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## To develop your company's full potential, put the focus on people

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Question: It seems that many of the business problems we have end up being people problems. What is the connection between the two?

Answer: The most basic business problem is how to get more for less. How do we maximize the return on our investment? How do we create greater efficiencies? How do we get more productivity for less cost? This is every business leader's problem.

Increasing performance as costs rise and productivity remains flat is an executive's most difficult task. The logical step is to trim as much of the cost of doing business as we can. Outsourcing processes, downsizing staffing and investing in technology are standard solutions.

Each of these approaches can have a positive impact upon the bottom line. At some point, however, we are forced to ask the question, "Now that we have become a lean, efficient operation, what do we do next?" This is a critical question because the answer determines whether the business will grow or languish.

This situation also explains why many companies find that their business problems are people problems. As expectations for performance rise, businesses find that their people are not prepared for the challenge. The problem runs deeper than simply the performance of individual employees. It is the kind of problem that touches all aspects of a business.

Recently, an executive told me that the next step in developing his business unit was to help his executive team learn to think at a higher level. He meant that the team members needed to develop their capacity to change their business model by identifying new revenue opportunities. In order to think this way, they had to be able to communicate about changes in business processes and the systems that link them together. This wasn't just about incremental improvements; he wanted to look at how a group of executives, each responsible for a major area of operations, worked together to increase performance. He understood the practical value of people as a business asset.

Jack Stack, of Springfield Remanufacturing, author of "The Great Game of Business," operates on a similar principle: "When you appeal to the highest level of thinking, you get the highest level of performance." Part of Stack's methodology is to teach every employee how to read the company's financial statement. He reasons that when employees understand how the company makes money, they become committed to their own role in the company's success.

Executives have two ways to approach performance improvement: changing business processes to get more productivity from less cost and developing people to increase performance.

This development of people begins with how they think and communicate. Thinking at a higher level is not living in a visionary dream state. Rather, it is developing the practical capacity of people to work together. They communicate better. They make decisions they are committed to implementing. And they evaluate business processes and people for needed improvements. In other words, employees become solvers of business problems instead of creators of them.

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