The Secret Model

for Building A Successful Frontier Market Organization

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Engage Asia with Paul Keijzer

How to create a high performing organization in frontier markets is a million dollar question. There's no single correct answer because every organization, industry, business context and country is different. However having seen successful and unsuccessful companies operate in a large number of frontier markets I've been able to distill a number of common characteristics from companies that are finding success.

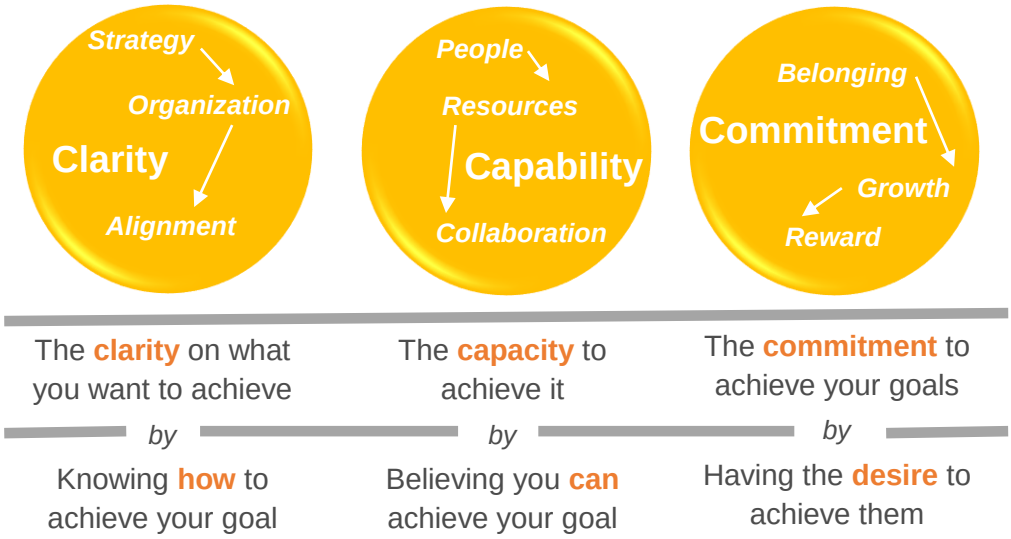
After collating information and comparing various elements from high performance organizations in frontier markets I created the C-Cube Framework. It defines three key factors which are required to build a success company in this region.

C-Cube Framework of High Performing Organizations in Frontier Markets

Whenever I share the C-Cube Framework of High Performing Organizations in Frontier Markets with CEO's, leaders and managers and ask them what the 3C's of high performance organizations are. I get the whole 'C' part of the dictionary thrown at me: Customer, Capacity, Coordination, Culture, Collaboration, Costs etc. Most of the time I get one or two right answers but surprisingly, more often than not, leaders are not able to articulate what a makes a high performing company.

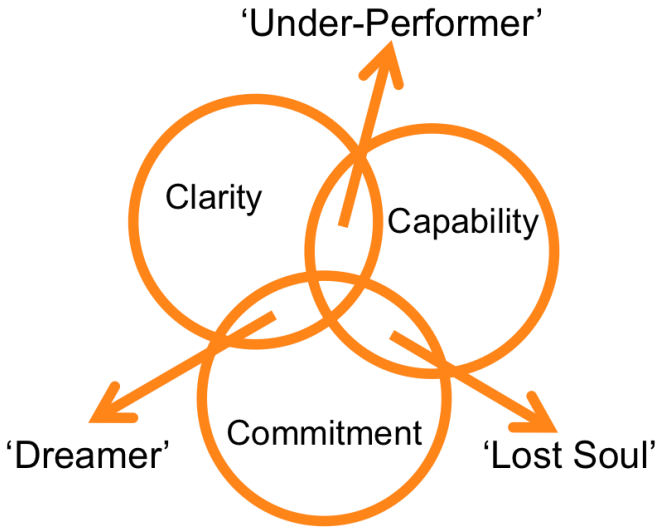
Let's clear the mystery and define what the 3 C's stand for:

1. **Clarity**: The clarity on what you want to achieve | Knowing how to achieve your goal
2. **Capability**: The capacity to achieve it | Believing you can achieve your goal
3. **Commitment**: The desire to achieve it | The Desire to achieve them



Components, dimensions, definition and motto's of the C-Cube Framework

You have to have all three components to be able to move your company into being high performing. If you have the Clarity and Commitment but not the Capability you are merely a 'Dreamer'. Capability and Commitment but you don't have the Clarity on where you're going makes you a 'Lost Soul'. And having Clarity on where you want to go and the Capability to do so but not Commitment creates an 'Under-performer'. The sweet spot lies of course in the combination of all three at the same time and this is difficult.



Achieving only 2C's in the C-Cube Framework

There are many moving parts to get right, at the same time, all the time. That's probably the reason why so many companies aren't able to achieve that venerable status of being 'high performing'. You have to be able to answer:

- Where does your company stand?
- Where do you?
- Are you clear on how your contribution fits with its overall purpose, do you have the capacity and desire to achieve it?

By understanding the 3C's and knowing how to satisfy the requirements of each one, you will be able to lead your company and all the stakeholders to a brighter future.

C1 – Clarity

Let's take a deep-dive into the first C, Clarity. Even if you have the right resources and motivation to engage people, the organization can move forward without aim and direction, i.e. Success still won't be found. As the Alice in Wonderland saying goes:

If you don't know where you are going, every road will take you there.

To be successful, your road must not only head in the right direction but will also need to be well planned. This is how you do it.

1. Purpose and Strategy

The first step in getting Clarity for an organization is to answer Simon Sinek's Golden Circle:

Why do we exist, what do we do and how will we do this?

Simon says it's important to establish the Why first since "People don't buy what you do, they buy why you do it." Similarly people don't get out of bed to deliver world class work performance for what you do but because they want to be part of why you're doing it. Obviously the Why you exist provides meaning to all your stakeholders.

The "How you do it" question is basically the strategy that you have to achieve this vision. It should answer three components:

- How do I grow?
- How do I compete?
- How do I want my customers to see me?

The last question is especially important because according to Dave Ulrich it defines your leadership brand – how you want your stakeholders to recognize you. For example, if I asked you what 3M stands for, most of you would immediately answer "innovation". Similarly GE stands for leadership, Ritz-Carlton for personalized service, Lexus for quality and Walmart for price. For your organization, ask yourself:

What do you want to be known for?

And don't stop there…it's even more important to go to your key customers and ask them how they would like value added by your company.

2. Organization

Of course if you're clear about why you exist, how you will achieve this and what you want to be known for by your key customers, you then design, develop and constantly adapt your organization and the capabilities needed to deliver the strategy. Remember the credo "structure follows strategy"? You now focus on your organization structure, clarity on roles and responsibilities within this structure, efficient and effective processes and your governance framework.

HR is the subject matter expert in this area and should clearly understand how each of the organizational levers (talent, structure and processes, culture and the companies leadership) can be tuned to deliver on this strategy.

Organization levers required to deliver strategy.

To get there, it's good to ask questions regarding organizations which are doing it right. For example:

- What are the criteria we should have for promoting talent if we want to build McKinsey like accountability in our company?

- What structure do we need to help employees to be innovative like the Google team?
- What cultural traits should I embed in the organization to deliver customer services like Zappos?
- How do our leaders role model Walmart type efficiency and cost focus?

Getting this right is hard work and requires constant tinkering as you adapt your strategy to the changing circumstances.

3. Alignment

Studies from the Corporate Leadership Council have indicated that out of all performance levers the maximum impact is achieved when employees understand the

1. connection between their individual contribution and organizational strategy, and
2. the importance of the employees job to the success of the organization.

This requires each and every employee to understand the company's purpose, its strategy and how each employee (can) contribute to this.

To test the alignment I often do the 'alignment test' with senior managers. In this employees are asked to write down the top 3 strategic priorities of the company. You would assume that at the executive management level leaders would get this answer correct – however, this is almost never true. Alignment of at least 80%, which is required in my view to classify a team or company as 'aligned' rarely happens. And with this in mind you then question, if the top leaders can't get it right, how far away are the lowest ranks in the organizations from alignment?

Apart from getting all employees to know the company direction, it's even more difficult to get them to behave in a way that supports how the company wants to be seen by their key customers. There are plenty of examples on this, from the famous "United Breaks Guitar" to Nick Murray's story about his Porsche and of course my personal favorite banks where the intended focus on customer service is completely mitigated by the organizational demand for compliance. After all, how can you provide customer service if you can only do something in one prescribed compliant manner?

C2: Capabitility

When you're clear on the strategy, organization structure and getting your people aligned the next step is having the capability for delivering. This doesn't only include having (cliché warning…) the right people in the right place but also ensuring people act and behave in a way which is consistent with your firm brand. Doing so develops the capabilities that you want to be known for by your customers.

1. Recruiting and Retaining A-Players

The capacity to deliver your organization's vision hinges on the ability to recruit, develop and retain A-players. Take Netflix's success story for example. A large part of it can be traced back to the culture they have developed and their talent philosophy. They only hire people that are responsible and possess the following characteristics:

- Self-motivating
- Self-aware
- Self-disciplined
- Self-improving
- Those who act like a leader
- Those who don't wait to be told what to do
- Those who pick up the trash lying on the floor

Netflix believes that responsible people thrive on freedom making them more creative. They are also able to respond and adapt faster to changing situations.

2. Picking the Right Line Managers

Line managers collectively have the largest impact on the performance of the organization. The better your line managers are selected, trained and guided the greater

the performance of their subordinates. The difficulty of course is that every company has many line managers each with their individual styles, preferences and habits. Your success will depend on your ability to get line managers to consistently display the following behaviors:

Grow People

- Demonstrate a credible commitment to an individual's development
- Leverages employee "fit" and get the best out of each individual
- Provide fair and accurate informal feedback and emphasize employee strengths in performance reviews

Drive Performance

- Put people in the right job at the right time
- Clarify performance expectations and hold people accountable
- Connect employees with the organization and its success
- Provide solutions for day-to-day challenges

Build Teams

- Commit to diversity and team building where trust, honesty and integrity are the main characteristics
- Recognize people daily
- Help team members to build a high quality network of colleagues

3. Resources

One important component required to deliver on your organization's aspirations is the availability of resources. This includes financial resources, machinery, plants, tools, IT systems and offices as well as the infinite availability of information and the ability of a company to share it across the organization.

Organizational knowledge in my experience is the least valued asset of any company, even though it should be the highest. An organization should be able to capture knowledge and share it with whoever needs it. Of course with web 2.0 technology such as MindTouch,Wikispaces, and MediaWiki, there are no reasons why your organization should not be able to leverage its most valuable asset and safeguard it for future generations.

4. Collaboration

Sports provides ample opportunities to highlight the importance of collaboration and the power of teams. In April 2014 Atletico Madrid, a football team that costs GBP 30 mln beat Chelsea, a team that costs 6 times that much on their home ground by 3-1. Of course sports analogies do not always translate well into an organization and in my experience silo's still rule the workplace. Physical work distance is a scientifically proven barrier to collaboration and common agendas, personal relations, ability to deal with conflict, to hold each other accountable and to 'take one' for the team are all components in strengthening teams and collaboration.

With an inspiring vision, clear strategy and a capable organization in place your company will most likely churn out reasonable results. However the magic to transform your company into a high-performer is still missing. That final ingredient is Commitment, the desire to achieve the impossible.

C3: Commitment

The last C – Commitment is the desire to achieve what you set out to accomplish. Without Commitment a company can be successful, however to be a true high performer you need employees that are engaged and committed. This is where HR claims paternity and supports leadership teams in creating the circumstances where employees can be truly engaged and see their work as a natural extension of who they are.

The Corporate Leadership Council in their landmark research study on performance and engagement levels concluded that highly committed employees try 57% harder, perform up to 20 percentile points better and are most than 8 times more likely to stay with the rest of the organization. The identified two drivers for engagement are:

1. Emotional commitment that drives performance, i.e. your emotional commitment drives your desire to give it your best
2. Rational commitment that drives retention, i.e. employees leave an organization if it no longer fits their self-interest

1. Emotional Commitment Drives Performance

Team members will have strong emotional commitment when they feel:

- A sense of belonging
- That the values they hold dearly are mirrored in the organization beliefs
- That they trust the leadership to not only take the right decisions but also have the interest of the employees at heart

A sense of belonging can be created by a deep felt commitment to uphold moral and ethical business principles and a purpose that is bigger than shareholder value. It must capture the 3 P's – Profit, People and Planet. Companies with a high engagement level

have employees who feel proud to be associated with the organization and would recommend it to their friends and family.

2. Rational Commitment Drives Retention

When asked what's the most important reason employees leave, senior executives and line managers both continue to stubbornly identify reward as the most important factor. That's a reason that people accept a job in another organization but more often than not it's not why people initially respond to an interview opportunity.

The top 5 reasons, according to Leigh Branham and the Saratoga Institute that people leave an organization are:

1. Employee feels limited career growth or opportunity
2. Employee lacks respect or support from the supervisor
3. Employee is dissatisfied with remuneration
4. Job duties are boring and unchallenging
5. Supervisor lacks leadership skills

As you can see from the above list the mantra that "Employees leave line managers and not companies" is correct since the line manager plays a major role in 4 out of the 5 top reason above. You have to give employees a reason to stay and ensure that the job is worth it. The classic 'What's in it for me?' is usually assessed on two criteria: Growth and Reward.

3. Growth

From all our research in what makes a company a Best Place to Work in Pakistan we have learned that companies that provide employees with the elements below build an environment in which employees want to stay and perform.

- **Challenging** work
- A credible **commitment** to personal development
- Opportunities for **learning and career growth**
- Ability to work in **diverse teams**
- Fair and accurate **feedback**
- The ability to **take risk** and learn from their **mistakes**

4. Reward

The end reward is an important component for people to stay with any organization. However it's not all about the absolute amount. People are far less rational (read Nobel Prize winner Daniel Kahneman's excellent book Thinking Fast and Slow) and are more interested in how they are being paid, recognized and appreciated in comparison with others. So to succeed in retain people and keeping them engaged you have to ensure that they are:

- Given a **fair and equitable** reward
- **Recognized** for their contribution
- **Paid** for their Performance

Getting all the C's (Clarity, Capability and Commitment) to work together is the ultimate aim and only achieved sporadically. Consider, how many of you have for a long period of time worked in high performing organizations? Companies can reach an equilibrium for a certain time but a shifting business context can put the system out balance. To stay on top of your game for a long period of time they have to get the three C's aligned while being agile to ensure that the decisions made are relevant to the organization today and tomorrow.

Paul Keijzer is the CEO and Managing Partner of Engage Consulting in Malaysia, Pakistan and U.A.E. He focuses on transforming top teams and managing talent across Asia's emerging and frontier markets. Paul has a firm belief that outstanding results can only be achieved through people, by engaging teams and building commitment by creating a new paradigm between company and employee. Paul has delivered transformational interventions for more than 50 blue chip organizations in countries across Asia including Malaysia, Singapore, Korea, Fiji, Cambodia, China, Thailand, Vietnam, Hong Kong, U.A.E. Saudi Arabia, Qatar, Oman, Bangladesh, Sri Lanka and India. For more transformational leadership, signup to Engage Asia with Paul Keijzer.

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