



>
accenture

High performance. Delivered.

High Performance Anatomy

Robert J. Thomas, Ph.D.

Odds against *sustained* high performance are high

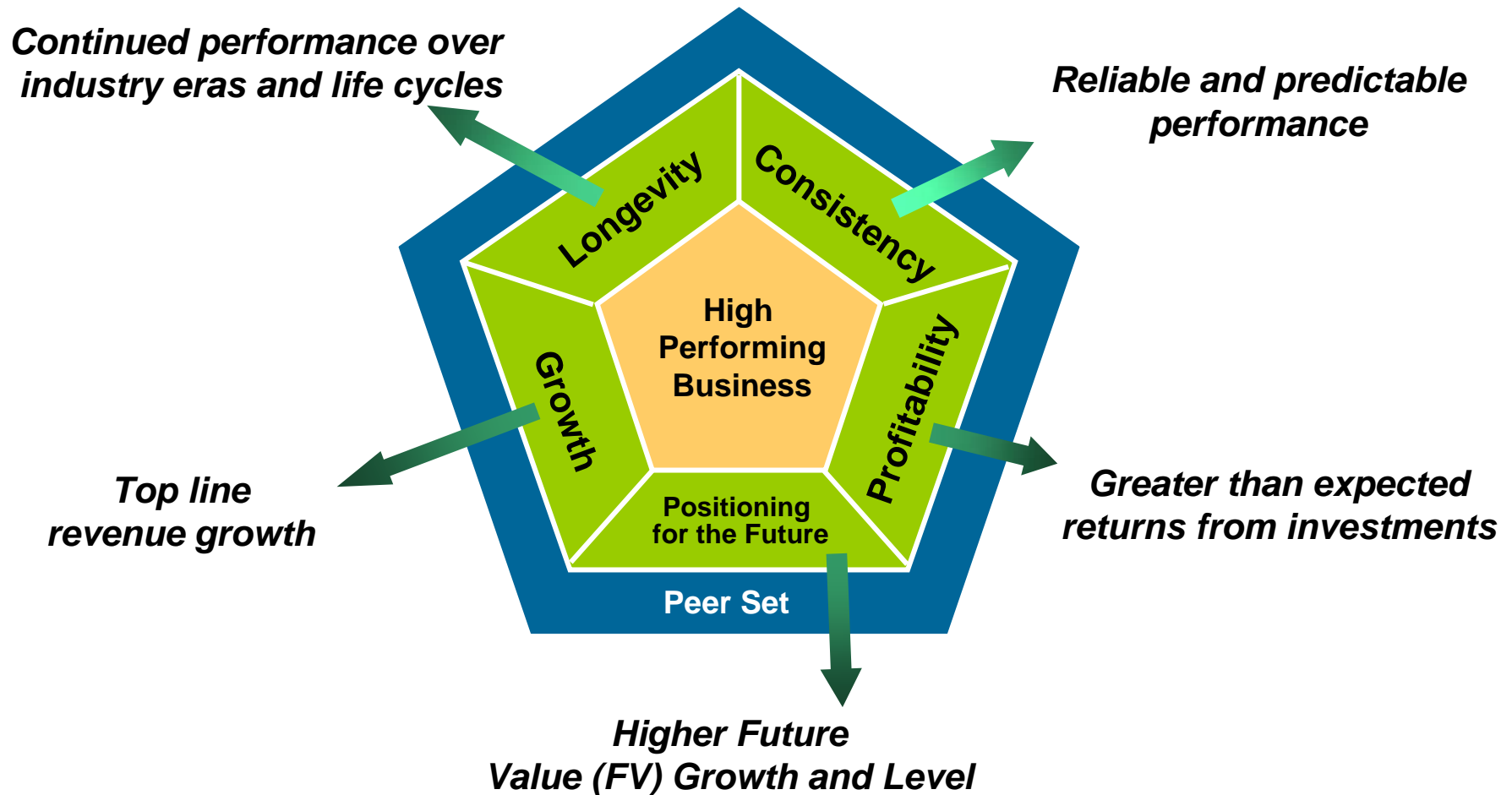


- Only 120 of the global 500 companies of 1992 ranked in global 500 in 2002
- Average lifespan of S&P 500 company now only 15 years. Predicted to be 10 years by 2020
- Less than 1 in 10 companies outperforms industry peer group over more than 10 years
- Only a small fraction of businesses outperform their competition over:
 - Business and economic cycles
 - Market and technology disruptions
 - Changing generations of leadership

What, then, is a High Performance Business?



There are 5 results that High Performance Businesses produce, each of which is important to a firm's long term success





Accenture has put forward 3 building blocks of High Performance Business

Market Focus and Position

Distinctive Capabilities

High Performance Anatomy

High performance businesses...

- Recognize value of market leadership but don't pursue scale for scale's sake
- Balance 3 building blocks of high performance:
 - Demonstrate acuity (insight and foresight) and agility in decisions concerning **market focus and positioning**
 - Build **distinctive capabilities** that maximize differentiation and cost competitiveness
 - Possess differentiated mindsets that create and sustain **high performance anatomies**

High Performance Anatomy



What is it?

- **Mindsets** that permeate an organization, that guide problem-finding as well as problem-solving, whose influence is observable in **decisions** and **actions**

Why does it matter?

- Companies have to **mobilize hearts and minds** in order to **create** their futures
- **Quality of execution** differentiates winners from losers, particularly in a changing competitive environment
- It provides a **vital link between beliefs and behaviors**, between mindset, actions, and results

We then investigated more than 50 candidate HPBs to see what they shared in common



Disciplines

Mindsets

- ✓ Leadership
- ✓ People development
- ✓ Technology enablement
- ✓ Performance management
- ✓ Agility and Innovation



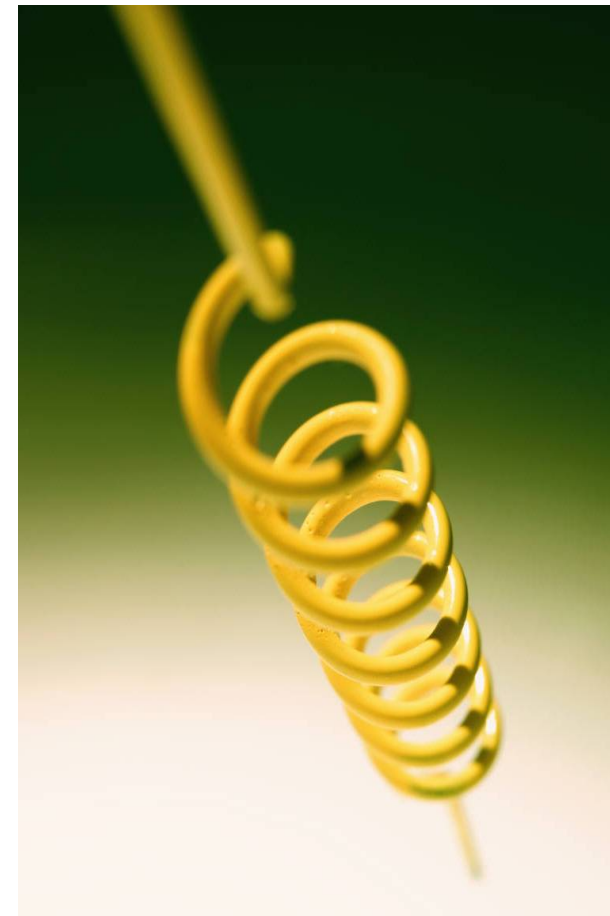
Research

- Balance market-maker mindset with focus on execution
- Multiply talent
- View IT as a strategic asset
- Use a selective scorecard
- Renew continuously



Balance market-making with a focus on execution

- Use stretch and duality as sources of organization energy and creativity
- Deliberately balance “today and tomorrow” agenda
- Demand and enforce “commitment to commitments”





Multiply talent – don't just manage it



- View human capital as strategic
- Differentiate through quality and depth of leadership – are better at building leaders
- Have near religious commitment to developing people and creating higher engagement
- Act and think lean
- Use IT aggressively to enable and enhance talent



View IT as a strategic asset

- Use IT to know more about their customers than competitors do
- Invest in IT that accelerates data to insight and action
- Use IT to drive business model innovation
- Provide employees with best productivity tools available





Use a selective scorecard



- Measure only what matters
- Measure to support decision-making
- Value – and manage – the intangibles





Renew continuously

- Never satisfied: a chronic and intense dissatisfaction with the status quo
- Borderline paranoia: if we're not developing the breakthrough, someone else is
- Treat renewal as a deliberate process
- Every employee has the responsibility to do, improve, and revolutionize

3M

PROGRESSIVE[®]

Johnson & Johnson



Case Study: UPS

Performance Anatomy Mindsets

Demand market-maker mindset and focus on execution
Multiply talent
Use technology as a strategic asset
Use a selective scorecard
Renew continuously

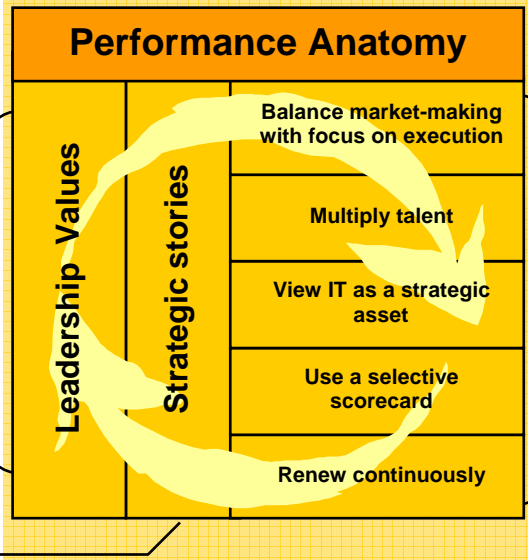
Examples in Practice

- Has aggressively expanded into new capability areas (e.g. logistics, finance) while strengthening execution capabilities in legacy businesses
- Heavy emphasis on reaching out to minorities and developing leaders, resulting in extremely low employee turnover and high average tenure
- Places technology at the core of its strategy and business model, resulting in very efficient operations and high degree of customer intimacy
- Promotes a detail oriented culture through a balanced scorecard system, allowing close monitoring of customer, employee, financial, and quality trends
- Innovation model managed by executives throughout company continually observes and analyzes potential innovations from inside and outside the company

Leaders actively manage Performance Anatomy as a way to enhance their organization's ability and willingness to execute



Observable and actionable



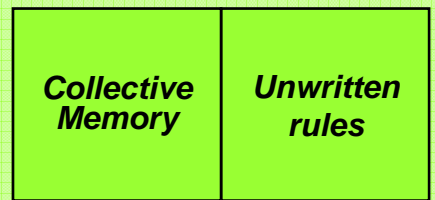
Leadership values, i.e., the statements that management makes about what's really important to the organization

Strategic stories, i.e., the images, events and lessons that management selects from the organization's past to illustrate how espoused values translate into action

Collective memory, i.e., stories and events that, over time, become stereotypes and expectations

Winning mindsets, i.e., the mindsets that guide how – and how well – an organization approaches tasks that are critical to execution of its strategy

Hidden and hard to influence



Unwritten rules, i.e., the advice, coping strategies and processes that make up the informal organization; often the unintended consequence of failures in the formal organization

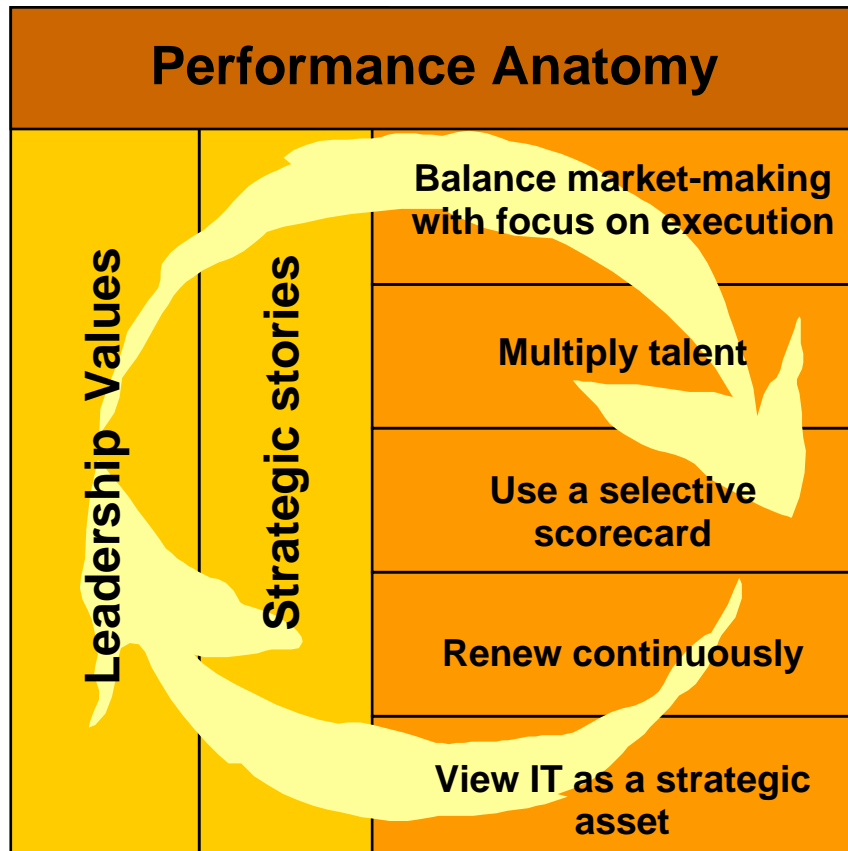


Case Study: Marriott International

Marriott's Performance Anatomy		
<p>Leadership Values</p> <ul style="list-style-type: none"> • Take care of associates and they will take care of customers • Attend to detail • Value the organization more than individual players • Make fact-based decisions • Visible and hands-on management • Team work • Humility • Success is never final 	<p>Strategic Stories</p> <ul style="list-style-type: none"> • J.W. and Alice Marriott's root beer stand illustrates a humble beginning and the rewards of hard work • J.W. Marriott inspecting beneath the beds serves as a reminder to pay attention to detail • The annual Award of Excellence publicly recognizes exemplary employees 	<p>Balance market-making with focus on execution</p> <p>Pursue new business models and ideas while paying careful attention to the execution of current and new ideas.</p>
		<p>Multiply talent</p> <p>Carefully select candidates to hire and once hired provide them with ample training opportunities to keep them motivated and engaged.</p>
		<p>Use a selective scorecard</p> <p>Have a keen interest in measurement and apply analytics to make decisions.</p>
		<p>View IT as a strategic asset</p> <p>Converge IT and business to create to new service and product offerings.</p>
		<p>Renew continuously</p> <p>Remember that success is never final and mistakes are learning opportunities.</p>



Leaders of high performance businesses actively manage Performance Anatomy



- Being clear and resolute in defining the organization's core values.
- Stewarding the organization's values.
- Choosing stories that powerfully and simply illustrate the core values.
- Demonstrating the winning mindsets.