

# Leadership's Role in Sustaining a ~~Customer-Focused~~ Performance Excellence Culture

**MNASQ Executive Roundtable**

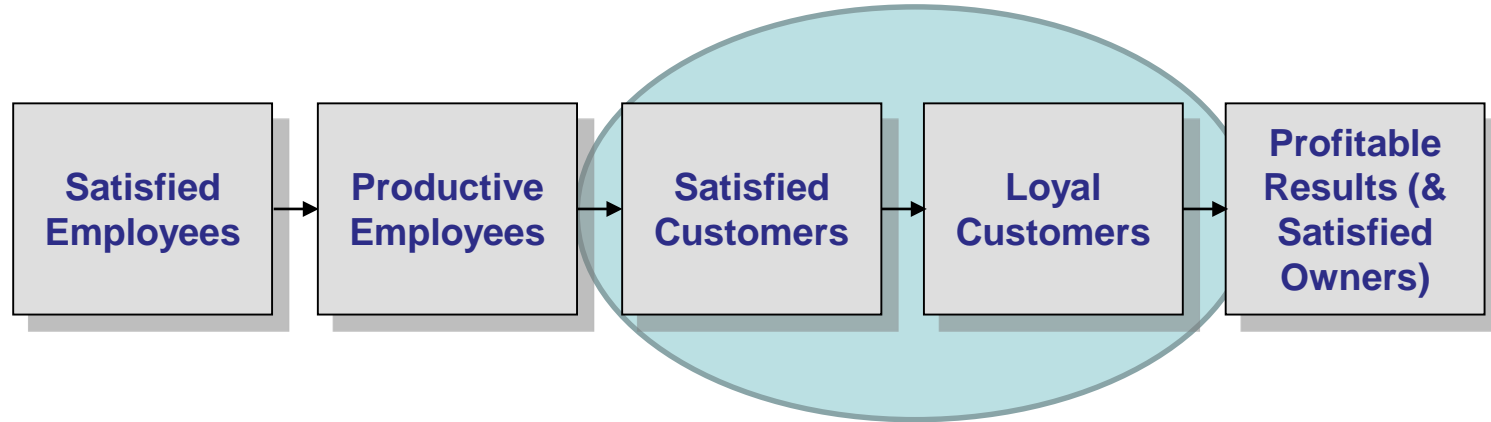
**November 11, 2014**



Performance • Excellence • Network

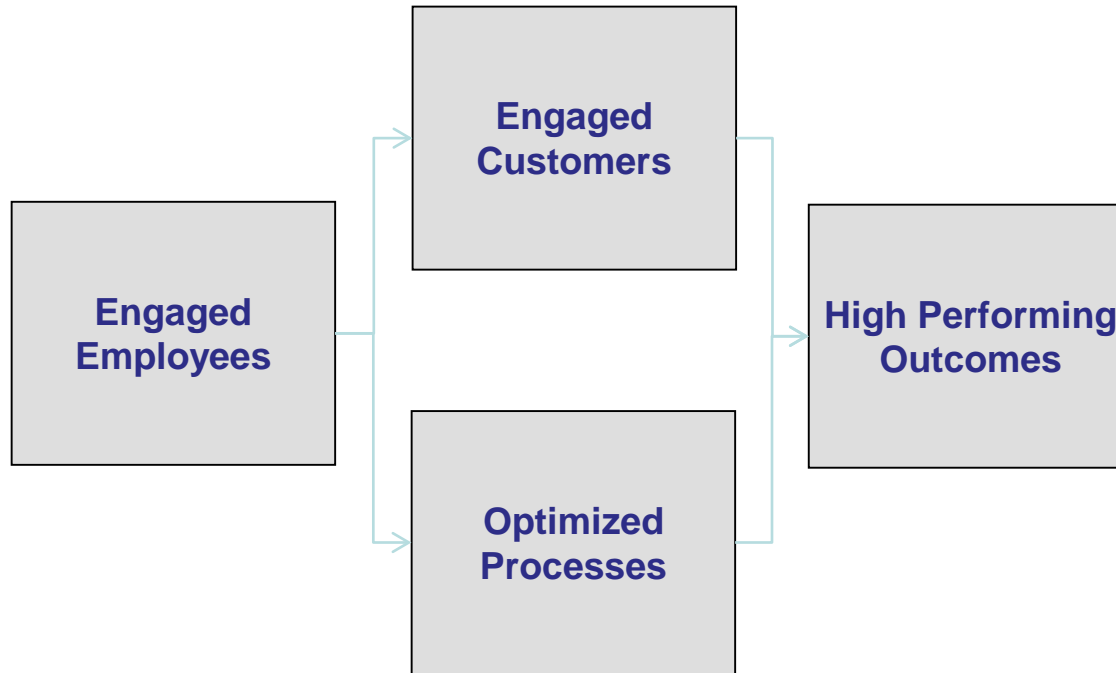
A Catalyst for Success for 25 Years

# Why Performance Excellence?



Adapted from "Service Profit Chain," Sasser, Schlesinger, and Heskett; 1994

# Why Performance Excellence: The Workforce-Performance Link





# Today's Discussion

- How should leaders view (and manage) their enterprises to create a customer-focused culture, optimize resources, and improve outcomes?
  - The **Baldrige** definition of performance excellence and effective leadership
  - **Forbes/ASQ Study** on the role of leaders in creating a quality culture
  - **Conference Board CEO Study** on top leader challenges



# What Is Performance Excellence?

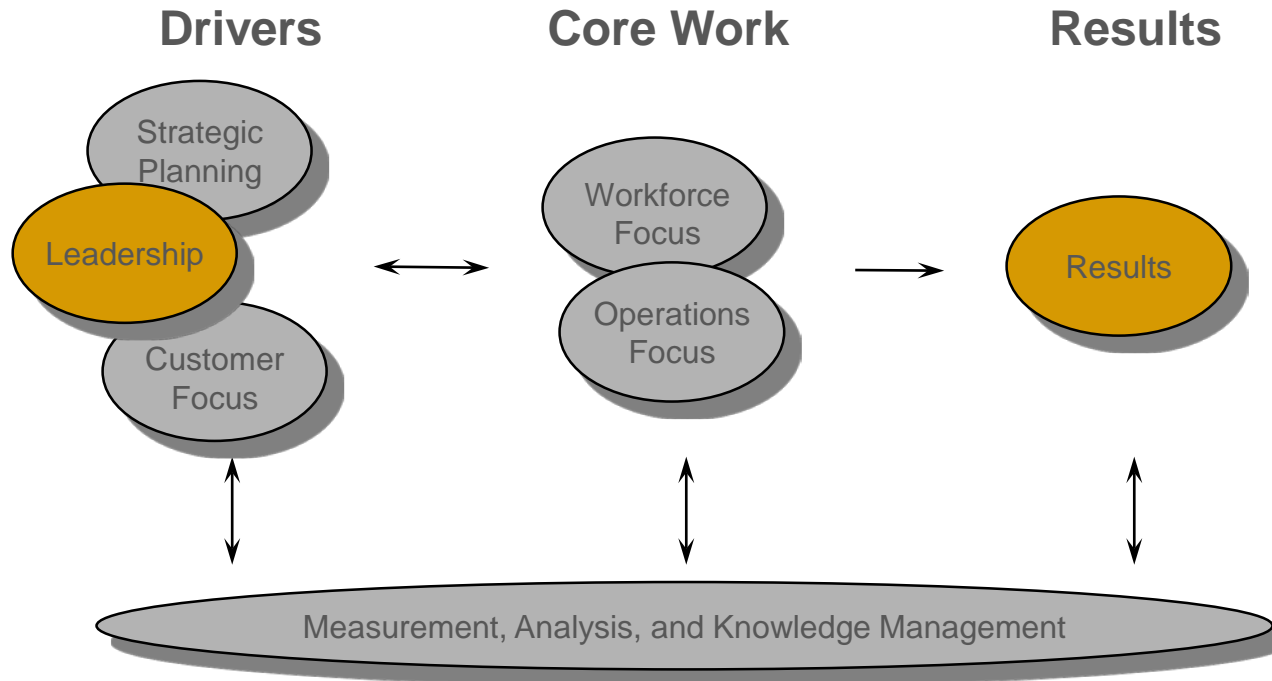
Improve productivity  
Improve HR selection  
Improve outcomes  
Improve margins  
Improve core processes  
Improve customer satisfaction  
Improve employee turnover  
Improve knowledge management  
Improve communication  
Improve employee training and development  
Improve support processes  
Improve complaint management  
Improve reward & recognition  
Improve leadership  
Improve compliance  
Improve quality  
Improve cycle time  
Improve benchmarking  
Improve results  
Improve competitiveness  
Improve measurement  
Improve accuracy  
Improve supplier performance  
Improve ROI  
Improve decision making  
Improve use of data  
Improve morale  
Improve goal-setting  
Improve ethics  
Improve planning  
Improve employee satisfaction  
Improve recruiting  
Improve value creation processes



# Focusing Energy & Resources



# Leadership's Role in Excellence



*The foundation of this framework is the Malcolm Baldrige National Quality Award, which outlines validated Criteria that have been shown to produce excellent organizational results. The Criteria are divided into seven Categories which form an organizational system.*



# Leaders' Role in Excellence: Baldrige

- **Set and deploy (and personally demonstrate) vision and values**
- **Demonstrate and create an organizational environment that requires legal and ethical behavior**
- **Encourage frank, two-way communication**
- **Create a focus on action that will achieve the organization's objectives, improve its performance, enable innovation and intelligent risk taking, and attain its vision**
- **Balance value for customers and stakeholders**







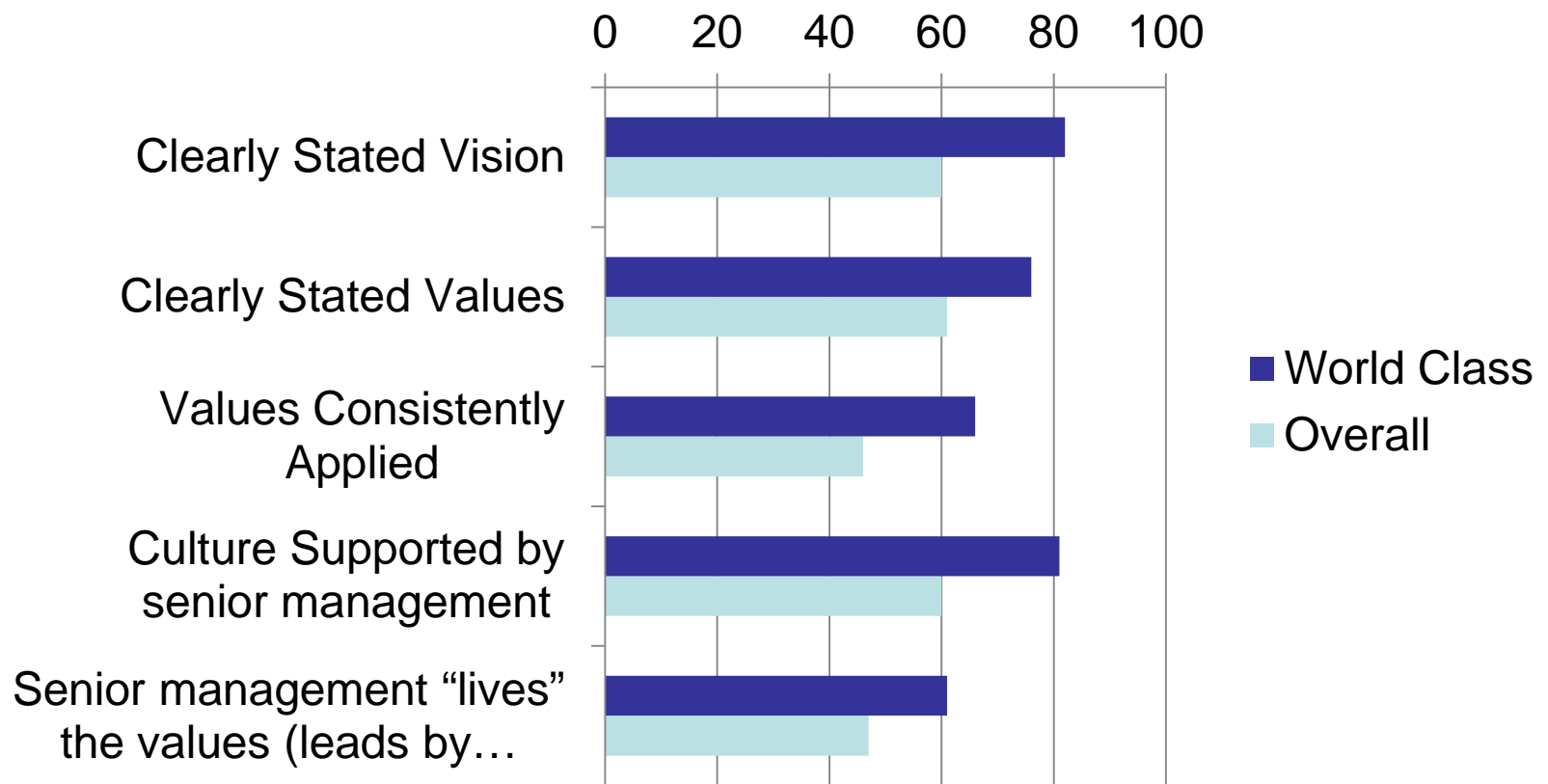
# Leaders' Role in Excellence: Baldrige

- **Create a sustainable organization by:**
  - **Creating an environment for the achievement of mission, improvement of organizational performance, performance leadership, and organizational and personal learning**
  - **Creating a workforce culture that delivers a consistently positive customer experience and fosters customer engagement**
  - **Creating an environment for innovation and intelligent risk taking, achievement of strategic objectives, and organizational agility, and**
  - **Participating in succession planning and the development of future leaders**





# Leaders' Role in Excellence: Forbes/ASQ Culture of Quality Study



# Forbes/ASQ: 10 Warning Signs of a Weak Culture of Quality

- **The CEO and other senior executives rarely discuss quality—let alone performance against quality objectives**
- **The company's quality vision is either non-existent or has minimal linkage to business strategy**
- **Managers throughout the organization either fail to consistently emphasize quality or are resistant to quality initiatives**
- **The organization has few if any feedback loops for continuous improvement of processes**
- **The company lacks formal mechanisms for collecting and analyzing customer feedback**



# Forbes/ASQ: 10 Warning Signs of a Weak Culture of Quality

- **The company lacks formal mechanisms for collecting and analyzing customer feedback**
- **Metrics used for performance evaluation feature little-to-no mention of quality goals**
- **Employees are not familiar with the company's quality vision and values—or perhaps worse, view them as mere slogans**
- **Training and development do not emphasize quality**
- **New hires are not formally introduced to the organization's quality vision and values**
- **The organization experiences frequent, though often minor, setbacks owing to inconsistent quality**



# Leaders' Role in Excellence: Conference Board CEO Study

Challenges	'14	'13	'12
Human Capital	1	1	2
Customer Relationships	2	4	7
Innovation	T3	3	1
Operational Excellence	T3	2	N/A
Corporate Brand & Reputation	5	8	9
Global Political/Economic Risk	6	5	3
Government Regulation	7	6	4
Sustainability	8	9	8
Global/International Expansion	9	7	5
Trust in Business	10	10	N/A



# Leaders' Role in Excellence: Conference Board CEO Study

- **2014 Hot Button Issues:**
  - **Big Data**
  - **Economic depression in Europe**
  - **Diversity in leadership ranks**
  - **Current volatility**
  - **Financial instability in China**
  - **Labor relations**
  - **Cyber security**
  - **Volatility in energy markets**
  - **Healthcare benefits**
  - **Activist shareholders/stakeholders**



# 5 Strategies to Meet 5 Challenges

Human Capital	Customer Relationships	Innovation	Operational Excellence	Brand & Reputation
Provide employee training & development	Sharpen understanding of customer needs	Create culture of innovation by promoting and rewarding entrepreneurship and risk taking	Seek better alignment between strategy, objectives, and organizational capabilities	Communicate corporate values to customers & key stakeholders
Raise employee engagement	Enhance quality of products/ services	Apply new technologies (product, process, information, etc.)	Improve organizational agility/flexibility	Enhance quality of products & processes
Improve performance mgmt processes & accountability	Engage personally with key customers	Find, engage, and incent key talent for innovation	Raise employee engagement to drive productivity	Increase investment in corporate brand communication externally
Increase efforts to retain critical talent	Tailor marketing, promotion, & communications campaigns to key customer needs	Engage in strategic alliances with customers, suppliers, and/or other partners	Improve performance and accountability of senior mgmt	Use social media and new communication technologies
Improve leadership development programs	Broaden range of products/ services	Develop innovation skills for all employees	Improve performance and accountability of mid mgmt	Improve alignment of business practices/ mgmt behavior w/corp values



# And if All of That Feels Daunting...

*To create a culture of excellence:*

- Lead with your “why”
  - Lead by example
  - Maintain high integrity
  - Build and nurture relationships
  - Engage, empower, and trust your people
  - Ask good questions – and listen
  - Make excellence a priority,
- But don't let perfection be the enemy of great





# About the Speaker

*Brian Lassiter was elected president of the Performance Excellence Network (Minnesota Council for Quality) in the summer of 2001. Before his election, Brian held positions with the following organizations:*

*Ian Alliott Consulting (Managing Director), Norstan Consulting (Principal Consultant), The St. Paul Companies (Corporate Quality Consultant), Price Waterhouse (Consultant), and Boatmen's National Bank (Quality Manager). In these roles, Brian has worked with dozens of organizations in a variety of industries to help them improve their performance and competitiveness. Brian has served 15 years on the Board of Examiners for the Malcolm Baldrige National Quality Award (1998-2012), three as a Senior Examiner and the last nine years as an Alumni Examiner. He has also served as a Senior Evaluator for the Minnesota Quality Award (1996-97), served as a Judge for the Veteran's Administration Baldrige-based Carey Award (2004-06), served as a judge on the Baldrige-based Army Communities of Excellence (2009-10), served on the Panel of Judges for the American Health Care Association's Baldrige-based Awards (2013), was on the Review Panel for the University of Minnesota Carlson School's Juran Fellowship program (2003-08), is Chair of the Benedictine Health System Board of Trustees, and served from 1995-2003 and 2004-2014 on the Board of Directors for Goodwill/Easter Seals of Minnesota. He is Chair of the Board of Directors for the Alliance for Performance Excellence, the national consortium of all state/local quality awards, and is also chair of the Benedictine Health system.*

*He can be reached at [Brian.Lassiter@performanceexcellencenetwork.org](mailto:Brian.Lassiter@performanceexcellencenetwork.org) or 612-868-3519.*

