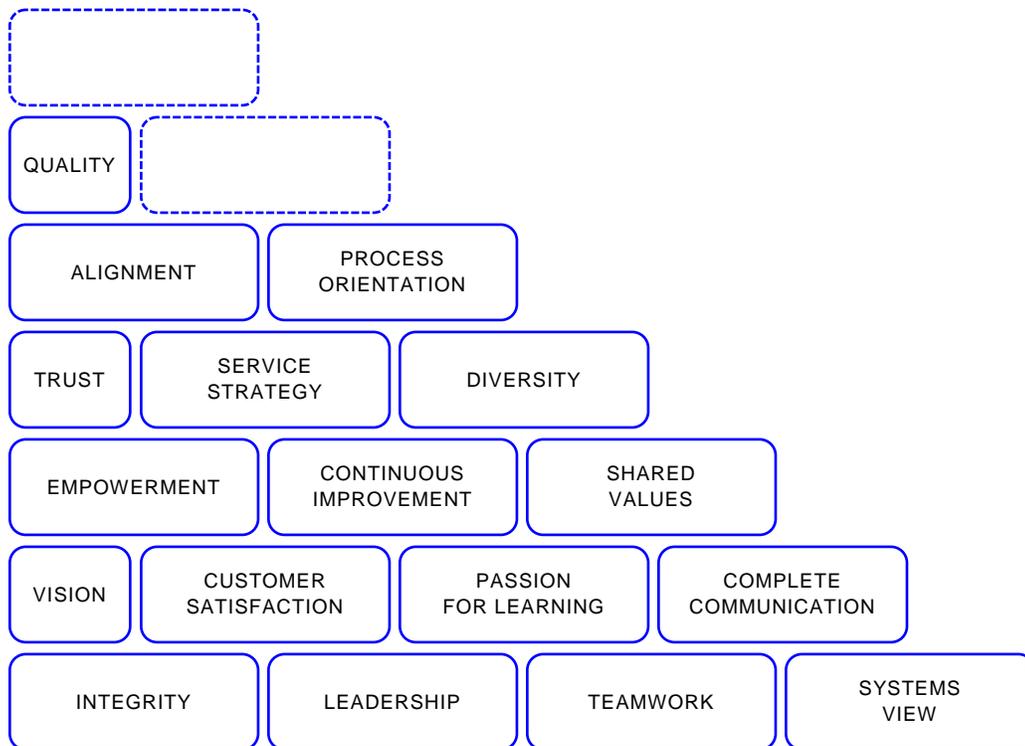


BUILDING COMPETITIVE ADVANTAGE



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INTRODUCTION

The models that follow provide a conceptual map for creating competitive advantage through people. They don't have the precision of a road map that tells you exactly how many miles to your destination, etc. That level of precision may never be possible in this endeavor. Rather, these models are intended to focus attention on the key processes that must be managed in order to build a culture where continuous improvement is the norm—in other words, a learning organization.

True competitive advantage is more difficult to achieve and sustain than ever before. Technological breakthroughs are hard to come by, and when they do occur, they are quickly reverse-engineered and copied by competitors.

It may be that the only truly sustainable competitive advantage lies in the development of a trained, committed work force—people who are energized by an important vision, who are committed to the pursuit of excellence, and who are fairly rewarded for their efforts.

The development of the global marketplace with worthy competitors in virtually every industry has changed the organizational world profoundly. Today, and increasingly in the future, any organization that chooses anything less than the pursuit of excellence (continuous improvement) in serving its customers is choosing to go out of business. In industry after industry, “good enough” is no longer good enough.

Many companies will look for short cuts to excellence, and they will fail in the process. There are no short cuts to excellence. The serious pursuit of excellence requires leaders who can sustain a pointed focus on an important purpose, who value teamwork above individual achievement, and who are constantly working for the best fit between all parts of the organizational system.

The pursuit of excellence is synonymous with continuous improvement. It means learning every day. It means trying new things and failing, but not becoming a failure. It means listening to customers in a way very few companies have done in the past. It means developing partnerships with customers, suppliers, and associates in such a way that everyone benefits and everyone is empowered. It means setting high performance standards today and raising them tomorrow. It means a commitment to the development of people that never wavers.

The information age is placing a new premium on the importance of learning fast. Organizations that can't learn fast are already having difficulty meeting the challenges of rapid change. In the very near future, learning organizations are the only ones that will be able to compete.



PART I. LEADING WITH A VISION

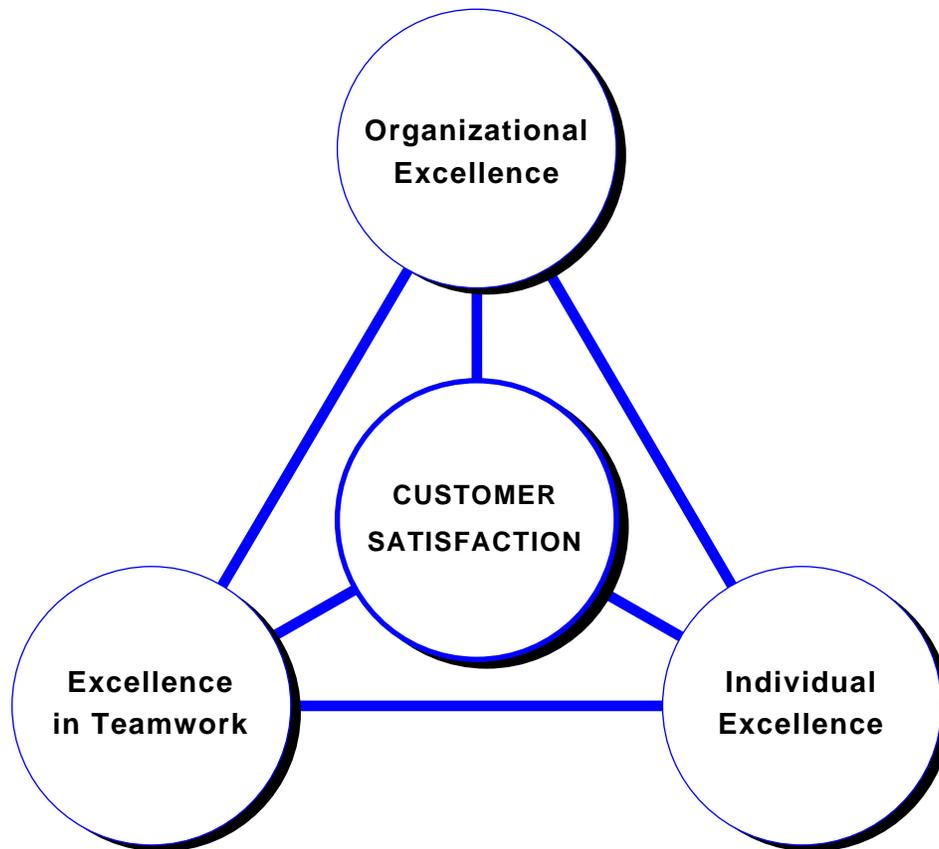
Creating a Context of Excellence

“The single most visible factor that distinguishes major cultural changes that succeed from those that fail is competent leadership at the top.”

*John P. Kotter and James L. Heskett
Corporate Culture and Performance*



DEVELOP AND COMMUNICATE A VISION OF EXCELLENCE

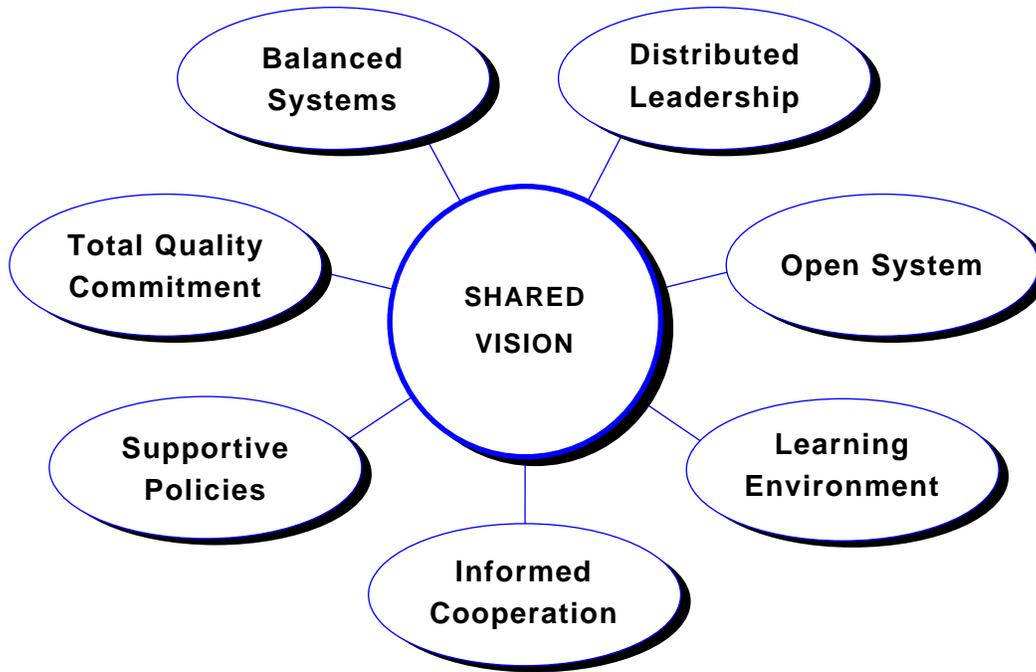


The first and most important, continuing task of leadership is to define a shared vision that energizes and brings out the best in people. A compelling vision paints in broad strokes how the organization intends to serve its customers through individual, team, and organizational excellence.

- ❑ **Organizational Excellence** is the pinnacle. Excellence in any form is a serious and often difficult undertaking, but this is the most challenging because of the sustained commitment and cooperation required of so many people. A shared vision provides the focal point for that commitment and cooperation. The more people that can be involved in defining the vision, the better, but the task of sustaining it and keeping it fresh is the major responsibility of top management.
- ❑ **Excellence in Teamwork** is a prerequisite to organizational excellence, since most work is accomplished by teams. Each team must have its own vision which supports the organizational vision and aligns with other related teams. Informed Cooperation is the centerpiece of effective teamwork throughout the organization.
- ❑ **Individual Excellence** in support of team and organizational goals should be encouraged and rewarded. People want to excel as individuals *and* as members of a team. When desired outcomes are clearly defined under the umbrella of an organizational vision and mission, there need be no conflict among any of the forms of excellence.

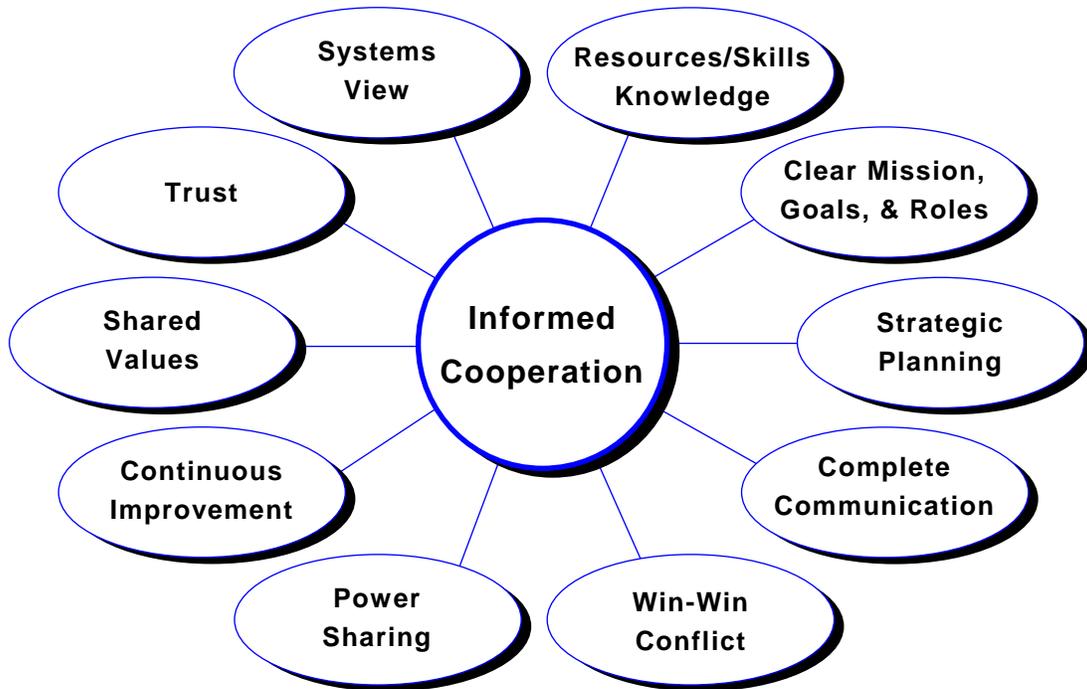


ORGANIZATIONAL EXCELLENCE



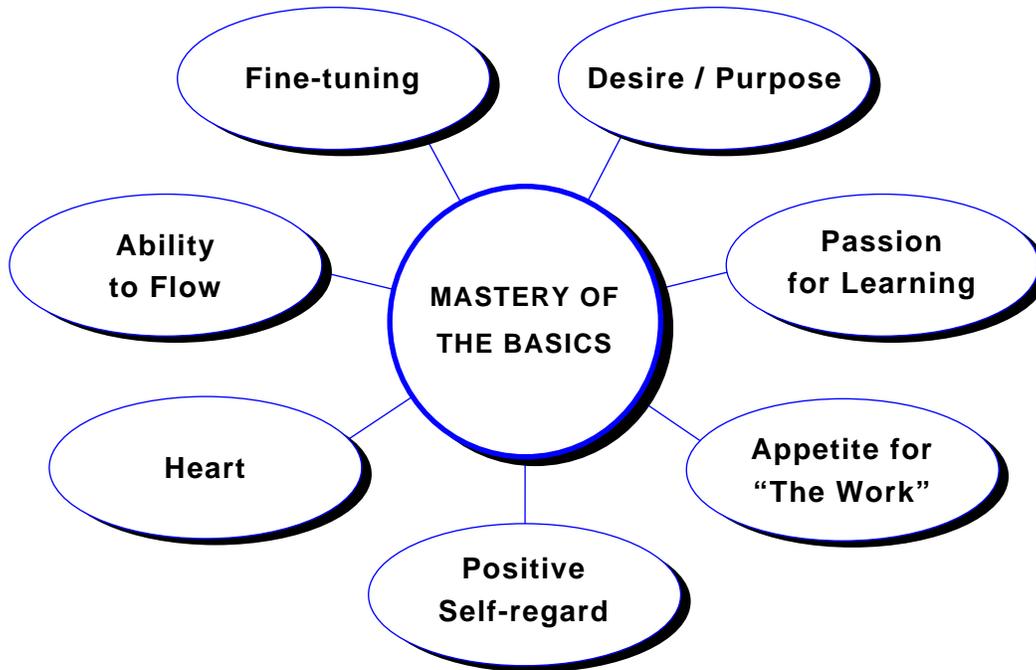


EXCELLENCE IN TEAMWORK



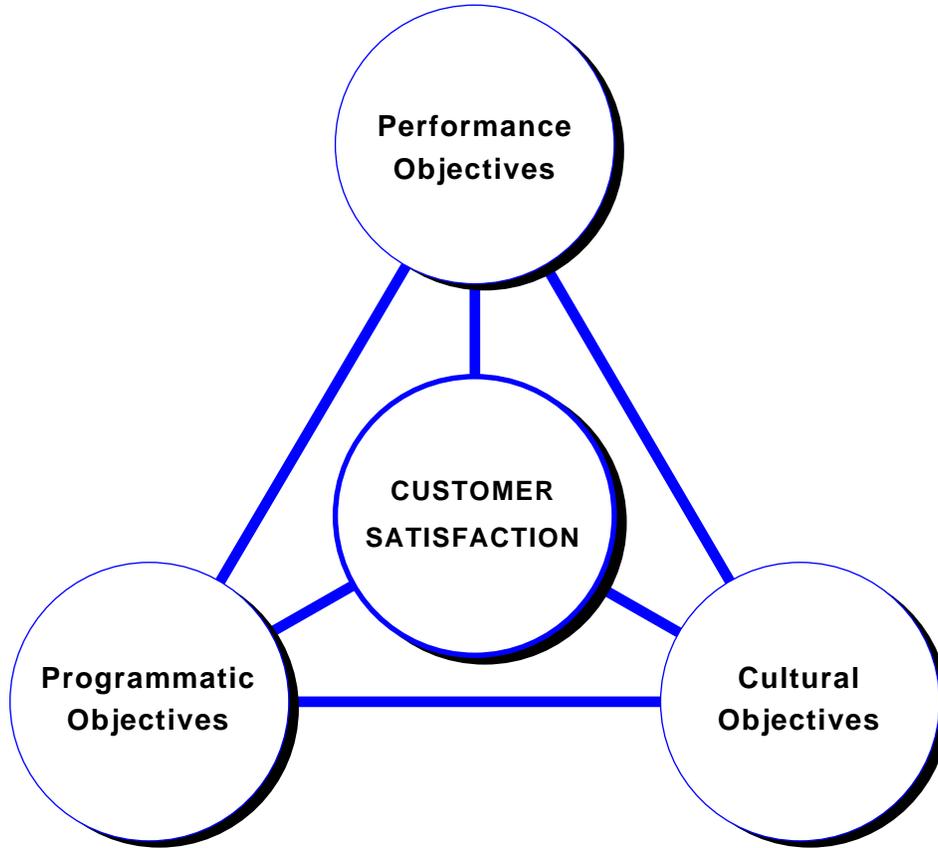


INDIVIDUAL EXCELLENCE





ORGANIZATIONAL OBJECTIVES



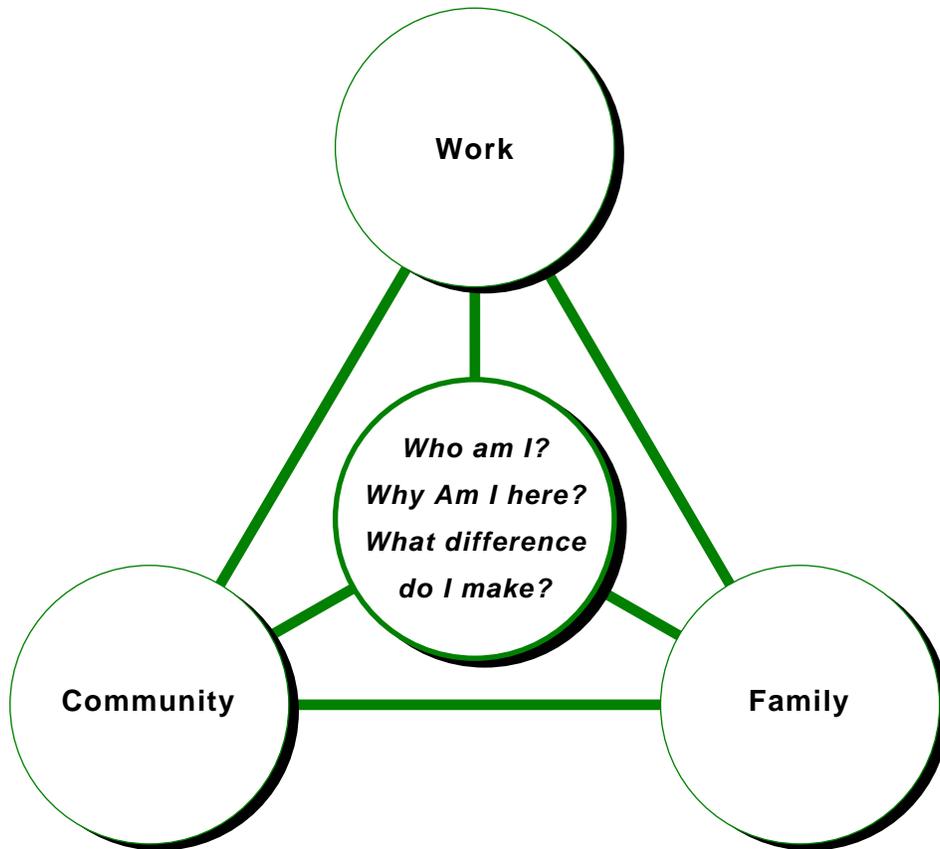


CUSTOMER-CENTERED SERVICE



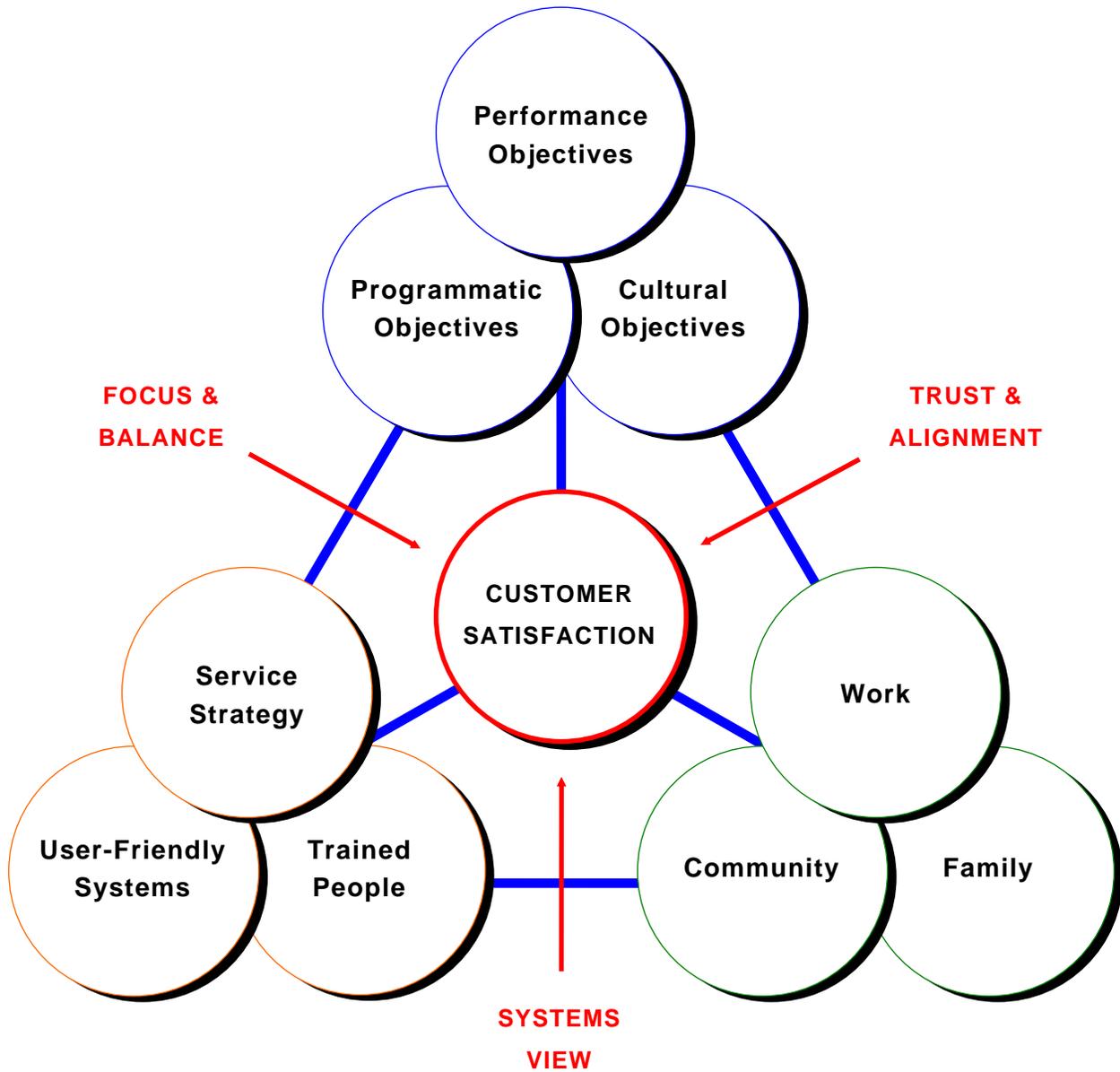


THE ULTIMATE BALANCING ACT





THE LEADERSHIP TASK: PROVIDE FOCUS *and* BALANCE



A Near Fanatical Commitment To Individual, Team, & Organizational Excellence



ATTRACT, DEVELOP, AND KEEP TALENTED PEOPLE

When a new person joins the organization, there's a unique window of opportunity to help him or her get off on the right foot. Typically, the new associate is highly motivated to learn the ropes and become a contributing member of the organization as quickly as possible. There will probably never be another time in their careers when they are as hungry for information and guidance.

Establishing an orientation program to help new associates learn the right things about their particular assignment and the organization as a whole is a primary leadership responsibility.

Here are some ways to maximize the chances for success:

- *Clarify expectations: get the best fit possible between individual goals/needs and organizational goals/needs.*
- *Get clear agreement on the commitment to goals/mission/vision.*
- *Make a conscious decision regarding how much freedom is being delegated to determine strategy and set supporting goals.*
- *Set short-term milestones that will be good indicators of effective performance.*
- *Check progress early and often so that any needed course corrections can be made quickly and easily.*
- *Emphasize and insist on good alignment—not conformity.*
- *Maintain an attitude of conscious optimism regarding the person's ultimate success and make it easy to talk about short-term problems, mistakes and failures.*
- *Be available to listen and be slow to offer advice and suggestions.*
- *Celebrate the successful completion of milestones and set new ones.*
- *View the relationship as a partnership of adults instead of the old boss-subordinate trap.*



EMPOWER YOUR PEOPLE

Leaders who empower others:

1. Involve them in the development of a shared vision.

- have a personal sense of purpose (believe they can make a difference).
- inspire others to be good team players.
- provide focus and balance in the pursuit of their vision.

2. Share information freely so that everyone has the information they need to make informed decisions.

- communicate openly and honestly, and actively encourage others to do the same.
- think and communicate inclusively more than exclusively.
- listen more than they speak.
- encourage diverse opinions and open disagreement.

3. Have a sense of the fundamental equality of all people.

- view organizational members as partners, not subordinates.
- trust themselves and extend trust readily to others.
- accept and affirm the unique talents, interests, and values of each person.
- treat everyone with dignity and respect.
- involve others in the joint evaluation of results.

4. Direct their own efforts toward creating the conditions where others can be successful in pursuit of their shared vision.

- work to ensure the best possible fit between personal and business goals.
- engage people in the creation of policies and norms that support goal achievement and in the elimination of restrictive and meaningless ones.
- create opportunities instead of obligations.
- encourage people to manage themselves—to take full responsibility for their actions and results.

5. Work constantly to build a learning environment in which continuous improvement is the guiding principle.

- model risk-taking—encourage everyone to view “mistakes” as learning opportunities.
- actively work to decrease fear and anxiety.
- honor the creative process.
- are incessantly curious about the way things work.

6. Have a clear set of values and consistently check their actions against them.

- are able to model most of the behaviors they seek from others.
- are good followers.
- tend the core values of honesty, integrity, and good corporate citizenship.
- bring out the best in themselves and others.

7. Have positive self-regard--are able to fail without becoming a failure.

- are self-confident enough to welcome the most talented people they can find.
- are patient and persistent.
- are flexible and have a high tolerance for ambiguity.
- have a good sense of humor--don't take themselves too seriously.



SUMMARY OF KEY LEADERSHIP TASKS

1. Creating a vision / purpose

- Listening
- Imagining
- Shaping

2. Communicating the vision; enlisting 100% commitment

- Explaining; teaching
- Demonstrating commitment and consistency
- Persuading; winning support

3. Creating the conditions where everyone can align with the vision and be successful

- Maximizing the fit between individual and organizational goals
- Acquiring resources; training and retraining
- Establishing supportive norms and policies
- Removing blocks; building effective systems

4. Helping those who won't align with the vision find another place to work

- Without being unduly intolerant of dissenters
- With mercy
- With fierce determination

5. Muscle-building the organization

- Moving people around
- Providing stretching assignments
- Bringing in new talent

6. Making continuous improvement and renewal a way of life

- Nurturing creativity
- Embracing change as the only constant
- Perfecting the art of “letting go”

7. Building cooperative instead of adversarial mindsets

- Making cooperation pay off
- Adopting the systems view of life
- Making sure everyone has access to all the information

8. Tending the core values

- Honesty—Integrity
- Equality—Equity
- Quality—Service

CREATING VALUE—BUILDING TRUST—EMPOWERING—SERVING