Best Practice Series - Best Practice Cultures

By Paul Deis

Summary

This article continues the discussion of how to create high sustained levels of engagement by those that comprise an organization. Here we detail the concept of Best Practice Cultures, one of the 4 Essential Factors on the Path to Best Practices. Included are characteristics of the way people that comprise an organization are led, the way they interact with each other, and the inner, human, 'from-the-heart' motivations and inspirations that cause them to devote significant portions of their lives and energy to the organization for which they work.

- Essentiality of Leadership – Recap

- What a Best Practice Culture is.

- Where to start; moving forward now.

In previous articles we discussed three of the 4 Essential Factors, including:

- Effective enterprise systems and processes

- Effective continuous improvement programs

- Education and training

The first Essential Factor is Effective Leadership and Culture. In another article we focused on the Essentiality of Leadership, along with empirical research validating the idea that investing time and money in this "soft" area pays substantial returns in measurable performance – higher sales volume, better profitability, quality, customer satisfaction, lower turnover, and others.

Essentiality of Leadership - Recap

From this starting point, we will next explore what other characteristics must be present in an organization's culture for a sustained, Best Practice Culture to emerge and endure over long periods of time. To recap, the key elements of leadership in this context are:

- **Driven by leaders** – effective leaders set difficult, almost "unreasonable" goals that require real striving by everyone.

- **Vision driven** – consistently articulate a compelling vision of the future.

- **High performance-driven environment** – highly focused, high-energy work environments – striving toward clear objectives.

- **Simple structures and processes** – effective leaders avoid complex organization setups; clear, simple accountability lines enable everyone to function well, knowing exactly what their role is.

- **World-class skills** – also called "operational excellence" – this is a striving for high performance in every area of the organization.

- **Strong people systems** – clear, strong focus on performance and motivation of and assigning the best people to critical jobs.

What a Best Practice Culture Is

With effective leadership driving and role-modeling these characteristics to others in the organization, the next question is to identify what the other, somewhat more detailed aspects of a Best Practice should one either look for, or strive to create in one's current organization. As this is a potentially "large" topic,

for brevity we will present this as a checklist, aspects or characteristics to look for, together with a very brief explanation that will help understand each. These are:

- **Employee commitment –** related to high levels of engagement, for everyone, not just managers and supervisors. Individual, "front-line" employees are motivated, even inspired, to work *for* the company and its goals.

- **Fully empowered employees** – Authority for action has been sufficiently delegated so individual employees have enough authority to act on their own, without having to seek "supervisor approval" for a long list of activities that are an integral part of their normal work flow or job responsibilities. Another word for this is "autonomy" – independently responsible.

- **High integrity workplace –** The actions of leaders and people at all levels is such that everyone's "word is their bond." It is *expected* that promises made, will be kept. This enables all participants to avoid time-wasting, discouraging "CYA" actions, reports, memos, and approvals. If a leader, especially, has to "go back on his word" he/she understands that this will be regarded as a serious breach of trust by others, and so will go to great lengths to "make it right" with everyone.

- **Strong trust relationships** – Closely related to high integrity is strong trust relationships, up/down the structure of the organization and laterally. People at the same level in this context, view their co-workers as team-mates, whom they can count on to do their part, be straight shooters, honest, and to not leave their co-workers "hanging out to dry."

- **Highly effective leadership –** Key part of the overall culture; repeated here to emphasize that this means leadership at *all levels* not just the C-level managers, but first line supervisors, mid-level managers, lead people, people in a supportive role such as Quality Assurance people with a "dotted-line" reporting relationship to others.

- **Effective systems and processes -** any problems with basic daily work flows are worked out, resolved, so that everyone may focus on getting the work done without a myriad of error-producing exception conditions, inaccurate/untimely information, and other factors that clog the work flows. This means a certain, basic level of effectiveness has been established, and is re-established quickly after any reorganizations or realignment of responsibilities, such as might occur with implementing a new enterprise software system. It is distinct from the continuous improvement process in that it assumes at least a certain, minimum standard of effectiveness has been establish for all processes, including minor ones.

- **Performance-based compensation and reward programs** – bonuses, profit-sharing, stock options, and the like, all keyed to revenue and profitability and/or other goals are in place, so that everyone who helps accomplish these goals has the opportunity to benefit personally from their achievement. Ideally, the reward/compensation system is designed to be responsive to work groups or units that an individual person can relate to, not just the company as a whole.

- **Customer-focused** - everyone understands, and "gets" that the company, its performance, products, services are entirely driven by customer needs, desires, and that the purpose is to create "delighted" customers, beyond just "satisfaction" in a minimal sense. This is a feeling, pervasive in the way people act, both internally, between each other, and externally, to customers and suppliers.

- **Effective 360-degree communications** - the review process includes one's subordinates and peers, as well as just "keeping the boss happy." In many job situations, it may be appropriate to seek in put

from those outside the company, such as customers or key suppliers with whom the person regularly interfaces. The benefit of this is not only expanded understanding of how a person is functioning so managers can make better assessments, but for the person's benefit as well, to support and drive personal and professional improvements as well.

- **Commitment to learning and skill development** – This characteristic is integral to one of the Four Essential Factors – an ongoing, effective education and training program for everyone. For a fully effective Best Practice culture, it is vital that those doing the jobs, and the improvement process, themselves continue to improve over time – to "improve the improvers," so to speak.

- **Emphasis on recruiting and retaining outstanding employees –** realizing that highly effective people are critical, Best Practice cultures pay close attention to who is doing which jobs, so that each job can be performed as well as possible. The key to this is careful, effective recruiting, and then working hard to retain the best people possible. Significant turnover is a sure sign of culture difficulties.

- **High degree of adaptability** - Like the US Marine slogan, "improvise, adapt…" – the effective Best Practice culture participants do not cling to established work structures, job assignments, etc., but embraces the truth that change is desirable and required for the kind of success everyone is seeking. So, it is expected that learning new skills, technologies, ways of interacting and working together are all part of this steady march forward to success in today's arenas, and tomorrows which may not have even been innovated yet.

- **High accountability standards** - key to integrity and trust is the notion that people are responsible for delivering on what they commit to doing. The organization's work flow, and social process depends upon this high standard of personal, work team, organization, and business unit accountability. If extraordinary efforts are required, it is assumed that these will be taken if necessary. It is a 'no-excuses" environment.

- **Demonstrated support for innovation** – An essential aspect of a Best Practice culture is a pervasive thought-process of always developing, trying out, experimenting with new, potentially better ways of doing things, for both products and services, as well as "purely internal" functions as well. So, in addition to obvious things such as new, exciting products, a Best Practice culture will experiment with internal functions such as self-service employee benefits intranet web sites.

Where to Start – Moving Forward Now

In order to make an "get started" action list, we suggest that you take this list in hand, or at least in mind, and compare it with the working environments, the cultures, of companies and organizations you have worked with, worked for, or served in a leadership role.

Think about each one, comparing it to what you perceive, and the result will be a "gap" list – a list of where to start. Bear in mind that very few organizations exhibit all of these characteristics at a high level.

The key insight is that the more of them, and the more completely they are evident, the stronger the culture will be, the more resilient, adaptable, and "count-on-able" it will be to produce high performance results, in quality, revenue/sales growth, and above industry-standard profitability.

Finally, remember that even small improvements will bear fruit, will show results you can measure.