

CONFIDENTIAL

Building a Performance Culture

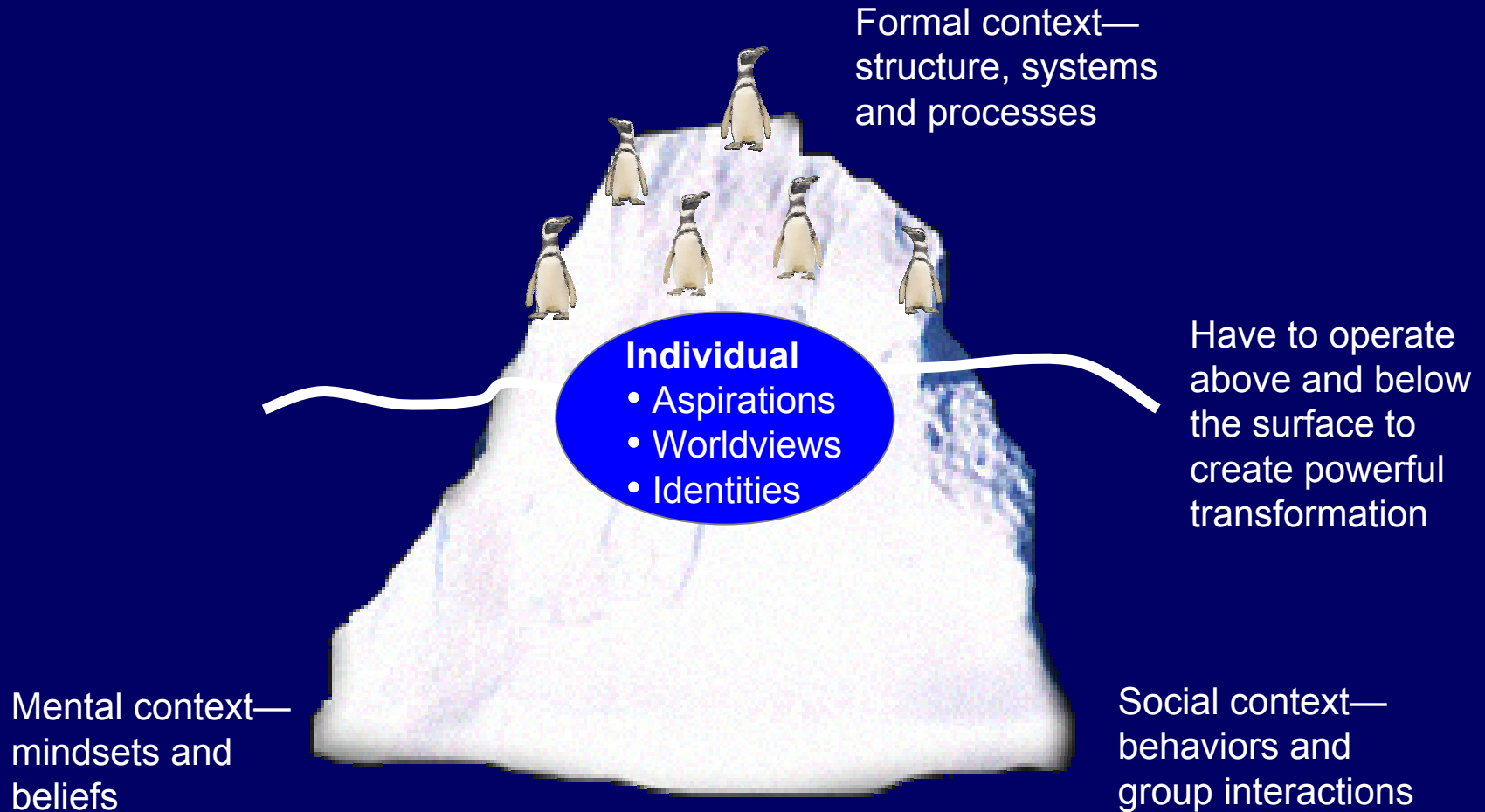
The Pharma, Biotech And Device Colloquium

Michael Rennie

June 8th 2004

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PERFORMANCE MANAGEMENT REQUIRES AN INTEGRATED APPROACH



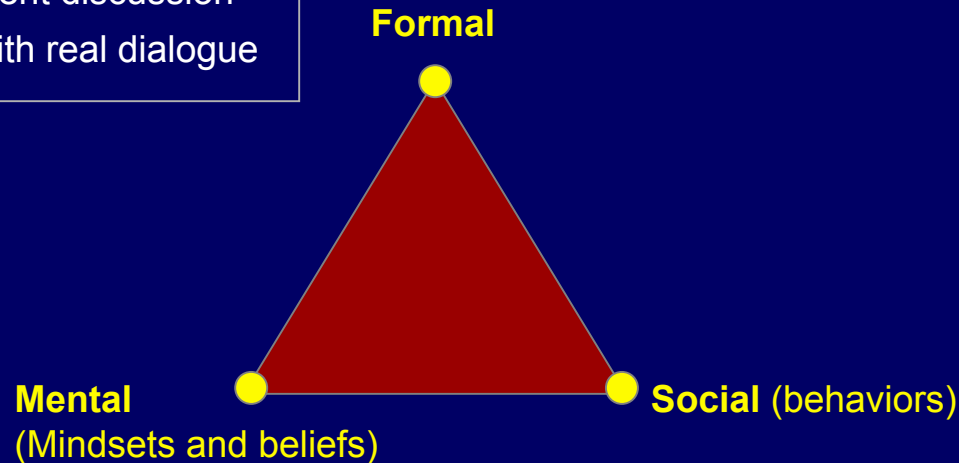
PEOPLE DEVELOPMENT AS A CORE VALUE

From

- Occasional development reviews
- Evaluation often put off

To

- 6-monthly development discussion
- Annual evaluation with real dialogue



From

- I'm a boss not a counsellor

To

- Counselling and coaching grows talent and capability

From

- Fear of being honest about another's strengths and weaknesses so avoid it
- Critical tone

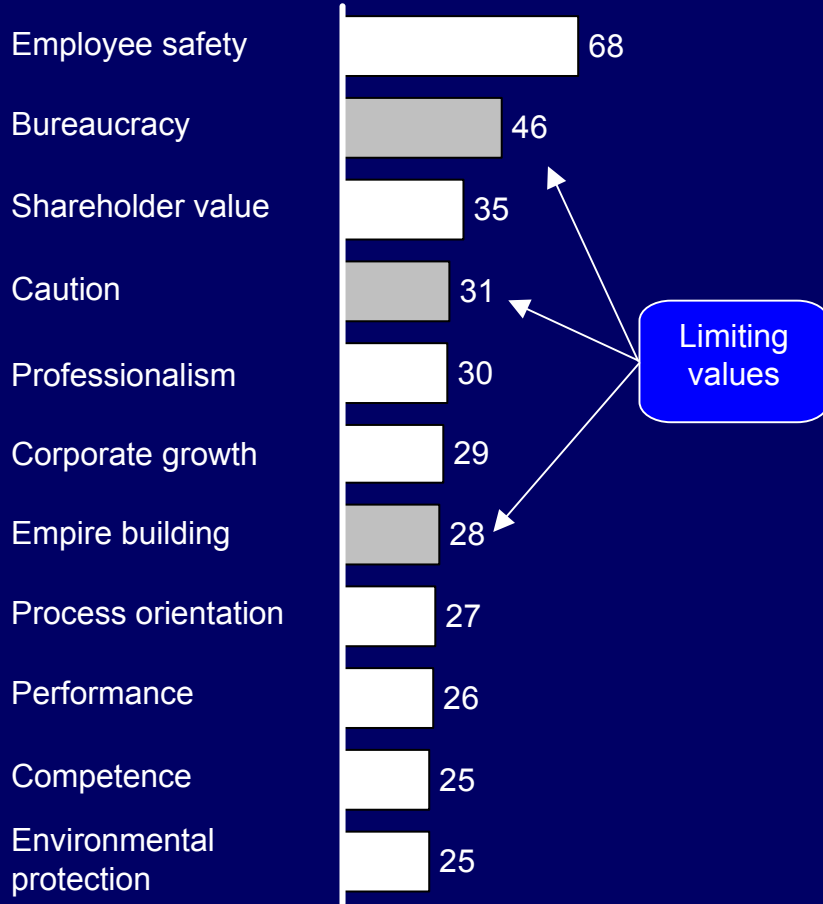
To

- Ability to be honest—don't avoid it
- Speak from a place of trust and support

ENERGY CO CASE

Percent ranking of top values (of 100)

YR1 Organisational values



YR2 Organisational values



PEOPLE – VERY SIGNIFICANT IMPROVEMENT

	YR 1	YR 2
• People review processes rigorous	42	71
• Personal development plans	30	78
• 360-degree feedback	25	91
• Informal coaching and feedback	36	79

VALUES COMPARISON – LARGE BANK*

Year 1

1. Cost reduction
2. Shareholder value
3. Results orientation
4. Profit
5. Goals orientation
6. Bureaucracy
7. Hierarchy
8. Short-term focus
9. Control
10. Risk averse
11. Internal competition

Year 2

1. Cost reduction
2. Shareholder value
3. Accountability
4. Achievement
5. Results orientation
6. Customer focus
7. Profit
8. Continuous improvement
9. Risk averse
10. Perform or out
11. Goals orientation

Values out in Year 2

1. Bureaucracy
2. Hierarchy
3. Control
4. Short-term focus
5. Internal Competition

Values new in Year 2

1. Accountability
2. Achievement
3. Customer focus
4. Continuous improvement
5. Perform or out

LEADERSHIP CULTURE IMPROVING

Percent respondents agree

My business retains its high performers

Year 1

24%

Year 2

58%

We have a can-do culture, we say yes more often than not

58%

81%

Meetings in our department are productive and outcome focused

61%

91%

There is extensive communication and interaction between organisational departments

34%

64%

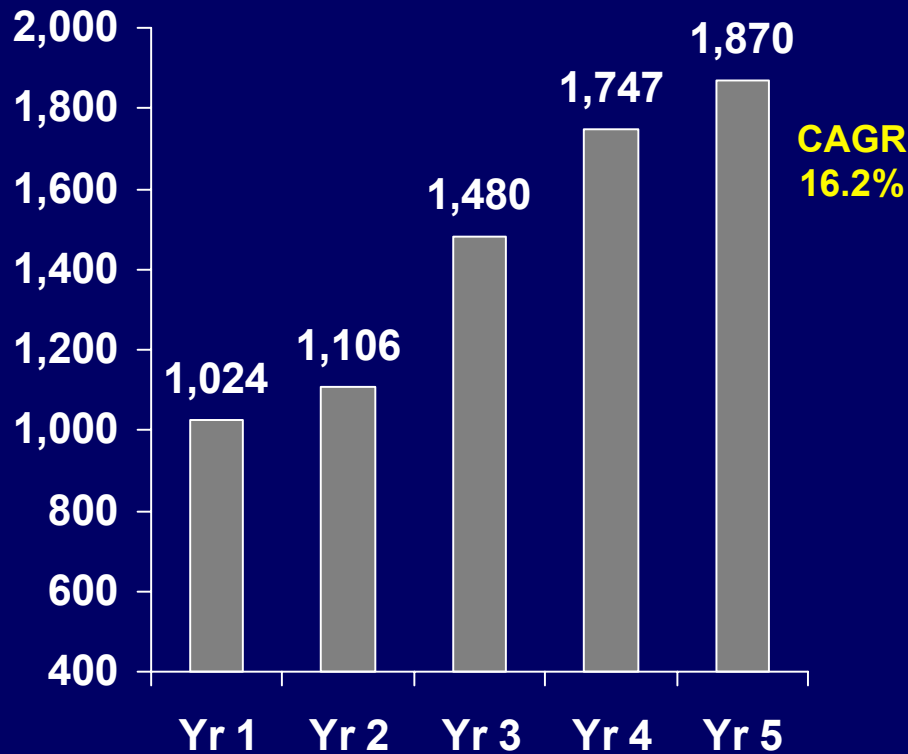
Group members are honest with each other

60%

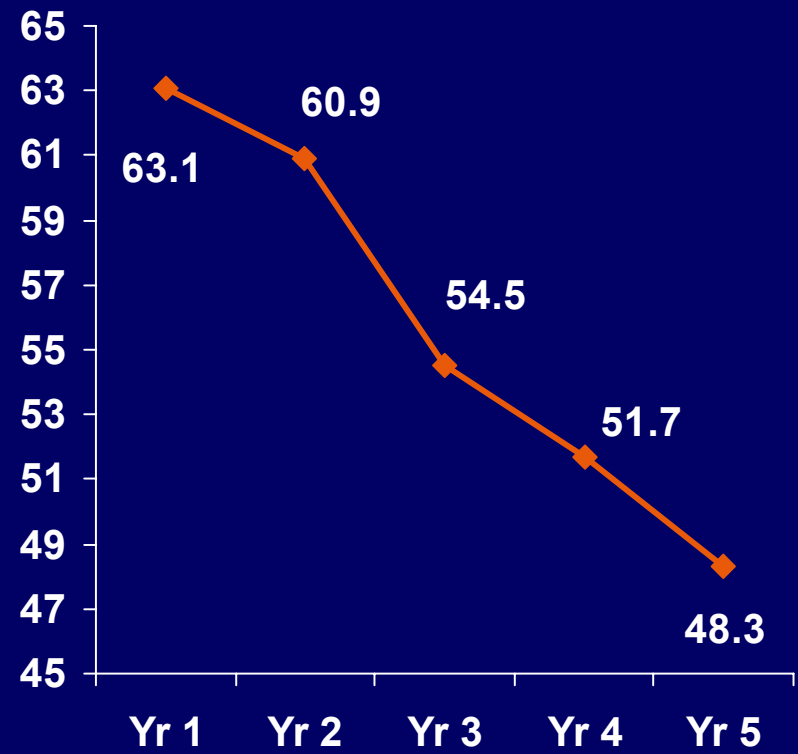
92%

WITH STRONG COST AND BOTTOM LINE PERFORMANCE

NPAT
\$ Millions



Cost Income Ratio

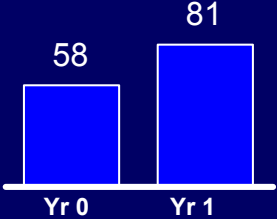
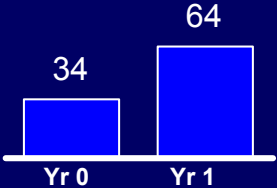
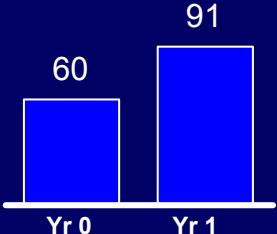


PERFORMANCE VS BEHAVIORS AND MINDSETS

Behaviors

Mindsets

Results

Current FROM	Desired TO	FROM	TO	%						
<p>You must check with me</p> <p>Stalling, slowing</p> <p>Bureaucratic hierarchical</p>	<p>"can do"</p> <p>I can help you</p>	<p>Focus on internal power</p> <p>Egoic needs</p> <p>Fear of loss</p>	<p>Focus on customer needs</p> <p>Welcoming change</p>	<p>We have a can do attitude, we say yes more often than not</p>  <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>Yr 0</td><td>58</td></tr> <tr><td>Yr 1</td><td>81</td></tr> </table>	Year	Percentage	Yr 0	58	Yr 1	81
Year	Percentage									
Yr 0	58									
Yr 1	81									
<p>Silo based behaviors</p> <p>Non collaborative</p> <p>No cross fertilisation</p>	<p>Collaborative</p>	<p>It's not my business</p> <p>They (other department) is the enemy</p>	<p>We are one Firm</p>	<p>There is extensive communication and interaction between departments</p>  <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>Yr 0</td><td>34</td></tr> <tr><td>Yr 1</td><td>64</td></tr> </table>	Year	Percentage	Yr 0	34	Yr 1	64
Year	Percentage									
Yr 0	34									
Yr 1	64									
<p>Say yes in meeting, then don't do it</p>	<p>Honest</p> <p>Deliver</p>	<p>I've got my own agenda</p>	<p>One Firm</p> <p>Peer responsibility</p>	<p>Group members are honest with each other</p>  <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>Yr 0</td><td>60</td></tr> <tr><td>Yr 1</td><td>91</td></tr> </table>	Year	Percentage	Yr 0	60	Yr 1	91
Year	Percentage									
Yr 0	60									
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4 LEVERS FOR SITUATIONAL CHANGE

Lever categories

- Leadership actions
- Alignment

Role modelling

Fostering understanding and conviction

Lever categories

- Stories
- Language and rituals

'I will change my mindset and behavior if ...'

- Right people
- Technical skills
- Leadership skills

Developing talent and skills

Reinforcing with formal mechanisms

- Systems
- Evaluation reward



SOME KEY LEARNINGS

1. Identify the few behaviors and underlying mindsets
2. Situational and personal behavior change together creates the reinforcing cycle
3. 80/20 does not apply to the situational levers
4. Critical mass of “community” required quickly

SITUATIONAL – PHARMA SALES

- Distinct managers, VPs, CEOs
- Right sale not sale at all costs
- Refuse to tolerate misleading ads

Role modelling

Story Telling

- Why –
- What does it mean for me
- Celebrate the new stories!

'I will change my mindset and behavior if ...'

- Compliance values (principles) engagement
- Can't take to the baseball – now what?

Skills

Formal

- More fixed, less variable comp.
- Principles (and values) based, not rules
- Violating principles has consequences

* Footnote

Source: Source

A LANGUAGE FOR VALUES

Barrett



Characteristic values and culture

- Service to humanity and future
- External connectedness
- Internal connectedness across divisions or geography
- People development, trust and participation
- Vision and values
- Market driven performance
- Loyalty to group, tribalism
- Profits
- Safety

SIGNIFICANT RETURN ON INVESTMENT

Interventions increase sales per sales person...

...improves profit per sales person

...and ROI

B2B sales people

After workshop

After workshop and embedding

6%

12%

