



"The CEOs Partner"

The Leading Indicators For High Performance

Do you, your managers and your supervisors make the *right* decisions, at the right time, every day in your business? And what input do you base these decisions on? Month end financial? Sales? Production/delivery reports? Performance evaluations?

By the time we receive and analyze month end reports and then decide how to react, aren't we making decisions based on conditions that no longer exist? Further, how do we know whether those were good decisions until the next reports come out?

Do you drive your car by looking out the *back* window?

Companies typically measure performance using "lagging indicators". End of the day, end of the month, end of the quarter, end of the year: All are past tense and often *too long* past.

Statistically speaking, 70% of businesses manage their business this way, ensuring that they are "driving blind" for at least a matter of hours if not weeks, months or years. Isn't this "management by mistake"?

When you tell a close friend or your "significant other" (your ultimate customer) what you are about to do and their smile drops, is that any indication of how well the results will turn out? So when we talk to an employee about something we need do we notice the look on their face? If it isn't positive do we stop and adjust our approach, reconsider the request, ask them how they feel about it?

If the behavior is exactly right the results will be the best they can be. Signs of the right behavior are the leading indicators of an organization's success, every bit as accurate and "*actionable*" as month-end reports. However, they aren't at month end, they are right now! If you care to tell the difference between a smile and a frown, you can measure the following actions as leading indicators of your success:

1. Daily indicators
 - a. Smiles, tone of voice, animation, pace of action, interaction
 - b. Socially interact voluntarily, freely, positively
 - c. Attendance/punctuality/participation in meetings
 - d. Volunteering ideas & solutions
 - e. Knows and supports company vision (ask them)
2. Progress tracking
 - a. Seeks to align personal performance targets with organizational targets
 - b. Meets/exceeds, weekly/monthly personal progress targets
 - c. Asks for help, responds to guidance
 - d. Meets deadlines
 - e. Low absentee rate

"But, people are all different, we can't possibly base our decisions on whether someone happens to be happy or sad on a given day or time." Maybe not but, what about several days in a row?

While everyone *is* different with different needs, wants, perspectives, etc., people are most productive when they are fulfilled (happiest) and fulfilled when they have their variation of the following conditions:

- Autonomy
- Mastery
- Purpose
- Appreciated

It is your responsibility as the leader to provide and communicate a clear “destination” for the business (vision), from there the business must be “managed” to provide an environment that allows employees to reach their full potential.

This means managers must translate that vision into what employee skills, roles and interests must be aligned to produce the vision – and then hire or develop to bring that about. This requires each manager to engage their employees and understand 1. If they have the qualities and desire to be aligned, 2. What the necessary steps to become aligned are, and do they agree with them and 3. What the employee’s indicators (above) will look like when they feel they have the three conditions for fulfillment:

Daily leading indicators provide real-time feedback, while progress tracking indicators can be more specific. Measuring both requires metrics just like the income statement but also requires the active personal engagement of supervisors, managers, leaders and the CEO. As a matter of fact, the type of active engagement that ultimately generates positive leading indicators is the same type that comes from someone who will take their company to its highest possible level of performance.

Just like every *indicator* you currently use is qualified by a metric, these leading indicators are no different. In the process of working with their employees to agree on the right steps and process to produce the outcomes both need and want, managers also learn what behaviors represent a motivated, engaged employee. From smiles and energy level to participation and production, managers can know minute by minute what those outcomes will be.

“But how would our managers know how to do this?” A clear performance management process can be defined and followed. Some will certainly understand and embrace such a process, modeled after the way their superior treats them, others can be trained

Leading indicators are a powerful tool and if structured and managed properly, the *most effective* tool in moving the company to higher levels of success. They represent a fundamentally different approach to management but they also represent *the* approach proven to create the highest performance in an organization.

Doesn’t it make more sense to drive looking out the front window? Managing your business for where it is going instead of where it has been? Manage for deliberate success.

Call us, we can help.

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