



INTRODUCTION: THE CHALLENGES FACING AMERICAN BUSINESS

There is nothing in this world constant, but inconstancy.

—Jonathan Swift

The pressures on management have been well publicized: formidable global competition, increasingly demanding customers, quantum leaps in technology. The theme that unites these pressures is change—relentless, multifaceted, unforgiving, blindingly rapid change.

The message has gotten through. We don't believe that managers need more "war stories" about dissatisfied customers, the impact of automation, or the dangers of focusing on quarterly results. We managers are as aware as we need to be. Now, we need to do a better job of doing something about it. We need to face the challenge of change.

All too often, companies respond to external pressure with spasmodic campaigns such as:

- Developing and communicating a business vision and/or strategy
- Embarking on culture-transformation programs
- Training executives in "leadership" (as opposed to "management," which is now widely seen as the domain of uninspiring, dime-a-dozen technocrats)
- Conducting organizationwide quality awareness and customer awareness campaigns
- Training employees in statistical process control tools
- Automating operations
- "Reengineering," which usually means downsizing and other forms of cost reduction

If management's objective is to symbolize to employees, customers, shareholders, and the business press that it recognizes the challenge and is

doing something about it, then any of these actions will do the job. If, however, managers wish to address needs comprehensively and on a sustained basis, they cannot pursue the quick fixes and superficial responses that have become the trademark of improvement efforts.

Noble intentions drive each of the actions listed here, and each of them can address a piece of the problem or opportunity. Therein, however, lies our concern. Managing to meet the challenge of change—demanding, unforgiving customers and ubiquitous, unmerciful competitors—is a complex and complicated task. *Piecemeal approaches that are assumed to be the answer are as dangerous as no response at all.* These efforts can absorb vast resources as they lull an organization into thinking that it is addressing its needs.

Whether the concern is quality, customer focus, productivity, cycle time, or cost, the underlying issue is *performance*. In our opinion, most managers have been unable to respond effectively to the challenges because they have failed to create an infrastructure for systemic and continuous improvement of performance. We believe that their shortcoming does not lie in the understanding of the problem, in the desire to address the problem, or in the willingness to dedicate resources to the resolution of the problem. Rather, *the majority of managers simply do not understand the variables that influence organization and individual performance.* They are not aware of the “performance levers” that they should be pulling and encouraging others to pull. If they are blind to these levers, it is most likely because they have a picture of their business that does not reflect the way work actually gets done.

Executives and managers have been flagellated enough by pundits of organization behavior. While we agree with much of the criticism, we have no need to add our voices to the chorus. We can make a more significant contribution by sharing an approach that has demonstrated its ability to address the need. The remainder of this book describes the *Three Levels of Performance*.

- This approach is based on a worldview that reflects the way work actually gets done in organizations.
- It addresses performance in a comprehensive (rather than piecemeal) fashion.
- It focuses on the nine variables that represent management’s performance improvement levers.
- It presents tools, rather than a mere theory or model of performance.
- It demystifies the connection between human performance and organization performance.
- It has been used successfully by large, medium-sized, and small organizations in manufacturing, service, and government.
- Finally, it provides a basis for optimism: the challenge can be met.