High-performance companies: the distinguishing profile

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One US insurance company grows sales at a 15 percent annual clip and achieves 15 percent or more pre-tax profits every year. Another company, selling similar insurance policies during the same time-frame, grows revenues 3 percent annually with pre-tax margins of 7 percent. Both are roughly the same size. One has been in business 17 years, the other 23 years.

Two companies in the same business, both long-term participants. Why the dramatic difference in performance? Our work suggests that it is because high-performance companies are intrinsically different from run-of-the-mill performers.

The companies we have observed include large and small businesses, high-tech and low-tech, with commodity products and proprietary products. Regardless of line of business or size, the companies that sustain exceptional growth and profits possess a remarkably similar mindset. These high-performance companies have an unmistakable profile that separates them from also-rans – a profile that includes distinctive characteristics of the corporate culture, the people and the management systems.

The culture of high performance

When you spend time in a high-performing (HP) organization, you know that you are somewhere special. It is in the air. It is not some arcane technology or technique, but a combination of attributes that makes the company an exciting place. We isolated seven attributes that differentiate the culture of high-performance companies:

Emotion-packed vision
High-performing companies have a simple, compelling vision for the future, one that resonates with employees, easy for everyone to understand, a picture of what the company can become that goes beyond simply making money. Disney’s “To make people happy” vision is an example: simple, evoking a sense of proud purpose, measurable by the smiles everywhere when you wander through one of the company’s theme parks. Another example of an emotion-packed vision is the pet food producer, Bil-Jac, whose vision “Longer life for the dogs we feed” promises a healthier, longer life-span for beloved pets.

“True believer” mentality
A “true believer” mentality pervades high-performing organizations. Everyone believes in the vision of the business and that it will bring certain success. People believe that they are involved in something bigger than simply their own self-interest. They have a strong sense of identity with the organization and act as if they were owners. Disney employees have a reason to work. And it shows. Bil-Jac employees say that they have a noble mission. And it shows.

Plain vanilla values
Whether formally expressed or implicit in the way business is conducted, three or four plain vanilla values guide the high performers. Simple, often grounded in some emotional appeal, these values are a corporate imperative. Jack Welch, General Electric’s former master of the management universe, cultivated self-confidence as the core of employee success, adding speed and simplicity to round out GE’s rules of the road, the values that govern behavior in one of the world’s most respected companies. Fair play is another commonly found rule of the road. The culture of high-performing companies will simply not accommodate unfair treatment of employees.

Pride and dissatisfaction
While employees are intensely proud of their company, they are also dissatisfied with their
current performance. “Complacency doesn’t work around here. We are always asking one another how we can do better” captures the sentiment of high performers[1]. Edgy ideas and attitudes are pervasive. High performers have a commitment to learning from every mistake and every success. One high-tech company we observed concludes every meeting, every progress report with an exploration of learnings and a discussion of how to incorporate learnings into future actions.

**Peer respect**
The high-performing organizations we observed seldom rely on fear to motivate employees. Far more profound than fear, a short-term motivator at best, the urge to earn and maintain the respect of one another is what governs the behavior of senior executives in high-performing companies. The instinct to be the best is the greatest motivator for high-performance organizations. “Genuine respect for peers is the only way you can gain respect for yourself around here” is the way one CEO put it. “Cheap shots at others wind up hitting your own foot in our company – cheap shot artists don’t last long here”[1]. Nor do cynics. High-performing cultures exhibit a remarkable lack of cynicism. People expect the best of one another. Cynicism is regarded as weakness, an excuse for not getting the job done.

**Long-term relationships**
In a corporate world, where switching jobs frequently is seen by some as smart career strategy, high-performing employees believe, indeed expect, that long-term relationships are the path to personal success. They expect to work for their company and with one another for a long time. This expectation goes hand-in-glove with peer respect. Short-term expediencies, making enemies of colleagues and similar behaviors do not make sense in the high-performance culture.

**Fun**
And finally, whether cause or effect, HP workplaces are filled with fun. Success is celebrated daily. One high performer, a sealant equipment manufacturer, blasts a foghorn through its corporate loudspeaker system every time one of its $100,000 machines is sold. If three or more are sold before the lunch-break, the boss orders in pizza for the entire 150-person workforce. More than just smiles, this company has achieved a cultural preoccupation with sales effectiveness. Everyone pulls for the sales department.

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**A case of high performance culture**
Capital American Financial Corporation exemplifies the high performer culture. While still a tiny company, the insurance entrepreneur and his executive team adopted $1 billion as a sales goal, laughable to some, but not to the handful of employees who believed in the dream. They cultivated a “true believer” mindset throughout the company and grew from $3 million to $500 million of revenues in the 15 years before the company was sold for $760 million in 1996. Growth became the imperative of every decision, every strategy. High performers, those who delivered growth, were inundated with incentive rewards and, above all, recognition. Photos of high-performing employees lined the corporate offices. A high-performer “Hall of Fame” was created. Members of the Hall were given distinctive green blazers to wear at work. High-performers were literally heroes in this company.

**The people**
High-performing companies attract exceptional people – indeed, they will not accept anything less. And their staffs exhibit behaviors that set them apart:

**Maintain a “can do” attitude**
Failure is unthinkable. The word is not in the high-performance vocabulary. Preoccupation with defensive strategies and endless analysis of the down-side of initiatives are forbidden. High-performing organizations people, because they treat their plans as commitments. It is execution, execution, execution. And the results show in the bottom line.

**Crush the competition**
Whether it is David vs Goliath or the other way around, high-performers are obsessed with beating the competition. They hire people who are competitive. Their incentive systems foster competition. While it may not be politically correct or aligned with the more fashionable collaborative, cooperative, competitive strategies encouraged by the literature, high-performing CEOs want to win. Without apology.

**Hang tough**
Emotional toughness is a badge of honor in high-performing organizations. Their executives describe themselves as invigorated by adversity. “We’re like marines hitting the beach. There’s no place for whiners”[1].
Be the best in the business
High performers try to recruit the best people, but they do not leave it at that. Training and skill development are a big deal in high-performing companies. Employees believe that they must be the “best in the business” and are willing to invest in themselves and others to make it true.

No excuses
High performers disdain excuses. No finger pointing. Problems are for solving, not endless explanation. “People who make excuses quickly continue their careers elsewhere” is how one CEO says it (his low-tech container business has grown in double digits for ten years running)[1].

The boss is a colorful character
We do not propose that this characteristic is universal. But our work with high-performing companies is marked with the tendency for the CEO to exhibit a few-what might be called- wacky attitudes, to be unreasonable in some of his or her beliefs, and to be strongly opinionated in ways that are not entirely endearing. Every CEO we observed, however, was also widely admired within the company and judged to be worthy of every employee’s trust. They were excellent role models.

Microsoft, the global HP, illustrates the high performers’ preoccupation with uncompromising staffing (see Figure 1). “Our employees are on a mission and they show it every day. It starts with the people we hire”, says a Microsoft Vice President. “Everyone says that our people are passionate about their company and jobs. The reason is that we go to great lengths in our employee selection process to assure that those who are brought in already exhibit passion about everything. Some people have it, some do not. We hire people who are predisposed, based on personality traits, previous experience, including the family environment in which they are raised.”

Figure 1
Microsoft magic

Witches, attitudes and practices that lead to high performance

1. Microsoft hires people who are already passionate about life. (Passionate personalities are hard to find).
2. The culture is infused with brutal honesty (“Half of you will leave faster than you came”).
3. “We eat a whale. You eat a whale. You can be an expert at a whale.” (Stock options).
4. “We eat a stoicocracy.”
   - No fleet of jets, no executive jets.
   - Performance not personal.
   - Kill yourself for the company, the company will kill itself for you.
5. Unity of action.
   - Microsoft believes in the concept of overwhelming force.
   - “If a fly is bothering us, 10,000 people goals a fly-emancer”.
   - Everything can be measured.
   - Everything is measured.
   - A template is created for every important action, especially the metrics that will hit the competition.

Figure 2
Premier Industrial’s system for superior execution – the executive 3-ring notebook

Table 1. In your 3-ring notebook contains your goals for the next year, maybe five, maybe 10, maybe 20.

Table 2. Your consists your action steps, a minimum of 50 for each goal, along with a timeline for accomplishing each.

Table 3. Contains a minimum of five obstacles that stand in the way of each of your goals. These obstacles will be internal (attitudes, lack of expertise or skills, etc) and external (environmental) – competition of others, resources, house, etc.

Table 4. Contains your intellectual action steps, a minimum of five, to mitigate or eliminate each of the obstacles (including dates for accomplishing each).

Table 5. Contains your day-by-day calendar for the next ninety days. Key Action steps are entered on the appropriate dates.

The system
High-performance companies have solid strategies, of course. But the unmistakable conclusion of our observations is that superb execution is what separates these companies from middle-of-the-road competitors. Indeed, the characteristics discussed so far virtually all relate to attitudes that facilitate the implementation rather than the formulation of strategy. Complementing those attitudes is a management system focused on execution of the highest order. In all cases, the management system was founded on three uncompromising principles:

Precise expectations/measurement/frequent feedback
The centerpiece of high-performing management systems is wide open, highly defined communication about expectations. All staff members know precisely what is expected of them, how they will be measured, and how they are doing. Everyone is imbued with a huge sense of urgency about superb execution. But the system of expectations, measurement and feedback is flexible, designed to adapt to changing strategies and
the competencies of the people who carry them out.

Performance is king
CEOs of high-performing organizations anoint employees who deliver superior results as heroes. “I will fight to the death for our people who deliver”, exclaimed one CEO with whom we spoke. His employees report that they feel this commitment and strive not to let the boss down. “He fights for us, we fight for him.” Another of the CEOs we visited said, “The winners in our company, the consistently high-performing employees, almost always exhibit a strongly competitive spirit. And competitive people love recognition”[1].

Truth is told
Employees who tell the truth, who deliver bad news faster than good news, are rewarded, not punished, in high-performing companies. Communication in all directions is wide open. From entry level to senior executives, everyone is kept fully informed about what is happening within the company, in its marketplace and among competitors. “Need to know” communication practices simply do not make it in high-performing organizations. And the truth about performance is based on rigorously enforced merit-based compensation systems.

Premier Industrial Corporation, a US-based manufacturer of fasteners that was for years among the most profitable (in terms of

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**Figure 4**
Characteristics of high-performance companies

<table>
<thead>
<tr>
<th>Category</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission, a “Can Do” Attitude</td>
<td>- Results are Unfathomable</td>
</tr>
<tr>
<td>- No Excuses</td>
<td>- Growth in Competition</td>
</tr>
<tr>
<td>Fraud and Dishonestness</td>
<td>- Easy Toughness</td>
</tr>
<tr>
<td>Poor Reputation</td>
<td>- Be the Best in the Business</td>
</tr>
<tr>
<td>Long-Term Relationships</td>
<td>- The Boss is a Colorful Character</td>
</tr>
<tr>
<td>Fraud</td>
<td></td>
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</tbody>
</table>

**Notes:** Comments from executives who work for high-performance companies to whom the authors have been exposed in their many years of experience as corporate directors and consultants.
return on investment) of all *Fortune* 500 companies, (now merged to become Premier Farnell, PLC [UK]), relied on clearly communicated expectations, measurement, and frequent employee feedback to achieve high-performing status. A simple but exhaustive step-by-step system was employed throughout the company (see Figures 2 and 3).

Everyone’s managerial focus was on the administration of this system. “There is no realistic goal that can defy Premier’s system, if it is followed” is the claim of the company’s founder. His employees agreed, and the company’s financial results were evidence that clear expectations and elaborate performance measurement are key to superior execution.

Superb implementation is a matter of practice and practices. The system proposed here deals with both.

To sum up, high-performance companies exhibit a set of characteristics that are available to almost every company, regardless of the industry and scale of business. Companies that seek sustainable success may benefit from the experience of those that have achieved it – if they take a hard look at their cultures, staffing practices, and management systems and take steps to bring their organizations in line with the high-performance profile (see Figure 4).

**Note**

1 Comments from executives who work for high-performance companies to which the authors have been exposed in their many years of experience as corporate directors and consultants.

**Further reading**


