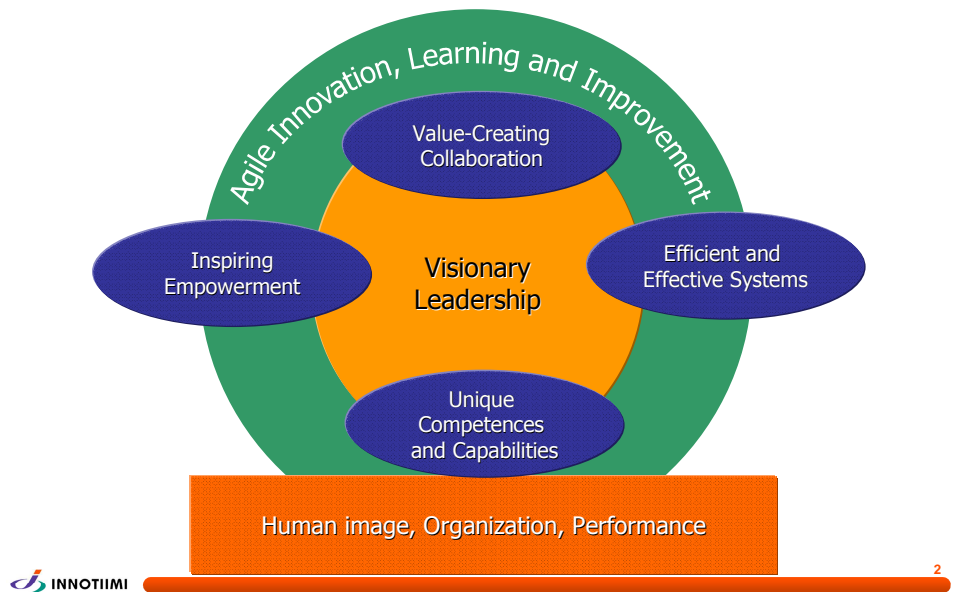


15.10.2007

### High Performance Organization

Leaders of today face ever-increasing complexity in private business and public sector. Innotiimi meets the growing need for a new orientation that organizations need to excel when faced with today’s challenges. This presentation aims to initiate an ongoing dialog about what is meaningful and important to organizations that seek to achieve high performance.

## High Performance Organization



### Human Image

Our view of the human being is holistic. We feel, think and act based on the emotional, rational and practical issues we face. We also acknowledge that man has spiritual, social and physical needs. We need to take account of these realities whether interacting or intervening in the life of our organizations.

We think every person has the capability to manage oneself. The question however is: “How can we free our inner potential for living an enjoyable and meaningful life with people we care for, in the organizational context and in society?”

### Organization

“Organization” is the structured arrangement of individuals, who have joined to the group to realize its mission. The mission typically originates from the founder and is communicated to the organization. However, it can also emerge from the organization – produced by the ongoing dialog in the organizational community.

The organization is not only a workplace but a living and learning community. In such organization, we share our experience, dreams, vision and values. Our stories convey important messages to future generations of a growing organization. Our work in the organization and being a committed member of the organizational community is how we contribute to society.

## Performance

“Performance” refers to economic value, customer value and social value. It is not only about profitability, but also about customer satisfaction, the society’s and community’s well-being, process performance and people’s development.

There is no single measure that determines “high performance” – it depends on what we value. The first evaluation of a high-performance organization is made by its owners or by society: to invest or not to invest. The second -- and perhaps the most important -- evaluation is made by the customer: to buy or not to buy, to use or not to use. Finally, we need to balance the organization’s performance with other stakeholders’ requirements.

High performance in the free markets means that the organization has sustainable growth and is profitable. In the public sector the primary consideration is its positive impact on society and the efficient use of resources.

## 1 Visionary Leadership

### **How to define excellence, share high expectations and create our strategy to achieve outstanding results?**

Leadership today is confronted with the tension between stakeholder expectations and the organization’s unique ability to respond to these expectations. This tension challenges leaders to maintain dialog and create solutions with many different stakeholders. Also, we need to gather information to understand our business environment such as the competitive situation, new technologies and emerging trends in society.

A leader’s personal ambition and leadership ability are crucial. What does the leader want personally to achieve? How to move other people and inspire action? How to set examples? Here, success requires discipline and creativity.

High performance is about the future and sustainable growth. The key to visionary leadership is to create strategy, which helps to decide what to change and what to maintain. How do we allocate our limited resources such as money, time and competence to realize our shared vision?

## 2 Unique Competences and Capabilities

### **How to identify and develop competences, and understand the unique capabilities of people?**

Human capabilities and competences are the true source of competitive advantage. Whatever we might document or agree on, it only scratches the surface of the complexity of real life and work. The more complex the business, processes or services, the more specialized the competences that underlie our ability to perform.

Competences come from individual experiences and the learning ability based on that. Other forms of knowledge creation and sharing -- such as education, training, benchmarking, challenging tasks or research work -- rest on this individual experience and learning ability. We call this “tacit knowledge” in the learning organization.

In what can we be the best in our business? Can we create economic and social value based on this? Do we have capable people now? If not, do we need to recruit, or could we build a network?

Sustained “high performance” requires long-term inspiration, motivation and commitment. Deep core competences cannot emerge without individual and collective experimentation, reflection and coaching.

An organization has varying levels of capability and motivation of people depending on personality, life experience and the physical body. Not every task requires special knowledge. Most tasks are routine, and need to be executed with skill and discipline to promote success. The question is one of finding a balanced set of tasks, responsibilities, competences and capabilities.

## 3 Inspiring Empowerment

### **How to achieve commitment and high performance with people through personal inspiration, dialog, and support?**

Every person has a mental self-image and knows intuitively when he or she has done well. The reference might be inside his or her mind or they seek for recognition by other people. If our understanding and expectations of our performance are low enough, we might accept average achievements. The key question is: “How do we know that our performance is high enough?” By benchmarking with our competitors we can learn what is needed to be better. By looking for best practices we learn what is possible. This, combined with dialog, can help balance and match individual ambitions with organizational goals.

Organizational high performance is first of all a result of collaboration. Good collaboration requires that we design processes, identify roles, assign responsibilities and create supporting systems. Performance is influenced by various circumstances, so there is always a need for continuous reflection and learning.

We need to value high performance, to observe it when it is achieved, to praise and to acknowledge those who have contributed to it.

One of the most difficult tasks is to confront non-collaborative, counterproductive behavior and to constrain it. For an organization's leadership, this is an issue of ethics and of well-being. What kind of behavior or performance is not to be accepted or tolerated in a community?

#### 4 Value-Creating Collaboration

##### **How to design collaborative space and networks, and build partnerships that promote trust and overcome barriers?**

Without trust, all other attributes can be ineffective. There are organizations that try to replace trust by control, but this leads to high costs and stagnation. Trust is an emotional issue: one cannot mandate it; trust emerges from mutual acknowledgement and successful common experience. Trust is transactional, and incorporates respect, communication, sharing and support. How to analyze circumstances and take care of all relevant enablers for the people to fulfill the task in successful way?

Barriers to high performance are not only organizational, but psychological. In many cases our minds restrict our actions and innovations more than our environment does. To overcome such barriers and promote innovation, we can bring together people with different expertise and capabilities.

When we have an atmosphere of trust, collaboration drives us to results that exceed our expectations. Such high performance requires well-functioning teams. High-performance collaboration is revealed through a phenomenon called "flow," which is well-known in sports. "Flow" emerges when all the team members work towards a shared goal, supporting and energizing each other.

Value-creating collaboration also relates to cooperation with other organizations in a supply chain or value-creating network. Unique technology, knowledge, or competence could create a strong role for an organization in a value-creating network, with the potential to generate sustainable growth and profit. The absence of such a role may leave an organization in a disadvantageous situation that it is barely surviving. In any case, partnership building with customers and key players in a network strengthen an organization's future prospects. Partnerships may lower costs, shorten response time, and boost value creation through joint innovation and improvement.

#### 5 Efficient and Effective Systems

##### **How to identify, understand and design processes and use of information to make strategy work?**

One of the most important and challenging issues for leaders is to deploy a well-designed strategy in daily operations. It is people's activity, not documented plans or power-point slides that brings results.

An operational system both guides and enables people's actions. The operational system refers to information, economics, quality, environment, safety, security, rewards, reporting and knowledge creation. The bigger the organization, the more important the operational systems needed to achieve high performance.

To integrate systems for value creation we need to identify, understand and design key organizational business processes. The starting point is to design effective process architecture based on the understanding of the customer process. How do we add value to the customer process? We need also to consider support processes such as competence development, purchasing or recruitment to enable the core process to deliver value efficiently.

Value creation is a horizontal process, not a functional or vertical one. "Process" means the transformation of input into output to achieve desired results. To do this effectively, we have to identify and acquire relevant data, information and knowledge, and to make it available for further use in future decision-making, daily work, follow-up, improvement and rewarding.

Systems and processes tend to become complicated and inefficient. This inhibits people in understanding the effects of their actions. It is important to clarify and to simplify processes, and to achieve the flattest possible support structure. We want to avoid unnecessary bureaucracy that leads to sub-optimization, slow response time, high cost, low quality and poor information flow. Operational systems should support deployment and co-creation of strategy and value creation.

## 6 Agile Innovation, Learning and Improvement

### **How to innovate, learn and improve to meet the changing needs of customers and other stakeholders?**

An organization's only long-term competitive edge is the ability to innovate, learn and improve faster than competitors do.

Opportunities for innovation and improvement emerge by listening and by understanding the requirements, needs and expectations of our customers and other stakeholders. By doing this we enable the creation of ideas for better products, services and more efficient delivery.

"Innovation" refers to new and practical developments that have economic and social value. Innovation is normally thought to apply to products and services, processes or business models. Recently, it also refers to social innovation such as participative leadership, the concept of the organization as an ecosystem, and virtual teams. To achieve innovation, timing is crucial. How to look for weak signals in order to invest, when the market starts to emerge? Organizations that focus only on short-term economic results create little prospect for innovation. To foster innovation, we need to create an atmosphere of experimentation, risk-taking and learning from mistakes.

The leader's task is to prioritize and reinforce improvement. The most common cause of inefficient and ineffective improvement is a focus on the wrong issues caused by poor strategy development or problem-solving that focuses on symptoms without understanding root causes. One of the most counterproductive management attitudes is to wait for better results by doing the same. Improvement comes not from asking people to do more of the same, but to do it differently.

Successful improvement requires first of all knowledge of direction and the required actors, and only then a detailed plan. Involvement and empowerment of the people may lead to learning and commitment which is needed to make the high-performance organization a reality.

#### Our Credo

The high-performance organization is an inspired, lively community where people are truly involved in the process of leading the organization towards high performance -- and therefore sustainable growth and profitability.