

Factors Behind High Performance

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Abstract According to Rogers (2005), the Bain analysis shows that only around 15% of companies actually have an organization that helps them to outperform. In creating high-performance environment, leaders recognize three critical factors that determine and guide their leadership responsibility. First, they must learn how to lead themselves before they can lead others successfully. Second, they are not actually delivering the vision themselves, but merely overseeing its delivery by the “real” performers in the organization. Third, leaders should distinguish “leader” from “leadership”. Not everyone can be a leader, but everyone in the organization can assume leadership roles.

Keywords: high performance; high-performance culture; vision; positioning

1. Introduction

Increased local fertilizer production (see table 1) and increased fertilizer prices, especially during 2009-2010 (The Profecy Report, 2010) have led to decreased fertilizer import in Vietnam (see table 2) and put fertilizer traders in more competitive context.

Table 1. Fertilizer production in Vietnam

Year	2006	2007	2008	2009	2010
Total fertilizer production (in thousand tons)	1209.5	1158.4	1294.3	1714.4	2305.5
Annual fertilizer production difference		-0.04	0.12	0.32	0.34

Source: Statistical Yearbook of Vietnam 2010, p. 400

Table 2. Fertilizer import in Vietnam

Year	2006	2007	2008	2009	2010
Total fertilizer import (in thousand tons)	3971.3	3820.2	4135.1	4064.8	2877.1
Annual fertilizer import difference		-0.04	0.08	-0.02	-0.29

Source: Statistical Yearbook of Vietnam 2010, p. 437

The competition also results from the greater number of fertilizer players than that of ten years ago involving in this market. In this market context, we find it important to build an organization that becomes by itself a source of competitive advantage since organization is becoming increasingly vital in the battle for competitive success. However, according to Rogers (2005), the Bain analysis shows that only around 15% of companies actually have an organization that helps them to outperform.

Few companies have an organization that helps them outperform



Source: Bain & Company high-performance organization database (n=365)

2. Impacts of High Performance

Breene & Nunes (2007: 5) identify high-performance businesses by assessing five core areas of business performance:

- Growth, as measured by revenue expansion.
- Profitability, as measured by the spread between the return on capital and the cost of capital.
- Positioning for the future, as measured by the portion of share price that cannot be explained by current earnings and by the portion of the industry total each company's future value represents.
- Longevity, as measured by the duration of out-performance in total return to shareholders.
- Consistency, as measured by the percentage of time out-performance has been achieved, defined for this purpose as exceeding the peer set median, in profitability, growth and positioning for the future.

However, the high-performance workforce study 2006 conducted by Accenture found only 59 of respondents said they use margin/profitability and just half said they use revenue/sales pipeline to evaluate the effectiveness of HR whereas customer satisfaction is one of the most common metrics respondents reported using (2006: 18). Customer satisfaction is the indicator for both day-to-day operation and long-term strategy. Even though Breene & Nunes don't look at this indicator, they refer to day-to-day operational excellence as a benefit of pursuing high performance in addition to the development of strong capabilities and the creation of a powerful long-term strategic vision. Breene & Nunes also found that high performers avoid a myopic fixation on measures of current success and high-performance businesses stimulate a culture of innovation that keeps them from falling behind the competition. (2007: 6)

3. Factors of High Performance

The report of the high-performance workforce study 2006 (p. 7) conducted by Accenture starts with a discussion of reasons for performance shortcomings such as:

- Human resources- and training-related shortcomings including a lack of connection to business drivers
- Failure to measure the business impact of HR and training efforts

- Ineffective or non-existent knowledge capture and sharing capabilities
- The talent time bomb (diminished talent pool dynamics)
- Lack of business-oriented goals
- Lack of functional leaders' involvement in people issues

This discussion gives an overall view of factors influencing high performance. Understanding and managing these factors helps raise the level of business performance, which has become increasingly important as the economic environment has become more conducive to generating more robust financials. Figure 1 displays 11 factors explored in terms of importance to respondents' ability to achieve high performance in the business (The high-performance workforce study 2006: 11)

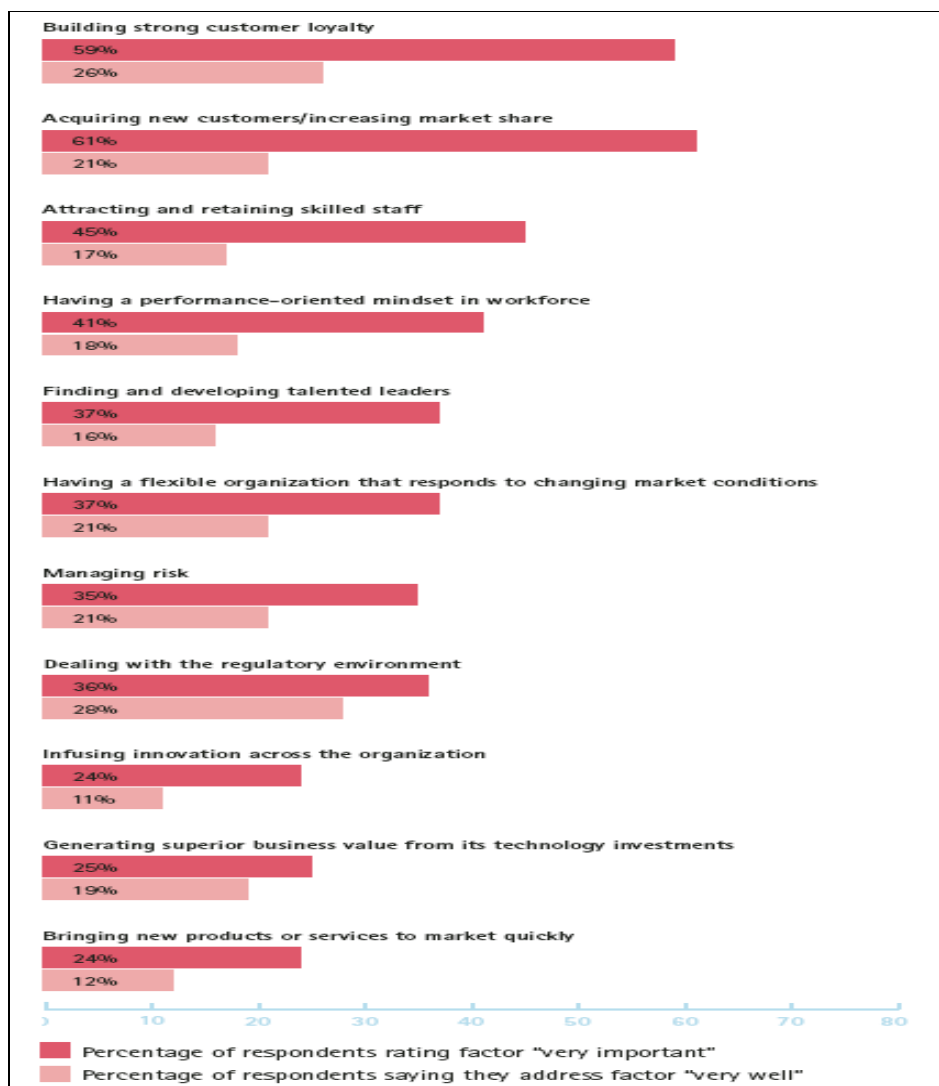


Figure 1: Key factors in achieving strong financial performance: importance versus performance

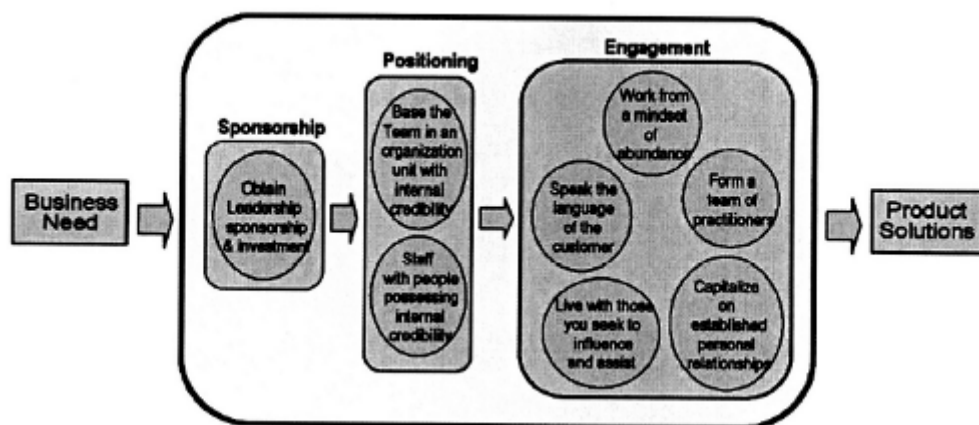
Figure 1 shows that the customer-related factors play the biggest role in the ability of the organization to capitalize on growth opportunities as building strong customer loyalty and acquiring new customers finished first and second, respectively, in importance. Not far behind in the customer-related factors were three HR-related factors: attracting and retaining skilled staff,

having a performance-oriented mindset in the workforce, and finding and developing talented leaders.

37 percent of all respondents considering “having a flexible organization that responds to change” very important reflects that nimbleness has become a key trait of successful enterprises (the high-performance workforce study 2006: 10). The findings, from a new *McKinsey Quarterly* survey, also suggest that managers across all main regions and industry sectors acknowledge the increasing significance of agility and speed (2006). The environment in which organizations operate today is characterized by continuous change and ambiguity, requiring organizational members to be adept at operating on the “edge of chaos” (Brown & Eisenhardt 1998). As a result, the need for organizations to remain flexible and willing to change their strategies and approaches, both quickly and flawlessly, has never been greater.

Harrison & Tarter (2007) looks upon customer-related factors as external events of business need and calls them customer-driven requirements. Besides business need as one of the critical success factors in establishing a high performance internal O.D. team, Harrison & Tarter refers to customer-related engagement factors: speak the language of the customer and live with those you seek to influence, which will build strong customer loyalty and acquire new customers as illustrated in figure 2.

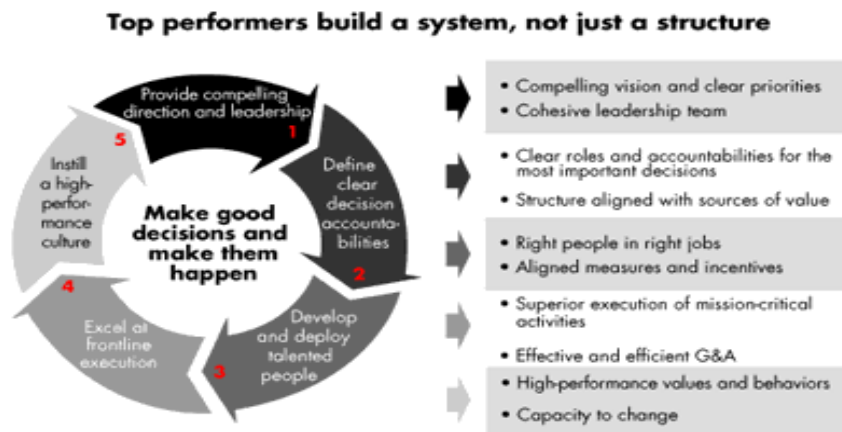
Figure 2. Critical success factors in establishing a high performance internal O.D. team



The engagement factor “work from a mindset of abundance” suggested by Harrison & Tarter (2007) in Figure 2 relates to the factor “having a performance-oriented mindset in the workforce” in the high-performance workforce study 2006 since Harrison & Tarter looks at ways to partner with other groups, drawing upon their expertise, experience, and contacts, and make the “pie” bigger for everyone instead of competing or infighting with other internal organizations.

Schwarz, Barber, & Villis (2006) emphasize people strategy as HR-related factor contributing to high performance since business process changes can be so deep and pervasive that business strategy and people strategy become interwoven to the point that it is hard to tell them apart. People strategy must be embedded in the organization, at the center as well as within the business units and the HR function. Companies that figure out how to integrate employee development, skill building, and recruitment into business activities—and people strategy into corporate and business strategy—will create winning advantage, so talented leaders are those who live, eat, and breathe people strategy.

However, according to Rogers (2006), the hallmark of a high-performance organization is effective decision making, so talented leaders are those who can make the key decisions well and then make them happen. Rogers (2006) also says high-performance organizations build a system, not just a structure.



The high performers are not overly focused on the org chart—who reports to whom—but put their energy into building an integrated system that supports a *decision-driven organization*. They seek to outperform competitors on five vital dimensions:

1. *Set a clear vision* that is simple and inspirational to guide people on the front line.
2. *Define clear roles* and hold the people in them accountable.
3. *Hire people with the right skills and attitude*, and focus them on the measures that matter.
4. *Provide the right tools, working practices, and technology* to help people excel at execution.
5. *Instill a high-performance culture* that motivates people at all levels to get things done and to strive for excellence

Mastering any one of these five areas is admirable in its own right, but it is not sufficient. A company must develop and nurture all five of these elements to help front-line employees realize their full potential.

4. Implications of the Findings

The factors contributing to high performance in organizations are more manageable when collapsed into a framework that emphasizes a focus on four key factors in our quest to establish high-performance environment:

- Defining high performance
- Leading high performance
- Enabling high performance
- Delivering high performance

In order to establish high-performance environment, members of an organization should understand what “performance” means. Performance is multi-level, being defined at five levels: 1) vision – representing a vision in the conventional sense but articulated in a very concrete, overall-performance sense; 2) achievement – represent ongoing performance; 3) innovation – reflecting a focus external to the organization in order to ensure competitive advantage; 4) adaptability – demanding a more internal focus in terms of ensuring that the organization’s processes “flow”; and 5) wellbeing – ensuring that the organization cares for its performers so that they feel valued and care about the organization’s fate.

Levels 2) to 4) are often trying to be reached with unclear vision, so levels 2 to 4) are usually not firmly built, and performers seem not to care about the organization's fate.

In creating high-performance environment, leaders recognize three critical factors that determine and guide their leadership responsibility. First, they must learn how to lead themselves before they can lead others successfully. Leaders of high-performance environments, by the very nature of their success, are people who thrive on pressure, being able to frame and respond to the challenge in a positive way. Second, they are not actually delivering the vision themselves, but merely overseeing its delivery by the "real" performers in the organization. Leaders in high-performance environments recognize their leadership responsibility and focus on providing an environment in which their performers can also thrive. Third, leaders should distinguish "leader" from "leadership". Not everyone can be a leader, but everyone in the organization can assume leadership roles. The leaders in high-performance environments embrace and foster internal leadership capability at all levels of the organization.

High-performance environments focus on enabling people to perform rather than demanding it from them. Performers should be provided with the right tools and equipment that maximize the efficiency as well as the effectiveness of their performance on the basis of the right information in the form of goals and feedback. Moreover, performers should be optimally incentivized to perform with the balance between the usual tangible rewards on offer and the less-tangible incentives that truly motivate people such as a sense of belonging, and feelings of competence and autonomy.

Finally, organizations must have "real" high performers with high-performance capacity including not only the necessary job-related skills and knowledge but also skills that enable them to thrive on the pressure, with high-performance beliefs and attitudes involving high levels of commitment to the organization, and with high-performance behaviors such as ownership, responsibility, team work and voluntarily assuming extra-role contributions that serve to support to support fellow performers.

However, in order to activate all above factors contributing to high-performance environment, organizations must capture hidden values of the organization as McKenna, Wilczynski, & Hage (2006) suggest the first step of any business process improvement is to know where in the organization value could be captured and where levers need to be pulled.

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