



Key Steps to Ensure Your Business Meets its Performance and Profitability Potential

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The financial services sector is dedicated to benchmarking organizational performance, and this information is critical to us as individuals, be it for our own careers or as investors. Seemingly small annual differences can have a significant impact on the performance of our investments and pensions in the long term.

Our current expectations of what organizations should be delivering are less than they should be. Today, most organizations, large or small, are performing significantly under their potential. Financial experts, CEOs, and executive teams fail to see this, and consequently fail to address it. It does not help that poor performance has become somewhat common and hence acceptable. Nonetheless, this problem can be solved at minimal cost, using knowledge that organizations already have at their disposal.

Poor performance is primarily driven by the ineffective implementation of tasks and strategies. The number of initiatives or actions that are fully and successfully implemented in most organizations is only about 20–30%.

Put simply, organizations have to do three things to reach their potential:

1. Ensure that everyone can do the job by putting in place the right skills and knowledge
2. Ensure that everyone wants to do the job and gives their best using their skills and knowledge
3. Focus these skills and knowledge on what delivers success for the organization

Ensure that Everyone Can Do the Job

Consistently, evidence shows that a majority of employees do not have the full suite of required skills or knowledge

to do their job. For example, time-management capabilities are often lacking. With leaders, this is even worse. I consistently find that less than 30% of leaders have been taught how to delegate effectively, something they must do every day. Unless this fundamental skill is in place, organizations can't possibly reach their full potential.

Encourage People to Give Their Best

Having skills and knowledge is not enough to maximize performance: people must be inspired and motivated by their leaders to give their best. Employees must care about producing the best outcome — what I call 'care' leadership. We all know from our own experiences what encourages us to give our best effort on a day-to-day basis. But strangely, under the pressure to 'get the job done', leaders often fail to give their people meaningful inspiration and motivation, hence the avoidable under-performance.

Evidence suggests that less than 20% of staff in most organizations are giving their best performance. Roughly 70% 'just do the job', giving minimal effort, while 10% actually negatively impact on colleagues. The 70% who just do the job could potentially give the organization 30% more 'discretionary' effort if they wanted to. If that 70% performed even only 15% better, organizational performance would totally transform, and quickly.

Making this transformation is surprisingly easy. I have proactively asked leaders around the world what made them give super performance for the best boss they ever had; the answers are consistent globally, irrespective of culture, sector, or level in an organization. They were simple day-to-day actions, such as "[my boss] 'asked me

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for my ideas’, ‘listened to me’, ‘developed me’, ‘let me get on with the job’, ‘treated me fairly and with respect’, ‘showed they cared about me’, ‘supported me’, and ‘trusted me’”. If you personally reflect on the best boss you’ve ever had — what they did and how much they inspired you — you will understand exactly how this works.

All these actions cost the organization nothing, and can be immediately and frequently implemented. The two impactful steps discussed so far unleash the power of human neuroscience to produce positive responses that cause people to genuinely care about the outcome, the team, and the organization. The uplift in performance is significant: fair and accurate feedback can increase employee effort by up to 39%, and telling people how what they do fits into the bigger picture by 35%. In fact, if line managers just show they care about people, this would likely increase effort by 26%.

If this effort is made by all leaders across an organization, they could increase the chance of outperforming competitors by nearly 70%, increase revenues by up to 40%, halve days lost through sickness, increase earnings per share by up to 2.6 times, reduce the risk of loss of talent by 87%, and help in managing reputational risk. In one construction company I worked with and implemented the above actions in, those happy to recommend the company to friends or family as a great place to work more than doubled, from 40% to 83%, in just two years.

Essentially, it is about inspiring people to want to do the job, not just telling them to do it: employees’ decision

to give high performance is 57% rational and 43% emotional. A case for simply doing the job sans emotional inspiration has half the potential for success. Further, line managers account for 80% of the emotional element and over 50% of the rational element, meaning all line managers have to be good at sparking inspiration in order to get the best from everyone, not just those managers at the top.

Focus on What Delivers Success

Evidence suggests that failure to align operational activity accurately to strategic objectives could mean that 20% of operational activity is wasted. The solution is simple: regular team meetings and cascading of objectives ensure that everyone understands the ‘big picture’ and how they can align best to it; these are cost-effective but highly impactful techniques.

If the above three key areas were focused on, potential improvements would not only impact your bottom line by 10–20%, but also improve customer service, implementation, innovation, brand building, cost efficiency, and even risk management. These measures boost all critical performance drivers in a sustainable way, and all of them are so simple. In fact, people already know how to implement them. They also cost nothing to implement and can be practiced as early as tomorrow.

With this in mind, there is, in fact, no excuse for organizations not to reach their potential and quickly add 10% or more to their bottom line. **R**