

High Intensity Organizations – Laying the Foundation

Being a part of a company where everyone strives to do the best job possible is a wonderful experience. It's fun, exciting and can be very rewarding. You come to work with a feeling of confidence and anticipation and leave with the satisfaction of having accomplished meaningful results. Everyone is treated as an adult. Politics and other non-productive activities rarely occur. You look forward to the future because you have control over what will happen.

The person we just described works for what we call a high intensity organization. This is a company that moves faster, accomplishes more and does a better job than its peers. Being in control is one of the characteristics of employees in high intensity companies. This seems to make sense. Being in control promotes creativity. It energizes. It focuses everyone on producing better results. It ratchets up performance. But just empowering employees can create chaos if it's not done correctly. Employees need to intensely focus on producing meaningful business results, not just doing tasks. Having this business focus allows employees to become accountable for attaining and surpassing what the company needs their team or unit to accomplish.

So there is an even more fundamental change that must be in place before employees can control their own destiny. Individuals and teams or units must have a set of goals or standards they must consistently attain. These are their core success measures. These measures guide actions and behaviors as team members strive to attain and surpass each and every goal. Attaining this balance is the key. Every goal must be attained or the team isn't successful.

The simple fact is – you will not have a high intensity organization unless you have clear, concise, quantified core success measures throughout your company, especially at the team and unit level.

And this is not an easy task. It takes skill and hard work to create these measures and then to fold them into your management process. Every company has core success measures at the company level. Boards of Directors require them. The problem is that most companies either stop at this level or carry the process down only a little lower and then expect management and employees in teams and units to find a way to somehow connect to these higher level goals in a meaningful way. The result is confusion, inappropriate activities and a lack of focus. It also kills creativity and saps energy.

If you want energetic, creative employees who are focused on creating meaningful business results you must provide them with clear expectations that they can control and attain. If you do this well, they will try to surpass them.

You can create these expectations by discussing the following questions with each team or unit and then identifying the measures that will determine how well their results measure up to what the company needs and they can accomplish:

- Are our customers happy with our service and the way we treat them?
- Do we do a good, professional job?
- If we're a core business unit, how well do we manage loss ratio?
- Do we manage expenses properly?
- Are we planning properly for the future?
- Is this a good place to work?

These questions look easy and will generate a lot of conversation. But remember, the purpose of these discussions is to identify specific, quantified core success measures that will determine how successful each team and unit is. This is a rigorous process that must be done well.

Each success measure is made up of three parts;

What it is – I think the best way to display this is with a name and then the goal you want to accomplish. For example; *Expense Management – to maintain our unit's expenses at or below the level that will support the company's product pricing formulas.*

How it is measured – What's the formula? How do we calculate the result we've attained? Where do the numbers come from? What reports do we use?

What is the result or standard that must be attained – It is always best to set a goal that will remain constant for several years. This allows everyone to plan properly over the long term.

Now let's talk about what you can expect to create; some do's and don't to pay attention to and ways to ensure you create the culture and environment where employees will strive to excel, not just do a job. The following points are only a few of the things you need to consider or be careful of. Please give me a call if you want to discuss these further.

When looking at customer satisfaction measures, you'll probably discuss creating or using surveys to get direct feedback from policyholders. Always keep this type of survey short and easy to complete. If you want "harder" numbers, persistency and retention results are also clear indicators of customer satisfaction. When measuring these results, however, only include those policies you want to keep. Exclude those accounts that you do not want to renew.

When measuring expense management, everyone seems to start with attaining budget numbers as their goal. Don't use the whole budget. Just focus on the numbers that are directly controllable by the team. The other numbers are meaningless for this process and will just confuse everyone. You'll quickly find that using annual budget goals is unsatisfying, however. They tend to become unrealistic as the year progresses and the assumptions that created them prove erroneous. Moving to "expense allowable" formulas to create and measure your benchmarks is much better. This takes time and effort, however.

Measuring loss ratio for business areas can be relatively easy if you have strategic business units and either multifunctional or aligned business teams. If you have a functional structure it can be more difficult and will generally require that teams or units share goals and accountabilities. For example, claims can have a profound impact on managing loss ratio but you don't want examiners reducing claims payments to hit loss ratio goals. Instead, you want them involved with underwriting in ensuring that premium levels are maintained properly. This is where claims can provide the highest value.

Another important action is to "operationalize" this process so it becomes an important part of every employee's business life. This means designing and producing clear reports that show how your team's results compare with your goals. These should be reviewed weekly by your teams so they can make plans to correct deficiencies and seize opportunities as quickly as possible.

Creating the right goals and expectations at the team and unit level within your company is one of the most fundamental improvements you can make. It enables employees to participate fully. It allows them to excel. It focuses their energy and talents to serve your stakeholders in the way they expect.

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