

Effective Leadership Produces Long-Term Results

By Mike O'Donnell, Senior Consultant, MAGNET

For more than 20 years, MAGNET has collaborated with thousands of manufacturers large and small throughout Northern Ohio. In every case, the companies we meet urgently seek to improve their manufacturing processes, grow profits and become successful competitors.

Inevitably, we see some clients who only partially realize their goals, even after major investments of time, effort and money. Some companies do reach their initial goals, but miss the potential long-term benefits due to backsliding after initial gains.

In my experience, the long-term success of a project comes down to whether the company enjoys effective leadership at the very highest levels of management. When I see sustained interest and involvement from a company's executive team, that's when I feel confident the best outcome will be achieved.

If you are considering launching a new product, entering a new market or undertaking a lean project, consider these five key elements of effective leaders: 1. Vision; 2. Mutual Trust; 3. Communication; 4. Execution; and 5. Sustaining.

Vision Creates Buy-In

A customer-focused vision is the foundation for strategy and sets the direction for the organization's change effort. Effective leaders realize that a vision statement has to be flexible enough to accommodate change, because internal and external change are inevitable in any organization.

To minimize the risk inherent in change, successful leaders empower their employees to plan and implement the changes in their own areas. This provides a powerful motivation for them to buy-in to the vision.

Mutual Trust Can Be Built or Destroyed

Mutual trust between leaders and employees grows from shared experience. When employees trust a leader, they will enthusiastically engage with the leader's decisions and actions.

Employee trust is based on observing the leader's behaviors and responses. Trust grows when leaders are personally involved in a project, for example by providing honest feedback and impartial coaching. In any project involving change, leaders remain aware that employees are observing the leader's own behavior and attitude as a role model.

Unfortunately mutual trust can be destroyed in many ways including:

- ◆ **Control:** Paradoxically, the more you try to control people, the less control you have.



- ◆ **Inconsistent management:** Are guidelines and standards observed consistently? Or does management convey the message, "Do what I say, not what I do."
- ◆ **Fear:** Employees will not engage with change if they fear retribution due to the risk of failure. And leaders will miss critical information if employees are reluctant to report "bad news" honestly.

Communication Gets People Talking AND Listening

Clear two-way communication is critical to a project's success and is based on listening. As an old saw says, each of us has two ears and one mouth, so we ought to listen twice as much as we talk.

Really effective leaders realize that listening to their employees should come first. It is important to get people talking to each other. The individuals closest to the work almost certainly know how to do it better than a manager.

Here's an example of a possible leader-employee interaction (excerpted from *Certain to Win* by Chet Richards) that demonstrates the importance of vision, mutual trust and acceptance when a leader communicates a goal:

- ◆ Here's the situation we face.
- ◆ Here's what I think we should do, and why.
- ◆ Here's what we should keep our eye on.
- ◆ Now talk to me.
- ◆ Here's what I want you and your team to accomplish. Will you do it?

(Continued on back cover)

Successful Training Begins with Management Involvement

According to an annual survey conducted by the Precision Metalforming Association, the average U.S. company only spends about 1.1% of its payroll on employee training, while a typical best-in-class employer spends 3.1%. Studies also indicate that employees only use about 30% of what is learned through on-the-job training. What contributes to this poor success rate? Common barriers that are cited include lack of reinforcement on the job, lack of support in the organizational structure, pressure from peers to resist change, and employee perceptions that training content and programs are impractical or irrelevant.

The term Learning Transfer (also known as Transfer of Learning) applies to a number of approaches that are designed to ensure the knowledge and skills acquired during a learning intervention can be applied on the job. Logical steps taken before, during, and after a training event will increase the rate at which trainees apply the knowledge they have gained to their everyday work environments.

Management's Involvement in the Training Process Is Essential

The most commonly cited method of increasing learning transfer is to involve management in the training process:

- ◆ Senior management and/or executives should also take part in the training before, or at the same time, as employees.
- ◆ Begin training with senior management. Employees will view training with a more positive attitude if they see senior management applying the training.
- ◆ Encouragement and support from management before and after training sessions can have a tremendous impact on employees.

Pre-training assignments help with retention. Reading or thought-provoking exercises in advance of training can help strengthen retention of knowledge after the event. Administer training in small amounts, if possible. When small amounts of well-defined content are presented in individual sessions employees are able to put the concepts into practice between sessions. Organizational objectives and strategies must support the training. Trainees must be able to see a connection between the new skills they are learning and the direction in which the company is going. Make sure support tools, including procedure manuals or compensation policies, reflect the new training. If these tools support the old way of doing things, it is likely the training will not be successful.

The skills and content of the training should be applicable to employees' jobs immediately after training. It is important for employees to have the immediate opportunity to practice the skills they have learned—preferably in a multitude of situations. Provide employees with non-production systems to practice on, if possible. Consider having co-workers introduce problems into systems for trainees to fix.

With a reasonable amount of thought and effort, an effective training process can be established to ensure that an efficient transfer of learning takes place. Reinforcement and support allows employees to apply their acquired knowledge and skills to new job situations. ◆



KEY POINTS

- ◆ Encouragement and support from management before and after training sessions can have a tremendous impact on employees.
- ◆ Trainees must be able to see a connection between the new skills they are learning and the direction in which the company is going.
- ◆ Reinforcement and support allows employees to apply their acquired knowledge and skills to new job situations.

Kaizen Begins

The Kaizen philosophy asserts that customer satisfaction is rooted in three areas—quality, cost, and delivery—with quality being the most critical objective. Logically, if you are not meeting customer requirements, the customer will look elsewhere for a supplier. This ideology further espouses that all three objectives can be achieved simultaneously. In other words, quality can be achieved without compromising (or sacrificing) delivery and cost. How? By having your team members make small, but constant, improvements that identify and eliminate wasted effort and tasks that do nothing to satisfy customer needs. Your employees are your ultimate resource for implementing the Kaizen philosophy in your operations.

Management's Role

Management's function in a Kaizen environment is two-fold. First, management must set the direction of the company. This includes all the activities

WHY DO KAIZEN

Kaizen events are an important part of a lean manufacturing process. Kaizen events are a practical way to make process improvements quickly and efficiently. The effective use of Kaizen will better enable your organization to respond quickly to changing customer demands and to compete effectively against other lean manufacturing organizations.

Kaizen is a Japanese word for *continuous improvement*. During a Kaizen event, a specially-appointed team will focus for a short period (usually one week) on dramatically improving one process or one work cell in your organization. The team will usually employ a number of lean manufacturing concepts, such as 5S, work cells, or one-piece flow. The team will benchmark the current process, set goals for improvement, and develop a plan of action and a method to measure improvements. The team will analyze results and make any adjustments necessary for improvement.

Successful Kaizen events can benefit your organization in a number of ways, including increased productivity, lower costs, reduced waste, and improved employee morale on the shop floor. Too often, however, Kaizen events are started with much fanfare and fail to provide any

with Your Employees

that are usually associated with management: product and capital planning, establishing targets and objectives, providing resources, and so on. Second, management must establish an environment that recognizes employees as valuable assets and resources for continuous improvement.

The management team must foster an environment that not only allows the employee to contribute, but *requires* the employee to contribute. While suggestion systems and mandatory Kaizen continuous improvement “events” are good practices to help to reduce waste, a better place to begin is by showing your employees how to recognize waste and work to eliminate it.

Making Kaizen Work in Your Facility

1. Train your team in the concepts of the Kaizen philosophy, which is to recognize and eliminate waste.
2. Make sure that every team member understands that they are working for the customer—either the end customer or an internal customer.
3. Make sure that management understands that their primary purpose is to support production.
4. Make continuous improvement a required activity for all. ♦

This article was written by Tom Ades: Tom Ades is certified by the National Institute of Standards & Technology (NIST) Manufacturing Extension Partnership (MEP) as a lean manufacturing instructor. He has consulted and helped more than 50 companies in Northwest Ohio implement lean manufacturing principles in their facilities.



KEY POINTS

- ♦ The Kaizen philosophy asserts that customer satisfaction is rooted in quality, cost, and delivery.
- ♦ Management must foster an environment that requires employees to contribute.
- ♦ Train your team in the Kaizen philosophy to recognize and eliminate waste.

EVENTS FAIL?

noticeable benefits or improvements. This failure is normally a result of internal problems with the planning and execution of the process itself.

The following are some common reasons why Kaizen events fail to succeed. Keep these in mind as you plan your own Kaizen events:

- ♦ **Insufficient Planning:** Too often, the Kaizen team comes into an event without adequate knowledge of the process to be analyzed. Adequate benchmarks of the current process are essential in order to measure for improvement. Detailed knowledge of the process is also necessary, in order to develop action plans and make adjustments for improvement.
- ♦ **Lack of Leadership:** A focused, dynamic process, such as a Kaizen event, requires strong leadership, in order to maintain focus and inspire team members. A team leader must be chosen with both adequate knowledge and the respect of other team members and employees. Company management must also be fully committed to the process and provide adequate time and resources to ensure success.
- ♦ **Inadequate Team Make-Up:** Often, Kaizen teams are made up exclusively of management representatives who have little or no experience with the process to be analyzed. An optimum team should include representatives from both management and staff, and encompass members from all parts of the organization, including members with experience on the shop floor.
- ♦ **Poor Communication:** Kaizen events must be frequently communicated in advance through meetings and company memorandums. Affected employees should be made aware that a Kaizen will be invading their work area. Such measures will help gain support for the event, help to answer questions, and alleviate any fears that employees may have. Equally important is communicating the successful results of Kaizen events to all staff. This will help to boost employee morale and gain support for future Kaizen projects. ♦



KEY POINTS

- ♦ Kaizen events have proven successful in helping companies improve productivity and morale, and in reducing costs and wastes.
- ♦ Not all Kaizen events are successful.
- ♦ Events that fail to produce positive results can usually point toward insufficient planning, poor leadership, insufficient representation of plant floor workers, and poor communication.

Effective Leadership Produces Long-Term Results

(Continued from front cover)

Execution Depends on Realistic, Measurable Goals

Effective leaders have high expectations for their employees, leading to aggressive, but realistic goals. In contrast, low expectations produce low results.

The previous elements mentioned, vision, mutual trust and communication, are a foundation that enables individuals to focus in on the goals. These elements also empower employees to make decisions without fear of being second-guessed.

Goals need to be specific and measureable, for example:

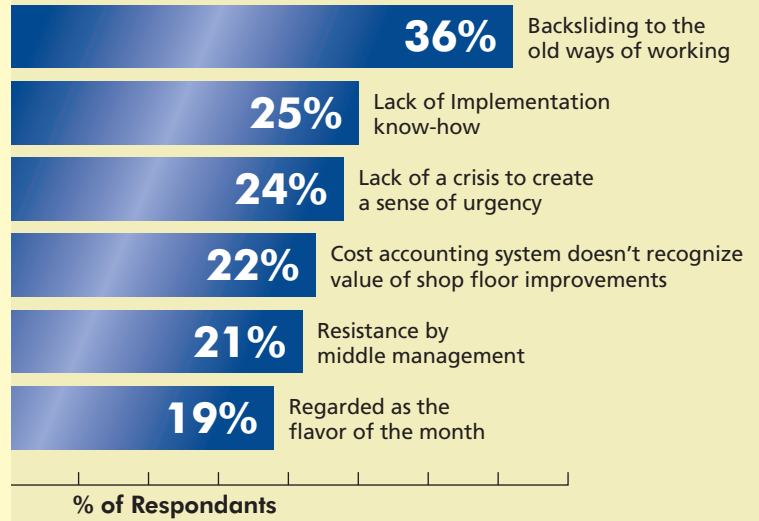
- ◆ Increase sales by at least 25% in four months.
- ◆ Reduce inventory by at least 15% over the next six months without impacting customer service.
- ◆ In the next six months, shorten the time it takes to convert customer orders into product deliveries by at least 25%.

Sustain the Change

A key to sustaining the change process is identifying what is working, what is not, and adjusting the vision to compensate. Mutual trust is essential for employees to communicate what is not working within the organization. Leaders must stay engaged over a long period of time to reap the real benefits of a vision change project.

Check out the results of a 2004 survey by the Lean Enterprise Institute, Inc. about the obstacles to sustaining change in the chart (above right).

OBSTACLES TO SUSTAINING CHANGE



Source: Lean Enterprise Institute, Inc. 2004 Survey of 999 Respondants

Summary

Consider how these five elements of effective leadership—vision, mutual trust, communication, execution and sustaining—can contribute to the success of your company's project. In addition, study the history of companies with exceptional leadership like GE, Honeywell, Dell, Southwest Airlines.

And last, but not least, be sure to reward your employees who embrace the vision and celebrate your team's success. ◆

MAGNET is a provider of Manufacturing Extension Partnership (MEP) services through the National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce. MAGNET is also one of the Ohio Department of Development's seven Edison Technology Centers and a Third Frontier Center of Excellence in Product Innovation.

For more information on MAGNET, visit www.magnetnetwork.org.

To see our Product Design & Development capabilities, visit www.magnetpdd.org

To speak with MAGNET, call 1.877.GROW.MFG and ask for Linda Barita.

Email us a question at info@magnetnetwork.org

NONPROFIT
ORGANIZATION
U.S. POSTAGE
PAID
PERMIT NO. 118
CLEVELAND, OHIO

MAGNET
Manufacturing Advocacy & Growth Network
1768 East 25th Street
Cleveland, Ohio 44114-4420

