

Maximum Performance – Different Things to Different People

Despite the recent attention to achieving maximum performance, there is no standard interpretation of what that means or what it takes to get it. Still, you should be aware of the various views and be able to choose your own. Information in this subsection will orient you to what people are suggesting that it takes for organizations to achieve maximum performance.

Exploring Organizational Effectiveness

The phrase, “organizational effectiveness,” is commonly referred to when discussing organizations that have achieved maximum performance. Perhaps one of the best overviews of the concept of organizational effectiveness is provided by Herman and Renz (2002). The authors identify nine fundamental propositions about organizational effectiveness. Their propositions were written about nonprofit organizations. However, they also apply to organizations in general and, thus, their descriptions are modified in the following paragraphs to apply to organizations in general.

1. **Organizational effectiveness is always a matter of comparison.**
When determining the effectiveness of an organization, to what are you comparing the organization to conclude whether it is effective or not? For example, are you comparing to a certain set of best practices or to another highly respected organization?
2. **Organizational effectiveness is multi-dimensional.**
Organizational effectiveness cannot be measured by one indicator. For example, a budget surplus or a strong product outcome does not guarantee that the organization has achieved overall maximum organizational effectiveness.
3. **Boards make a difference in organizational effectiveness, but how is not clear.**
There is a correlation between effective Boards and effective organizations. However, it is not clear that one necessarily causes the other.
4. **Organizational effectiveness is a social construction.**
The concept of organizational effectiveness is “in the eye of the beholder.” One person might have a completely different interpretation than another person.
5. **More effective organizations are more likely to use correct management practices. /**
The authors are careful to point out that the reverse is not necessarily true – that organizations that use correct management practices will be judged as being effective. (The correct practices were identified during focus groups in various studies.)
6. **Claims about “best practices” warrant critical evaluation.**
The authors explain that the results of their study do not agree with the wide assertion that certain practices, for example, automatically produce the best Boards.
7. **Measures of responsiveness may offer solutions to differing judgments.**
This proposition reframes the concept of effectiveness for an organization to be about how well that organization is doing in responding to whatever is currently important.

Adapted from “Field Guide to Consulting and Organizational Development” – to obtain the entire book, select “Publications” at <http://www.authenticityconsulting.com>

8. **It can be important to distinguish different types of organizations.**
This is true to make progress in understanding the practices, tactics and strategies that may lead to organizational effectiveness.
9. **Network effectiveness is as important to study as organizational effectiveness.**
This proposition recognizes that the effectiveness of an organization might depend to a great extent on the effectiveness of the wide network of organizations in which the particular organization operates.

Suggested Capacities for Organizational Effectiveness

Letts, Ryan and Grossman (1998) suggest four key capacities for organizational effectiveness. These capacities were suggested for nonprofit organizations. However, they also apply to organizations in general and, thus, their descriptions are modified in the following paragraphs to apply to organizations in general.

1. **Adaptive capacity**
is the ability of an organization to maintain focus on the external environment of the organization, particularly on “performing” (meeting the needs of customers), while continually adjusting and aligning itself to respond to those needs and influences. Adaptive capacity is cultivated through attention to assessments, collaborating and networking, assessments and planning.
2. **Leadership capacity**
is the ability to set direction for the organization and its resources and also guide activities to follow that direction. Leadership capacity is cultivated through attention to visioning, establishing goals, directing, motivating, making decisions and solving problems.
3. **Management capacity**
is the ability to ensure effective and efficient use of the resources in the organization. Management capacity is accomplished through careful development and coordination of resources, including people (their time and expertise), money and facilities.
4. **Technical capacity**
is the ability to design and operate products and services to effectively and efficiently deliver services to customers. The nature of that technical capacity depends on the particular type of products and services provided by the organization.

In addition, a fifth key capacity has been mentioned.

5. **Generative capacity**
is the ability of the organization to positively change its external environment. This capacity is exercised by engaging in activities to inform, educate and persuade policy makers, community leaders and other stakeholders.

Suggested Aspects for Performance

Blumenthal (2003) suggests improved performance might result from improvements in one or more of the following four aspects:

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1. **Organizational stability**
is in regard to whether services are consistently delivered and the organization survives.
2. **Financial stability**
is based especially on short-term survival, for example, the ability to pay its bills. Financial stability is often ignored as an area of importance during capacity building.
3. **Program quality (products and services)**
is based on indicators of impact, including adequate research about effective programs and an outcomes management system. This aspect also is often ignored.
4. **Organizational growth**
is based on attracting resources and providing more services. Blumenthal adds that growth alone is not an indicator of performance.

Putting Best Practices into Perspective

While working to improve the effectiveness of organizations, consultants often refer to various performance standards as conveyed in “best practices” and “standards of excellence.” The performance standards correspond to the levels of quality in certain organizations that are widely viewed by others as being high performing organizations. Those views usually reflect conventional wisdom, but not necessarily findings from research. Consultants often use the standards to assess the quality of practices in their client’s organization and then what must be done to improve that quality.

Although the practices and standards can be somewhat useful in getting some quick perspective on the quality of a particular function, you need to be careful about how you choose them and about how you draw conclusions from any comparisons. The best use of best practices for an organization depends on a variety of factors, including the culture of the organization, nature of the products and services that the organization provides, expectations of major stakeholders, and effects of change in the environments of the organization. The open systems concept of equifinality suggests there is no one right way, or best practice, for leading, managing or guiding organizations and change.

If you are working in a highly collaborative approach with your clients, you are much more likely to work toward best practices in a manner that aligns those best practices with the nature and needs of your client’s organization.