

► **Five Practices to Accelerate
Your Organization to High
Performance**

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Today's ever-changing world of business is characterized by more dynamic corporate environments, increasingly competitive markets and rapid speed of technology. Consequently, it has become imperative for business leaders to evolve and arrive at a refined organizational strategy able to accommodate sustained business success in times of contemporary change. Driving the improvement of your company's performance to

the highest level does not just happen by itself, however. There are five practices you can apply in the short term to become the pacemaker in high performance for tomorrow. By utilizing these practices and setting the pace to sustainably deliver superior results, you can deliberately steer your organization toward high performance on your very own transformative journey—not by chance, but by choice.

Why High Performance Organization matters

Strategic challenge

„Corporate transformations still have a miserable success rate [...]. Studies consistently report that about three-quarters of change efforts flop — either they fail to deliver the anticipated benefits or they are abandoned entirely.”

Harvard Business Review, November/December 2017

High Performance Organization helps companies successfully handle their strategic challenges



Reduce complexity and increase productivity



Improve collaboration & behaviour



Increase speed of innovation

Figure 1: Impact of a High Performance Organization

With the impending organizational challenges and shifting business environments contemporary business leaders ultimately face in today's corporate world, it has become vital to discern exactly why some organizations perform better than others. The list of outperformers who have excelled in recent history include long-lasting and traditional companies such as Johnson & Johnson and Coca-Cola as well as most prominent Silicon Valley giants including Facebook and Alphabet. There was certainly no miracle moment for these companies. Instead, a down-to-earth, pragmatic and committed-to-excellence framework kept each company, its leaders as well as its workforce on track for the long haul. Hence, in times of increased competition, globalization and greater speed of innovation through rapid technological advancement, managers in the early twenty-first century are bound to find new ways and methods of sustainably adapting their organization to a new age—using steadfast discipline over the quick fix—or else dread a constant fear of being left behind. Thus, while existing organizations should comprehend that in order to survive and grow a constant dispute of doing business is entailed, the actual shift toward shaping a future-oriented organization, however, can be particularly difficult to initiate for companies that are already performing well. After all, why fix something that does not appear to be broken? The growing challenge is therefore to learn how to adjust strategies and operations to the rapidly changing business environment and instinctively keep pace with the times. Only then can organizations and their employees consistently deliver superior results—today and in the future. Though a High Performance Organization has proven as the A-B-C for seeking future organizational success, choosing to create one does not simply happen overnight. A revolving organizational mindset requires great ambition, vision and determination—altogether highly performant organizational traits entailed to changes that ultimately have to be driven by opportunity, rather than chance. The moment this mindset becomes anchored within your organization can be pivotal. It can lead to an exceptional organizational transformation needed to outlive the challenges that loom ahead, instead of merely perpetuating efforts of mediocrity.

Let's be clear: no one organization holds the panacea for organizational success. Rather, high performance must be systematically tailored to the respective organizational setting in a disciplined manner, over an extended period of time, and under

scrutiny of strengths and weaknesses—from all angles. This necessitates first and foremost to continually challenge the organization's strategy, while parsing its goals and inherent values that are embedded within. After all, choosing the route to your very own high performance success almost always calls for your organization to rethink its entire approach of doing business, thereby taking into account dedicated goals such as customer centricity, agility, efficiency as well as innovativeness.

Undeniably, the high performance journey can be exhilarating for those who are prepared and clarifying for those who are not. Few can achieve it without investing in the organization, and few can do it without any external impulses. The transition into becoming a High Performance Organization does not suffice in one short-handed 'transformation department', nor can it be left to the discretion of individual executives. But as your performance differential to current and potential competitors begins to widen, your organization as a whole should learn to grasp that taking the road to high performance is not a choice but an imperative.

What is a High Performance Organization?

Definition

High performance is the willingness and ability of an organization and its employees to consistently deliver superior results – today and in the future

Role models for High Performance Organizations



Porsche Le Mans race car

- ▶ Highly efficient
- ▶ Elements perfectly synchronized
- ▶ Smart strategy & tactics



Team of surgeons

- ▶ Clearly defined roles
- ▶ Synchronized collaboration
- ▶ Very well trained



Bee-hive

- ▶ Self-driving system
- ▶ Teamwork
- ▶ Emotional intelligence

Figure 2: Role models for High Performance Organizations

By presenting five practices for becoming a High Performance Organization, we are tackling the journey head-on. From the corporate level to the individual, these practices will aid your entire organization in handling future strategic challenges successfully and becoming progressively better prepared to deal with changes in the modern age of doing business. Apply these practices starting today—whether you are a C-level executive or an aspiring team leader—to equip your organization as a pacemaker for high performance tomorrow.

01 Decide what you want to improve first

For most executives, the main challenge in building sustained business success in a High Performance Organization is determining where to begin. Starting costly transformation programs or rolling out trendy tools and methods will quite frankly not ensure success of your journey to high performance. In general, impulsive efforts for organizational transformation—despite the fanfare that usually greets these transformation programs in contemporary organizations—tend to have a negative effect on performance, at least in the short run.

Therefore, prior to initiating organizational change, clearly identify what exactly you want to achieve in the future. Determine your goals, beginning with your overall vision for the long term, and delineate your organization's general characteristics. Based on the big picture, you will be able to identify the unique organizational traits that differentiate you from others and make your organization extraordinary. By comparing your future image with your current reflection, you will then recognize what needs to be changed, exhaustively pinpointing the gaps to be closed. For most organizations, the stretch to close these gaps is becoming increasingly greater, therefore it is useful to break down your plan of adjustments into sections that are manageable. Once you are clear about a) what to achieve and b) what to change in order to achieve the desired outcome, you can then move on to c) and decide how to effect that change. The 'how to' is the means to an end in the process of performant change. An organization would be well-advised not to follow a reverse order of transformational change, for example by implementing a 'we-are-working-agile' approach and deciding how to change something without having identified what necessarily needs to be changed in the first place.

Subsequently, this process of improvement helps maintain available resources to best achieve tangible results, rather than jeopardizing your organization's motivation and support by implementing complex programs with limited success. This first practice should guide every one of your future management decisions as a 'holy grail' on your journey to high performance and can also be applied within the following practices. After all, a systematic change of an organization requires vigorous and well-considered prioritization as the most essential trait to putting aspirations into practice.

02 Observe yourself from a customer's perspective

Regardless of how successful your organization has been in the past—with regard to processes, workforce or perceived superior products—relying on your organizational self without deliberate and genuine observation what you do from an outside perspective can result in tunnel vision and impede organizational changes to come.

One of the most prominent victims of this kind of 'active customer inertia' is exemplified by Blockbuster, a once-dominant U.S. video-rental chain. Though the company may have survived the transition from VHS to DVD just fine, Blockbuster nevertheless failed to recognize changing customer expectations for on-demand video services. Hence, they eventually succumbed to newcomers like Netflix, who swiftly acknowledged the changing customer's desire for hassle-free movie rentals: their disruptive business model began by sending DVDs via 'snail mail'. This gave Netflix an edge to transition into the next customer phase, namely the online streaming services which to this day doubtlessly boast on a worldwide basis. Hence, get up from your current position, step aside and have a look onto

your organization in action from the perspective of an impartial observer. Consistently delivering superior results requires a deep understanding of your customers' expectations, instead of merely reacting to them. In times of transparent markets driven by well-informed, self-confident, and demanding customers, you will need to integrate the company's technology and capabilities into a truly customer-centric business model.

In doing so, filter out your customers' preeminent needs by diving into your own market with eyes wide open. Empathize with the customers you are currently addressing and take their perspectives on current and future products, services, employees and the like. Get in touch with the customers—meet with them, listen to them, talk to them—in order to accurately define their problems and meet their demands. Surely, 'true customer obsession' is a key principle for Amazon's Jeff Bezos; aligning the business around the customer keeps a company relevant, competitive and growing. Yet, you do not have to be a potential trillion-dollar-valued powerhouse to succeed. Once customer-centricity is put into practice, your organization will begin to bear a striking resemblance to the likes of Amazon in the process. You will be surprised by the identifiable shortcomings, regardless of how well you are currently performing! Instead of optimizing from the inside-out, insights into your customer base should be reflected in all future processes, thereby addressing your customers' needs today and tomorrow. These needs define the required output, and delivering it makes your organization effective.

03 Focus on leveraging your employees' potential

Not only has the corporate environment heavily changed over the past and the impending years, but the expectations and capabilities of your employees have already, and are going to continue to change (in fact: grow) increasingly faster. Realizing your employees' potential to its fullest often requires breaking through barriers and creating new paradigms within your organization. Nevertheless, a majority of organizations still rely on setting long term goals for their workforce top-down. This mentality risks losing touch to employees by focusing solely on costs and capital to enhance productivity. Following, regardless of its potential, your workforce may remain dormant if not appropriately managed and properly nourished by the right organizational ingredients.

Consequently, do not underestimate the power of your employees and the leadership role you need to adapt to make the most

of your workforce. After all, the willingness of your organization is reflected by the willingness and ability of the many individuals' work—and you are leading them. As such, the essential employee must see what others miss, do what others refuse, and continue to push when prudence says stop, all the while looking into the future. A leader should not only be looking for people to do their jobs better, but to recreate their jobs in their own image, discovering new standards along the way to increase efficiency, productivity and opportunities that impact your organization's bottom line. Fostering this employee potential is the core of management and requires both knowledge and inspirational skills.

Zappos for example uses a bizarre yet effective method called 'holacracy', which unleashes its employees' power to thrive and innovate. The online retailer believes in distributing decision-making authority among self-organized circles, which are comprised of employees with various roles rather than stringent job descriptions, thereby increasing the potential for self-organization to generate innovation. Therefore, you should focus on providing tools for efficient work and inspiring working places to foster your employees' competencies and strengthen creativity by actively enabling them to contribute to these new challenges. Identify and embrace differences that everyone brings to the table and consider ways to allow their unique qualities to contribute to the organization as a whole. Even if that means taking your employees out of their comfort zones and not allowing them to grow complacent in order to keep their interest in increased productivity engaged. Only then can you enable teams with complementary skills to steadily outperform. Activating the human capital of your organization ultimately strengthens the potential for further innovation as the basis for high performance in the future.

04 Maintain flexible resource allocation

Realizing the full potential of the organization is all too often limited by centralized decision-making. This is especially true for traditional organizations that have been established over years, rendering a strong track record within their respective industry and operating in relatively stable environments for a long period of time. Led by enduring top management careers, from the operational level up to the C-suite, executives of these lasting organizations oftentimes feel the need to continue to 'support' daily business activities in the form of decisions that affect operational units. This from of micromanagement by the

C-level, however, frequently leads to resource reallocation and subsequent initiatives that have little or no impact on the company's success (if not doing more harm than help) despite the paramount executive belief in having contributed to the greater good of the organization.

Top management should concentrate on its own tasks: choosing the right people for management level positions, offering strategic direction, and setting strategic targets. This kind of management guidance and transparency is key to freeing up the organization from within. Only then can employees and teams identify specific ways to contribute to these targets. Founder and supervisory board member Prof. G. W. Werner of the German drugstore chain DM recognized this early in his career, making the company one of Europe's industry leaders. The headquarter, for example, does not attempt to control every detail but offers store management the choice of promoting a specific product group if the store's neighborhood promises attractive revenues. In addition, local teams are encouraged to organize themselves in terms of task division and shift management, as long as the store contributes to a valid target set.

In conclusion, operational management normally has better insight and more information about latest developments in their area of responsibility. For this reason, you should utilize your organization's knowledge and instinct for promising projects, only consulting with the executive team when absolutely necessary. Provide your middle management and its teams with freedom to allocate talents and funds, instead of driving them by command and control; the new operational workforce will not respond to an iron fist. After all, your operational managers are the ones dealing with the day-to-day aspects of your business. Elevating them as the up- and downstream conduit for your organization will promote effectivity and a strong contribution to overall targets. Sooner or later, winning organizations will grasp the enormous value of engaging their operational management as the catalyst for significant business success.

05 Use partnerships to leverage external know-how






The focus on your organization's core competencies can at times limit innovative thinking. The organization is entrenched on past and current products, methods and capabilities. Even if willing to adapt, ideas and knowledge are limited at some point, especially in times of rapid change within the entire corporate


environment. Hence, understand that relentless improvement in a high performance setting is fostered inside as well as outside the box. On the one hand, sticking to the inside of the box assists you in improving in the basics of your business. On the other hand, thinking outside the box and letting go of what no longer works necessitates acts that may at first seem as ones of grand absurdity and utter determination in high performance for your own organization—in other words, the behaviour of an innovator. Thereby, in order to encourage your organization, offer new perspectives, new experiences and new ways of thinking—like those of Joe Jimenez, former CEO of Novartis, who is embracing digitization experience from industries across the board, such as the automotive sector, and adapting the disruptive findings to a pharmaceutical context.

Notwithstanding the limitation of your own innovative power, this is the moment when partnerships are helpful in integrating external know-how. Collaborate with external partners to leverage existing capabilities and create new ones. That is what medtech giant Medtronic achieved by partnering with IBM Watson Health: using cognitive computing they took diabetes medication to the next level of integrated diabetes management solutions. Such partnerships are also good for IBM on its transformative way from office hardware and service to artificial intelligence solutions.

Integrating external partners enhances the innovation potential and outside-the-box thinking, levels of which may occasionally run low or have already been depleted within your organization. After all, this kind of partner integration is beneficial for working methods and processes as well as for market potential and can elicit a new level of performance.

Five Practices to Accelerate Your Organization to High Performance

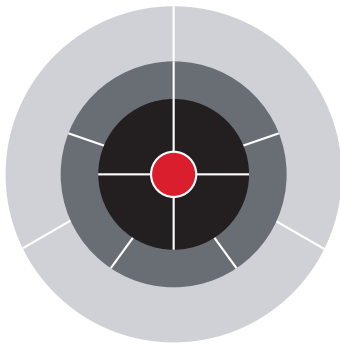
	Practice	Explanation
	Decide what you want to improve first	Organizational transformation towards high performance starts with meticulous prioritization for change. For your future set-up, identify what you want to achieve, the efforts you have to put in to achieve the desired outcome and only then start to put your pursued targets for change into practice.
	Observe yourself from a customer perspective	Proactive change demands the assimilation of multiple viewpoints for collective organizational learning. Have a look at your organization in action from the perspective of an impartial observer, such as the customer. Discern their needs and address potential shortcomings in the current setting to redress them in your future High Performance Organization.
	Focus on leveraging your employees' potential	The employees' willingness and ability to deliver superior results reflects the capability of an organization to achieve high performance. Realize your employees' full potential by providing the right tools and thus empowering them with complementary skills to steadily outperform.
	Maintain flexible resource allocation	Top management of a High Performance Organization essentially focuses its efforts on providing guidance and steering – giving strategic direction and setting targets. Free up your organizational hierarchies. Let go of centralized decision-making and instead engage operational management as your catalyst for up- and downstream conduit.
	Use partnerships to leverage external know-how	Organizations that outperform enhance their core competencies with the use of external know-how. Bring in new ways of thinking by integrating knowledge from external impulses in order to enhance outside-the-box thinking within your organization.



The five presented practices for high performance are of major strategic imperative for conquering today's fast-paced world of business and sustainably delivering superior results. It would be misleading, however, to imply that these five practices are exhaustive or that, by initiating them, you will revamp to become an outperformer by mid-afternoon. Their aim is rather to provide you with a toolset to initiate your own transformative high performance journey, starting today. Applying these practices will elicit a manifold of positive results that will in turn facilitate achieving your goals, thereby affecting essential design elements within your organization: structure and processes, governance, people, and technology/digitization. The practices can be applied on all levels of the organization, starting with the individual as well as teams and ending with

the organization as a whole within its compelling ecosystem. Those who can realize the full potential—from the individual to the organization—have the greatest chance of achieving high performance. Better still, those who can harness the enduring desire for learning and growth, accepting change as a positive outcome, are likely to find that their ability to reach their performance goals has become self-renewing. By taking action and attaining a certain momentum, you will be startled to see that the willingness and ability of the organization to consistently deliver superior results—today and in the future—will ultimately develop of its accord. In the end, when an organization has become a locus of heightened experience, sustained high performance is the only logical consequence. It is now up to you to select choice over chance.

Building a High Performance Organization with the Porsche Consulting approach



The Porsche Consulting HPO-Approach



Master strategic challenges ...

Corporate strategy and business model determine the organization of the future

- ▶ Digital transformation
- ▶ Speed of innovation
- ▶ Increasing complexity
- ▶ Reduced productivity



... by using the five HPO-levers

Transform your organization with best practices and latest scientific insights

- ▶ Structure
- ▶ Processes
- ▶ People
- ▶ Governance
- ▶ Digitization



... to affect at all levels

Affect means to influence on all four levels of your organization

- ▶ Individual
- ▶ Team
- ▶ Corporate
- ▶ Ecosystem



... and reach your goals

Stay ahead of your competitors

- ▶ Customer centricity
- ▶ Agility
- ▶ Efficiency
- ▶ Innovativeness
- ▶ Compliance

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Porsche Consulting.

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