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The 7 organisational habits that drive high performance

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Other useful resources and recent research available from our website:

- Insync Surveys' white paper: Alignment and Engagement Survey framework
- Nicholas Barnett's book titled *GPS for your Organisation®: how to energise your employees and build sustainable high performance*
- The 2012 Insync Surveys Retention Review
- Taking your board from good to great: the best 101 ways to improve
- Gender Agenda: Unlocking the power of diversity in the boardroom (in conjunction with Gender Worx)

Executive summary

What are the main initiatives your organisation can take to increase its productivity, performance and profitability in these difficult and uncertain economic times? What are the main activities that high performance organisations ("HPO") do that low performance organisations ("LPO") don't do? What are the main initiatives that low performance organisations need to take to improve their performance and begin their journey to high performance? What are the main activities that high performance organisations should expend extra energy on to lift their performance even further?

These and other important questions are addressed by this important Australian research based on over 100,000 employee survey responses from around 200 organisations over a five year period. Ten CEOs of high performance organisations were also interviewed as part of this research.

In times of uncertainty and periods of little or no growth many organisations downsize, outsource, restructure, cut or defer discretionary and capital expenditure and find other ways to cut employee and other costs. Many organisations in our research database have taken some or all of these initiatives to such an extent that there is little extra "fat" to cut without also cutting significant organisation capacity and capability. If these organisations are still committed to increasing productivity and performance they should start changing some of their organisation's habits.

This research identifies the main things (the "habits") that high performance organisations do month after month and year after year no matter what the circumstances. It identifies the habits that most differentiate high performance organisations from low performance organisations. Many low performance organisations adopt some of the habits some of the time, but they don't sustain the effort consistently over time. To be truly considered as habits they must be so deeply engrained into the culture and DNA of the organisation that they become its way of life. The 7 habits cannot simply be initiatives that are piloted or adopted for a season.

The 7 organisational habits are:

Habit 1: Live an inspiring vision

Habit 2: Communicate clear strategies and goals

Habit 3: Develop your people

Habit 4: Go out of your way to recognise your people

Habit 5: Genuinely care for your people

Habit 6: Listen and adapt to your customers' needs

Habit 7: Continually improve your systems

Each of these 7 organisational habits by themselves are a necessary but not sufficient condition to achieve sustainable high performance. These habits are not a smorgasbord where you choose the three or four you like the most. They are not mutually exclusive by nature, rather they augment each other. If you embed some of these habits you haven't embedded before, you should increase your organisation's performance. The desired increase in performance is only likely to be achieved and sustained, however, if all 7 organisational habits become your organisation's new way of life.

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Whilst many productivity and performance improvement programs can be very disruptive and costly, most of the 7 organisational habits can be embedded at little cost compared with most other major change programs. In addition to requiring little cost, making these 7 habits your organisation's new way of life will actually add to organisation cohesion and make it a better place to work. The increase in employee engagement that results in the contribution of extra discretionary effort, energy and focus from employees is a major reason for the increase in organisation performance of those that adopt these 7 habits.

All 7 organisational habits are things good leaders do well and focus their time and energy upon.

It is very hard for individuals to change one or more of their habits. Changing organisation habits involves changing the habits of many individuals, which is many times harder. It takes significant organisational effort, committed leadership and a long time to achieve but the investment in achieving high performance is well worth it.

Changing organisational habits and transforming cultures should be treated like any other major organisation project or change program. A compelling case should be developed for the change and the senior leadership team must be united and lead the change. The change program needs to be well planned and appropriate resources must be allocated. The success of the change program must be regularly measured and initiatives must be put in place to deal with any areas of the change program that are ineffective.

Improved organisation performance is inextricably linked to leadership. All 7 organisational habits are things good leaders do well and focus their time and energy upon. There is a significant body of research that supports the fact that many of these 7 habits are also in fact the habits that differentiate great leaders from poor leaders. Forming and shaping a constructive culture starts with the board, CEO and leadership team. The 7 organisational habits need to become the habits of the leadership before they can become the habits of the organisation.

Defining high performance organisations

There are many different definitions of high performance. Some don't acknowledge the need for sustainability of performance over time. Others overly focus on financial results to the possible detriment of non-financial measures that can impact capacity, capability and reputation. For the purpose of this study, we have defined high performance organisations as:

> *"those top 25% of organisations that have achieved and are committed to achieving financial and non-financial results that are better than their competitors or peers over a sustained period".*

Insync Surveys' high performance framework is set out in Appendix A. It includes 91 measures of high performance that are included in the 10 high performance factors shown in Appendix B. The 7 organisational habits include those measures that most differentiate high performance organisations from low performance organisations.

The 10 CEOs who were interviewed confirmed the importance that each of the 7 habits play in driving performance in their organisation. They also confirmed the importance they place on building capacity and capability and enhancing their organisation's reputation by not just focussing upon financial measures of performance.

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About this study

This study draws on data collected from over 100,000 employee responses from around 200 organisations that have completed Insync Surveys' Alignment and Engagement Survey (formerly Organisation Alignment Survey).

We analysed employee responses to the statement "Our organisation is committed to high standards of performance". We calculated the mean of employee responses to this statement for each organisation and then ranked the organisations from the highest mean to the lowest mean. We then grouped the top 25% of organisations into the top quartile (around 50 organisations) and the lowest 25% of organisations into the bottom quartile (around 50 organisations).

The next step was to compare the mean of the responses for the other 90 survey statements for the top quartile versus the bottom quartile. The differences between the top quartile and bottom quartile were stark for 12 separate statements. The 12 statements were then clustered into seven independent themes representing the key differentiators between high performance and low performance organisations. These differentiators are referred to as "habits" in this study, as they are practices that the top organisations apply consistently and repeatedly, in a way that the leadership and employees clearly recognise.

> *…"habits" in this study are practices that the top organisations apply consistently and repeatedly, in a way that the leadership and employees clearly recognise.*

Employee responses to the 12 statements for high performance and low performance organisations are presented using the aggregated titles of "disagree", "neutral" and "agree" as follows:

Disagree	Neutral	Agree
Strongly disagree (1)	Neither agree nor disagree (4)	Agree (6)
Disagree (2)	Slightly agree (5)	Strongly agree (7)
Slightly disagree (3)		

Interviews with 10 CEOs of the highest performing organisations were also conducted to examine the link between employee perceptions of their organisation's performance and the CEO's view based on a variety of indicators of performance. The interviews demonstrated that there was a strong correlation between the CEO's analysis of the organisation's actual performance and their employees' perceptions. None of the CEOs were complacent or entirely satisfied with their organisation's achievements, but they believed that they were progressing well and performing better than most of their competitors or peers (confirming their status as high performing organisations).

A more detailed description of the methodology used in this study can be provided upon request.
Contact: research@insyncsurveys.com.au.

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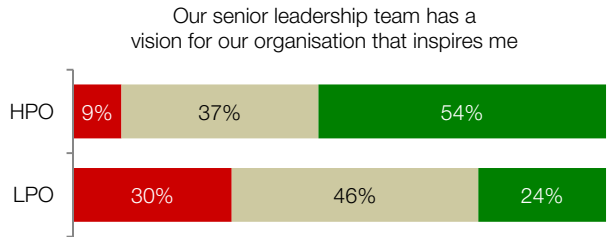
Habit 1
Live an inspiring vision

Inspired employees go the extra mile

The biggest differentiator between high performance and low performance organisations is the employee's connection with the organisation's vision. Living an inspiring vision is habit 1 because it is so foundational to both high performance and the other six habits. A senior leadership team that espouses a vision for their organisation that inspires their employees is far more likely to gain employee buy-in, followed by the extra discretionary effort, energy and focus from employees that are essential to achieve sustainable high performance.

However, a senior leadership team that hasn't painted a picture of a compelling and inspiring future for their organisation and its employees hasn't given their employees a very good reason to come to work each day. Thirty percent (30%) of employees of low performance organisations ("LPO") don't believe that their senior leadership team had a vision for their organisation that inspires them. This figure was only 9% for high performance organisations ("HPO").



Avoiding common mistakes

Many employees have worked for organisations that developed a vision statement and hung it on the wall where it simply gathered dust. Once it was developed it was rarely referred to again. Leaders of those organisations never had any intention of making that vision statement the foundation for the organisation's long term direction, purpose, strategy or plans. If the senior leadership don't believe in and are not passionate about their vision for their organisation, how can they expect their vision to inspire their employees?

Leaders of other organisations make so many changes to their vision or the one or two things that they say are so essential for long term success, that employees get confused, not inspired.

Possibly worse than both of these common mistakes is when two or more leaders on the same leadership team espouse confusing messages, or at the extreme, quite different visions and goals for their organisation. This is extremely damaging and is not sustainable. Clear and consistent messaging needs to be agreed upon or, one or more of those leaders should be replaced.

...they must make a habit of continually espousing that vision and making it integral to everything they do...

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Embedding the vision into the organisation's culture and DNA

High performance organisations understand that they don't only need to develop a shared, compelling and inspiring vision, but they must make a habit of continually espousing that vision and making it integral to everything they do, including all their planning, decision making, actions and messaging.

In that way, the organisation's vision will be authentic, relevant, aligned, achievable and memorable. It will be something all employees can understand, buy in to and be proud of. The vision of the senior leadership team will also be the vision of all employees, and therefore, of the whole organisation. The vision will be lived every day as it becomes integrated into the culture and DNA of the organisation.

One of the CEOs who was interviewed pointed out that organisational change is much easier to implement when the proposed change can be directly related to the organisation's vision and purpose. He also noted that the expression of a worthwhile purpose also releases a lot of energy in the organisation.

Action checklist

1. Develop a compelling and inspiring vision or aspiration for your organisation, preferably by engaging your employees in the process. In this way, employees are more likely to buy in to the vision.
2. Make the vision a way of life by regularly:
    a. communicating the vision to all employees
    b. relating all strategic planning, actions and decisions to the vision thereby building alignment
    c. monitoring its achievement in board and executive discussions
    d. reporting to employees on the progress made towards realising the vision
3. Regularly measure the extent to which employees understand, buy in and are inspired by the organisation's vision and make any appropriate adjustments.

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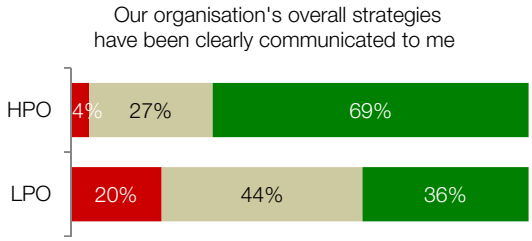
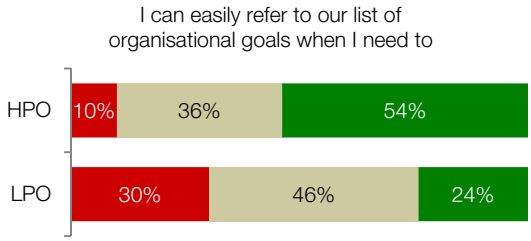
Habit 2
Communicate clear strategies and goals

A clear strategy points employees in the right direction

Having developed and articulated an inspiring vision and purpose for their organisation (habit 1), high performance organisations develop clear strategies and goals to achieve that vision and purpose. The vision, purpose, strategies and goals become the single guiding light that points the way for employees and adds focus and urgency to their individual plans, actions and goals.

The high performance organisations in our database make a priority of communicating their strategies clearly. More than two thirds of their employees are clear on the strategy, compared to 36% of employees in low performance organisations. Furthermore, in high performance organisations 54% of employees can easily refer to organisational goals when they need to, compared to just 24% in low performance organisations.





This emphasis on communicating the strategic direction ensures that employees in high performance organisations know how their role and actions contribute to the organisation's success and makes them better equipped to set priorities and make decisions.

Using an effective strategy development process

High performance organisations engage their employees in developing their strategy. This helps gain their buy-in and increases the likelihood of the strategy being achieved. The strategy development process involves dealing with important questions, such as:

- What is special or different about our organisation?
- How does our organisation add more value to our customers, communities and other key stakeholders than others, and why will it be more profitable than others that do the same activities?
- What are the organisation's core competencies and how can they best be leveraged to grow the organisation?
- Which are the most profitable customer segments and why, and on which segments should the organisation focus most of its efforts and resources?
- How should the organisation's scarce resources (capital, assets and people) be best allocated to optimise returns?

Once the organisation's strategy has been developed, high performance organisations spend a lot of time considering how it can be best summarised and communicated to all employees. Low performance organisations don't recognise the importance of making that same investment of time and often confuse, or over complicate the communication of their strategy.

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Avoiding common mistakes

Connecting employees with the organisation's strategic direction is not an easy task. Employee feedback indicates that the four most common mistakes include:

- The strategic plan is too busy – for many employees the strategic plan is overly complicated and overloaded with too many aims. Employees prefer something that is strong, simple and clear. Most high performance organisations succinctly express their vision, purpose, values and main strategies on a single page in readable font size (often referred to as "strategy-on-a-page"), making it easy for employees to understand, including how their role fits and contributes to the organisation's success.
- There is insufficient consultation – leaders don't always take enough time to engage with employees to help them understand why certain goals are being pursued and explain why certain plans have been made. High performance organisations don't see communication of the strategy as a one-way cascade from top to bottom. It is a two way discussion where employee ideas and feedback are valued and used to refine the strategic plan.
- Communication is fragmented – a plethora of messages and channels without the proper context is confusing to employees. High performance organisations typically have a well considered communications framework which maps out how strategic communications will be made through the year. The framework specifies which communications will be direct from the CEO, which will be cascaded through the line management structure and those to be made electronically via email, blogs, intranet and other media.
- Tracking is inadequate – while there is much emphasis on explaining the strategy, there are insufficient regular updates on how the organisation is tracking and what is being done to make up for shortfalls. Employees want regular updates on how well the organisation's strategy is being implemented and on how they are contributing. Nothing annoys employees more than working hard for the year and then being told that the organisation's strategies have been poorly implemented and incentives and bonuses must be foregone. High performance organisations link messages so that employees can see the strategy being implemented and refined over time. They also ensure that performance metrics are tracked and interpreted in light of the organisation's strategy and explain why any changes are being made.

Low performance organisations often confuse or over complicate the communication of their strategy.

Action checklist

1. Work with your leadership team to summarise the organisation's strategy and goals into a few short phrases, paragraphs or on a single page. Ensure this summary is communicated and readily accessible to all employees.
2. Immerse the extended leadership team in the organisation's strategic direction so that line managers can use their own words and metaphors to explain to their people where the organisation is going. This will demonstrate their personal commitment and support for the strategy.
3. Implement a strategic communications framework with clear responsibilities for maintaining an ongoing dialogue with employees that is clear, concise, consistent and relevant throughout the year.

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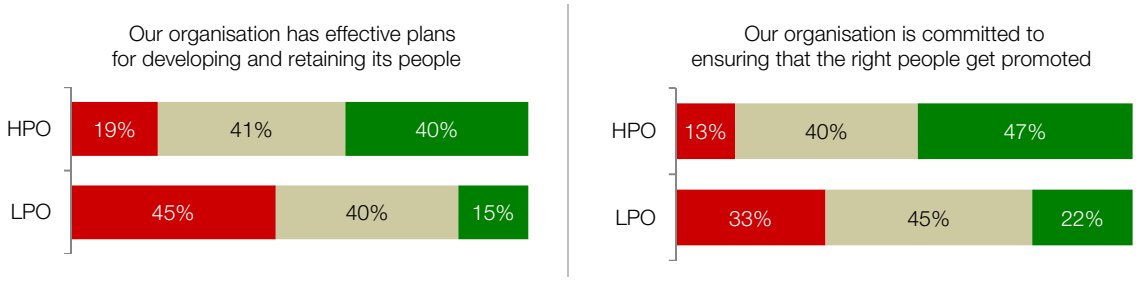
Habit 3
Develop your people

High performing people drive organisational results

One of the most crucial roles of a board is to select, recruit, develop, coach and support the best CEO they can find to lead their organisation. Great CEOs know that they will be far more able to realise their vision and achieve their objectives and goals if, in the words of Jim Collins in his book, *Good to Great*, "they get the right people on the bus". They realise that they don't only need to select and recruit, but also develop, coach and support the best possible team to take the journey with them.

> *Great CEOs...develop, coach and support the best possible team to take the journey with them.*

Low performance organisations focus on the select and recruit components, but fail to prioritise the important develop, coach and support components. They are far more likely to frequently change their CEO and leadership team, as they haven't made a priority and habit of developing, coaching and supporting their senior leaders. If senior leaders don't set the example of prioritising, planning for succession and making a habit of developing their senior talent, the organisation will be far less likely to build a culture of developing and supporting its people.



Disappointingly, nearly half the employees of low performance organisations state that their organisation doesn't have effective plans for developing and retaining its people. The proportion is much lower, but still 19% for high performance organisations. Far more employees of high performance organisations (40%) believe their organisation does have effective plans for developing and retaining their people. This figure drops to 15% for low performance organisations.

Many executives say that they can't afford to develop their employees because the investment is often not worth it, as many employees leave too soon after they receive the relevant education and training. This comes from a "cup half empty" perspective and is not conducive to building leadership talent and capability. The concern should not be, what if we develop our people and they leave; but what if we don't develop them and they stay.

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...employees of low performance organisations state that their organisation doesn't have effective plans for developing and retaining its people.

Prioritising people development

The famous conductor of the Boston Philharmonic Orchestra, Benjamin Zander once said, "I set as a goal the maximum capacity that people have. I settle for no less. I make myself the relentless architect of the possibility of human beings." Zander practised habit 3 every day of his life. It was part of who he was.

People development can occur in many ways. High performance organisations take multiple initiatives in developing their people, including giving emerging leaders special and challenging projects, secondment to other areas of the business and external development programs. Whilst there needs to be certain homogeneity in an organisation's training and development programs, one size rarely fits all. Specific programs should focus on development for high potential employees, including the use of external resources.

As leaders of low performance organisations are less clear in relation to their strategy and goals (habit 2), spend less time and effort developing (habit 3), recognising (habit 4) and caring (habit 5) for their people, they are less able and less likely to make the right recruitment decisions. Around one third of employees of low performance organisations don't believe that the right people get promoted, whereas 47% of high performance organisations employees believe the right people do get promoted. High performance organisations are more likely to take a longer term perspective and promote based on character, sustainable performance and cultural fit, whereas low performance organisations tend to be overly short term focused. The latter also place insufficient focus on the likely impact on the organisation's culture of the people they promote.

Action checklist

1. Ensure the leadership team forms a common view on the importance of the development of their people. Ask one or two leaders to champion the cause and to be the Benjamin Zander in your organisation.
2. Allocate the responsibility of developing or accessing appropriate leadership and other development programs to the head of HR, but make line managers responsible for ensuring the people development is taking place.
3. Build a culture of mentoring and coaching employees and develop specific programs to ensure emerging leaders are mentored by appropriate internal and/or external persons.

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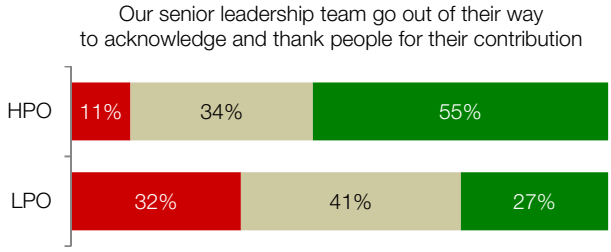
Habit 4
Go out of your way to recognise your people

Saying thanks makes a big difference

Over half the employees of high performance organisations believe their senior leadership team goes out of their way to acknowledge and thank people for their contribution. The number is only around half that amount for low performance organisations. Disappointingly, around one third of employees of low performance organisations don't believe their senior leaders acknowledge and thank people for their contribution. The figure is much smaller for high performance organisations at 11%.

On this factor alone, employees of high performance organisations are likely to be more engaged and happy to come to work each day than employees of low performance organisations. High performance organisations' employees would almost certainly perceive that their organisation is a better place to work and apply extra discretionary effort to their roles, than their counterparts in low performance organisations.



Valuing people as a core instinct

This habit, together with habits 3 and 5, shows the importance leaders in high performance organisations place on developing, recognising and caring for their employees, unlike low performance organisations that are more likely to treat their employees as a number or a unit of labour. Even if there was no benefit to improving employee engagement, productivity and making for better workplaces, leaders of high performance organisations acknowledge and thank their people for their contribution, as they consider it to be the right thing to do.

Most good leaders have very busy work schedules and literally "go out of their way" to recognise their people. Busy leaders have plenty of other things to do, but they prioritise the importance and make a habit of investing time in their people.

Until acknowledging and thanking people for their contribution becomes a habit, leaders need to consciously make the extra effort to increase the extent to which they recognise their people. There is very little extra cost, other than for a small amount of time, to acknowledging and thanking people for their contributions. Very few people have ever been accused of giving too much acknowledgement or thanks to their employees.

> *...low performance organisations are more likely to treat their employees as a number or a unit of labour.*

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Institutionalising employee recognition

High performance organisations recognise the importance of building recognition systems, communications and events into the culture and DNA of their workplaces. This ensures that the organisation creates a rhythm around regular staff celebrations, recognition events and communications. Different communications and events should be scheduled weekly, monthly, quarterly and annually. Leaders, however, shouldn't consider these regular communications and events as a substitute for going out of your way to spontaneously acknowledge or thank specific staff for their contributions.

Most good leaders literally "go out of their way" to recognise their people.

Action checklist

1. Count the number of times you acknowledge and thank a different employee for their contribution, both privately and publicly, in a normal week. Consciously plan to significantly increase the number (e.g. at least by double) and notice the positive impact. Sustain that increase until it becomes a habit.
2. Once you have experienced the benefits of 1 above, champion this approach with the rest of your leadership team and encourage them to do the same.
3. Develop systems, communications and events into the culture and DNA of your workplace that are specifically designed to acknowledge and recognise people for their efforts, achievements and for being exemplars of the organisation's values.

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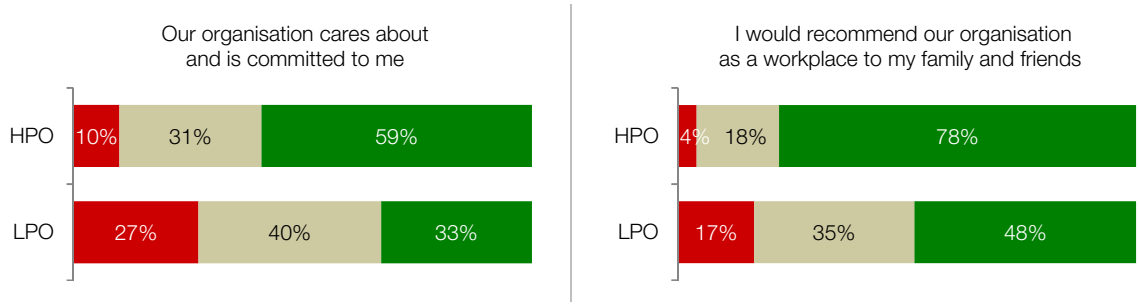
Habit 5
Genuinely care for your people

The psychological contract is crucial

The psychological contract is a critical notion for understanding the relationship between an employer and employee. It refers to the often unwritten expectations of an employee towards the employer. The psychological contract represents the obligations, rights and rewards that an employee believes he/she is "owed" by his/her employer in return for the employee's work and loyalty. If employees perceive that this contract has been broken, their trust in, and commitment to, their employer will be diminished. Poorly thought out, implemented and ill-timed action by an organisation, particularly relating to major changes, can destroy years of mutual goodwill.

High performance organisations do a much better job of managing the psychological contract than low performance organisations. The majority of employees in high performance organisations (59%) perceive their organisation to be caring and committed to them, compared to just a third in low performance organisations. There is a strong reciprocal relationship, with almost 80% of employees in high performance organisations being willing to recommend the organisation as a workplace to family and friends, compared to less than half of the employees in low performance organisations.



Feeling valued and involved is a key driver of engagement. This includes involvement in decision making, being able to voice ideas, having opportunities for personal development and career advancement and the organisation demonstrating its concern for employee health and well-being.

Managing the psychological contract

Some organisations aim to manage the psychological contract more effectively by making their employee offer explicit (documented), rather than implicit (unwritten). These organisations take great care in crafting and documenting an employee value proposition (EVP) that appeals to the people most suited to working in their organisation. They recognise that their EVP cannot be superior to other organisations on all dimensions, but apply the same disciplines they do for their customer value proposition, to ensure they have a clear and compelling offering for their current and potential employees.

The terms of the employee value proposition typically cover four dimensions, including:

1. meaningful work
2. a constructive organisational culture
3. reward and recognition, and
4. balancing work-life factors.

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Meaningful work is at the core of the EVP. The most engaged employees are those who personally identify with what the organisation aspires to achieve and who therefore experience mission alignment. In addition, there is good job fit – being in roles that are right for them and enable them to work on the things they do best. Meaningful work also requires that employees are clear on the outcomes and standards expected of them and can relate their personal responsibilities to the achievement of the organisation's strategies.

The vast majority of employees put a very high priority on working in an organisation with an inclusive and constructive culture. The top ranked items in Insync Surveys' employee entry surveys relate to having managers who actively listen to employees and value their opinions. These surveys also show how important regular and constructive feedback is to employees, in addition to working well with others in their work group and having clear goals and constructive behavioural norms.

Reward and recognition is the third major dimension of the EVP. High performance organisations provide appropriate financial reward and, just as importantly, non-financial recognition for individuals and teams who achieve their personal and team goals. The latter was touched on in habit 4.

The last dimension of the EVP relates to work-life balance. Many organisations place insufficient emphasis on this very important item. Analysis of Insync Surveys' exit survey database shows that home-life issues were a significant factor in the decisions of 47% of women to leave their current employers. Home-life issues are becoming increasingly important for men as well; 40% of men indicated that home-life issues were a significant factor in their decision to leave. In crafting and implementing an attractive EVP, organisations must ensure they understand the interests and circumstances of current and potential employees to ensure that the demands of the role are appropriate for their home-life situations. A competitive EVP in the 21st century will also optimise use of flexible working arrangements by accommodating employee preferences relating to time (when), location (where) and manner (how) they work to meet both individual and business needs.

Employees who perceive that their organisation cares about and is committed to them will go above and beyond the call of duty in contributing to its success. Most of the CEOs interviewed for this study made it clear that this is a top priority for them. They focus on aligning and engaging their employees with the expectation that good customer outcomes and high performance will follow.

Action checklist

1. Ensure that employees find their work meaningful by recruiting and promoting people who are aligned with the organisation's mission and well suited in terms of their character and capabilities for their roles.
2. Develop and equip leaders to nurture an inclusive and constructive culture by actively listening to their employees, valuing their opinions and putting an emphasis on building constructive team norms and behaviours.
3. Systematically consider how flexible working arrangements can be built into the organisation's operations and work practices to maximise productivity while also accommodating employee home-life requirements.

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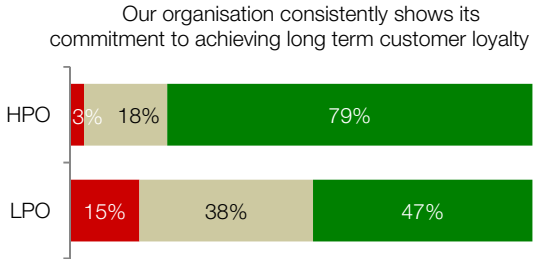
Habit 6
Listen and adapt to customer needs

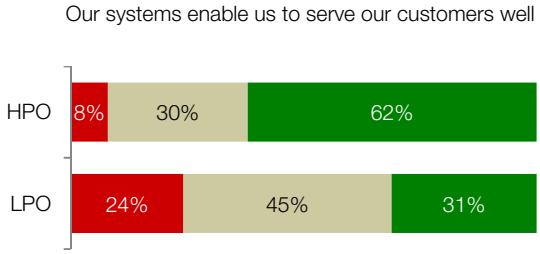
Creating long term customer loyalty

Almost all organisations show some level of commitment to their customers. If they didn't, they wouldn't survive. The commitment of high performance organisations is much greater, more structured and thoughtful than low performance organisations. High performance organisations take a longer term view to customer loyalty than low performance organisations. They are more likely to partner with their clients by really getting to know them and how they can serve them better. They understand that as they demonstrate they truly understand their customers' needs and deliver services that meet those needs, they build loyalty and eventually build advocacy. Those customers then become vocal supporters which breeds new customers and further success.

High performance organisations build deep customer relationships with their most strategic customers.

More than three quarters of employees in high performance organisations believe that their organisations consistently show a commitment to achieving long term customer loyalty, compared to less than half of employees in low performance organisations. Moreover, a higher percentage of employees in high performance organisations (62%) agree that their systems enable them to serve their customers well, compared to only 31% of employees in low performance organisations.





Differentiation and targeting the right customers

High performance organisations also have a better understanding of their strategic goals (habit 2) and why they are different from their competitors. They use their differentiation to appeal to the most relevant customer segments. They understand which type of customers are the most profitable and where they have a competitive advantage. High performance organisations build deep customer relationships with their most strategic customers and develop and leverage their specialisations and areas where they have core competencies. High performance organisations are more customer centric than low performance organisations.

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Building a customer centric organisation

Customer centric organisations display the following attributes:

- They invest time and resources in understanding the current and future needs and desires of their customers. Intimate customer understanding and deep customer relationships are built upon at each interaction.
- They systematically request customer feedback and use their knowledge of customer perceptions to improve their operating practices and to introduce new services and product offerings.
- They nurture a committed workforce where employees get to know their customers and their needs, keep their commitments to customers and take personal ownership to resolve issues as they arise.
- They invest in systems and operating practices that make it easy for customers to do business with them and continue deepening their relationships over time. They take customers on the journey from being satisfied, to being loyal, to being advocates.

High performance organisations understand their customers better than their competitors and are able to translate this knowledge into strategies that deliver superior value to customers with an efficient use of the organisation's resources. High performance organisations are focused on achieving long term customer loyalty and don't leave the results to chance.

All of the CEOs we interviewed rated customer focus as a key driver of their organisation's performance. They all have robust channels for receiving customer feedback. Many of the CEOs spend a significant amount of time directly interacting with their customers. They also have clear metrics to tell them how well they are serving their customers including Net Promoter Score, satisfaction, retention, share of spend, participation and achievement of service standards. They also recognise that a key determinant of customer satisfaction is the extent to which their organisation engages their employees.

Action checklist

1. Ensure that your organisation has actionable customer related metrics and efficient processes for gathering, analysing and acting on customer feedback.
2. Systematically build the organisation's service capabilities by recruiting front line employees with customer service attitudes, providing them with the right systems and resources, training them and delegating authority so that they can solve customer problems efficiently.
3. Make it easy for customers to do business with you by defining value from the customer's point of view, mapping your organisational processes and eliminating any processes that don't add value to customers.
4. Make your organisation's objective to move customers from being satisfied to loyal and then to being great advocates for your organisation, its products, services and people.

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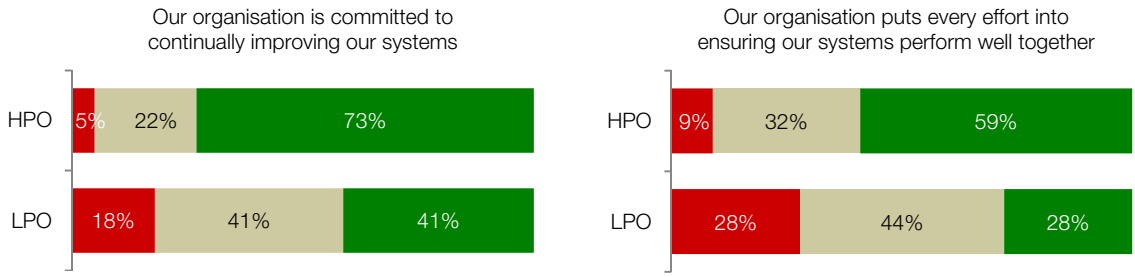
Habit 7
Continually improve your systems

Inadequate systems undermine performance

The high performance organisations in our database make sure that their systems are fit for purpose and well integrated as a key enabler for improving productivity and customer service. Almost three quarters of employees in high performance organisations agree that their organisation is committed to continually improving its systems compared to only 41% of employees in low performance organisations. Furthermore, 59% of employees of high performance organisations agree that their organisation's systems perform well together compared to only 28% for low performance organisations.



Inadequate systems hinder many organisations in executing their strategy. Based on other Insync Surveys research, fewer than 50% of respondents agree that the computer system that they use most frequently works well. While the vast majority of organisations understand how important it is to give employees the right systems and resources to do their jobs well, it is clear that the expense and complexity of modern IT systems sometimes mean that the systems in use are not entirely fit for purpose. While "systems" should be regarded as more than purely IT systems we have focused the discussion towards IT systems as they are so fundamental to supporting organisational performance in the 21st century.

> *Inadequate systems hinder many organisations in executing their strategy.*

Causes of system inadequacies

Where IT systems don't fully meet the requirements of business users there are typically deep seated and complex causes, including:

- Inadequate IT and business strategy alignment – it requires a lot of skill and experience to fully understand the implications of the business strategy and convert this into an integrated suite of IT capabilities that will enable the business strategy. Organisations that get it right have the people, processes and governance forums that ensure that the business strategy is specific enough to inform the IT strategy and focus IT investments on enabling the most critical business processes and priorities.
- Constraints of legacy systems – many organisations have continued adding to large, disparate and complex IT systems over the years as their business has expanded and evolved. In many

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cases these systems are based on old technologies that are increasingly difficult to support and upgrade. It isn't a simple or cheap matter to migrate off these systems. Many leading organisations are using a modular approach to gradually introduce new technologies that are much more flexible and efficient.

- Fragmented decision making – due to inadequate IT governance some organisations have IT decisions being made at different levels across the organisation resulting in a multitude of inconsistent and overlapping technologies being introduced. Good IT governance ensures that IT decisions that are likely to impact the whole organisation are made centrally (e.g. with accountability in the hands of the CIO, or equivalent), while allowing for enhancements and improvements to be made at the local level within an agreed framework and delegations.
- Insufficient investment – some organisations are not hearing the voices of employees and customers regarding how poor their systems are and are therefore not making the required investments in improving their systems. New business models and channels (such as online trade and the cloud economy) are also emerging where the role of IT is much more significant and, in some cases, new entrants in these areas are putting extreme pressure on existing players. Executives must make sure that they are investing enough to serve their customers well and achieve the efficiency levels required to be competitive.
- Inadequate training and support – having made significant investments in developing new and improved systems, some organisations then seek to save money by cutting back on training and support. While this certainly reduces costs, it unfortunately often also reduces the efficiency gains that could have been achieved from the new systems.

When employees believe that the organisation is committed to continually improving its systems, they are more likely to contribute towards improving systems at their level and assisting with efforts to integrate systems across the organisation as required. Providing employees with the necessary systems and resources to do their jobs well will not only increase their satisfaction and engagement levels, but will also drive significant improvements in productivity and customer service levels.

Action checklist

1. Explicitly link IT and business strategy by ensuring that the weight of IT investments align with the organisation's strategic priorities. Establish processes and forums for enterprise-wide collaboration on the key components of the business strategy with those of the IT strategy.
2. Find the right balance between centralising IT decision making for major investments in IT platforms that impact the whole organisation and decentralising IT decision making for less fundamental enhancements and upgrades, or time critical solutions that only impact some parts of the organisation.
3. Benchmark IT investment levels against high performing organisations to ensure that they are appropriate for your industry, business strategy and lifecycle stage.
4. Track user satisfaction with IT systems, understand what is driving dissatisfaction and follow through with actions to resolve critical issues. Make sure that users and front line staff have an adequate voice in raising issues and ensuring that IT enhancements and fixes are adequate for resolving these issues.

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Seven steps
to implementing the 7 organisational habits

1 The foundation is clarity

...make your vision, strategies and goals part of your organisation's everyday life.

Since the start of the global financial crisis, most organisations have been operating in difficult, volatile and uncertain environments. Old business models have been challenged, competition is forever increasing and customers are becoming ever more demanding. Some organisations have responded to this complex environment like a rabbit in the headlights, running in many different directions.

In these challenging times, it is more important than ever to develop and articulate (with your employees) an inspiring vision, clear strategies and goals – and then stick with them and communicate them over and over again. Align and continually relate all your plans, decisions, actions and messages to your organisation's vision, strategies and goals. This will make your vision, strategies and goals part of your organisation's everyday life.

2 It's then all about your employees

Be authentic – be real. Don't say your people are your most important asset unless you mean it. Once you've set the inspiring vision, clear strategies and goals and got the "right people in the right seats on the bus", you'll need to empower, resource and support them to achieve those aims. Also ensure that they understand how their role contributes to the achievement of your organisation's main aims.

Form the habit of developing, recognising and caring for your people. Set up infrastructure, systems and processes to support you in this, but also regularly go out of your way to connect with your people, listen to their concerns and thank them for their contribution. Recognise that the best way to develop loyal customers is through engaged employees.

Don't say your people are your most important asset unless you mean it.

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3 Stay with it

The habits are not a project. You can't just do them for a season.

The habits are not a project. You can't just do them for a season, nor can you choose just to do the ones you like. A sustained and ongoing commitment is required until they become habits – until they become your organisation's new way of life.

The 7 organisational habits are a journey, not a destination. You will continually find new ways to improve at each of the habits. High performance organisations know that they never reach perfection. They strive for continuous improvement and to build resilience and adaptability in these times of rapid change and uncertainty.

4 Leaders must lead

The fish rots from the head. It's up to the board, CEO and leadership team to ensure that an inspiring vision, clear strategies and goals are developed and communicated. The leadership team must take to heart, live, model and promote each of the habits. They must be authentic in their dealings with employees and their approach to customers and systems.

There is a large body of research that confirms that most of the habits of high performance organisations also differentiate good leaders from ineffective leaders.

The leadership team must take to heart, live, model and promote each of the habits.

5 There's a huge return on investment

The financial cost of developing these important habits is likely to generate a significant and sustained financial return.

The financial cost of developing these important habits is likely to generate a significant and sustained financial return from the improved organisational performance. There is a very low cost to developing and embedding habit 1 and 2 and there will be a significant return from the extra focus and urgency.

Habits 3, 4 and 5 may take extra effort and a change in priorities, but the small extra financial cost will be far outweighed by the improved employee engagement and performance. As well as making habits 6 and 7 part of the organisation's way of life, initiatives involving new infrastructure and systems can be costed and the actual ROI determined.

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6 Remove impediments to adopting the 7 habits

These 7 organisational habits are not new. They are not secrets. Research over decades points to the importance of many of the same attributes. Numerous research papers and management books present similar messages to those presented here. Many may already be on your agenda.

Work out the reasons why your organisation hasn't embedded each of the habits and attempt to remove any impediments to them being adopted.

Impediments may include:

- excessive focus and pressure on short term results, including constant restructuring, crisis management and the continual search for the "low hanging fruit" or quick fix
- too much working "in" and not "on" the business – excessive focus on tasks and transactional activity as opposed to building capacity and capability
- ingrained legacy processes, systems and behaviours/attitudes – these can create bad habits that need to be broken before good habits can be formed
- a lack of conviction as to where to focus and sustain effort.

Use this extensive research involving over 100,000 employee responses from around 200 organisations to create new habits and a new way of life in your organisation.

Use this extensive research involving over 100,000 employee responses from around 200 organisations to create new habits and a new way of life in your organisation.

7 Regularly measure your progress

...determine the extent to which the habits have been embedded in your organisation's culture.

There's an old saying that what gets measured gets done. Regularly carry out an employee Alignment and Engagement Survey to determine the extent to which the 7 organisational habits and other important drivers of high performance have been embedded in your organisation's culture and DNA. Ensure your survey uses a robust framework of high performance like the one in Appendix A.

Use the survey data and associated focus groups to determine areas and ways to further improve the extent to which the 7 habits are becoming your organisation's new way of life - and celebrate the improved organisational performance.

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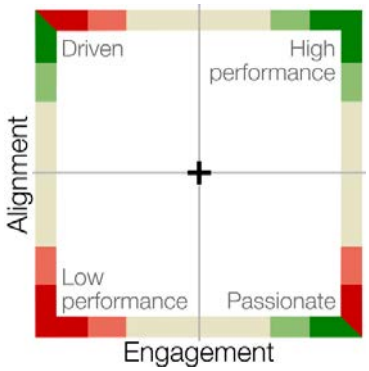
Appendix A
Insync Surveys' high performance framework

Insync Surveys' high performance framework has been designed around two of the most important drivers of high performance; alignment and engagement. This framework was used to develop Insync Surveys' Alignment and Engagement Survey (AES).



The survey was designed to establish whether the day-to-day operations of an organisation are aligned with its strategic goals, and whether employees are engaged. It identifies those organisations that have both high alignment and high engagement, which are likely to achieve sustainable high performance (see figure to the right).

Research reveals that a high performing organisation will:

- Energise – employees will be energised and inspired by the organisation and its senior leadership team. The organisation will have a clear and engaging long term direction and purpose and the senior leadership team will be good role models and motivate employees to achieve the organisation's goals.
- Execute – the organisation will align its plans and activities to the achievement of its long term goals. Its line managers will set a good example and build effective collaborative teams with a strong accountability and performance culture. It will invest in the development of its people and systems and be appropriately externally focused on meeting its customer and stakeholder needs.
- Engage – employees will be highly engaged and proud to work for their organisation. They will understand why their success is important for the organisation and they will recommend the organisation as a good place to work.

Within these three framework areas are a total of 10 high performance factors which are important for the achievement of sustainable high performance. Each factor measures the extent to which employees perceive that the organisation is achieving best practice in the relevant area. All factors include an important alignment thread which measures the extent to which action, behaviours and outcomes are linked to the organisation's long term goals.

The 10 high performance factors are shown and explained briefly in Appendix B.

By assessing how well the organisation is performing on all of these factors, the AES can identify what kind of issues are potentially acting as barriers to achieving an organisation's goals, where those problems are and what actions can be taken.

A whitepaper explaining Insync Surveys' high performance framework is available on the AES page of our website.

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Appendix B
Sample Alignment and Engagement scan

A sample executive summary (scan) from our AES report for sample company Axus Foundation is shown below.

Your Alignment and Engagement scan

The Alignment and Engagement scan below shows the alignment and engagement results of NSW compared to Axus Foundation overall. Results are displayed as the percentage of respondents who scored items either a six or a seven on the seven point rating scale. The colour coding indicates how the average raw score compares to organisations in Insync Surveys' benchmark database.

Number of NSW responses: 595

		NSW	All staff
Energise	**Long term direction** —whether strategies and changes are clearly articulated, communicated and accessible and it's clear how strategies will be achieved	56%	48%
	Senior leadership —whether senior leadership exemplify best practice, inspire, encourage innovation, and acknowledge and maximise talent	58%	51%
Execute	**Team leadership** —whether managers are trustworthy role models who build teamwork, communicate well, coach and mentor, and value their teams' opinions	71%	65%
	Team effectiveness —whether work groups use challenging goals, embrace change, celebrate achievements, focus on customer service and compare actions against plans	64%	57%
	Accountability culture —whether commitments are delivered and standards upheld, values guide everyday actions and sensitive information is handled appropriately	71%	66%
	Performance culture —whether the organisation has high standards of performance and best practice, and systems are continually improved to achieve organisational goals	68%	62%
	Investment in people —whether employees are supported with training and development, reward and recognition programs, work-life balance initiatives and performance appraisals	53%	46%
	Investment in systems —whether systems allow employees to do their job well, concerns are addressed and there's good internal customer service	61%	53%
	External focus —whether the organisation is committed to customer needs and long term loyalty, the environment and wider community, and monitoring competitor performance	54%	45%
	Alignment —whether employees, teams, systems, processes and customer strategy are aligned to the organisation's long term goals	62%	54%
Engage	**Engagement** —whether employees are committed to and emotionally engaged with the organisation and its goals, and they promote and act in its best interests	69%	64%

Your average raw score compared to Insync Surveys' benchmark database.

Legend: # Bottom decile # Bottom quartile # 2nd and 3rd quartiles # Top quartile # Top decile

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Appendix C
Sample Performance culture scan

A sample Performance culture scan from our AES report for sample company Axus Foundation is shown below.

6. Performance culture

This table shows the survey items that contribute to the performance culture score for NSW compared to Axus Foundation overall.

Results are displayed as the percentage of respondents who scored items either a six or a seven on the seven point rating scale. The colour coding indicates how the average raw score compares to organisations in Insync Surveys' benchmark database.

Survey item		NSW	All staff
6.1	Axus Foundation is committed to high standards of performance *	80%	77%
6.2	Axus Foundation is committed to bringing innovative products and services to the market place	60%	52%
6.3	Axus Foundation is committed to best practice in our industry	76%	71%
6.4	Axus Foundation is committed to continually improving our systems	66%	58%
6.5	Axus Foundation puts every effort into ensuring our systems perform well together	58%	46%
6.6	I am kept updated on Axus Foundation's progress towards its overall goals	62%	54%
6.7	I have never been encouraged to "bend the rules" to get a result	76%	73%
Performance culture score		**68%**	**62%**

Your average raw score compared to Insync Surveys' benchmark database.

Legend: # Bottom decile # Bottom quartile # 2nd and 3rd quartiles # Top quartile # Top decile

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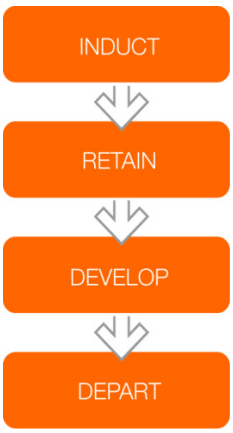
Appendix D
How Insync Surveys helps organisations

Insync Surveys can help your organisation improve employee and customer engagement which can increase your productivity and performance. Our employee and customer surveys also reveal the likely barriers to executing your organisation's strategy.

EMPLOYEE SURVEYS



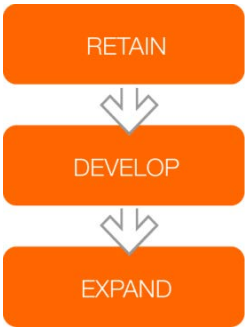
Entry Survey
Understand what attracts people to your organisation. Gain feedback about induction processes and training, improve on-boarding and get new staff up to speed faster.

Alignment and Engagement Survey
Achieve high alignment and employee engagement for sustainable high performance and resilience.

360 Feedback Survey
Help your leadership team focus on self-improvement and become better managers in line with your organisation's competencies.

Exit Survey/Exit Interview
Understand why your employees leave, reduce your employee turnover rates, control recruitment costs and reduce HR administration time and costs.

CUSTOMER SURVEYS



Customer Satisfaction Survey
A comprehensive overview of your clients' perspectives identifying which clients represent profit and growth opportunities and those at risk.

Customer Pulse Survey
A shorter customer survey used to focus on key themes, such as reactions to a new product line or delivery system.

Customer Focus Groups
We help you take your customer survey findings to the next level by brainstorming new products and services, ideas for improvement, new pricing or sales and marketing campaigns.

We also have a range of specialised surveys for: boards; local, state and federal government and the education sector.

More information about our surveys and consulting is on our website: www.insyncsurveys.com.au.

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About Insync Surveys

With offices in Melbourne and Sydney, we specialise in the measurement and improvement of employee, customer, board and other stakeholder engagement. Our surveys and consulting, supported by our registered psychologists and research experts, help organisations on their journey towards sustainable high performance.

We have worked with some of the largest organisations in Asia Pacific, including: ASX, Cathay Pacific, Fairfax, GlaxoSmithKline, John Holland, Nufarm, Orica, Queensland Rail, Rio Tinto, Suncorp, Toll, WorleyParsons, Visy, AFL, Mission Australia, federal and state government departments, many local councils and most universities.

To discuss how to increase your organisation's performance or to access other free research reports from Insync Surveys, please contact us.

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