

# Shared vision is the first step to business excellence (plus 3 ways to get those metrics rights)

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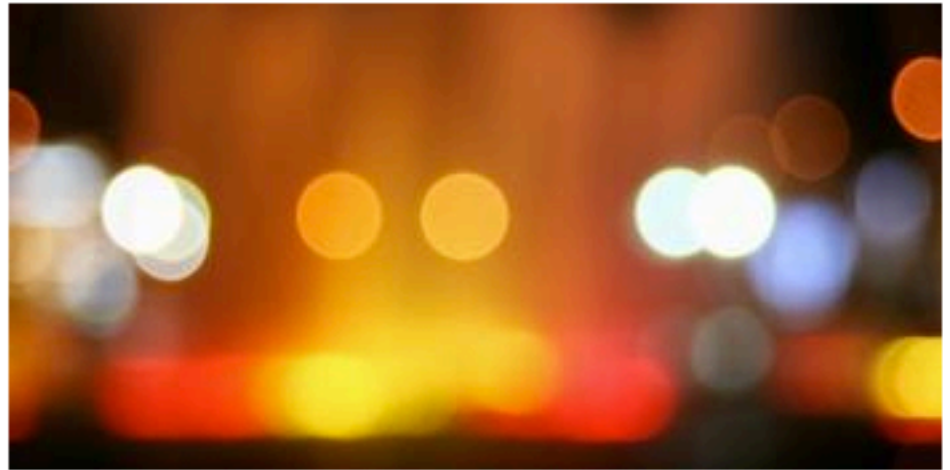
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*Clarity about what marks success from failure is not a clearly defined line in many organisations, writes contributor Matthew Gracie. Here's how a 1% deviation can lead to 100% failure and what you can do about it.*

As a consultant I get the opportunity to work with a lot of different types of businesses. When I first go into an organization and talk to employees in the main business area, I often ask them what is the company's aim. "Quality", and "meeting the numbers" are two of the common answers I often get back. I will then ask the same from supervisors and managers and get broadly similar answers with an extra qualifier "quality of product packaging" or "2% above the daily numbers".



***Does everyone in your organisation see the vision clearly?***

Some people focus on issues about quality while others focus on the numbers, meanwhile the supervisors improvised with additional details. Why this divergence in distinguishing what was important? Of course, all aims are important but the problem is which is the ultimate aim: quality or meeting the numbers?

The answer to that question could actually make a big difference to the customers.

The challenge in many organizations is that the business aims are not standardized - each employee has a slightly different view of what they are trying to achieve and where they are going. How do you know you're staying true to the pursuit of the company's aims if everyone has a slightly different perspective on what that aim is? Clarity about what marks success from failure is not a clearly defined line in many organisations. Most will know when it is going well or when it is really bad but the area in between - when it's "business as usual" - it is a little more difficult to know.

This is actually more serious than it sounds. To illustrate, let's take the example of a ship sailing from Amsterdam to New York. A 1% drift off course for the ship will cause the vessel to miss the destination and hit land more than 120 miles north near Boston. The captain is 99% right but 100% wrong in outcome.

So why is it so difficult in business to set a course and stay true to that course?

Many organisations have a "vision" statement that will broadly clarify the business aims. But in a vision statement are there enough details to achieve true excellence?

The business vision has to be translated from the "being the premier supplier for product x" into Standard Key Performance Targets (KPTs) for each part of the organisation, clarifying what each business area has to stay true to. The variation in employee understanding of what the aim of the organization is must be removed to ensure that the organization is focused on what the customer wants, time and time again.

There are a few conditions that do create standard KPTs. For example where organisations have been together for many years with a stable workforce, the Institutional culture is strong and alignment is understood or where there are "leaders" at various levels who informally set the standards. However, if the organisation is new or there have been major changes then the alignment is going to be a problem and staying true will be impossible.

But we can do something about alignment to assist the creation of the right KPTs.

1. Creation of limited KPTs by department/area
2. Measurement and reinforcement of on going performance linked to the vision
3. Changing KPTs as reflects the customer's changing demands

### **1. Creation of limited KPTs by department/area**

The manager should direct this interpretation of the business vision to the local view and is wise to involve the team to set a limited number of KPTs. Ensuring that the team have ownership and the whole department retains a fuller understanding. This encourages the organisation to drive decision making to the lowest possible level. This allows quick and efficient progress as employees do not always have to go back to management to get clarification and they know how to stay true to the target. Just as when the ship's crew knowing the exact end coordinates they can adjust at 3am if they deviate off course without checking back to the captain.

### **2. Measurement and reinforcement of ongoing performance linked to the vision**

The captain of a ship will measure its position as it travels to ensure it stays true to its course as factors such as the wind or sea currents may cause it to deviate. However, it is worthless measurement unless it is used to adjust and realign its course; otherwise it will miss its target destination. Likewise, data gathered in an organization must be used to re-align the performance of the process and stay true to the customer's requirements.

### **3. Changing KPTs as reflects the changing customer demands**

Customers change what they require as many external events like fashion trends, technology improvements, social media sharing or just the weather will mean the customer will require something a little different. When the ship's captain gets new orders they will adjust their course, moving to the new heading. Likewise, we have to assess what might change our products and services and then be ready to change the KPTs to stay true to a new target.

## Summary

In organisations, even where there is a clear business vision, unless that vision is translated to the local department, there will be unwanted variation that will not meet our customer requirements.

Translating the business vision into local KPTs will reduce that variability but only if the KPTs are measured and used to stay true to the business aim in real-time.

*This is just the first element of the first stage of the 5 Stages to Business Excellence, which are explained in more detail in the interactive iBooks titled "Business Excellence?" by Matthew Gracie from McKnight Gracie Management Consultants. The interactive book is available from the Apple iBookstore for your iPad iBooks app for a limited time free download. A pdf version is also available from [www.mcknightgracie.com](http://www.mcknightgracie.com). You can also hear more from Matthew in this recent Process Perspectives podcast: [Translating strategy into reality](#)*



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