Building a High Performance Organization
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"Building Your Team" is a very appropriate theme on which to focus this Enterprise Forum.

Technology is not something out there which you magically bottle up and then meter out in products and services.

Technology is embedded in the knowledge, experience and skills of the people in an organization.

That's why we know that high tech companies are really all about how well we attract, retain, develop, and motivate employees.

Team-building is not only about attracting the best people, but also about creating an organization, a management system and a culture that taps their full potential.

Let me start with some thoughts about the role in which purpose and values play in building a team.

Why did I start Analog Devices? Why would anyone start a company? I would argue, it is not to satisfy and delight customers and stockholders, but rather to achieve personal satisfaction.

In selecting your colleagues, you tend to pick people who share your goals and values. Therefore, it is reasonable to assume that their primary goal, like mine, is to achieve personal satisfaction. Thus, your quest for satisfaction and theirs is transformed into a corporate goal for employee satisfaction and a culture where

the personal goals and needs of each individual are respected and valued.

What constitutes personal satisfaction differs among people. For me it means the freedom and autonomy to decide the goals I wish to pursue and how I will pursue them. It means working with people who are themselves open and honest and who trust in the honesty of others. It means being challenged to work to my fullest capabilities and to even be stretched beyond my capabilities as a way to stimulate growth and development. I enjoy friendship and collaboration with interesting people from whom I can learn. I want to be affliated with people who respect each others' views and individuality and who are committed to each others' success. I like an environment which encourages boldness and risk-taking and accepts the possibility of failure as an unavoidable consequence of taking actions to discover, to improve and to innovate. I want to be part of an organization that is the best in its field and successful in reaching its goals and to be recognized and rewarded fairly for my contributions.

I find that most people, and especially those I personally selected, share these values. Some place more emphasis on security. Others see financial independence as an important aspect of their quest for personal freedom. But most people share these values in some large measure.

These and other values form the basis for the culture of a place and the way people work together. The way you act, speak and listen and the way other senior managers behave with subordinates and especially with each other sets the tone. Everyone in the organization is watching your behavior and taking their cues.

In the beginning you create a culture mostly by example as manifest in your way of being. Later as you grow larger, you have to write this stuff down and embed your values in the performance evaluation system and in human resources policies. You have to be explicit about behaviors you want and don't want. These

values become the invisible glue which holds an organization together.

There is no need to reinvent the wheel when it comes to articulating this Theory Y, participative human resource philosophy. I always stole shamelessly from the best. For example, Hewlett Packard wrote their company objective in 1957 and it's changed very little over the years. It's still one of the best. When I wrote our corporate objective and human resource philosophy, I copied HP because what they said made so much sense. Writing this stuff down is the easy part – committing your way of being to live what it says is the hard part.

I've always thought that one of the most important roles of the human resources organization is to encourage commitment and compliance to the company's value system, to draw attention to inconsistent behavior and, if need be to blow the whistle high in the organization when things begin to smell. This takes a lot of courage. And in the hiring and promotion process, HR plays a major role in perpetuating the value system through their influence in selecting the right people.

Of course there is more to it than employee satisfaction. It doesn't take long to discover that unless you satisfy customers, your means to achieve personal and employee satisfaction will be very limited indeed. And if you require capital to start your company and/or to finance its growth, the satisfaction of your financial backers quickly becomes a crucial issue.

But notwithstanding, the hierarchy of goals for me is that employee satisfaction comes first, then customer satisfaction, then stockholder satisfaction. If you have talented, motivated, happy employees and great managers the rest will follow.

If you decide that a primary goal of your company is employee satisfaction and giving employees at all levels the greatest possible freedom in choosing their goals and deciding how thay will achieve them, then you have a major challenge

on your hands. Managing a command and control organization is much simpler by comparison. Yet increasingly, organizational leaders are taking on the larger challenge because it has been demonstrated that fully tapping the human resources of an organization can produce extraordinary results that are not otherwise possible.

Business planning is one approach to achieving harmony among individuals and groups, each with their own purposes. The purpose of business planning is to create at every level of the organization a shared understanding of and commitment to a collective vision of a desired future. One of the outcomes of planning, of course, is a business strategy for winning in a competitive market. But an equally important outcome is the alignment of individual goals with corporate goals. Ideally each individual should be able to envision the fulfillment of his or her personal goals and ambitions through the achievement of this shared vision.

In start-up and early stage companies, people are so busy that it's difficult to involve everyone in a formal planning process. And in fact, a lot of good planning is done on the fly during nights and weekends, focused on real problems and opportunities in real time. But if you want to move away from a command and control paradigm toward an environment where commitment to employee satisfaction is a real part of business success, then you need some kind of planning process which, among other things, aligns personal goals with company objectives and which aligns purpose with vision.

Your approach to organization is also important to building a strong team. Russ Ackoff, a pioneer in system thinking, makes the point that the performance of an organization depends much more on how well the parts of an organization work together than on how well they work separately. And in fact, if you optimize the performance of the parts, it can be shown that you will sub optimize the performance of the whole.

In command and control organizations, emphasis is placed on vertical lines of authority and on reporting relationships and measurement systems which optimize the performance of the parts.

In high performance organizations, emphasis is placed on the quality of relationships both horizontally and vertically and on the quality of commitments to achieve shared goals. The role of leaders is to articulate a shared vision and then elicit and coordinate the commitments necessary to achieve it.

This view of organizations requires a paradigm shift in thinking about relationships. Traditionally, division of responsibilities between the parts was predicated on the maxim, "you do your part and I'll do mine, and, by the way, stay off my turf."

In high performance organizations, relationships are built on a commitment to each other's success. That is, performers in the system understand that for them to succeed as individuals, the organization or team of which they are a part must succeed and thus it is in their self-interest to reach across the boundaries of their job responsibility to help others succeed on shared goals. Thus, team goals take precedence over individual goals, driven not by altruism but by enlightened self-interest.

This is a very different way to think about responsibility even in personal and family relationships. In *50/50* relationships it's okay if a relationship fails, as long as you have done your part. In a high quality relationship you are willing to do more than your part to build or save the relationship. Marriages with *50/50* relationships lead to pointless arguments about who is to blame when breakdowns occur. Imagine a marriage in which both parties are committed to do more than their part to preserve and enrich their relationship.

Another aspect of organization and team-building is designing robust business processes and management systems which facilitate efficient and effective interaction of the parts in the pursuit of common goals. For example, accounting

and budgeting processes are some of the first formal management systems to emerge. And processes for developing and manufacturing products are the life blood of high technology companies. Less obvious is the critical role which formal processes for learning and improvement play.

It has been said that accelerating the rate of learning and improvement is the only sustainable competitive advantage. A lot of improvement occurs through everyday common sense problem-solving. Total Quality Management is a systematic approach to increasing the rate of learning and improvement through the deployment of appropriate tools, methods and processes at all levels of the organization to continuously improve results and the processes by which these results are achieved. TQM started with a focus on improving costs and the quality of products. It later evolved to improving customer satisfaction and the quality of services. Today the focus of TQM is on improving the quality of management.

Mature TQM practitioners are finding that the hard stuff is easy, that is, problem-solving tools and methods. But the soft stuff, or the behavior issues, is hard and also more important. The challenge comes back again to the human equation.

Steve Covey, in his book, *Seven Habits of Very Effective People*, points out that our work and activities can be divided into four categories - Quadrant I - not important and not urgent; Quadrant II - important but not urgent; Quadrant III – not important but urgent, and Quadrant IV - important and urgent. Successful people avoid work that is not important, whether it's urgent or not. Successful people spend most of their time in Quadrant IV - work that is important and urgent – fulfilling commitments, meeting deadlines, responding to crises, responding to opportunities. Very successful people spend more of their time in Quadrant II - work that is important, but not urgent - work that can be put off without immediate consequences, like learning and improvement, exercise, relationship-building and preventive measures, etc. Covey's challenge is to find ways to live more of your life in Quad II even though we know that urgent work tends to crowd out non-urgent work regardless of its importance.

Notwithstanding the sense of urgency which engulfs early stage and fast-growing companies, to build your team it is necessary to allocate some quality time to Quad II work. This takes a lot of discipline and commitment.

Your business strategy also has a major impact on your ability to attract and retain the best people. I often ask new engineers why they joined Analog Devices. The answers come back that they want to play on a winning team. In our business, Analog Devices has more than its share of superstars. These new recruits want a chance to learn from the best and to be part of an environment which is creating the future and controlling its destiny.

Developing and implementing a strategy that gets you ahead and keeps you ahead is not only more profitable, but for the people involved it's more fun, exciting, challenging and rewarding and that's what people want.

Honing and diffusing your purpose, values and vision and continuously improving the quality of your strategy, organization and business processes is an integral part of building a high-performance team and organization.

I've attempted here to emphasize the human resource and motivational aspects of this challenge. But the magical ingredient which not only motivates but inspires people is leadership, not just at the level of the CEO, but at every level of the organization where people work together in groups and teams.

How do you acquire leaders? One way is to just hire them away from others, and to some degree this is necessary. But the reality is that there are just not that many people out there who know how to lead in today's business environment. So, to some extent you have to enhance the skills of the people you already have and others you can hire. To do this, you need a role model which clarifies the kind of skills, attitudes and behavior you want to develop.

Companies that are making the transition from command and control to learning organizations are struggling to define the role model of the new leader/manager and how to develop the required skills. Certainly, we face this challenge at Analog Devices. We have compiled a list of requirements that is truly daunting.

Ideally leaders have to create visions and then enroll and inspire people to achieve them. They have to be learners and teachers and effective coaches and counselors in helping subordinates to grow and develop. They have to be business strategists, change-agents and designers of business systems and processes. They have to be effective facilitators of team work and group work and sponsors and diagnosticians of improvement work. They have to lead by example in living the values of the company, in meeting commitments and in listening and responding to concerns. You are not going to get all of this in one person; that's why you need a team with complementary skills.

All of this is very nice you say, but how do you develop all of these leadership skills? First, there are a lot of good books you can read and there are some places like the Organizational Learning Center at MIT and consulting firms that can help. But mostly, you need a coach more than a consultant; that is, somebody to help trouble-shoot what you are already doing and help you figure out how to do it better - not someone to tell you what to do and how to do it or worse yet, to do it for you. Members on your Board are another source of experienced coaches. You can also find coaches in universities and consulting firms although you have to be willing to kiss a thousand frogs to find a prince.

Another approach is to participate in mutual learning networks where practitioners come together to share their experiences and to learn from each other - what Don Schon from MIT would call a network of reflective practitioners. To a great extent MIT's Organizational Learning Center follows this model.

The Center for the Quality of Management is another mutual learning network here in the Boston area. To give some idea of how these groups operate, the

Center for Quality of Management recently assembled a study group made up of participants from member organizations to research and benchmark the best practices in leadership development. It was from this study group that ideas about conversations as a process emerged and a training program was developed.

Not everyone is interested in creating a great company that is built to last. Generating a small fortune in a few years without all the headaches is good enough for some and increasingly for many, and we are living through an unusual period in history where it seems to be routinely possible to leave someone else to hold the bag. For those who are interested in the long haul, there are no silver bullets. You have to put the bricks in place one at a time. This takes years and years of hard work and perseverance and a willingness to experiment and sometimes fail. It is through the process of developing the enterprise and overcoming the challenges as they arise that you hone your leadership skills. There is no other way to become a leader than to be one.

I am living proof that you don't have to be charismatic, tall, handsome or even that smart to be a successful leader. You just have to really want to do it and to be honest, trustworthy, dependable, persistent, open to learn from others and damned lucky.

If you make it through the maze, you not only get the money, but you also derive a great sense of accomplishment and pride which is worth a whole lot more than the money, especially if you achieve the purpose to which I ascribe – meeting the needs of people.

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