



The ascent to the summit

Transforming to a high-performance organisation is a resolute journey sustained by authentic leadership and new-economy values.

_____ by Christo Nel

In order to survive in a tough economic climate and under intense competition, most businesses foster the ideal of becoming a high-performance organisation. Yet few succeed in reaching this dream. Researchers worldwide increasingly agree that it is a journey with no short cuts. Instead, it is more about certain intrinsic qualities that

stand out in those organisations that consistently outperform the rest.

Above all, such organisations have built the capacity to deliver *authentic leadership*. This form of leadership combines sincere individual leader behaviour – which acts on a deeply held social consciousness and values, and emphasises

the positive development of followers – within a sophisticated organisational context. Another distinctive attribute is that such companies have the capacity to form *high-impact leadership teams*.

According to the well-known African saying, “It takes a village to raise a child”. Research

has shown that a similar principle applies to the high-performance organisation. It functions like a village. By nurturing a rich mixture of diverse and competing perspectives, even to the degree where people irritate one another, it allows itself to shift into higher levels of performance. By practising and encouraging constructive debate, it develops the guts to say no to certain choices and to stick to those things it believes in. High-performance organisations prefer to do everything about something instead of something about everything.

New values signpost the road to the top

Organisations that want to survive and to sustain their competitiveness will have to make fundamental value shifts. The value systems of the *old economy* are no longer valid. The following are some of the more important value transformations being made by new-economy enterprises:

- Capitalism is not the ultimate answer, or winner – it has merely managed to outlive communism. Thinking that seeks more refined models of social democracy is encouraged.
- The notion of equating markets with ever-increasing levels of consumerism makes way for a more sustainable view of seeing markets in terms of society and communities.

- Profit-chasing as the sole purpose of business is replaced by the belief that business is an integral and responsible part of society and the environment.
- Workplaces that celebrate the aristocracy of power, the authority and privileges attached to the hierarchical position, and the hero leader who will rescue tight situations are superseded by environments of diffused power and leadership, democratic values, stewardship, and the energising of people.
- Protected turfs, technocratic opaqueness and controlled knowledge are displaced by open and energetic networks that share understanding and information.
- The organisation is no longer viewed as a mechanistic assembly of independent parts, but as an integrated system where the whole is reflected in each part.

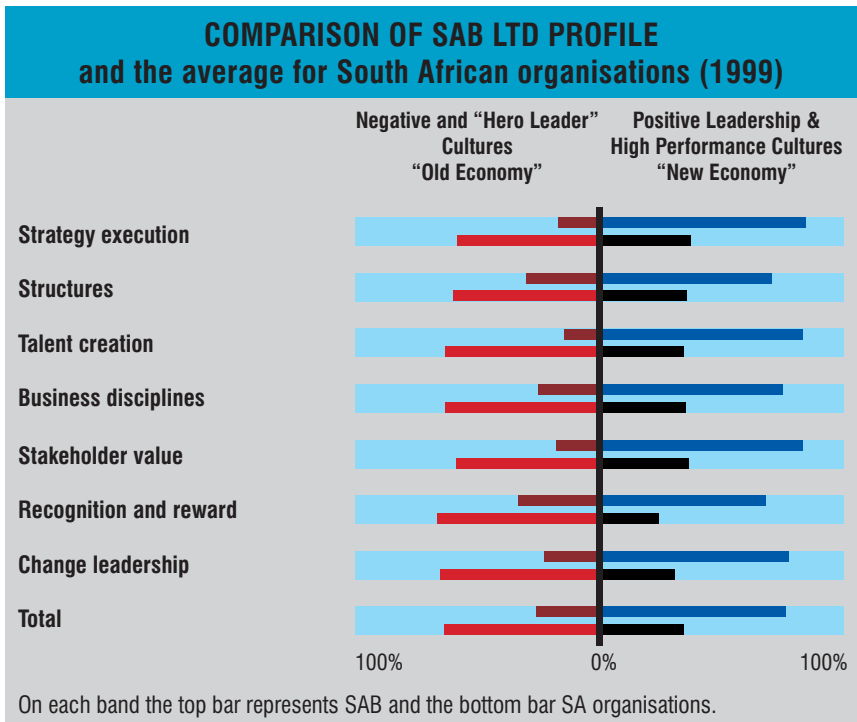
The advantages of embracing new-economy values speak for themselves. The research by Collins and Porras (*Built to last: successful habits of visionary companies, 1994*) found that companies with high-performance cultures had outperformed the market sevenfold from 1926 to 1990. Unfortunately, not many organisations make these shifts successfully. This is the case globally, and certainly also in South Africa.

SA companies slow off the mark

In the 1980s, research done under Project Free Enterprise assessed the capacity of South African companies to bring about meaningful change and greater sustainability. The outcome was rather disappointing. Even more disconcerting is that research conducted two decades later (in 2008) revealed that almost no progress had been made as far as the prevalence of high-performance organisational cultures in SA was concerned.

But there are exceptions. SAB Ltd, which adopted the concept of a high-performance organisational culture as the prime energy

It is all about careful planning, preparation, putting the right drivers in place, and then meticulously executing the process



to drive its expansion into global markets, is now one of the world's most productive beer-producing companies. By local as well as global standards, its internationalisation is a huge success story. In 2007 SABMiller Europe outperformed its main rivals, Heineken and Inbev, by 300% on ROI – a major achievement, given that the company only entered Europe in the early to mid-1990s.

Still, this remains one of only a few success stories in South Africa. By 1999, accumulated research based on the old-economy versus new-economy value systems placed the average profile of SA organisations as lagging far behind that of SABMiller. In fact, on average they showed a strong preponderance to cling to old-economy values, whereas SABMiller already displayed an overwhelmingly new-economy culture. The comparison can be seen in the figure on the left.

But why is this not happening for many more SA companies? After all, executives have more than enough evidence to know that progressing towards new-economy cultures is likely to result in higher levels of performance. And when



companies are asked where they would want to be, the top people show a vast preference for new-economy values. Why is it so tough to effect and sustain the value shift in practice?

Obstacles in the way of progress

There are several reasons why progress is slow. Working with various companies over the past decade, the Village of Leadership Consultancy has identified fundamental issues that appear to prevent organisational leaders from making the necessary breakthroughs, for example:

- Pre-1994 thinking still seems to inhibit South Africans of all groups and sectors from embracing the fuller meaning of democracy.
- With the pervasiveness of Afro-pessimism and media that thrive on bad news, there is a general lack of optimism and positive leadership.
- The overemphasis on year-end company profits often comes at the expense of an adequate investment in employee skills and the sustainable competitiveness of business practices.
- The increasingly younger profile of senior management, which puts technocratic experts in strategic roles, erodes the capacity for broad-based change and innovation.
- People cling to the illusion of independence to satisfy their desire for autonomy and control. Protection of own turf is still the norm, while problems are always blamed on other areas of the company.
- Stakeholders are frequently viewed as adver-

saries instead of attempts being made to build constructive relationships with them.

- The execution and project management of major organisational change initiatives – such as entrenching a high-performance culture – are usually poor.

By understanding the deep-seated nature of some of these problems and heeding the lessons learned by the successful few, it is possible to suggest better ways of tackling the process.

Taking the organisation to new heights

The decision to build a high-performance culture cannot be taken casually. A hard and steep process lies ahead. When SAB Ltd made its decision, the company used Everest as metaphor for the journey that would be required, and told itself that one cannot run up Everest. It is all about careful planning, preparation, putting the right drivers in place, and then meticulously executing the process.

What are the drivers that will energise the process?

Leaders have to make personal value shifts

The classic egocentric and hero leader mentalities have to be addressed, often through professional interventions. Once people cross a key transformation threshold – at the point where

they change from independent to interdependent thinking – they become ready for growth as creative leaders that can deal with integrated and systemic concepts.

See the process as evolutionary

The process will take time, and it will involve successive periods of progress and consolidation. SAB Ltd realised that crucial to climbing Everest is starting with a well-established base camp. If one's base camp is not good enough, the expedition is doomed to failure. Along the route the organisation undergoes significant changes, almost to the point where it becomes a new organisation. It is essential to regroup before the final assault on the summit can be made.

Powerful communication must be leveraged

The strategy agreed upon by the executive must be consolidated in a compact set of slides that will spread the message right through the organisation. Within set timescales, successive layers of leaders deliver the communication to their followers; even better, executive members join lower-level leaders when they address their areas. In this way, they create a pull-through effect and reinforce commitment to the process by the organisation as a whole.

Cascade competence and accountability

The desired capacity for driving and sustaining the process must be built diligently and progressively throughout the organisation. It cannot happen in one day; a cascading process of aligning the organisation is recommended. This starts with top management; next, the core of HR and organisational development specialists are equipped, followed by the line leaders (1%-2% of the organisation), then the top 15% of people, and finally the whole workforce is involved to develop a common understanding of, and competence in, the drivers of change.

Strategy execution through team leadership

The transformation process is a strategy which has to be put into action systematically. The vision that drives the process is not the *bos-*

The classic egocentric and hero leader mentalities have to be addressed, often through professional interventions

beraad kind – the neatly phrased statement of what the company wants to be somewhere in the future. On the contrary, a true vision statement is a source of energy and detail. It compels people to act at ground level.

What is important is to engage *team leadership*. International research shows that there are four broad types of leaders.

- Some leaders are great **visionaries**, who regularly challenge assumptions and seem to be able to harness intuition and do things that shape the future.
- Others are strong at **interdependence**. They value diversity and have the ability to galvanise the collective genius of the organisation.
- A third category is good at putting **structure** »



in place. They believe in rigour, discipline, and proper risk management.

- **Action-oriented** leaders demonstrate the distinct ability to execute as well as to unleash individual delivery. Such leaders consistently deliver the goods.

Research has shown that it is hardly possible for any individual to excel in all these areas. Yet sustainable high performance requires all of these qualities, without any one being more or less important than the others. High-performance teams learn how to ensure that all of these diverse leadership attributes are applied to enhance the overall impact and performance of the team and individuals.

Think beyond the organisational structure

Many organisations stick to the organisational structure as the key reflection of how they function. But this viewpoint ignores reality. An organisation today is a complex mesh of interdependent webs of activity. Companies that are dedicated to entrenching high-performance cultures make a point of identifying all these interrelated lines, and then building them into resilient webs of leadership and energy. There are examples of organisations that, after figuring

out the full network, assessed the quality of all these relationships. They then colour-coded the lines to indicate the strength of each one: *green* would be good, *blue* would be in need of some help, and *red* would mean that serious attention was needed.

Communicate

Eye-to-eye communication is the preferred way of communicating in high-performance organisations. E-mails, SMSs, voice mails and websites are not regarded as true communication media.

Develop the talent in the organisation

A pivotal characteristic of high-performance organisations is that they succeed in becoming learning organisations. The widely used performance appraisal model of assessing people at various levels of meeting expectations is a good way of killing the initiative to learn and develop. Progressive organisations use a new language, with the terminology reflecting rather the stage of development at which people are.

Moreover, these companies realise that the Jack Welch model of cherishing only the top 20% and firing the bottom 10% does not work in today's scarce talent market. Instead, they actively engage in developing the majority of the workforce. It is more than likely that 70% of the people are nurtured and cherished; high-performance organisations are passionate about discovering the talents of individuals and ensuring that they are all energised to use and hone them.

It can be done - if you stick to the roadmap

No one should be deterred by the evidence showing that few companies have managed to entrench a high-performance culture. There is adequate evidence that this ideal is attainable, but the journey will demand diligence, perseverance, and faith in the potential of people to be developed to new heights of leadership and performance.

There is a good example of what is not the road to a high-performance culture. With the help of consultants, a particular company set off with great enthusiasm towards becoming a high-performing organisation. At executive level, a new company value system was developed. The set of new company values was framed in gold and proudly put up in the boardroom. Another

The journey will demand diligence, perseverance, and faith in the potential of people to be developed to new heights of leadership and performance

neatly framed version was displayed in the foyer for visitors to see. Some time later, a member of the consultancy visited a work area, where a photocopy of the values was stuck to the wall. "What is that?" the consultant tested one of the staff. "Oh, it must be a new disciplinary code or something – HR came and put it up here." And that summarised the strategy and the entire progress they had made towards entrenching a high-performance culture. ■



Christo Nel

This is a synopsis of a talk by Christo Nel, senior lecturer extraordinaire at the University of Stellenbosch Business School (USB) and director of The Village of Leadership Consultancy, presented at the Leader's Angle event hosted by the USB. For more details about the USB's monthly talk series, visit www.usb.ac.za/leadersangle.

Write to us: Do you have practical evidence that demonstrates the effectiveness of some of these recommendations?
lab@usb.ac.za