

GOOD IS THE ENEMY OF GREAT*

White Paper

By Allan Ryan
Hargraves Institute

Suite 402, 12 Century Cct
Baulkham Hills NSW 2153
Australia
www.hargraves.com.au
e: hi@hargraves.com.au
p: 02 9114 8607

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A White Paper by Allan Ryan

Frustration spread across the executive team meeting. Monthly performance remained stubbornly good. The topic of discussion was about people and performance.

The Executive Team placed significant importance on their people and teams, firmly believing that good employee experience leads to good customer experience. The customer NPS[®] score across all segments was healthy and has been healthily good for a long period.

Recently an employee NPS[®] score (eNPS[®]) has been introduced and these scores were healthily good; annual staff engagement scores were good and above the industry average.

The Team realised that markets were more dynamic than ever before. The rate of change was increasing at an increasing rate while systems and measures assume steady state. The introduction of good processes like Six-Sigma, Lean, Design and Agile had all helped maintain good performance.

The truth is that good performance on a steady state offer doesn't cut it anymore. People and teams have to be more resilient, more adaptive and more collaborative to maximise learning and change. People and teams have to be **great**.

The frustration is to identify factors that deliver great performance in a dynamic environment.

The challenge is to be able to measure these factors and then manage to improve overall performance.

There is a large volume of diverse research to understand the drivers of resilience, adaptability, innovation, change and collaborations. It started with Charles Darwin.

Darwin was referring to individual adaptability in the context of survival; this concept can be applied to organisations. The challenge for organisations today is that they have to continually perform in a time of increasing change. Organisations, their people and teams have to continually become 'fit for the future' and the future is changing. (Shannon).

Organisation resilience is defined as the ability to bounce back or to recover from challenges. When the world is continually changing, resilience becomes about how to remain relevant. Resilience must be a priority for leaders and managers in all organisations at all times. (Ref. Denhardt & Denhardt, 2010).

(1) Quote from Jonathan Ivy, Apple

Organisations that respond better during times of crisis, both internal and external, have a kind of positive adaptive behaviour. Organisations that view problems and challenges constructively and foster a culture of respect and trust allow their people to take necessary risks without fear and retribution. These resilient organisations empower their people to be proactive and responsive to create a readiness for change no matter how that may occur. (Ref. Mallack, 1998).

Are we measuring the right things?

9/11 was a significant crisis event. Research by Richard Hackman of Harvard and reported by Adam Grant in his book *'Give and Take'* gives another research point that can help organisations in challenging times.

After 9/11 a team of psychologists from Harvard undertook a project within the US intelligence system. Engaging 64 different intelligence groups, the team surveyed, interviewed and observed hundreds of analysts to determine how units performed, best and worst.

Across many factors, assumed and new, there is one factor that was the strongest predictor of unit, group or team effectiveness in times of crisis, and this was the amount of help analysts gave to each other. The best teams gave the most time in coaching, teaching and consulting with their colleagues. These contributions helped analysts to fill knowledge gaps, question assumptions, gain new perspectives and recognise patterns in diverse information.

Helpfulness can be a predictor of effectiveness and performance in demanding and changing situations.

Grant also reports work from Indiana University's Philip Rodsahoff that demonstrates that the frequency with which employees help one another predicts sales revenues in pharmaceutical units and retail stores; productivity in paper mills; profits, costs and customer service in banks; creativity in consulting and engineering firms and revenues, operating efficiency, customer satisfaction, and performance quality in restaurants.

The reactive question is to survey how much help was given. The proactive question to survey is likelihood that people will ask for help and then, likelihood that help is given.

Importantly, there are benefits for those who ask for help, even before the request is delivered. Researchers at University of Michigan (Johnson & Johnson) suggest that individuals organise information differently if they are going to present it to others than if they are trying to understand it solely for their own use. It is in the act of speaking that people tend to organise cognitively what they know.

We have all experienced this effect when we plan for a presentation, a lecture, or to present at a meeting.

Measuring for steady state compared to measuring for change

Current measurement approaches are not wrong, they are just not right for a dynamic environment. The traditional cycle of three-year plans, annual budget cycles, yearly individual key performance indicators and annual engagement surveys do not reflect the dynamic nature of today's environment.

The introduction of customer Net Promoter Score® gives organisations an easy to administer rapid and responsive tool to measure customer engagement. The relevance of customer experience can now be measured for every transaction. The expansion of customer NPS® into employee or worker NPS® brings this rapid and responsive tool to human resources. The relationship between employee or worker experience and customer experience is well documents and made famous by the Richard Branson quote '*Look after your employees and they will look after your customers.*'

Importantly, the understanding of organisations as social communities rather than hierarchies reveals that knowledge and influence are distributed in networks with people playing very different roles to that which their position dictates.

Today there are more generations in the workplace than ever before and this adds an extra dimension to knowledge and responsiveness. Age, workplace tenure, seniority or role do not dictate the value of the knowledge a person possesses. The importance of digital understanding ensures the relevance of a younger person in a mentor relationship. Resilience and adaptability can be greater in the young.

Measurement tools NPS®

The Net Promoter® Score (NPS®) is a way to measure by organising respondents into promoters, passives and detractors. Pioneered and trademarked by Bain & Company, Satmetrix Systems, Inc., and Fred Reichheld, NPS® is a powerful tool due to its simplicity and speed to gain understanding.

NPS® started with customers and consumers. It is claimed to be the ultimate indicator. In 2016 more than two-thirds of the USA's Fortune 1000 companies used it. (Ref. Bloomberg Technology May 2016).

Employee or worker (eNPS®) builds on the original NPS® system. The single question changes from "*How likely are you to recommend this company to a friend or relative?*" To "*How likely are you to recommend this company as a place to work?*" Many companies use eNPS® as a primary metric for their employee research (Ref. blog.cultureamp.com/employee-nps-engagement). There are now also productNPS® and brandNPS® as part of bigger systems.

The scale for NPS® responses is from zero (being least likely) through to 10 (being most likely). A promoter is someone that scores 9 or 10. A detractor will score 0 to 6 and a passive will score 7 or 8. The overall NPS® score for a group is the percentage of promoters minus the percentage of detractors. For a survey, the range of NPS® is from minus 100% (all detractors) to plus 100% (all promoters)

Our challenge is to understand if NPS® can be used as a measure for helpfulness as a predictor of effectiveness and performance.

Predicting effectiveness and performance

Using NPS® as an approach we propose two questions as predictive of effectiveness and performance in people and teams.

The first question is: *“How likely are you to help someone from another team solve their challenge or opportunity?”*

The second question is: *“How likely are you to ask for help from another team to solve your challenge or opportunity?”*

We coined the term ‘Effectiveness Performance NPS®’ (epNPS®) for these questions. (Note. We are sharing this concept freely under a Creative Commons Attribution 4.0 Licence. The NPS® methodology remains the right of Bain & Company, Satmetrix Systems, Inc., and Fred Reichheld. Please respect the licence conditions.)

Importantly, the use of two questions reveals the potential for helpfulness as a predictor of actual effectiveness and performance. The contradiction is that an organisation can be internally helpful only if people are willing to ask for help.

Each question is followed by a clarification question, *“And why did you select your score?”*

Importantly, respondents can use their responses as part of their own development journey.

Using the traditional 2x2 matrix:

Figure 1 shows the four possible outcomes for an epNPS® survey.

In **Figure 2**, individuals can be assessed as promoters, passives and detractors for both questions in a similar matrix.

Figure 1

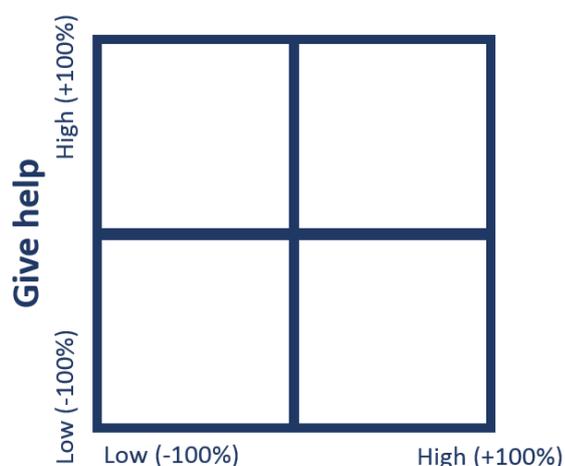
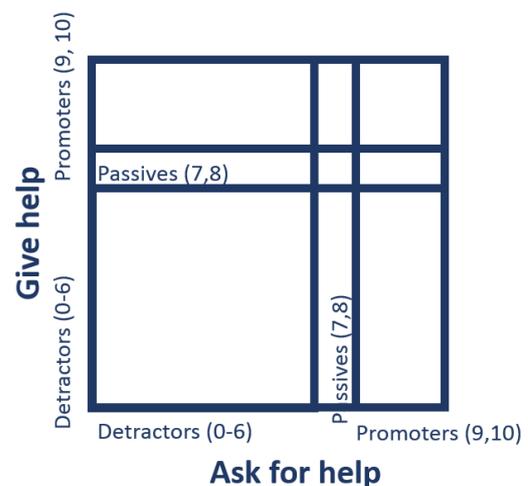


Figure 2



How to improve effectiveness and performance in times of increasing change?

To improve effectiveness and performance in a time of increasing change, there are four actions that can be taken from the individual and teams perspective and from the organisation perspective.

Option 1. Improve the individual's mindset. This action will improve the individual likelihood of asking for help and for helping others.

At Hargraves Institute our experience involves an Innovation Mindset approach for individuals and teams. Innovation Mindset comprises four parts; belief, perspective or role, behaviours and tools. Content includes appreciative inquiry and Mindset by Carol Dwerk. (See references for more information about Innovation Mindset.)

Research by Hull shows that innovation mindset can improve the performance of projects by nearly 50% when compared to an excellence mindset alone. (Hull)

Option 2. Improve the volume of people asking for help. This action will move the percentage of people asking for help from detractors and passives to passives and promoters

At Hargraves Institute, our members have co-created The Catalyst Approach, an organisational change program that identifies and develops the promoters who help others – we call them 'catalysts'. Promotion of catalysts helps to reduce the barriers for the detractors or passives who are reluctant to ask for help. (See references for more information about The Catalyst Approach.)

Option 3 Improve the volume of people helping others. This action will move the percentage of people helping others from detractors and passives to passives and promoters.

At Hargraves Institute, our members have co-created the Innovator Recognition Program, an organisational recognition program with five levels of recognition. The five levels ensure that people helping in every project, no matter how minor the help, can participate. Recognition drives initiative to start. (See references for more information about the Innovator Recognition Program.)

Option 4 Walk the talk. Ask for help and help others. Collaborate with Hargraves Institute members who are implementing the epNPS® approach. Share your experiences and learn from others.

Contact the Hargraves team at hi@hargraves.com.au when you have defined your vision for improvement.

Start an improvement journey

The improvement journey is best undertaken using standard improvement tools like Six-Sigma. Six Sigma uses the DMAIC improvement process consisting of 5 steps; Define, Measure, Analyse, Improve and Control. Using epNPS®, there are five similar steps. See Table 1. DMAIC for improving epNPS® outcomes.

Table 1. DMAIC for Improving epNPS® outcomes	
Improvement steps	Actions
Define a vision for your Effectiveness Performance Approach.	Establish a project team Collaborate with existing customer and employee experience teams Agree a vision
Measure Effectiveness Performance with NPS® (epNPS®)	Using existing survey techniques create and deliver a survey using the epNPS® questions
Analyse the epNPS® survey and why questions	Analyse results both quantitatively from the epNPS® questions and qualitatively from the 'why' questions
Improve by applying tools	Take actions from your own experience or those outlined above
Control the improvement process and future performance by repeating the process	Repeat and repeat again. Include your epNPS® results in management scorecards or dashboards.

Invitation

This paper is the start of a bigger journey. Hargraves Institute has been researching the topic of collaboration and innovation in large organisations since 2006. Our members and alumni include over 100 Australian and international organisations - companies, governments and not for profits.

We collaborate with universities and researchers locally and globally. Additional collaboration is invited to develop the topic of effectiveness for performance. If you are responsible for change and performance in your organisation, please connect to share and learn about this topic.

If you are a researcher interested in this topic, please connect to learn how your research can help the bigger knowledge base for the topic.

Finally, if you are an independent consultant, please connect to discover how you can help your clients with epNPS®.

Contact Details

Allan Ryan
Executive Director
Hargraves Institute
www.hargraves.com.au
allanr@hargraves.com.au

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