

Need to Elevate your Performance – Tap Your Inner Circle

In today's global economy one truism is greater now than ever before. One must elevate their performance in order to not only succeed, but survive. John P. Kotter wrote in his book titled *Leading Change* "As a result of global competition more and more organizations are being pushed to reduce costs, improve the quality of products and services, locate new opportunities for growth, and increase productivity". No one is immune to these forces. Even companies that sell only in small geographic areas can feel the impact of globalization. For example: "Toyota surpasses General Motors as the no. 1 car maker in the world. To offset the impact of lost market share General Motors lays off employees and negotiates relief from existing union contracts in the form of reduced wages and benefits. As a result of reduced or lost income, employees tighten their household budgets. Families stop eating out as much, stop going to the movies, stop going on big vacations, etc."

Steve Zaffron and Dave Logan in their book *The Three Laws of Performance* wrote "Performance is what matters, and that comes down to actions taken by individuals. Without performance elevation most efforts to enhance the business, through execution of strategic or tactical plans, fail". According to a 2006 article in the Organization Development Journal titled *Organization Self Assessment to Determine the Readiness and Risk for a Planned Change* "70% of new strategies fall short of expectations!"

With the emphasis on improvement now higher than ever before, leaders are feeling the increased pressure to achieve new levels of performance for their business or department. The question a leader must ask is "how am I going to get the job done"? They are already working harder than they ever have, probably working with less staff, and they may already feel like they are struggling just to get the mandatory tasks accomplished which are necessary to run the business.

Given this increased pressure, the best chance for elevating one's performance is to get help. I'm not talking about hiring an expensive consultant. Rather, a leader should establish a close relationship with those who can help them achieve greater levels of success. These individuals will become your *business partner*. Keith Ferrazzi in his book *Whose Got Your Back* wrote "Whether your running a country, business, or household, you cannot know everything you need to be successful. No one can. The real path to success in work and life is through creating an inner circle of lifeline (i.e. partner) relationships – deep, close relationships with a few key trusted individuals who will offer the encouragement, insight, feedback, and generous mutual support we need to reach our full potential."

So, with the increased demands to elevate our performance are leaders tapping into their inner circle of friends? According to Keith Ferrazzi, based on a study in the American Sociological Review, "more than 25% of Americans admit they have no confidants at all".

OK, now that we have established that we need an inner circle, and that a large percentage of Americans don't have one, the question becomes "who should I include in my inner circle?" Jack Welch in his book *Winning* says "the Chief Financial Officer (CFO) and the head of Human Resources (HR) should be the two closest advisors to a Chief Executive Officer (CEO)." Why? With any initiative the CFO will want to see the impact of the initiative on the company's financial statement. Accordingly, the CFO is the independent source within a company charged with answering the question "did we realize the benefit from the initiative that we anticipated?" They will want to see all spending as it relates to the initiative as well as the return on the investment. As a result finance develops, understands, and reports all the metrics that are essential to measuring one's progress in achieving goals. If you want to know what happened or what drove performance, either good or bad, ask the financial guy (or girl).

Ok, so why is the human resource leader a key person to have in your inner circle? Why isn't it the head of sales, marketing, or operations? Aren't they the ones that impact a company's financial statements the most? Well there are a couple of reasons. First, In order to succeed you have to have the right people in the organization. The right person is the one who not only is competent in their specific field, but also "fits" with the other players in your organization. In Jim Collins book *Good to Great* "Executives who ignited transformation from good to great first got the right people on the bus (and the wrong people off the bus) and then figured out where to drive the bus. Meaning, with the right people in an organization, the strategic direction for the organization will be easier to identify and will have the greatest chance at being in the right direction."

The second reason human resource is a key person to have in your inner circle is that they are usually charged with developing the skills necessary to drive change in an organization. Once an organization establishes a new initiative they must ask themselves, do the employees have the necessary skills to achieve the goals and objectives. If not, then those skills must be developed. In a previous company I worked with a new initiative was launched to drive out costs by utilizing process improvement teams. The strategy was to review the company's processes to look for steps that could be modified, eliminated, or reengineered that resulted in lower costs. Stretch goals were provided as targets for each of the teams to shoot for. To successfully implement this new strategy, the organization had to be taught how to work in a performance improvement team. The entire management team participated in High Performance Team training. Using this training I led one of the first teams of this new initiative which achieved a savings of \$9 million over a two year period. Developing the necessary skill set for an initiative is the first step to achieving the strategic goal. Without the proper skills, an organization is destined to fall short of its goals.

OK, we've said that the Chief Financial Officer and head of Human Resources should be the two closest people to the CEO in order to achieve strategic objectives. What about the leader of a business unit or a department head? They don't have full time access to the CFO and head of HR. Not because they don't want to help. They just simply don't have time to help every manager in the company. However, the leader is charged with achieving their portion of the business initiative. Are these leaders just the low man on the totem pole and have to go it

alone? No. They should follow Jack Welch's advice and tap someone in the finance and human resource department to be their business partner. This should be someone that is at their peer level, or above. Throughout my career I have been a business partner to business leaders at all levels of an organization. As their partner I have reviewed their financial performance with them, helped them understand their costs, identified savings opportunities, develop strategies to realize their opportunities, supported them in implementing performance initiatives, established metrics to monitor key initiatives, listened to and challenged their thoughts and ideas. My objective was always to help them raise their understanding of financial matters and help them achieve their goals.

So, how will the CFO and head of HR react to having their staff being tapped to be business partners to the leadership of the organization? After all, they have their own pressures to get things done. They face increased regulations and technical requirements plus they too are working with a smaller staff. Well, the good ones should relish the opportunity. Why? Like the entire business, back office functions are being asked to increase their value to the organization. A panel of CFO's from companies including Microsoft, Novartis, Novo Nordisk, and Lloyds TSB were brought together for a CFO Forum hosted by McKinsey (the consulting firm) in December of 2007. The write up of the forum is titled *Building a Competitive Finance Function: An Executive Roundtable*. Even though this is a discussion between CFO's, I'm making the assumption that the ideas and concepts also apply to HR. The panelists were asked about how their finance team stays close to the business. The former CFO at Microsoft assessed the quality of their staff by looking at whether others in the organization would like to hire them. If you have leaders coming forward saying I want to work with a certain individual, then you probably have a good staff member. Another panelist stated that they brought in people that understood what the finance function could be in terms of being a business partner. Finally, another panelist stated that he set a very concrete goal of being a net exporter of management talent to the rest of the organization. The summary from the panel is that "by focusing on talent development, new roles for finance, and creative benchmarking, CFO's can deliver a competitive advantage to their companies."

What are the keys to a successful business partner relationship? First, as we mentioned above there must be trust between the business leader and their partner. This must be a level of trust where they can be completely candid with each other. Jack Welch wrote in his book *Winning* "Lack of candor blocks smart ideas, and fast action." Jim Collins in *Good to Great* continues that same thought by saying "all good to great companies begin the process of finding a path to greatness by confronting the brutal facts of their reality. When you start with an honest and diligent effort to determine the truth of your situation, the right decisions often become self-evident." During my career, my closest business partner was in HR. I relied on him to provide me feedback about my thought processes, staff development, and interaction with other leaders in the organization in order to strengthen my relationship with them. I can tell you he would never sugar coat anything. Even though we debated many issues heavily, I always knew he was my friend, he always told me the truth, and that his objective was to raise my level of performance. Jim Collins states "good to great companies face just as much adversity as any other company. The difference is that they respond to the adversity differently. They

determine the true honest issues and address them head on. As a result, they emerge from adversity stronger than other companies, with a competitive advantage.”

Another key to a successful business partner relationship is that your partner must be smarter than you in their respective area of expertise. They are supposed to bring expertise in the areas which you are inexperienced. Remember, your business partner must complement you. In other words, they are supposed to elevate your performance by providing you with knowledge you don't already have.

In conclusion, having a business partner relationship with your finance and human resource professional will help you elevate your performance by providing you with detailed information and metrics to help identify the current status of your initiatives, whether or not your decisions are having the desired impact, helping you analyze the “true” capabilities of your team, and develop plans for your team to learn necessary skills. Finally, a good business partner will listen, ask questions, and provide you with insights from their respective discipline that could likely be a different view from your perspective. They won't just tell you what you want to hear because you are the boss.

My recommendation is to discuss the need for a business partner with your immediate supervisor, Chief Financial Officer and head of Human Resources. They may just be impressed with your insight for elevating your business unit or department performance, initiative in looking for the support you need to be successful, and the realization that having their team be business partners provides them with valuable insights that helps them better support the organization.