vision; selecting performance measures; and selecting, designing, and updating feedback sources; how the information will be presented; the physical preparation of the media; and where the information will be displayed. An area's inhabitants are the first people to be concerned about visual organization of their space. The team must feel involved. The performance information is, above all, the team's information. Wherever applicable design the feedback sources in such a way that team members can enter their own results. Such involvement creates ownership, generates pride and increases the extent to which the performance information is used by the team.²¹

22nd June

Give feedback soon after the event

The time between a problem occurring, analysis of the information about the event and delivering feedback should be short. Prompt feedback is effective

Performance feedback

feedback because the circumstances surrounding the event or performance are still fresh in people's minds, making problem-solving easier. If feedback is delivered several weeks after the problem is detected, few people are likely to remember the details or circumstances surrounding the event.

Speedy feedback not only facilitates problem-solving, but also reduces the chance of perpetuating costly substandard performance. It enables teams to accurately identify and correct variance in their performance as it occurs.

For example, if telephone operators whose standard is to answer the telephone within 20 seconds can see the seconds counting as the phone is ringing, they can use that information to control their response time. If they don't manage to pick up the phone within 20 seconds, they know their error immediately and will endeavour to correct it on the very next call.²²

23rd June

Ensure rapid and efficient updating of performance feedback

Performance feedback information needs to reflect changes arising from suggestions for improvement, changes to targets and continuous

Performance feedback

improvement. Incorrect or obsolete information can undermine employee confidence in the performance feedback system. Typically, performance feedback requirements change – so it makes sense to use simple and reliable sources. After several months of using a graph, it can be time to use a different feedback source – even just to present the same sort of performance information in a fresh way.

Consideration must be given to who is responsible for the updates, the procedure to be used for updating and the intervals at which the updates will occur. Ideally team members should participate in the creation and updating of their charts, but this is not always realistic.²³

24th June

Give feedback as frequently as is necessary to correct variance

Computer technology has shortened the time frame in which information on company performance can be obtained and analysed. Senior management no longer have to wait on monthly or quarterly reports. Increasing the frequency of information feedback can improve performance.

Performance feedback

If you have a performance problem, measure it and feed the results back to those who can improve performance. If the problem doesn't satisfactorily improve, measure it and feed back the results more frequently. Change monthly feedback sessions to weekly feedback sessions, or even daily sessions. People need to know how they are doing if they are going to improve. If they are ahead, they need to take action to retain their lead; if they are behind, they need to take action to close the gap.

Frequently measured and communicated information provides opportunities to identify and eliminate problems before they get out of hand. Delays in performance feedback can be costly, in that substandard work continues to be performed during that interval.

Increasing the frequency of the feedback provides team members with more opportunities to identify and correct the variance in their performance.²⁴

25th June

Display performance feedback in the team's work area

The best location for displaying performance feedback is within the team's territory where it can be easily

Performance feedback

seen by all team members and analysed by the users themselves. This encourages collective sharing of ideas for improvement, enhances team problem solving and engenders a performance culture.

A display that also has some exposure to other teams and passers-by encourages sharing of information between team members and the larger organization because the pictorial displays of performance attract comment and generate discussion in which other staff members may contribute valuable ideas. For that reason some organizations post the pictorial performance information in the team's work area **and** in an area shared with other teams.²⁵

26th June

*This was the first time that it was possible for the worker who produced labels to see the disaster. In the past, the worker had merely received recommendations from the supervisor, who had been notified by the production manager, who had been informed by the sales manager. There's no longer a need to give long explanations or to reprimand anyone. Seeing's enough, in order to understand.*²⁶

Michel Greif

Performance feedback

27th June

Match the sophistication of the system to that of the team

The ever-increasing sophistication of technology can create a performance feedback system that is far too complicated (and expensive) for the people who need to use the information it delivers. Talk to team members when designing the system and find out what works best for them. Some teams prefer handwritten results on a whiteboard, whereas others opt for the fanciest high-tech devices. Ownership is what it is all about, so make sure the system meets the users' requirements. ²⁷

28th June

Watch the budget!

The more sophisticated the performance feedback delivery, the more expensive it may be to set up and maintain. Computerised performance feedback systems can become extremely expensive, so it is important to clarify: the objectives you are trying to achieve; the budget available to achieve those objectives, and the return on investment. ²⁸

Performance feedback

29th June

If you put a group of bright people together, and you give them the same facts, they'll come up with the same answers. This may not be true in religion or philosophy and a lot of other things, but in business you're dealing with a fairly quantitative process. It's concrete. It's simple.

*This is not rocket scientist work. If we all have the same information, we'll all come to roughly the same conclusions.*²⁹

Noel M. Tichy

30th June

*One finds measurement at all key product-process interface points. The results of those measurements and assessments are analyzed comparatively with history, goals, like shifts, and like teams. Scoreboards reflecting those results and standings are everywhere. The objective feedback to the employees is relevant, rigorous, and rapid.*³⁰

Bill Creech talking about Honda America

July

Communication

1st July

Performance-linked Communication

Performance-linked communication is a system which relates organizational communication to the performance needs of the organization by answering the question, *what needs to be communicated to the person doing the job so that targets can be achieved?* And then building the infrastructure to ensure delivery.¹

2nd July

The difference between feedback and communication

Performance feedback is **official information** from the organization that tells individuals and teams how they are performing against targets. Performance-linked communication on the other hand, is the **communication of** performance related information [including feedback] and understanding from a sender to a receiver.

3rd July

“... innovative managers agree that the most common roadblock they had to overcome” was “poor communication with other departments on whom they depended for information.” She concluded that “a communication system, depending on the kind adopted by a given corporation, can either constrain or empower the effort to innovate,” and that in companies where she observed open communication, “information and ideas flowed freely and were accessible; technical data and alternative points of view could be gathered with greater ease”.²

Rosabeth Moss Kanter

4th July

We are drowning in information and starved for knowledge.³

John Naisbitt and Patricia Aburdene

Communication

5th July

The survival of organized human society is dependent upon man's abilities to communicate with others. It is difficult to envisage an organization in which individuals do not communicate. In fact, the effectiveness of an organization is largely dependent upon the effectiveness of communication within that organization. ⁴

Meyer Feldberg

6th July

The test of communications is whether or not employees know what's important.

Richard A. Moran.

7th July

Nothing is more central to an organization's effectiveness than its ability to transmit accurate, relevant, understandable information among its members. All the advantages ... are of no practical value if the organization's members are unaware. ⁵

Saul Gellerman

8th July

He who communicates leads.

9th July

Organizations with consistent track records of success

Organizations with consistent track records of success have systems which support consistent performances by the large majority of their workforces. These organizations do not rely on the ability of an outstanding minority, but rather build excellence by implementing systems which focus on the competent majority.

Performance-linked communication is a purposeful, ongoing and integral part of an organization's continuous improvement system. It can be a major contributor to a sustainable competitive advantage by ensuring the continuous communication of performance information to all the people doing the work. ⁶

10th July

A performance management tool

Performance-linked communication is a performance management tool. It communicates the organization's values, vision, mission, strategic goals and targets throughout the organization. This provides a unified sense of direction that has everyone singing from the same song sheet. Strategy is translated into team outputs, performance measures, targets and action plans, ensuring that what people **do** on a daily basis is connected to the achievement of the organization's goals. How the team is performing in relation to outputs, performance measures and targets is monitored and fed back to the teams so that variations can be identified and corrected. Continuous performance feedback gives control to the team because it shows them how they are doing and what they need to do to improve and correct. Good performance is rewarded and reinforced, thereby motivating employees and anchoring performance improvement. Poor performance is analysed and corrected. ⁷

11th July

Every organization has its core systems, processes, and strategic goals. The problem

*is that the vast majority of employees understand only a small part of the process and are rarely able to relate that part to the organization's goals. As a result, decisions made by management sometimes appear to be arbitrary and inconsistent, leading to fear and frustration on the part of the employees. In a visual management organization, management sets up an overall visual system that helps to explain the various processes to the employees and teaches them how all these processes fit together and how they relate to the organization's goals and objectives.*⁸

Stewart Liff and Pamela A. Posey

12th July

The role measurement and communication play in translating business strategy into results

The most significant conclusion from the research is that measurement plays a crucial role in translating business strategy into results. In fact, we have found that organizations which are tops in their industry, stellar financial performers and adept

Communication

change leaders, distinguish themselves by the following characteristics: having agreed-upon measures that managers understand; balancing financial and nonfinancial measurement; linking strategic measures to operational ones; updating their strategic “scorecard” regularly, and clearly communicating measures and progress to all employees.

American Management Association

13th July

Why performance-linked communication is important

Performance-linked communication systematically translates the vision of the organization into information that can guide the daily activities of each person in the organization so that they work to achieve that vision.

Sacher Associates has been auditing the **basic components of team performance** to improve productivity in international and Australian organizations since 1990. Time and time again we have found the weakest area is performance-based communication, especially performance feedback. This can be one of the most costly errors in organizational

management. While resources are invested to ensure the financial director has all the information he needs to make decisions and perform in his role, little is invested in providing the sort of information workers need to perform their role – yet these are the people that are immediately adding value to the products or services delivered by the organization. We recognise the substantial performance improvements that can be made if the appropriate information is communicated to the team.⁹

14th July

Meeting the performance information needs of the organization

A good strategic training system helps identify what skills/competencies are required, in what order, to achieve the targets of the organization. A good planning system helps identify what daily actions are required, in what order, to achieve the targets of the organization. In the same way, a good communication system helps identify what information needs to be performance-linked, in what order, to achieve the targets of the organization. Performance-linked communication is a systematic method of ensuring that everyone in the organization receives the right information, at the right time, to do a good job.¹⁰

15th July

The organization's vision is translated into daily workforce activities

The workforces of many companies go about their daily business activities oblivious of where the organization is going or how it is trying to get there. The vision, values, goals and strategies have never been communicated to the people who are adding value and doing the work.

An enormous opportunity to improve productivity exists in striving to communicate where the organization is going, and in ensuring the connection between strategic goals and daily worker activities.¹¹

16th July

Responsibilities are known and accepted

With **performance-linked communication** in place, teams know exactly what is expected of them, accept responsibility for specific functions, and are given feedback to continually improve their performance. Performance-linked communication thereby reduces 'blame fixing' for breakdowns in the value-added chain during which for example, sales blames production, production blames maintenance, and hostility arises between and within teams.¹²

17th July

The entire workforce is empowered

Traditional organizations keep information in the upper echelons, filtering down what senior management feel is appropriate. Those in the know are in a position of authority. Hierarchical communication channels keep senior management in a position of power.

Performance-linked communication brings information to everyone, enabling and encouraging them to take responsibility.¹³

18th July

Performance-linked communication system infrastructure

Our experience of implementing performance-linked communication systems points to the need for eight support structures for effective implementation of the performance-linked communication system, some of them quite simple to establish and maintain and others a little more difficult. But all eight are essential if the performance-linked communication system is to become well anchored into the organization on an ongoing basis.

The eight support structures:

Communication

1. The Cornerstone: Form work teams for performance-linked communication

The other structural supports

2. Establish team meetings to communicate performance feedback
3. Develop a meeting charter for your team
4. Develop an organization-wide calendar of performance feedback meetings
5. Establish a set of performance-linked communication standards for each natural work team
6. Train people in performance-linked communication
7. Develop a measure for the effectiveness of meetings
8. Develop a measure for the effectiveness of performance-linked communication.¹⁴

19th July

The cornerstone: form work teams for performance-linked communication

Team-based structures best facilitate the achievement of organization goals. However, restructuring is very costly, and often does not achieve the desired results if the *basic components of team performance* have not been already implemented. Successful

performance-linked communication does not rely on formal restructuring of the organization into teams, however. A performance-linked communication infrastructure can use natural work teams even when an organization does not have a formal team structure. The formal team structure can develop over time.¹⁵

20th July

Establish team meetings to communicate performance feedback

The performance-linked communication system must be supported by routine performance feedback meetings. The purpose of the meetings is to communicate, analyse and discuss performance feedback on what the team delivers to customers – the team's specified outputs. The goal is to discuss what will bring about continuous improvement of productivity, quality and teamwork.

'Ah no, not another meeting!' The answer to this is simple. Every member in the organization is employed to deliver some sort of result to either an internal or an external customer. If the time is not available to discuss the degree to which this is being achieved, then what are all those other meetings about? The only other meeting we put in the same category of importance is the safety meeting.¹⁶

21st July

Performance feedback meetings

Performance feedback meetings provide an opportunity for team members to improve their working environment, or the systems under which they operate, by:

- ▶ giving and receiving feedback which is defined as official information from the organization that tells people how they are performing against targets;
- ▶ developing and working on action plans to achieve targets or to correct uncontrolled variations;
- ▶ setting and updating targets, objectives or standards which are aimed at achieving both the team's long-term vision and the short-term results required by internal and external customers and stakeholders.

Performance feedback sessions should be approximately one to two hours long. They should be held once a month. They should be run by the team leaders. Meetings should be held in the designated meeting area of the local work group, if this is possible. If delivered correctly, performance feedback sessions are highly effective communication tools.¹⁷

22nd July

Develop a meeting charter for the team

A meeting charter represents a vision agreed to by all team members of how the team would like to communicate as a team. It is a tool that helps you run your performance feedback session more effectively.

Each team, working by consensus, should develop a comprehensive meeting charter. The following elements of the charter should be agreed upon by each team member:

- ▶ Purpose of the meeting
- ▶ The time the meeting is to be held
- ▶ Venue
- ▶ Chairperson
- ▶ Minute taker
- ▶ Ground rules

Individuals have unique personalities and so do teams. Therefore, it is very important that each team develops their meeting charter in line with their unique personality. What is meat for one team may be poison for another. ¹⁸

23rd July

Meeting groundrules

Some suggestions for groundrules include:

- ▶ Standard agenda
- ▶ Start on time
- ▶ Valid and correct information
- ▶ Hard copies of information for everyone
- ▶ Professional not personal
- ▶ No blame fixing
- ▶ Consensus
- ▶ If no consensus, leader decides
- ▶ One conversation at a time
- ▶ Evaluate and develop meeting skills¹⁹

24th July

A meeting calendar

A meeting calendar is simply a cascading list of dates for regular performance feedback meetings for all teams within the organization. The list commences with the most senior team and flows down through the levels of the organization to take in every team. Every team member is informed of when the meeting will occur.

The calendar is constructed by starting with the most senior team agreeing on its regular meeting dates, usually monthly, for the year ahead. Then the next most senior teams arrange their meetings to occur soon after their leaders have met. This pattern cascades succeeding levels until meeting dates are scheduled for all teams.²⁰

25th July

The importance of a meeting calendar

A performance-linked communication system must include a calendar or schedule for performance feedback meetings. The meeting calendar is important for the following reasons:

- ▶ When people are under pressure, two items typically fall away: training and meetings. Formalising the meeting calendar helps ensure that meetings take place rather than being cancelled or postponed indefinitely. A formal meeting calendar makes meetings a routine part of work life and thereby creates a culture of team performance-feedback discussions.
- ▶ Routine performance-feedback meetings encourage, and provide the forum for formal communication within and across departments.

For example, if the production department is having a problem with the marketing department, the production manager can look at when next the marketing department is having its meeting, and arrange to have the matter scheduled on the agenda for discussion. Or if a team member has a performance issue which she wants to communicate formally to the whole team, she can have it put on to the agenda. Thus the meeting calendar facilitates communication within and across departments.²¹

26th July

Establish a set of performance-linked communication standards for each natural work team

A set of minimum standards for the performance-linked communication system as a whole should be developed, and all natural work teams must be expected to adhere to these as a minimum requirement. This will ensure that the organization identifies what it considers most important in the system, that this is publicised, and that adherence to these standards as a minimum is met organization-wide. Each natural work team can localise their standards, adding others they may feel are necessary for the system to work effectively.²²

27th July

An example of a set of performance-linked communication standards

Six requirements for each natural work team

- ▶ Current targets – no older than 3 months ie ... reviewed every 3 months.
- ▶ A regular team meeting where performance is discussed (with a meeting calendar)
- ▶ Feedback against targets that meet the feedback quality standards
- ▶ A meeting charter
- ▶ A visible feedback board
- ▶ Measurable and sustained performance improvement against predetermined targets²³

28th July

Train people in performance-linked communication

Performance-linked communication should be a core competency in any organization. Training in performance-linked communication should address both what to communicate and how to communicate.

Performance-linked communication is essential to any leader's role. The nature of a leader's position demands that they communicate with their team members and their leader. A leader must know what to communicate (they must provide a unified sense of direction, direct their team towards team targets, delegate tasks, impart information, provide feedback, reward and reinforce), and they must know how to implement it. If you can't communicate effectively, you can't lead. ²⁴

29th July

The implementation of performance-linked communication

The implementation of performance-linked communication can have a profound impact on the workforce as well. It empowers people by providing them with relevant, timely performance information.

Training in performance-linked communication should cover:

- ▶ What to communicate
 - ▶ a unified sense of direction
 - ▶ strategy
 - ▶ outputs, performance measures and targets
 - ▶ performance feedback

Communication

- ▶ reward systems and
- ▶ How to communicate
 - ▶ the performance-linked communication system infrastructure
 - ▶ effective performance feedback
 - ▶ implementation: guidelines, pitfalls, examples.

The content of the training should vary according to the level at which it is directed. For example, the focus for management should be on how to build the basic components of team performance into the work environment so that a performance-linked communication culture emerges, whereas the focus for the workforce should be on implementing those components that are relevant to him, with an overall understanding of the basic components of team performance.²⁵

30th July

Develop a measure for the effectiveness of communication

As previously discussed, measures assess how well outputs are achieved. Some outputs are more difficult to measure than others as they are not so tangible, for example, communication or team meetings. These outputs are referred to as soft outputs. Soft outputs

Communication

are often seen to be based on subjective data, typically require judgemental evaluation and can be open to much misunderstanding. Soft outputs are usually measured using surveys which must be carefully designed to ensure that what is measured reflects what the stakeholders perceive the output to be.

Each individual is unique, with their own perception of what effective communication means. It is a very valuable exercise to identify and define what the organization as a whole believes is effective communication, and then to communicate this.²⁶

31st July

In a decentralized, customer-driven company, a good leader spends more time communicating than doing anything else. He must communicate with the employees to keep them all working towards the same goals, and he must communicate with his customers to keep them abreast of the company's new activities and services.²⁷

Jan Carlzon

August

Skills / Knowledge

Skills/Knowledge

1st August

You need performance, not just training.¹

Geary A. Rummier

2nd August

The performance-linked learning system

A successful learning plan must be systematic and aligned with other functions within the organization. Any learning plan must be used in tandem with budgetary and planning systems, and aligned with the overall targets and goals of the organization.

The performance-linked learning system is based on an analysis of organizational goals and the development of integrated and prioritised learning solutions to provide the competencies required to achieve those goals.²

3rd August

No one can doubt that organizational learning is the ultimate competitive advantage.³

Gary Hamel

4th August

Benefits of a performance-linked learning system

The following are some of the benefits of a performance-linked learning system:

- ▶ It ensures learning is directed to increasing the overall performance of the organization, as well as satisfying individual training needs.
- ▶ It ensures that learning is a direct response to: *Who in the team needs which competencies, and in what order, for the team to achieve its targets?*
- ▶ It ensures that learning provides a planned, integrated and prioritised solution to a performance problem which has been systematically analysed against overall organizational goals.
- ▶ It ensures that learning is focused on contributing to profits, savings and financial benefits.
- ▶ It contributes to the organization's continuous improvement system.
- ▶ It contributes to a sustainable competitive advantage by ensuring the right competencies are in the right place at the right time.⁴

Skills/Knowledge

5th August

The ability to learn faster than competitors may be the only sustainable advantage according to Shell's Arie de Geus. An organization's capacity to learn needs to expand at an ever-increasing rate, just to keep up with technology, information and global competition. Teams within organizations must continuously learn together if they are to compete successfully in today's market. That learning should be focused on **achieving the performance goals of the organization.**⁵

6th August

When management prepares for people development with the same resourcefulness as for production planning, purchasing, accounting and financing, management material will exceed the demand.

American Management Association

7th August

*The most valuable of all capital is that invested in human beings.*⁶

Alfred Marshall

8th August

Formulating detailed strategic and operational plans

Successful companies view their preparation of organizational strategies and operational plans, their formulation of budgets and their monitoring actual performance against planned performance as a critical investment in their capability to compete effectively in the marketplace.

When an organization develops a product or service it spends a great deal of effort on forecasting demand, formulating detailed strategic and operational plans, budgeting, and monitoring planned and actual outcomes. Any organization should handle its performance-linked learning in exactly the same way, investing the same kind of effort in forecasting demand, formulating detailed strategic and operational plans, budgeting and monitoring actual outcomes against those planned. The same processes are needed for the development of people as for developing products and services.⁷

9th August

Team training

A performance-linked learning system focuses each team on learning that is of the highest priority for the performance of the organization and the teams within it. This is achieved by ensuring that the team's values, vision and mission reflect the values, vision and mission of the organization. Team outputs, performance measures and targets are then established within this framework, and feedback systems are put in place. Only then can training be provided – training which meets the specific performance needs of the team because it is developed as a response to the question, *Who in the team needs which competencies, and in what order, for the team to achieve its targets?*

When the performance of the organization is the guiding focus, learning can purposefully increase the overall performance of the organization as well as satisfy individual learning needs.⁸

10th August

The team leader is a de facto learning manager

As the team leader is responsible for the team's performance, and as it is estimated that 90% of a team member's development takes place on the job, then every line manager or team leader is a de facto learning manager, also:

- ▶ Team leaders know their people, the job and the work situation.
- ▶ Team leaders know what the real problems are – what tasks are being performed incorrectly, what knowledge is lacking, what attitudes exist.
- ▶ Team leaders can model performance all day long.

By contrast, in off-the-job training:

- ▶ Trainers know trainees, the job and the work situation only superficially.
- ▶ Trainers have less information on the cause of problems.
- ▶ Trainers can only model performance in a simulated situation such as a classroom.

While full-time, professional trainers can provide valuable assistance in developing training strategies, managing specialist training problems and coordinating

Skills/Knowledge

the system, even the best training expert cannot match the team leader's on-the-job experience, knowledge of the work situation and knowledge of the team.

Team leaders are the key to successful organizational learning. Not only are they closest to the performance needs of their team members, but team members generally **listen to** and respect their leaders. Team leaders have the greatest potential to impact on team performance by constantly modelling the skills they require from their team. This is the best way of transferring desired behaviours through an organization, to the levels where change really counts.⁹

11th August

Change the environment or provide a quick fix to change people?

Managers need effective systems and processes to continuously create an environment that lends itself to optimum performance. They examine issues and problems to identify their causes – for example, problem behaviour by some people may be a window through which deep and complex organizational problems are made visible.

However, some organizations see training as single events, aimed at changing people so that they perform better. Typically these people are taken outside the complex environment in which they operate, to hear 'experts' deliver opinions and present overhead transparencies. Such events can be successful in creating a few isolated missionaries who return to a complex work environment which whips them with its displeasure until they are back in line.¹⁰

12th August

A sales perspective or a marketing perspective?

Simply stated, the sales perspective involves finding products to sell whereas the marketing perspective involves finding needs to satisfy. Unfortunately, many trainers have a sales perspective. They use highly subjective methods of needs analysis, based on the particular products or services they feel comfortable delivering. This makes for subjective evaluation techniques and a tenuous connection between management problems and training solutions. If the training managers were doing their jobs properly, money spent on training would impact significantly on productivity and contribute strongly to the resolution of management problems.¹¹

13th August

Generic training material or material specific to the organization's own environment?

No matter how valuable individual training packages may be, they still need to be adapted to the specific personality, culture and environment of a particular group. This doesn't suit some trainers and consultants who have a neat and tidy view of the world. Their solution is usually tied up in packaged material with more regard for economies of scale and marketability than the education and particular problems of the organization.¹²

14th August

Human Resource Development is integral to business goals

In many organizations, training is viewed as a separate, disconnected function – much like a university – with the sole purpose of furthering the development of organizational members. The rest of the organization is viewed as producing whatever outputs the business was set up for. Because the two functions are viewed as independent and separate, training is often not seen as contributing to profits, savings and the organization's continuous improvement system.

If training is to be tied to real and valued organization benefits, training programs must be tightly woven into the organizational fabric. Human resources development can no longer be viewed as an add-on or separate function, but one that is integral to business goals, strategy and performance. The training function must be as much a part of the organization as are production, sales and finance.¹³

15th August

Components of a performance-linked learning system

A performance-linked learning system is based on an analysis of organizational goals and the development of integrated and prioritised learning solutions to provide the competencies required to achieve those goals.

The procedures for developing a performance-linked learning system in people are the same as those for developing a product or a service: forecasting demand, formulating detailed strategic and operational plans, budgeting, and monitoring actual against planned expense. As the American Management Association suggests, management needs to prepare for people development with the same resourcefulness as they do for any functional area within the organization, such as production or finance.

Skills/knowledge

The team leader needs to have a training plan – just as much as a production plan or a marketing plan – that corresponds with the overall performance goals of the team and the organization. For example, if a key target of the team is to improve sales by 5%, the team's training plan would support this target by ensuring that the team members have the needed competencies to achieve this target.

Whatever training is provided, the critical success factor is that it be an integrated and prioritised solution to performance problems which have been systematically analysed against overall organizational goals.¹⁴

16th August

Learning needs analysis

The foundation for the establishment of a performance-linked learning system is the learning needs analysis. In our experience the learning needs analysis is a crucial building block in the creation of a performance-linked learning system. A sound learning needs analysis provides a clear picture of the organization's – or team's – competency gaps. A learning strategy can then be formulated on correct assumptions about the competency gaps affecting organizational performance – and their order of

importance. A learning needs analysis can be done for an individual, team, group (more than one team), or a whole organization using the same standardised approach. Coordination and synergy across the organization is essential.¹⁵

17th August

Competency demand and competency supply

Learning needs are established by comparing the organization's competency **demand** with its competency **supply**. The **competency demand** is the sum total of all competencies required by team members to achieve the outputs, measures and targets of the team. The **competency supply** is the sum total of the competencies of all the team members.

If supply matches demand then there is no immediate need to acquire competencies to achieve performance targets. If supply is short of demand then a gap is identified. The purpose of the performance-linked learning system is to close such a gap and thereby enhance performance capability. The fundamental question answered by the learning needs analysis is: *Who needs what competencies and in what order to achieve the team's outputs, performance measures and targets?*¹⁶

18th August

Who performs the learning needs analysis?

The learning needs analysis can be performed successfully only as a coordinated, team effort between the learning department, the team leader and the individuals whose competency needs are being assessed:

The individual (or **team member**) because no-one knows better than the performer what learning they require to achieve their targets. As the old saying goes, if you wish to know the road up the mountain, ask the person who goes back and forth on it.

The **team leader**, not only because they can contribute to the assessment of individual learning needs given their first-hand knowledge, but also because the leader has a strong stake in the success of the training.

The **learning department's** role in the learning needs analysis is one of facilitation and coordination. The learning coordinator shares their technical skills, manages and coordinates the process, facilitates, and manages all the paperwork. The learning department is responsible for coordinating all the various learning needs analyses into one integrated report on the learning needs of the whole organization.¹⁷

19th August

Core competencies

Core competencies are those that top management believe everyone in the organization should have as a matter of policy.

These are competencies that reinforce a particular culture or set of common values which contribute to the achievement of the organization's mission. For example, if an organization values performance, all members in the workplace may have to undergo training to improve performance, and the organization develops a culture which values performance improvement.

The way these competencies are to be expressed may vary according to level and function. For example, competency in business planning at the most senior levels of the organization may be expressed through competency in strategic planning; at the workforce level, this competency may translate into understanding budget categories and the variances between budgeted and actual expenditure on those identified categories.

The number of core competencies in any organization, no matter how large, should never exceed ten and should be prioritised. *Ten competencies for 500 people, not 500 competencies for ten people.* Training departments can then emphasise a handful of core

Skills/Knowledge

courses that have impact on a large proportion of the target population, rather than a large cafeteria offering of programs and courses, each affecting only a small proportion of the target population – a key management practice in organizations bent on creating excellence.

Each core competency should be stated so as to encourage common understanding throughout the organization. The content and delivery of each core competency may of course vary across the seniority levels and functional areas of the organization.¹⁸

20th August

An example of ten core competencies

1. Induction
2. Success through Team Performance
3. Performance Measures Applied
4. Performance-linked Learning
5. Performance-linked Communication
6. Safety
7. Total Quality Management
8. Business Planning/Time Management
9. Problem Solving and Decision Making
10. Basic Finance Skills¹⁹

21st August

Defining competency standards

Competency standards are statements that define what the performer is expected to do and know. Competency standards for each competency are defined so that an individual's performance in the competency can be assessed using published standards (criteria or objectives) for judging clearly whether the performer can or cannot meet the competency standard. For example, if the competency is *target setting*, the competency standard could be *know how to set targets against defined quality standards*; if the competency is computer utilisation, one of the competency standards could be *be able to type and print a letter and label in Word*.

Defining competency standards is an extremely important part of the learning needs analysis and should be done with the help of the learning department.

Each competency in every competency profile should be accompanied by competency standards which become the learning goals in the learning plan should that competency be a priority for the organization.²⁰

22nd August

Who defines competencies and competency standards?

Many organizations will already have a set of established competencies and competency standards, developed by the organization itself or by industry-wide groups. If competencies and competency standards are in place, it is a good exercise to review and update them annually (at the learning needs analysis interview) to ensure their currency and validity. If there are no competencies and standards in place, the best time to develop them is during the learning needs analysis interview, at which there is a discussion between the learner, the learner's manager and the organization's learning coordinator. Although responsibility for developing competency standards lies with the learner's manager, the learning coordinator's assistance and involvement is essential because development of competency standards demands considerable time and specialist skill.²¹

23rd August

Learning operational plans

The learning operational plan translates one year's worth of the learning strategy and competency gaps

into specific learning outputs, performance measures and targets. This plan lays the foundation for the training budget and the learning and training schedules for the next fiscal year. The whole organization and each of its teams will know who needs to be recruited, managed, trained and divested for the team and the organization to ensure that the achievement of performance goals is not hampered by competency gaps.

The process of developing learning operational plans takes three steps:

- ▶ Identify the stakeholders in the performance-linked learning system.
- ▶ Develop outputs, performance measures and targets for the next fiscal year.
- ▶ Plan for who needs to be recruited, managed, trained and divested.²²

24th August

Why the learning budget is important

Like it or not, numbers – or financials – and cost-benefit are the language of business. Numbers provide a common language for the entire business community – bankers, accountants, investors, suppliers, customers, colleagues.

Skills/Knowledge

Many people who don't have accounting backgrounds feel uncomfortable with the *financials* of their organization. Yet there is no getting away from the fact that good financial systems are an essential part of good management. This rule applies as much to learning as it does to any other part of the business.

Preparing learning budgets is essential, and you don't have to be an accountant to develop one.

Closing competency gaps is typically an expensive exercise. It can account for a significant part of the payroll, whatever the size of the organization. Although the preceding steps of the performance-linked learning system will help ensure that the correct learning is being supplied, it is important to ensure that the benefits justify the costs. The learning budget meets this purpose. It is used to:

- ▶ determine all the necessary resources and associated costs that will go into closing competency gaps (quantifying the costs of learning);
- ▶ fund all expenditure that will go into closing competency gaps (financing the budget); and
- ▶ monitor and control the usage of those funds.²³

25th August

The linguafranca of business

Learning budgets are also important for another reason. The linguafranca of business is cost–benefit. Learning expenditure is an investment: money spent now for benefits later. Learning expenditure needs to be justified and competitively compared with, for example, the marketing or production budgets. The question that will be asked is what benefits can be expected from the expenditure on learning and can the money be better utilised elsewhere? The benefits to be obtained from the learning are broadly described by the learning targets and an appropriately designed learning budget will facilitate cost–benefit decision making.²⁴

26th August

Long-term investment or short-term expense?

Managers strive to achieve given budgets within a financial calendar. They are strongly influenced by the balance sheet and short-term financial needs. Training, however, is an *investment* – money spent now for benefits later. Accounting practices which record expenditure on human resources development only as an *expense* distort income statements and

Skills/knowledge

balance sheets because this classification ignores the financial benefits to be reaped later.

If, as a manager, you come to your office to find that you have all your plant and equipment, but no people, what would it cost to do what was necessary to develop a new group of people to a point where they were functioning with the same degree of effectiveness as the original organization? Estimates range from 20 to 30 times the annual earnings of those people and suggest that a 4% deterioration in the value of the human organization will completely offset normal profits. Its human resources are, therefore, of huge importance to the firm. Yet because organizations commonly deny the potential for growth in their human resources, and also any possibility of quantitative performance measurement, human resources is recorded on the balance sheet as a cost rather than an investment.

Money spent on a computer is considered an investment whereas expenditure on training is considered an expense. If people were represented on the balance sheet as assets, then money invested in training would be seen for what it is – appreciating the human asset.

Top management and the accounting profession have bought the myth that human resources development can't be quantitatively evaluated, and that accounting

Skills/knowledge

for the human asset is no more than a pipe-dream. Along with the failure to acknowledge human resources as an asset, this myth has retarded the development of learning organizations. The role of the human resources development specialist in the 21st Century is to establish objective recognition of the value of human beings – the greatest productive resource in the economic system.²⁵

27th August

If you think training costs a lot, try estimating the cost of ignorance, lack of teamwork, and lack of business know-how.²⁶

John P. Schuster and Jill Carpenter

28th August

*You want to have some way to prove to your boss that the people have really learnt the things you set out to teach them. But let us be candid. What difference does it make to the company anyway whether the people really learned what you were trying to teach them? The payoff is not in what they learn; the payoff is in what they **do** with what they learn. And if what they do is not apparent*

Skills/Knowledge

to management unaided by your evaluation techniques, then all the evaluation techniques in the world will not convince them that you are earning your money.

William Oncken

29th August

A simple lesson

'I taught my dog Spot how to whistle.'

'I don't hear him whistling.'

'I said I taught him, I didn't say he learnt it!'²⁷

Bud Blake

30th August

Evaluation of learning

Any organization has limited financial resources. The department that best justifies the investment in their area is the one that gets to acquire the most resources. Since learning is an expensive process, learning advocates need to be able to make a sound case. The key to communicating the contribution that learning is making to the organization is evaluation of learning. Evaluation interventions enables us to:

- ▶ improve the effectiveness of the intervention

Skills/knowledge

- ▶ judge the worth of the learning intervention
- ▶ justify our learning expenditure in dollars and cents
- ▶ influence management to invest its limited resources in learning.

Successful companies tend to weave evaluation into their planned learning interventions with a view to developing and sharpening the effectiveness of their learning programs.²⁸

31st August

Life is a constant training program.

John Parson

September

Systems and
Processes

1st September

A system

A system is a set of interrelated and interdependent parts which forms a whole. Societies are systems, as are cars, plants, the human body, organizations and business plans. ¹

2nd September

Organizations are systems

Organizations are systems that transform inputs into value-added outputs, products or services. As is the case with all systems, work on some part of an organization will affect every other part of that system. Systems are goal oriented, and order will lead to more order just as disorder will lead to chaos. Also, if a particular intervention is not aligned with the forces operating within a system, that system will fight, and eventually reject, the intervention in the same way the body mobilises to fight and dispatch an unwanted organism. ²

3rd September

The systems approach

The systems approach may be defined in terms of five principles:

1. *It is goal-oriented.*
2. *It is total-system oriented.*
3. *It is people oriented.*
4. *It is responsibility oriented.*
5. *It meets the desiderata of scientific inquiry.*³

Dr. M. Kabat and M. Fielding

4th September

Systems without specific goals are not effective systems.

5th September

*A complex system that works is invariably found to have evolved from a simple system that works.*⁴

John Gall

6th September

A characteristic of all systems

A characteristic of all systems is the interrelationship of parts within the system. Teams are made up of parts or sub-systems within larger systems; changes to one sub-system affect every other system. Just as the human heart is a sub-system within the body's physiological system, the finance plan is a sub-system of the overall business plan.⁵

7th September

The ten basic systems

The ten basic systems essential to creating an environment or culture that optimises employee capability and contribution:

1. The Strategic Business Planning System
2. The Performance Measurement System
3. The Performance Management system
4. The Performance Feedback System
5. The Performance-linked Communication System
6. The Performance Appraisal System
7. The Technical System

Systems and Processes

8. The Strategic Human Resource Development System (Performance-linked Learning)
9. The Financial System
10. The Reward System

8th September

*If each part of a system, considered separately, is made to operate as efficiently as possible, the system as a whole will not operate as effectively as possible.*⁶

Russell Ackoff

9th September

Synergy

*What is synergy? Simply defined, it means that the whole is greater than the sum of its parts. It means that the relationship which the parts have to each other is a part in and of itself. It is not only a part, but the most catalytic, the most empowering, the most unifying, and the most exciting part.*⁷

Stephen R. Covey

10th September

Focus on the majority

Organizations with consistent track records of success have systems which support consistent performances by the large majority of their workforces. These organizations do not rely on the ability of the outstanding minority, but rather build excellence by implementing systems which focus on the competent, but not outstanding, majority.⁸

11th September

Our weakest link at the moment is that we've been improving the processes we've got but have we got the right process? The actual process is what happens when a customer rings up to get an order. It goes to Joe Blow in Melbourne, it comes up to the plant and goes around all these steps. Is there a way that we can cut out five of those steps and just go direct? How do we make that happen?⁹

Ross Howie

12th September

The most effective way of improving productivity

The easiest, quickest, most effective way of improving productivity is to remove one or more non value-adding steps from a process or system.

13th September

*It is not staff that are uncompetitive or unable to successfully deal with change, it is the systems that local government has established and nurtured that are the problem.*¹⁰

Warwick Heine

14th September

What do Russel Ackoff, Edwards Deming, Joseph Juran and Peter Senge all have in common?

- ▶ Performance improvement comes from improving systems NOT individual efforts.
- ▶ 94% - 97% of all improvement comes from SYSTEM improvement – not individual efforts.

Systems and Processes

15th September

*As long as we personalize problems – think about them only in terms of **who** is at fault – we’re going to continue to have them, because the causes more likely reside in the system than in a person. Blaming people is a low-yield strategy for improvement; the biggest opportunities, the biggest leverage, lie in improving our work processes.*¹¹

Brian L. Joiner

16th September

*We tend to blame outside circumstances for our problems. “Someone else” – the competitors, the press, the changing mood of the marketplace, the government – did it to us. Systems thinking shows us that there is no outside; that you and the cause of your problems are part of a single system. The cure lies in your relationship with your “enemy.”*¹²

Peter M. Senge

17th September

*You have to take people with all their warts. And then, to make the system work, you have to discipline them a little bit. You have to say, "Okay, I don't care how you grew up or what you are – here's the way we're going to run this ball club. And here are the plays. If you don't like them, it's going to show. By that time, you won't have to get off the team – I'll throw you off."*¹³

Lee Iacocca

18th September

Why strategies in organizations fail

One of the major reasons why strategies in organizations fail is because they are not in accordance with general systems theory.

If we were to study the laws of nature, we would see that everything that endures is systematic. Everything that is disorderly or ad hoc, on the other hand, dies. In other words, order leads to more order, while disorder leads to chaos. So an organization, a department, a new system that is purposeful, organized and systematic will succeed; one that is disorganized and ad hoc will not.¹⁴

19th September

The utility of the systems concept

The utility of the systems concept to managing an enterprise may be viewed in terms of two elements of the manager's job:

- 1. He wishes to achieve overall effectiveness for his organization.*
- 2. He does so in an environment involving conflicting organizational objectives.¹⁵*

Dr M. Kabat and M. Fielding

20th September

A decision by the head of any company, division, or department to systematize the business is in itself an act of leadership. Yet it is an easy, specific step to take – a concrete way of making the will to manage effective in achieving company success.

In deciding to systematize the business, the executive makes two commitments to himself: first, to maintain the will to manage; second, to devote much of his time to building, maintaining, articulating, and supporting the system and to making it effective in

Systems and Processes

*action. This means that he will have less time for day-to-day operational decision making. He will have to keep out of the details. He will be forced into a leadership posture.*¹⁶

Marvin Bower

21st September

*The primary efforts of leaders need to be directed to the maintenance and guidance of organizations as whole systems of activities. I believe this to be the most distinctive and characteristic leadership behavior, but it is the least obvious and least understood.*¹⁷

Chester Barnard

22nd September

*The capable executive is master of his time. He systematizes his minutes In the long run, the most successful man is the man who gives the fewest orders.*¹⁸

J. Ogden Armour

Systems and Processes

23rd September

*... too narrow a view leads to too narrow a range of solutions to the problem at hand. The manager who cannot conceive of an organization as a system in its entirety, who cannot think systematically about its human dimensions as well as its more tangible technical processes, and who is not comfortable in dealing with its abstract features as well as its concrete features will be limited to solutions that are concrete, familiar, and obvious. The manager who can figuratively step back and look at the entire enterprise as an interesting, multifarious, interconnected system can deal with its problems more effectively, manage it more effectively, and change it more effectively when it is in need of change.*¹⁹

Karl Albrecht

24th September

System support: The best way to kill a management system is to violate it. The second best way is to ignore it. So the leader must support the system by following it

Systems and Processes

*himself and by inspiring and requiring others to do likewise.*²⁰

Marvin Bower

25th September

*... For systems thinking also shows that small, well-focused actions can sometimes produce significant, enduring improvements, if they're in the right place. Systems thinkers refer to this principle as "leverage."*²¹

Peter M. Senge

26th September

*The trick is to get the balance between having some relatively rigid systems that people will follow and allowing teams of empowered people the freedom to participate fully at the workplace. If you don't have systems, two things happen. One, things fall through the cracks and product concepts and launches don't go as they should. The second risk which is incredibly wasteful is that you reinvent the wheel, and you just don't have the free resources these days to be able to afford that.*²²

John Ballard

27th September

A sure road to failure

You want to sell something, so you try to put it in an attractive package or give it a name that has an attractive sound to it. I see nothing wrong with that. What bothers me is when 90 percent of it is package and 10 percent is substance.

*So it's not a case that you do without these things that are offered. But what is a sure road to failure is when you focus on some one small part of the picture.*²³

Joseph Juran

28th September

*Look to manufacturers, if you want to provide good service. Manufacturers, not service companies, have the best systems. They should be your models.*²⁴

Carl Sewell

Systems and Processes

29th September

*The design or redesign of a system should involve those who operate the system, those who control the resources of the system, those who have a stake in the system, and those who have system design expertise or knowledge.*²⁵

James B. Swartz

30th September

*Management works in the system, leaders work on the system.*²⁶

Stephen R. Covey

What do I do on Monday morning?

Structure

Structure

1st October

*Perhaps the most important principle on which the economy of a manufacture depends, is the division of labour amongst the people who perform the work.*¹

Charles Babbage

2nd October

The purpose of organization structure

The purpose of organization structure is to provide a framework for achieving the predetermined long-term goals or strategy of the organization.

Many organizations are structured in a way that no longer supports the business strategy. The structure often does not accommodate opportunities or deal with threats arising from the internal or external environment, nor does it adequately provide for the achievement of the organization's outputs and targets. There is no doubt that organization structure affects the levels of performance that an organization can achieve in pursuit of its strategy.²

Structure

3rd October

*You better be lean before you play these games.*³

Jack Welch

4th October

Traditional organization structures

Traditional organization structures, characterised by strict rules and procedures and repetitive and alienating work, do not meet the needs of today's employees. Today's employees need a unified sense of direction, autonomy, variety, feedback on performance, mutual support, respect and scope to develop.⁴

5th October

*Traditional command-and-control forms of organization that have predominated in twentieth-century industry are unable to respond quickly and creatively enough to meet the developing demands of consumers and emerging market opportunities: intelligent, networked forms of organization are needed.*⁵

Thomas Clarke and Stewart Clegg

Structure

6th October

There have been warnings of the many problems with the centralized, functionalized, matrixed approach – but they have gone unheeded in even the most astute management circles.⁶

Bill Creech

7th October

The great divide

In the past, organizations could survive with poor work environments and without regard to employee needs or total stakeholder satisfaction which includes the satisfaction of worker needs. Yet today, a great divide is evident in both the public and private sectors world-wide. Those organizations that are not creating a work environment that provides total stakeholder satisfaction are being out-performed by those that can.

To survive and thrive in the future, organizations have to be restructured in line with a better understanding of how organizations work, and redesigned to accommodate the changing values and rising expectations of employees.

Structure

Organizations need to adapt to the changing values and expectations of their stakeholders. This means the successful implementation of the *basic components of team performance*.⁷

8th October

The competitive advantage

Organizations that can provide a better working life for employees as well as producing a better quality product for external customers are holding the competitive advantage. The divide is evident in productivity, performance and, in the end, survival.⁸

9th October

*New ideas are not born in a conforming environment.*⁹

Roger von Oech

10th October

Quality control is one thing. People control is another. The first we all need. The second nobody needs. We do need new structures and a new attitude that, I hope, will take us

Structure

*further toward using the talents and skills of everybody. Times have simply gotten too tough for any company to allow even the slightest amount of talent or skill or knowledge available to go to waste.*¹⁰

Kerm Campbell

11th October

*Motivation at work may actually have more to do with how tasks are designed and managed than with the personal dispositions of people who do them.*¹¹

Hackman and Oldham

12th October

*True 'freedom' is not the absence of structure – letting the employees go off and do whatever they want – but rather a clear structure that enables people to work within established boundaries in an autonomous and creative way.*¹²

Rosabeth Moss Kanter

Structure

13th October

*Organizations used to be perceived as gigantic pieces of engineering, with largely interchangeable human parts. We talked of their structures and their systems, of inputs and outputs, of control devices and of managing them, as if the whole was one large factory. Today the language is not that of engineering but of politics, with talk of cultures and networks, of teams and coalitions, of influence or power rather than control, of leadership not management.*¹³

Charles Handy

14th October

Teams, rather than traditional structures, create the conditions that motivate people

Many organizations today have policies, structures and management styles which perpetuate a work environment out of alignment with current employee needs. Past management practices and past leadership styles are still being applied, even though they are not in touch with the needs of the employees. Teams, rather than traditional structures, create the conditions that motivate people.¹⁴

Structure

15th October

The modern team-based structure

The overriding feature of the modern team-based structure is that it is designed around empowered teams responsible for autonomous outputs, rather than any functional or historical considerations. This structure is also characterised by the elimination of reporting levels and the simultaneous acceptance of additional responsibility by team members. Unlike the matrix structure, the teams and the overall structure itself is permanent. ¹⁵

16th October

Honda organizes by teams, not by functions. The team approach is used in every day activity, not just on the production line. Each of the team members is multiskilled. Every team has a leader. There is no gap between labor and management ... Empowerment and ownership are real, not slogans. ¹⁶

Bill Creech

17th October

The advantages of a modern team-based structure include:

- ▶ It is based on the sound logic of the core value-adding systems of the organization, and is therefore easily understandable (eg team 1 for process 1; team 2 for process 2 – the flow follows function).
- ▶ The flat structure eliminates managerial levels thereby facilitating communication.
- ▶ The total number of people required is usually fewer than in traditional structures.
- ▶ It is the best structure for obtaining a clear definition of outputs, performance measures and targets; and for reaching the targets. This in turn facilitates workforce empowerment and job satisfaction together with technical results.¹⁷

18th October

*[With flexible manufacturing], the prime task of management ... is to create and nurture the project teams whose intellectual capabilities produce competitive advantage. What gets managed is intellectual capital, not equipment.*¹⁸

Ramchandran Jaikumar

Structure

19th October

In a sense we have turned the traditional vertically organized structure on its side. At one end is technology, and we have retained an integrated corporate research and technology organization. At the other end is the customer. [And] Between those two poles are the new business divisions.

A big advantage of this structure is that it is remarkably easy to adapt. When we see new markets emerge or new technologies that don't fit into our current structure, we can simply add another business team or even a whole new division. ... this organization provides a total business focus, something the narrow functional organization does not provide.¹⁹

Paul Allaire

20th October

Underlying the operations of every company – working like its spine or cerebral cortex – is its value delivery system. A company's performance is the direct result

Structure

*of how effectively the system is structured and managed.*²⁰

George Stalk, Jr and Thomas M. Hout

21st October

*The success of the horizontal organization approach lies in identifying those value streams required for creating customer value. The challenge is then to establish multifunctional teams which are geared towards managing the entire value chain from start to finish. These teams are managed by team leaders who are responsible for the development of an integrated process approach to meet the required value-output standards expected by the downstream value-chain areas.*²¹

Martin E. Nasser and Frank J. Vivier

22nd October

A question

Achieving the optimal organization structure begins with a question: *Given a blank piece of paper and all the developments in technology, information systems, increased understanding of human resources,*

Structure

*quality principles and the importance of the customer, how would we change our structure today to best achieve total stakeholder satisfaction?*²²

23rd October

The ideal structure

The ideal structure would best suit the goals of long-term productivity gains and the needs of all employees in view of the changing values described in this book. The focus must shift to the creation of an environment where employees **want** to deliver results. This can be achieved by giving people what they need. And what people need is a sense of belonging; a *unified sense of direction*; meaningful work; challenge and goals; feedback on the results of their work; and an environment where contribution and excellence are encouraged. In short, the *basic components of team performance* must be embedded in the organization.²³

24th October

No one organization structure is best

It is our contention that there is no one organization structure that is best. The best approach is a

Structure

contingency approach; one which, ignoring dogma, determines the best structure in terms of the following criteria. What structure is:

- ▶ best able to support or continue to support the overall business strategy;
- ▶ best able to accommodate the opportunities and deals with the threats arising from the internal and external environment;
- ▶ best able to achieve autonomous outputs, measures and targets;
- ▶ best able to satisfy the current needs and values of all employees? ²⁴

25th October

The four golden guidelines for organizational design and the one perilous pitfall

In our experience, and without any shadow of doubt, the number one pitfall in organization design is changing organizational structure **before** the four golden guidelines I cover in the next few days, have been addressed. The processes contained in the guidelines need to be comprehensively completed **before** any restructuring takes place. ²⁵

26th October

Golden guideline number one:

Verify the capacity of the leader before restructuring

Determine the capacity of the leader in the area to be restructured before any restructuring takes place. A strong leader capable of supporting and directing a unified team is essential if an organization is to be successfully restructured. The best theoretical organization design in the world will not compensate for a leader who is incapable of delivering the goods, for whatever reason. A good leader with a bad organization design is better than a bad leader with a good organization design. Unfortunately, the first refuge of the bad leader is to redesign the organization prematurely, and at an enormous cost in terms of time, resources, lost opportunities, the goodwill of the people directly involved and their capacity to change.²⁶

27th October

Golden guideline number two:

Ensure a unified sense of direction and organization strategy is in place before restructuring

Implement a *unified sense of direction* and an organization strategy that is comprehensive. The optimal structure for the organization would need to be closely aligned with the strategy. This alignment between the strategy, or long-term goals, and the organization structure is essential because as organizational strategies change so too will the organizational structure. The determination of the optimal organization structure will depend directly on its capacity to achieve the organization's strategy. Therefore it is essential that the organization's direction and long-term goals or strategies are defined so that the logic of the new structure is clear for all to see.²⁷

Structure

28th October

Golden guideline number three:

Ensure outputs, measures and targets are set before restructuring

Determine outputs, measures and targets that are comprehensive. If this step is not completed prior to restructuring, there are no criteria against which the optimal organization structure can be determined. This is especially important if the organization is to be redesigned to optimise teamwork. The overriding feature of the modern team-based structure is that it is designed around empowered teams responsible for autonomous outputs, rather than any functional or historical considerations. Therefore the clear definition of outputs prior to restructuring is essential. ²⁸

29th October

Golden guideline number four:

Ensure technical competence before restructuring

All competence is based on technical competence. The basic skills and knowledge necessary to achieve and

Structure

survive any structural change need to be determined, developed, planned and controlled before any restructuring takes place.²⁹

30th October

Perilous pitfall number one

Attempting to implement structural change before the four guidelines described above are followed will lead to costly errors. The quote by Gaius Arbiter³⁰ back in 65 AD is apt and universal:

*We trained hard, but it seemed every time we were beginning to form teams we would be reorganized. I was to learn later in life that we tend to meet every situation by reorganizing, and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency and demoralisation.*³¹

31st October

*First we shape our structure, then our structures shape us.*³²

Winston Churchill

Rewarding
Performance

Rewarding Performance

1st November

Rewarding performance

There is no doubt that systems for rewarding performance can be a very powerful motivating tool to improve productivity, quality and overall teamwork. Yet most reward systems are geared around a few individual managers rather than encouraging a philosophy of *one team, one direction* and improvement of the overall system. As global competition intensifies, a real opportunity for competitive advantage exists through the encouragement and development of the capabilities of all employees in the service of the organization.¹

2nd November

Rewards in the form of money, other tangible items and recognition are integral to motivating individuals and teams to sustain the highest levels of performance. Despite this, the financial and non-financial reward systems in many organizations bear little relationship to the motivational needs of the employees.²

Rewarding Performance

3rd November

*There are two things people want more than sex and money ... recognition and praise.*³

Mary Kay Ash

4th November

Traditional managers

Traditionally managers have not been lavish with praise and few organizations have recognition and financial reward systems in place. Wages bear little relationship to performance or goal achievement and there have been few team-based reward systems established. Instead, mediocrity rather than excellence has been encouraged by across-the-board pay increases that reward poor performers and good performers equally.

In recent times, however, there has been a paradigm shift in terms of the allocation of rewards to employees. More organizations are arriving at the belief that to keep stakeholders happy one has to keep customers happy and to keep customers happy one has to keep employees motivated. This belief will produce work environments radically different from those in the past.⁴

Rewarding Performance

5th November

Establish a reward system based on productivity

Organizations which establish a reward system for employees that is based on productivity goals will increase employee commitment because such schemes foster responsibility. Employees will want to own tasks that are recognised and appreciated by the organization.

Reward systems that are based on team efforts will encourage team members to work cooperatively and efficiently to meet team goals. Throughout this month we emphasise the importance of recognising team efforts as the most effective means of rewarding employee performance.⁵

6th November

Positive recognition systems

Rewarding performance in an organization can be introduced in two ways: through positive recognition systems and through team-based reward systems. The basic difference between the two is that you *recognise behaviour* and you *reward results*.

Rewarding Performance

Positive recognition systems are designed to encourage and reinforce desired behaviours and performance. Recognition may be in the form of praise, encouragement, formal acknowledgement or low-cost formal rewards, such as prizes, plaques or gifts.

Provided basic needs are being met, positive recognition systems are as important as financial rewards.

Numerous studies over the years have shown that recognition for a job well done is a fundamental motivator of employee performance and many find personal recognition as motivating as money.⁶

7th November

If my boss would just say thank you ...

In the 20 years I have been doing this and the thousands of employees I have interviewed in hundreds of companies, if I had to pick one thing that comes through to me loud and clear it is that organizations do a lousy job of recognising people's contributions. That is the number one thing employees say to us. "We don't even care about the money; if my boss would just say thank you, if he or she would just acknowledge that I exist. The only time I ever

Rewarding Performance

hear anything is when I screw up. I never hear when I do a good job.” Recognition programs are a very important element of your total compensation program. ⁷

Catherine Meek

8th November

The most effective forms of recognition

Some of the most effective forms of recognition cost nothing at all and can generate enormous returns. A sincere word of thanks from the right person at the right time can mean more to an employee than a formal award or money. Part of the power of recognition comes from the knowledge that someone took the time to notice the achievement, seek out the employee responsible and personally deliver praise in a timely manner.

Some of the lasting spin-offs associated with recognising staff performance include:

- ▶ company loyalty is enhanced;
- ▶ staff members feel motivated to keep up the good performance, and perform even better;
- ▶ the team leader's relationship with team members improves;
- ▶ it improves morale. ⁸

Rewarding Performance

9th November

Implement the basic components of team performance first

If the *basic components of team performance* described in this book have been well implemented, then the next step in recognising performance will follow naturally. Roles will be clarified in the context of a *unified sense of direction* and clear outputs, measures and targets will have been set. Performance feedback measured against team targets will provide official information to team members. The skills necessary to succeed will have been identified and developed. Team-based structures that best accomplish the dual goals of target achievement and employee satisfaction will have been implemented.

A recognition system established on this foundation will have every chance of success and will make a significant contribution to employee satisfaction and organizational performance.⁹

Rewarding Performance

10th November

Rewarding spin offs

*There is no way a work force that is uninvolved and unrewarded will be quality-conscious, efficient or innovative.*¹⁰

Aaron Sugarman

11th November

Link recognition directly to team performance

Recognising team performance along with individual performance will help build a *unified sense of direction* which is so critical to success. Cooperation within teams and between teams will be encouraged and, if the system is designed properly, many of the 'walls' erected by an *us versus them* attitude will be dismantled.

Recognising team performance positively contributes to the successful operation of a team. Team members contribute ideas and get involved, their suggestions are listened to and encouraged, the team pulls together and an environment of cooperation is created. Less time is spent on blame fixing, more on getting the job done properly. The team leader's role changes from

Rewarding Performance

telling and coercing to listening and facilitating; the load is shared, the team is empowered and performance improves.¹¹

12th November

Ensure employee involvement

A formal recognition system needs to be developed and executed with input from employees. It is important that employees find the recognition desirable and that achievement is respected. People tend to be satisfied, productive and motivated when effective performance is recognised and rewarded in a way that is regarded as meaningful to them.¹²

13th November

Promote the recognition system

The program should be promoted so that everyone understands its purpose and how it works. The connection between accomplishments and recognition must be clearly and unambiguously communicated. People must understand why they receive rewards and the criteria used to determine them.¹³

Rewarding Performance

14th November

Match the achievement to the reward

The form of recognition should match the achievement being acknowledged. The emphasis should not be on the size of the reward, but rather the appropriateness of the match between the reward and the achievement and the degree to which the rewards have been fairly distributed.¹⁴

15th November

Match the reward to personal preference

Recognition is most effective when it is tailored to the personal preference of the recipient. Leaders should take the time to find out about the needs and desires of those reporting to them.

The recipient may prefer personal to official rewards, informal to formal, public to private, or may prefer a gift or activity.¹⁵

16th November

Leaders lead from the front

Enthusiastic leaders who invest time in creating a culture in which good performance is recognised have spent that time very productively.¹⁶

Rewarding Performance

17th November

Deliver recognition publicly

Recognition that is made public will have a greater impact on the organization as a whole. However, the wishes of the employee need to be respected. Recognition may be made public after the event by a message on the staff notice board or in a staff newsletter.¹⁷

18th November

Consider timing implications

The timing of any positive recognition is important. Employees who will directly benefit from the announcement should be made aware of the criteria for the reward well in advance and the reward should not be made too long after the work that is being recognised was performed.¹⁸

19th November

Focus on paying for team performance

A team-based reward system is based on financial remuneration. It is a supplement to the basic pay received by an employee. A reward system of this kind is linked to performance that is measured against a

Rewarding Performance

set standard. If the performance exceeds the standard, the employee is rewarded financially.

Basic pay typically requires a basic level of performance, a minimum standard which will ensure continued employment. Ambitious, self-motivated individuals may go the extra mile to move up the organization chart, but they will be acting alone. Basic pay structures do not encourage team performance, continuous improvement, cooperation or productivity.

Focus on paying for **team performance**. Linking pay with team performance is a tool which will encourage cooperation, productivity, quality and continuous improvement within the team – all those fundamentals necessary to achieve team goals. And both the organization and employees will enjoy the rewards – both financially and from the satisfaction which comes from being part of a high-performing team.¹⁹

20th November

The highest form of recognition

Rewarding team performance financially is the highest form of recognition. The organization is saying that it is prepared to put its money where its mouth is. It is saying that everyone in the organization is in it together, and that if the organization succeeds, the employees succeed. A formalised, team-based reward

Rewarding Performance

system is particularly successful because it regulates the delivery of financial incentives to the people doing the work. Management will be able to show that they consistently appreciate the team's effort.

A formalised pay system for team performance requires extremely careful consideration, planning and implementation.²⁰

21st November

Implement the *basic components of team performance* first

Various systems for rewarding performance are contingent on the *basic components of team performance* discussed in this book. These need to be established prior to the implementation of any reward system. Failure to meet this prerequisite is without doubt the number one reason why so many reward systems are doomed to failure before they begin.

The degree to which the components are well engineered into the environment is also crucial. The greater the reward, the greater the degree to which the components will be tested. The potential rewards at the highest levels of sport, for example, are enormous and yet the measurement, feedback and team structures determine who will receive what with minimum controversy.

Rewarding Performance

Many reward systems fail because the *basic components of team performance* are not strong enough to withstand the pressure created by people unhappy with the way the corporate cake is divided. Even more serious is the absence of measures to determine the size and dimensions of the cake before future arrangements are negotiated. Sometimes we even offer the cooks a larger slice of a cake that is not yet baked, rewarding them for learning skills which may or may not assist them in producing a larger cake. The reward is for learning the skills, not for baking the cake!²¹

22nd November

A clear system for measuring the creation, dimensions and value of results

A clear system for measuring the creation, dimensions and value of results produced is an essential prerequisite for a reward system that motivates everybody, especially the large majority of workers at the level where the value is created.

At the very least the *basic components of team performance* contained in the following systems should be implemented, in descending order, **before** a team-based financial reward system is developed:

Rewarding Performance

1. Strategic planning system – includes the establishment of a *unified sense of direction* and organization strategy.
2. Performance management system – includes the establishment of outputs, measures and targets.
3. Performance feedback/Information system.
4. Strategic human resources development system.

If the *basic components of team performance* described in this book have been well implemented, then the next step in recognising team-based performance will follow naturally. Roles will be clarified in the context of a *unified sense of direction* and clear outputs, measures and targets will have been set. Performance feedback measured against predetermined targets will provide official information to the team. The skills necessary to succeed will have been identified and developed.

Team-based structures that best accomplish the dual goals of target achievement and employee satisfaction will have been implemented.

A reward system established on this foundation will have every chance of success and will be a significant contribution to employee satisfaction and organizational performance.²²

Rewarding Performance

23rd November

Reward against a selected group of targets or a balanced scorecard

To optimise the overall business system, team-based financial rewards need to be based on outputs, measures and targets that balance the potentially conflicting requirements of customers and stakeholders. *Total stakeholder satisfaction* is a balancing act between, for example, short-term profit and long-term gain, or customer retention and employee satisfaction. Experience suggests the creation of a balanced scorecard of targets upon which the reward system can be based is the best way to proceed.

Put simply, a balanced scorecard is a weighted set of outputs, measures and targets that reflect the complex mix of requirements needed to achieve *total stakeholder satisfaction*. For example, targets covering profit and return-on-investment would satisfy owners and shareholders while targets on customer satisfaction, employee satisfaction, cost and cycle time would be weighted so as to reflect the needs of the other stakeholders.²³

Rewarding Performance

24th November

Reward team performance

Rewarding team performance in favour of individual performance will help build a *unified sense of direction*, which is so critical to success. Cooperation within teams and between teams will be encouraged and, if the system is designed properly, many of the 'walls' erected by an *us versus them* attitude will be dismantled.

Rewarding individual performance, on the other hand, can cause:

- ▶ competition between individuals at the expense of the organization;
- ▶ competition between departments;
- ▶ dissatisfaction with the reward system because some people feel they have been neglected;
- ▶ conflict within the organization between those who have been rewarded and those who have not.²⁴

Rewarding Performance

25th November

The reward system must be fair and consistent

Many reward systems fail because they cannot withstand the rigorous scrutiny and criticism of those who go unrewarded. Lots of involvement and participation at the design phase will help alleviate this problem.²⁵

26th November

Aim for rate of improvement rather than absolute value

Reward systems can create healthy competition and most teams are interested in comparing their performance with others. However some teams may be able to make a huge financial impact by making small improvements, while others may not. Teams should be competing against themselves, and the percentage rate of improvement rather than absolute dollar value should be the criterion for success.²⁶

Rewarding Performance

27th November

Report and publicise performance results

Reporting and publicising will ensure maximum recognition and motivation across the organization.²⁷

28th November

Alliance contracts and team-based financial rewards

Traditionally, the relationship between a firm and its suppliers has been an adversarial one. Arrangements are made so that a set number of goods or services are supplied to an agreed schedule. Each party is operating to its own agenda and the relationship becomes strained at the slightest hint of delay or increased pressure.

Such arrangements work to the advantage of no-one. Alliance contracts, on the other hand, are based on a cooperative relationship. A supplier-receiver relationship that is based on cooperation can increase the competitive advantage of both parties. In such a relationship both risk and reward are shared.²⁸

Rewarding Performance

29th November

The major pitfall

The major pitfall in establishing team-based financial reward systems is so common that it bears repeating:

Reward systems should be the very last *basic component of team performance* implemented.

Every other component should be well established in the work environment before the component of reward systems is attempted. A comprehensive and hierarchical measurement system that can withstand the most rigorous scrutiny is particularly important.²⁹

30th November

... whatever people do in an organization over the long term is what their environment has incentivized them to do; whatever they fail to do or have stopped doing is what their environment has punished, discouraged, or prevented them from doing.³⁰

Karl Albrecht

Rewarding Performance

Implementation: Guidelines and pitfalls

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1st December

*How to do it is the root impulse of all great craftsmanship and accounts for all the style in human performance. Without it we would never know the peaks of human achievement.*¹

John W. Gardner

2nd December

*Most companies don't fail for lack of talent or strategic vision. They fail for lack of execution – the routine blocking and tackling that great companies consistently do well and always strive to do better.*²

T.J. Rogers

3rd December

Build teams around autonomous outputs

Teamwork is about individuals working together successfully to produce outputs for internal or external customers. To be successful, team members must work in an environment conducive to participation, trust, teamwork, empowerment, leadership, personal growth and pride in performance. The implementation

Implementation: Guidelines and Pitfalls

of the *basic components of team performance* plays an essential role in the creation of such an environment.

Defining team outputs and then establishing performance measures and targets will eliminate much of the conflict and negative attitude that can afflict teams. Not only do these measures clarify team outputs, they account for the contribution of each team member. The process reinforces that team outputs depend on teamwork.³

4th December

*Of the strengths that separate us from other companies, the Number 1 thing is our teams and teamwork. We have about 1,900 teams across our group at all levels. Teamwork allows us to accomplish things better than we could do it any other way.*⁴

Jerry Junkins

Implementation: Guidelines and Pitfalls

5th December

I must now insist that the enemy is not people. Rather, it is a point of view and one that attacks all of us, like an invisible germ, and distorts our outlook.

*It must be exorcised absolutely and completely, leaving no trace to multiply and reinfect us.*⁵

Thomas Gilbert

6th December

People are not incompetent

People are not incompetent: problems arise because the basic components and systems of which they are a part have not been properly designed. In other words, given the right environment, people will perform. Encouraging people to focus on the *basic components of team performance* concentrates their efforts on addressing problems, rather than fixing blame and trying to change people. Engineering a work environment conducive to team performance will get widespread support, and will make implementation more successful.⁶

7th December

Accept responsibility

No individual or team can solve a problem until they accept responsibility for it – or at least for those aspects of the problem that are under their control.

This philosophy is very relevant in industry today because of an *us and them* culture, and the need to change from a *security from the company or the union* philosophy to a *security through performance* philosophy. Feelings of anger and betrayal must be dealt with before teams can get into a problem-solving mode.

When managers and workers concentrate on the *basic components of team performance*, improvement is inevitable because these components cover the areas where the vast majority of performance problems occur.

This overall philosophy applies specifically when implementing the *basic components of team performance*.⁷

8th December

Focus on the majority of people at the workforce level

There are far more workers than managers. As a result, a manager's attention tends to be focused on outstanding performers. The high-performers receive a lot of positive attention, poor performers receive a lot of negative attention, and the vast and silent majority of people at the workforce level are ignored. This can lead to apathy, cynicism and alienation at the crucial point in the output chain where value is being added.

In the creation of a workforce culture and the implementation of performance systems, the target should be the silent majority rather than the positive and negative minorities. In other words, be satisfied with systems that meet the needs of 80% of the target group, rather than 100%. The extra benefits to be gained from satisfying the last 20% may not be worth the effort.⁸

9th December

Recognise that every person is an expert in his or her own job

As we have previously said: *If you wish to know the road up the mountain, ask the man who travels it every day.*

The **what** (outputs, performance measures, targets, standards, deadlines) are determined by management's interpretation of what the customers, whether external or internal, want. However, the **how**, the best way to achieve what is required, should be left to the expert. The expert is the person doing the job. This is what General George Patton meant when he said:

Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.⁹

10th December

Learn by doing and aim for continuous improvement

There is a story about a tennis player who kept hitting the ball into the net. Frustrated, he asked his coach what he was doing wrong. The coach replied that he was hitting the ball into the net. Even more frustrated, he asked the coach what he should do about it. The

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coach replied that he should hit the ball over the net. The tennis player already knew what to do. The only way to improve was by doing it.

Similarly, by systematically practising and learning from our mistakes in business, we will get better and better, until we are among the best.

Systems should be implemented to create an environment in which people can take the plunge and learn from their mistakes, rather than one which teaches them to *swim on dry land*.¹⁰

11th December

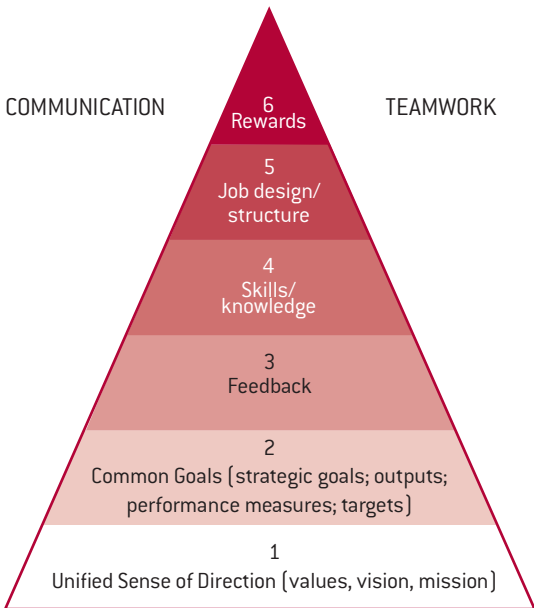
Follow a logical order for implementation

The order in which the *basic components of team performance* are implemented is dependent upon the particular situation within the team or organization, and the degree to which all the components are entrenched in the environment.

The following diagram can be used as a general guide to implementation, building on the foundation of a *unified sense of direction*.¹¹

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ORDER OF IMPLEMENTATION – THE BASIC COMPONENTS OF TEAM PERFORMANCE



12th December

Top management must drive the implementation process

Top management in this context means the most senior people in the target area or organization. They need to take the bird's eye view, to act as role models, to provide the driving force and exercise a measure of control, particularly in the early stages of major implementations. If management does not give the project their commitment and support, its success will be severely limited.¹²

13th December

Ensure participation and involvement

Most people would agree that the greater the degree of involvement and participation at all levels, the greater the chance of success. The more people interact, psychologists tell us, the greater the possibility that they will share common values and norms. Participation and involvement will also lead to improved understanding, and therefore trust (people generally do not trust what they don't understand).

The absence of a strategy for workforce participation and involvement may explain the results of a survey compiled by the Centre for Corporate Change at the

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University of New South Wales. This survey of more than 300 Australian companies found the three major reasons for failure when implementing change were employee resistance, leadership issues and communication failures.¹³

14th December

Help people understand the connection between their personal contribution and the overall performance system

Everyone in the organization should understand, at the very minimum, why the system is being implemented, and how their local outputs, measures and targets fit in with and contribute to the achievement of the organization's goals. Understanding the connection between each individual's targets and those of the organization's helps people feel a connection; like their personal contribution is value adding and actually making a difference to the organization. This is the best thing you can do to get people to buy in to the system.

When people understand that the achievement of their personal targets is so critical that it will influence their personal job security, they take the system seriously.¹⁴

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15th December

Expect resistance and build on the positive

Any change process is going to come with resistance. Expecting and planning for resistance is a good starting point. Find a positive group to start the process, and publicise the results. Continue the process this way, and as more and more positive results and success stories unfold, opposition will dwindle as people are slowly converted.¹⁵

16th December

Have realistic expectations

An ambitious project such as the implementation of an organization-wide performance improvement system takes time. Results don't and won't happen overnight. If expectations are not realistic, enthusiasm can wane. Realistic expectations, and regular progress reports can keep the project rolling until positive results start to emerge.¹⁶

17th December

Monitor your fundamentals

Avoid jargon, magic pills, quick fixes and fads. Instead, go back to the basics. Work on the principle that the most successful revolutions are based on a return to commonsense.

Michael Jordan summed up this guideline well when he said:

You have to monitor your fundamentals constantly because the only thing that changes will be your attention to them. The fundamentals will never change. Get the fundamentals down and the level of everything you do will rise.¹⁷

18th December

Going it alone

External and internal consultants need each other.

Developing performance improvement systems is almost always part of the broader aim of creating an environment that lends itself to continuous performance improvement. This can sometimes be a very complex issue. A part of any solution will be the interrelationships between managers, supervisors and

Implementation: Guidelines and Pitfalls

the workforce, systems processes and procedures, the satisfaction of critical training needs, and the development of a total team approach to performance improvement.

The ambitions contained within these aims and the wide scope of a typical performance improvement project are only two of the many reasons for using an external consultant. Their role is not to run courses or perform other activities that internal people could do, but rather to **make the overall project work**. The external consultant should be selling sustained bottom-line improvement, not pre-packaged solutions, programs or training courses. The role of the external consultant is simply to add the expertise and experience necessary to make the whole project work. Other essential ingredients, such as technical expertise, company knowledge and time are provided by the internal facilitators.¹⁸

19th December

The external and internal consultants should work together

The external and internal consultants should work together in an open and consultative style to provide problem-solving capacity in excess of what either party could deliver alone.

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Developing performance improvement systems usually involves an installation phase and an anchoring phase. Installation involves a complete review, and usually a change or improvement in the design of the performance system. Anchoring involves continuously modifying and improving the system through implementing lessons learned on the job.

An external consultant generally has a great deal of installation experience. Furthermore, external consultants are not handicapped by being a *prophet in their own town*, as are internal consultants. Most people in organizations today are struggling just to survive in their business on a day-to-day basis. The internal person may also be struggling to get the attention needed from senior management to work on their environment, be it on improving their performance system or anything else.

The external consultant, paid for a limited time only, is experienced in installing performance systems in various companies. He or she has dealt with similar problems before, and has less trouble getting the right people's attention.

The external consultant does not, however, understand the company's culture, its politics and its people, the way they relate to each other, and where there are pockets of resistance in the organization.

Implementation: Guidelines and Pitfalls

The best combination is external and internal consultants, or facilitators, working together. The external consultant concentrates on the installation phase, providing a firm basis to pass on expertise to the internal consultant, who concentrates on the anchoring phase.

This external-internal combination provides problem-solving capacity in excess of what either party could deliver alone and without which the installation of a team performance system fails, making this one of the most common pitfalls.¹⁹

20th December

The absence of a team leader or supervisory strategy

Customer expectations have risen because increasing competition has led to higher and higher standards of quality and service. Such a business environment puts intense pressure on senior management. Senior management, in turn, passes this pressure through the organization structure to first and second-line supervisors or team leaders.

Meanwhile these supervisors and team leaders are faced with another set of problems with the people they lead. Workers are demanding higher levels of job satisfaction and a better quality of working life.

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The first-line supervisor, often promoted because of technical skill, is caught between workers' expectations and management pressure for increasing quality and productivity. Many supervisors feeling this sort of pressure withdraw into areas in which they feel technically competent, leaving management frustrated and the workforce insecure.

When organizational change is introduced into this sort of environment, supervisors are likely to feel even more threatened. It is no wonder many managers and supervisors opt out before they begin. As a consequence, many of the work-related problems within organizations are associated with the supervisory level. Supervisors are seen as the cause of the problem, rather than the window through which other deeper, more complex problems are made visible. This level, rather than being the weak link in the chain, is the link under the most pressure, and is therefore the most likely to break.

The solution lies in a definite strategy for the supervisory level before progressing to the workforce. In short, get it right at this level first, then approach the workforce. Otherwise, the progress of the performance improvement system will be hampered.²⁰

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21st December

*As a middle manager, of any sort, you are in effect a chief executive of an organization yourself. Don't wait for the principles and the practices you find appealing or valid to be imposed from the top. As a **micro CEO**, you can improve your own and your group's performance and productivity, whether or not the rest of the company follows suit.²¹*

Andrew S. Grove

22nd December

An important development of the value chain concept is the extent to which job ownership at the employee level has been resuscitated. This is in stark contrast to instances where middle management has been deprived of real responsibility that results in an unfortunate shift towards greater task focus and activity-centredness at the expense of customer value output improvements.²²

Martin E. Nasser and Frank J. Vivier

23rd December

Use of jargon

The use of jargon, acronyms, Japanese words or esoteric phrases, rather than plain English, is a major pitfall, especially when dealing with workers. Using jargon creates a division between the in-crowd who understands and the out-crowd that feels threatened because it doesn't. Examples of jargon are *Kaisen*, *Six Sigma*, *TQM*, *Kanban*, and *JIT*.²³

24th December

The magic pill

Isolated training events are often sold as the magic pills of change. The notion that one training session, administered in a day or for a short period of time, will produce any lasting results is misguided. What is required is a change in the environment, and this can only be achieved by a systematic approach.

Managers need systems and processes to create an environment that lends itself to continuous performance improvement. Some people see the implementation of performance improvement systems (or any other initiative for that matter), as a once-off event aimed at changing people. The team leader level is a popular target for this type of thinking.

Implementation: Guidelines and Pitfalls

Typically, companies randomly take people from the very complex environment in which they work, give them a few cups of coffee, and show them some overhead transparencies. At best this approach will create a few isolated missionaries who return to their complex environment.

Their new ideas will go unsupported in an environment that has not changed, and it is this environment that will pressure them to conform to the old ways and bring them *back into line*.

The accumulation of many basic, purposeful and systematic improvements is what leads to continuous performance improvement, not a single intervention that is in vogue for a period, then loses popularity.²⁴

25th December

The notion that *it's good for the troops*

Napoleon Bonaparte was reported to have said: *There are no bad soldiers, only bad officers*. A good manager is one who leads by example, and leads from the front.

Any new initiative can be viewed very suspiciously, particularly if it is implemented at the workforce level only. People may think the new system is an attempt to control workers, and that the system is

Implementation: Guidelines and Pitfalls

really trying to identify and eliminate poor performers. A good performance system should actually achieve the opposite: it should give people freedom by telling them **what** is expected of teams and let them decide **how** best to achieve it. A good system enables the performers to see their performance results first, and gives them the opportunity to enjoy the enormous sense of achievement that comes from continuous performance improvement. This liberates and empowers managers, team leaders and workers alike.

The process of implementing the performance improvement system needs to begin with management, then be applied through the organization to team leaders and workers.²⁵

26th December

Develop communication skills

Sound communication is an essential component of all business today. Whenever the output of work must be greater than the contribution of a single individual, people must be able to communicate effectively. Communication skills are therefore essential to teamwork.

Implementation: Guidelines and Pitfalls

Whenever you find individuals working together successfully, you will also find regular two-way communication.

Effective communication is therefore essential to any leader's role. The nature of a leader's position demands that they communicate effectively with their team members and their leader. A leader must direct their team towards team goals, delegate tasks, impart information and provide feedback, all of which requires communication skills. If you can't communicate effectively, you can't lead.

But no-one is born a good communicator; communication skills are developed.²⁶

27th December

The absence of a communication strategy

Technical people in technical environments are notoriously poor communicators. Sometimes they don't communicate at all. This becomes a real problem for management when change is implemented at the workforce level. It is especially troublesome as unions win the battle for the hearts and minds of the workforce by stronger allegiance to the maxim that *he who communicates leads*.

Implementation: Guidelines and Pitfalls

When change is introduced into an organization, good communication is essential to ensure that everyone understands and accepts the change. Good communication keeps everyone informed and involved.

A sound communication strategy is essential to the successful implementation of a performance improvement system. The communication strategy should address both what to communicate and how to communicate, particularly at the workforce level.

If a sound communication strategy is not present, even the most carefully thought out and well-planned performance systems will fail.²⁷

28th December

*Thus the competitive edge will belong ...
to those who know how to inspire more
productivity and excellence from each
individual.*

Denis Waitley

Implementation: Guidelines and Pitfalls

29th December

We worked furiously [to realize our goals]. Because we didn't have fear, we could do something drastic.²⁸

Masaru Ibuka

30th December

The long road to freedom

I have walked that long road to freedom. I have tried not to falter; I have made mis-steps along the way. But I have discovered the secret that after climbing a great hill, one only finds that there are more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can rest only for a moment, for with freedom comes responsibilities, and I dare not linger, for my long walk is not yet ended.²⁹

Nelson Mandela

Implementation: Guidelines and Pitfalls

31st December

How can one individual solve the problems of the world? Problems can only be solved if one is part of a team.³⁰

Nelson Mandela

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- ▶ Ensures learning is purposeful, increasing the overall performance of the organization and not just satisfying individual training needs
- ▶ Ensures learning is focused on making a contribution in terms of profits and savings and financial benefits
- ▶ Contributes to the organization's continuous performance improvement system.

This product is supplied as a Manual (with optional Workbook), or an Electronic Manual with Workbook.

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About the Author

Harold Monty Sacher, Director of Sacher Associates, has held a strong commitment to the quality and productivity field for 25 years. He has established performance systems in some of the most successful organizations in the world. Versions of Sacher Associates publications are in use in Fortune 500 companies, all levels of government and a huge variety of medium and small businesses. Monty's particular interest and expertise lies in achieving measurable productivity improvement in organizations of all sizes. He holds a Bachelor of Business Science degree.

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