

# **People: The Key to Sustaining Success**

**by**

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People can make a far greater impact on business than any other asset. As executives better understand the principles of success, we see a greater priority on Human Capital management. For a sports team to win individuals must support and believe in each other. Business is a competitive game played by people wanting to win as a team. GoalSharing gives preference to business performance by sharing improvement goals and the rewards of achievement. GoalSharing becomes an integrated process that enables employees to achieve competitive togetherness.

Pulling together for business performance requires coordination of individual efforts. When leadership establishes clear goals, performance scorecards and rewards improvements, they empower people to make the organization successful. This process provides the roadmap for business teamwork. If employees have the same strategic measures and priorities with effective communications then collaboration happens. This competitive togetherness process becomes a key for business leadership.

Corning Inc. developed GoalSharing two decades ago and expanded its application worldwide as business grew internationally. GoalSharing evolved from the roots of the total quality initiative and became the process for truly linking pay and performance. Competitive togetherness became the infrastructure for synergistic work. Pay for performance programs evolved over several years, as did GoalSharing, and now engages employees throughout the world in achieving improved results.

Continuous Improvement, a key element of the GoalSharing process, strengthens business performance. The purpose of continuous improvement is to create and sustain market leadership. One needs to progress at a rate that is better and faster than the competition. Currently Corning is the leader in all five of their business segments. Competitive togetherness is working well for business leadership.

Developing leadership in the organization, not just at the executive level, is essential to achieve desired growth and performance. This process creates opportunities for natural leaders to find ways to improve business practices that are aligned with strategic metrics. Having the same scorecard, incentive plans, and performance communications puts the business unit on course for

shared leadership. GoalSharing is a worldwide performance framework for business teamwork and competitive togetherness.

**Being the market leader doesn't just happen, it is created.**

Empowering and rewarding the brainpower and teamwork of the workforce achieves great results. GoalSharing was developed over time. It began in 1989 with a pilot program at one location to test the concepts and learn from the process. Over the first few years the experience developed several parameters that focused businesses on collaboration, continuous improvement, and goal achievement. The principles that continue to drive the effectiveness of this process and the business units are these:

1. **Strategic Goals.** A strategic scorecard is created for each business unit which is aligned with their business group and customers and provides focus on long term success. The scorecard defines business success and the combination of measures creates the roadmap. Having everyone working together on key goals makes business success more likely, and each person can see how their work will make a meaningful impact for the whole group.
2. **Fair, Stretch Goals.** This is part of the planning process and is very important. The mature business unit with an aging product line has improvement goals substantially different than the new technology growth business unit. It is important to set goals that are realistic and relevant to the business unit, and define how they can beat their "personal best." Every business unit has a reasonable chance of success at the 100% of the target and some may achieve 200% of targets. If the process works to make the goals fair, then the workforce will more likely believe they are being treated fairly and are challenged to do what is needed to succeed.
3. **Business unit, line of sight measures.** The employees closest to the business know the business best. They plan their key business goals, how to work together for better performance, and tracking progress. Every business unit sets its own plans, priorities and goals, and related units share best practices. There is healthy competition but no "zero sum game" – everyone can achieve superior results. The business unit creates excellent line of sight between the work of the individual and the corporation's strategic goals.
4. **Communications.** This is key to effective collaboration. When everyone knows how things are going in factual, timely, objective ways, and what they need to do to improve performance, the knowledge will translate to

improved business effectiveness. Normally the performance tracking is updated and communicated to all business unit members monthly, and some do it more often depending on their business cycles. The game is won during the game, and information is essential to action.

5. **Continuous Improvement.** As stated earlier, this is a simple concept but very important from a business perspective. Every scorecard is designed with continuous improvement as a ground rule. The payout begins when performance is better than the last year. The better the performance the better the reward. Continuous improvement has been working effectively for over 20 years with this scorecard approach.
6. **Rewarding business performance results.** Everyone in a business unit receives the same percent bonus based on the performance of the unit. If they work together, they will be rewarded together. This reinforces collaboration as well as personal initiative to help the team succeed. Employees enjoy performing well and usually are focused on individual performance recognized by management. The GoalSharing reward incentive creates an opportunity to inspire employees to understand the business and how they need to collaborate with their fellow employees to improve business performance together. Common rewards encourage winning teams not dysfunctional silos. Results are achieved through a combination of corporate, business unit, team and individual performance.
7. **Consistent Scorecard Methodology.** Every business unit uses the same framework for setting, tracking performance and keeping score. Each business established the weighting for their goals according to importance and sets the targets for expected results (100%) and above and beyond results (200%). The performance scorecard is an integrating mechanism that is simple to understand and adapt to every business unit. As the year progresses results are reported and communicated so everyone knows where they stand.
8. **Annual Review and Reward process.** Every year each GoalSharing unit has their plan reviewed and approved. If the plan does not meet the criteria for approval then there is no reward available for the new year. Consequently, all groups have effective plans and sandbagging is minimized. GoalSharing has been in place in good and bad times and there has always been a payout every year. On average, the payout has been a little better than target, i.e. the midpoint of the reward range. Measures and communication continue to evolve and improve.

GoalSharing has been a critical ingredient to creating collaborative culture for over twenty years. It has withstood countless business cycles, and is employed in corporations that place particular emphasis on building teamwork to achieve superior business results. Corning survived the very difficult optical fiber meltdown and other downturns like the financial crisis. Currently Corning is strong financially with no net debt. Collaboration can be very effective and contribute to business success. GoalSharing has become embedded into their way of managing the business. It didn't start there, but it has become an essential element of their success.

Collaboration with inspiration can enhance business performance year after year. People, their talents and how they use their talents, are the key to long-term success. When leadership believes in the potential of the workforce to achieve desired business performance, then it has a systematic way to share the success of these results (GoalSharing). The principles, knowledge and habits that are reinforced by the GoalSharing process continues to enable Corning and other companies to sustain market leadership in a dynamic world.