Accountability for Success:
Driving Employees' Cultural Alignment & Strategic Performance

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I. Introduction

Jack Welch calls ETW (formerly called Evaluate To Win, now Execute To Win), which was created by Lee Benson, the CEO of Able Engineering (and member of Vistage International), "the best business management systems I've ever seen." Why such praise? Because it:

- Institutionalizes strategy and drives an intentional culture of winning in the company
- Creates meaningful employee-manager conversations, encouraging alignment of values and job performance to winning behaviors
- Solidifies leadership expectations to focus on continuous improvement
- Encourage employee self-motivation; when the organization wins, they win

It also addresses a key reason that businesses often don't get their desired results: 85% of companies do not track how they are performing against expectations (Marakon Associates).

In this document you will learn the principles behind ETW. ETW is no longer available to the average Vistage-sized client. Our goal today is to demonstrate how this approach can help companies drive an intentional culture focused on achieving their company's strategic goals. This way. smaller companies can adopt the approach and use it as Able Engineering did to get over 7 consecutive years of 20%+ CAGR.

II. What is ETW?

ETW is a management system that focuses each person on how they contribute to corporate winning. It starts with defining the company's mission and cultural values, as well as desired leadership traits, so you can measure the extent to which each individual is aligned with them. Similarly, everyone's strategic job performance is tied to into the company's strategic goals. Criteria are identified to measure success in achieving each component using objective 10 point scales. Evaluations take place regularly so each employee and supervisor can focus on what the employee needs to do for continuous improvement. It also facilitates promotion of the most talented people and weeding out of those least likely to contribute to success.
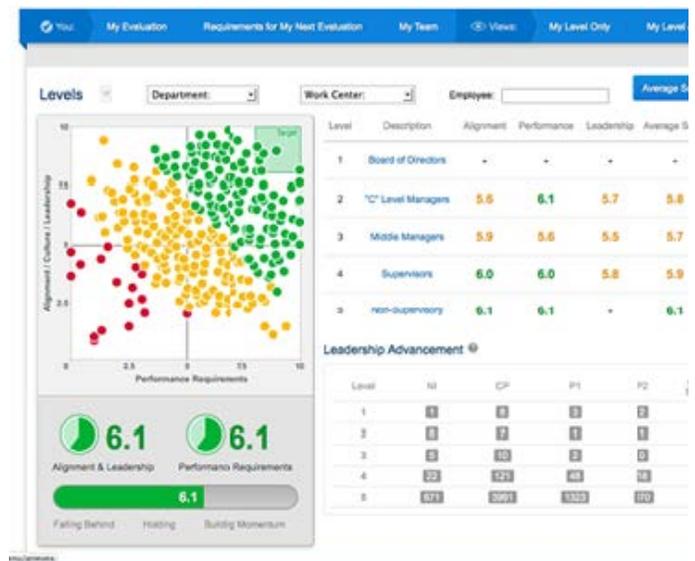
III. How ETW Works

Senior management determines the company's vision, mission, cultural values, leadership expectations and how they support each person's contribution to the strategic goals. Then, these standards are cascaded down the organization so they can be applied to every employee. Managers and employees then discuss them – and additional ones which may be unique to their workgroup – so everyone knows what's expected of them. Periodically (monthly to semi-annually), managers perform employee evaluations to discuss how they can improve.

By centrally recording the data, senior management have sound performance data with which to analyze priorities and make decisions as to who are the key players suitable for future promotions, as well as which members are a poor fit for the company. By fielding the best possible players, aligned to win, individually and as a whole, the company grows faster.

IV. Strategic Organizational Issues

- **Vision -** The impact that the company wants to have on the world
- **Mission –** What everyone at work wants to accomplish for its customers
- **Culture –** Senior management's agreed-upon values and behaviors
- **Strategic Job Performance** - what each employee does to advance the company strategy.
- **Leadership traits –** What you expect of leaders
- **Evaluation Criteria** - The elements noted above are objectively defined to make them meaningful. For company-wide concepts (e.g., Mission, values and general leadership expectations) the senior management team standardizes the definitions and the scoring criteria. With individual's job responsibilities, each manager sets the definition and criteria with each employee. And, with new job requirements, the manager and employee must do the same. A review process focuses on objectivity and consensus of definitions and scoring.
- **Objective Scoring -** Traditional ratings are subjective (Below Average, Average and Above Average), since people differ on what is "average". In contrast a 1-10 point scale offers significant differentiation, making it clear that a person's 8 rating is significantly better than another's 3 rating. Again, managers and employees develop the objective system.
- **Continuous Improvement** - The goal of each review is to determine how the employee can improve and develop a plan of action for doing so, with success benchmarks to be used at the next Employee Evaluation period identified.

V. ETW Examples of Alignment Tool Definitions and Scoring Criteria

Cultural Values   We value employees that:
- Treat company resources as their own.
- Are respectful, honest and straightforward.
- Do what they say they will.
- Have a personal commitment to the end result.
- Are fully engaged & participate within the team.
- Present and pursue solutions as opposed to dwelling on problems.

Leadership Traits
- Energy: Positive Energy in good times and especially bad times
- Energize: The ability to create an environment that Energizes your team
- Edge: The ability to make the Tough Calls
- Execute: The ability to Deliver Results
- Passion: Visible "all-in" commitment
- Resiliency: The ability to bounce back quickly from setbacks

Example Scoring Criteria for "Soft" requirements
- If you don't remember this standard you can't score more than 0
- Remember it, but not word for word, you can add 2 points.
- Remember it word for word, and you add 4 points.
- Have 3 examples where you have used this Alignment Tool as it relates to your job to make the company more successful you can add 2 points each.
- You must put these examples in the notes for this Alignment Tool found in your "Requirements For My Next Evaluation" before your actual evaluation date.
- If your manager has examples where you didn't meet the standard, points can be subtracted.

Example of "Hard" requirements for a Sales Person, for which objective criteria can be set
- Sales revenues or Net Profit generated
- Number of new customers – can be subdivided into High, Medium or Low value to firm
- Percent of repeat customers (retention rates)
- Size of pipeline, repeat and/or increased purchasing, # of referrals for other businesses, etc.

Examples of How to Apply the Scoring System

Mission:

To reduce aircraft operating costs by providing resourceful component repair, overhaul, and approved replacement parts solutions

Scoring Criteria:

2 points for knowing the Mission;
2 points for repeating it verbatim, and
2 points for each of **3** examples - for a **total score of 10.**

Values:

A. To treat a company's products as your own
B. To proactively help colleagues when possible
C. To mentor people within your department

Scoring Criteria:

Score from 0 -10
Score from 0 -10
Score from 0 -10

Leadership Traits:

A. Provide positive energy in good times & bad
B. Encourage creativity and innovation

C. Conduct evaluations on time

Scoring Criteria:

Score from 0 -10
2 points for knowing this trait;
2 points for each of **4** examples -   for a total score of 10.
Score from 0 -10; with 10 being on time, 0 missing it

The Winning Corporate Ecosystem:
When Employee Success is Aligned with Corporate Success

It takes a lot to impress Jack Welch, the man **Fortune** magazine named its **"Manager of the *Century*"** in 1999.

He says **EvaluateToWin** is "the best business management system I've ever seen."

That's why you should invest a few minutes watching the video below to understand what **ETW** can do for you. (It's also at the bottom of our website, www.eval2win.com!)

...the best business management system I've ever seen

Jack Welch
Former CEO, GE

Winning is the goal of company leaders who use the **ETW platform to create an ecosystem.** It helps them:

- **Align the efforts** of employees and departments **with the Corporate mission and value system.**

- Provide employees and supervisors with **an objective way to measure individual performance and corporate culture**, identify what needs to be improved **and track progress.**

- Define **expectations for each leader,** so he/she can focus on the goals and succeed tomorrow.

The creators of the ETW platform used it for five consecutive years and, despite the recession, **achieved a 20%+ Cumulative Annual Growth Rate**.
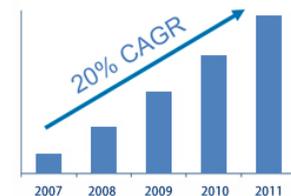
Why is it so powerful? Because it allows you to answer these key questions:
- **What values & behaviors will help us get where we want to go?**
- **What should we stop doing right away?**
- **Who are our high-potential employees and how can they grow faster?**

Here's a sample of the toolbox:
- The heat-map shows your people's overall alignment, culture and leadership score against their performance score.
- The scores on the bottom give you a snapshot of the team as a whole, and how progress is being made from the last time you defined expectations.
- The columns on the right reflect scores for teams and individuals.

Imagine your Company's Competitive Advantage when you measure and improve: Culture, Alignment, Performance, Leadership and more!

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