

Strategically Develop an Outstanding Organization

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2008 and 2009 were the worst years in our economy since the 1930's. We may have stabilized but we are still a long way from substantial recovery. Our "New Normal" is likely to be much different than our past. We must change old ways of doing business. Outstanding companies have a clear strategy, high productivity and strong leadership. Leadership is the catalyst that drives change and improved results.

Economically we are experiencing several problems beyond our control. Sales are weak. We don't know how long it will take to return to old revenue levels. Margins have been deeply cut and it is unrealistic to assume they will soon return to old levels. Accounts receivable has lengthened. Uncollectible debts have increased.

Our organizational strength is challenged by the combination of weak revenue, higher costs and tight capital. The economic environment will continue to be weak. Under these conditions how do you strategically position your company to become an outstanding organization in the "New Normal"?

Politically we face significant uncertainty and change. Huge deficits will be the norm in the next years. We will be impacted through higher taxes, new insurance regulations and tightened credit availability.

All organizations have two things in common: a present and a future. Between these two is process. The quality of the process determines the level of performance. The level of performance defines the future. Performance drives results.

Process is about productivity. In 2009 many companies focused on cutting costs and improving productivity. They challenged their old practices and generated positive cash flow and profitability.

Improving productivity by itself will have only a short term impact. We need a road map showing how we plan to compete and thrive in the new economy. As Peter Drucker states, "There is nothing more wasteful than becoming highly efficient at doing the wrong thing." For future success we need a clear strategy as well as efficient operations.

Planning is the single most important activity a management team can undertake. Planning is necessary if we are to develop an outstanding organization that meets the economic constraints, new market realities and political changes in our future. It focuses the organization on the longer term. Begin making progress by determining short term initiatives that will move the organization to the desired future.

Leadership is the single most important factor in implementing this planning and is the force that drives organizational change and generates strong results.

It takes a special kind of leader. We've all seen the taskmaster leader. People dislike working for this type of leader and will follow orders but are cautious and will do only what will not get them in trouble. At the other extreme, the leader is nice but ineffective, which also generates weak performance. In both cases the result is an ineffective leadership culture. Without leadership employees alone, even following a sound strategy, will not get you to your desired future and the organization will underperform.

To create a future that is different from our past we must begin making changes now. Status quo is comfortable. Change means moving out of this comfort zone. The wider the change the more difficult it's execution. Even many of the productivity changes made last year may not have been fully implemented

Strategic development is about organizational change, about moving from the present to the future. However, because individual people make these changes, execute the strategies and move the organization into the future, strategic development is really about people.

The economy is weak. We have no time for trial and error. Customers demand more. Product cycles are shortening. We have flattened the organization. In this environment people development is more important than ever before.

Improving our effectiveness and that of our key employees is critical to our future success. Peter Drucker again, "Increasing effectiveness may well be the only area where we can hope to significantly raise the level of performance, achievement and satisfaction."

What is the leadership style you and your management team use? What impact do you have on employees? How effectively do you communicate, motivate and use power? Is your leadership culture the random result of many styles or is it coordinated and consistent?

No great leader ever fell from heaven. Leadership behaviors and attitudes are learned. In outstanding organizations leadership development is an ongoing process. The effective CEO understands the financial impact of people development. Small changes in the effectiveness of key people bring large changes to the bottom line. The challenge is to realize a positive return on the investment.

Development of effective behaviors and attitudes takes time and effort. The effective CEO demonstrates his commitment and leads change.

Summary:

Outstanding organizations have a clear strategy, strong productivity and effective leadership. Management works hard to assure they have a cultural commitment to make their vision a reality.

Strategic development is about moving the organization to a future that is different from the present. Strategic development is organizational change. People make changes. Strategic development is really about improving the effectiveness of the people of the organization. Organizational development is really about people development. Effective leadership is the necessary catalyst for people and organizational development.

Effective leaders build a results based culture of enthusiastic, motivated, confident employees committed to achieving the vision of the organization. Their performance focused organization defines their future and the performance drives outstanding results.