

Lessons From Companies We Admire

For leadership teams committed to improving their performance, it can be instructive to examine practices that have contributed to the success of other companies.

In my new book *Lead The Way*, we peel back the curtain on 12 companies that all started small. Today, they're big businesses. And they're among the most admired companies in the world. They are considered the gold standards in their industry – and beyond. Not only for what they have accomplished as organizations. But also for the leaders they have produced and their achievements of innovation, effectiveness and continuous improvement.

And, most important, for the way in which they have achieved and now sustain their success.

I've shared with you earlier this year some of these lessons. You and your team may be applying these practices in your organization, in which case this information will simply affirm the work you already are doing to sustain high levels of performance. For others, the lessons will serve as reminders that a few simple practices – implemented well – can help you and your team achieve the results you are expecting.

In each case, you'll see that these concepts are fundamental. But as I travel throughout the country visiting with leaders, I continue to be struck by the fact that common sense is not always common practice.

Now is the time to plan

Goal-setting is top down. Goal-getting is bottom up.

So when companies and their employees are aligned on what must be done, by when and by whom, effectiveness and profitability follow.

If you operate on a fiscal year that closes December 31, the period between Labor Day and Thanksgiving is a terrific time to plan for the coming year. Why? Because you have enough data to evaluate past performance, gather leaders to develop your plan, assign budgets to support your plan and get ready for a fast start in January.

Southwest Airlines uses its annual planning process to identify new ways to make itself better.

Each year, the company identifies between one and three corporate goals and each goal cascades down to departments that develop their respective strategies, action items and budgets. The departmental goals cascade down to the 33,000 employees responsible for supporting the airline that has become the nation's largest domestic air carrier with 3,3200 flights each day serving 643 cities in 32 states.

Southwest Airlines wasn't always a \$9 billion business. Herb Kelleher led a four-year legal battle resulting in the fledgling airline's launch on June 18, 1971, with just three airplanes.

Kelleher is known as a highly focused business person with a relentless passion for delivering a quality product. Goals are established, buy-in achieved, and expectations must be met. Industry observers note that Kelleher may laugh and joke with you, but if the job you told him you handled wasn't completed, out the door you go.

The attitude of individual accountability begun 40 years ago by Kelleher is still very much a part of the company's consistent winning performance.

Align corporate goals and individual performance

Today at Southwest Airlines, quarterly meetings are held to determine how departmental performance – not just costs – is tracking.

Group goals are important, and so are individual goals. Southwest conducts annual written performance reviews with lots of coaching in between. "We take a really hard look at the first six months of employment," says senior vice president Ginger Hardage. "We're not rack 'em and stack 'em like some companies – we give people lots of time to get better. But if it's clear they're not contributing, we make a change."

This type of planning, alignment and performance has made Southwest Airlines tops in customer satisfaction and a high-flier on Wall Street with more than three decades of consecutive profitability.

At a time of economic uncertainty, it's vital that corporate goals are unambiguous and that they are clearly communicated and understood by all. Then make sure your corporate goals are aligned with the performance objectives of each individual in your organization.

Lesson: *To maximize corporate performance, align your employees' performance objectives with your corporate goals.*

Take action

Ask and answer these three questions:

1. Are our objectives clearly defined and communicated through the organization?
2. Are our employees' performance objectives linked to our corporate objectives?
3. How effective are we at tracking performance and providing helpful feedback?

As a leader, you get the behavior you tolerate.

What action will you commit to taking today that will help your organization improve its performance? ■