



VEGA FACTOR

Sprouta\*

Solution Partner

# The Science of Performance

---

WRITTEN BY NEEL DOSHI AND LINDSAY MCGREGOR –  
CO-FOUNDERS VEGA FACTOR.

We're problem obsessed. And we're here to help you solve your toughest challenges. So, if you're grappling with a problem and open to external and unique perspectives, reach out to Sprouta to get started.

E: [leonie@sprouta.com](mailto:leonie@sprouta.com) E: [marcus@sprouta.com](mailto:marcus@sprouta.com)

- Competition has increased. Companies now have global markets, which means global competition.
- Technological change has sped up. Only companies that can embrace software and AI will survive.
- Skill gaps have increased. Companies now have to build their own talent from a global pool.
- Talent expectations have increased. People want jobs that are fulfilling and flexible.
- Collaboration needs have increased. Today's challenges are often multi-disciplinary.

Today, many organizations' performance cultures have not kept pace. Rather than manage growth, they manage compliance. An endless stream of memos and meetings is kept flowing with carefully calibrated carrots and sticks. If you want to get promoted to band seven, then make sure your QBR meeting goes well. If you want to get a distinctive performance rating, then your memo should flawlessly trigger no one. If you want the large bonus, then you should focus on moving the needle for the quarter, not thinking strategically for the long term.

The irony of these performance cultures is that they do not sustainably improve performance. And on some level, most business leaders know it. So what can we do?

To engineer anything - not just high-performing cultures - one must understand the underlying science. For the past 25 years, the teams at Factor and Vega studied this topic to develop a science of high-performing cultures. This science provides the blueprint for building high-performing organizations at any scale. To explain the science of performance, we must walk through three questions:

1. What is performance?
2. What drives performance?
3. What scales performance?

## 1 WHAT IS PERFORMANCE?

---

Have you ever called a customer support center and felt like they were reading a script? And have you ever felt frustrated by this experience, not only because they are not solving your problem, but also because they aren't even hearing you?

What you're seeing is a manifestation of one of the most important performance problems: there are two types of performance, not one.

The first type of performance is *tactical performance*. Tactical performance is about **convergence**. Are your people sticking to their plans, policies, and procedures? You can think of tactical performance as how well your people execute on processes that your org knows how to do well.

The second type of performance is *adaptive performance*. Adaptive performance is about **divergence**. Are your people deviating from their plans, policies, and procedures when the situation calls for it? Are they solving problems, experimenting, learning, and trying new things? You can think of adaptive performance as how well your people change course.

Because these two types of performance are opposites, it is very difficult to get both at the same time. But this must be the goal of a high-performing culture. Without tactical performance, it is very difficult to get the benefits of scale. Without adaptive performance, it is very difficult to grow.

In the customer service example above, that call center rep was put in a system that emphasized tactical performance at the expense of adaptive performance. Management implemented systems like strict procedures, scripts, pay for performance, call listening, and call time metrics. That call center rep is told that someone is listening to their calls, and if they deviate from their scripts, they will face a punishment. Of course this person will not be adaptive, even if the situation calls for it.

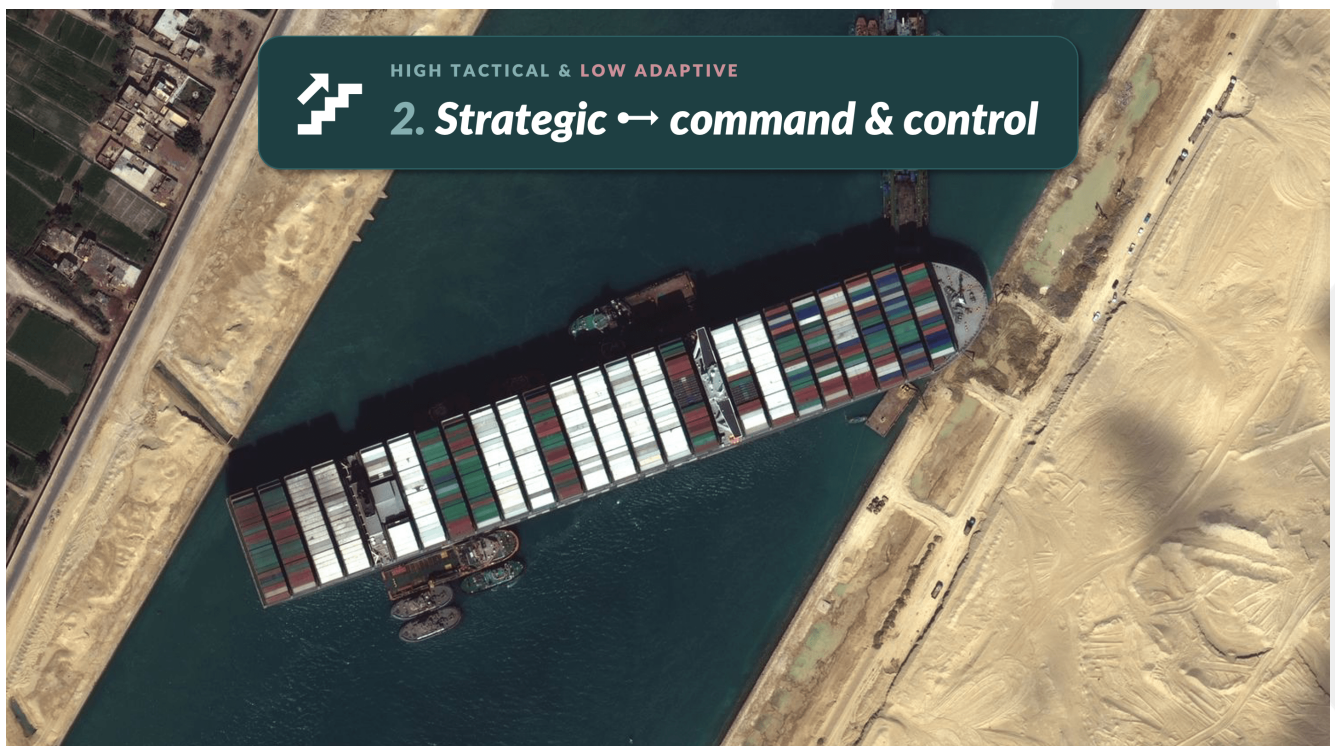
When tactical and adaptive performance are out of balance at the level of a whole organization, the entire company is at risk.



For example, imagine an organization that has neither high levels of tactical nor adaptive performance. These organizations tend to be reactive and chaotic. They are able to perform in fire drills, but without a crisis, very little happens.



Instead, imagine an organization that has high tactical performance, but low adaptive performance. These organizations can be efficient and can create a lot of momentum. However, like a giant ship, they can be difficult to turn when they need to.



On the other hand, imagine the opposite—an organization with low tactical but high adaptive performance. Every person and team in this organization is problem solving and adapting, but their



efforts are not aligned. These organizations tend to be fragmented, constantly going off in different directions.



Now, imagine an organization that is the best of all worlds, with high tactical *and* high adaptive performance. These organizations have the flexibility at every level to adapt, experiment, and innovate, but are also able to stay aligned to common standards and common strategy.



Of these four archetypes, which one best describes your organization?

1. Reactive --> Chaotic
2. Strategic --> Command-and-control
3. Problem Solving --> Fragmented
4. High-performing

High-performing "Type 4" organizations are obviously the ideal destination, but they are rare. How might we consistently engineer Type 4 orgs? That takes us to the next question...

## 2 WHAT DRIVES PERFORMANCE?

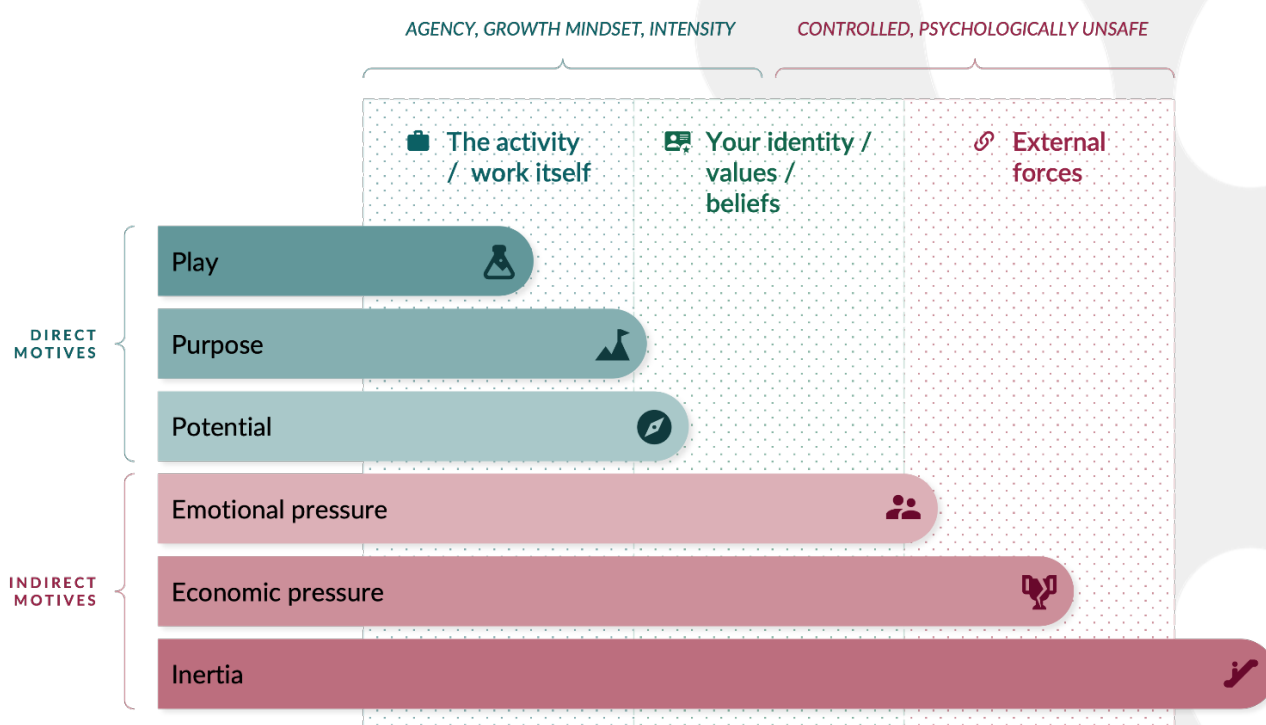
When you're doom-scrolling TikTok while binging on a pint of Ben & Jerry's Thick Mint ice cream, what is driving your behavior? Clearly, it's your motivation. This is obvious. What's not so obvious is that there are different types of motivation and not all types are equal.

To unpack the concept of motivation, we must start with a person's motive. The word "motive" has its roots in the Latin word "movere," which means to "to move." In Middle English, the word "motif" emerged, referring to a theme or musical phrase that moves or progresses a composition. Over time, "motif" expanded in meaning to a specific reason, intention, or driving force behind an individual's actions or decisions.

A person's motive can come from one of three places:

1. The action or activity being done
2. The person's identity, values, and beliefs
3. Everything else, e.g., the external forces separate from the activity and the person

All of human motivation comes from one or more of these three sources.





## 2.1 THE DIRECT MOTIVES

- **Play** - you do an activity simply because you enjoy it. Curiosity, novelty, learning, and experimentation are typical hallmarks of play.
- **Purpose** - you do an activity because you value the immediate outcome of it. Purpose isn't about big mission statements. Purpose is about feeling a sense of pride and accomplishment in the work you did right in the moment of doing it.
- **Potential** - you do an activity because you value an eventual outcome of it. This is where a team's mission or your own skill growth may come into the equation.

## 2.2 THE INDIRECT MOTIVES

- **Emotional pressure** - you do an activity to get the approval of others or avoid shame. For example, you make a deliverable to avoid looking incompetent to your boss.
- **Economic pressure** - you do an activity to gain a reward or avoid a punishment. In other words, you are doing something because you are being coerced into doing it. For example, a customer service rep might speed through a call in order to keep their handle time low enough to hit a bonus.
- **Inertia** - you do not know why you're doing something. You're going through the motions for no reason.

These motives have a profound effect on performance:

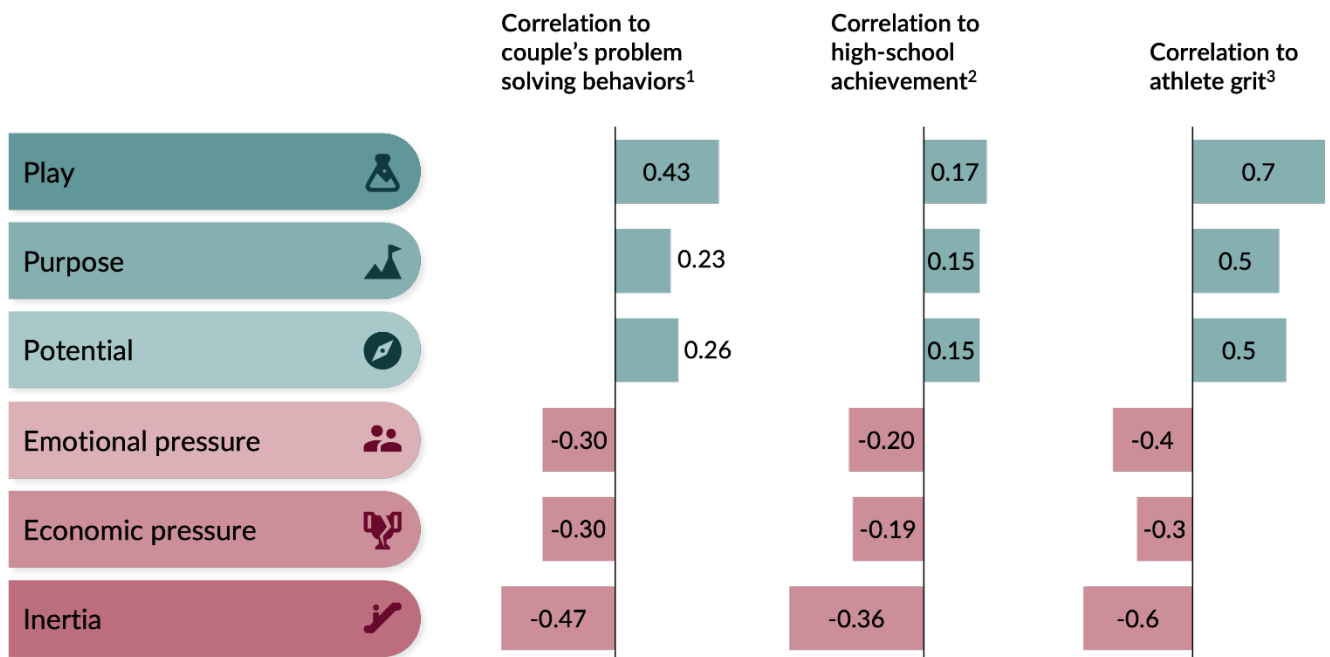
- Any motive can increase tactical performance.
- However, the direct motives increase adaptive performance, while the indirect motives destroy adaptive performance.

This applies in any domain. For example, think about a relationship you're in, like a spouse, friend, or significant other. Now ask yourself: why are you in that relationship? What's your motive? Imagine two people answering that question:

- The first person says **play** (we have fun together), **purpose** (I like making my partner happy), and **potential** (we're on the path of creating something important together).
- The second person says **emotional pressure** (I'd feel shame if I were to leave), **economic pressure** (I need my partners' income to survive), or **inertia** (I don't know why I'm with my partner).

Every relationship needs adaptive performance. When you inevitably run into a problem, you need to listen to each other, experiment, and compromise. Which of the two people is more likely to be adaptive when the situation calls for it? Of course, the first person.

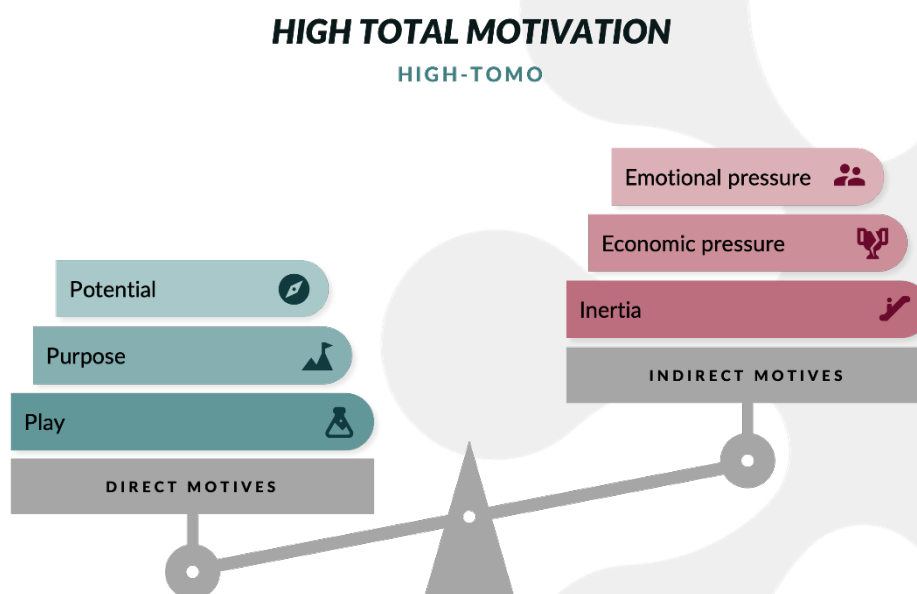
The research bears this out as well - not only in relationships, but in school and in sports as well.



1 Blais, Marc R., Stéphane Sabourin, Colette Boucher, and Robert J. Vallerand. "Toward a Motivational Model of Couple Happiness." *Journal of Personality and Social Psychology* 59 (1990): 1021-31.  
 2 Ratelle, Catherine F., Frédéric Guay, Robert J. Vallerand, Simon Larose, and Caroline Senécal. "Autonomous, Controlled, and Amotivated Types of Academic Motivation: A Person-Oriented Analysis." *Journal of Educational Psychology*, 2007.  
 3 Lonsdale, Chris, Ken Hodge, and Elaine Rose. "Athlete Burnout in Elite Sport: A Self-Determination Perspective." *Journal of Sports Sciences* 27 (2009): 785-95.

Whenever an action benefits from adaptive performance, the direct motives increase performance while the indirect ones destroy it.

This pattern is so consistent that we can simplify it one level further to a concept called "total motivation", or "tomo" for short. A team is highest-performing when it is high-tomo. The direct motives need to outweigh the indirect motives. When this happens, a team will balance its tactical and adaptive performance. It will experiment, continuously improve, and innovate.



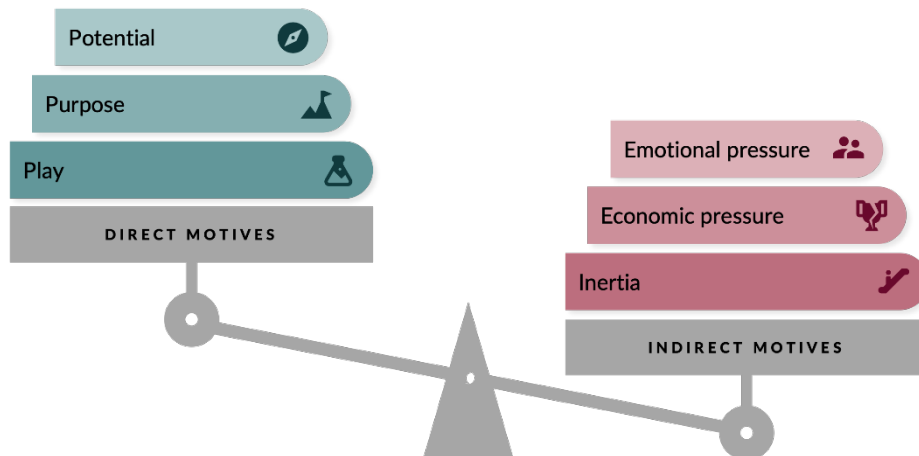
On the other hand, when a team is low-tomo, it will be lower performing. While it may complete its tasks or read its scripts, it won't ensure that the work is having impact or improving. Its people will



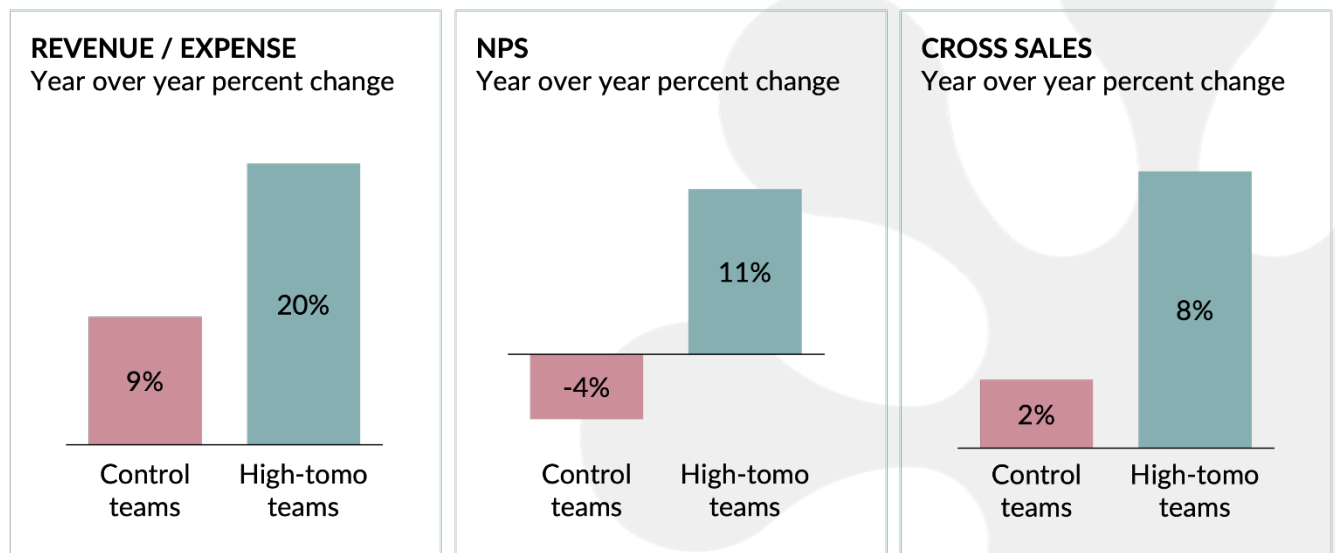
lose their growth mindset. Instead they will feel psychologically unsafe and stressed. That stress will take both a physical and mental toll. If tomo gets too low, this team will burn out and quit.

## LOW TOTAL MOTIVATION

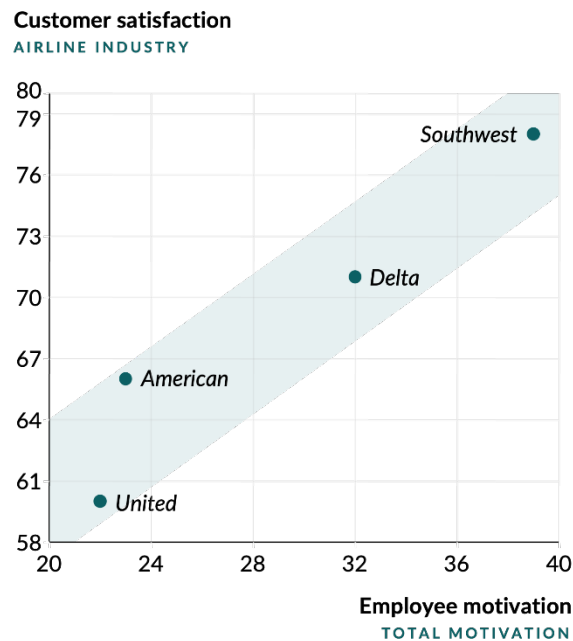
LOW-TOMO



In our research and work with organizations, you can see the incredible, causal relationship between tomo and performance. In this example, we implemented a pilot using the Factor platform to help the team manage their work in a more motivating way. Productivity, customer satisfaction, and cross-sales all increased significantly versus a control group.



In 2014, we measured the motivation levels of major companies in the US airline industry, outside-in. Again we found an incredibly tight relationship between employee tomo and outcomes the require adaptability, like customer satisfaction. You can see much more of this research in the bestseller, *Primed to Perform*.



Source: Customer satisfaction ratings from ACSI / University of Michigan.  
Motivation data captured outside-in through market research methodologies in 2015.

So if a motivating culture is critical for performance, what can a leader do? The good news is that the science of performance works. It is accurate and predictive, which means we can engineer high-performing organizations at even mega-scales.

That takes us to our last question...

### 3 WHAT SCALES PERFORMANCE?

A highly motivating culture is not a "set it and forget it" outcome. It has to be engineered and maintained.

Even Southwest Airlines is showing concerning signs of **deterioration of its culture**. According to the [Southwest Airlines Pilots Association](#), adaptability is decreasing as lower- and lower-tomo tactics are put into place.

So how does one "engineer" a motivating, high-performing organization? What are even the "parts" of that machine?

To understand the machine of a high-performing organization, start from a simpler example. Imagine we're building a company from scratch and have hired 20 people to get it going. Those

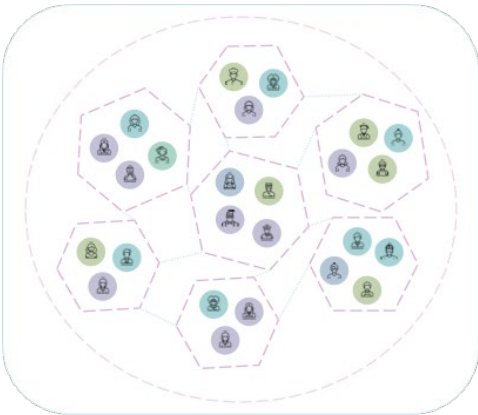
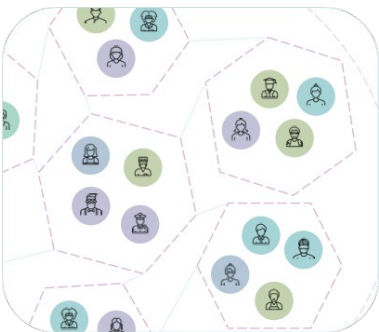



people show up to work one day and are just standing around in a conference room. We need them to take action. So we put certain systems in place:



- We give them tasks and processes to work within.
- We give each person a role description.
- We use feedback and metrics to run performance management.
- We run rhythms and cadences to drive work forward.
- We pay according to one method or another.
- We draft values for them to work by.
- And on and on.

This set of systems is commonly known as an organization's *operating model*. An operating model exists to drive action, and all human action is driven by motives. So whether we are aware of it or not, our operating model must drive motives in order to drive action. Therefore, an organization's operating model is a motive machine: it creates motives that direct action. In most organizations, the operating model is creating the wrong motives - emotional pressure, economic pressure, and inertia - and is thus creating suboptimal performance.

As you can see from our example, an operating model isn't just one thing; it is a system that is best understood like a layer cake, with different components operating at different altitudes of an organization:

OPERATING MODEL LAYER	LEVEL	WHAT DOES THIS LAYER PROVIDE?
<p>3.1 IDENTITY</p> 	Whole company	<ul style="list-style-type: none"> <li>Why the organization exists and what it stands for</li> <li>All the tradition, history, and values that help establish common behaviors when those behaviors would otherwise be difficult to do</li> </ul>
<p>3.2 STRUCTURE</p> 	Team-to-team	<ul style="list-style-type: none"> <li>Two parallel org structures: <ul style="list-style-type: none"> <li>Reporting lines (e.g., who is responsible for coaching and developing a colleague)</li> <li>The teams colleagues work in</li> </ul> </li> <li>Loose structures that make it easy for mission-centered, cross-functional teams (i.e., pods) to form or for colleagues to work in multiple pods at once</li> </ul>
<p>3.3 PERFORMANCE MANAGEMENT</p> 	Each team	<ul style="list-style-type: none"> <li>Holistic performance management that ensures continuous growth through: <ul style="list-style-type: none"> <li>Motivation</li> <li>Strategy</li> <li>Problem solving</li> <li>Process</li> <li>Skill</li> </ul> </li> </ul>



OPERATING MODEL LAYER	LEVEL	WHAT DOES THIS LAYER PROVIDE?
<b>3.4 LEADERSHIP SKILL</b> 	Person-to-person	<ul style="list-style-type: none"> <li>Driving teams (even without formal authority) through: <ul style="list-style-type: none"> <li>Motivation (i.e., intensity, not pressure)</li> <li>Problem solving</li> </ul> </li> </ul>
<b>3.5 TALENT SYSTEM</b> 	Each person	<ul style="list-style-type: none"> <li>Skill-based talent systems focused on ensuring that colleagues with the right skills are motivated to perform in the organization</li> <li>Elimination (or at least softening) of "hoops to jump through" - like performance ratings, bands, and promotions</li> </ul>

These elements are an ecosystem of parts that affect each other, not independent levers that can be pushed and pulled separately. The more they reinforce each other, the stronger the organization's performance culture becomes, and the less effort it requires to maintain.

**Want to learn more about how Vega Factor can help you transform your organisation to thrive in this complex and rapidly changing world? Chat with Sprouta today.**

Sprouta Co-Founder and Director, Marcus Worrall is committed to delivering exceptional client experiences, building organisational capability, optimising performance and achieving results. Find him on LinkedIn, by email [marcus@sprouta.com](mailto:marcus@sprouta.com) or on the phone on 0423 197 160.

Sprouta Co-Founder and Director, Leonie Rothwell is an innovative thinker and disrupter, obsessed with providing the link between the 'capability build' piece and business strategy, focusing on Future of Work. She genuinely partners with clients in that process to drive results. Find her on LinkedIn, by email [leonie@sprouta.com](mailto:leonie@sprouta.com) or on the phone on 0439 547 540.