

Best Practice Series

Leadership – THE Source of Improvements

By Paul Deis

Summary:

What is it that differentiates companies like Toyota, which in 1975 was a maker of junky cars, yet became the largest auto producer in the world, from the also rans.. like Westinghouse, Bendix, Douglas Aircraft? It is leadership that is the primary differentiator, leadership that leads to best practice cultures, and their identifying trait, serious continuous improvements.

This article includes:

- Leadership – the foundation element
- Improvement is change
- Engagement drives improvements
- Action steps you can take now

Leadership – the Foundation Element

This nebulous behavioral trait, “leadership” is receiving more attention lately than in the past, or so it seems. We were fortunate, in that we received some real education and training in the leadership arena long ago. At the time, we didn’t realize fully, just how powerful it was.

In addition, as our career moved forward, it became increasingly clear that the ability of an organization to continually improve, to renew, adapt and change itself is perhaps *the* critical success factor over the long run. So the question becomes “how to we enable this process?”

Who would have believed it if someone asserted in 1975, that Toyota, which up to that point, had made pretty junky cars and had failed to establish a “beachhead” in the US market, would eventually become the largest car manufacturer in the world?

And there are others. Remember Westinghouse? Bendix? General Electric’s culture has, over the long haul, enabled it to become a globally dominant player in many markets, whereas the others, which were not dramatically different 75 years ago, are either gone, or are mere shadows of their former success.

It is leadership that is the primary differentiator. These effective organizational cultures are successful, are effective primarily because of the solid foundation of real, effective *leadership*. Not just from a few charismatic “leaders” but everyday, down-to earth, walk-the-talk examples at every level. This is coupled with a management awareness of the personal nature of all work and that it is in their best interest to make working at their company as inspiring and meaningful as possible.

Improvement IS Change

We have worked, in detail with literally dozens of companies, over 60, and have seen, time and again, how hard management works to get people to change something. While everyone says they are all for improvements, often they really mean “as long as we don’t change anything *here*.” We realize there is a “duh” factor here, but perhaps it needs to be re-emphasized that improvement IS change. Otherwise, we are back to the old definition of insanity – “expecting different results from the same actions.”

Struggle, resistance, sometimes real battles, political alliances, testosterone contests and the like go with it, or so it seems. It is an axiom at most companies that “people resist change.”

Fortunately, it is very easy to show how untrue this is and illuminate what is *really* going on. Ask you self some test questions:

- Pay increases – this is a change. Does anyone NOT want this change?

- More job security – this is also a change. Does anyone want more job insecurity?
- Easier, more productive work – many gripes about work have to do with difficulties people experience in simply having things go well, without a struggle or conflict with others. Who wouldn't want things to go smoother, less effort, with a greater feeling of reward, contribution, of being useful? These are also changes, of course.

So, it is easy to see that people do like, even embrace changes that are *positive*, which enhance their lives in some way. So what is this "resistance" stuff about? Let's cut to the chase:

Insecurity – anything that increases one's insecurity will be opposed, often vigorously. The inner thoughts behind this include:

- "I'm afraid that I'll be abruptly laid off."
- "I no longer will know where I stand."
- "I don't know if I can do the new system or process."
- "They might find out that I don't really know as much as they (now) think I do."

In short, people oppose "change" because it puts them in a place of risk, of feeling out of control in their lives - i.e., insecure. Remember, most of the people working for you live paycheck to paycheck, with little cushion. Superficially everyone acts "cool" – like he/she "has it under control, all together."

However, beneath the veneer of daily interactions and social skills, life is essentially an insecure game. Most management styles which seem to emphasize threats, fear, and various actions that demean, discount and in general make people feel that they don't matter much to managers.

Historically, it has been these traditional, heavy-handed management styles, which are usually completely oblivious to these insecurities, or worse, actually hostile to them, that has caused the aggressive labor unions that so many companies had (many of these companies are now gone – wonder why?)

Early study missions to Japan, in the late 1970's and early 1980's often resulted in the Japanese managers asking their American visitors "how does this (a management method) affect the morale of the workforce?" The American visitors frequently were completely baffled. "What does that have to do with anything?" was a common response.

Thus, all efforts to make improvements must, to some degree, explicitly address this security/insecurity issue.

To be clear: it is not about "touchy-feely" stuff, about "self-esteem," being morally correct, ethical, etc. It is about *what works*, what produces results in the form of increased sales, greater profits, market share, etc. Look inside these globally dominant companies, which have risen to power over decades, and without exception you'll find that this issue has been addressed well and clearly.

Once people's security and dignity has been reasonably assured, they will then be in a psychological and emotional place where they can become involved in changes that lead to improved results. But until then... managers seeking sustained, continuous improvements are truly dreaming.

Engagement Drives Improvements

The next step, assuming you have assured your people that their involvement in changes that lead to improved results will not put them on the street without notice or help, is to understand what it takes to get them fully engaged in their work, and so that "everyone can work *for* the company" (number 8 of W. Edwards Deming's 14 points).

In our October 4th newsletter, we reviewed excellent research by Marcus Buckingham on engagement. We recommend a re-read of this one.

Summary of this research – it is the presence of effective leadership, behavioral styles by managers, that causes line people in companies, including middle and first-line managers and supervisors especially, to care about the company and its goals.

At Best Buy stores, for example. Otherwise *identical* stores produced dramatically, and we mean *dramatically* better performance where this was the *only* variable, compared to other similar stores. This statistical observation was confirmed by on site, in-the-store observation of how store managers led and inspired their people, rather than directed and controlled.

Once the combination is present in an organization’s culture of reasonable security and respect for individuals, the next critical step is to add the “secret sauce” of awareness of the need to improve. This can come from an air of crisis, of seeing the company as being in a very competitive market, or from the desire to excel, to become the best there is at what they do.

Toyota, for example, is famous for its ability to maintain an atmosphere of crisis within the company, of intense urgency, all the time, even in the face of remarkable operating results. Top Toyota executives make statements about all the problems and challenges facing the company and otherwise never, ever brook any talk that even sounds like over-confidence, let alone anything arrogant.

Our personal favorite of all time in the “arrogance” category is the public statement made in 1994 by then-Chairman of Chrysler, Robert Eaton, that “they had completely implemented the Toyota production system and had *nothing more to learn* from Toyota” (emphasis mine). A follow up visit, 6 months later, by another Chrysler executive to the major plant in question resulted in the finding and report that “we have learned nothing.”

Action Steps You Can Take Now

Your organization is somewhere along the continuum of inspiration-driven actions by everyone that are the hallmark of excellent leadership at one end, and the “hunt-‘em down and punish ‘em” culture of the worst of the direct and control management style at the other. The objective, clearly, is to move toward the inspiration end of the spectrum. Recommendations:

- **Assess your status** – frankly and honestly. Involve others. The only truly meaningful assessments, in our opinion, are the 360 degree type. Take the “sacred cows” out of the dark. Discuss the company’s challenges and problems openly. Solicit input, then involvement from others. When in doubt take responsibility for things yourself. Blaming is not effective as a leadership style. Period.
- **Assess your own leadership style (or where it is lacking)** – using some of this 360 degree information, or an assessment of the type that PROACTION can provide, become aware of where *you* are on this spectrum. With this information, you’ll know where to begin, what to work on.
- **Articulate your vision** – for yourself and for the company. If you have trouble here, this is the place to start. Without a clear vision, leadership is impossible.
- **Create vision alignment** – work with others in your organization to bring everyone into alignment, and agreement with the vision for where the organization is going, and their individual lives. Some individuals may decide they don’t want to “go there.” This is fine. Accept it. Find new roles for them, making sure that people in key roles *are* in alignment.
- **Bring in a leadership coach** – until the leadership skills become a deeply imbedded habit at all levels, the most successful companies we’ve worked with in this context, have all used an external facilitator, team-builder, executive coach, or similar outside person to support, educate, train and

otherwise powerfully assist the organization in developing and reinforcing these habits of effective leadership. It is hard to “forget the old ways” as many of found. Remember – all world-class performers, athletes, and the like have a coach, a mentor – someone to consistently remind them of where they need to focus and what to work on. No one, absolutely no one, can do it alone.

- **Education and training** – leadership principles, styles and methods need to be included in your on-going education and training program. If you don’t have an education and training program, well.... you know what to do!
- **Start at the top** - if you have a senior executive role, this is an excellent place to implement the improvement process. There are, of course, activities that only senior leadership can do – such as vision articulation, strategic planning, investor relations, etc. Examine how these are done and start a continuous improvement process for these.

Finally - seek the path of leadership. Become conscious of your own leadership style (or where it needs improvement). Realize that becoming a good leader is somewhat like achieving high integrity. It is a paradox of sorts. One achieves high integrity by constantly struggling with areas where one lacks integrity. It is similar with leadership. One achieves capable leadership by constantly working on the areas in one’s behavior where it is lacking or weak. Study the principles of effective leadership. Internalize them, work on them with the goal of mastering them. The rewards are truly enormous!