

Raising Business Performance



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Most of us actually spend more time in followership roles than we do in leadership roles and...

...research estimates that followers contribute 90% to the success of any organisational outcomes.

In the constant search to create and sustain high performance organisation, how do you attract, retain and optimise really great people who can deal with any transformational challenge that the turbulent “more-for-less” 21st Century business world can throw at them?

Taiichi Ohno (1912-1990) is considered to be the father of the Toyota Production System also known as Lean Manufacturing - a generic process management philosophy that is currently 'a hot topic' in the Financial Services Sector.

'Lean' - as it is now more commonly known - focuses on improving overall customer value through the reduction of Ohno's original 'seven wastes': transportation, inventory, motion, waiting, overproduction, over-processing and defects. But it was only recently that some 'new wastes' were added to this list including one which we believe should be the single biggest issue on the minds of many business leaders today i.e. the waste of untapped human potential. Research from the Performance Forum shows that disengaged employees are costing financial services companies in the US \$300bn per year, in the UK the equivalent is £7bn a year. Troika's own benchmarking surveys of both the life and pensions and investment management sectors have shown that if the weakest performers could emulate that of the strongest then this could add 42% to the bottom line. With the size of some of the numbers involved it's clear to see that even small incremental changes can produce dramatic results.

In attempting to squeeze the most juice out of their human capital many large firms are being drawn into a talent management “feeding frenzy”, but is this the right response?

Many firms do a great - and similar - job of mapping their managers on to a nine-box matrix to define a future leadership cadre which is then often ring-fenced and exposed to a whole array of very worthy development opportunities from executive coaching and mentoring to shadowing senior executives. But is this narrow focus on developing only the leadership role and capabilities enough? What about the growing interest in management circles in the innovative concept of “effective followership”?



Now just pause for a moment and type the words “leadership” and “followership” into your web browser. Then type them into your favourite online bookseller. The likelihood is that the ratio of hits will be in the region of 1000:1 in favour of leadership – or even higher. Why is this? Does that reflect the ratio of leaders to followers in your organisation today?

Your first email of the day comes from the Head of Talent Management and reads: “I am delighted to confirm that you have a choice of attending one of the following (a) the next iteration of our Business Leaders Development Programme or (b) the next iteration of our Effective Followership Programme” Which option are you likely to take? Followership may dominate our lives and our organisations but it does not dominate our thinking because our pre-occupation with hero leadership keeps us from considering the nature and importance of the talented follower in the creation of high performance business cultures.

At about the same time as Taiichi Ohno was establishing the principles of Lean Manufacturing in Toyota, another Japanese industrialist - Konusuke Matsushita, the Executive Director of the Matsushita Electrical Industrial Corporation - was taunting us with these words:

"For you (in The West) the essence of management is getting the ideas out of the heads of the bosses into the hands of labour. We (in Japan) know that business is now so complex and difficult, the survival of firms so hazardous in an environment increasingly unpredictable, competitive and fraught with danger, that their continued existence depends upon the day-to-day mobilisation of every ounce of intelligence. For us, the core of management is precisely the art of mobilising and pulling together the intellectual resources of all employees in the service of the firm. Only by drawing on the combined brain power of all its employees can a firm face up to the turbulence and constraints of today's environment".

That quote may be almost 3 decades old now and the Japanese economy may have taken some big hits in that time but Matsushita's words still hold a sinister here-we-go-again resonance because we also believe that in the crucible of the complex 21st Century business world a narrow focus on only developing select groups of "Super-beings" is a flawed me-too feeding frenzy strategy. For us, only organisations based on fluid high performing teams i.e. the combination of effective leadership AND followership in partnership can truly raise the performance bar and most importantly sustain it -and we've started to prove it.

Following a typical business re-engineering process, one of our clients was faced with the inevitable challenge of re-energising its middle management; those leaders and followers crucially responsible for the performance and morale of thousands of the organisation's customer facing staff. In many large companies such middle managers are often seen as "skeptical time-servers" who are blocking organisational progress – certainly not part of the talent management group of leaders.

Our client's executive team were open to the challenge of changing their perception and started treating these managers as a valuable reservoir of "University-of-Life, common-sense experience" i.e. talent which had been neither properly tapped nor sufficiently recognised. We designed a comprehensive five step programme of over twelve days of development over twelve months that harnesses the valuable collective experience of these managers and focuses it on measurably raising the business performance bar through enhanced leadership AND followership skills, closer networking and more effective teamworking.

So far a critical mass of over 400 managers has completed the programme, which includes a before and after, web-based 360° feedback process based on leadership AND followership capabilities. The performance improvements directly arising have delivered tangible business benefits of £7 million with a further £5 million expected to accrue each year.

In 2005 this programme won the Institute of Financial Services Most Innovative Training Programme of The Year award. The programme starts and finishes at The Royal Military Academy at Sandhurst where IDG has a special relationship that enables us to weave into the programme some of the operationally pragmatic leadership, followership and teamworking lessons that the army has been honing

over centuries. Sandhurst is a global brand and the environment is unique; there is a pervading atmosphere of excellence, which has had an inevitable effect on previous participants who have found it inspiring and who "raise their game" accordingly.

However, the innovation is not in the content nor in the design of the programme but in the fact that it has been attended by cross-functional, cross-hierarchical teams who now have a firm belief in the principle that at the heart of every high-performance business culture is a strong belief that effective followership skills are as important as effective leadership skills.

Business is obsessed with 'best practice' not different practice. Is it any wonder that products, services, systems, organisations and yes, approaches to talent management are often increasingly hard to tell apart? How do you differentiate your company in this area? It has always been hard to attribute quantifiable business benefit to people focused investment. We firmly believe that this cynicism can be overcome and that the 'permafrost' can be thawed. Our approach, as illustrated in the example above, delivers in a way which provides more than a full return on the investment made. It took a long time for business to wake up to the need and value of investing directly in the management of talent. Sadly the journey seemed to stop there. How long will it be before the industry accounts for the potential dormant in the remaining 90% of their workforce? By tapping into the rich seam of human potential in their organizations businesses not only raise the day to day performance bar but also gear themselves up for maximizing the benefits and speed of delivery of future changes.

It is a truism that we operate in a shrinking business world, with greater competition, where organisations are still looking to do more for less in an environment that has already harvested most, if not all of its opportunities. So why would you not want to liberate the untapped human potential that resides in your organisation and do something about it?

Do you honestly know the full nature of the talent that is buried in the heart of your organization and just how much of it is being wasted? If so, what are you doing about it?

It is this question, which in Financial Services strikes at the heart of increased cost and lost competitive advantage, that the enlightened 21st Century organisation must first ask and then resolve. Where does your organization stand in this process?

These challenges are not unique to Financial Services organizations. FS companies can learn a great deal about ways to maximize human potential from the experiences of other disciplines and for this reason Troika and IDG have joined together to host a forum at the Royal Military Academy Sandhurst on 29th November 2007. This event will explore perspectives of leadership in the 21st century drawing upon the best in class experiences from the military, business and sport.

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