

CREATING EXTRAORDINARY ORGANIZATIONS

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HAPPY HOLIDAYS!

I am writing this letter for those pioneers who want to move beyond the ordinary to the Extraordinary in creating business organizations.

Please feel free to pass this letter on to anyone you think would like to join this journey to Extraordinary.

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THIS ISSUE:

ARE YOU DEFINING YOUR PURPOSE EFFECTIVELY?

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Welcome to Letter 10 of Creating Extraordinary Organizations. In the last 3 letters, I talked about motivation. Although this is an extremely important topic, there is one that is even more important – purpose. Everyone talks about it. However, most do not fully understand the concept and therefore do not use it effectively.

Why Purpose is Important

The concept of purpose is important for three reasons:

1. Purpose defines intention of an action or activity. This provides the basis for designing the activity.
2. Purpose provides meaning for the activity by defining the value it has in a larger whole.
3. A common purpose integrates the efforts of a group of people transforming them into an organization.

Purpose Always Relates to an Activity

A purpose exists in the mind of a person or group of persons collectively. Human beings are the only living beings who are “purposeful”, that is can conceive and hold a purpose. Purpose always relates to an activity or action. I use “activity” as a general term to refer to a *system* of actions or activities that form a process. A process transforms a set of inputs into one or more outputs or products.

No activity stands alone. An input to it is the output of a preceding activity. Its output or product is the input to the activity following it. An activity is never an end, only a means.

Things do not have a purpose. When we talk about the purpose of a thing, say a hammer, we are talking about the purpose a person has when they “use” the hammer -- the purpose of “hammering.”

User Benefits Define Purpose

There are two important points to understand about a purpose:

- An activity derives its purpose from the *use of its product(s) or output(s) in the following activity that uses them*. [The purpose for making widgets comes from their use in a following activity –say making whizbangs.]
- The purpose of an activity is the *benefit the person performing the following activity receives* from using its product(s) or output(s). [If using widgets improves the speed of making whizbangs then the purpose for making widgets is to improve the speed of making whizbangs.]

Purpose answers the question, “Why is the person making widgets?” The answer is not “to produce widgets.” It is to provide a benefit to the whizbang maker. Widgets enable making whizbangs faster. Note! You do not determine your success by evaluating the widget. You must determine how well it improves making whizbangs.

Never forget, the **user** defines the benefit. If someone buys widgets to improve the quality of whizbangs, they are looking for a different benefit than faster production. **If you do not know the benefit the user is looking for, you cannot produce the right product.** Widgets to improve quality might look very different from ones to improve speed.

Different Types of Activities Call for Different Purposes

There is one aspect of activities and their purpose that can cause confusion. There are three types of activities. We need to think differently about purpose in each case.

1. The person performing the initial activity also performs the following one. [I make the widgets and the whizbangs.]
2. One person performs the first and a second performs the following one. [I make widgets; you make whizbangs.]

3. Two parties engage in two activities from around the same object. [I sell and you buy widgets. Selling and buying are different from making.]

In the first two, the purpose of the first activity [widgets] comes from the second [whizbangs]. Remember, the person who performs the second act defines the desired benefit. In the first case, I define my own benefit. In the second, the whizbang maker defines it.

In the third case, we have to look at purposes for both activities – selling and buying. For a straight cash sale my product from selling is dollars. Your product from buying is the widgets. Now we have to define the benefit to me of dollars and to you of widgets. For clear, accurate, and effective thinking, we need to keep the activities, their products, and their purposes separate.

Immediate Purpose versus Ultimate Purpose

There is one more aspect of defining purpose we need to understand. Every activity exists in a series of activities that often increase in scope. My ultimate purpose for writing this e-letter is to enable people to create extraordinary organizations. This certainly has more meaning and is more motivating for me. However, that purpose does not help me think about how to write this letter. If you do not get enough benefit from it, you will not read it. If you do not read it, I have no chance to reach my ultimate purpose.

Looking at the bigger picture can be valuable in many respects. For instance, it may help me define the subject of this letter. Still, I can only plan and do each activity in the chain effectively if I think about its immediately following activity. To write this letter I have to concentrate on you reading it.

Products Are Not Purpose — Profit Is a Product Not a Purpose

Finally, I want to highlight the point that the product of an activity is not its purpose. Command and control business would say the purpose of the business of making widgets is to make a profit. This is incorrect for three reasons:

1. The purpose for making widgets is the benefit they bring to making whizbangs. The whizbang maker certainly does not care about my profit from making widgets.
2. Profit is a byproduct of making widgets in such a way that income exceeds expenses. As a product, profit is not a purpose.
3. The statement does not identify who will use the profit, how they will use it, or its benefit to them. I may want to “produce” a profit. However, what benefit do I get from it?

The third reason causes the most difficulty. If I do not specify why I want the profit, I may get it in the wrong way. If I want it to build my business for the long term, I had better not generate it by cutting costs in ways that damage the long-term viability of my business. If I want the profit to convince a buyer that it is a good business for them, I may want to cut costs drastically in the short run.

Five Questions to Define a Purpose

To sum up this discussion of the concept of purpose, let me enumerate a list of five questions that will enable you to develop the purpose of any activity:

1. What is the activity? Making widgets.
2. What product or outcome does this activity produce? Widgets
3. Who will use this product or outcome? A whizbang maker.
4. In what activity will they use it? Manufacturing whizbangs.
5. What benefit will the product provide that activity? How will it improve it? The whizbang maker can make whizbangs twice as fast and with higher quality.

The purpose for making widgets is *to enable the whizbang maker to make his whizbangs twice as fast and with higher quality.*

ANNOUNCEMENTS, INFORMATION, AND COMMENTS

On Line Interview — You can find the recording of my interview on VoiceAmerica.com on "Creating Extraordinary Organizations" at:

<http://tinyurl.com/nq9i>

E-Letter Archive — You can find PDF versions of published e-letters at:

<http://www.extraordinaryorganizations.com/Eletter/index.html>

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Until Next Time

This issue completes Volume 1 of Creating Extraordinary Organizations. Thank you for joining me on this journey to Extraordinary. Volume 2 starts with the New Year and continues our journey. At the moment, I am planning to use the first letter to summarize our journey to date to gain some perspective as a basis for continuing. If you have any requests for what you would like to see in Volume 2, please let me know. See you next year!

Be Well and,
Be Extraordinary!

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