CHAPTER 1
THE TERRitory OF HIGH PERFORMANCE

Almost any organisation can prove that it does things. It can prove that it hires people, that those people carry out different tasks, and that money is earned and spent. But what many organisations cannot prove is the most important thing: whether they are fulfilling their purpose or not. High-performance organisations don’t just do stuff. They have an impact — ideally, the impact they exist to make. And they can prove how much impact they create.

It starts with purpose
It should be easy to work out the intended impact of any company; it’s stated right there in their mission statement. (After all, that’s what a mission statement is for.) But that’s often not the case! How seriously do you take your organisation’s mission and vision, its values and strategic direction? How seriously does your leadership team take them? And your employees? In many organisations, these things exist but are empty platitudes. They exist because they are supposed to exist, and not because they serve any useful purpose. But they should.

The world has evolved far beyond the style of leadership that expected employees to do what they were told and not question
managers. People give their best when they work for a cause: something they believe in, that’s bigger than themselves and more than their job description. They want a compelling mission and inspiring vision. They want to know that their work is making a difference in the world, and in the future their children will inherit.

Vision and mission statements these days have become pedestrian and clichéd — the thin and empty products of jumping through strategic planning hoops. They’ve lost the ability to unite masses of people in a shared cause and have imbued more cynicism into workforces. From my experience, the main reason that visions and missions aren’t measured is because they are deliberately broad for aspirational purposes, and deliberately vague so everyone can find their own meaning in them. Being broad and vague means being immeasurable.

What impact do you think the organisations with the following mission statements intend to make? Can you even tell what types of companies they are, let alone measure their achievement of these goals?

- ‘To refresh the world... To inspire moments of optimism and happiness ... To create value and make a difference.’
- ‘To help people and businesses throughout the world realize their full potential.’
- ‘Families Making the Difference.’

The first one is The Coca-Cola Company. The second one is Microsoft. The third is PATH, a nonprofit organisation that provides foster care for children with special emotional, behavioural and medical needs. It wasn’t obvious, was it? How can such statements be guiding lights to drive the focus, energy and activity of people throughout an organisation when they are this broad and vague? If a strategic direction is not measurable, it’s not understandable and it’s not recognisable in the world around us.

My purpose here is not to criticise any of these organisations. It might seem unfair to claim that PATH’s mission is vague and
immeasurable, given that they make such a worthy contribution to the world. If we take that principle to the extreme — that nonprofits don’t have to prove their impact — it suggests that if you have a worthy mandate, you don’t have to try hard at evidence-based thinking. If nonprofits want to attract more support, and produce the best outcomes possible, they need a clear vision and a measurable impact as much as any organisation.

The importance of clarity
Florence Chadwick was an accomplished open-water swimmer in the 1950s. A legend in her own time, the Californian was the first woman to swim the English Channel in both directions. But when Florence attempted to swim the Catalina Channel a year later, it wasn’t the distance and ice-cold water and circling sharks that stopped her. With only a few hundred metres left to swim before she reached her destination of Palos Verde, she gave in. And her reason was fog. She knew that if the fog had cleared and she could see land, she’d have made it. But she couldn’t see through the fog and couldn’t see that she was making any progress. Only a couple of months later, she tried again. The fog was just as bad, but this time she held a vivid image of her destination firmly in her mind. And she made it. When our vision, our purpose, our direction are specific and clear, they are compelling.

This advice from James Grady, author of A Simple Statement: A Guide to Non-profit Arts Management and Leadership, is certainly true of nonprofit organisations, but I believe it’s equally true for government and business as well:

For a non-profit organization, making a profit is not necessarily the definitive measure of success, nor is an increased budget size or staff. The evaluation of success lies in the mission and vision statements and is particular to that organization. Success may represent an increase in audience, in the number of people served by a particular program, or in artistic quality.
The following nonprofit and government organisations’ mission statements reflect how clear they are about their purpose. Can you guess the line of work they’re in, or even which organisations they are?

• ‘... creating a community partnership of knowledge, skills and expertise to enrich the participation in life of people who are blind or have low vision and their families. We will ensure that the community recognises their capabilities and contributions.’
• ‘To prevent cruelty to animals by actively promoting their care and protection.’
• ‘To make Australia the most desirable destination on earth.’
• ‘To make Australian sport stronger — to get more people playing sport and to help athletes pursue their dreams.’

The first is from Vision Australia, the second from RSPCA Australia, the third from Tourism Australian, and the last from the Australian Institute of Sport. These are very clear mission statements that make the purpose of the organisation measurable, understandable and recognisable in the world around us.

And what about for-profit companies? Their mission can certainly be more than to make profit. Profit is a by-product of business that is obviously very important to shareholders, but not really important to other stakeholders without whose support the business would simply not exist (customers, the community, employees not rewarded with profit-share). Can you guess which companies (or at least which types of companies) own the following ‘beyond profit’ mission statements?

• ‘To grow a profitable airline ... Where people love to fly ... And where people love to work.’
• ‘To care for the world we live in, from the products we make to the ways in which we give back to society. At [company name removed], we strive to set an example for environmental leadership and responsibility — not just in the world of beauty, but around the world.’
• ‘To be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.’
In order, the owners are: Virgin Atlantic, Aveda and Amazon.com. These companies know the power of an inspiring mission, but one that is clear and specific too.

Measuring our vision and mission means choosing a small handful of performance measures that track our progress in making them a reality. They provide real and objective evidence that the organisation is indeed excelling. By measuring the mission of our organisation, whether it’s for-profit, nonprofit or government, we take it seriously, we make it tangible and understandable, and we make it easier to align everyone’s attention and goals and resources to fulfilling that mission. Our mission is our purpose, and if we don’t measure it meaningfully, we can’t prove that we’re fulfilling that purpose.

Stever Robbins, the Get-It-Done Guy from one of the Quick and Dirty Tips podcasts, says that the ultimate responsibility that rests solely on the CEO’s shoulders is the success or failure of the organisation. And the CEO’s top two duties, which only they can perform, are building culture and setting strategic direction.

In What You Really Need to Lead, Robert Steven Kaplan says leadership starts with an ownership mindset. One of the most important things leaders need to feel is ownership of the organisation’s results. That means ownership of the organisation’s mission and vision, and ownership of what it takes to make the organisation capable of achieving them.

**The high-performance organisation**

When we think about high performance in sports, it’s easy to understand the term. It’s about winning, but it’s also about the way the winning is done. Lance Armstrong was everyone’s darling in cycling, winning seven Tour de France titles, all of them after battling testicular cancer. But when his use of performance-enhancing drugs throughout his career was uncovered, his titles
were stripped and cycling fell out of love with him. Despite his achievements, the deceit and cheating mean he's not a good example of high performance.

The story of Billy Beane and the Oakland A's baseball team is a different matter. Unlike Lance Armstrong, they were performing at the bottom of the league based on wins. But they challenged many of the long-held traditions about how to build a baseball team. They ignored the highest-paid players and recruited players who were rejected or under-used and not valued by more successful teams. Their strategy seemed insane, but the Oakland A's rose to the top rungs of the league on a budget a fraction of the size of their competitors'. They revolutionised the game of baseball. They are a great example of high performance.

In simple terms, a high-performance organisation is one that can perform at a very high level in the game it’s playing. The game an organisation is playing is the fulfilment of its mission and the pursuit of its vision. All this means is that a high-performance organisation does well at what it says it wants to do well at.

It’s true that there are organisations that say they want to be profitable, and do well at being profitable. There are plenty of organisations that have done this, and at the expense of their people, their customers, or the planet. In their book How Companies Lie: Why Enron Is Just the Tip of the Iceberg, authors A. Larry Elliott and Richard J. Schroth discuss how companies like Enron, Tyco and Sunbeam haven’t taken care of all their stakeholders: the people that supported them, and whose support they need to last into the future.

Profit cannot be the ultimate definition of high performance.

Those are not the kinds of organisations that this book was designed for. Profit cannot be the ultimate definition of high performance. It’s more than that, and has to be if an organisation is to stand the test of time. And so high performance is more about the culture of an organisation,
and the way it pursues results for all its stakeholders. The high-performance culture is one of:

- continuous improvement
- measurement of performance
- alignment with strategy
- consistently reaching for the right targets, without unintended consequences.

Models of excellence

Organisational excellence models such as Baldrige Performance Excellence, the European Foundation for Quality Management (EFQM) and the Australian Business Excellence Framework (ABEF) have been around since the 1990s. These models have been used by many different organisations around the world in their pursuit of high performance. Each model is used in an awards process, where entrants are evaluated by an accredited team against a collection of criteria organised into (usually) seven categories. The seven categories are:

1. **Leadership.** How the organisation’s leaders inspire high performance, encourage open communication and transparency, and create a climate for learning, collaboration and success.

2. **Strategic direction and planning.** How the organisation’s vision and values and direction are derived, how goals are set at all levels and aligned to the overarching direction, and how people are engaged in executing the strategy.

3. **Data analysis, measurement, information and knowledge.** How the organisation uses data analysis, measurement and reporting of performance and other forms of evidence to inform its decision making, strategy execution and continual improvement of performance.

4. **People and workforce.** How the organisation values its employees and partners, the culture it nurtures, and how it facilitates a safe, healthy and collaborative working environment.
5. **Customer and market focus.** How the organisation understands its customers and their needs, ensures a customer focus throughout the organisation, and positions itself within its market.

6. **Business processes or operations, products and services.** How the organisation has designed the flow of work to develop and deliver its products and services, with an emphasis on systems thinking and cross-functional collaboration, in alignment with strategy.

7. **Results.** How the organisation has defined and attained success, including its impact on customers, its people and society.

Within each of these categories, entrants must demonstrate how they follow some form of quality management plan–do–study–act (PDSA) cycle:

- **Plan.** The organisation has a deliberate approach for the category, such as a framework or process or model.
- **Do.** This approach is deployed or implemented deliberately throughout the organisation.
- **Check.** The results of deploying or implementing the approach are objectively measured.
- **Act.** The measures are used to decide what to continue about the approach and what to modify to get better results.

These organisational excellence models encourage a broader definition of what high performance is. Their philosophy is that high performance is a way of being rather than a place to be. Results, the seventh category, are important, but not at the expense of the other six categories.

In the past, as an evaluator for the Australian Business Excellence Awards, I consistently noticed the weakest link for the majority of organisations was evidence-based thinking. So few could demonstrate, measurably, the results they were creating across each of the seven categories. And, not surprisingly, categories 3 and 7 were always evaluated lower than the others. Seeing this pattern back then, and in every organisation I’ve worked with since, made me realise we need
more evidence-based leaders to inspire and guide their organisations along this journey of high performance.

**High performance and the bottom line**

We are told that the purpose of business is to make a profit. In the public sector, the parallel is to meet budget. While there are moral reasons why profit ought not be the ultimate purpose of business — for example, when others have to suffer to make those profits possible — there are also sound business reasons why we ought to move away from single measures of success, such as profit. In their book *The Balanced Scorecard*, Robert Steven Kaplan and David P. Norton argue that non-financial performance is just as important as financial performance. This has led to other scorecards, such as the Triple Bottom Line, also aiming for more balance in our definition of success. A scorecard with balance is one where success is defined by the perspectives of every stakeholder affected by a company, and these perspectives give context to what that company measures, monitors and manages. It’s not just the financial bottom line that counts.

A great example of the consequences of a profit-driven strategy is the factory farming of chickens as described in *The Ethics of What We Eat* by Peter Singer and Jim Mason. To increase profits, some companies maximise the number of birds per square foot of space. (In many operations, chickens get about the size of an A4 sheet of paper to live their lives in.) Aside from the birds’ suffering and the stressful work environment for employees, there are some very significant costs to local communities and ecosystems. The ammonia from the chickens’ waste makes going outside unbearable for whoever is downwind of the factories and causes irritation and health problems to those exposed. When the waste products are flushed from the factory floor, they run off into nearby streams and waterways and kill the aquatic life. These are the costs that don’t make it into the companies’ financial statements or annual reports,
costs that communities and the environment pay (now and in the future) to subsidise those profits.

High-performance organisations and companies don’t solely pursue financial results as their definition of success. They pursue an array of results based on what all their stakeholder groups value most. And they pursue those results in a way that does not depend on other stakeholders paying the costs; how we make the journey to high performance is at least as important as getting there.

So evidence-based leaders start with exceptional:

- clarity about the results that truly do define success for their organisation
- ownership of and responsibility for those results
- care in guiding the organisation to that success.

They give more attention and effort to these three things than most leaders seem to these days. These are the three basic principles of evidence-based leadership.