



CHAPTER

1

Introducing the 4-Ps Model for Strategic Transformation



Some people dream of success . . . while others wake up and work hard at it.

—Anonymous

When I became an organizational development consultant, I had years of experience as an emergency physician under my belt. I used this knowledge to develop a strategy for diagnosing and treating “poor health” in underperforming organizations—a strategy that was modeled after what I had used to diagnose and treat sick individuals. I also knew that my emergency room’s “illness”—and subsequent closure, due partially to the stress of four natural disasters hitting in a single year—had knocked my own health off balance. As I mentioned in the introduction, I developed a model to diagnose and treat problems in unhealthy organizations,





14 Introducing the 4-Ps Model for Strategic Transformation

which I call the 4 Ps of Strategic Transformation: Purpose, Passion, Planning, and People (the 4-Ps model).

Since physicians are trained to begin a patient assessment by evaluating physical symptoms, it was easiest for me to diagnose “illness” in an organization from outside-in. However, I knew I had to dig deeper to find the root cause of the presenting problems. I also came to realize—as both a physician and as an organizational consultant—that any treatment or return to organizational health and prosperity needs to incorporate all 4 Ps, and take place from inside out.

As a headhunter, I began each executive search by conducting an organizational assessment. I felt that this helped me to better ascertain the duties and responsibilities of a successful candidate, and also to understand what the organizational culture was like. I found the 4 Ps, analogous to the four aspects of personal health, in every organization. Sometimes they were functioning well, but at other times at least one of them was causing problems—either localized in a specific work area, or having spread like a virus to various parts of the organization.



Defining the 4 Ps of Organizational Transformation

So how do we break down the four aspects of an organization that are analogous to the four components of personal health and well-being? The *physical* element obviously includes a company’s bricks and mortar, equipment, finances, and reserves. But the most important physical aspect is the *People*, or an organization’s human capital: employees, management personnel, administrative leaders, and members of the board of directors. An organization can have a great concept, an impressive implementation strategy, and money in the bank, but if it has the wrong people on board—or the right people in the wrong positions—it will not flourish and maximize its success.





The *mental* part of an organization is its *Planning*, which includes its visioning process, strategic planning with the setting of goals and objectives, and the intellectual capital that comes from the thought processes or creative energies of those who work there. Is creativity allowed to thrive? Do the organization's leaders encourage out-of-the-box thinking? Or is there too much red tape, too many policies and procedures, for new ideas and processes to surface and take hold?

The *emotional* aspect of an organization involves interpersonal relationships, and is reflected in whether or not employees feel *Passion* for their work. The way that leaders communicate throughout the organization greatly influences its culture—and the positive or negative energy associated with it. For example, problems like poor communication or power struggles can cause a great deal of anger to build up within an organization. Simple, seemingly harmless snafus—such as leaving a voice mail for someone who only checks his or her e-mail—can build tension and lead to a perceived lack of communication between two people who need to work well together. Frequently, such scenarios also cause fiefdoms to develop. These are situations in which people who feel disempowered and misinformed band together. In some cases, fiefdoms compete so intensely with one another that all communication breaks down and organizational esprit de corps is destroyed.

The *spirit* of an organization resides in its core *Purpose*, or mission—that is, why it does what it does. What business is it in? Purpose also implies service to others. Does the organization truly serve its customer's needs? For example, I know that I am in the teaching business, and specifically the physician leadership-development business. I know that national healthcare reform has prompted a huge need for effective physician leadership that focuses on improving the quality of healthcare and patient satisfaction, while reducing cost. So my business of educating doctors to be effective leaders is definitely in sync with the marketplace—and steadily growing.





16 Introducing the 4-Ps Model for Strategic Transformation

Spirit also includes a firm's values and organizational integrity as well as its service to others. When the company can clearly state these elements—and practice them from top to bottom—its spirit will be in good working order. But unfortunately, many organizations lose sight of their mission somewhere along the way. Many fail to keep up with a changing marketplace and don't realize that their long-standing mission may no longer serve their customers' needs. Or, as in the case of the demise of major Wall Street institutions such as Lehman Brothers and Bear Stearns, a complete lack of organizational integrity brought about institutional demise.

Organizational integrity is undermined when a leader's actions do not match his or her words. For example, a hospital CEO might present certain quality and performance figures to the hospital board, but share different or watered-down information with the medical staff. This lack of transparency can result in a breakdown of integrity. It's essential in order for an organization to prosper to get back in touch with purpose and reestablish organizational integrity.

Each of the 4 Ps must be functioning well in order for an organization to maximize success. The most successful organizations establish a mission that is in sync with its customer base (Purpose); can overcome emotional barriers to creativity and growth (Passion); have a clear vision and strategic plan for the future (Planning); and have healthy human capital and plentiful financial reserves in work environments that foster productivity (People).

A fifth P, Perseverance—to which we alluded in the introduction—is crucial for maintaining long-lasting success. Organizations need to develop an ongoing process of renewal that enables them to achieve optimal success on a long-term basis. Without the element of perseverance, success may be only a flash in the pan, fading quickly due to a lack of sustained focus and commitment to achieving the corporate vision, goals, and objectives. I have come to realize in working with my clients that organizations must consider Perseverance at the end of any assessment of organizational health that uses the 4-Ps model.



Building a Dynamic Organization

I have conducted a variety of workshops and strategic planning retreats over the past decade with the title, “Building a Dynamic Organization.” These programs have proved to be quite popular; problems of organizational stagnation and lack of productivity are apparently quite common, no matter what industry or company size. I use the 4-*Ps* model at these programs to help organizations assess and determine exactly what is not working. I then guide them to make strategic changes by aligning the 4 *Ps* for maximal success.

I found after leading several of these sessions that not only can the 4 *Ps* be used to guide the organization as a whole, but company members can also apply them to divisions, to work teams, and even individual committees. It’s vital that all of these subdivisions understand how the 4 *Ps* apply to their:

1. **Purpose:** Why do they exist? What is their mission within the company?
2. **Passion:** Are team members or committee members really *passionate* about what they do?
3. **Planning:** Do they have a planning process with goals and objectives for their group that meshes with the organization’s overall strategic plan?
4. **People:** Are the right people on the team—and in the right positions?

They must also consider their capacity to **Persevere:** Does their culture engender an ongoing renewal process to maintain lasting success?

Diagnosing Organizations from Outside-In

My unique perspective as a physician also led me to see that companies can diagnose organizational health and well-being in a



18 Introducing the 4-Ps Model for Strategic Transformation

similar way to individual health: from outside-in, beginning with the presenting problem. Science and technology can help in this assessment as they can with personal health—but only up to a point. The overall assessment will be limited unless you go beyond what technology can offer and use other techniques to determine what’s ailing your organization.

As in medicine, it is important to look beyond what we call your organization’s chief complaint such as a decline in sales or membership, a loss in revenue for other reasons, or high staff turnover. While you may not refer to this issue as the chief complaint, you will recognize it as the presenting problem—one to which you must pay attention to restore health and profitability to your organization. It could be that sales are dropping off, or you are using reserves to cover operating losses, or staff morale is poor, or equipment outdated, or your recent advocacy or marketing campaign was not effective. Whatever the problem is, there may well be other factors that need to be considered before you can lead your organization to peak performance.

Many diagnostic tools are available to assess organizations including (but not limited to) financial audits, management assessments, 360-degree employee evaluations, personality testing such as the Myers-Briggs, equipment inventories, and Lean/Six Sigma performance improvement processes. However, while they are no doubt valuable to some degree, each of these methods is limited in scope and tends to focus on an organization’s physical aspects (i.e., finances, equipment, and human capital).

A true assessment of an organization’s well-being must look deeper and also include a review of its mission, purpose, core values, culture, methods of communication, vision, and strategic plan—in other words, all 4 Ps. It must also consider the organization’s capacity to persevere in the long run. Each element requires that you listen carefully and gather input from many stakeholders, which can become time-consuming. Although this kind of an in-depth assessment might seem like a luxury in a competitive marketplace, it is vital for organizational success.



Looking Within an Organization

I did a lot of organizational development consulting for the American Medical Association (AMA) during my headhunting days. This once highly-revered—and, in fact, feared because of its political clout—organization was a “must-join” for almost all physicians in the United States. In fact, in the 1950s approximately 75 percent of physicians in the United States belonged to the AMA.¹ However, over time, the AMA has stagnated, losing members year after year, and replacing dwindling dues with nondues revenue, even selling real estate holdings in order to stay afloat. In spite of launching new membership campaigns and developing new products that the association’s business managers had predicted physicians would buy, membership has continued to drop, even to this day. An AMA long-range planning document presented at the AMA’s 2011 Annual Meeting reveals that by December 2010 only about 15 percent of practicing U.S. physicians were AMA members.²

The AMA’s declining membership is multifactorial, and while many organizations have lost members in recent years due to generational change and technology, it hasn’t been to the degree that the AMA has experienced. We can use the 4-Ps model to determine where the AMA may have lost its way—at least as far as its membership is concerned—in an attempt to better understand and diagnose the group’s difficulties. The chief complaint, or presenting problem, seems to be membership decline, which is a people problem. In the simplest of terms, doctors are not joining the AMA, and former members are not renewing their memberships. They clearly do not see any value in remaining members. It must be remembered, of course, that back in its heyday the AMA was the only medical/political organization, but now there are more than 100 medical societies representing various physician interests.

The AMA lists national strategic planning issues on its website that include items like “cost of healthcare,” “quality of care,” “access and workforce issues,” “next generation physician payment,” and “prevention and wellness.” Something’s obviously missing here, as there does not seem to be any focus on increasing membership.

20 Introducing the 4-Ps Model for Strategic Transformation

I have worked for over 25 associations, and have found that in most cases people join organizations because of *people*, not because of issues. The AMA's de facto strategic plan focuses on increasing non-dues revenue, a strategy that has proven to be quite successful for 11 years in a row while membership has declined.

The passion physicians feel for the AMA actually has both positive and negative repercussions; the AMA frequently takes on controversial political issues that can be divisive, even within the physician community. Having a divided, though, passionate membership like this makes it difficult to rally positive forces that would enable the organization to grow and prosper. The 12,000 physicians who terminated their AMA membership in 2010 were passionate about opposing the Affordable Care Act (i.e., "Obamacare"), which the AMA supported. So negative passion can be very destructive.

We must also consider purpose. What business is the AMA in? Is it truly serving current and potential members' needs? Is it staying true to its core purpose over time? Does it need to alter that core purpose due to a changing environment?

And finally, after assessing the 4 Ps of organizational health, we must evaluate the AMA's ability to persevere in spite of challenging roadblocks that limit the organization's success.

The 4 Ps for Organizational Transformation

We can apply the 4 Ps to the AMA example to show how such an organization can be transformed to new levels of success and prosperity. Though all 4 Ps might need attention in this case, it is best to begin the transformation from inside out and first evaluate the organization's Purpose. The following mission statement appears on the AMA's website and indicates its core purpose:

"to promote the art and science of medicine and the betterment of public health."

This mission—at least, in part—dates back to 1847, when the AMA was founded. However, it has (not surprisingly) lost some



of its impact over time and been replaced by the AMA's de facto mission of advocacy work in Washington, lobbying legislators for better reimbursement for physicians and myriad other issues.

It occurred to me that since doctors are in the profession of health and healing, physicians who are AMA members, former members, and nonmembers might relate better to a mission statement that includes elements that mention health, healing, and success. After reviewing the recent AMA Annual Report, I determined that its purpose has become more focused on finding new sources of nondues revenue rather than helping doctors succeed in the ever-changing healthcare arena. If the AMA's true mission were more in sync with the needs of its potential members—as is the case with specialty medical societies that provide continuing education—it would increase membership and be able to build a more successful organization that would continue to grow its membership.

If there is no unifying purpose, then perhaps the AMA needs to evaluate what business it needs to be in. Should it remain a membership organization or become an organization of organizations (i.e., an umbrella for all of the state and specialty medical societies)? Perhaps it should develop a medical/political coordinating council of medical societies in order to become more meaningful to all physicians.

When an organization's purpose is not in sync with its prospective members' needs, no membership drive will be effective. You probably want to ask yourself if you are looking for more members or customers: Is our mission up-to-date? Is it relevant, considering current market conditions? Would it *really* attract new members or customers? If sales are down in spite of a great sales force and a great sales strategy, there may be a problem with your organization's purpose. So figure out if there's a real need for what you are trying to sell—and whether your purpose and mission are aligned with your market. There may be misalignment if the marketplace is changing.

Resolving its passion issues will always be one of the AMA's greatest challenges, since by their very natures, doctors are healers





22 Introducing the 4-Ps Model for Strategic Transformation

rather than fighters. Had their innate personalities been more combative, they may have chosen to go to law school instead of medical school. Yet the AMA seems to attract the most argumentative type of physicians—those who like the challenge of policy debates. At one point, the AMA even hired a former USAF fighter pilot as its CEO, a physician warrior who ended up attacking the AMA with a major lawsuit as he left the organization after only three years.

Planning at the AMA should ideally incorporate an overarching vision that includes all physicians, no matter what their specialty, mode of practice, or policy perspective. The AMA's vision, as touted on its website, includes the aim "To be an essential part of the professional life of every physician." This is a great vision, indeed. Yet year after year, the AMA hasn't seemed to be able to develop a strategy to make this vision a reality. They can't seem to retain current members, or get new ones to join, so they have not become an essential element in physicians' professional lives.

The People aspect of the AMA has had its fair share of issues as well. Besides the type of physicians it attracts, the AMA appeared to be—in my experience, at least—one of the most internally siloed organizations with which I have ever worked. Any inter-silo communication between competent professionals was limited at best—and stymied by processes at worst. For example, I was tasked with designing a brochure for a joint program I was conducting for the AMA and the California Medical Association (CMA). I therefore needed both association logos for the brochure cover. While the CMA staff emailed me their logo within 30 minutes of my request, the AMA took three weeks to send theirs, telling me at one point that their legal department had to give its OK for the use of the color and the font in its logo. This high degree of red tape only blocks such an organization's flow of productive innovation and out-of-the-box thinking. Even when you have talented people who are trying to do an excellent job, it will be difficult for the organization to maximize its success.

The AMA example demonstrates how important it is to look beyond the chief complaint or the presenting problem and see what's



truly lurking under the surface. In order to transform an organization such as the AMA, you must assess all 4 Ps and treat the ones that need it. It's best to conduct this kind of diagnosis from outside-in, beginning with the obvious problem such as declining membership. However, transformation needs to come from inside out in order to ensure that the right people sufficiently address any underlying problems to prevent relapses. This inside-out approach begins in the AMA example by reevaluating the mission to clarify what business they are in and whom they are serving, then developing positive passion throughout the organization that will lead to the development of a compelling vision and planning process. The AMA must also put the right people in the right positions to execute the plan, breaking down silos that have been barriers to change. And finally, they must critically evaluate the organization's ability to persevere, even in the most challenging times.

The Success of Apple

Apple provides a timely example of how all 4 Ps in an organization can work cohesively to create a hugely successful company. The company is perhaps best known for its visionary CEO, Steve Jobs—whose passing on October 5, 2011 was mourned by millions around the world. Deemed “The Inventor of the Future” by *Time Magazine*,³ Jobs led Apple to huge financial success, leading it to become the world's most valuable company in August 2011 (valued at \$337 billion).⁴ Most importantly, Apple is also known for providing truly visionary products to its customers, selling millions of Macs, iPods, iPhones, and iPads around the globe.

We can assess the 4 Ps at Apple by first reviewing its Purpose. The following mission statement is posted on Apple's Investor Relations FAQ page:

Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork, and professional software. Apple leads the digital music revolution with its iPods and iTunes online store.

24 Introducing the 4-Ps Model for Strategic Transformation

Apple reinvented the mobile phone with its revolutionary iPhone and App Store, and has recently introduced its magical iPad which is defining the future of mobile media and computing devices.

This statement could be summarized to say that Apple's purpose is to design innovative products that revolutionize personal communications and transform industries through cutting-edge technology. It's clear to anyone that Apple has stayed true to its stated purpose as its success has exponentially grown.

The Passion that Apple employees and customers feel for its revolutionary products is palpable. Just walk into any Apple Store the next time you pass by, and you'll immediately sense the positive energy from staff members and visitors alike.

Jobs' visionary leadership has clearly prompted Apple to become a company filled with out-of-the box ideas and creative solutions. But in addition to vision, careful Planning had to be in place in order to execute that vision successfully on a global scale time and time again.

Apple employs incredibly bright and talented individuals who have also been inspired by Jobs' leadership to give their best efforts to the company. In fact, Jobs' product launches have had an almost cult-like atmosphere about them. One of the most remarkable forces behind Apple's success is its ability to design products that people want and are easy to use. The company's focus on People has therefore been critical to its success.

The 5th P, Perseverance, is the final element that helps guarantee lasting success. Apple has had its ups and downs, but has triumphed over time because of the presence of all 4 Ps *and* Perseverance.

The question of what will happen to Apple after Jobs' passing remains on many people's minds. Will the brand continue to be visionary, anticipating changes in the market before they occur? Will the creative spirit still thrive within the company? Will the people within the company, as well as its customers, remain inspired and passionate about their work and future Apple products?

Diagnosing and Treating

We will take a closer look at how Jobs' failing health impacted his company in Chapter 2, where we discuss health as a leadership trait. That chapter will also give you the opportunity to use the 4 Ps—Purpose, Passion, Planning, and People—to assess your own health and ability as a leader. While this isn't an in-depth health assessment, it should give you some clues about areas that might be out of balance.

Chapter 3 will invite you to complete an organizational assessment, again using the 4 Ps model. This diagnostic tool is meant to provide you with an overview of certain aspects of your organization's well-being that you may need to address. It is *not* meant to provide an in-depth analysis of all of your organization's woes. But it should, at the very least, indicate which areas are most problematic and need immediate attention.

Part Two of this book presents strategies for using each of the 4 Ps to transform your organization in order to have it thrive, even in difficult economic times. In Chapter 9, I'll discuss the 5th P, Perseverance, and the role of renewal in your organization. It's vital to remember that transformation starts from inside out, by objectively evaluating your organization's mission statement and core values. Are they still relevant for the current market? Do you need to update them—or perhaps throw them out altogether?

Once your organization's purpose and core values are clear, you have to treat its culture. You want to eliminate fiefdoms and remove any cultural or communication barriers that are causing emotional blocks before you can establish a compelling vision and strategic plan for your company. Again, if purpose has drifted and passion is lacking, it would be best to delay development of a new vision and strategic plan because the end result will be suboptimal. Remove the blocks first; then move on to create a great envisioned future.

Once you have aligned Purpose, Passion, and Planning within your organization, you will probably find that at least some People



26 Introducing the 4-Ps Model for Strategic Transformation

problems are far less problematic—and may have even disappeared. Any remaining problems will be much easier to address. You must then be sure that Perseverance is part of your corporate culture to assure long-lasting success.

Of course, you cannot transform your organization by yourself; you absolutely must include other key stakeholders in the process. At the end of Part Two, I outline a strategic transformation summit, which you can use as a template for a process to improve your leadership effectiveness and bring about organizational transformation, regardless of your organization's size. It will help you include key people in the 4-Ps diagnosis and treatment processes and the 5th-P process of ongoing renewal, so that your people maximize their contributions to your organization's overall success.

