

# **Special Report for CEO's**

**Realizing Optimum Levels of Performance  
In a Highly-Competitive, Rapidly-Changing  
Business Environment**

**Presented By:**

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# Realizing Optimum Levels of Performance In a Highly-Competitive, Rapidly-Changing Business Environment

Never before have CEOs faced greater challenges in managing the issues, people, and processes of their organizations. While the Y2K issue may already be addressed, for a problem-free transition to the 21st Century, there are even greater challenges associated with meeting the needs of today's and tomorrow's highly-complex, fiercely-competitive and rapidly-changing business environment. What must organizations do to achieve optimum performance and realize success in a world-wide marketplace?

This report provides a perspective on how forward-thinking CEOs are taking steps necessary to achieve the highest levels of performance and success for their organizations today, and preparing for even greater results in the future.

### Challenges Facing CEOs Today

Recent surveys have found that most CEOs share a number of challenges in managing their organizations. These include:

- ✂ **Growth** – Realizing sustainable revenue growth
- ✂ **“Bottom-line” Results** – Achieving higher levels of profitability
- ✂ **People** – Hiring, training and retaining top performers
- ✂ **Marketplace** – Managing in a highly-competitive, fickle market environment
- ✂ **Motivation** – Creating a sense of enthusiasm and “fun” within their organizations

The following scenarios reflect the experiences and key actions of several organizations that are seeking to realize optimum levels of performance in rapidly-changing, highly-competitive business environments.

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### *Scenario 1: Achieving a Passion for Growth*

**A diversified products company plans to grow revenues 8% a year through internal growth. Most of that growth will come from new product development that is anticipated to boost revenues to one billion dollars within two years. Unfortunately, its current structure and array of businesses will do more to stifle growth than contribute to achievement of desired goals. The company needs to become a lean, mean, growth and profit-making machine. This calls for complete reorganization and a drive for innovation as the catalyst for achieving and perpetuating growth.**

#### *Recommended Actions*

- † Transform the organization from one that consists of 23 different businesses, many of which are in mature or cyclical markets, to 7 business units within four high-growth, high-market sectors.**
- † Support and invigorate innovation by establishing a reporting structure in which all business units report to one corporate entity, and everyone is focused on the innovation activities necessary to achieve the selected growth programs.**
- † Enhance and sustain the organization's innovative culture by establishing a future vision that people understand and which creates esprit de corps and personal fulfillment.**
- † Implement management incentive plans that have growth as the key component, and increase upper management review and support of the established growth programs.**
- † Expand the impact of continuous improvement initiatives for all processes within the organization.**

#### *Current Results*

- † Focused structure and methodologies have improved the company's product development by providing a process that can be mapped to achieve fact-based decisions.**

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- † **Fifty growth programs have been established for their ability to achieve immediate and direct impact on the company's future vision and their dominance in the marketplace.**
- † **A formal process for new product commercialization and focus on higher growth opportunities have generated increased sales for all business units.**

### *Scenario 2: Marketing Your Mission for Profitability*

**The chairman for a leading producer of specialty beverages realizes that the company's structure is not compatible with its actual levels of business and market share. For years, top management has seen the company as being in the same league with its largest competitors. They have created structure, departments, and processes that are far beyond the need of the company's actual size. The company needs restructuring to achieve a more centralized approach to business operations as well as a focused product line that achieves growth and profitability.**

**A new CEO is assigned by the board of directors, and he is charged with the responsibility of making the company an innovative leader within the beverage industry. Also, he must develop the highest level of acceptance and appreciation for the changes among the company's employees. As part of his restructuring plan, the CEO implements a new corporate mission that is supported by a fresh organizational culture involving the concepts of character, commitment, and creativity. He gets a very positive reaction from people at all levels and functions within the company, but the mission and culture are not taking hold throughout the organization as he had expected.**

### *Recommended Actions*

- † **Establish a clear and concise definition for the concepts of character, commitment, and creativity. Then, offer specific examples for what those concepts mean to the success of the newly restructured organization.**
- † **Establish and communicate the common vision of what the organization will be at a specified future time period.**

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- † **Establish the specific actions that are essential for achieving the organization's desired culture and vision. Then, communicate how every member of the organization can take the actions that will contribute to achieving the desired outcomes.**
- † **Clear the way for people to implement character, commitment, and creativity in their jobs. Eliminate nonessential policies, procedures, and activities that stifle the desired culture and vision.**

### *Current Results*

- † **Market share has increased by 19%.**
- † **Supply chain efficiencies have achieved a 22% increase in performance.**
- † **Revenue has increased by 31%.**
- † **Job satisfaction has improved employee retention by 55%.**

### *Scenario 3: Performance and Profits Through People*

**The chairman of a national healthcare organization decided to consolidate its seven business units into one company. The plan was to establish a consistent process for servicing the regional and local communities around each unit. This resulted in the need to consolidate procedures, systems, teams, and cultures. Everything had to be merged to fit the new company's vision, values and goals. Processes needed to be improved or eliminated, and employees at all levels and functions needed to learn and apply competencies that would contribute to future success and growth. To achieve its objectives, the consolidated company needed to get new and existing employees focused on, and committed to, the values of community loyalty, service, quality, productivity, and continuous process improvements. Achieving performance objectives would not be possible without the support, efforts and training of the organization's people.**

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### *Recommended Actions*

- † **Senior executives of the organization developed a common vision and new set of values that linked the business units and diverse workforces together as one culture. The chairman and senior executives committed themselves to living and applying the values of community service, quality care, employee and team empowerment, and continuous process improvement.**
- † **Senior executives flattened management structures so the new company could be more responsive to the needs of local communities.**
- † **Processes and systems within the new company were mapped and redefined for greater service, quality and efficiencies.**
- † **Employee and team competencies necessary to achieve desired values were clearly defined.**
- † **Hiring, orientation, development, and compensation practices were designed and implemented to promote the values necessary to achieve the desired culture.**

### *Current Results*

- † **More than 200 processes have been improved or eliminated resulting in greater efficiencies and lower operating costs.**
- † **Employee orientation and ongoing development processes have been implemented for all personnel and teams, resulting in higher service levels, better quality care, and increased retention of employees.**
- † **Employee turnover has been reduced by 65% over a three-year period.**
- † **Revenue has doubled over the last three years, and the operating profit increased 23% from the previous year.**

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### *Scenario 4: Leading Your Industry*

**A leading manufacturer of household appliances has a long and solid history of dependable products and excellent service. Over the last several years, the company and its competition have been operating in a slow-growth industry where prices are declining and the market is highly competitive. The company can certainly survive by continuing its traditional approach to doing business and responding to what it perceives to be the needs of consumers. But that's not acceptable to the company's CEO. His goals for the company are much greater, including the desire to not only lead the industry but also to transform it into one in which the needs of consumers are exceeded, premium prices are earned, and higher margins are the norm.**

#### *Recommended Actions*

- † **Establish a simple, yet powerful mission for the company's new image in the marketplace – "The Consumer's Choice for Innovative Appliances."**
- † **Reorganize the business structure to achieve the mission and instill a culture that: 1) encourages and rewards innovation that meets consumer desires; 2) embraces risk-taking; and 3) rewards, promotes, and hires employees that meet those characteristics.**
- † **Communicate thoroughly and clearly, through word and deed, the company's new mission and culture.**
- † **Continuously develop the behaviors, attitudes, skills, and resources that promote the achievement of the company's desired goals.**

#### *Current Results*

- † **The company's stock price has tripled since 1996.**
- † **Sales climbed 13.5% in 1997, with operating income up 15.9%.**
- † **New products were introduced that provide superior performance and command retail prices that are more than twice the industry average.**

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- † **Incentive-compensation plans are rewarding employees for product innovation.**

### *Scenario 5: Work Can be Fun*

**It's not high-tech and certainly not part of an industry that people would describe as glamorous. Yet, this freight delivery company is able to outperform its competition, get premium prices for its services, and attract and retain topnotch employees throughout the organization. Over the years, the company's leadership has developed a corporate culture that expects the best, rewards accomplishments, and encourages employees to enjoy their jobs. Treating employees with respect, paying them well, and empowering them to achieve results contribute to the ongoing success of the organization.**

### *Recommended Actions*

- † **Exhibit powerful, visionary leadership that inspires employees to demand excellence for themselves, their team, and the organization.**
- † **Provide a work environment that employees cherish, and a quality-of-work life that makes them want to perform at the highest possible levels.**
- † **Establish a deep, rewarding purpose for the work that employees perform.**
- † **Implement continuous learning for all employees throughout the organization.**

### *Current Results*

- † **Employees provide process improvements and innovations that continuously reduce operating costs and improve profits.**
- † **High employee morale and motivation are contributing factors to the company's success.**
- † **Employee turnover of 4% per year is among the lowest in the industry.**

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† **Margins are about 50% higher than the average freight delivery company, and the company's total return to shareholders has averaged about 34% annually over the past decade.**

### The Ways Companies Are Responding

**A recently published book by Bill Gates of Microsoft, *Business @ the Speed of Thought*, focuses on mastering the digital universe to make timely and better decisions to gain competitive advantage. While technology is an essential component in business success, achieving the highest possible levels of performance involves better utilization of people, more efficient work flow, effective internal/external communications, high standards for product/service quality, and emphasis on customer service. Here's how these are being realized by senior management of highly-successful organizations.**

#### *Preparing People for the Future*

**To meet the challenges of business in the future, people must develop behaviors and skills that achieve focused results and continuous improvements. Organizational leaders must also instill a sense of high motivation and competitiveness to maximize the performance of people directly responsible for the development, production, marketing and support services of the organization. All functions and levels of any organization must collaborate and participate to ensure success. Key elements of preparing an organization's people for both the demands of today and the challenges of the future include:**

- ✂ ***Customer-focused service***
- ✂ ***Quality practices***
- ✂ ***Team excellence***
- ✂ ***Leadership strategies***
- ✂ ***Creativity and innovative thinking***
- ✂ ***Total performance management***

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### *Developing New Processes to Meet Accelerated Change*

**The time frame for achieving organizational results has been substantially reduced. What once took months to conceive and produce, now must be completed in a matter of weeks and days. Whereas, an organization worked on bringing several products/services to the market, with the anticipation of one or two realizing full potential, the focus in the future will be to concentrate on introducing the top two or three new products or services, so as to gain competitive advantage. The processes involved in this new approach must be modified to support this shorter time frame. Senior management must recognize which of the following categories reflect their organization's current situation.**

- ✂ ***Deficiencies*** – Outdated systems and processes are negatively affecting production, profitability and organizational growth.
- ✂ ***Change*** – Mergers, acquisitions and reorganizations have resulted in internal organizational change, while changing products, services and markets have affected business goals and strategies.
- ✂ ***Growth*** – New products/services, market expansion, technology, and unanticipated demand result in growing pains that can threaten survival.

**Once recognized, an organization can take essential and prioritized actions aimed at initiating desired changes in performance and growth.**

### *Utilizing Technology and Communications*

**Technology has changed the way that organizations convey information. What took organizations days and hours to communicate, now takes place in a matter of minutes. E-mail and Intranet communications provide information to all those involved in management or processes, enabling them to interact, respond more quickly and realize greater benefits of team collaboration. Communications between customers and an organization make it possible to quickly meet marketplace needs and be highly-competitive. But, in many instances, communications may not be efficient or effective to realize maximum levels of performance. In these situations, organizations must look to:**

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- ✂ **Communications audits to evaluate the overall effectiveness and approach for communications**
- ✂ **New ways to convey and exchange information**
- ✂ **More effective advertising and marketing communications**
- ✂ **Revenue/sales tracking information**
- ✂ **More efficient customer feedback and research techniques**

Evaluation, Incentives and Motivation

**How do organizations determine if they are realizing optimum levels of performance? The most obvious is to evaluate financial results. But, top performing companies are also considering the following measures.**

- 1. Revenue growth relative to others in the same industry.**
- 2. Processes required to produce and market profitable products/services.**
- 3. High or increasing market share.**
- 4. Success levels of new products/services.**
- 5. Customer retention and satisfaction indexes.**
- 6. Attracting and retaining a high performance workforce.**
- 7. The value of a highly skilled and knowledgeable workforce.**

**Research and objective evaluation can determine the current and desired performance levels of the organization's people, processes and communications. The data can then provide a basis for identifying how to improve and maximize performance throughout the company.**

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### Keeping the Momentum Going

**Another important challenge for organizations is to sustain high levels of performance. If an organization keeps doing the same thing, no matter how successful it has been, performance will eventually decline against more innovative competitors. There must be a continuing emphasis on improvement for any organization to realize optimum results. Successful organizations promote the following actions for enhanced performance.**

- ✂ Defining the vision of the desired organization**
- ✂ Making “performance” a priority**
- ✂ Evaluating performance against established values and standards**
- ✂ Anticipating and planning for the future**
- ✂ Investing in technology that increases efficiency and productivity**
- ✂ Developing and implementing efficient processes and on-going training for all levels and functions**
- ✂ Establishing more timely and effective communications**

**Many top executives have the desire to implement these actions, yet most are not in a position to evaluate themselves, or do they have the time to do so. This points to the need for outside assistance in evaluating the performance of an organization’s people, processes and communications, and providing recommendations, support and coaching to achieve results.**

### Performance Options

**CEOs face two options in terms of achieving performance for their organizations. One is to maintain the status quo and realize marginally acceptable levels of performance and low competitive standing in the marketplace. The second is to focus on all aspects of performance and take the actions necessary to achieve significant and substantial results.**

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The choice of these options is obvious for CEOs who want to realize optimum levels of performance in a highly-competitive, rapidly-changing business environment.

### *About the Authors*

**Gerry Waller, CMC**, has worked in the areas of performance enhancement and consulting since the late 1970's, and directed the training and organizational development responsibilities of several Fortune 500 companies. He formed PRO Productivity Resources Organization, Inc. in 1990 and serves a broad spectrum of clients. He has authored numerous training programs and the book, *Strategies for Better Thinking – An Advanced Model for Organizational Performance Consultants*.

**Fred Broviak** has over 20 years of experience in communications consulting and was an officer with one of the country's largest public relations / public affairs agencies before founding Broviak Communications in 1989. He has served clients ranging from major international corporations to smaller, high-growth businesses, and has lectured on business communications, marketing and public relations at a number of leading universities.

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