

The organisational capability too few organisations manage deliberately

ENTERPRISE PERFORMANCE ESSAY #1

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Why even successful organisations may be overlooking opportunities for greater enterprise value

Organisations work hard to improve performance. They set strategies, translate them into targets and allocate budgets. They invest in functional capability, business improvement teams, transformation programmes, technology and change. Yet even successful organisations can achieve their outcomes with avoidable effort and cost or leave opportunities to create greater value unrealised—even when individual areas appear to be meeting their own responsibilities and measures.

Across years of diagnosing performance issues and redesigning operating models in large organisations, I have encountered this gap repeatedly. The problem is often not a lack of effort or expertise. It is that the organisation lacks a continuing way to examine how contributions across the enterprise combine to produce its overall outcomes, where value is lost, and what needs to change across those contributions and their interactions.

This essay proposes that this continuing work should be developed and sustained as an enduring organisational capability. It enables leaders and teams to investigate these conditions together, check whether changes improve enterprise outcomes, and carry what they learn into future decisions. Over time, this capability becomes part of how the organisation operates.

Enterprise Performance is an organisation's continuing ability to create value in fulfilment of its purpose by understanding and deliberately improving the lived system through which performance is produced.

What constitutes value depends on the organisation and its purpose: it may be experienced in outcomes for customers, patients, members or communities, in returns to shareholders, or in the combination of outcomes the organisation exists to create.

The underlying ideas are not new. Systems thinking, organisational learning, Lean enterprise, Baldrige, EFQM, operating model design and strategy management all offer important foundations. In my experience, these ideas are not consistently brought together around the reality of how an organisation works, so that understanding how enterprise outcomes are produced—and improving the conditions that shape them—becomes a continuing part of how the organisation is managed.

How performance is actually produced

Every organisation has an operating model: the intended arrangement of people, processes, decisions, measures and technology through which it seeks to deliver its strategy. The system of work is how those elements actually interact in practice.

That reality is shaped by how leaders set priorities and respond to problems, the relationships and trust between people, the incentives and cultural expectations that influence behaviour, and the experience and capabilities people bring to their work. It also includes workarounds, informal decisions, accumulated policies and competing priorities. These factors interact within a wider environment of commercial relationships, contractual obligations and external conditions that influence how work is undertaken and outcomes are produced.

It is through this system of work that customers are served, resources are consumed and value is created or lost. Improving enterprise performance therefore requires attention to how work actually happens, as well as to how it has been designed.

An organisation may, for example, have introduced a common performance management framework. Yet one manager uses clear measures to guide priorities, discuss progress and address problems, while another assigns competing targets or measures with unclear criteria that offer little practical direction. Both teams can report that performance management is in place, while the difference in its application remains unexamined.

The existence of a framework tells leaders what has been established. Understanding the system of work reveals how it is being used and whether it is serving its intended purpose. Similarly, performance measures show what happened, but do not necessarily explain how the result was produced, where value was lost or what needs to change.

The ownership gap

Most leadership teams would reasonably say that they share responsibility for enterprise outcomes. CEOs and COOs are accountable for bringing the enterprise together. **The gap is not necessarily in executive accountability, but in ownership of the continuing inquiry needed to support it.**

That inquiry requires time, access to evidence and permission to follow an issue beyond the area in which it first appears. It also requires continuity: someone must bring findings together, follow what changes and establish whether the enterprise has benefited.

Functional structures organise expertise, accountability and resources effectively. They also shape what receives attention: leaders are typically measured and resourced primarily in relation to their own responsibilities. Examining the combined consequences of their decisions requires time, evidence and coordination beyond what any one area is equipped or authorised to provide.

When an issue crosses these boundaries, each team may address its own part without anyone following the combined effect. Immediate pressures can be relieved while the conditions producing the issue remain unresolved. Without continuing ownership of the investigation, the organisation can lose both the opportunity to improve and the learning needed to prevent recurrence.

There is also a human difficulty. Examining how work happens can feel like questioning a leader's competence, challenging established decisions or assigning blame. Even leaders who support improvement may seek to narrow or redirect an inquiry when it appears to challenge their

decisions or reduce their control. Sponsorship alone does not remove this concern; the way the inquiry is conducted matters.

The more productive question is: **“How well is each part contributing to the performance of the whole, and what would enable it to contribute more?”** Leaders bring their knowledge to the investigation and retain responsibility for decisions and operational changes. Improvement is done with and through leaders, not to them.

Intentional ownership therefore means sustaining the inquiry and helping establish effective business ownership of the response. It gives executive leaders the evidence and continuity to act across boundaries without displacing functional accountability.

Why existing expertise is not always enough

Most organisations already contain substantial improvement expertise. Lean, process improvement, organisation design, technology, data, change, risk and functional specialists can all contribute valuable insight.

The difficulty is often that expertise is separated by mandate. Process teams begin with processes, technology teams with technology, transformation offices with approved initiatives, and functional teams with the boundaries they have been given. **These disciplines can take an enterprise perspective, but their organisational mandates do not always permit it.**

An enterprise performance problem rarely arrives neatly labelled. It may involve planning assumptions, measures, incentives, decision rights, capability, technology, resources and leadership behaviour at the same time. If the organisation begins with a preferred method or one function’s boundaries, it can improve a part without resolving the constraint affecting the whole.

The knowledge needed to improve the outcome frequently already exists, but is dispersed across frontline teams, functional specialists and leaders. What is often absent is a practical way to combine that knowledge around the outcomes the organisation is seeking.

The work of performing and the work of improving

The work of performing turns purpose and strategy into outcomes through plans, decisions and coordinated activity. Leaders attend to it every day through budgets, targets and reviews. It is the work in the enterprise.

The work of improving examines how those outcomes were produced and what could enable the organisation to create greater value. It is the work on the enterprise. These are two connected activities within the same system of work.

The connection matters: evidence from performing informs improvement, and what is learned changes future plans, decisions and ways of working. Reviewing results does not, by itself, establish that connection. Findings must lead to action, the effects must be checked, and the reasoning and lessons must remain available beyond the immediate investigation.

The case for an Enterprise Performance Practice

An Enterprise Performance Practice gives this continuing work an explicit mandate. Its purpose is to develop the organisation’s ability to understand and improve how it creates value across the enterprise, making that ability part of how leaders and teams work together.

The Practice begins with strategy and the outcomes the organisation is seeking. It combines performance evidence with the experience of leaders and frontline teams to understand how work actually happens. This wider picture helps leaders identify the conditions having the greatest effect on enterprise outcomes and prioritise what needs attention. The detailed approach to making the system of work visible is the subject of the next essay.

The Practice brings together the leaders and specialists needed to investigate what is affecting performance. It helps them agree priorities, actions and responsibilities, including decisions about resources and trade-offs. Through this work, participants learn to assess proposed changes against their effects on other areas and the enterprise as a whole.

Functional leaders continue to own decisions, actions and results. The Practice is accountable for keeping the investigation rigorous and following it through. It brings evidence and expertise together, checks the effects of changes across functions, and keeps the reasoning, results and lessons available for future decisions.

The Practice need not be involved in every investigation. Where leaders are already working effectively across boundaries, checking results and retaining learning, they can continue without its direct involvement. Where ownership is unclear, coordination is absent or problems repeatedly return, the Practice may lead the investigation and help leaders agree who will act. It stays engaged until the effects of changes are understood and responsibility for sustaining the improvement is clear.

For this reason, the Practice requires sponsorship close to the CEO or COO and permission to work across organisational boundaries. That backing enables leaders and teams to reconcile competing priorities and act on findings that no single function can resolve alone. Without it, the inquiry depends too heavily on individual influence and can be redirected when findings become uncomfortable.

An illustrative case of care continuity

Imagine a home-care organisation seeking to grow while providing suitable, reliable care through familiar carers. Most scheduled visits take place, and the matching team meets its response targets. Yet older people and their families report repeated changes of carer during the first weeks of service. The initial proposal is to expand the matching team or improve its software.

An Enterprise Performance Practice works with the service leader and teams responsible for intake, care planning, workforce, scheduling and technology. Drawing on the experiences of older people, their chosen supporters and frontline care workers, they examine how the organisation establishes and sustains suitable care. The inquiry reveals that requirements are sometimes clarified after matching has begun, recorded availability does not consistently represent capacity for recurring visits, and travel between appointments makes some arrangements difficult to sustain.

Each team has been responding within its responsibilities. The matching manager has filled visits but cannot independently change intake practices, workforce planning or the information used to assess availability. The Practice helps leaders connect these findings and agree priorities, actions and responsibilities.

They test changes in a small service area: clearer requirements before matching, confirmation of recurring availability, and a primary carer with an agreed backup, reflecting each person's

needs and preferences. Functions retain responsibility for their actions. The Practice follows the combined effects.

The first review reveals a trade-off. Fewer carer changes have been achieved, but some people wait longer for care to start. Leaders adjust the approach, preserving essential care requirements while discussing acceptable flexibility with each person. Where safe and suitable, an interim arrangement is agreed. They assess continuity alongside timely access, visit reliability and the effort required to coordinate care.

Over subsequent cycles, teams recognise dependencies earlier and adapt their own practices in response. Intake staff seek information that scheduling teams need; workforce planning considers recurring demand and travel; service leaders review the person's experience alongside operational measures.

An organisational capability supported by a practice

Establishing a Practice does not, by itself, establish the organisational capability. Initially, the Practice may need to lead much of the work directly. As leaders and teams investigate real performance issues together, they develop the judgement and discipline to examine wider effects and improve the work they own. Capability development begins through that practical work.

Its form should reflect the size and complexity of the organisation. A small central core may be sufficient if it has access to leaders, reliable evidence and the ability to mobilise expertise across the business. Its continuing contribution is to sustain the discipline, support difficult inquiries and help the organisation apply learning beyond the immediate issue.

The Practice must also be protected from drift. Becoming a project resource pool, reporting office, alternative strategy function or substitute for missing functional capacity would consume the attention needed for its enterprise purpose. A narrow cost-reduction mandate would similarly overlook other dimensions of value, including service, capacity, growth and resilience.

Leaders will know the capability is strengthening when they recognise dependencies earlier, resolve more issues across boundaries together and refer to previous learning when making decisions. Changes are checked against enterprise outcomes, and recurring problems become less frequent because the conditions producing them have been addressed.

The purpose of the Practice is to make the organisation increasingly capable of improving itself. Its success should be visible in how the business works, as well as in the value it creates.

An emerging risk and opportunity in the age of AI

AI increases both the importance and the potential of Enterprise Performance. It can automate activity, augment decisions and reveal patterns at great speed. It can also optimise individual tasks while weakening the wider system.

Improving a task or functional measure does not guarantee greater enterprise value. AI can accelerate poorly designed work, reinforce fragmented decisions, embed weak assumptions or move cost and risk elsewhere. It can also change how decisions are made, how people collaborate and exercise judgement, and how organisational capabilities develop. Understanding these effects across the system of work becomes increasingly important as AI is embedded in everyday activity.

At the same time, AI can strengthen the organisation's ability to see connections, analyse patterns and identify emerging constraints that were previously difficult to detect. This creates significant opportunity, provided technology is applied to a clear enterprise purpose rather than treated as an end in itself.

Functional leaders remain responsible for the business reason for using AI and the value expected. Technology, data and AI teams enable delivery and provide specialist oversight. The Practice examines how AI is actually being used across the system of work, including changes that emerge outside formal initiatives. Working with operational leaders and relevant specialists, it helps establish whether these changes address meaningful constraints, create new dependencies or risks, and ultimately strengthen enterprise performance.

AI can improve activity without increasing enterprise value.

A different question for executive leaders

For CEOs and COOs, the central question is not whether the organisation has enough improvement activity. It is whether the organisation can see how its performance is actually being produced and deliberately improve that system.

- Who can trace a material outcome through the decisions and dependencies that produced it?
- Who can work across boundaries without displacing functional accountability?
- Who checks whether the outcome has changed and ensures that the learning remains available to the organisation?

When organisations manage both the work in the enterprise and the work on the enterprise, improvement becomes part of how they fulfil their purpose and increase the value they can create.

Recognising the need is the beginning. The next essay examines what organisations may be overlooking about how performance is produced, and why making those conditions visible can reveal opportunities for greater enterprise value.

ABOUT THE AUTHOR

Melanie Lisboa is an enterprise performance executive whose work focuses on how strategy, operating models, leadership, capability and execution combine to create value. Through Valde Enterprise Performance, she helps organisations develop the enduring capability to understand and deliberately improve how enterprise value is created.

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RELATED THINKING

The Enterprise Performance perspective presented in this essay has developed through practical experience examining how organisations operate and improve. It has connections with established thinking in systems management, organisational excellence, Lean and dynamic capabilities. The following works provide relevant intellectual context.

- Donella H. Meadows (1999) – *Leverage Points: Places to Intervene in a System*.
- National Institute of Standards and Technology (NIST) (2026) – *Baldrige Excellence Framework* (2026 revision).
- James P. Womack and Daniel T. Jones (1996) – *Lean Thinking: Banish Waste and Create Wealth in Your Corporation*.
- David J. Teece, Gary Pisano and Amy Shuen (1997) – *Dynamic Capabilities and Strategic Management*.

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