

CREATING EXTRAORDINARY ORGANIZATIONS

From: Don Yates of Extraordinary Organizations
<mailto:eletter@extraordinaryorganizations.com>
<http://www.extraordinaryorganizations.com>

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HAPPY NEW YEAR!

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.

I send this letter only to recipients who have personally opted to receive it. To change your sign-up information, please follow the instructions at the end of this letter.

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THIS ISSUE:

REVIEW OF CEO VOLUME 1

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Welcome to Letter 2-1 of Creating Extraordinary Organizations. In the last 10 letters, we have covered a considerable amount of territory on the journey to Extraordinary. Before launching into this next phase of CEO, I would like to review the journey so far. I am doing this to give you an overall perspective of where we have been. In turn, this will form a basis for moving on.

Letter 1-1: The Most Important Thing For You To Improve To Achieve Desired Results

The most important thing to improve is your thinking. Results come from action, which comes from a thought, which comes from a process of thinking. Therefore, the better we think, the better the results. Three ways you can improve your thinking are:

1. Upgrade your language
2. Use thinking frameworks
3. Use tools like computer programs.

Letter 1-2: Why Aren't Goal and Objective Statements Effective?

Most goal and objective statements state intentions rather than goals or objectives. Both state a desired outcome of an action. Objectives are ends we are currently capable of producing. Goals refer to ends we are currently unable to produce. Therefore, goals require some objectives as steps to attaining them. Six aids to developing effective statements are:

1. Do not have a verb in the statement.
2. Do not start them with the word "to"; it leads to using a verb
3. State the "outcome" or "result" you want to have at the END of acting.
4. Define what you will measure to determine if the outcome fulfills the objective or goal
5. Define the quantity of what you measure that will meet the goal or objective.
6. State the date by which you must complete it.

Letter 1-3: Is Your Organization Less than Extraordinary Because You Don't Hold These Beliefs?

An "enterprise" (business, firm, etc.) is the combination of an organization and the system of activities it performs. An "organization" is a system of people who work together to perform the enterprise activities. Three beliefs are essential to create an Extraordinary Organization.

1. Enterprises and organizations are not real. They only exist when members relate to each other while performing enterprise activities.
2. The purpose of any organization is to meet the needs of its members. They establish the business as a means to doing this.
3. An organization has no authority hierarchy or different classes of members.

Letter 1-4: Are You Missing Extraordinary Because You Aren't Starting From These Fundamental Ideas?

Enterprise activities fall into three domains: producing business results, providing benefits to customers, and fulfilling needs of organization members. To be Extraordinary an enterprise must excel at all three.

Just as important, members must think and address them in the order: organization, customer, and business. The purpose of the organization is to meet needs of members. Producing customer benefits provides the chance to do this. Without excellent business results the organization cannot serve customers and thereby fulfill member needs.

Letter 1-5: Are Your Decisions Less Than They Could Be Because You Aren't "Deciding Who Decides" This Way?

It is essential to ask the question, "Who decides." In hierarchical organizations, the top decides. In Extraordinary ones, whoever can make the best decision decides. People can make a decision alone, consult with others, or make joint decisions.

A decision framework can help you choose the method and the person(s) you need to involve. It considers two requirements every decision must meet. It must be of the right "quality"--that is producing the desired results. It must have the "acceptance" of those who will carry it out. There are four combinations of these two factors such as high Q/low A or high Q/ high A. Each of these combinations calls for different methods and decision makers.

Letter 1-6: Are People In Your Organization Less Committed Because You Hold Theory X Instead of Theory Y Beliefs?

Douglas McGregor is one of the greats of the organizational world. He defined two sets of beliefs or assumptions people hold about human beings. Theory X sees them as needing direction and control. Theory Y sees them as capable of integration and self-control.

To create an Extraordinary Organization you must believe and operate from Theory Y. McGregor concluded:

"The real need is for new theory, changed assumptions, more understanding of the nature of human behavior in organizational settings."

McGregor's work is a major starting point for the thinking behind Extraordinary Organizations

Letter 1-7: Are You Making Motivation Work For You? Part 1

Humans are wanting beings. The desire to fulfill their needs is the basis of motivation. You cannot motivate another. A person's motivation comes from answering two questions about a proposed action:

"Can I do it?"

1. Do I know what to do?
2. Do I know how?
3. Do I have the resources?
4. Will I receive feedback?

"What's in it for me?"

1. What are the likely consequences of performing the action?
2. What is the net sum of the positive and negative values those consequences have for me?

The level of motivation is the combination of these two major questions. An assessment of the answers to them determines whether a person will act or not.

Letter 1-8: Are You Making Motivation Work For You? Part 2

There are different categorizations of human needs underlying motivation. Maslow's hierarchy is the best known and includes five levels: Physiological, Safety, Belongingness and Love, Esteem [both for self and from others], and Self-actualization.

Edward Deci sees three types of needs: Competence, Relatedness, and Autonomy.

Thomas Davenport sees four factors leading to motivation in the workplace: Intrinsic job fulfillment, Opportunity for growth, Recognition for accomplishments, and financial rewards.

Letter 1-9: Are You Making Motivation Work For You? Part 3

Frederick Herzberg found two types of factors influencing people's motivation. He called the first, coming from our "animal nature", "hygiene" factors. Failure to achieve these leads to dissatisfaction.

He called the other type "motivator" or growth factors. These correspond to Maslow's higher-level needs. Experiencing them generates satisfaction with the job.

Edward Deci highlights the difference between internal and external control and between intrinsic and extrinsic motivators. He emphasizes the importance of the internal and intrinsic. Extraordinary Organizations strive for motivator factors, internal control, and intrinsic motivation.

Letter 1-10: Are You Defining Your Purpose Effectively?

Purpose is one of the most important concepts in organizational design. Purpose always relates to an activity. Activities produce products. Any activity is part of a chain of activities. Its product is a means to performing the activity that follows it.

Purpose is the benefit the product of one activity provides the next one. The user of the product is the one who defines whether something is of benefit and how.

Products are not purposes. Profit is a byproduct of selling a product. It is not a purpose.

Answering five questions will help define a purpose:

1. What is the activity?
2. What is its product?
3. Who will use the product?
4. In what activity will they use it?
5. What benefit will the product provide for this activity?

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

I devoted much of Volume 1 to ideas and processes essential to all organizations. Unfortunately, most people do not understand or use them well. Organizations become Extraordinary when their members understand and perform them exceptionally well. They must also hold the new beliefs discussed in Letters 3 and 4. In Volume 2, I will continue some basics but spend more time on what Extraordinary means and requires. This will start in the next letter with looking at "No Hierarchy."

Be Well and,
Be Extraordinary!

Don Yates
Extraordinary Organizations

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<http://www.extraordinaryorganizations.com>
<mailto:dyates@extraordinaryorganizations.com>

170 Mapache Drive
Portola Valley, CA 94028
650.851.2690

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