



For Managers, Principals, Team Leaders and Internal Consultants
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Issue No 28: Making Strategy, Training, Software and Checklists work

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Making Strategy, Training, Software and Checklists work

In 2004 I worked with a very successful company. Not only were they financially successful they, also won Australian Employer of the year in 2004/2005, again in 2006 and then equal first in 2007 (AFR/Hewitt awards). This company has understandably attracted a great deal of interest in what it does. Other organisations take tours of the company to learn from its culture and training programs. However, I am yet to see any of these organisations appearing at the top of the employer of the year list. Why not?

Toyota has single-handedly revolutionised the modern day automobile industry. There have been countless books written about "The Toyota Way" and frequent tours of the factories, yet very few manufacturers have come anywhere near Toyota in providing consistent quality and performance. Why not?

Closer to home, I have observed organisations that purchase the latest software to enhance the services to clients; attend conferences to create the "you beaut" company; build checklists and knowledge management systems without much change to culture or performance. Why not?

There are many studies¹ showing that divisions within the same company and group, doing the same sort of work are often not able to achieve the same performance. Why not?

There are also countless books on management, (and reports like this one), that say many of the same things and yet so many organisations do not achieve much better performance or management than they have in the past. Why not?

There are, of course, many facets to 'the why not' question, many I have canvassed in earlier *be your best* reports and all can be found in the most good management books. In this report I will focus on one of the most crucial facets for success, (but yet also one of the most often ignored) – a set of guiding principles/values or philosophies that everyone knows, understands and abides by. Mike DaPrile, head of Toyota's huge production facility in Kentucky, USA, says:

“Many plants have put in an *andon* cord... (and) A five year old can pull the cord. But it takes a lot of effort to drive the right philosophies down to the plant floor.”

What Mike is referring to (the *andon* cord), is a physical cord which any person on the Toyota production line can pull, at any time when a problem with a vehicle is spotted, and the entire production line is stopped. As you can imagine, being a production worker who pulls the chord and stops the production line requires a great level of empowered responsibility and faith that those 'up the chain' are going to back your decision. The andon chord is not about pulling a chord, it's about a recognition of every person's responsibility for the quality of the products leaving the factory.

So like Mike at Toyota, I see that what's missing from many organisations is an agreed philosophy or set of principles that guides 'how we do business around here' - no matter what.

I was recently looking at the Toyota guiding principles and reflected that most businesses would not make it past the first one, (which is “base your management decisions on a long-term philosophy, even at the expense of short-term financial goals”).

In a similar vein, I was recently reading the guiding principles of a very successful professional services practice that is very clear that it wants to promote its leaders from within. The guiding principle reads: “A “grow your own” people strategy as opposed to heavy use of laterals, growing only as fast as people could be developed and assimilated”. Some may judge that they are restricting their growth, however their philosophy – chosen by and working for them – is to grow to the capacity of their valued team members. (In case you are wondering about this strategy and its success, in the 2007 year, profits per partner were \$2.27m).

I do know it's tough to take stands like this when there is so much short term pressure to meet client expectations, achieve satisfactory financial performance and build a business that has enduring value. It does take special leadership with vision and courage to take a stand on principles. And it takes a lot of personal energy and sacrifice to follow through all the time. I am not saying one must lead this way – it is a personal choice which each person has to make. I am just saying the evidence is overwhelming that it makes good business sense to lead with a strong set of guiding principles

and a willingness to follow through. It is about walking the talk. As one employee recently remarked “Inconsistency is very demoralising”.

I worked with an organisation where one of its divisions was seen to not be pulling its weight. The operators on the floor were not taking care in the production of the product or the work environment, despite on the job training and clearly documented processes. Lots of senior management time and energy was going into simply keeping an eye on things and doing the work of others. They tried many approaches but nothing seemed to work –everyone was feeling frustrated!

We took some time out to revisit the philosophies of the organisation and through training and individual coaching, worked with the managers on how to put that in place. A key principle decided upon is that “everyone is responsible for the quality of the product”, so this now guides how managers makes decisions, manage their teams and include their team members in key decisions – so they feel that they can have some impact on how “things are done around here”. The results speak for themselves – The staff have a much higher level of engagement and managers’ confidence in their own ability and that of their teams has been significantly elevated. This naturally impacts productivity.

Another one of my clients, (with consistently excellent financial results and high levels of staff engagement), has a philosophy and guiding principles that he communicates throughout his organisation. Staff are hired and fired based on intention and willingness to adhere to the guiding principles of the organisation. This can be painful for a short while but in the end the organisation and its customers win.

The managing director of this organisation has told me many times:

“the money does not matter it’s about getting it right”.

And he means it. This company is relentless in it’s attention to detail. They pay attention to the production process, the people and the customers. For example, if there is a customer complaint, someone is on the phone, (and usually at the customer’s door), within one hour. They aim to resolve the problem that day - doing it tomorrow is not good enough. Anyone joining the organisation and seeing this behaviour very quickly learns about the prevailing culture. They learn that the philosophy and guiding principles hanging on the wall are not empty rhetoric but something real and implemented every minute of the working day.

Take a moment to look at your philosophy and guiding principles (if you have them) and rate your performance? How do you think your staff and clients would rate you?

5 Take Aways – From fond hope to leading the way

- Philosophy and guiding principles must come before implementing tactical solutions such as training, software or checklists
- Put the time into developing AND COMMUNICATING philosophies (think of Toyota and the Andon cord). Spend less time talking about the desired future and more building of the framework.

-Stick to your principles no matter what the issue. Don't compromise. Each time you demonstrate adherence to your principles you build trust and confidence. You are seen as a business with integrity – as you do what you say you'll do.
-Keep finding ways to communicate the principles and, importantly, how they are demonstrated correctly. And check this is reflected in the staff and client experience, and
-Have fun!

"It's easy to play on the swing it's harder to set up the playground. -Setting up the playground is the work of a leader". Henry Blatman

¹ The knowing-doing gap – J. Pfeffer and R. Sutton

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