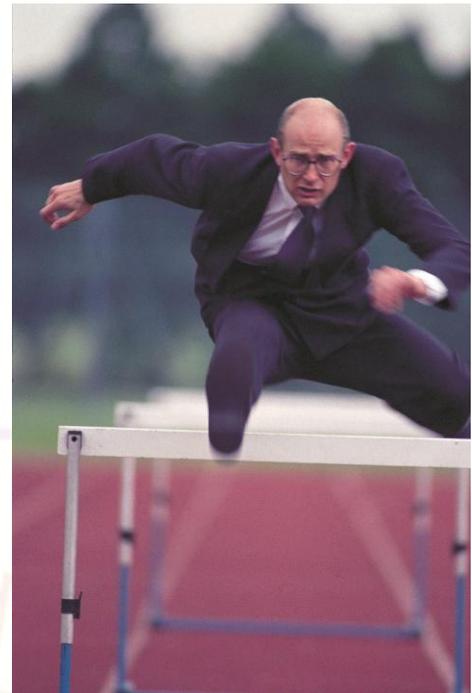


/// What is “World-Class”...REALLY?

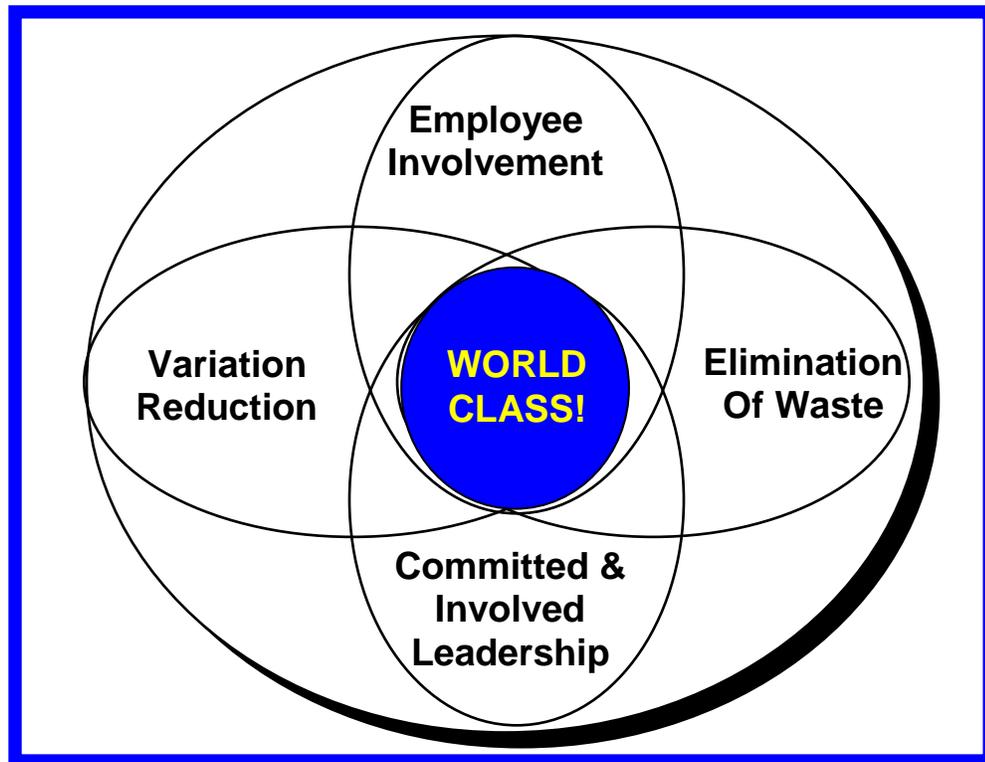
We hear and read everyday about “World-Class”. Many organizations have the banners and the posters that say we will be “world-class” and the “provider of choice” but what does that phrase **REALLY** mean? How can you identify the key principles required to actually **BE** world class and what are the critical organizational aspects that turn a team of ordinary people into the envy of the world? What does it take and how does an organization develop a plan to achieve the dream?

We believe there are four key principals of a world-class organization. We looked at several organizations that are recognized as being world-class in their market space and examined them to learn what organizational aspects or behavioral commonality they shared and how they developed into examples of world-class performance. We then explored the key components and the critical competencies required for any team to achieve that status by examining organizations like Toyota, Walt Disney, Wal-Mart and others. Our analysis of these examples revealed what is required to develop that level of performance and how you can achieve that dream if it is truly your desire. There are Four Key Principals and Four Key Attributes we found that explain what you need to do and where to focus to implement organization change management if you want to develop YOUR team into a world-class power house!



The Four Key Principals:

The four most critical areas for Key Leadership focus in the drive to become world-class are Employee Involvement; Committed and Involved Leadership; the Elimination of Waste; and the Reduction of Variation. Only when an organization maintains a strong focus and commitment to each of these four principles can they truly achieve world-class performance. And the “sweet spot” is where these four areas overlap. The goal of management should be to balance these four areas in such a way as to ensure each receives significant attention and priority from the organization as a whole. Just working on any two or three of these areas won’t get you where you want to be. We have found through our experience that each of these aspects is critical in their on right and when properly balanced, they can boost an organizations performance to the next level. Let’s look at each one of these principles individually.



Where is the “Sweet Spot” in YOUR organization?

Employee Involvement

We found that of utmost importance were the attitude and the focus of the actual people doing the actual work. No matter what is desired or mandated by the executive team, unless the action or objective is driven and accomplished by the work force, nothing is changed and everyone is frustrated at the lack of progress. Both industry and government have spoken at length in the last few years about empowerment of their work force. Yet, few employees in even fewer organizations would readily identify themselves as empowered in their workplaces today.

Of even greater importance was that the employees in “world-class” organizations had a crystal clear understanding of the organizations main focus and the customer value that was of utmost importance to the team. As we will see when we look at the individual examples, when employees are provided with a clear and unambiguous vision, a well developed strategy, supported by resources, and held to high standards and even higher expectations, world-class performance was almost inevitable. But it is the employees, not management who actually make it work!

Committed and Involved Leadership

X-Stream Leadership Group firmly believes that “True Leadership is the Use of Influence in the Absence of Authority”[®]. Anyone can command action from those over whom they exercise authority or dominance. That is not leadership but simple compliance by intimidation. True leadership is the ability to engage others over whom you exert no authority and convince them that a course of action or a decision is beneficial for them because of your ability to create a win-win situation for all parties concerned. Dominance is relatively easy to obtain within an organization yet incredibly short-term in its effect and is very unsustainable. Influence (not to be



confused with manipulation which is harmful to both parties) is a very powerful leadership skill that can be learned and utilized to benefit the organization and each individual to achieve high levels of performance and results.

First and foremost, one should not confuse effective leadership with effective management.

Management is focused on maintaining the status quo and achieving current goals and objectives. There is nothing wrong with this and it is a vital part of any management team. Leadership is an entirely different aspect in that it is the act of developing a vision of what could be (above and beyond what is already possible), communicating that vision to others, convincing them that it is worth the effort to achieve, and influencing them to follow. The development of a strategy to achieve your vision is crucial to help others see how that vision can be obtained.



When this occurs, people WANT to follow! A fantastic example was when President John F. Kennedy clearly stated that he had a vision of putting a man on the moon and returning him safely before the decade was out. It was bold, audacious, “couldn’t be done”, and frankly unbelievable by most people...but we did it. That was a vision statement: not some banner that says we are going to be the “provider of choice” to do whatever it is that we do.

The statement was crystal clear and it set very high expectations. NASA developed an effective strategy to accomplish the vision, and President Kennedy and Congress provided the resources to get the job done. Far too often, we make a statement about a new initiative or program that “we support” and we have meetings and host grand kick-off sessions. But we don’t support it as outlined above. We typically “delegate it” to the Quality Department, or the Production Managers and expect it to just happen. In world-class organizations the Key Leadership OWNS the vision just as surely as they “own” the responsibility for financial performance to the stockholders! World-class organizations are distinguished in that every employee in that organization knows what they are there to do first and foremost and the Executive team spends every working moment making sure that their driving focus is achieving that vision. As we examine the examples below this will become very clear.

Elimination of Waste

Once a world-class organization has the commitment of its workers and the support of its leadership, it drives efficiency and eliminates waste with a passion not found in average organizations. They focus enormous energy in the pursuit of doing what they do better than anyone else. These organizations typically spend all of their effort in becoming as efficient as possible until they begin to dominate their market place. This focus on driving out waste is what establishes them in the beginning and gives them the edge to compete with and dominate their competition. Disruptive technologies achieve this by doing something in a way that had not been thought possible before it was implemented by the “new kids on the block”. A great example of this was FedEx and the Post Office with overnight delivery service. This can be achieved by any organization that is willing to question the status quo and experiment with new ways and new techniques. Organizations sometimes accomplish this by making thousands of small incremental changes that add up over the long term to achieve huge improvements in capability. Toyota is a great example of this approach.



Reduction in Variation

As they achieved efficiencies and established themselves, they then turned their focus to the pursuit of minimizing variation. While not universal nor perfect in their approach, they seemed to realize better than most that time, money, and resources spent perfecting waste was not a very smart approach. In most of our examples, you will see that they strive to make sure that no matter what location you visit, you will receive the same level of service or product no matter what you want or where you get it from. The pursuit of perfection is expensive and requires enormous effort but is required to become truly world-class. Customers have been “trained” by the marketplace that very high levels of consistency and quality are not only possible, but to be expected.



The Four Key Attributes of a World-Class Organization Are:

Focus

The hallmark of a world-class operation is a clear focus on specific goals and objectives and how the team is doing on these specifics at all times. The fastest way to fail is to try to be everything to everybody. By learning how to clarify and specify clear and unambiguous goals and objectives, you can increase your ability to achieve those goals and significantly improve your chances of success. Some organizations fail by not adequately measuring enough metrics and performance objectives. Far more fail because they are measuring TOO MANY metrics and objectives! The lack of focus confuses employees (and customers) about what is really important and what is just “nice to know”. Critical data is overlooked because people are swamped with data that is not critical. One thing we learned was that no organization was world-class at everything. But they were world-class at what they thought was most important to their customers!

Accountability

A major aspect of a world-class team is developing the understanding that objectives have to be met and actions have to be completed when promised. Failure to meet these expectations has consequences for the individual and for the organization. Raising the level of understanding and “buy-in” for this concept is critical in order to truly perform to your best potential. FedEx is a great example of this trait. “When it positively has to be there overnight...”

Examples of mediocrity abound but how many goals and objectives do most of us have that if not met result in nothing changing? How many reports do we produce that we know nobody reads but we continue to produce them because “that’s how it’s done here”? Typically, in world-class organizations there are one or two critical values that **MUST** be met or there are serious repercussions. While they have other goals and metrics, everyone knows what the critical ones are and they move heaven and earth to make sure they are met.

Discipline

This means many things to many people. In this context, it represents the understanding that your membership in the team carries with it the expectation that you will meet your obligations and commitments. They develop within the team the understanding that they have to sometimes work harder, change faster, learn a different approach, or learn to be more persistent. A great example is an Olympic athlete. While we may run for fun or for our health, we “accept” many



excuses for why we must skip a day or not train on a certain day. An Olympic athlete is an Olympic athlete because he or she trains no matter what. They have the discipline to train no matter the weather, no matter the situation, or no matter that doing something else would be more fun. They have the discipline to be committed to their decision to be the best-of-the best. That is also the hallmark of a world-class organization: the discipline to meet goals and objectives without excuse or delay.



A Clear, Unambiguous Understanding of What Constitutes Success

A major failure mode for most organizations is that almost anything can be submitted to meet a goal or objective and be called successful because there are no clear and unambiguous definitions of what constitutes acceptable success. “Wiggle Room” is the kiss of death for a world-class organization because nothing is more frustrating than working extremely hard and not knowing whether you actually succeeded or not. Making the effort to clearly define success before one even begins a task is critical in order to know how you are doing, whether you are ahead or behind schedule, and what you have to do or change to make your goal. This effort is critical and it is often very difficult to get a clear definition of a successful outcome. However, failure to achieve this in the beginning of your efforts guarantees a mediocre outcome that may or may not be acceptable to the organization or the organization’s customers.

Examples of World-Class Organizations

Performance: Special Forces

Our Special Forces personnel have completely changed our understanding of what is possible for small high performance work teams. What they can accomplish is nothing short of phenomenal. Their focus is on very specific goals and objectives and they expect to accomplish those goals in very short order. They routinely achieve levels of performance once thought impossible and they do it with monotonous regularity. They are the epitome of a “high performance work team”. They continually push the envelope on what is humanly possible and they seldom refuse a challenge to do the unthinkable or the unbelievable. The skills and techniques used to train and develop these type teams are very much applicable in the typical work place with your employees!

Manufacturing/Production: Toyota

Toyota has achieved legendary status in the manufacturing world as a result of the Toyota Production System. While they have no more (or no less) major “home run” type breakthroughs in techniques or technology, they have achieved their remarkable capability by making numerous, constant, small incremental changes to every aspect of their operations every day. Over a period of many years, that has added up to a level of success and capability not seen before in manufacturing and production activities. Toyota puts their focus on the actions of the worker and what they have to do at every step of the process. Their workers can get into trouble for NOT “pulling the cord” and stopping the line if there is a problem or something is not “normal”. The opposite is the approach taken by most other organizations. While other American automotive manufacturers are struggling, Toyota continues to profitably grow in American locations with American workers. They are truly world-class in manufacturing/production operations.



Customer Service: Disney World

Can you remember your last trip to Disney World (or one of their other parks)? What makes a day at Disney worth several times the ticket price that their competitors charge for similar theme parks? Customer service! Disney goes to extreme lengths to ensure that their guests (not customers or clients but guests) have the best experience possible. Did you know that Disney has an executive responsible for parking lots? That position and the staff personnel required in order to run it is very expensive. Very few organizations have a corporate office for their parking lot...The real question is why? Why spend that kind of money for such a mundane activity? For Disney, the reason is crystal clear. Your very first and your very last impression of Disney is their parking lot. If you have trouble finding a parking space you may just decide to go somewhere else that day. After all, Orlando has no shortage of places to take your family and spend your money. Of even greater importance is the after-park experience in the parking lot. You've spent a long day, had a lot of fun, but now you are exhausted, the kids are exhausted, and your spouse has made it known they are really looking forward to seeing that hotel room. If you've locked your keys in the car, left the lights on, or now have a flat tire, it makes no difference HOW much fun you had at the park. Your memory will be a very negative one to say the least. Disney has thought this through and they place an inordinate amount of attention on spotting potential problems and helping you resolve them, sometimes before you realize you even HAD a problem! THIS is customer value. And it is but a small example of the attention to detail the Disney team uses in making sure their guests have a truly memorable experience at their parks.

Point Delivery: FedEx

Twenty years ago anyone who dreamed about the Post Office (or anyone else for that matter) delivering packages across country (or across town in some cases) in under 24 hours was considered to be completely devoid of understanding of "how it is done here" and what was possible. A small team of people who did not accept those limitations proceeded to completely alter the concept of what is expected today for package delivery. FedEx can deliver almost any package from almost anywhere to almost anywhere overnight...and it will almost always arrive intact and unbroken at the exact location where it was intended to arrive. They altered everyone's expectations and changed how the world now does business. Even the Post Office now provides overnight delivery in order to compete. World-Class is not accepting the status quo and always being willing to challenge conventional wisdom. At FedEx, their culture is driven to do whatever it takes to accomplish those deliveries every day no matter what.

Supply Chain Management: Wal-Mart

No organization on earth does a better job of making sure that the right item is on the right shelf at the right store at the right time. Think about it. When was the last time you saw empty shelves at your local Wal-Mart? Or excess boxes stacked in the aisles? While it may happen as a matter of course in most businesses, it is rare at Wal-Mart. Think about what that entails. Wal-Mart has thousands of stores around the world. They have to be able to predict local usage on a global scale, order, ship, receive, and stock literally thousands of SKU's every day at every store with extremely low levels of under/over stock. They are truly the definition of World-Class in Supply Chain Management in my opinion. Did this happen because of a "memo from Arkansas" stated that over/under stock would be eliminated? Hardly. Instead of just a memo, the Key Leadership Team developed the vision to achieve that level of performance. It was supported with proper resources provided by their executive team as they grew and developed into the organization that they are today. But understand that it was the workers who found ways to eliminate the waste and found solutions to the problems that occur with every system, created



new concepts and techniques, and made the system work the way it does for them today. Can your organization achieve the same level of success Wal-Mart achieves every day with your supply chain? If not, why?

Our Examples...Are They Perfect?

Hardly. We found that while each of these (and other organizations that are World-Class in their areas), also shared another commonality. Not one was World-Class in every aspect of the organization. The last key component of World-Class Performance is that you **must** make a conscious decision at what you will do poorly! In order to become World-Class at “X”, you must choose which function “Y” you will allow to underperform. It takes tremendous levels of effort and resources to be World-Class...these resources and effort must be diverted from someplace! Every one of



our examples has problems in other aspects of their operations. The areas that were NOT the main focus tended to be ordinary at best and occasionally sub-standard. No one can be all things to all people. Disney just suffered a major executive upheaval; Wal-Mart is in the midst of a major public relations campaign; FedEx is a victim of their own success and is fighting to retain their market share in competition with “Brown”. In the face of the overwhelming evidence that it is extremely hard to be World-Class, and those that are struggle in other parts of their organization, business leaders still persist in an approach (complete with banner) that says “we will be the provider of choice”. The all or nothing approach most organizations take on the road to becoming better, stronger, faster, cheaper is a failure mode that we should recognize for what it is: an unreasonable expectation.

Conclusion:

Decide precisely what capability it is that you want your customers to recognize as being World-Class. You must understand specifically what your customer wants most from you. Then develop that capability for all you are worth. Your employees can more readily understand a goal like that and your customers will notice the change immediately. Don’t neglect the rest of the organization, but drive your customer value proposition the same way an Olympic athlete trains for the Gold Medal.

Leaders such as Thomas Jefferson, Ronald Reagan, J.F. Kennedy, Thomas Edison and others, who were true visionaries, were laughed at by their peers for dreaming of what could be. Those who scorned them are now anonymous, lost in the mist of time, while those who dared act upon their dreams became household names.

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