New world, new rules
Sustaining organizational performance in an evolving world
Investment in enterprise capabilities to optimize performance has been and will continue to be critical in the pursuit of high performance. While the goal of high performance has remained consistent across companies over time, disruption and the continuously increasing pace of change mean that the ability to sustain performance doesn't hinge on an organization's ability to plan and manage change. Rather, it is rooted in the ability to achieve performance goals in a state of constant change.

Adding to this complexity is the definition of performance itself, as traditional financial and market metrics are no longer the only factors of success. For example, businesses today are being valued as much by their interactions and impacts on society as they are by their financial results, and companies must also compete for the specialized talent that will be required to drive the organization into the future. Although business leaders today understand disruption intuitively—it is impacting their business, customer base, key metrics, and growth—there is a new challenge coming to light: Disruption is no longer an interruption to the pattern, but the pattern itself—a consistent, ongoing reality.

Whether performance is defined by market share, return on investment, or becoming an employer of choice, there is one common question that all organizations must answer: How do I sustain organizational performance in an environment of constant change?

If you are investing in capabilities and solutions to optimize and maintain results, you will inevitably fall behind as you cycle back to the drawing board when your ‘solution’ is disrupted by the pace of change.

Deloitte’s perspective on how to achieve and sustain organizational performance shifts the focus from optimization to investment in a new set of enterprise capabilities: Sense, Lead and Extend. These capabilities, through continuous development and application, allow companies to ‘see around the corner’ and be the disruptors versus the disrupted.

No finish line in business . . .
Here’s the old way of doing things: you identify the problem, you assess for gaps, and you build a solution that you anticipate will solve for those gaps. The issue here is that by the time you finish building your solution, the problem and gaps have changed.

By the time you think you’ve reached your finish line, you discover that the finish line has moved.

. . . So how do you win?
By shifting to a sustaining performance approach that assumes continuous disruption, you will be able to operate with more speed and agility to stay ahead of and even define changing skill, resource, and ecosystem needs.

Our Sense, Lead, and Extend approach arms you to solve for challenges of the future versus problems of the past.
What does sustained organizational performance look like today?

The **old**, linear approach

1. **Identify problem**
2. **Assess gaps**
3. **Build solution**

The **new**, self-perpetuating approach

1. **Sense**: Understand where you are and where you need to go
2. **Lead**: Invest in adaptive leadership and new enterprise capabilities
3. **Extend**: Innovate and maximize long-term value through strategic partnerships
**Lead: Invest in adaptive leadership and new enterprise capabilities**

No, you didn’t miss a page. Remember, this is not a linear process. We start with **Lead** because adaptive leaders and enterprise capabilities are critical enablers of **Sense and Extend**.

Through experience and research, we know that leadership is itself a differentiating capability that ‘leads’ to enterprise results. In fact, organizations that prioritize and invest in leadership are 3x more likely to innovate, have 37% higher revenue per employee, are 5x more likely to anticipate change and disruption, and have 9% higher gross margins.

To reap these benefits, you need leaders who can challenge the status quo, who are comfortable with constant iteration and learning, and who are committed to learning themselves.

When leaders are comfortable in the ambiguous, changing world, they are more inclined to create structures and hierarchies where employees are empowered to be agile, inspired to be creative, and encouraged to adopt a growth mind-set and culture of continuous learning. These employees are expected to come up with new ideas, to fail fast, and to try again until they succeed.

In ‘leading’ organizations, leadership competencies are not limited to executives and managers. On the contrary, employees at all levels and functions are expected to define and lead through change. And through change, new enterprise capabilities are born, and enterprise results are achieved.

**Ask yourself:**

- What leadership competencies do I need to develop to enable the success of my teams?
- What enterprise capabilities can I build to future-proof my organization?
- How do I create continuous learning and development opportunities that employees want and need?
Sense: Understand where you are and where you need to go

Sense means that your organization is always listening, inside and outside your four walls, to anticipate and drive disruption. Sense involves collecting data (internal and external) and analyzing trends (market and workforce) through various lenses to understand the current context of your organization (and all its complexities) and to evaluate where your organization and industry are headed in the future. *(No, your annual survey will not cut it!)*

Our research shows that the most profitable companies are 5x more likely to collect continuous sensing data than their lower performing peers.¹

The most powerful sensing approach translates data into actions. Does your data provide analytics on trends and segmentations? Is the data you are collecting answering your “Why?” questions or helping you foresee changes to come?

To illustrate, you can collect evidence-based information that tells you “what’s happening” in terms of how work gets done, who is doing it, and where.

You can analyze the impact of new talent models on profitability to determine how to best structure your workforce. You can better understand worker preferences in terms of rewards and wellbeing and adjust your employee experience accordingly. You can monitor and measure how people are impacted by change, and you can actively manage interventions to mitigate risk and drive business value. The possibilities are endless.

With data, insights, and evidence, leaders are empowered to make smart, actionable business decisions, addressing future challenges before they become issues.

Ask yourself:

- What market forces have the power to shape the wants and needs of my customers? How might these forces converge to disrupt my industry?
- What are key drivers of employee satisfaction and engagement, both now and in the future?
- How can I leverage the power of information to make better investment and innovation decisions?

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¹ Elizabeth Barisik, “Three findings for using data and analytics to enable the learning org,” Bersin by Deloitte, January 24, 2018.
Extend: *Innovate and maximize long-term value through strategic partnerships*

Consider *Extend* through a simple question: What do you do when you want or need to change the way something is done today? Extend can help organizations explore the art of the possible – addressing resource constraints, capability gaps, and desires to try something new.

Constant disruption requires constant innovation and evolution to break new ground and define an organization’s path forward into the unknown – creating new knowledge and new strategies for what is and what needs to be in terms of performance. With emerging skills in growing demand and short supply, and with modern as-a-service business models and cloud technologies disrupting the way work gets done, organizations now more than ever need to carefully determine when to lean on outside expertise or technology to build capability internally.

To illustrate, instead of custom designing, building, implementing, and maintaining a technology or software solution (which comes with high cost and risk), many of our clients are looking to establish strategic, technology-based partnerships outside their four walls. Similarly, companies are choosing to partner with organizations offering leading-edge insights and analytics in a more scalable and cost-effective way (as opposed to hiring full-time analytics employees).

This same line of thinking can be “extended” to application management, business process enablement, advisory, research and sensing, change management, strategic communications, learning and career mobility, and actuarial and insurance solutions as well. ‘Extending’ into the ecosystem for tools, insight, networks, and services can help organizations adapt and innovate in a greater capacity than they could on their own.

As mentioned at the beginning, the Sense-Lead-Extend approach is self-perpetuating, and we see this best in the Extend pillar. Organizations that are always listening (Sense) understand market demands and look proactively for opportunities to Extend. Companies that invest in transformational leadership and new enterprise capabilities (Lead) are empowered to innovate within and outside their four walls to sustain organizational performance.

**Ask yourself:**

- Where do I need to make a change or try something new but am constrained by my organization’s resources?
- What long-term value am I unable to capture based on my current technology environment?
- How can I restructure my organization and operating model to maximize resources inside and outside my four walls?
The possibilities: sustaining means evolving

To achieve sustained organizational performance, we challenge you to shift your mindset from maintaining outcomes to evolving capabilities in the face of constant disruption. For many organizations this will create a dramatic shift in their investment approach and portfolios to represent investment in tomorrow’s opportunities versus yesterday’s issues. Sensing, leading, and extending are not tactics to get to greener grass—they are the backbone of future leading organizations.

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