

# LESSONS FROM THE COALFACE:

4 KEY  
HIGH PERFORMANCE  
IDEAS FOR 2015

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## OVERVIEW

OVER THE COURSE OF 2014, KOTINOS PARTNERS UNDERTOOK A SERIES OF RESEARCH PROJECTS TO ENHANCE OUR HIGH PERFORMANCE EXPERTISE. WE CAREFULLY SELECTED CASE STUDIES ACROSS SECTORS AND GEOGRAPHIES TO UNCOVER VALUE-ADDING INSIGHTS FOR BUSINESS LEADERS. IN THIS ARTICLE WE OUTLINE THE MOST SIGNIFICANT FINDINGS OF THE YEAR TO SUPPORT YOUR HIGH PERFORMANCE AMBITIONS FOR 2015.

This has been quite a year for us in the evolution of our high performance practice. We conducted five research visits during 2014: to Toyota in Japan and Southwest Airlines in Dallas, both leaders in the world of business; to the Haiti-based operations of leading humanitarian aid organization, Doctors Without Borders; to Finland, home to one of the world's leading educational systems; and finally to Parris Island in South Carolina, the iconic base of the US Marine Corps' boot camp.

We have learned so much from these visits and are grateful to all who have contributed to their success. It's great to witness high performance at first hand and to have the opportunity to explore the drivers of success in close detail. We've shared the biggest insights from our research in the hope that they catalyse better performance during 2015. Good luck!

### I. USE AMBITION TRIGGER YOUR HIGH PERFORMANCE JOURNEY

Every institution we have studied this year is at the top of its game as a result of having deliberately aimed to get there. Each one defines (and communicates) winning in terms that its leaders positively connect to its core purpose, but also in terms that capture the imagination of its stakeholders. The US Marine Corps' statement of ambition and purpose is the most succinct – 'To Win the Nation's Battles' – while Southwest Airlines has as its vision statement 'To become the World's Most Loved, Most Flown, and Most Profitable Airline.' The Finnish school education system established as its purpose 'To provide a high standard of education for all – not just a privileged few or those perceived to be the most talented'.

By communicating their intent in such unambiguous yet meaningful terms, these institutions both challenge and allow all of their people to commit to the cause in ways that go beyond their job descriptions. This gives huge alignment and in turn huge performance leverage (i.e. many leaders independently heading in a similar direction). This is a really important source of advantage in large, complex organizations.



*Iwo Jima memorial at the US Marine Corps Recruit Depot, Parris Island*

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## 2. USE VALUES TO ENABLE HIGH PERFORMANCE GROWTH, BY PUTTING MORE EFFORT INTO DEFINING THEM, AND THEN REALLY MAKING THEM LIVED!

A common theme across the institutions we studied is their focus on values as an enabler of broad-based growth and performance. Each institution is big and complex, and each is looking to scale and extend its focus into new areas. The model we observed for enabling this has three core elements. First, per the above, ensure that leaders at all levels are clear about ambition, direction and purpose – what winning looks like for the institution and why it's important. Second, define a set of institutional values that connect explicitly to the nature of the organization and its overall direction. Third, make them lived. A real insight from our 2014 research is the extent to which the institutions we studied consider values to be at the heart of their performance and competitive advantage.

Developing advantaged values is a design challenge that forms part of the institution's broader strategy development. Such values go far beyond often-seen worthy sentiments around honesty, integrity, team-working, etc. to encapsulate the essence of how the institution plans to win. For example Southwest Airlines' values include Warrior Spirit, Servant's Heart and Fun-LUVing Attitude (under the heading of Living the Southwest Way) and Safety and Reliability, Friendly Customer Service and Low Cost (under the heading of Working the Southwest Way). Together these values capture the nature of the people that Southwest wants to have in its organization and also how the organization wants those people to operate. They reflect real choices and are designed to filter people out as much as to draw them in.

Making values lived means explaining them, modelling them, recruiting to them, allocating resources to them, performance managing to them and recognizing and rewarding to them with zero compromises. The Finnish Education system established 'No child left behind' as a core value linked to their overall purpose. Making this value lived has translated into a series of fundamental reforms that have combined to deliver top international standards in overall educational attainment and the smallest attainment gap between the strongest and weakest students. One of these reforms was the introduction of *peruskoulu*, which loosely translates as 'basic school' – new institutions with explicit ambitions to provide a high standard of education to all. A second has led to all Finnish teachers having a minimum of Masters-level qualifications in Education – ensuring they are well qualified to get the best out of each individual student.

Thirdly, Finnish teachers were empowered to design learning environments and deploy innovative learning techniques that reflect their experience and suit the specific profiles of their students. Forums and processes were also put in place to help them share best practice with their peers. Fourthly, access to special education support was established as the norm rather than the exception within the Finnish system, such that over 50% of students receive some form of support and early interventions are routine.

In a well-publicized paper earlier this year, Reed Hastings and Patty McCord of Netflix summarized nicely the challenge of making values lived when they said that 'The real company values, as opposed to the nice-sounding values, are shown by who gets rewarded, promoted, or let go.'

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Achieving and maintaining this standard requires a level of commitment, bravery and discipline, together with an allocation of resources, which marks the best institutions out from their peers.

### 3. INTERPRET THE CORPORATE DIRECTION TO MAKE IT REAL FOR YOUR PEOPLE IN YOUR TEAM

Given the size, complexity and diversity of each of these institutions, leaders of individual functions, business units and teams within them need to take the corporate direction and deliver it in individual circumstances that are quite specific. To enable this, we saw these leaders being proactive in *interpreting* the overarching corporate direction (ambition, vision, purpose and values) for themselves. In effect they asked and answered the question ‘what does this mean for us?’ such as to bring the corporate direction closer to the work of *their* specific people.

Doctors Without Borders works globally ‘to help the people in greatest need, wherever they are’, engaging in advocacy and humanitarian aid projects from disaster response to long-term medical programs. In Haiti, local Doctors Without Borders leaders have identified that at particular times in the year, when the rains come, the specific risk of cholera is dramatically increased with potentially lethal consequences. As a result, these leaders have adopted, as a key element of the Doctors Without Borders mission in Haiti, the minimization of cholera outbreaks and rapid response to those that do occur. This focus galvanizes the team and significantly influences the work that they do –



*Doctors Without Borders at work in Haiti*

engaging with the authorities on local health issues, designing responses to fresh outbreaks in specific locations and times, and mobilizing both foreign and local staff to deal with new outbreaks on the ground. We witnessed this latter point at first-hand during our visit – within six hours of the fresh outbreak being confirmed they had set up a fully functioning emergency Cholera Treatment Centre, and within days the Centre was full and successfully treating countless patients.

In our other visits we observed US Marine Corps recruits being trained to interpret an overarching brief for specific circumstances as a matter of course in taking on new assignments, and equally in Toyota we came across an engineering team who interpreted the corporate vision of ‘leading the way to the future of mobility’ to concentrate on designing ‘a vehicle that causes no accidents’ in a way that has given rise to several new technology-enabled innovations.

Done properly, this approach brings benefits of clarity, engagement and ownership that ultimately convert into improved team/business unit *and* institutional performance. Within the institutions it is considered really important for leaders and their teams to lift their heads and *really* figure out where they fit (and aspire to fit) as cogs in the bigger machine. Some, more centrally controlled organizations are nervous about adopting this approach, seeing risks of diluting corporate focus and/or losing benefits of scale and/or creating internal competition. Our findings suggest that, where these issues arise, these are indicators of the approach being badly carried out as opposed to inappropriate.

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## 4. EMBED TECHNOLOGY IN YOUR ORGANIZATIONAL DESIGN TO BUILD A PACE ADVANTAGE

High-performing institutions don't just make better decisions, they make more of them and they have a higher conversion rate of decisions to action. This year we observed powerful examples of institutions integrating technology into the designs of their organizations to make the pace of their performance delivery and improvement an order of magnitude faster than what they could previously achieve.

Southwest Airlines have an IT capability that allows real-time tracking of operational, customer and business performance across their network. They have redesigned their organizational structures, their management processes and their physical environments to take advantage of this capability in a number of ways. For example, the organizational and physical design of their Network Operations Control Center in Dallas allows early identification and rapid response to operational issues. In particular the customer response is direct and proactive to minimize any negative customer experience. Separately, the same data is consolidated and packaged differently to support a network-wide, cross-functional, daily continuous improvement process.

Integration of technology design allows this group to focus in quickly on performance trends and to quickly design and trial new ideas – with the impact of these 'experiments' on performance being immediately and clearly visible. A third presentation of substantially the same data allows a different cross-functional group to stay on top of flight and route profitability, enabling them to accelerate the pace at which they take decisions on their route network and schedule.



*Network Operations Control Center at  
Southwest Airlines*

These examples, and many others, of deep integration of technology design with those of organizational structure, process, culture/behavior and the physical environment allows Southwest go beyond simply delivering performance to improving it at a faster rate than their competitors. This, in our view, is the essence of real high performance.



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