

Chapter 1

IS YOUR ORGANIZATION HIGH PERFORMING?

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Marksmen will tell you that if you're going to aim for a target, you should go for the bull's-eye. The reason for that is if you miss the bull's-eye, you're still on the target. But if all you do is aim for the target and you miss, you're nowhere. Don Shula, who coauthored *Everyone's a Coach* with Ken Blanchard, always told his Miami Dolphins football team that the target they were aiming at was to win every game. Was that possible? Obviously not, but if you don't shoot for excellence, you never have a chance of getting there. That's probably why Don Shula's teams won more football games than those of any coach in the history of the NFL and why his 1972 Dolphins is still the only team in history to go undefeated for an entire season. So the target you aim for has a lot to do with your performance.

Wall Street and the pressures of business today make many people think that the only target that counts is financial success. Yet few, if any, businesspeople would want their epitaph to include their company's bottom line—their stock price or profit margin. They might, however, want people to remember their contribution to the creation of a high performing organization.

Those who want to lead at a higher level need to understand what a high performing organization looks like and what is necessary to create one. They need to aim for the right target.

The Right Target: The Triple Bottom Line

In high performing organizations, everyone's energy is focused on not just one bottom line, but three bottom lines—being the **provider of choice**, the **employer of choice**, and the **investment of choice**. This triple bottom line is the right target and can make the difference between mediocrity and greatness.¹ The leaders in high performing organizations know that their bottom line depends on their customers, their people, and their investors. These leaders realize the following:

*Profit is the applause you get for taking care of
your customers and creating a motivating
environment for your people.*

Provider of Choice

Being the provider of choice is becoming increasingly more challenging. Competition is fierce as new competitors emerge unexpectedly. Customers are more demanding with many more options at their fingertips. They expect to get what they want when they want it, and they want to have it customized to suit their needs. The world has changed in such a way that today the buyer, not the seller, is sitting in the driver's seat. These days, nobody has to convince anybody that the customer reigns. People are realizing that their organizations will go nowhere without the loyalty and commitment of their customers. Companies are motivated to change when they discover the new rule:

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*If you don't take care of your customers,
somebody else will.*

In *Raving Fans*[®]: *Satisfied Customers Are Not Enough*, Sheldon Bowles and Ken Blanchard argue that to keep your customers today, you can't be content just to satisfy them; you have to create raving fans. They describe raving fans as customers who are so excited about how you treat them that they want to tell everyone about you; they become part of your sales force. Let's look at a simple yet powerful example.

What's the most common wake-up call that you get in a hotel in America today? The phone rings at the allotted hour, but when you pick it up, no one is there. At least they got the machine to call your room at the designated hour. The second most common wake-up call greets you with a recording. But again, no one's there. Today if you pick up the phone on a wake-up call and there's a human being on the other end of the phone—someone you can actually talk to—you hardly know what to say. A while back, one of our colleagues was staying at the Marriott Convention Hotel in Orlando. He asked for a 7:00 wake-up call. When the phone rang and he picked it up, a woman said, "Good morning; this is Teresa. It's 7:00. It's going to be 75 and beautiful in Orlando today, but your ticket says you're leaving. Where are you going?"

Taken aback, our colleague stammered, "I'm going to New York City."

Teresa said, "Let me look at the *USA Today* weather map. Oh, no! It's going to be 40 degrees and rainy in New York today. Can't you stay another day?"

Now where do you think our colleague wants to go when he gets to Orlando? He wants to go to the Marriott so that he can talk to Teresa in the morning! Raving fans are created by companies whose service far exceeds that of the competition and even

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exceeds customer expectations. These companies routinely do the unexpected and then enjoy the growth generated by customers who have spontaneously joined their sales force.

Employer of Choice

Being the employer of choice is equally challenging. With highly mobile, competent workers in demand, employers must find ways to attract and keep their best people. Good pay is no longer the only answer. It is true that some competent workers will go elsewhere for a higher wage; however, today's workers generally want more. They seek opportunities where they feel like their contributions are valued and rewarded—where they are involved and empowered, can develop skills, can see advancement opportunities, and can believe they are making a difference.

You will get little argument today if you tell managers that people are their most important resource. Some even argue that the customer should come second, because without committed and empowered employees, a company can never provide good service. You can't treat your people poorly and expect them to treat your customers well.

Several years ago, a friend of ours had an experience in a department store that illustrates this point well. He normally shops at Nordstrom but found himself in a competitor's store. Realizing that he needed to talk to his wife, he asked a salesperson in the men's department if he could use their telephone. "No!" the salesperson said.

He said, "You have to be kidding me. You can always use the phone at Nordstrom."

The salesperson said, "Look, buddy! They don't let *me* use the phone here. Why should I let you?"

*People who are treated poorly tend to pass
that attitude on to their customers.*

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Another reason that your people are so important today is because these days your organization is evaluated on how quickly it can respond to customer needs and problems. “I’ll have to talk to my boss” doesn’t cut it anymore. Nobody cares who the boss is. The only people customers care about are the ones who answer the phone, greet them, write up their order, make their delivery, or respond to their complaints. They want top service, and they want it fast. That means you need to create a motivating environment for your people and an organizational structure that is flexible enough to permit them to be the best that they can be.

Investment of Choice

Growing or expanding requires investment, regardless of whether the company is publicly owned, privately held, government, or nonprofit. All organizations require funding sources, through stock purchases, loans, grants, or contracts. To be willing to invest, people must believe in the organization’s viability and performance over time. They need to have faith in the leadership, the quality of the people, the product and services, the management practices, and the resilience of the organization.

If the financial success of an organization is a function of revenue minus expenses, you can become more sound financially by either reducing costs or increasing revenues. Let’s look at costs first, because in today’s competitive environment, the prize goes to those who can do more with less. More organizations today are deciding that the only way for them to be financially effective is to downsize. There’s no doubt that some personnel reduction is necessary in large bureaucracies where everyone just has to have an assistant, and the assistant has to have an assistant. Yet downsizing is an energy drain, and it’s by no means the only way to manage costs.

There’s a growing realization that another effective way to manage cost is to make all your people your business partners. For instance, in some companies, new people can’t get a raise

until they can read their company's balance sheet and understand where and how their individual efforts impact the company's profit-and-loss statement. When people understand the business realities of how their organization makes and spends money, they are much more apt to roll up their sleeves and help out.

Traditionally, managers have been reluctant to share financial information. Yet these days, many organizations are responding with open book management. That's because they realize the financial benefits that come from sharing previously sensitive data. For example, in working with a restaurant company, one of our consulting partners was having a hard time convincing the president of the merits of sharing important financial data with employees. To unfreeze the president's thinking, the consulting partner went to the firm's largest restaurant one night at closing time. Dividing all the employees—cooks, dishwashers, waiters, waitresses, bus people, hostesses—into groups of five or six, he asked them to come to an agreement about the answer to a question: "Of every sales dollar that comes into this restaurant, how many cents do you think fall to the bottom line—money that can be returned to investors as profit or reinvested in the business?"

The least amount any group guessed was 40 cents. Several groups guessed 70 cents. In a restaurant, the reality is that if you can keep 5 cents on the dollar, you get excited—10 cents, and you're ecstatic! Can you imagine the attitude among employees toward such things as food costs, labor costs, and breakage when they thought their company was a money machine? After sharing the actual figures, the president was impressed when a chef asked, "You mean, if I burn a steak that costs us 6 dollars and we sell it for 20, at a 5 percent profit margin, we have to sell six steaks for essentially no profit to make up for my mistake?" He already had things figured out.

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*If you keep your people well informed
and let them use their brains,
you'll be amazed at how they can
help manage costs.*

What about revenues? If you develop committed and empowered people who create raving fan customers, you can't help but increase your revenues. Why? Because raving fan customers want to brag about you. They become part of your sales force or PR department, which increases your sales and/or visibility and makes your organization more attractive as an investment. Now you are a leader of a high performing organization.

A High Performing Organization SCORES Every Time

Provider of choice, employer of choice, and investment of choice—the three elements of the triple bottom line—form the right target. If you aim for only one of the three elements, you won't hit the target, and your organization won't be able to sustain high performance. Once leaders understand the importance of the target, questions naturally arise, such as “What is a high performing organization?” and “What does a high performing organization that hits the target look like?”

To answer these questions, Don Carew, Fay Kandarian, Eunice Parisi-Carew, and Jesse Stoner conducted an extensive research project to define and identify the characteristics of a high performing organization.² Their first step was to define “high performing organization.” While many organizations rise quickly and then plateau or topple, some continue to thrive, somehow reinventing themselves as needed. The researchers focused on these kinds of organizations, creating the following definition:

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High performing organizations are enterprises that over time continue to produce outstanding results with the highest level of human satisfaction and commitment to success.

Because of their flexibility, nimbleness, and responsive systems, high performing organizations (HPOs) remain not only successful and respected today but also poised to succeed in the future. HPOs demonstrate results consistently over time.

The HPO SCORES™ Model

As a result of their research, Drs. Carew, Kandarian, Parisi-Carew, and Stoner created the HPO SCORES model. SCORES is an acronym that represents the six elements evident in every high performing organization. A high performing organization SCORES—hits the target consistently—because it demonstrates strength in each of these six elements. The following pages describe these elements in greater detail.

S = Shared Information and Open Communication

In high performing organizations, information needed to make informed decisions is readily available to people and is openly communicated. Sharing information and facilitating open communication builds trust and encourages people to act like owners of the organization. Information is power. The more readily available information is, the more empowered and able people are to make solid decisions aligned with the organization's goals and values. Open communication is the lifeblood of the organization. Encouraging dialogue lessens the danger of territoriality and keeps the organization healthy, agile, flexible, and fluid.

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C = *Compelling Vision*

A compelling vision is the hallmark of a high performing organization. It answers the question “What’s the point?” When everyone supports such an organizational vision—including purpose, picture of the future, and values—it creates a deliberate, highly focused culture that drives the desired business results toward a greater good. In these organizations, people are energized by, excited about, and dedicated to such a vision. They can describe the vision, are deeply committed to it, and clearly see their role in supporting it. They have a noble sense of purpose that creates and focuses energy. As a result, their personal values are aligned with the values of the organization. They can describe a clear picture of what they intend to create. Everyone is aligned and going in the same direction.

O = *Ongoing Learning*

High performing organizations constantly focus on improving their capabilities through learning systems, building knowledge capital, and transferring learning throughout the organization. Organizational learning is different from individual learning. High performing organizations engage in both. Everyone is always striving to get better, both individually and as an organization.

R = *Relentless Focus on Customer Results*

No matter what industry they are in, high performing organizations understand who their customer is and measure their results accordingly. They produce outstanding results, in part because of an almost obsessive focus on results. However, what is unique is the way in which they focus on those results: from the viewpoint of the customer.

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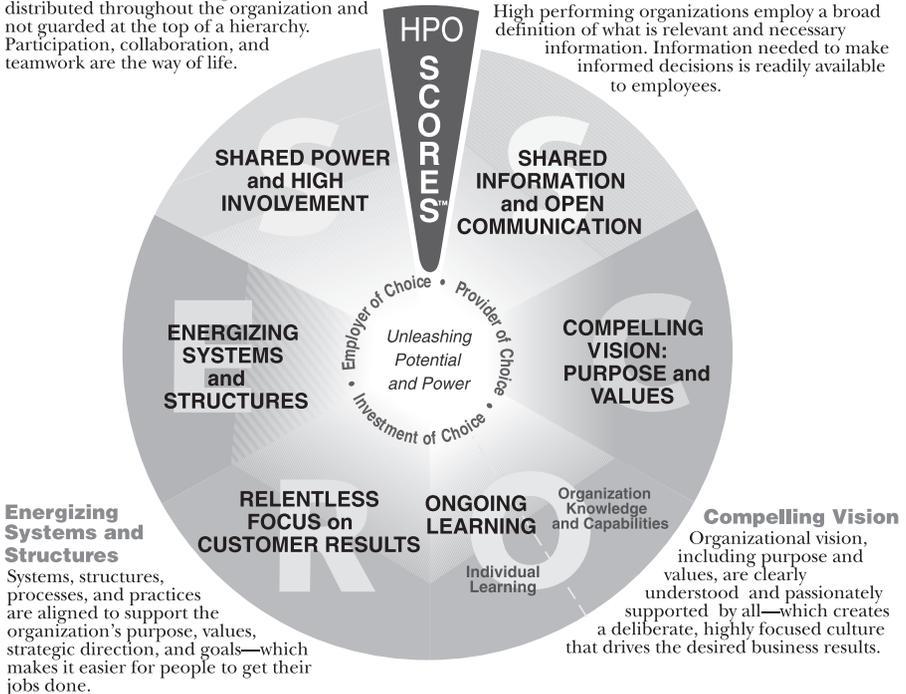
The HPO SCORES™ Model

Shared Power and High Involvement

Power and decision making are shared and distributed throughout the organization and not guarded at the top of a hierarchy. Participation, collaboration, and teamwork are the way of life.

Shared Information and Open Communication

High performing organizations employ a broad definition of what is relevant and necessary information. Information needed to make informed decisions is readily available to employees.



The six essential elements of the HPO SCORES™ Model operate interdependently to produce sustainable high performance and human satisfaction. Refer to the "High Performing Organizations: SCORES" article for more information on each of the elements and the research behind them.

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E = Energizing Systems and Structures

The systems, structures, processes, and practices in high performing organizations are aligned to support the organization's vision, strategic direction, and goals. This makes it easier for people to get their jobs done. Energizing systems and structures provide the platform for rapid response to obstacles and opportunities. The bottom-line test of whether the systems and structures are energizing is to look at whether they help people accomplish their jobs more easily or make them more difficult.

S = Shared Power and High Involvement

In high performing organizations, power and decision making are shared and distributed throughout the organization, not guarded at the top of the hierarchy. Participation, collaboration, and teamwork are a way of life. When people feel valued and respected for their contributions, are allowed to make decisions that impact their lives, and have access to information to make good decisions, they *can* and *will* function as valuable contributors to the purpose and vision of the organization. In high performing organizations, a sense of personal and collective power exists.

High performing organizations use the best of what people have to offer for the common end. Centralized power and authority are balanced with participation and do not become obstacles to agility and responsiveness. When people are clear about goals and standards and have clear boundaries of autonomy, they act with commitment toward accomplishing results.

Leadership Is the Engine

If becoming a high performing organization is the destination, leadership is the engine. While the HPO SCORES model describes the characteristics of a high performing organization, leadership is what moves the organization in that direction.

In high performing organizations, the role of formal leadership is radically different from traditional organizations. High

performing organizations do not rely on cultivating a great, charismatic leader but on building a visionary organization that endures beyond the leader. The role of leadership shifts from privileged status and power for its own sake toward a more complex, participative, long-term process. As this book will continually emphasize, once leaders establish the vision, they assume the attitude and behavior of a servant leader. Because they are so important, the attitudes and actions of servant leadership are discussed in detail in Chapter 12, “Servant Leadership.”

In high performing organizations, leadership practices support collaboration and involvement. Leadership is assumed at every level of the organization. Top leaders live the organization’s values. They embody and encourage a spirit of inquiry and discovery. They help others think systematically. They act as teachers *and* lifelong learners. They are visible in their leadership and have the strength to stand firm on strategic business decisions and values. They keep everyone’s energy focused on the bull’s-eye of excellence.

In high performing organizations, leadership is not the province of formal leaders alone; leadership emerges everywhere. Individuals with expertise come forward as needed throughout the organization. High performing organizations do not depend on a few peak performers to guide and direct; rather, they have broadly developed leadership capabilities. This allows for self-management, ownership, and the power to act quickly as the situation requires.

The HPO SCORES Quiz: How Does Your Organization Score?

To begin to see how your organization scores, take a few moments to complete the following quiz. It is based on a few of the questions from the HPO SCORES Profile, an organizational assessment that was developed as part of the research project.³ We’ve also included some supplemental questions on leadership.

HPO SCORES Quiz

On a scale of 1 to 7 , to what extent do you disagree or agree with the following statements?

1 = Strongly Disagree

2 = Disagree

3 = Slightly Disagree

4 = Neutral

5 = Slightly Agree

6 = Agree

7 = Strongly Agree

Shared Information and Open Communication

- 1. People have easy access to the information they need to do their job effectively.
- 2. Plans and decisions are communicated so that they are clearly understood.

Compelling Vision: Purpose and Values

- 1. Leadership in your organization is aligned around a shared vision and values.
- 2. The people in your organization have passion around a shared purpose and values.

Ongoing Learning

- 1. People in your organization are actively supported in the development of new skills and competencies.
- 2. Your organization continually incorporates new learning into standard ways of doing business.

Relentless Focus on Customer Results

- __ 1. Everyone in your organization maintains the highest standards of quality and service.
- __ 2. All work processes are designed to make it easier for your customers to do business with you.

Energizing Systems and Structures

- __ 1. Systems, structures, and formal and informal practices are integrated and aligned.
- __ 2. Systems, structures, and formal and informal practices make it easy for people in your organization to get their job done.

Shared Power and High Involvement

- __ 1. People have an opportunity to influence decisions that affect them.
- __ 2. Teams are used as a vehicle for accomplishing work and influencing decisions.

Leadership⁴

- __ 1. Leaders think that leading is about serving, not being served.
- __ 2. Leaders remove barriers to help people focus on their work and their customers.

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How Does Your Organization SCORE?

It is possible to receive a total of 14 points for each of the elements and for the supplemental questions on leadership.

Add the scores for each element to determine how strong your organization is in that element.

Score 12–14 = High performing

Score 9–11 = Average

Score 8 or below = Opportunity for improvement

How Should I Use My SCORES?

Although this quiz may help you begin to determine if your organization is high performing, it should not be used as an organizational analysis. The main purpose of the quiz is to guide your reading. While the sections and chapters of this book are sequenced for good reason, they may not be laid out in the order that most matters to you and your organization today.

While it makes perfect sense to us to focus first on setting your sights on the right target and vision, it may make more sense for you to start with having the right kind of leadership. For example, some of our clients have a long history of having the right target and vision, but in recent years, some self-serving leaders have risen to the top and have been causing a gap between the espoused vision and values and the vision and values in action. Other clients have a real sense of the right target and vision, but a culture has emerged that is not treating their customers right. If that sounds familiar to you, you might want to start with Section II, “Treat Your Customers Right.” However, if you are just beginning your journey to becoming a high performing organization, we recommend that you start with Section I, “Set Your Sights on the Right Target and Vision.” Then move through the planned sequence of sections from how you treat your customers and your people to a hard look at whether you have the right kind of leadership.

We recommend that you first skim the entire book in sequence. Then go back and read the book more closely, beginning with the corresponding section(s) and chapters that address any element on the HPO SCORES quiz on which you scored 8 or less.

The sections and chapters that address specific HPO SCORES elements follow.

Shared Information and Open Communication

Section III, “Treat Your People Right”

Chapter 4: “Empowerment Is the Key”

Chapter 9: “Situational Team Leadership”

Chapter 10: “Organizational Leadership”

Chapter 11: “Leading Change”

Compelling Vision: Purpose and Values

Section I, “Set Your Sights on the Right Target and Vision”

Chapter 2: “The Power of Vision”

Ongoing Learning

Section III, “Treat Your People Right”

Chapter 4: “Empowerment Is the Key”

Chapter 5: “Situational Leadership® II: The Integrating Concept”

Chapter 6: “Self Leadership: The Power Behind Empowerment”

Chapter 7: “Partnering for Performance”

Chapter 8: “Essential Skills for Partnering for Performance: The One Minute Manager®”

Chapter 9: “Situational Team Leadership”

Chapter 10: “Organizational Leadership”

Chapter 11: “Leading Change”

Relentless Focus on Customer Results

Section II, “Treat Your Customers Right”

Chapter 3: “Serving Customers at a Higher Level”

Is Your Organization High Performing?

Energizing Systems and Structures

Section II, “Treat Your Customers Right”

Chapter 3: “Serving Customers at a Higher Level”

Section III, “Treat Your People Right”

Chapter 8: “Essential Skills for Partnering for Performance: The One Minute Manager®”

Chapter 9: “Situational Team Leadership”

Chapter 10: “Organizational Leadership”

Chapter 11: “Leading Change”

Section IV, “Have the Right Kind of Leadership”

Chapter 12: “Servant Leadership”

Shared Power and High Involvement

Section III, “Treat Your People Right”

Chapter 4: “Empowerment Is the Key”

Chapter 9: “Situational Team Leadership”

Section IV, “Have the Right Kind of Leadership”

Chapter 12: “Servant Leadership”

Leadership

Section IV, “Have the Right Kind of Leadership”

Chapter 12: “Servant Leadership”

Chapter 13: “Determining Your Leadership Point of View”

