How do we measure success in people-centric ecosystems?

02.07.2019 12:33:00 | Agility Insights USA, Herb Nold | 0 Comments | Ecosystem, Intangibles

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In the 20th Century, success was traditionally measured using stock price, market share, return on assets (ROA), etc. All of these measures are outcomes... the result of hundreds or maybe thousands of people in the organizations ecosystem whose combined talents and special knowledge yield innovative products or profits or improved service. While such tangible, financial measures are important, we prefer to define success by the underlying attributes of successful organizational ecosystems. What are the underlying or fundamental capabilities and organizational beliefs of a people-centric ecosystem that drive performance? What are the underlying behaviors that are driven by beliefs and values that result in innovations, process improvements, or ideas that generate superior results?

It is necessary to first identify and understand the underlying organizational environment and conditions that enable people, to be creative and innovative in ways that generate desirable results. There is an old philosophical saying that “If you ask “why” five time, you can get to the root cause of any problem or question.” Taiichi Ohno applied and refined this “5 whys” thinking process to business during the 1950s at Toyota and helped propel Toyota to the global automotive powerhouse it is today.1 We have applied a similar 5-why process while working with executives and gathered data allowing us to dig deeper into the underlying conditions within the ecosystem needed for success in

the 21st Century.

After nearly two decades of study and asking “why” we have observed that top tier companies have strong foundations in responsiveness, alignment, capabilities, motivation, and cleverness. These underlying core people-centric attributes of the ecosystem, we believe, help companies accelerate the rate of new knowledge creation and be agile so they can adapt and change quickly in a volatile, uncertain, complex, and ambiguous world. The logic goes as follows.

- If you are responsive to your customers’ needs, requests, expectations, and changes in the environment ….. You might be successful!
- If your people and managers are aligned in their goals and aspirations with all working toward the same common objective…… You might be successful?
- If the people in your organization have the right set of capabilities, skills, expertise and tools needed to quickly and efficiently deliver the company’s products or services…. You might be successful!
- If your employees throughout the organization are motivated, and inspired to perform above management’s expectation, and over deliver on customers’ expectations…. You might be successful.
- If your employees are empowered and have the freedom to use their innate creativity and tacit knowledge to meet or exceed management and customers’ expectations, within reasonable boundaries…… You might be successful!

In our view, motivated employees armed with the essential needed capabilities whose personal goals and objectives are aligned with organizational goals and empowered and encouraged to use their cleverness and creativity to be responsive to customers and clients will make any organization successful.

Senior executives like to say that “people are our most valuable

asset" but where does the CEO begin to gain insight into what is going on in the minds of people operating within the ecosystem. In order to avoid the expensive and aimless "flavor of the month" approach CEOs should take a diagnostic approach to evaluating the ecosystem. Think of it as a doctor. I suspect, you would not have much confidence in the doctor's diagnosis if the doctor started prescribing drugs before taking your blood pressure or listening to your heart, yet, this is exactly what business executives do when confronted with evaluating the culture and people within the ecosystem.

The trick for executives in diagnosing interferences within the ecosystem that inhibit performance is to ask the "right" questions…. Like taking a pulse or blood pressure of a patient. Here are some starter questions;

- Responsiveness – Is the organization flexible and able to react to changes in the environment?
- Alignment – Is the direction of the organization clear? Does the structure fit the strategy? Is it shared broadly and are employees aligned to support the strategies?
- Capabilities – Does the organization have the competencies and skills needed to deliver on promises?
- Motivation – Are employees throughout the organization inspired to perform above and beyond expectations?
- Cleverness – Are employees empowered to be creative and use their creativity to meet expectations or demands from clients or customers within boundaries that do not stifle creativity?

If you don't ask the right questions, you won't get the right answer. Begin by asking these questions throughout your ecosystem then ask "why" … and "why" … and "why" again until you find out what ails your organization. Then, and only then, you can take action with a reasonable expectation that you will not kill the patient. Executives will not know where the answers will take them but the people within the ecosystem intrinsically know what management must do to respond to rapid changes so ask … and ask … and ask … then LISTEN!

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Notes

Ohno, T. (1988). Toyota Production System: Beyond Large Scale Production, Portland, OR: Productivity, Inc.

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