

## CHAPTER ONE

# The Value of Leveraging the Insights of Your Stars

### In This Chapter

- A Flawed Assumption
- The Real Value of Stars
- Shifting the Performance Curve
- Activity Versus Accomplishment
- The Value Proposition for This Book

As a leader, you begin every day with options on how to improve the performance of your organization. You can shift your strategy, enter new markets, invest in new products, or acquire a competitor. You can also jump on another bandwagon—talent management, Six Sigma, lean manufacturing, advances in cost accounting, off-shoring various business operations, and so forth. All of these alternatives are valid and can drive shareholder value. They also are costly to implement and consume significant management attention.

We want to provide you with an additional option—a model for driving improved business results by replicating the accomplishments of your star performers. The advantage of this approach is that it is derived from the current performance

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of those stars, so you know that it is possible within your current structure and culture. It also has the advantage of being cost-effective and quick.

This method is based on capturing the performance profile of your stars and then using this information to quickly enable significant improvement in the results produced by the remainder of your workforce. Along the way, we want to change your ingrained assumptions about the relationship between innate talent and high performance. *The correlation is not as significant as you probably assume.* Read on, because you'll be convinced that the great preponderance of your people can shift their performance to more closely replicate the results you so highly value in your top performers.

Let's start by providing a solid working definition of a term we use throughout the book—"stars." *Stars are those teams and individuals who consistently produce the greatest RESULTS in support of the organization's strategy and goals.* These performers may not have the most talent (or potential), but they translate the talent they do have into meaningful outcomes that drive business success.

### A Flawed Assumption

When we encounter true talent—the musical prodigy, the athletic wunderkind, the business genius—we are awed. How do they do it? We think to ourselves, "If only I had been born with those gifts, I would be a star, too."

We all labor under the assumption that there is a defined and limited supply of talent (innate ability) and that only a few individuals have what it takes to become true stars in their professions. While this assumption may hold some validity for Olympic-level athletes and top-tier entertainers, the flaws of applying such a broad assumption to the workplace are easy to identify.

For example, most of us still buy into the assumption that our success (the organization's and our own) is wholly dependent on how many high-performing stars we are able to hire and retain. We search frantically for these extraordinary individuals (we even call this search the "war for talent") and then rely on this limited number of star performers to drive the success of the entire team.

## An Alternative

We want you to step back from this assumption long enough to test our alternative. Let's test the assumption that an organization's *talent curve* does not predetermine its *performance curve*. In other words, our experience across multiple clients in disparate industries shows that it is possible to *replicate* the results of your stars without replicating their innate talent and ability.

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*Your organization's talent curve does not predetermine its performance curve.*

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Perhaps you're saying, "Time out! Are you telling me that I can succeed with people who are not talented?" No, that's not what we are saying at all! What we are saying is this: the exceptional results that are consistently produced by your exemplary performers are not dependent on talent alone. Talent explains some of the results turned in by these high-performing individuals, but it is not the whole story. We want to fill in the significant gaps in the old talent-centric narrative and empower readers to create a new narrative that leads to a much higher portion of the workforce producing exceptional results. We want to support you in producing more high performers within your current workforce.

In his 2008 book, *Talent Is Overrated: What Really Separates World-Class Performers from Everybody Else*, Geoff Colvin makes the following points based on his synthesis of years of research:

- Talent (innate ability) does *not* account for the variance in performance seen in music, athletics, or business.
- Intelligence and memory do *not* account for it either.
- The single largest contributor to exemplary performance is deliberate practice.<sup>1</sup>

"Deliberate practice is characterized by several elements, each worth examining," Colvin writes. "It is actively designed specifically to improve performance, often with a teacher's help; it can be repeated a lot; feedback on results is continuously available; it is highly demanding mentally."<sup>2</sup>

Colvin also cites a study by Anders Ericsson that includes the following statement: "The differences between expert performers

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and normal adults reflect a life-long period of deliberate effort to improve performance in a specific domain.”<sup>3</sup>

### The Real Value of Stars

If you take a moment and think about the individuals who work in your organization, you can likely call out a few stars who consistently produce exceptional results. They are easy to spot and are usually the ones who tackle each day, with its opportunities and challenges, by exhibiting consistent energy and engagement. In your role as a leader, you appreciate these exemplary performers because they not only make your job easier, but they also provide significant returns to your organization.

Bill Gates, the founder of Microsoft, once stated that if he had lost the top five performers in his company during its formative years, Microsoft would never have become the company it is today. In sales organizations, it is common for performers in the top 10% to generate 30% to 50% or more of the revenue. In software engineering, the top programmers often write ten times the amount of bug-free code as do average performers. How large is the gap between the results of your stars and the results of solid but average performers? If you measured it, the difference is likely astounding. What if you were able to move even a small percentage of these average performers to star status? The results for your company would be game changing!

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*It is important to realize that the dramatic differences described here are between best performers and good performers and not between best performers and poor performers.*

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Our research and practice indicates that for complex, knowledge-based work, the difference between moderate and star performers exceeds 50%. In other words, the highest-performing sales teams are producing 50% greater revenue than average-performing sales teams. This amazing ratio also means that the best-performing teams in R&D are bringing 50% more products to market, or doing it 50% faster (or both) than average teams. The ratio also means that the best maintenance technicians return the line to full production significantly faster than merely good technicians. It is important to realize that the dramatic differences

described here are between best performers and good performers and *not* between best performers and poor performers.

### Imagine the Possibilities

Imagine the possibilities in your organization if you acted on the premise that the talent curve does *not* predetermine the performance curve? What if you could create models of optimal performance based on the insights of your stars? (Chapter Four describes how to capture these models, which we call Profiles of Exemplary Performance.) You would be able to:

- Assign all of your employees to jobs that enabled them to perform at the top of their game with the right skills and tools for meeting and exceeding their goals and objectives.
- Provide clear expectations so that everyone in your organization knew exactly what was expected of them; there would be no conflicting goals and feedback would be timely and accurate.
- Create a work environment and culture that was conducive to outstanding performance on a day-in and day-out basis.
- Ensure that everyone in the company, from bottom to top, felt as if they were integral members of a successful team.

What would be the impact if you closed the gap between average performers and star performers by 10, 20, or 30%? At the most basic level, that's what this book is about: how you can achieve greater business results by enabling exemplary performance throughout your organization. Notice the verb "enabling." According to the *Merriam-Webster Dictionary* it means:

1. to provide with the means or opportunity
2. to make possible, practical, or easy<sup>4</sup>

When a new hire joins an organization, both employer and employee have nothing but optimism and hope for a grand and successful future together. Can you imagine how your organization would thrive if your teams and individuals were as successful as they intended to be on the day they were hired? Helping organizations move toward this highly productive state is the theme of our practice.

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What happened to these new hires—bright-eyed, with a spring in their step and a smile that is contagious? What happened to their optimism, enthusiasm, infectious energy, and commitment? Whatever it was that chipped away at this “honeymoon” level of engagement is potent, because all too soon there is a pitched battle between organizational reality and the new hire’s enthusiasm. Typically, within six months, organizational reality is the hands-down victor. The new hire often mutters bitterly, “How did I get myself into this mess?” What can we, as leaders, do to avoid this disillusionment and sustain the initial engagement?

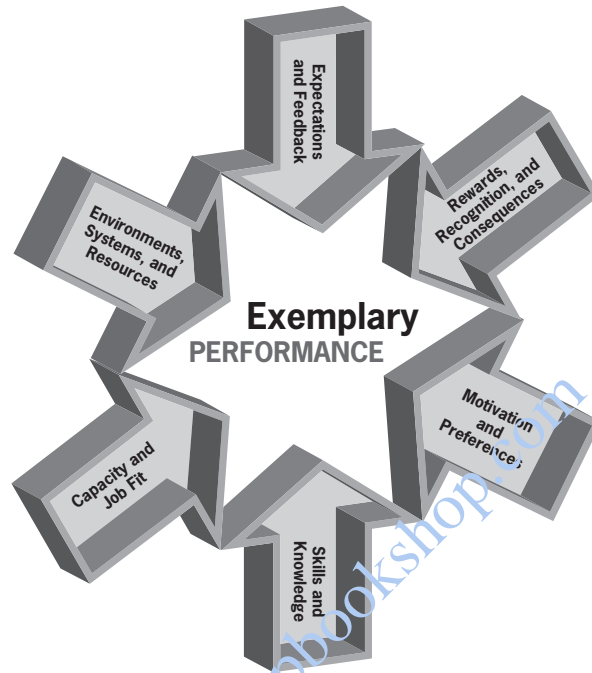
*“If you pit a good performer against a bad system, the system will win almost every time. We spend too much of our time ‘fixing’ people who are not broken, and not enough time fixing organization systems that are broken.”*

—Rummler and Brache, 1995

Perhaps Geary A. Rummler and Alan P. Brache characterized this classic battle best in *Improving Performance* (1995): “If you pit a good performer against a bad system,” they wrote, “the system will win almost every time. We spend too much of our time ‘fixing’ people who are not broken, and not enough time fixing organization systems that are broken.”<sup>5</sup>

“Hold on!” you might be thinking. “My company has great processes and systems and our workforce is committed and performance excellent.” While you may be correct, our challenge is to at least take a serious look at the variance between your good, solid performers and your stars. We’d be willing to bet that a closer look would likely reveal some significant upside potential and that diagnosis would show some substantial holes in the entire spectrum of work systems that have a direct impact on your individual performers and teams. Our research and experience tell us that you need to align six distinct work systems in order to enable exemplary performance (see Figure 1.1). These systems are:

- Expectations and Feedback
- Rewards, Recognition, and Consequences
- Motivation and Preferences
- Skills and Knowledge
- Capacity and Job Fit
- Environments, Systems, and Resources

**Figure 1.1. Exemplary Performance System Model**

Source: Exemplary Performance, LLC. Copyright 2008–2012.

*The primary accomplishment for high-performing leaders is creating a powerful team of high-performing direct reports.*

If these six support systems are not mutually reinforcing, the scenario of your new hire's growing disengagement will be played out again and again. As a leader, your job is to be an architect who integrates and aligns work systems in a way that enables all of your team to more closely replicate your stars. Another way

of stating this is that the primary accomplishment for high-performing leaders is creating a powerful team of high-performing direct reports.

As an architect of star performance, you must ask for and obtain honest answers to these vitally important questions:

- Are the outputs and expectations for my team—and those of the other teams in my department or division—aligned?

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- Do individual team members have a clear understanding of their direct contribution to shareholder value through the work they perform and the results they produce?
- Are the right resources consistently available just in time?
- Do you—or your team—participate in activities or meetings that are perceived not to add value or support the attainment of your objectives?

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*Most organizations unintentionally create barriers that inhibit high performance.*

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These questions might seem basic, but you'd be surprised how many companies have not sufficiently answered them or implemented solutions to the potential problems that these questions highlight. In fact, our experience shows that most organizations have not taken

the time to intentionally design the requisite systems to enable exemplary performance. Instead, most organizations unintentionally create barriers that inhibit high performance.

This book will help you tear down those barriers and enable individual performers to achieve greater business results for your organization. This process is at the heart of what we call *shifting the performance curve*.

### Shifting the Performance Curve

Simply put, shifting the performance curve is all about driving results, enhancing revenue, and improving margins. Our model and methodology allow organizations, their leaders, and associated work teams to capture more value with existing resources. In a “do more with less” economy, this is the right strategy for these times, clearly differentiating you from your competition.

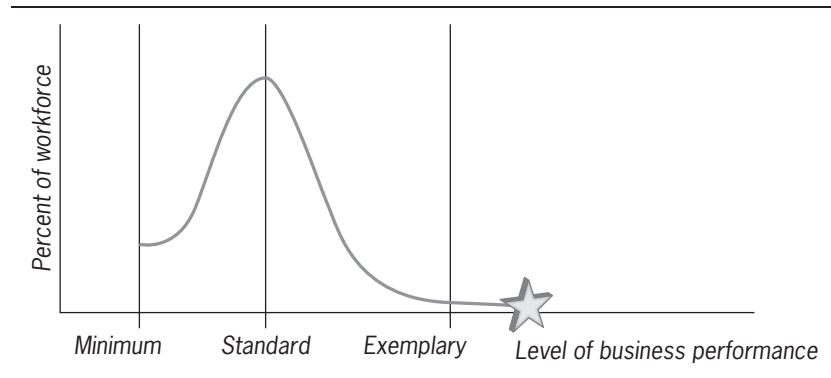
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*Shifting the performance curve is all about driving results, enhancing revenue, and improving margins.*

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The underlying premise for replicating your stars is that exemplary performance is not reserved for just a few individuals. Exemplary performance is an achievable goal for the great majority of executives, managers, teams, and individual contributors. Take a look at Figure 1.2. It represents the distribution of employees within one function or role in a company (sales, R&D,



**Figure 1.2. The Performance Curve**

Source: Exemplary Performance, LLC.

customer service, and so on). The horizontal axis represents meaningful outputs (business results, accomplishments)—not talent, skills, competencies, or any other form of input.

The great bulk of your team is meeting expectations in the center of the distribution, as represented by the vertical line labeled “standard.” However, we all recognize that some team members, day in and day out, produce exceptional results. These stars are represented by the star on the far right of the graph.

This star performer might be a skilled tradesperson who can restore a manufacturing line to full functionality in half the time of anyone else at the plant, or perhaps the star performer is the customer service rep who routinely translates irate customers into loyal fans.

You can surely think of many other examples from your own work experience. You know that organizations aggressively seek out these top performers as the rarest commodity. However, there are some core problems with this approach of raiding your competitors and others for exceptional talent. First, as noted earlier, there simply isn’t enough raw talent to go around. Second, hiring and retraining high-profile talent is costly. However, the biggest risk is that talented people do not always produce the results expected!

Think about it. Do you know any truly talented people who have underachieved in their careers? These are the people who bring significant potential to the table, but perform at or below

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an established standard. Why? Because talent is a measure of the potential to perform, not of performance. Businesses do not succeed because they have potential. They succeed because they produce results. Let me state this in a different way. People with high potential (the capacity to succeed) don't drive successful companies. Rather, successful companies are driven by people who routinely accomplish exceptional results.

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*Talent is a measure of the potential to perform, not of performance. Businesses do not succeed because they have potential, but because they produce results.*

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The stars who make such a significant difference in our businesses are those individuals who have the potential to succeed *and* make the effort to improve in their roles day in and day out. The implications of this are staggering for those of us who manage individuals, teams, departments, divisions, and companies. If variance in the performance of people and teams is not determined simply by the raw talent you have acquired, then... *Leadership has the ability to shift the performance curve.*

We need to move our focus from inputs (talent, potential, competencies) to the outputs that matter (revenue, accomplishments, customer retention, and so forth). Please note two important caveats here:

- Actions and activities are not outputs.
- Level of activity (how busy someone is) does not equate to success any more than raw talent does.

If you asked your COO or divisional VP about the types of employees they value the most, what do you suspect would be their choice from the options below?

- Employees who knew more, had greater skills and competencies, and scored higher on relevant tests
- Employees who were busy all the time
- Employees who consistently produced outstanding results that drove the corporate strategy and initiatives

Having asked these questions scores of times, our experience indicates that across industries, functions, and levels, from supervisors to the COO, the third response is consistently the dominant

choice. It makes sense that business leaders care more about actual business results than about the potential to perform. People need to have the capability to perform (skills, knowledge, and so on) in order to excel at their work. Yet having the capability is not sufficient to produce superior results.



### Activity Versus Accomplishment

In his 1996 book *Human Competence*, Thomas Gilbert argued for a shift in focus in order to produce effective performance improvement: focus on what people produce in the work environment, not simply on what they do.<sup>6</sup> Helping workers more efficiently perform tasks that don't produce the desired accomplishments does not improve a company's performance. Instead, you need to focus on and identify what a worker's major accomplishments are up front and then determine how those accomplishments contribute to the company's business goals. Once you have this information, you can determine the tasks and support systems needed for workers to produce those accomplishments with a high level of competence and confidence.

Figure 1.3 illustrates Gilbert's point. The first column on the left represents what the organization provides to support an individual or team in their performance. The next column

**Figure 1.3. Accomplishments Versus Behavior**

<b>Influences</b>	<b>Behavior</b>	<b>Accomplishments</b>	<b>Goals</b>
Skills/ knowledge	Sell products	Revenues	Profits
Motivation	Make decisions	Plans	High returns
Supportive environment	Diagnose problems	Delighted customers	Customer satisfaction

Performance **unfolds** in  this direction  
 We **analyze** in this direction

Source: Exemplary Performance, LLC.

represents the actions or tasks that individuals execute based on the influences provided by the organization. The third column from the left represents the accomplishments or results that are produced as a result of the actions that are performed. The column on the far right represents the goals that are supported by those accomplishments or results. When we think about performance, we see the process unfolding from left to right.

However, if the purpose is to improve performance, the analysis must move from right to left. By starting with the goals or strategy of the organization, you begin the process with a focus on which accomplishments are most critical to execute and achieve the organization's strategy and goals. This knowledge enables you to capture the critical tasks required to produce those accomplishments, as well as identify those actions and activities that are not contributing directly to the desired results. Once the required actions or tasks are determined, then the work allocating organizational support is the natural follow-on step.

It is important to notice that costs are incurred in the left two columns and value is produced in the right two columns. That is to say, no matter how elaborate the interventions and how busy the people are, if no accomplishments are produced, *no value has accrued to the organization!*

### Creating Profiles of Exemplary Performance

The most effective and efficient way to capture models of optimal performance is to work with your current stars. These are the individuals who have established approaches to their work that consistently produce the desired accomplishments at a routinely high level. You can think of these exemplary performers as internal benchmarks. They are currently operating within the same organizational structure and culture as the rest of your employees, yet these individuals have found ways to exceed your organization's expectations.

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*Exemplary performers are often unconsciously competent!*

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One of the most interesting aspects of identifying exemplary performers is that these individuals are often unconsciously competent! They can't provide clear explanations for their success or

what they do differently to produce outstanding results. In fact, when asked, these performers may give inaccurate or vague explanations. Many times these individuals have developed rich mental models of what success looks like and developed ways of predicting a successful outcome. Frequently, we find these exemplary performers don't share their approaches or methodologies because they assume that what they do is not that unusual.

Decades of experience have allowed us to refine a process for capturing this hidden expertise (see Chapter Four). *We have learned that asking stars why they are good at what they do or how they go about doing their work is always unsuccessful.* It is only through observation, interviews, and deep case-based analysis that we are able to capture reliable answers.

For example, if you're working with a project manager and want to capture his or her expertise, it is best to ask him or her to walk you through one or more recent projects from beginning to end while asking such questions as:

- What did you consider when producing the project plan and work breakdown structure?
- What resources did you tap when deciding on project staffing?
- Have you developed any tools to address particular components of the project management process?
- What is it in your environment that enabled you to be successful?

Similarly, if analyzing a sales role, you might do a deep analysis of one or more of the significant wins of an individual salesperson or sales team. This approach to capturing a model of optimal performance allows you to identify what specifically is required to be a superstar.

Here's a tangible example: A number of years ago we were working with a major automotive manufacturer. At the time, the company was in the process of installing a new paint booth in one of their assembly plants. The equipment vendor had been tasked with delivering training to the operators and to those who would maintain the new technology. Now, as often is the case, the training was designed by the design engineering staff of the paint booth manufacturer. This made a lot of sense from the vendor's

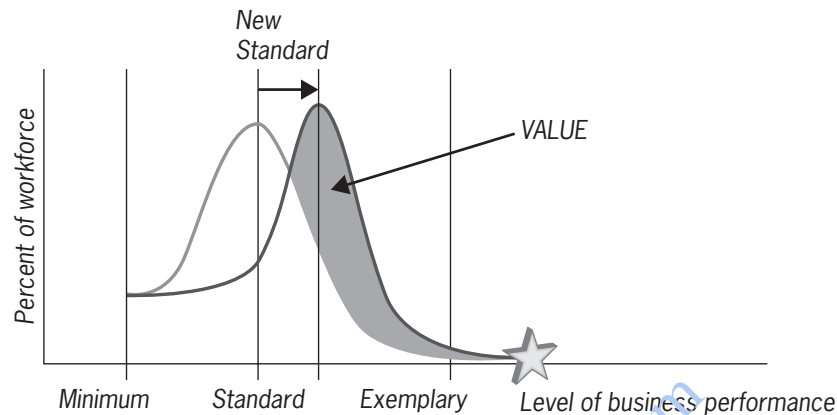
perspective, because the engineers knew the intricacies of the booth they had designed.

We were asked to review the training that the equipment supplier had provided. The training included a four-hour module on the viscosity of paints that both the booth operators and the technical maintenance workers were required to take. Clearly, requiring expertise in the viscosity of paints made sense for the design engineering staff, because one of their outputs was the nozzle design. However, all that the operators needed to know was how to adjust the paint booth controls in order to produce their output—vehicles with a high-quality finish. An in-depth understanding of paint viscosity would have no impact on the accomplishment of a high-quality vehicle finish.

This is a simple example, but it illustrates the relationship between the strategy and goals of an organization and what elements are needed for success. It's all about the accomplishments required to achieve the business result (vehicles with a high-quality finish), the tasks that must be implemented to produce those results (adjust the paint booth controls), and support systems and tools that the organization must provide to help people succeed. It gives us a mechanism for taking a truly “lean” approach to improving performance.

Figure 1.4 illustrates the value of shifting the performance curve between good and best performers. The implications are significant. By producing greater results (vehicles with a high-quality finish, sales, customer satisfaction/retention, and so forth) with the existing workforce and resources, a significant percentage of the value of improved performance falls directly to the bottom line. The shaded area of the curve represents this increase in results.

Here is another example: Let's say that you have a sales force of 400 people carrying a quota of \$1,000,000. The best salespeople are generating \$1,500,000 in revenue. You analyze the performance of these sales stars and develop a model, based on their proven practices, which you want to transfer to the rest of the sales force. If you implement a performance architecture based on your current stars, you can close the gap by 20% (\$100,000), skewing the curve to the right. The shaded area of

**Figure 1.4. Shifting the Performance Curve**

Source: Exemplary Performance, LLC.

the curve equates to an increase in revenue of approximately \$40,000,000. This is the potential of internal benchmarking to enhance business results.

### Summary: The Value Proposition for This Book

For more than twenty-five years, we have helped organizations reach their goals by leveraging the insights of their star performers. We've done this by shifting the performance curve and successfully replicating the performance of stars. This method has proved successful across multiple industries such as telecommunications, financial services, automotive, pharmaceutical, and high technology. Most of the readers of this book are likely leaders and managers whose most critical output is to produce and lead high-performing individuals and teams. This book will enable you to be an exemplary performer in your role as leader and provide you with the models required so that you can shift the performance curve for your own department, team, or organization.

The book is structured in two parts. The first part will equip you to prioritize your efforts, identify your true stars or exemplars, and

create models of optimal performance for critical roles within your organization. The second part will equip you to be the architect of the requisite systems required to shift the performance curve by leveraging the insights of your star performers. Here is the chapter line-up, along with a brief description:

### **Part One: Defining the Opportunity**

#### **Chapter One: The Value of Leveraging the Insights of Your Stars**

*This is a synopsis of the value proposition for leveraging the insights of your stars in order to shift the performance curve to the right. It also describes the importance of moving your focus from talent to results.*

#### **Chapter Two: Prioritizing Performance Improvement Opportunities**

*Given limited resources, this will help you establish priorities based on potential impact.*

#### **Chapter Three: Selecting Exemplary Teams and Individuals**

*You'll find an objective approach to distinguishing between perceived "stars" and real "stars." This will also explain why we so often get this wrong.*

#### **Chapter Four: Capturing the Expertise of Your Stars**

*Once you have identified your stars, this will provide a methodology for capturing their unconscious competence and create Profiles of Exemplary Performance.*

#### **Chapter Five: What Makes Them Tick? How Stars and Exemplary Teams Consistently Exceed Expectations**

*We share some common characteristics we have seen in star performers across industries and roles.*

### **Part Two: Shifting the Performance Curve**

#### **Chapter Six: Leading for Exceptional Results**

*Introducing Part Two, this chapter describes the role of leadership in enabling high performance. It stresses the basic need to align the multiple influences that can support or inhibit high performance.*

#### **Chapter Seven: You Get What You Expect and What You Inspect**

*The ability to provide clear, objective expectations with targeted, timely feedback is the fundamental requirement for managers who want to produce stars.*



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## Chapter Eight: Great Job! Rewards, Recognition, and Consequences

*You can never use punishment to produce stars! Instead, here is guidance on identifying and leveraging recognition and rewards for shifting the performance curve.*

## Chapter Nine: How to Succeed in Business by Really Trying: Motivation, Intentionality, and Deliberate Practice

*Where did we ever get the idea that stars succeed based on innate ability alone? It simply doesn't work that way!*

## Chapter Ten: Replicating Your Stars! Training and Performance Support

*Here we address training, readiness, and performance support. You need to ensure that your folks can access the right information exactly when they need it. We also address where information should be stored to allow for efficient and effective retrieval.*

## Chapter Eleven: Getting Round Pegs in the Round Holes: Selecting for Success

*Hiring the right people and assigning employees to the right roles is critical. We provide an accomplishment-based model for ensuring job fit.*

## Chapter Twelve: Creating Barrier-Free Work Systems

*Organizational design, job design, and process design—when done well, these allow for optimal performance. If done poorly, they are significant barriers to high performance.*

## Epilogue: Just Imagine . . .

*What would it look like if you designed a barrier-free, high-performing work environment and your team's performance curve shifted optimally to the right?*

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Keep reading. You're on your way to driving the business results that your organization requires by leveraging the insights of your star performers. Expect incredible results!

**Notes**

1. Geoff Colvin, *Talent Is Overrated: What Really Separates World-Class Performers from Everybody Else* (New York: Portfolio, 2008).
2. Ibid., 66.

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3. Ibid., 63.
4. *Merriam-Webster Dictionary*. Retrieved November, 2011, from <http://www.merriam-webster.com/dictionary>.
5. Geary Rummier and Alan Brache, *Improving Performance: Managing the White Space on the Organizational Chart* (San Francisco: Jossey-Bass, 1995), 13.
6. T. F. Gilbert, *Human Competence: Engineering Worthy Performance* (Amherst, MA: HRD Press, 1996).

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