

# A NEW MODEL for Building High-Performance Organizations

*The basic formula that drives organizational performance and underlies competitive advantage goes like this: Profitability is about performance and, ultimately, performance is about people—one person at a time and collectively.*

By Mark Brenner

As today's "war for talent" heats up, it's simply mission-critical for executive leadership to be strategic about talent acquisition and talent management. Putting that ideal into practice, however, is another matter. Why? Because the problem is that leading people is a soft and squishy process. It's quite often outside the comfort zone of business school graduates who prefer hard and fast facts and figures that can be analyzed and measured.

## Introducing The People Value Chain

What we need is a "unified model" for building high-performance organizations—one that accounts for the psychological nature of the system while at the same time being grounded in concrete facts and measurements. The *People Value Chain (PVC)* can serve as such a model.

The *PVC* illustrates the sequence of critical people-based drivers that underlie organizational performance. It is represented by the following progression:

*Strategic Talent Attraction > Targeted Recruiting > High Accuracy Hiring > Proactive Onboarding > Talent Identification > Performance Enhancement > Career Acceleration > Succession Management*

## The Role Of Corporate Culture

Each component of the *PVC* is defined by its own specific best practices, but there is one overarching best practice that is vital in assembling a whole that exceeds the sum of its parts. That practice is a corporate culture that drives high performance and fuels employee engagement.

Why engagement? While mere employee *satisfaction* is a trailing indicator of organizational success, employee *engagement* is a leading indicator. It is defined as the measure of a person's willingness to give discretionary effort at work. Engaged employees are consistently found to stay at their company longer, work harder, and go the extra mile for customers and recommend the company as a desirable place to work.

What are the building blocks of a high-performance culture that genuinely engage people? First, to supply the energy necessary to engage employees, such a culture must be strategically grounded. In other words, the enterprise must have crystal clarity about its reason for being, its idealized future



state and its fundamental principles. Then, provided these high-level strategic documents—mission, vision, and core values—are powered by leadership’s wholehearted commitment, the enterprise can go about crafting a compelling call to action and an executable battle plan (that is, a strategy map, a balanced scorecard, and a strategy execution blueprint). These components form the bedrock upon which a strategically grounded culture evolves.

The next part of the design is to recognize, respond to, incorporate, and deliver on the cultural elements that employees find the most inspiring and motivating about any corporate culture. These elements include competent and caring leadership and industry-leading business processes that add a “we’re elite” message to the company’s reputation. Further, employee engagement flourishes in a performance environment that reveres empowerment, accountability, and a recognition and rewards system based on contribution.

Finally, to close the circle, great talent prefers to be surrounded by its own kind—that is, the right people in the right roles.

### **Best Practices Put People First**

Here is just a small sampling of best practices that can help nurture the *PVC*:

- Senior leaders make an aggressive commitment to supporting talent management and are wholly accountable for it.
- The top HR executive reports directly to the CEO.
- Future leaders are identified, groomed, and developed. Leaders exemplify the core values of the enterprise and thereby create trusting and eager followership.
- Hiring is by design, not by chemistry.
- Company-specific competency profiles are used to inform the entire *PVC*.
- Both performance management and people development processes are informed by the business strategy (and vision, mission and core values).
- Promotion and job assignments are guided by talent development considerations.



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