



# High performance management

BY JOHN JESTON

*Process mastery reduces sting of change, complexity*

LEADERSHIP WITHIN ORGANIZATIONS IS FORCED TO respond to the greatest challenge since the Industrial Revolution: globalization and the increasing rate of change and complexity.

The critical aspect is not the formulation of strategy nor the initiation of projects. The key is the management and execution of business processes and process improvement projects. Execution, however, is not mechanical; it needs vision, inspiration, and role models. So how does organizational leadership

cope with these provocations?

This article provides a simple yet powerful framework to align strategy, project objectives, and process execution to become a high performance organization.

## Full business view

Just maintaining your current strategy or even planning to be better than last year is not enough to survive in the 21st century. Organizations must consistently and critically review their

# high performance management

performance and take drastic action when necessary.

More shareholder value has been destroyed in the last five years as a result of mismanagement, wrong decisions, and bad execution of strategy than was lost through all the recent compliance scandals combined. A recent Booz Allen Hamilton survey of 1,200 large companies revealed that at the 360 worst performers, 87 percent of the value destroyed was caused by strategic missteps and operational ineffectiveness. Only 14 percent could be attributed to compliance failures or poor oversight of the company's corporate boards.

The average time a CEO or managing director spends in the top position is continually decreasing, from an average of more than 10 years two decades ago to two and a half years today. As divulged in the study, more than 50 percent of managers make decisions based on their gut feeling, not on hard facts and 36 percent have black boxes in the organization of

which they know hardly anything. The majority of companies that get into a crisis find themselves in this situation because of internal factors, with dysfunctional management (48 percent of the cases) and inadequate management information systems (42 percent) being the most common causes.

Leadership is seen as something we should aspire to and yet management has been relegated to a weaker status. We are surrounded on all sides by blunders and other evidence that we can't run things properly. If "management" doesn't mean running things properly, what does it mean?

Most people think leadership is about creating the vision or strategy for the organization to move toward, and that is certainly part of it (and relatively easy). The hard part is about executing or fulfilling the strategy. Running the organization to a high level of operational excellence should be the driving force. It is about putting everything in place to enable the

## HIGH PERFORMANCE MANAGEMENT MODEL



Figure 1. Managers and staff should perform well together based on a core organizational strategy.

organization to service and satisfy its customers (to an increasingly higher standard); to have the business processes running efficiently and effectively; to have an outstanding relationship with suppliers and business partners; to continually innovate; and to have staff enjoying their jobs so much that they love coming to work.

For this to occur, leaders must create an environment that will allow managers and staff to perform to a high standard and deliver on the organization's strategy. We have called this the creation of a high performance management model (Figure 1), and very few organizations have achieved this.

To achieve this high performance, management needs to recognize that the way they have been operating in the past is no longer appropriate. Management needs to change their current method of managing and this can be confrontational to both the organizations leadership and management. After all, managers have executed their roles for decades using a certain set of skills and activities, and they are now being told that their existing mechanisms do not work.

No one except the leader and the leadership team can provide the courage for the necessary changes to occur. The leader must provide the vision of what he wishes the organization to look like, behave like, and aspire toward.

## Role of managers

As managers commence, the discussion will be confrontational. In the movement to a new management model, many managers may lack the necessary confidence and skills to achieve what is required of them in a structured and sustainable manner. Without both the confidence and skills, high performance management is unlikely to be achieved.

Managers should be supported through this transition by the transfer of appropriate knowledge, skills, and assistance. Provisions may include:

- Encouragement and necessary resources by their leaders
- A proven structured approach with a roadmap and guidelines
- Practical management training (Most training over the last 30 years has been leadership-based and yet little, if any, has been provided on management.)
- Coaching and mentoring that provides a necessary and excellent foundation from which to move forward (The investment in training will mostly be wasted, especially in a management setting, unless it is followed up and supported by individual and group coaching or mentoring.)

In the execution of both day-to-day business operations



*Process execution requires a proactive, dedicated, and passionate approach: high performance management.*

and business process improvement projects, the organization and managers require a structured approach that minimizes risk and guarantees sustainable success. This can be provided at the day-to-day business operations level by the seven dimensions and approach outlined in the management by process framework. Dimensions can also be provided at a project level by the 7FE project framework (Figure 2).

The management by process framework provides a roadmap to sustainable business process management and a vision for a truly high performance organization through process-focus and balance. This journey may be quite distant from the current reality of most organizations, but calculated steps will ensure an efficient transition.

If an organization wishes to take a leap toward becoming more competitive within its particular marketplace, becoming more process-focused is one of the important areas it will need to address. The foundation for the framework starts with gaining an understanding of an organization's strategic objectives and ends with its fulfillment. Unfortunately, some managers appear to stop after the creation of the strategy or objectives.

Strategy is the area on which many executive managers spend a considerable amount of time, effort, and resources. This dimension is where executive management, general line management, and staff understand the power and difference that changes in key business processes can make within an

## high performance management

organization. The best way to start is for executive management to gain a clear understanding that business processes can and will make a significant difference to the performance of their organization and then establish plans to move toward process-focused high performance management. They should back this up not just with encouragement and instructions, but also setting their own line managers to reflect this process focus.

Few people would argue that an organization with a strategy is a bad thing. Few people would argue that having a strategy is not very helpful to an organization unless it is executed well. Yet organizations generally find executing strategy effectively a difficult activity. Recently, a colleague and I discussed this with the dean of business and information technology at a major North American university. The dean stated that when he meets with senior executives within large organizations, they all have well-defined strategies and they are all very similar. In the dean's view, the difference with organizations that are successful is the ability to execute their strategies exceptionally well.

This view is supported by an article in the January edition of *Harvard Business Review* in which professor Cynthia Montgomery stated: "What we have lost sight of is that strategy is not just a plan, not just an idea; it is a way of life for a company. Strategy doesn't just position a firm in its external landscape; it defines what a firm will be. Watching over strategy day in and day out is not only a CEO's greatest opportunity to outwit the competition; it is also his or her greatest opportunity to shape the firm itself."

Leadership development strategists Robert Kaplan and David Norton also support the view that execution is critical in their writing: "Breakdowns in a company's management system, not managers' lack of ability or effort, are what cause a company's underperformance. By *management system*, we're referring to the integrated set of processes and tools that a company uses to develop its strategy, translate it into operational actions, and monitor and improve the effectiveness of both. The failure to balance the tensions between strategy and operations is pervasive: Various studies done in the past 25 years indicate that 60 percent to 80 percent of companies fall short of the success predicted from their new strategies."

Last, authors Larry Bossidy and Ram Charan addressed this system from a manager's perspective in their book *Execution: The Discipline of Getting Things Done*:

"A business leader's most important job is the execution of plans, the 'detail work,' making sure that the staff is getting results. This is the sort of responsibility that cannot be delegated. It is the leader's primary duty to see that every member of the team is carrying out his part of the big plan to ensure the whole company's success. There are no excuses for failure:

## 7FE PROJECT FRAMEWORK

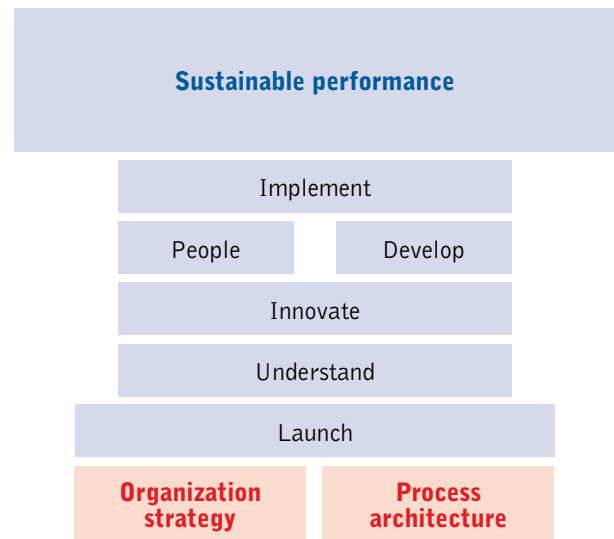


Figure 2. Seven dimensions of process execution maximize people and technology.

## PROCESS GOVERNANCE MODEL

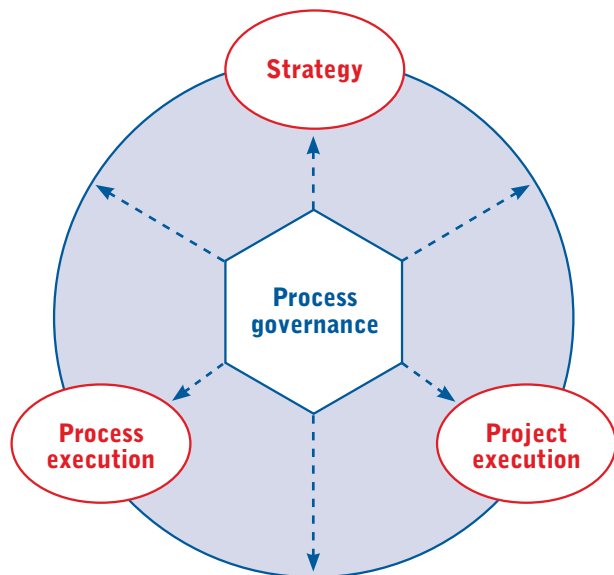


Figure 3. Process governance is the heart of process leadership.

the market will always be tough. What spells the difference between successes and failures is the ability to execute plans."

Therefore, execution is the next component of high performance management, but it is essential to distinguish between two types of execution: project execution and process execution. Much of the process management and business

## PROCESS-PEOPLE SYNERGY

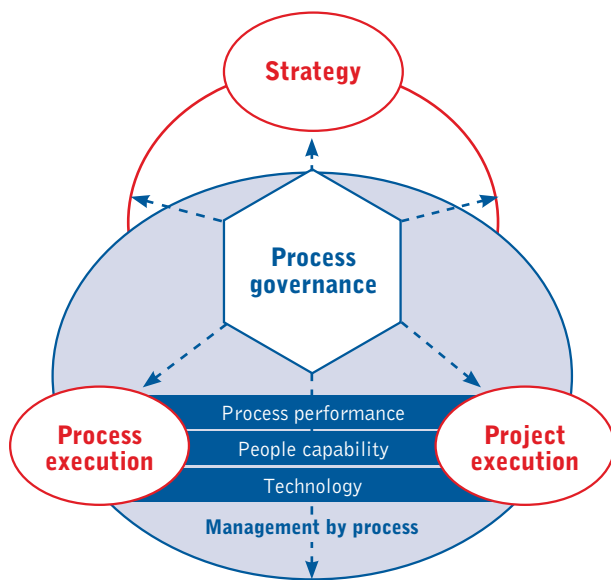


Figure 4. Ideal process-focused management includes the performance of technology.

improvement literature focuses only on one of these elements, resulting in an incomplete picture on how to be successful within an organization.

### Certified success

*Project execution* deals with the execution of projects, programs, or portfolios that contribute to well-defined, pre-defined deliverables with identified resources and a definite start and end date. Project execution is the area where the organization must establish a sustainable business process improvement program and project structure that not only suits the particular organization, but also enables timely projects, delivering real benefits to the organization (benefits that are actually delivered and known to be delivered, not just noted in an approved agenda).

*Process execution* deals with the operational running of the business processes, allocation of people, and use of technology. It is often called operational management or business as usual. Process execution requires a proactive, dedicated, and passionate approach: high performance management. To be effective with high performance management, seven dimensions must be in place and executed to a high standard. Process, people, and technology are essential to the achievement of results. Process execution cannot occur to a high standard without people supported by technology and the ability to take action as a result of business process performance. Note that inappropriate proportions between project execution and

process execution could result in considerable tension within organizations. This is where process governance can help.

Process governance is required to ensure that the strategy, project execution, and process execution perform well and are aligned. Many organizations have a fragmented approach toward governance; for instance, there may be some level of governance on projects and little to none on business processes. However, there is rarely governance on strategy and the interface between strategy, project execution, and process execution.

It is important to understand that governance will have different aspects (roles) for the governance of strategy, the governance of process execution, and the governance of project execution. Different governance will also be necessary for the links between strategy and process execution (aligning process outcomes with strategic objectives); strategy and project execution (project prioritization and portfolio management in line with strategy); and process execution and project execution (embedding project outcomes in business as usual). These interfaces must ensure that all dimensions are systematically and continuously linked as shown in Figure 3.

Finally, Figure 4 shows an overview of the dimensions for an ideal process-focused management framework and how each component interacts with the business and each other.

This management by process framework refers to the normal day-to-day operational activities that leaders, managers, and staff are responsible for performing to a high standard. When performing at a high level, process leadership, process governance, process performance, people capability, project execution, and technology will result in successful process execution. The seventh dimension is strategy and it is critical to providing guidance through a set of objectives and a vision for the organization. All management by process framework activities must be in alignment with the organization's strategy.

For an organization to attain high performance it must address many issues, and from a business process perspective, the dimensions mentioned here are critical to success in this rapidly changing world. As Kaplan and Norton stated, "Break-downs in a company's management system, not a manager's lack of ability or effort, are what cause a company's underperformance." It is, however, the management's responsibility to fix the management system to overcome this lack of performance. ~

*John Jeston has worked in business process management for 30 years with companies in Australia, Saudi Arabia, Mexico, Europe, and the United States. He is a master project director for the Australian Institute of Project Management and co-author of the book, Management by Process: A Roadmap to Sustainable Business Process Management.*

Copyright of Industrial Engineer: IE is the property of Institute of Industrial Engineers and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.