

# Foreword

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Perhaps the most important question facing leaders today is this: How do you build an organization that performs flawlessly *and* evolves rapidly, one that delivers sterling results today *and* changes fast enough to be relevant tomorrow? There can be no either/or here. We live in a world that offers no refuge for mediocrity; a world in which competitors quickly and mercilessly exploit any operational weakness. We also live in an era of wrenching change: a world in which the future is less and less an extrapolation of the past. Thus what matters is not just an organization's competitive advantage at a point in time, but its evolutionary advantage over time. Trouble is, most of us know a lot more about how to build an organization that can execute in the short run than we do about how to build one that has the health and vitality to thrive over the long term.

In most industries, it's the newcomers that have been creating the lion's share of new market value and new wealth. As the barriers that used to protect incumbents from the forces of creative destruction crumble and fall, once-great companies increasingly find themselves on the defensive. Turns out a lot of companies weren't quite as invincible as they thought they were—and were overly dependent on customer ignorance, distribution monopolies, knowledge asymmetries, and other fast-disappearing sources of economic friction.

In this hyper-dynamic, hyper-competitive environment, every organization is either going forwards or going backwards—there's no standing still. Getting better is no longer enough; today, a company must be capable of getting *different*—of proactively challenging and changing the fundamental assumptions that underlie its business model. Problem is, the legacy management processes found in most organizations do little to serve the cause of proactive change.

Building organizations that are deeply adaptable, that are innovative at their core, and that are engaging, exciting places to work—building *healthy* organizations—requires some deep rethinking about how we put our

organizations together. In my book *The Future of Management*, I made the case for radical management innovation. Scott and Colin have now pushed this thinking further. In their incisive and thorough work, they set out to close the gap in our knowledge about building an organization that can perform in the short term *and* thrive in the long term. Combined, they have nearly four decades of professional experience helping organizations transform themselves in pursuit of better performance and health. They have worked with organizations of all kinds—public and private, large and small—across the globe. In writing this book, they have drawn on their experience, on that of dozens of colleagues from McKinsey, and on wide-ranging research.

The result, *Beyond Performance*, is far more than a guide to leading a successful change program. It's a manifesto for a new way of thinking about organizations. Scott and Colin identify the essential components of long-term organizational health and then go on to lay out a clear plan, which, if followed, will help any organization become more vigorous and dynamic—become, fundamentally, pro-change. As the authors point out, organizational success has never been more fragile. But in *Beyond Performance* you will find a wealth of ideas that can help you lower the odds that your organization ends up marooned by the rapidly shifting tides of change.

The strengths of this book are many. The conclusions contained herein aren't hunches; they're deep empirical truths. Scott and Colin *know* what makes a healthy company. First, they have the data to prove links between specific organizational capabilities and high performance. They've drawn on a unique database of survey results from hundreds of thousands of executives who've reported how they work. The survey has been developed over 10 years and is unprecedented in its scope and revolutionary in its conclusions. The answers to the survey, combined with data regarding each company's performance over time, have enabled Scott, Colin, and their colleagues to figure out which combinations of management practices enable organizations to excel over the long term.

Second, Scott and Colin's insights have been forged in the crucible of real-world practice. There are dozens of illuminating anecdotes that give shape and heft to the book's underlying conceptual framework. One of my favorites: how to use a "story-telling cascade" to build a shared and compelling narrative about the need for change. The authors go beyond conventional wisdom to offer new insights and practical prescriptions for creating and delivering a change story, such as tapping into "five levels of meaning"—from the intimately personal to the broadly societal—and letting

employees “write their own lottery ticket” to create a sense of shared ownership for bringing the story to life in their areas of influence (see Chapter 3 for more details). It’s this ability to build on established practices and take them to the next level of effectiveness that sets *Beyond Performance* firmly in the tradition of management classics such as *In Search of Excellence* and *Built to Last*.

Third, the most important insights from recent scholarship on organizational change and renewal are woven into the fabric of this book. Colin, like me, has a parallel life as an academic, and is steeped in theory as much as practice. Scott has long been a management innovator, drawing on the latest research from disciplines as far afield as chaos theory and cognitive psychology to develop new tools and techniques that enable leaders to make change happen at scale in their organizations. With the support of many colleagues, they have sifted through more than 900 books and articles in the writing of *Beyond Performance*—so you don’t have to. The scholarly work that will be most helpful to you is already here, in an accessible and digestible form.

And finally, while the arguments laid out in this book are clear and concise, they are never simplistic. Changing things at scale is never easy: the endeavor is always complex, perilous, and gut-wrenching. The authors know this. In the time I’ve spent with them—be it facilitating large group discussions in Amsterdam, conducting interviews together in London, or debating the state of management across the kitchen table at my home in California—they have always struck me as experienced, battle-tested change masters. That’s why you won’t find any silver bullets in this book. What you *will* find are ways to deal forthrightly and creatively with the challenges of overcoming stasis and embracing change. Scott and Colin deliver game-changing anecdotes, academic rigor, empirical research, hard facts, and novel and creative ideas on what makes a company evolve and prosper long term.

In their roles as leaders of McKinsey & Company’s Organization Practice, Scott and Colin are also deeply involved in the work of the Management Innovation eXchange ([www.managementexchange.com](http://www.managementexchange.com)). The MIX is the world’s first open-innovation platform designed to spur fresh approaches to management. So if this book sparks a new thought in your mind about how to build a company that is truly fit for the future, take a moment and share your idea with the MIX community—and help build on the great foundation that Scott and Colin have laid.

I have long believed that as human beings we are limited not by our resources but by our aspirations. The authors of *Beyond Performance* share

this belief. They know that at the heart of every successful transformation effort lies a stretching and soul-stirring sense of purpose. If your purpose is to build an organization that is truly fit for the future, I urge you to turn the page and get started.

Gary Hamel  
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***Gary Hamel*** was recently acclaimed by the Wall Street Journal as the world's most influential business thinker. He is the author of the bestselling management books *Leading the Revolution*, *Competing for the Future*, and *The Future of Management*, and has contributed to many leading publications, including the Wall Street Journal, Fortune, and the Financial Times. He is a fellow of the World Economic Forum and visiting professor of strategic and international management at London Business School.