

PURPOSE, PASSION & PERFORMANCE

**HOW SYSTEMS FOR LEADERSHIP, CULTURE & STRATEGY
DRIVE THE 3Ps OF HIGH-PERFORMING ORGANISATIONS**

**STEPHANIE
BOWN**



First published in 2020 by Stephanie Bown

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A catalogue entry for this book is available from the National Library of Australia.

ISBN: 978-1-922391-70-4

Printed in Australia by McPherson's Printing

Project management and text design by Publish Central

Cover design by Peter Reardon



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Foreword

Imagine a world where everyone feels fulfilled and driven by purpose in the work they do. How much better would society be as a result?

As business leaders, it is our responsibility to create productive, inspiring workplaces. Spaces where people love what they do and are passionate about their purpose. When people love what they do, they bring their best game. It's not an effort; it just feels good.

Swisse, Australia's leading wellness brand, had an inspirational Founding partner and Managing Director in Michael Saba who was very much involved in driving it to where it was when I arrived. He was supported by his visionary business partner, Stephen Ring. Both gentlemen did the hard part starting up the business, laying foundations built on best product, brand focus and culture. It then required someone to create the foundation for its next stage of expansion. When I joined in 2005, I'd just come from Village Roadshow and knew what systems could do for a business. After a considered handover, I stepped in as CEO in 2008, and over the next 10 years, we grew Swisse from a \$14 million business to a \$750 million enterprise.

The key to our growth was making sure we brought on the right people who shared our cultural values and passion for wellness – and could build systems and structures. Yes, we faced challenges along the way. Revenue never stopped growing, but we had issues underlying profitability, which I attributed to systems not growing as fast as they could.

Stephanie Bown joined us in 2014 and was one of the key architects of the systems for culture, strategy and leadership, enabling another evolution of growth that helped take us from a \$300 million to a \$750 million operation. Swisse was in a great position to go well beyond a billion.

Steph helped us create a culture that made us clearly one of the best employers in this country, recognised by multiple Employer of Choice awards. We were the fastest growing business globally in our category for eight years straight – and that’s just unheard of in a mature category.

Steph’s role was central to making sure that we transitioned into being a global business, and I’d always loved talking about her role as being like our internal coach. Having someone focus purely on the performance of the business was revolutionary at the time. Elite athletes and great sporting clubs all have performance coaches. So, why wouldn’t a business want to help their team become better at what they do?

I believe that a leader must live, breathe and believe the culture and the business strategy. Be obsessed, intoxicated by it to the point where they think about it all the time. High-performance cultures lead to outcomes where people feel recognised, rewarded and part of something that’s satisfying. The great challenge of leadership is maintaining that balance and getting that right.

Savvy leaders use Business Plans to identify potential opportunities and avoid pitfalls but very few develop strategies for culture – even fewer have a communication plan that underpins it all. We regularly talk about delivering on budgets but how often do we talk about delivering on our Culture Plan and making sure that businesses are equally accountable to all those mechanisms we know are fundamental to creating success?

Systems spell things out. They’re the oil that allows the engine to turn. They also provide a framework that facilitates company growth. I see lots of high-energy individuals who focus on early growth without having any real structure in place for long-term success.

You can’t have performance without strategy, and this is particularly critical for businesses as they become larger. Unless there’s a policy that binds people together and provides a reference point, a business will quickly lose direction and fail.

Responsible leaders are always thinking ahead to their next inflection point of the business. With *Purpose, Passion and Performance*, Steph gives you a box of tricks, a source of inspiration, which you can constantly draw upon to ensure you are always one step ahead. This equips CEOs, team leaders and C-level executives with the essential tools to steer their businesses in the right direction.

The difference between a high-performing business and a pedestrian one is culture. And, as Steph successfully demonstrates, systems are what's needed to build and maintain a positive, supercharged culture where people are focused on outcomes and rewarded for their efforts. Your business could be in any one of three modes – high growth, maintaining, or decline – and you may experience these over many cycles. To adapt, the business needs to have the right systems in place to regularly review who or what is managing culture and elevating performance.

What's particularly striking about this book is the amazing amount of wonderful ideas and contextual examples that give you a deep insight into why a system was successful. There are these nice little anecdotes of, 'Well, if you're in this situation, have you thought about this or that?' It's about finding the relevant systems and processes that work for you at the right time.

A kaleidoscope of wonderful ideas, *Purpose, Passion and Performance* is an easy read and moves at a pace that enables you to really think about each insight and its relevance to your business. The delivery is measured and considered, giving you the opportunity to implement learnings and integrate them into your existing practices.

Whether you are an aspiring or recently appointed CEO, or a seasoned veteran honing your skillset, this book will give you the tools to implement high-performance systems within your own organisation.

Radek Sali

Chairman of Light Warrior Group & Lightfolk Foundation

Former CEO of Swisse Wellness

Preface

When I was 15 years old, my Uncle Nick set me on a path that has led me to where I am today.

I was in year 10 and was about to choose my subjects for my final years of high school. I'd known early on that I was interested in psychology. But there were other careers I was drawn to (anthropology, osteopathy, psychiatry), and the decision felt big. And tinkering with people's minds is a big responsibility – what if I mess it up?! Secretly, what I was really questioning was whether I was even cut out for a career in psychology.

My dad suggested that I do a psychometric test with his cousin Nick – an organisational psychologist running a private practice.

Nick was tall and athletic. When he smiled, his whole face lit up. He had a big laugh. I grew up playing backyard cricket with his kids at Christmas parties in Warrandyte. I respected him. I wanted to impress him. In his office in Melbourne's CBD, he guided me through several psychometric tests to measure my intelligence, personality, preferences and learning styles.

Nick had these incredible blue eyes, and I felt like he was looking straight into my soul when he told me his conclusion: 'You'll make a great psychologist.'

Sweet relief charged through my system. I wasn't fooling myself. I was on the right track.

Then he presented me with two choices.

'All you need to do now is decide whether to work with sick people or well people.' He went on to explain that as a psychologist, you're

either helping people get mentally well; or helping people achieve their best state. Again, I instinctively knew the answer. I wanted to work with well people, and I wanted to move them towards high performance.

Fast forward past three university degrees, accreditations in psychometric tools, almost a decade as a management consultant, a marriage, two children, and starting my own practice; I've culminated 10,000 hours working with leaders at every level, in every industry, in all kinds of businesses from start-ups to corporates, not for profits and government departments.

In my practice, I work with and talk daily with CEOs, founders, entrepreneurs and executives who are seeking help to make their businesses work better, their teams operate better, and their lives a little less hectic. They are juggling multiple balls. They are busy people. They are responsibility heavy and time poor. In short, they need me to cut to the chase.

I've written this book for these people.

I have two super strengths. One is listening. I use that one a lot when I'm working face to face with these people. The other is translating complex theory into simple how-to's – which is what I'm doing with this book. My goal is to:

1. show you how high-performance systems produce high-performing teams
2. give you the tools to implement high-performance systems within your own organisation.

Management theory, leadership theory and psychological research is all great stuff. It often tells us *why* we need to operate in certain ways, and *what* we need to do. But it doesn't tell us *how*.

This book aims to fast-track your leadership effectiveness by giving you just enough evidence to back up the theory, as well as the simple tools for putting best practice *into practice*.

Everything in this book I have implemented, honed and refined with real clients over many years. They have adopted these systems

and processes as their own, trained newcomers in them, and given them their own language and life within the culture of their businesses.

My clients have been my teachers. Their experiences and stories have encouraged me to share this knowledge with a broader audience, in the hope that many more people will work in businesses that maximise human potential in the service of purposeful work.

My Uncle Nick died shortly after his 60th birthday. He had a heart attack. He and his beautiful wife, my Auntie Mal, were doing something as banal as watching a movie one Friday evening. Out of nowhere, Nick collapsed, and he wouldn't ever get up. The ambulance was called but there was nothing they could do. He died in the arms of his wife and daughter.

There aren't many days I don't think of Uncle Nick and thank him for the gift of confidence and inspiration he gave me that day when I was 15.

This book is for you, Nick. You're the standard I aspire to.

Introduction

How many of us wake up on any given workday and think to ourselves, *I hope I do a mediocre job today?* My guess is zero.

Nobody strives to be average. We all start with an intention to perform to our highest standard. To run our businesses, love our families, serve our customers, support our colleagues, and grow our communities in ways that are the expressions of our deepest values and beliefs. We aspire each day to show up as the best version of ourselves.

The reality, though, is that many of us are feeling overwhelmed in some areas of our lives and underwhelmed in others. We languish in apathy, frustrated by the repetitive and predictable aspects of our jobs and lives. Or we struggle in stress, overwhelmed by worry, competing priorities and multiple distractions. Under these conditions, it's very hard to 'show up as our best self'. We're doing well enough to just survive.

THE INCREASING PACE OF CHANGE

The pace of change has been ramping up since the emergence of digital technologies, and isn't showing signs of slowing anytime soon. We are living in what has been described as a 'VUCA' world. VUCA is an acronym introduced by the US Army War College to describe situations that are Volatile, Uncertain, Complex and Ambiguous. It was coined during the Cold War. It is now a shorthand way to recognise the cluster-f@*k we now find ourselves in (another useful US Army terminology).

The world was already struggling under the combined weight of rapid technological advancement, globalised economies, political instability and environmental crises.

Then came 2020.

Devastating bushfires in Australia wiped out 34 lives, 18.6 million hectares of agricultural land and forest, and over 5900 buildings (including 2779 homes). Widespread flooding added another \$936 million of damage to the already fire-devastated state of NSW. And finally, the icing on the catastrophe cake: COVID-19. At the time of writing in September 2020, the coronavirus has killed almost one million people globally, sent sharemarkets around the world crashing at unprecedented rates, and put tens of millions of people into unemployment.

The events of 2020 have only added layers of complexity to the challenges we face as nations and a human race.

WE NEED ORGANISATIONS THAT ARE ADAPTIVE AND RESILIENT

To thrive in a VUCA world, we need organisations that are adaptive and resilient.

What we need now are strategies that build strength and adaptability in human beings, organisations, communities and whole societies. And the place where we need to build these capacities – the place where most populations of the world spend a third of their time – is at work.

Workplaces, and specifically leaders within workplaces, have the opportunity to effect positive and constructive change on a massive scale.

The problems we face are so huge and so complex that governments cannot be left to deal with these issues alone. Change will take collaboration, innovation and clever thinking from the entire business community working to both influence and enact policy change.

If you are a CEO, founder, director or leader, you know you can't control external events. No one can know or control when the next pandemic hits. When the next natural disaster hits. When the government instigates taxes and incentives to protect our natural

environment. All of these things *will* happen, and to pretend they won't is simply naïve and shortsighted.

If you're a business owner or leader, what you *can* influence is the way your organisation is set up to respond to these events. What you *can* do is create the conditions for performance in your business by focusing on the systems that connect, align and inspire your people.

This book is about how you can build a system of performance which creates the internal requisite variety to adapt to any market condition and weather any storm. It describes three key systems that enable high performance:

1. A leadership system.
2. A culture system.
3. A strategy system.

I Systems create habits, which create results.

Leadership drives *purpose*, culture drives *passion*, and strategy drives *performance*. Together, the 3Ps – purpose, passion and performance – equal profit. And profit is the life-giving blood of the economy.

Without building systems for these three critical organising and aligning processes, you leave them up to chance. You put yourself, your team and your business at risk by relying on your old systems or pre-existing habits to sustain the performance of the business – systems and habits that may no longer be relevant in this new business environment.

Part I

The High-Performance System

‘A handful of problems arise when you spend too much time thinking about your goals and not enough time designing your systems.’

James Clear, Atomic Habits

1

Understanding high performance

There's something beautiful about a team of people in their performance zone. Whether it's a game of elite football, an orchestra, a ballet, a band, chefs at service in a three-hat restaurant, or an emergency response team. It doesn't matter if that team is young or old, experienced or not, many or few. When individuals – each with unique personalities, quirks, fears, hopes and dreams – find formation and click into place to collectively and enthusiastically produce an exceptional result, it's nothing short of joyful.

These are high-performing teams; teams that effectively leverage collective capacity to achieve team synergy, where the whole is greater than the sum of the parts.

In business, as in sport and the arts, to be a high-performing team it is a prerequisite to have high expectations. We can't be market leading unless we ask for exceptional, seek continuous improvement, drive continuous growth, and search for continuous innovation. This is the only way to attract and retain the best. This is why companies such as Google, Apple, 3M and Atlassian have talented people lining up to join them. People seek businesses where they see opportunities

to learn, grow and improve. People want to be challenged. And they want to feel safe, valued and – above all – inspired.

My mentor and now great friend, the ex-Director of People & Culture at Swisse Wellness, Catherine Crowley, used to say that ‘if they’re not green and growing, they’re ripe and rotting’. She was referring to the truism that if people are not learning, they’re stagnating and falling into either apathy or stress, and neither of those places is good for them, for the people around them, or for the business.

THE PERFORMANCE EDGE

Living a life of full engagement is living at our performance edge.

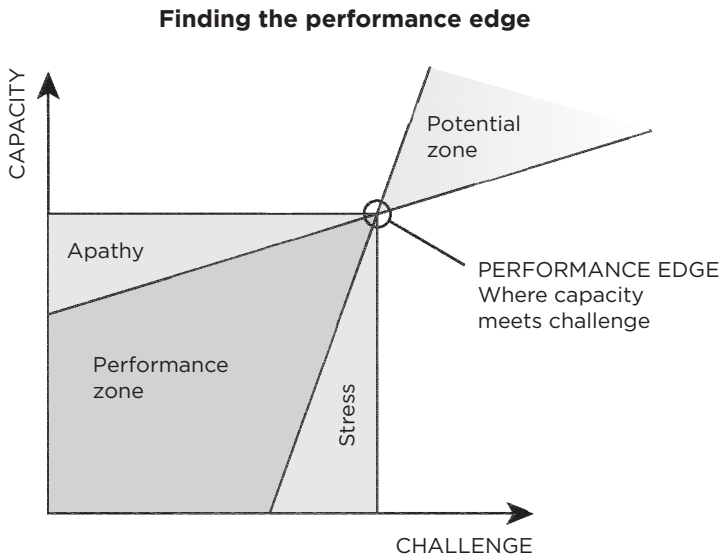
**Our performance edge is where capacity meets challenge;
where performance meets potential.**

Like camping on the edge of a mountain, our performance edge is uncomfortable, yet exhilarating. It’s challenging, yet gratifying. It’s where we measure our character and put our strengths to work. It’s where we discover who we are, what we are and why we are.

At our performance edge, we are dynamically changing via the interaction with a task and the environment. We are actively learning by doing; increasing our capacity, and expanding our potential. We are acquiring new knowledge and skills, which allows us to take on more responsibility or tasks of greater complexity.

The following diagram is my adapted version of the classic Flow Model, first presented by Mihaly Csikszentmihalyi (pronounced ‘cheeks-a-men-i-hi’) – with a few tweaks.

Csikszentmihalyi introduced the concept of flow as a mental state of operation in which a person is fully absorbed in an activity that requires both skill and challenge. In flow, we are lost in the moment. We forget about time. We forget everything except the task we are actively engaged in performing. People find flow in activities such as playing a musical instrument, designing a new concept, writing code, performing intricate surgery, cooking, painting, or any other activity that requires effort and focus.



Let's have a look at the different elements of this diagram.

Capacity and challenge

In their *New York Times* bestseller *The Power of Full Engagement*, Jim Loehr and Tony Schwartz defined capacity as 'a function of one's ability to expand and recover energy'. Our capacity is our energy, and energy is our most important resource.

In their book they present four important principles to living a life of full engagement:

1. Full engagement requires drawing on four separate but related sources of energy: physical, emotional, mental and spiritual.
2. Because energy capacity diminishes both with overuse and with underuse, we must balance energy expenditure with energy renewal.
3. To build capacity, we must push beyond our normal limits, training in the same systematic way that elite athletes do.
4. Positive energy rituals – specific rituals for managing energy – are the key to full engagement and sustained high performance.

Based on these principles, capacity and challenge work as a team.

Capacity encompasses the full range of internal resources available to us, including mental, emotional, physical and spiritual resources (like our values and beliefs). We increase capacity by adapting to periodic cycles of stretch and renewal; integrating new skills and knowledge with each round; and harnessing our energy reserves.

Challenge is the difficulty level we apply ourselves to. We increase challenge by increasing complexity of task or scope of responsibility.

Challenge and capacity go hand in hand – as we increase our capacity, we are able to take on more challenging work. And as we take on more challenging work, our capacity increases. They feed each other, fostering a continuous cycle of performance and development.

When we are charged with work for which we have little skill or knowledge – when challenge outweighs capacity – we experience stress. Short bursts of stress are necessary for learning. But prolonged stress without adequate rest depletes energy reserves and damages performance.

For example, you wouldn't ask a junior lawyer to lead a high-profile case. You build that lawyer up over time with training and experiences. As the lawyer learns more, they take on not just more complex cases, but leadership responsibilities of the firm and empowerment to foster policy change within their chosen sector. They continually extend their capacity to meet ever-increasing challenges.

Conversely, when we are charged with work for which we are overqualified – when capacity outweighs challenge – we experience apathy. Apathy can also be sustained for short periods but is equally damaging to performance if prolonged. Like muscle atrophy, we deplete our capacity if we are not continually extending it.

For example, a father returning to work after parental leave may decide to take on a less challenging role to balance work and family demands. But a role that is underwhelming stalls learning and growth and becomes a demotivator, also damaging performance.

To increase capacity, we need to systematically increase the challenge, expending energy beyond normal levels. By upping the challenge and accepting new tasks or tasks of greater complexity, we move into

the stress zone. But doing so systematically, following periods of stretch with periods of renewal, allows the learning to consolidate.

The performance zone

The performance zone is where we're comfortably challenged; performing a skill or doing work that we are familiar with, find stimulating, and for which we are actively using our strengths and talents. Just like the experience of flow described in the research of Mihaly Csikszentmihalyi, when we are in our performance zone we are fully engaged; delivering work to a high standard and adding significant value to customers, colleagues and our communities. Our work is challenging, but we know we're doing a great job and this fills us with an enormous sense of purpose and pride.

In the performance zone, we've reached a level of **unconscious competence**. Noel Burch introduced this concept in the late 1960s as the fourth rung on a ladder we climb when learning something new. Unconscious competence is a state of being where new skills are seamlessly integrated with our knowledge base and we perform them on autopilot. Like touch-typing – once you've learned how to do it, you no longer think about the keys but the words you are translating onto the screen.

Unconscious competence is preceded by:

- **unconscious incompetence** at the bottom of the learning ladder (when you don't know what you don't know)
- **conscious incompetence** at the next rung (when you know what you don't know)
- **conscious competence** on the third rung (knowing what you know)
- and then **unconscious competence** on the top rung (intuitive knowing).

The danger zone on the learning ladder is pushing past the discomfort of 'not knowing' in order to 'come to know'; of being okay with appearing to be incompetent for a short while at least while adapting

to new ways of thinking and behaving. The fear of feeling and looking incompetent keeps many people from trying something new and stepping outside their comfort zones. But it's worth it – because the reward for this temporary form of vulnerability is a greater sense of competence and mastery in your chosen field.

The potential zone

When performance coaches claim to help you 'realise your potential', what do they actually mean? What is potential? Where does it sit in your body? Is it just a fluffy word?

Our potential zone is the place where learning and growth happen.

Our potential zone is latent talent that has not yet been realised. I like to think about potential as connections in your brain that haven't happened yet. Realising potential means putting your skills and capabilities to work in new ways and strengthening brain interconnectivity.

More connections mean more processing power, granting us the capacity to think beyond the *concrete* to the *concept* and *context*. When we reach into our potential zone, we dig deep, forge new neural pathways and make new connections. The brain is continuously evolving, and dendrites (the extensions of brain cells or neurons that look like tiny trees) never stop reaching for more connections. Pathways in the brain are constantly expanding, pruning and combining as new memories and experiences are storing every living moment. Neuroscientists call this phenomenon 'brain plasticity'.

Throughout my studies in psychology and psychophysiology, I'd read about the whole spectrum of brain injury cases. There were cases where people recovered no function, partial function, and even full function following brain injury or surgery. But there were the occasional extraordinary cases where some people adapted to perform beyond pre-injury levels, which prove how continued effort and focus allow us to rebuild pathways in the brain.

I witnessed this firsthand when I met my husband's cousin, Trevor.

When Trevor was only 12 years old, he started suffering debilitating headaches, and the usually fun-loving boy with a passion for table tennis started acting out. His concerned parents took him for a series of tests, and were given the worst possible news – Trevor had a tumour near the centre of his brain and was given three months to live. Surgery was an option, but a risky one. His survival prospects were 50% at best, and he had only a 5% to 10% chance of emerging with all faculties and bodily functions intact. Clearly this was devastating news for the family, but Trevor didn't want to see his days deteriorating in a hospital bed, so he decided to give surgery a chance.

Trevor did survive the surgery – and in fact did much more than that. He was home 10 days later, and despite continuing headaches and temporary loss of sight in his right eye, he picked up the table tennis bat and started playing again. Within three months, his recovery reached the stage his parents expected would take 12 months. Trevor went on to become a table tennis champion, representing Australia in the Commonwealth Games in 2002 and 2006 and the Athens Olympics in 2004. Trevor married a French girl Lise while playing professionally in France, returned to Australia, completed a PhD in neuroscience, and now works in the field that saved his life. Trevor and Lise have three healthy, beautiful children, all budding athletes.

Trevor's remarkable story is one of incredible resilience to rebuild the pathways in his brain as well as pathways in his life through the dynamic game of table tennis.

At a metaphysical level, we reach into our potential zone when we push past the edge of what we know, to the *unthought known*. They are the things we *know* but haven't yet *thought*. The unthought known was a concept introduced by psychoanalyst Christopher Bollas to represent experiences which are felt in us and formed prior to the development of language at around the age of three. These felt experiences live within your pre-conscious mind, your emotional memory, until they are surfaced by later experiences and ultimately 'thought'. When we experience unthought knowns, we are reaching our potential because

we are making sense of early emotional memories based on new experiences, and this raises our level of conscious competence.

The apathy zone

The apathy zone is where capacity outweighs challenge. We have adapted to the change, mastered the role, the project, the new KPI; and it is no longer challenging. We experience this state when we have been in the same role for too long, take on a lesser role, or get pigeonholed (tasked with the same things over and over because we're good at it). This zone causes energy depletion, but not because we are overdrawing on energy reserves, because we are *underdrawing* on them. Like muscles not being used, our capacity starts to atrophy. If you don't use it – you lose it!

The stress zone

The stress zone is where challenge outweighs capacity. We are pushed past our current capacity and must overdraw on internal energy reserves. We experience this state when we experience unanticipated changes, adopt new challenges, new roles, promotions, or increase the stakes on existing roles. This level of performance draws down heavily on internal resources – our physical, mental and emotional energy reserves. Working in this zone for extended stretches puts us in a depleted state, creates risk and damages safety. We can only sustain performance if we incorporate periods of rest and learn essential skills and knowledge that allow us to meet a challenge and move back into our performance zone. This is why we invest in people to grow our businesses. When people grow, business grows. It's a win-win for everyone.

Living at our performance edge is a dynamic process of learning that takes place at the individual, team and organisational level.

The challenge for leaders and changemakers is helping individuals and teams to discover their performance edge and safely hold them there.

If we up the challenge without investing in people's capacity to cope, we push them into the stress zone. But if we don't up the challenge and let people stagnate, we risk losing them from apathy and boredom.