Building Stronger Organizations: The Three-Legged Stool

Michael Lauderdale

We must continuously build stronger organizations and more capable leaders. We do that to improve services and/or products and secure better returns on investments. We act or our organizations decline. Neither they nor we can stand still.

Change and competition are winds that affect all organizations. Global markets and information technology spur the need for more capable organizations, and the finest organizations increasingly recognize the need to have well-organized, timely and meaningful data on core processes that are the lifeblood of the organization. The essential core processes of every organization and the related data that describe them can be readily viewed through a simple metaphor.

The metaphor to understand core properties of organizations is to think of a three-legged stool. The seat of the stool is the *organization* and it rests on three legs. One leg is *leadership*. Leadership consists of the vision that originally created the organization and the leadership that maintains the organization today. A second leg is *external data*. What are the goals and activities of the organization? What does it require from the environment, and what does it provide to secure its continued existence? How do customers or clients of the organization view the organization? Who are the competitors, regulators, and threats, and what are their characteristics? The third leg is *internal data*. What are the motivations and commitments of the people that work in the organization? How creative are they? How thoroughly do they perform their tasks? Do they innovate? How great is their dedication? How well are the resources of time, money, people, and opportunity used?

Leadership

Leadership can be measured by how well it, leadership, uses opportunities, how sound its strategies are, and how well it can inspire followers. Leaders are made, not born, and leadership can be developed through teaching and coaching, meeting challenges, making comparisons and getting feedback from efforts. The history of leadership has stressed charismatic personalities, and leadership in the early industrial era focused upon independent and autocratic individuals. While such stories make exciting reading, they rarely are the answers to how great organizations are built or great leaders come about.

Great organizations are created through the efforts of people and the most effective leaders are those that inspire effort and greatness in all members of the organization. Leader-

ship skills are developed. Outstanding organizations are led by common but often unusually capable people. The best organizations have clear strategies for leadership succession, continuous efforts to develop leadership, and opportunities for leadership <u>for every member of the organization</u>. Indeed, the strongest teams and organization have many leaders who are aware of organizational goals and needs of members and ready to lead.

External Data

Even rudimentary organizations have some means of obtaining external data about goal achievement and resource availability. A small business like a child's lemonade stand will tally up a day's sales and can determine at what price the market will set for a glass of lemonade. The price that clears the market will be compared to the cost of goods and time. Customers will provide information on the desired coldness, tartness, and sweetness in comments to the youngster running the stand. A more thoughtful lemonade business will get information upon what hours of the day the business is best and how cold the lemonade needs to be. It will also learn that some weather is better for sales, and that the season is important.

Large organizations devote extensive resources to gather external data. There will be information on opportunities, challenges, labor availability, competitors, communication and transportation resources, and how customers view products and services. No organization survives without external data. Great organizations are thoughtful, persistence and creative in securing such data.

Internal Data

In recent years, organizations have become much more aware of the benefits that accrue to gathering and using internal data about employee attitudes and opinions. A good leader is always in touch with how followers feel, and much of leadership consists of mobilizing opinions and motivating others.

As organizations grow larger, the ability of leadership to maintain constant knowledge of employees' opinions and to be aware of changes over time becomes difficult. A sound response to this dilemma has, as in the case of external data, been the use of standard quantitative tools to gather the data and maintain the information in a database. It is thus available for close study and permits watchful scrutiny of changes over time.

A Strategy for Continuous Improvement

In the best organizations, efforts are continuous to improve, challenge, and develop leadership. Continuous thought is given to developing leadership skills in all members of the organization, and decisions are based upon high levels of data rather than simple hunches or intuition. Indeed, the most successful organizations are like the cockpit of a modern aircraft. Pilot and co-pilot represent leadership. Leadership knows why it is there and has training and skills for the task at hand. Tools and indicators such as maps, radar, radio communications with traffic controllers, and radio tracking devices are the external data.

Modern aircraft are never "flown by the seat of the pants," but rather are continuously immersed in a web of data that tells the pilots where the plane is, where other planes are

and the distance and time to destination. Internal data are the various instruments that provide the pilots with information on how the plane is functioning. What is the rate of burn of the fuel? What are the engine temperature and various fluid pressures? What are the settings of the airplane's control surfaces such as the wing and tail flaps? What are the internal cabin temperature and air pressure? Cabin personnel regularly communicate with the flight deck on any conditions they observe in the plane. Leadership consists of knowing what the goal is (the plane's destination, good customer service, safe flying, etc.) and then using, continuously, external and internal data to get the plane to the destination in the most effective and efficient manner.

The Survey of Organizational Excellence, now the Survey of Employee Engagement, works to provide tools to develop all three legs of the stool for an organization. A theoretically-based leadership model is provided through the survey to identify and train leaders in the organization. It is a five-week intensive program that combines theoretical information with skill building efforts to help each participant identify leadership strengths and weaknesses and develop activities to improve leadership. Part of the process is a 360-degree assessment to provide a data orientation to leadership development.

The survey provides general and specialized tools to assist organizations in collecting customer satisfaction data as a major source of external data. Two modalities are available: Internet-based data collection and optically scanned forms. Like the collection of internal data, permanent data stores are maintained for an organization to permit comparisons over time and benchmarking with similar organizations. A recent innovation, the "Thought Bubble System," routes customer evaluations to critical decision makers in the organization and summarizes customer input and organizational responses.

Another set of tools is our instruments to collect and assemble, in the most meaningful fashion, internal data. Data are collected via optically scanned instruments and through the Internet. Data are returned in a few days to the organization. The survey reduces the questionnaire data into a number of core concepts that helps leadership and all members of the organization identify problems and start improvement steps. Survey data are maintained in data storage for participating organizations and can be assessed for comparative purposes over time.

Building The Soundest Organizations Through Using Data

The soundest organizations strive to increase the degree to which decisions are based on data rather than on hunches or decided "by the seat of the pants." Leadership improves when tools are available to assess leaders' strengths and weaknesses and methods are provided to improve leadership. Employees become more dedicated and creative when there is a process to collect employee attitudes and a means to use the data to address weaknesses. Customer satisfaction occurs when an organization makes a full commitment to acquiring customer information and establishes procedures to use the data to improve products and services. Customer/client data, employee data and leadership data are the three legs that maintain the organization.