



Achieving Best In Class Performance

*The Leading and Managing High
Performing Organizations Seminar Series*

LTG Tom Spoehr

Director, Office of Business Transformation
Office of the Under Secretary of the Army

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- A “Fortune Top 20” Company
- High Performing Organizations
- Management Frameworks
- Leader-Managers
- Best Practices
- Way Ahead



...there was a large Fortune Top 20 organization with annual revenue of over \$120 billion a year that:



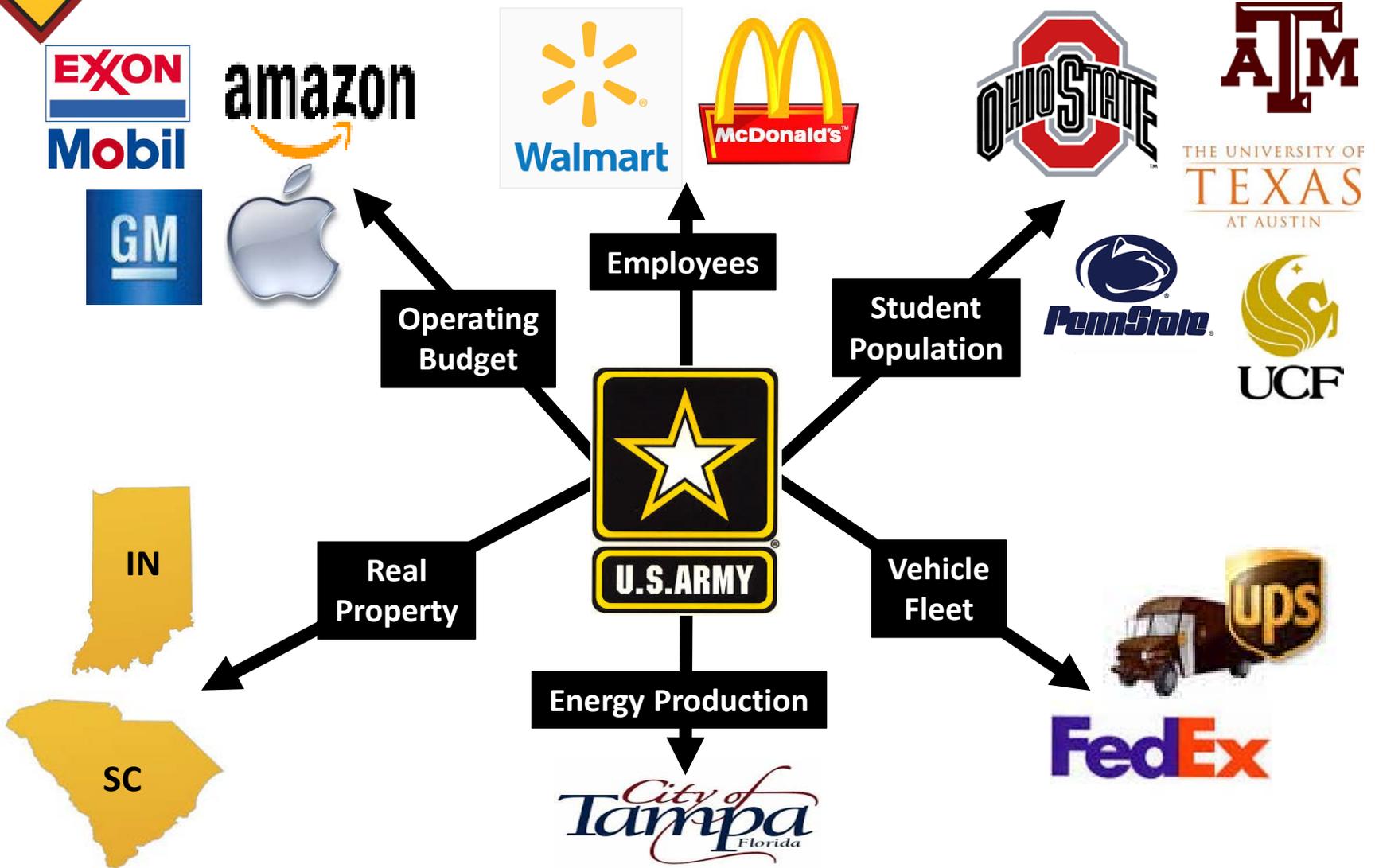
- *was more concerned about its rate of expenditures, than what they were actually getting for their outlays?*
- *when faced with a shortage of resources, often cut the funding for the core product first?*
- *didn't understand what their end-to-end costs were for their core processes?*
- *had a limited understanding of their internal IT systems and associated shortcomings and overlap with other systems?*
- *often overlooked their own data to inform business decision-making?*
- *avoided making hard organizational design changes?*

You might suppose it would eventually go bankrupt...

What if that organization was the US Army?



The Scope of the Army, compared to other organizations





High Performing Organizations

- What's a “High Performing Organization (HPO)?”
- Why should we strive to be a HPO?
- What methods does the Army have to determine what organizations are performing at a high degree?
- What frameworks exist to help us lead our organizations to HPO status?



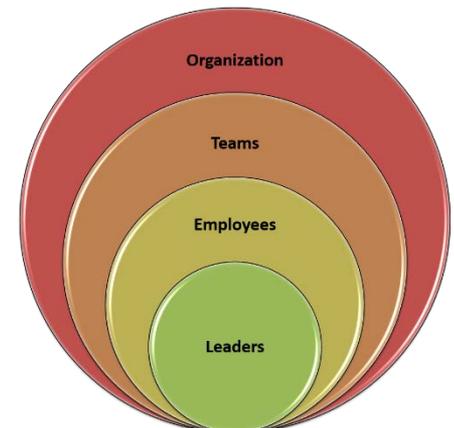
Layers of High Performance





Characteristics of High Performing Organizations

- Proactive
- Contact with the customer
- Autonomy & entrepreneurship
- Hands-on management
- Simple & lean staff
- Demanding leadership at all levels
- Consistent alignment
- Choosing “and” not “or”
- Collective decision making
- Communicating core values & purpose
- Distinct capabilities
- Guiding vision
- Development of new competencies
- Innovation
- Employee empowerment & sense of ownership
- Courage
- Process & metrics
- Recognition & celebration
- Creating new business or partnerships
- Abandoning outdated structures & processes





The Army's Management Framework



* Will be featured in follow-on Faculty Development Sessions

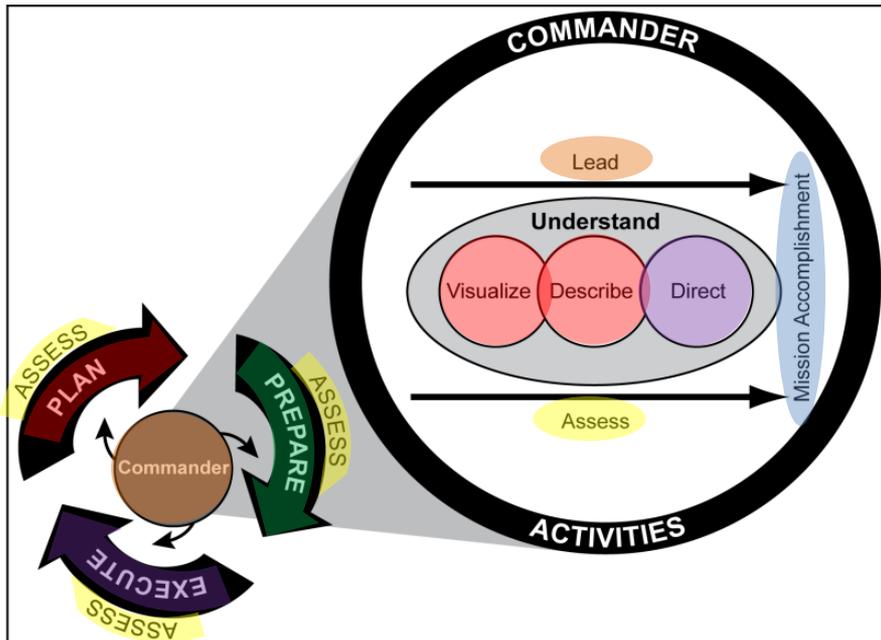


AMF Parallels with Army Doctrine

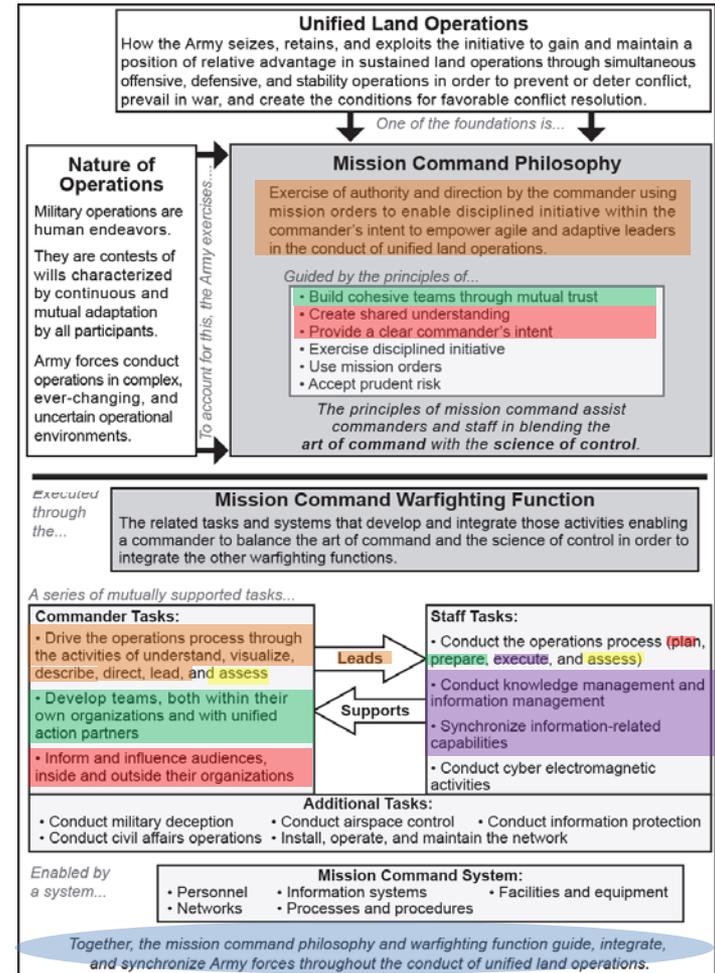
Army Management Framework (AR 5-1)



The Operations Process (ADP 5-0)



Mission Command (ADP 6-0)





Some Other Frameworks for Organizations Seeking to Become High Performers

- **Malcolm Baldrige *Performance Excellence Program***
 - Leadership, Strategy, Customers, Workforce, Operations, Results, coupled with Measurement and Analysis, all underpinned by core values and concepts

- **Peter's *In Search of Excellence***
 - Bias for action, stay close to customer, foster entrepreneurship, people, hands-on, value-driven, stick to the knitting, simple form and lean staff, loose-tight properties

- **Katzenbach's *Peak Performance: Aligning the Hearts and Minds of Your Employees***
 - Mission, values and pride; process and metrics; entrepreneur spirit; individual achievement; and recognition and celebration

...And dozens of others, all claiming to have found the "secret"

Maybe the answer is mindfulness



The Unique Army Environment

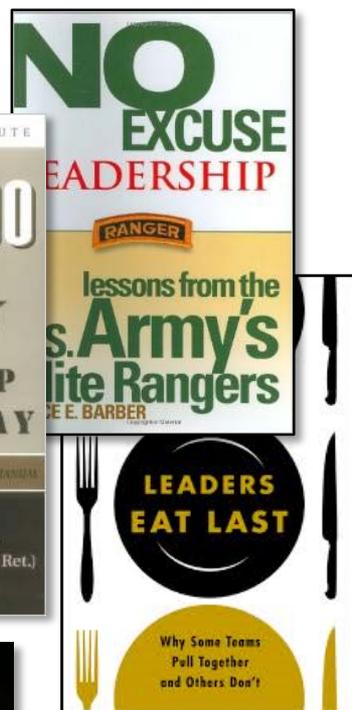
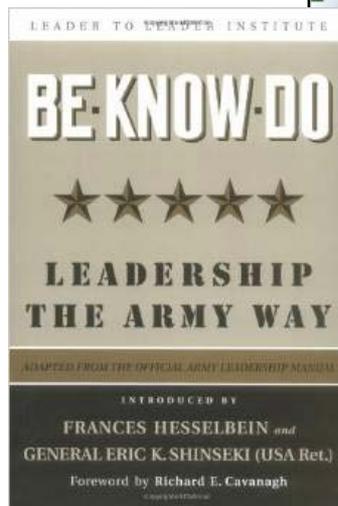
- Is the Army a business?
- Do we need management, or is great leadership sufficient?
- Who is our customer or customers?
- What is the core “process” of the Army, and have we “weighted” and fully understand it?



The Army's Management Framework



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- The Army is understandably proud and famous for its leadership---dozens of business books are written every year describing the attributes of military leadership
- Perhaps in part because of experiences in the **Vietnam War**, the Army turned away from management. *“You can’t manage a platoon up a hill”*
- **General Maxwell Thurman** was a superb Army leader and manager exemplified by service as CG USAREC (“Be All You Can Be”), DCSPER, and VCSA (1979-1987)
- Today management as a skill is not mentioned in Army doctrine nor covered in Army PME—individual self study & development required

Can a \$126B/yr, >1.4M person organization operate using solely leadership?



Leader or Manager?

“We need leaders who manage...Leadership is understood to be influencing people toward a common goal, while management utilizes processes and systems to achieve a goal. In theory we may discuss the importance of influencing people separately from managing processes, but that distinction quickly fades in practice...”

Company Command Professional Forum, “Do We Need Leaders or Managers, January 2011

“Leadership and management must go hand in hand. They are not the same thing. But they are necessarily linked and complementary. Any effort to separate the two is likely to cause more problems than it solves.”

Wall Street Journal, “What is the Difference Between Management and leadership?” April 7, 2009

“We can no longer afford to segment and separate managers and leaders, this does nothing but hurt our organizations...Management and leadership need to be taught in schools as interconnected disciplines that cannot exist without the other.”

Forbes, “Why All Managers Must Be Leaders.” January 21, 2015



What Does Our Culture Reward?



Best Management Practices: Private Sector vs. DoD

Private Sector Best Practices	DoD Past & Current Practices
Set realistic and specific goals/targets and timelines – stick to them	Set optimistic goals/targets and timelines in 5 year plans – restart plan every year or when leaders change
Focus expenditures on those activities based on future growth, profits, and return on investment	Prioritize activities/programs based on appropriated dollars – do not want to lose what we already have
Operate based on profits – a disciplining factor	Operate based on “ use it or lost it ” mentality
Pay attention to cost drivers – go after those not directly driving sales and revenue	Obligations tracked – costs are not normally measured/visible; Budgets across commands
Metrics consistently used , constantly measured	Metrics constantly changing , infrequently measured
Leadership closely monitors priority metrics to ensure success. Transparency key	Limited leadership involvement or visibility on metrics – used for compliance purposes, not outcome. Lack of transparency
Eliminate or sell-off non-profitable parts of the company in down markets	Reduce personnel and procurement/investment , and delay maintenance in down budgets



High Performing Units in the Army - TACOM

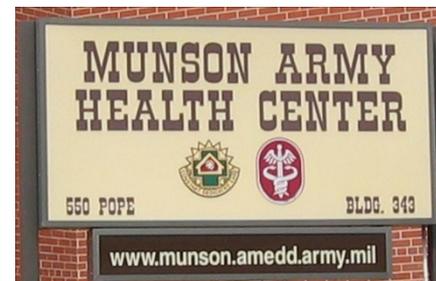
- Uses Leading Indicators throughout the process lifecycle to Maintain Quality, Cost, and Schedule Standards for Customers
- Engaged Leadership at all levels with personal interest in productivity and well-being of their teams:
 - Reward systems for achievement and corrective action on problems
 - Teach/Coach/Mentor approach to correcting systemic problems
 - Cooperation and Transparency by building Collaborative Relationships with customers and staffs
- Organizational Culture of Communication, Coordination, and Collaboration





High Performing Units in the Army - MEDCOM

- Regular business process Performance Reviews using standardized measures
- Battle Rhythm of Leader Involvement
 - Business Plan Performance Assessments
 - Quality Services Reviews
- Use of nationally recognized standards for quality and performance
- Strategic Initiatives Progress Reviews
- Core Business Improvement Reviews; Data Quality, Lean Six Sigma Projects, Internal Controls
- Process Improvement Patient Safety Initiative; reports on all process improvement actions and patient safety measures





High Performing Units in the Army - ATEC



- Selects people for assignments based on their strengths and talents
 - Leadership
 - Test Pilots
- Customer focused with 95% customer reimbursement rate
 - Must provide quality service to customer
 - Pay own bills
 - Attract own customers through superior service and quality
- Systems to measure core business competencies; testing, resource management, and scheduling





Army Management Observed Best Practices (1 of 2)

How will you/ do you:	Best Practices Include:
<i><u>Develop a Strategic Plan to set goals and achieve alignment of all organizations and resources?</u></i>	<ul style="list-style-type: none">• Collaboratively develop a strategic plan, everybody in• Commander present--- but allows others to input first• Consider Strengths, Weaknesses, Opportunities and Threats• Set tangible, measureable objectives• Build a plan that can endure at least 2-3 years—but don't shy from adjustments• Drive the objectives far down into subordinate organizations and into individual duties and objectives
<i><u>Measure performance to determine whether you are making progress towards your established objectives?</u></i>	<ul style="list-style-type: none">• Set up a battle rhythm and stick to it• Leaders, not deputies/XOs, attend these sessions. Set the example• Encourage candor, i.e. reward those that identify problems• Quickly alter metrics or standards when it's clear that you are not getting what you want• <u>Less</u> but <u>better</u> metrics• Find an organization or person doing it correctly—and publically praise and reward them
<i><u>Manage your resources</u></i>	<ul style="list-style-type: none">• Don't allow it to become about <u>budget execution</u>, make your Resource Managers compare money spent to <u>outcomes</u> (not outputs)• Reward those who turn back resources• Practice fact-based decision making



Army Management Observed Best Practices (2 of 2)

How will you/ do you:	Best Practices Include:
<u><i>Build and lead the team</i></u>	<ul style="list-style-type: none">• Transcend rating schemes and formal organization charts, leaders typically have more authority than they realize• One plan, everyone can see themselves in it• Everyone held accountable for objectives• Ensure organizational objectives align—often bad outcomes can be explained by differing objectives
<u><i>Optimize your processes</i></u>	<ul style="list-style-type: none">• Pick the high payoff ones first with highest potential gains• Don't be deterred by those that "own" the processes, they usually have nothing to gain and much to lose• Use any experts you might have—but any smart person can analyze a process
<u><i>Optimize your organizations</i></u>	<p><i>What are the odds that over the years your organization remains absolutely perfectly designed for its current missions?</i></p> <ul style="list-style-type: none">• Look for low spans of control & excessive layers—they accumulate over time• Leave the organization better structured for people that come after you• Don't miss the opportunity—after 6 months you will have become "captured" by the organization and it will look "great"• Carefully seek out your change agents• Assess and Improve your Organizational Culture; learning organization, actively foster dissatisfaction with status quo



Problems possible with nearly 65,000 Arlington graves, report says

By Christian Davenport December 22, 2011. After a year-long effort to account for every grave at Arlington National Cemetery, Army officials said Thursday that there might be problems, some as minor as typographical errors in paper records, with nearly 65,000 sites — or one-quarter of the graves at the nation's most prominent military burial ground.

Problems at Arlington National Cemetery investigated

By Larry Shaughnessy, CNN Pentagon Producer
November 13, 2009 8:12 p.m. EST

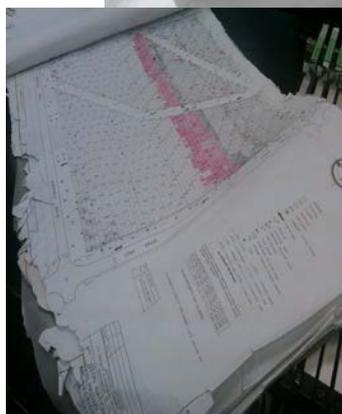
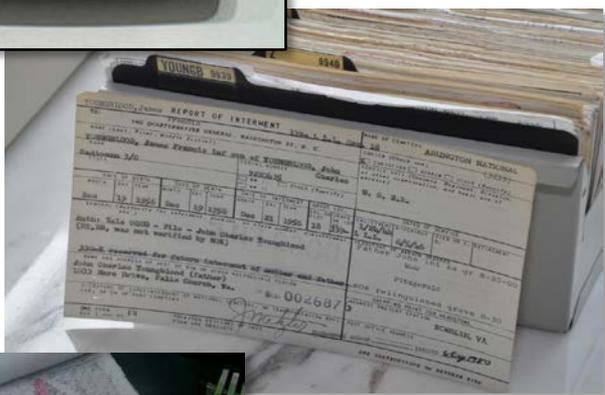
Washington (CNN) -- Army Secretary John McHugh ordered a new investigation into poor record keeping and other problems at Arlington National Cemetery even as a separate investigation ended without an absolute answer to who is buried in a grave marked "Unknown."

Arlington Cemetery scandals prompt dismissals Probe found some graves where the bodies were misidentified

By Jim Miklaszewski NBC News
updated 6/10/2010 7:46:59 PM
WASHINGTON — A number of scandals at Arlington National Cemetery, including one in which a service member's body was buried on top of another, cost the top two administrators their jobs, Pentagon officials said Thursday. Army Secretary John McHugh announced that Arlington National Cemetery Administrator John Metzler and Deputy Administrator...



Case Study: the Problem



The diagnosis:

“The main contributors to the state of ANC at that time were a lack of standards, a reliance on a number of ineffective business and operational practices, and ineffective implementation of business solutions.”

*The organization still used typewriters to record critical information about veterans’ interment services, and index cards held the record of burial for those laid to rest at ANC....”**

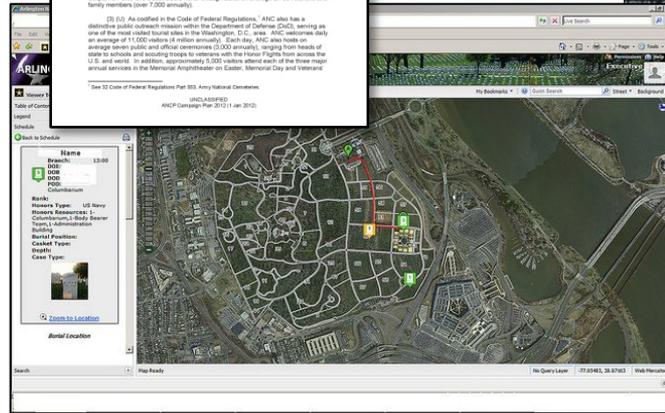


What Was Needed? A fundamental re-orientation towards management and leadership fundamentals

Campaign Plan



Strong Leader



New ANC IT System

Solution:

- Designation of a strong leader/manager
- Development of an ANC Campaign Plan with strategic goals and objectives
- Communication of the plan
- Assignment of responsibility to the individual level
- Optimization of the business processes and the IT that supports them
- Constantly monitoring and adjusting



Case Study: the Result



**Arlington National Cemetery has regained
the Nation's trust**



Leading and Managing High Performing Organizations Seminar Series & ILE Elective

- Achieving Best In Class Performance *Today!*
- Performance Management & Assessment
- Continuous Process Improvement
- Responsible Stewardship
- Organizational Cultural Assessment
- Strength Based Leadership
- Facilitation for Transformation



For More Information and to Schedule Presentations Contact:
LTC Mark Krieger
Phone: 571.256.2317 or email: mark.p.krieger2.mil@mail.mil
Army Office of Business Transformation
102 Army Pentagon 5D556
Washington, DC 20310-0102



Army leader-managers consistently demonstrate that despite significant resource challenges, high performance is possible!

Obtaining the most from our organizations—making them “high performance” — is absolutely essential to ensure we retain the trust of the American people and maintain readiness across the force today and tomorrow—so we can stay.....

Army Strong!





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Suggested Readings (1 of 3)

Transformative Change

[American Icon: Alan Mulally and the Fight to Save Ford Motor Company](#), February 5, 2013 by Bryce G. Hoffman. Great tale of how Alan Mulally led The Ford Motor Company out of its decline by his personal leadership, focus on performance, and talent management. Mulally shows great “servant leadership” combined with common sense management.

[Who Says Elephants Can't Dance?---Leading a Great Enterprise Through Dramatic Change](#), 2002 by Louis V. Gerstner, Jr. Louie Gerstner talks about how he changed IBM which had become inwardly focused and was in an earning death spiral by implementing a new vision and reinventing the company

Strategy

[Building Your Company's Vision](#), September-October 1996, by James C. Collins and Jerry I. Porras, Harvard Business Review, Reprint 96501. Everyone talks about how organizations need visions, but there is little guidance on how to develop one. This article proposes that a vision contain two key components: core ideology and envisioned future.

[Can You Say What Your Strategy Is?](#) April 2008, Harvard Business Review. Describes the essence of strategy and why most leaders don't understand it and can't describe what theirs is.

Business Transformation

[IT Savvy](#), 2009, by Peter Weill and Jeanne Ross. Written for non-IT professionals to understand how they should think about IT and how it supports different organizational models and business processes. You won't find discussion about “clouds, routers, or servers” in this book. Of critical interest to those trying to make IT work at the “corporate level,” versus lower echelons.



Suggested Readings (2 of 3)

Personal Growth and Performance

The 7 Habits of Highly Effective People, 1989 by Stephen R. Covey. Classic study on what makes people effective, focusing on self-mastery, becoming interdependent, and continuous improvement. If you aren't operating at your peak, you're cheating your organization and your people.

The Way We're Working Isn't Working: The Four Forgotten Needs That Energize Great Performance, 2011, by Tony Schwartz. Powerful thoughts on how to increase your performance, and that of your subordinates through better sleep, nutrition, exercise and the sustainment of emotional health.

Organizational Culture

Organizational Culture and Leadership, 2009 by Edgar Schein. If you don't understand your organization's culture, you stand no chance of changing it. Former Army Captain Ed Schein's book is the premier work on organizational culture. It's not a short book, but it's worth it.

Performance Management

Measuring What Matters in Nonprofits, 2001, by John Sawhill and David Williamson, The McKinsey Quarterly 2001 Number 2. How to orient your organization using simple metrics.

Performance Management: Integrating Strategy Execution, Methodologies, Risk and Analytics, 2009 by Gary Cokins. An overview book, meant for managers at all levels to introduce the concept of an enterprise performance management system. Written in a tongue-in-cheek, satirical manner.

General

Good to Great: Why Some Companies Make the Leap... and Others Don't, 2001 by James C. Collins. Often cited as the most influential business management book ever published. Jim Collins introduces seven characteristics of companies that went from good to great, introducing the concept of "Level 5" leadership.

Leading Change, 1996, by John C. Kotter. Classic description of the eight stage model for implementing change in organizations. Remains the standard for change management. (multiple subsequent editions)



Suggested Readings (3 of 3)

Organizing to Meet Your Goals

XLR8, 2014 by John P. Kotter. According to Kotter: “Management-driven hierarchies are built to minimize risk and keep people in their boxes and silos.” His point is that they are insufficient to devise and implement change; what Kotter recommends is a “dual-network” with a separate organization operating outside the hierarchy.

The Spider and the Starfish, 2008 by Ori Brafman. Brafman speaks of the power and resilience of organizations where there is no central nervous system, no guiding head. You might rightly ask yourself: “what does this have to do with the Army?” First, like it or not, the Army must deal with these entities, secondly, armed with this knowledge, Army leaders can tap into the power of crowd-sourced solutions.

Highly recommended in blue