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**<u>3 Key Ingredients that Separate Elite Performing Companies from Average Performing Companies</u>**

At the end of every business quarter executives read about competitors within their industry that are out performing their own company. These media reports show that there are a few Elite Companies that not only consistently achieve better results, they are actually widening the gap of profitability and quality.

This usually prompts the under-performing executives to huddle up with their teams and try to identify how their direct competitor is achieving above average results. Issues like pricing, market share, volume, expenses, insurance, claims, acquisitions, equipment costs, labor rates, etc. are discussed and discarded as the differentiator. It's agreed however that every company uses similar KPIs to measure the performance and they all claim to have hired the best talent.

So how do the Elite Companies achieve greater profitability and quality? The answer is… they have 3 key ingredients that average companies do not have.

1. Elite Companies have a bona-fide ***Culture of Continuous Improvement*** that filters through every layer of the organization. Their corporate culture extends beyond the lip service of "we need to improve". These companies change employee behaviors at the front-line level. Employees treat company money as though it was their own. They always look for a better way to do business. Empowerment is real and ideas flow freely - even with clerical and hourly labor. Employees embrace accountability and are willing to step outside of their comfort zone without the fear of repercussions. Communication is frequent and inter-department silos are removed. Financial results are transparent and subordinates are trusted by their leaders. Morale is positive resulting in minimal turnover. Once goals are obtained it is mutually agreed by everyone to raise the bar. Elite companies are never satisfied with a result regardless of whether it is positive or negative.
2. While average companies rely exclusively on KPIs to measure their performance, Elite Companies have introduced ***Data Analytics*** (DA) into their business metrics. DA can be defined in many ways but for simplicity, I define it as: The breakdown and examination of a result to determine the "Who, What, When, Where, Why and How" of every part of your business. DA converts every component of your business into a measurable standard. Detailed root-cause analyses are performed to determine the reasons for gaps between the current result and the standard. Quality Circles are formed to implement improvement solutions to fill the gaps. Examples of some measurables are: revenue, expenses, processes, procedures, employees, customers, service, equipment, efficiencies etc. These elite companies realize that KPIs measure outcomes while Data Analytics measure what drives the outcome. The DA company understands that if they address the issues that produce the outcome then they can change the outcome.
3. Elite Companies have mastered the art of ***Execution***. Average companies lack execution which is the primary reason why they fall short of expectations. Top performing companies use a systematic approach to getting things done. They have the ability to transfer strategy to reality. These Elite Companies are able to link people, strategy and operations to achieve desired results. They leverage their Culture of Continuous Improvement along with their focus on Data Analytics to carry out change.

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Elite Companies separate themselves from the status quo. They act as pioneers searching for an edge on the competition. They possess an entrepreneurial spirit willing to take calculated risks. Elite Companies tend to pay their employees more, provide better benefits and endorse family values with flexible work schedules. They have mastered the balance between quality and quantity.

Another unique difference with Elite Companies vs. Average Companies is that they have expanded their leadership teams to include an individual solely responsible for Continuous Improvement, Quality, Strategy and Employee Development. Within the job description of this leader are Data Analytics and Execution. These leaders have a fundamental understanding of Kaizen and Lean principles. They lead by example using a servant-leader management style. Their optimistic outlook can overcome common employee objections such as… “we can’t do that”, “it won’t work” or “that’s not how we did it before”. These competitive leaders never accept failure and know how to win.

The Average Company makes the claim that they can support this role internally using existing personnel. However, I have found that the skill set, knowledge and expertise are not present which explains why the company remains average. CEO’s of average performing companies should be asking the question; “if we could do this internally today, then why haven’t we already done so?”

In comparison, Elite Companies have discovered that the ROI for this position easily exceeds 10X the cost. Expenses decrease significantly, quality improves, operating efficiencies increase, customer service excels, top line revenues grow and profits surge. All key factors contributing to the separation of Elite Companies from Average Companies.