

The Seven Habits of Highly Effective Organizations

By Mike Huszar, DRIVE President

As the year ends, we reflect on what differentiates highly successful companies from all of the others. There certainly have been many books written on the subject. One of my favorites is, "Great by Choice," by Jim Collins. Using the Stephen Covey book, "The Seven Habits of Highly Effective People," as a template, our experience concludes that there are also seven habits of highly effective organizations. We share these with you now and look forward to hearing your comments, critiques, additions, etc.

LONG-TERM VIEW

I propose that no company has ever been able to break into the highly successful category without consistently demonstrating a long-term view over extended periods of time (think: decades). Those that haven't been around long enough to have decades can be thinking now about how they will demonstrate this habit over time. Having a long-term view means that we will always focus on today's "good" without sacrificing tomorrow's "better." The focus must be on being good; not simply trying to look good in the short-term. We will constantly reinvest profits into the company's people (training, development, opportunities, recognition, and rewards), products (new product pipeline, R&D, next generation improvements) processes (technology, equipment, methods) and infrastructure (buildings, grounds, IT). A company that demonstrates an excellent long-term view will communicate a vision that goes far beyond generating profits. Social responsibility and value to society become strategies unto themselves. In the words of Simon Sinek, "People don't buy what you do, they buy WHY you do it!"

CUSTOMER INTIMACY

Highly effective organizations first understand "who" their customers are. They are not simply the end-consumers that utilize our products. Rather, they are the people within our own organizations that process our outputs. When everyone in an organization understands that their work goes to a "customer" and that customer's needs and desires are fully met consistently, our organization is extremely reliable. Here is where the concept of AMP is executed – don't Accept, don't Make, and don't Pass defects! The organizations that exhibit this habit understand where value is created and support those "customers" first. When we truly understand this, we realize that it isn't about us. Our people are not here for us, we are here for them! Then we focus on giving them what they need, when they need it, in the manner that they need it. Then we constantly seek information to gauge changing customer needs and meet those needs before even being asked. This "Market-In" concept ensures that our Voice of Customer (VOC) inputs are coming from every area of the organization.

EMBRACE THE TOTAL SYSTEM

Embracing the total system means that we have aligned the entire organization toward what is important and have even determined what NOT to do in order to enhance alignment further. This allows for cross-functional collaboration beyond most people's wildest expectations. This also means that we don't allow for functional sub-optimization (allowing everyone to optimize their own part, which



tends to suboptimize the whole). These organizations align everyone to why we do what we do, what we are going to do, who is going to what, and how they are going to do it, in that order! When everyone understands how they contribute to the organization's success and are equipped to perform that contribution effectively, we have a high-performance team (or department, or division, or company, etc.).

PROCESS CENTERED

The best organizations understand that excellent results come from brilliant processes. When there is a problem, they want to understand what it is about the process that allowed this to occur. The organizations that are truly process centered can ensure brilliant results with all of their employees, not simply the superstars. We want to ensure that all our processes are continually scrutinized and improved to support flow. We then relentlessly standardize our processes so that everybody performs them the "one best way." Optimizing our processes to support flow means that we aggressively attack the three inhibitors to flow. We utilize our lean toolbox to eliminate waste. We utilize our statistical variation reduction toolbox to reduce variation. We utilize our theory of constraints (TOC – read: "The Goal" by Eliyahu Goldratt) toolbox to elevate constraints. These three toolboxes combined comprise our Continuous Improvement efforts.

OBSESSION FOR QUALITY

The organizations that are truly obsessed with quality have some common traits. First, they "stop-and-fix." Why? To get quality right the first time. Next, they "go-and-see" for themselves to get a deep understanding of the inhibitors to process excellence. These organizations understand that a focus on quality will ultimately result in improved delivery and cost. Next, these organizations make abnormalities visual. This is critical as it is quite difficult to solve problems that are not seen. These organizations focus on recurrence prevention. The mindset is, "We have a problem? No problem! We have a repeat problem? Big problem!" These organizations ensure a culture engaged in problem solving at every level of the organization. A company with 800 people has 800 problem solvers actively working on making today good and tomorrow better every day. Along with being process centered, having an obsession for quality means that an organization will build-in quality rather than inspect-in quality afterwards.

LEARNING ORGANIZATION

The essence of a learning organization is that we actually "learn" from every process cycle, from every problem, and from every interaction with others (customers, peers, direct reports, bosses, etc.). By learn, we mean that we put countermeasures in place to ensure that painful re-learning is unnecessary. When the same problem occurs again and again, it is a good indication that our learning engine is broken. A learning organization will meet in teams daily to run experiments to determine how to improve the situation or meet the goal more consistently. Obstacles are not worked around but are met head-on with permanent countermeasures. In this way, we earn the right to achieve the target condition. So, every person on every process every day is exposing problems, finding root causes to



those problems, and solving for those root causes. This is our continuous improvement engine that propels us to our target condition.

RESPECT FOR PEOPLE

Contrary to popular belief, respect does not mean simply being nice. There are plenty of organizations that ignore problems and avoid conflict under the guise of being nice. Respect means that we will be process focused, rather than assigning blame or judging. It means that management will first focus on providing robust materials, equipment, processes, and leadership before expecting anything from their teams. It means developing our people and then challenging them to improve their core processes. Respect means that management and support departments respond to problems very quickly rather than leaving people to flounder on their own. An organization that thrives on respect demonstrates outstanding people development, both technical and behavioral. The goal is to possess such an outstanding development process that we can promote from within 95% of the time.

So, here are our seven habits of highly effective organizations. What habits do you believe are needed? How is your organization doing on these seven? If your organization has gaps, DRIVE can help. We have veteran practitioners that have inculcated these seven habits into the DNA of numerous organizations. Please contact DRIVE at 865-323-3491 or paul.eakle@driveinc.com.

We at DRIVE would like to wish all of you and your families a Merry Christmas and a successful and prosperous 2022!

