

Winning Without Competition: How to Break Out of a Commodity Market

An Educational Leadership Series for Precast Concrete Company Strategic Leaders

Pamphlet 2

The Role of the Senior Executive Team in Creating Differentiation

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The Role of the Senior Executive Team in Creating Differentiation

Key Messages

- Most senior executive or senior leadership teams (the CEO/GM and his or her direct reports) are working on the wrong things. They spend a disproportionate amount of time on day-to-day operational and financial management issues at the expense of the long-term competitiveness of their organizations. This compromises the future success of their company and the development of their people.
- As markets change, companies focused solely on operational management get stuck, i.e., caught up in recurring problems that feel impossible to eliminate.
- The leadership team is the only team in the organization that can genuinely guide the company as it is the only group that represents the company as a whole. The guidance role of the leadership team starts with establishing the “competitive strategy” for the company in light of market place changes. This team also oversees aligning all aspects of the company to execute these strategies. Finally, it works with others to establish a shared purpose, vision and guiding principles for the organization.
- Participating as a member of the senior executive team should be the most important role of its members, over and beyond day-to-day operation of assigned departments. Leaving the guidance role to the CEO alone is fraught with problems. Companies are better served by their leadership team when the CEO is the coach, not a “command and control” hierarchical decision-maker.
- A leadership team charter is a useful tool for improving performance. It defines the distinguishing characteristics of the team, its role, its membership and the skills needed for effective participation.
- Building collaborative working relationships within this team is critical for its effectiveness. Trust and collaboration within the team insures the right issues get to the table and are resolved for the good of the entire organization. In the absence of collaboration, individual agendas gain priority, often at the expense of the company overall.

Introduction

Most leadership teams are not doing the job their customers and employees need them to do. They are spending too much time on operational matters at the expense of the future competitiveness of the organization. And, internal competitiveness among the members of the team undermines not just the effectiveness of the leadership team, but the success of the company. Employees need the leaders of precast companies to move from operational management to strategic leadership, from silo management to company management, and from distant--often times--competitive relationships to trusting, collaborative relationships. These shifts are the responsibility of leadership. Failure to do this work not only lets others down, it will limit your own leadership development.

How Companies Get Stuck

The following are symptoms of "stuck" companies:

- Operational performance problems reappear continuously.
- Issues you believe have been addressed rear their head almost like the air in a long balloon that pops up somewhere else after squeezing it in one place.
- Relationships between different functional or process managers in the company begin to worsen as "blame" for current problems is passed from group to group within the company.
- A number of "undiscussables" arise, i.e., critical issues that are talked about "behind closed doors," at parties, or around the water bubbler without all the parties present who could resolve the issue(s).
- It feels as if you're working harder and harder just to maintain revenue.
- In response to customers demanding more and more, operational performance is improving, but it is not translating into more attractive profit margins.
- Slowly, but surely, when you wake up in the morning, work is the last place you want to go to.

When organizations get stuck, leaders generally focus on what they see as problem areas, e.g., they pull costs out of manufacturing or replace one manager with another, or add new resources to certain parts of the organization. Many of the changes that they engage in are incremental changes that leave the organization essentially the same. If the dynamics of the marketplace demand the organization to do something differently to succeed, incremental change is self-defeating. Individuals work very hard with the feeling that nothing is really changing within the organization.

Organizations become stuck when their inherent design is no longer aligned effectively with the dynamics of the marketplace and what customers need and want. Companies also become stuck when the leadership team fails to specifically spell out how the firm plans to win business over its competitors and where and how it will seek its growth. In both of these instances, individuals

formulate their own ideas about what is needed for success and, like all motivated employees, begin to work toward that set of expectations. Unfortunately, there is no guarantee that individuals' efforts will be aligned as departmental managers oftentimes have different views of what's required for long-term success. As a result, managers see other managers no longer working in ways they themselves deem as appropriate. Silo management—where one part of the organization independently makes decisions that affect other parts—has emerged. (See Sidebar A: How Organizations Get Stuck)

As silos appear, an environment once categorized by cooperative relationships among departments and senior leaders quickly moves down a slippery slope towards damaging internal competition. Slowly, but surely, an organization characterized by strong cross-functional working relationships evolves into an organization in which there's significant tension between the different departments of the organization. It is at moments like this that the organization feels stuck.

The speed with which this shift can happen is shocking, especially if external market pressures demand the organization "do something different." Unresolved issues become the "undiscussables" of the organization and they increase in numbers. "Undiscussables" are not brought out into the open either because executives feel the discussion will not make a difference or because they fear retaliation from other executives or the CEO.

In the face of conflict, executives start to form conclusions about each other's behavior. They attach meaning to behaviors which then create a series of protective actions on their own part. Frequently, other executives then react in ways that reinforce the executives' assumption. The escalating cold war in the executive team translates into a lack of cooperation in the day-to-day-work of other employees, further undermining the organization's success. A vicious cycle of mistrust and untrustworthy behaviors emerges between the senior executives and eventually their staffs.

Once the "cycle of mistrust" starts, it is hard to untangle the organizational issues from the interpersonal issues. They have become "one in the same" in the leader's mind and in practice. Companies and leadership teams not only feel stuck, they are stuck. Getting unstuck is a daunting challenge. Organizational decisions the leaders can genuinely "own" cannot be made until more trust is established within the team. Yet trust is difficult to create because there is no shared understanding and acceptance of organizational direction. (See Sidebar B: The Relationship between Organizational and Interpersonal Issues.) Breaking out of this mess requires nothing short of an entirely new view of how organizations work and the role of leadership.

A View From the Balcony—Every Organization is a System

Every organization is a system -- whether it's managed as a system or not. A system is defined as a whole composed of many parts that creates an output of value. Humans, plants, cars and families are all examples of "systems." The following are true about any system:

- It has a definable aim (e.g, the purpose of life);
- The parts contribute to -- but cannot achieve -- the aims independently (e.g., legs can't walk without the rest of the body);
- The parts are interdependent, that is, the effect of one part on the whole depends upon the other parts (e.g., Olympic runners need a strong heart and strong lungs, not just strong legs);
- To understand the aim of the system, you must look at the bigger system that it is part of (i.e., families, work, communities, etc.);
- You can understand the role of a part by seeing its role in the system, but you can't understand the system by looking at the unassembled parts or the physical-technical elements alone (e.g., you can't understand a person without understanding the role of emotions and personality).

We can look at any organization, therefore, as a system defined by:

- Its *aim*, i.e., what is it trying to do? What is its purpose,? Its long-term vision and guiding principles? The aim affects the motivations of the participants in the system.
- Its *structure*, i.e., what are the parts, how are they organized and how do they relate to one another? (E.g., how does the day-to-day work get done? What kind of planning and human resource management systems are in place? Where are the key interdependencies across the parts?)
- Its *culture*, i.e., how do people relate to one another and their work? Often times we define a culture around its norms, values and underlying beliefs that affect motivation and behavior. Norms are standards or patterns that categorize the way people relate to one another—the behaviors we would see in terms of interpersonal relationships on a videotape of "A day at work in the life of Company ABC." (See Pamphlet Seven)
- Its *competitive strategy*, i.e., how it tries to achieve its aim? What is the scope of the business? Who are the target markets? How does it plan to win business over its competitors?
- Its *growth strategy*, i.e., where it intends to seek revenue growth.
- Its *value creation strategies*, i.e., what it must do internally to create differentiated value. Typically this encompasses the firm's key operational, sales and marketing, and partnering strategies.

Why is it important to understand the organization as a system? It's important because the performance of any system depends on the interaction of the parts, not the performance of the parts in isolation. Organizations suboptimize daily by

not recognizing the inherent interdependencies of the parts. Examples of suboptimization in the construction industry include:

- General contractors maximizing profits at the expense of a long-term value of the building to the owner.
- Company participants in a building project acting on their own organizational needs at the expense of overall scheduling efficiency, and therefore costs.
- Sales organizations promising delivery dates that are going to require the manufacturing operations to incur excessive overtime costs.
- Owing to a failure of the leadership team to invest in new information systems, the engineering department regularly creates non-valued-added expenses by always designing from scratch. With a computer system, they could leverage past project solutions.
- Engineers having to regularly redo drawings owing to poor communications with the Sales and Manufacturing Departments.

Leaders who are systems thinkers manage and leverage interdependencies between different functions or parts of the business. They know that how the parts work together is at the heart of organizational and change initiative success. For example, manufacturing's focus on cost reduction must also support an agreed-to strategy of "first to market" if the latter is how the company plans to win in its markets. The significant process improvement success seen in many companies in the last two decades have stemmed from a system's perspective. (See Sidebar C: What is Systems Thinking?)

Viewing the organization as a system helps you realize that misalignment between the organization's aim, vision and purpose can arise in any number of places. Strategies can be misaligned with market conditions, skills may not match the strategy, culture can undermine effective execution, etc. *Ultimately, the results of any company are a perfect reflection of what the company was designed to accomplish.* Effective leadership teams understand this and take full responsibility for the organization's results. The finger points inward, not out at others in the organization.

The final reason to view the organization as a system is to recognize the natural interdependency between the enterprise side of the system (i.e., its strategies, structure, processes, product, markets, etc.) and the interpersonal side of the organization (i.e., how people work within the system--the norms, beliefs and values that guide how individuals interact with each other, with suppliers, with customers and even towards competitors). As a result, you cannot talk about the organization as an enterprise in isolation of the interpersonal relationships. Relationships among executives from different parts of the organization affect the performance of the organization as a whole. You can't separate the technical and the human on the organizational level, just as you can't separate the emotional and the intellectual in an individual. Both determine the effectiveness of a group's decision-making. (See Sidebar D: What Makes for an Effective Decision?).

The Role of the Leadership Team

The leadership team is a critical subsystem of the overall organization. Its unique characteristic is that it collectively represents every element of the organization. Therefore, it has the broadest view of the organization. With a membership representing the entire organization, they are the only group able to set direction and then identify all the different elements of the system not in alignment, to pinpoint where change is most needed and to initiate systemic changes across the entire organization. I call this leadership's "guidance" role. This role differentiates it from any other team within a business unit or within a multi-divisional corporation.

The leadership team fulfills its guidance role through a handful of key activities:

- Works with the rest of the organization to establish the organization's strategic design. This includes: its purpose, vision and guiding principles (i.e., its aim) and its key strategies. The latter includes: the company's competitive strategy--where the company will compete and how it will be different than the competition; its growth strategies; and the operational, partnering and sales and marketing strategies that collectively create the organization's differentiation from other suppliers.
- Insures that the structure of the organization is designed to maximize successful execution of these strategies. Structure consists not just of the organizational structure, but process designs, measurement systems, management systems, human resources -- in fact, anything formally designed to accomplish work.
- Insures resources are deployed to develop the needed skills and assets of the organization and to achieve agreed-to organizational goals and objectives.
- Leads culture change in ways that help the organization better execute its strategies. The culture is the informal system that defines how work gets done. It is shaped by beliefs, values and norms that guide how individuals behave and work with each other and with outside stakeholders of the company (customers, suppliers, shareholders). Successful culture change starts with a change in how leaders work with one another in fulfilling their guidance role as a team.

While leaders will typically "own" the responsibilities outlined above, they often times mistake operational management with day-to-day guidance activities, spending time on the former which reduces attention given to the guidance role. Operational management and guidance work are not the same. Operational management keeps day-to-day work flowing. Guidance work redesigns the organization to insure its long-term survival and prosperity. Day-to-day guidance work includes:

- Focusing on how the different parts of the organization are working together on an ongoing basis, e.g., identifying recurring problems that are emerging and their root cause, or identifying what synergies are not being realized and how are they best addressed
- Bringing conflicts or barriers to achieving the organization's vision (including "undiscussables") into the open so that they can be resolved by the appropriate people.

If the guidance role is not carried out well, the organization drifts into a dangerous sea of unanticipated and threatening competitor and customer changes. In stable seas, drifting may not be an issue. In turbulent markets, failure of the leadership team to identify alignment issues and initiate change is lethal. As a result, activities associated with the guidance role are the most critical activity the leadership team can engage in. Nevertheless, few organizations allocate the time or provide the broad-based leadership focus this role demands. (See Sidebar E: The Lens Change for Effective Leadership.)

How Alignment and Misalignment Emerge

In a newly formed organization, alignment of an organization's strategies, structure, skills, measures and culture with its aim occurs almost by osmosis. Everyone is familiar with the strategy, the vision and the totality of required work. The organization is in essence one big team in which collective work is the norm. The organization is flexible. Boundaries between the parts are fluid.

As the organization grows, activities are divided to promote both efficiency and effectiveness. Cultural norms--what you would see and hear on a videotape of the leadership team--start to develop that determine whether conflicts between parts of the organization get aired and how they are resolved. These norms -- not what is "recorded" in value statements and corporate brochures -- describe the "as is" working relationships within the leadership team and the organization.

When there is agreement in direction and/or decisions, the nature of working relationships has minimal influence on organizational outcomes. It is an entirely different matter, however, when conflicts start to arise between different parts of the organization. Whether conflict emerges before -- or in response to -- an action of others, it signals that an interdependency exists. The decisions or actions of one individual or group affect the effectiveness of another part of the organization. A conflict signals something within the system is or will be out of alignment with longer-term goals. Like any alarm, it can be a false alarm -- there are miscommunications -- or it is a true alarm that signals the need for change.

Organizational success depends on whether conflicts are aired with the people who can do something about them and, once aired, if they can be resolved in ways that improve organizational success. Leadership teams deal with conflicts in distinct ways. How they are dealt with defines the cultural norms of the

leadership team. These norms differ from company to company, and sometimes even within a company, from issue to issue. They are listed here from lowest to highest according to the flexibility of the boundaries and trust level between groups.

- Competitive: Individual leaders make decisions that consciously hurt another department. Conflicts are handled behind the scenes through retaliatory actions. When surfaced publicly, communication is a debate with frequent omission of relevant information, and listening only to strengthen one's argument. Pre-meeting coalition building is the rule, not the exception. Trust levels are very low and boundaries between the parts of the organization are rigid.
- Independent: There is no day-to-day working relationship across departments. Decisions are made with no incorporation of the needs and interests of others despite interdependencies, often because executives fail to recognize interdependencies. Conflicts are accepted as a normal part of life. As a result, different parts of the organization "absorb" the burden imposed by others' actions. The executive team rarely meets and, when they do, it is to coordinate work flows. Trust is neither present nor missing--it is not relevant.
- Hierarchical: Executives rely on the person with rank and tenure (i.e., in a position of power) to make decisions. This is typically the CEO or, in the case of staff members, the line managers. The degree of trust among members of the group and their willingness to be open so as to surface conflicts depends on the hierarchical leader's style and the type of team he or she wants to form.
- Coordinating: Each executive acts in his own best interest, but alerts others in order to prevent or eliminate blockages of shared work from moving forward. A coordinating group looks very much like an independent group, but it meets more often to share information and keep work flowing.
- Cooperative: Individual executives or departments absorb or share advantages and disadvantages of decisions so as to move the work along and preserve a sense of harmony. There is an "I'll scratch your back if you'll scratch mine" mentality. Trust is starting to develop. Conflicts are brought up, but in a way that does not challenge the mantle of "politeness." Boundaries are clearly defined, but have some "give."
- Collaborative: Leaders and their departments work "side-by-side" to resolve conflicts and manage interdependencies. They accept shared responsibility and accountability for outcomes of the company as well as their department. They make the best decisions to realize these outcomes, while also preserving and enhancing their working relationship. They act in ways that build more trusting and effective relationships. Boundaries are loose: executives are willing to change how they do things to move a shared effort forward.

Conflicts, however charged, are brought to the surface and discussed openly to insure trust continues to grow.

The difference between cooperation and collaboration is one of "degree" rather than "direction" in terms of openness and flexibility around organizational boundaries. Collaborative relationships are more open. Individuals share the tough stuff that needs to be discussed. They are willing to be vulnerable so as to maintain and build trust. They are far more flexible as well, but never at the expense of damaging the entire organization's creation of value for its customers.

Another way to look at collaboration versus the alternatives is to see whether the burden of a decision is being shifted onto other functions willingly (cooperative) or unwillingly (competitive). Collaborative teams try to eliminate the problem at its source by creating a breakthrough or, if possible, minimizing the burden that is created (See Chart One: Examples of Collaboration vs. the Alternatives). In collaborative relationships, individuals work with others in ways that build trust versus reduce trust, and they do this by being open and honest, seeking feedback, thinking horizontally, and listening to understand versus listening to create better debate points. In collaborative relationships, there's a willingness to voice and work through conflicts as they emerge and to build on each other's strengths. In a collaborative environment, conflicts are seen as gifts, because they are indications of what is out of alignment in the organization with respect to its strategies, goals, values and vision. Collaborative leaders see the presence of conflict as an indicator requiring the leadership team to dig in deeper to understand alignment problems within the organization.

In collaborative relationships, there is genuine shared accountability for big goals versus accountability only for the individual tasks associated with the goals. Collaborative leaders work side by side in making decisions, finding solutions, and designing the common task related to interdependent issues. They will also entrust one individual in the organization to make decisions on behalf of the whole team when this is more expedient and effective.

Ultimately, collaborative conflict resolution creates customer and company value because when internal conflicts are resolved collaboratively, breakthroughs in operational performance can be created. These types of breakthroughs are exactly what winning competitive strategies are all about. They break historic compromises and trade-offs in the market. Rather than trade price for quality or speed for price, organizations in which leadership works collaboratively, both horizontally and vertically, create more of everything that customers value--more quality at lower prices and more speed at lowers prices. (See Sidebar F: Collaborative Conflict Resolution Creates Customer and Company Value).

In practice, most CEO's adopt a hierarchical alignment role and senior leaders manage the distinct parts subject to the CEO's guidance decisions. CEO's demand coordination -- efforts to keep the work flowing -- and strive for cooperation -- a basic tenet of "teamwork"-- among the leaders. This leadership

model minimizes the number of times hierarchical decisions are needed to resolve conflicts. It also insures the CEO gains the "input" needed to call the shots. By building and maintaining an environment of trust in which conflicts are surfaced, the right information comes to the table and cooperative decision-making keeps the organization aligned in the face of personal competition among executives. The CEO acts as the driver of a cart led by a team of stallions, each desiring independence but willing to be in a pack running towards victory

- So ingrained is the "CEO as creator of alignment" philosophy for the leadership team, that a recognized teamwork expert refers to "leadership discipline" as a welcomed alternative to genuine teamwork at the executive level. (See Katzenbach and Sidebar G: Katzenbach's Executive-Level Teamwork Framework.)

Katzenbach is describing hierarchical decision-making in a cooperative culture. Cooperation in strategy formulation and a "divide and conquer" approach to execution is the cultural solution to the inherent limitations of a CEO as a source of alignment. Cooperative cultures are generally more effective than hierarchical cultures, but cooperation is still a far cry from the requirements for organizational excellence and market leadership. Change is often times too incremental and too slow and cooperative working relationships become hard to maintain in the face of significant external change. As discussed above, executives formulate different ideas of what is needed and begin to interpret other executives' actions that are inconsistent with their views as "politically" motivated. The cycle of mistrust starts. (See Pamphlet Seven for a further discussion of the cycle of mistrust and how to break it.)

The Failures of Cooperative Cultures

Shifting the Burden

The goal of cooperation is to keep work flowing, while minimizing any adverse consequences to others or one's own department. As a result, in cooperative leadership teams, departments help one another, subject to rules about how they work. The range of solutions to any problem is defined by degrees of freedom in decision-making. As a result, cooperative teams more often share, shift or absorb the burden of the decisions or actions of other parts of the organization. "I'll work overtime to make sure we meet the new product introduction date," is an example of a cooperative tradeoff.

Collaborative teams are more likely to work across organizational boundaries and find solutions that change how each department works. In collaborative teams, all rules are up for examination. Problems are eliminated rather than shifted onto others. For example, concurrent manufacturing and engineering processes linked to new product activities is possible, only if the Engineering and Manufacturing departments change how they do their new product work. For engineers, this may require limiting the set of potential components. For

manufacturing, it may involve scheduling before design completion. The payback to collaboration is high -- dramatically shortened lead times.

The Curse of the Operational Agenda and Feigned Politeness

Organizations that rely on cooperation and experience an over-reliance on an operational agenda, which leads the executive team to fail or, at best, underperform in their most important capacity—the guidance role.

Senior executives, believing the CEO is fulfilling the guidance role, stay focused on their silo and the operational issues they face. Seeing the CEO as the referee, they regularly bring operational conflicts to the table. They fail to work together outside leadership team meetings to identify the root cause of alignment problems and recommend solutions. Furthermore, the CEO needs a discussion of operational issues to identify where the alignment issues are. As a result, the CEO and his direct reports get lulled into an excessive focus on the operational agenda at the expense of resolving guidance issues and questions.

The organization pays a heavy price when leadership teams focus on operational matters at the expense of their guidance role:

- There is not enough in-depth discussion of alignment issues, e.g., culture, skills, measurement and organizational structure. Effective strategies lead to less than desired results.
- As long as resolution of day-to-day work flow problems is occurring within the leadership team, cooperative relationships across the organization are not necessary. This moves the “silo culture” even deeper into the organization, further undermining its success.
- Failure to resolve recurring issues or establish longer-term direction creates unresolved conflicts that, while "systemic" in nature, become personal in practice. As was discussed earlier, cooperation can turn to competition very quickly. The emergence of undiscussables undermines trust and weakens interpersonal relationships in the leadership team.
- When the external environment is changing and the organization faces new risks and opportunities, failure to address long-term issues and marketplace strategies creates a deep-seated pessimism and erodes whatever trust exists. It also saps executives' energy.
- As long as the leadership team is managing day-to-day operations, other talent in the organization is underutilized. The overall power of the organization is marginalized.

The Curse of Feigned Cooperation

Hierarchical and cooperative decision-making is especially problematic when senior leaders are competing for financial rewards, prestige, power or promotions. What appears as cooperation on the surface is oftentimes anything but beneath the surface. Like a glacier, the real dynamics of working relationships is what goes on outside meeting rooms where department managers make decisions without considering their effect on other departments. CEO-

orchestrated discussion creates the "illusion" of agreement, a result of senior leaders playing to one's audience. Agreements that "appear" to have been made in a meeting, are not realized in fact as executives return to their own work units and pursue what is in their own, not necessarily the organization's, best interests.

Collaborative Leadership Teams

By way of contrast, senior leaders who work collaboratively and "own" alignment have the potential to excel in the guidance role. They rely on the CEO as a coach for their team and a key person when conflicts cannot be resolved. By accepting responsibility for alignment, the senior leaders run their part of the organization on behalf of the senior leader team. *In other words, the senior leader's role is to insure that the part of the organization he manages is working successfully in interaction with other parts of the organization to maximize the success of the overall organization.*

This is a very different job than making sure one's silo is the best it can be, subject to cooperating with other parts of the organization. When members of effective leadership teams know they are on the leadership team to make sure that the whole system is optimized, not the individual parts, relationships with other senior leaders become paramount to success.

The repositioning of a senior leader's role is the singularly most powerful step a company can make to increase emphasis in executive team meetings on alignment, as opposed to day-to-day operations. It is also a necessary condition for genuinely successful execution of the organization's competitive strategy. Appendix One provides a job description that reflects this thinking. (See Sidebar H: The Role of the Senior Leader)

The leadership team's effectiveness depends not only on individuals fulfilling their roles, but also the skills of the team, e.g., financial understanding, systems thinking, functional understanding and competency, industry knowledge, leadership skills, capacity to visualize and strategic thinking. Other skills may be needed given the current challenges the organization faces. Over and above skills, however, is trust. Trust is critical to the leadership team being able to work together collaboratively. Otherwise, conflicts are not voiced within leadership team meetings and they then move behind closed doors.

Leadership Team Charter

Creating a charter is a useful tool for improving leadership team performance. A charter defines the unique aim and value of the leadership team to the organization. In many ways, a group charter is like a job description, except that the focus is on what the group does rather than what an individual does. The charter clarifies why members of a group meet together and what comes out of

their working together; in other words, the value-added of their joint action. For example, the role of a new product development team is to bring into the organization new products that succeed both financially and in the marketplace. The role of the Sales Department is to secure customer orders that fit the type of work the organization performs.

The charter establishes that the leadership team is responsible for guiding the organization's overall direction. The leadership team is responsible for the interaction between the different departments of the organization, not for the operations of individual departments.

In the absence of a formal charter, members of the senior team get pulled into day-to-day work they feel more secure managing. The main components of the charter include:

- The core purpose or role of the group
- Definition of the members of the group (by job title)
- A description of the kinds of things members do together as a team

Some other important aspects that might be included in the leadership team charter include:

- Decision-making procedures that will be used by the team
- Specific norms or protocols for behavior within the team and between the team and others -- norms or protocols which are expected as a condition of membership
- A description of the relationship between the leadership team and other teams within the organization
- Details on how to carry out important aspects of the team's role
- Knowledge and skills -- which some or all members of the team are expected to possess

The creation of the charter does not insure the leadership team will be effective. Rather, the charter's purpose is to provide a picture or vision of the type of shift the leadership team needs to make to move from operational management to strategic leadership. It is a "living" document that may evolve as the team learns more. It provides a reference to regularly ask the question: "Are we doing what we are uniquely positioned to do?"

Team Exercise: What is the Value-Added of Your Leadership Team?

Have everyone on the leadership team complete: 1) the Leadership Team Work Agenda Analysis, 2) the Leadership Team Trust Level Measure, and 3) the Leadership Team Teamwork Measure questionnaires which can be found in Appendix Two. Let each individual complete his ranking in private (e.g., on a slip of paper) and then consolidate the ratings. (A secretary can do this for you.) Then, meet as a group, to discuss the overall assessment. Discuss the following questions as a group:

- Are we surprised by these ratings?
- Why is our trust level what it is?
- What are the consequences of our current focus on operational strategic issues?
- How well are we fulfilling our guidance role?
- How is our trust level score connected to our teamwork and leadership team effectiveness score? How does one impact the others?
- How would we rate our working relationships on the “competitive to collaborative” scale?
- Are there “undiscussables” in our team that suggest there is room for improvement?
- Do we want to change what our team focuses on today or how we work with one another?
- Do we want to move the team towards collaboration?

You may want each individual to silently journal his or her desires for the leadership team:

- What should the team focus on?
- How should people work together?
- How would the team be viewed by others?
- What would it feel like to be a member of the team?
- What would the team accomplish?
- What effect would the team have on the company’s outcomes and internal environment?

Share some or all of the individual’s ideas. This is the start of creating a vision for your leadership team and organization.

It would also be helpful to have selected employees not on the leadership team complete this assessment to get their view of what the leadership team is spending its time on. Consider sending the survey to leaders’ direct reports or the entire management team. After getting feedback from others, the leadership team can engage in an open conversation about this feedback. Discuss where others see the leadership team being effective and what they’d like the leadership team to spend time on that they are not current spending time on. Then discuss how you should change as a team.

Team Exercise: Writing a Charter

Review the example of a leadership team charter (See Charts Two and Three, Senior Leadership Team Charters, for examples). Then answer the following questions:

- How is this job description different than the work your leadership team is currently doing?
- How is it the same?

Then, write a charter for your leadership team. Decide on the content and then ask two members (at most) to do the final editing and wordsmithing for all team members to review. When you have finalized the charter, share it with your direct reports to get feedback. Revise as necessary.

A secondary purpose of a formal charter and job description is to define the role of individuals who are members of the leadership team. In the absence of a charter, members of the team get pulled into day-to-day work and functional departmental work they feel more secure managing. Often times the CEO gets pulled into managing the function he feels most comfortable managing as well. Your charter may state that “senior leaders run departments on behalf of the leadership team as a whole.” In this capacity, their role is to:

- Coach the managers of the departments who do the day-to-day work
- Represent the needs and capabilities of the department
- Insure the department is aligned with other departments within the organization

The Strategic Continuum: Interconnected Decisions that Provide Needed Guidance

The prolific criticism of strategic planning and its execution does not negate the need for setting an overall direction of the company and insuring individuals and team’s actions are aligned in this direction. Even the most uncertain of journeys requires a basic framework to guide daily activity. Consider the most laid-back of all travelers—young adults backpacking on a new continent for the summer. Their planned itinerary is revealed or chosen daily as people, circumstances and monetary issues reveal themselves. Yet their journey is guided by a clear purpose (discovery), an enticing vision (emotions or experiences they want to experience when they return home), values (experiment, stay loose) and near-term goals (stay healthy, preserve freedom, fully enjoy).

Organizations need an underlying trip plan to focus the activity of multiple groups so that everyone is moving in complimentary directions. This is what provides the most leverage from your resources. Without a consciously crafted

underlying trip plan and itinerary that transforms the plan into action, an organization can become essentially rudderless, moving in reaction to the winds of change rather than using the winds of change to secure the organization's desired future.

Yet every day, every year across multiple continents, leadership teams are writing annual itineraries absent an underlying trip plan or without reference to an underlying trip plan or set of strategic decisions. In essence, the trip plan for these types of organizations is a purpose of making money and a vision of achieving fiscal year sales, income and return targets. Their competitive strategy is "doing what has always been done, using the skills we've always had, following the rules of the road, i.e., doing whatever it takes." Some of these companies argue they do strategic planning, but in essence they create operational plans under the false label of strategic plans.

Lacking a uniform, clearly communicated strategic direction year after year, employees inevitably see changes in annual activities as shifts in strategy and direction. The natural response is, "We keep changing direction so much of the time, we've stopped listening to the messages."

The strategic continuum is a key tool for getting out of a reactive rut. It is a framework for creating a market-driven organization and breaking out of a commodity box. It links the key "design" decisions of an organization to its planning activities in order to construct an organization that mirrors its underlying design. (See Chart Four: Strategic Continuum)

All companies have basic "design" parameters, whether they recognize them or not. The design parameters of an organization are essentially the trip plan--the decisions any group of people would make if taking a journey together. They include: purpose; vision; guiding principles; competitive strategy; growth strategy; value-creation strategies and strategic goals. The design parameters describe what the company is trying to create. When annual business planning tools are used to deploy and focus resources to execute strategies and achieve goals, the organization becomes strategically aligned and therefore far more likely to become what its leaders (at all levels) want to create.

Business planning tools include the annual marketing plan, sales plan, financial plan, operational plan, balanced score card measures and targets and leadership team plan. They create the "itinerary" for changes in the company that are consistent with the purpose, competitive strategies, guiding principles and vision of the company.

The strategic continuum serves as a master plan -- insuring that the company remains on a guided path even in the midst of continuous change. Market knowledge helps to frame selection of design parameters and annual business plan decisions. As a result, decision-making is externally focused -- as opposed to internally focused.

Let's look at the design parameters in greater detail. (Pamphlet Six focuses on visionary leadership and describes vision, purpose and guiding principles in even greater detail. Pamphlets Three, Four and Five focus on competitive strategy, providing in-depth information on how to develop a competitive strategy.)

Purpose is a shared, meaningful statement about why the organization exists. While there are many mission statements that are written by managers as a "must do" activity, a purpose statement is viable only if the stated purpose (or mission) is meaningful to the employees--as their efforts will either serve to fulfill the purpose of the organization or fail to do so. This means that the purpose statement must encapsulate a lot more than just financial performance. Financial performance, a critical component for success in an organization, is an outcome of fulfilling a purpose that is meaningful to customers and to employees. (While many people debate this point, here's an analogy that will hopefully convince you of its merit: We require oxygen to live, but we do not live to breathe.)

Vision is a statement of what the organization wants to become—a statement of the leadership position it's seeking and other important measures of the organization, e.g., a place that attracts and retains the most talented employees. A strong vision is inspiring, shared, a stretch with the past, yet doable. It should be able to "evolve" as the company grows.

The competitive strategy is the heart of the design framework. It is the means and the route by which the organization will achieve its vision. It consists of statements addressing what business the company is in, its product-service-technology-geographic scope, channels to reach customers, target markets and the value promise that differentiates the company from its competitors (precast and competitive building materials).

The growth strategy emerges from the competitive strategy, as does the *value creation strategies*. These are strategies the firm must execute to create the differentiation in fact as opposed to theory. They generally include key operational strategies, core competencies, sales and marketing strategies and partnering strategies to create and communicate the differentiated value of the organization.

Guiding principles are core values or business principles that will guide all actions. Core values are upheld no matter what happens in the marketplace, (e.g., fairness). Business principles shape actions, but may themselves need to change as market conditions or competitive strategies evolve, e.g., "We will promote from within." Guiding principles play a key role in defining the corporate culture (Culture is the critical, not consciously stated, norms of behavior that lead people to "fit into" how the organization really works. Pamphlet Seven focuses on company culture and how to change it.)

Three to five-year strategic goals are major milestones which, if achieved, ensure the organization will move much closer to its vision. Generally, one of the goals will embrace desired financial outcomes. Others, however, have attractive financial implications down the road, but embrace more than finances (e.g., 25% of 2002 revenue from new products or create a parking-maintenance service operation by 2002).

The design parameters are invaluable as they enable individuals to evaluate day-to-day management decisions of the company from the same set of desired outcomes. It brings strategic thinking into all levels of the company as individuals choose next steps that are a positive catalyst to executing the strategies. With this responsibility, they are empowered to understand the strategies of the company and monitor progress against strategy execution.

Annual Plans

Annual sales plans, marketing plans, financial plans, operational plans, balanced score card measures and annual targets and leadership team plan align the activities of the organization to the design parameters. They are, in essence, the “itinerary” for the trip. When a strategic continuum is created, whereby annual or two year plans are aligned to the design parameters an integrated annual planning process, what was once dreams turns quickly into reality. (Pamphlet Five describes each plan in greater detail.)

The *marketing plan* identifies the two-year sales and profit goals of the organization and determines what outcomes (i.e., objectives) must occur in different target markets for the sales and profit goals to be met. The plan then identifies marketing and selling strategies for achieving these objectives. Developing this plan also informs operations of what is required in support of the plan.

The *operational plan* outlines what manufacturing, engineering, erection and other key cross-functional groups (e.g., a new product development team) must accomplish, i.e., their specific objectives for the upcoming two years. Achieving these objectives moves the firm closer to its vision and insures the marketing plan’s sales and marketing objectives are met. (See Pamphlet Five.)

The *sales plan* divides accounts into A-B-C categories based on the target markets and descriptions of ideal customers, as outlined by the marketing plan. The sales plan then translates the marketing plan’s overall sales and margin goals into individual sales representative’s annual objectives. Key strategies are executed by creating key action plans for A accounts (at a minimum) for each sales representative consistent with these strategies.

The *balanced score card measures and annual targets* assess organizational performance along a number of dimensions, including but not limited to financial

measures. The measures provide key information on whether strategy is being executed and if so, if it is having its desired effect on financial and market place outcomes.

The *leadership team plan* guides the activities of the executive team (or management team, as others may call it). Building from the leadership team's charter (a tool that describes a team's role), it describes what this team, working as a team, must accomplish over the next year or two and how they will do this. These objectives are not the overall organization's objectives (e.g., revenue and profit targets). Rather they are things like leadership development, creation of new measures or policies, leading culture change, changing the organizational structure or reward system, etc. (Pamphlet Six describes this work in greater detail).

The *financial plan* is the key tool for deploying resources consistent with strategic goals and the objectives of the marketing plan, sales plan, partnering plan and operational plan. It is a critical tool for linking all other plans together and insuring the company makes money. Development of the financial plan (the budgets and one-year P&L forecast) is a back and forth process with all other plan leaders until mutual consistency develops. Operations must have resources to do what the marketing and sales plans require yet sales can only sell what operations can create and marketing can help generate. Over time, one plan will get out ahead of, or behind, others as unanticipated market dynamics and internal events emerge. But being out of balance from the start is a far different experience than trying to stay aligned to a coordinated resource allocation plan from the start.

Creating a strategic continuum in your organization has many rewards, the greatest of which is more comfort with change. Whereas the company's objectives change from year-to-year, the linking of these objectives to design decisions creates momentum and constancy of direction. While competitive strategies may be modified as markets change, far more constancy of aim is possible using the strategic continuum than if annual plans are developed in the absence of design decisions. Use of this framework by PCI leaders helped individual leaders better define and communicate their ideas to others.

The other advantages of using a strategic continuum include:

- It forces future orientation and a market-orientation.
- It provides greater consistency across every one's actions and therefore better resource leverage by providing a framework that ensures all functional and process activities are focused in the same direction; in particular it clearly defines the basic outline of competitive strategy and therefore helps prevent people from moving in multiple, unfocused directions.
- It provides a vehicle for linking annual plans over time so that actions in one-year build on actions in the past.

- It addresses the inability to plan concisely in a world full of uncertainty, while recognizing that in an uncertain world, organizational decisions help determine how the world unfolds. Companies can create the future by modifying vision, declaring purpose, setting new strategies, outlining a desired culture change and then acting on these decisions.
- It's easy to communicate and therefore easily understood.
- It helps identify how the company culture must change to fit the competitive strategy.

All the components of the strategic continuum are critical -- as is insuring their consistency. Too often, leaders quit once they finish the "customary" vision and mission discussion. As a result, the organization's annual activities may not culminate in desired outcome(s). Organizations need more than a vision and a mission statement for a focused journey. They must define their competitive strategy and value-creation strategy for securing the vision's leadership position. After investing significantly in the development of an organizational vision and mission, leaders fail to define the competitive strategy i.e., the route that will lead them to the desired destination or vision. Similarly, too many annual operational and sales-marketing plans are "uncoupled" from any sense of vision or sustainable competitive strategies. The result is an increasingly reactive culture, creating less value for customers and less reward for employees and shareholders.

Precast Company Case Study

A precast company consisted of four individual, independently managed precast companies located in four different regions of North America. While each group was effective, the CEO/owner was frustrated at the feeling that the organization was not achieving its full potential. While profits were good during periods of upturn, the last economic downturn led to a layoff of a number of individuals. Some key organizational improvement initiatives were also cut back. Furthermore, the CEO felt frustrated that he was spending most of his time focused primarily on the day-to-day financial and operational management of the company. He had an ongoing discomfort over the fact that he was not addressing what he knew were significant long-term issues facing the company. Somehow he couldn't clear his desk of the day-to-day work to be able to delve into some of these more strategic issues.

The CEO met every month with the heads of the four different regional units. During these daylong meetings, they reviewed the performance of each unit and talked about those limited issues that cut across all four units, e.g., human resource policies. They also looked at the overall financial performance of the firm to make sure that collectively they were in good shape.

The CEO decided to shift the agenda for the next meeting. Instead of reviewing financial performance, he asked each senior leader to discuss some of the key

issues the regional managers felt weren't being addressed in the company overall or in his particular region. This was hard for the different leaders as they weren't used to this degree of openness in their discussions. Nevertheless, a long history of working together and close friendships within the group created an environment of trust and openness. The leaders could talk honestly about some of their longer-term concerns of the company.

Over the course of the daylong conversation, dinner the next day and into the next meeting, the group began to form a vision of how they would like the company to change. They spent a lot of time discussing the risks facing the business, an exercise which created significant discomfort about exactly how vulnerable the business situation was. Furthermore, they began to talk about how their roles would need to change if in fact they began to move towards their new vision.

The group also discussed what they'd like to create. In this discussion, they realized the company was doing well relative to others within this industry in no way mitigated the genuine risk facing the company. They also realized that they no longer wanted to compete on price. Rather, they wanted to form longer-term partnerships with developers and large general contractors and selected owners where they would be at the design table early in the process and actually absorb some of the risk of the success of the project. Furthermore, as they talked more about what they'd like to create, they realized that there were important synergies across the different regional units that weren't being realized. For example, collectively the engineers could afford a good information system, although individually no one regional engineering department could. Collectively, there was more than enough capacity to meet production needs, although often times one region would find it was turning down work because it didn't have enough capacity.

The leadership team then took the step of creating a charter outlining its guidance role. They also outlined the keys skills members of the leadership team needed to fulfill its guidance role, recognizing that each leader would need to develop some of these skills. (See Chart Five: Performance Dimensions.) Once they completed this charter, they met with other managers to begin to share their ideas about the company. At the first meeting of this group, the management team as a whole again looked at risks and opportunities facing the business and made a commitment as a group and as individual managers to help move the organization in a new direction.

Over time, the work of the executive team shifted significantly. Operational performance was still monitored and issues addressed during the leadership team's meetings. However, these issues were always discussed in the context of the larger picture of what the company was trying to create in terms of its competitive strategy and alignment of the organization to that strategy. The group provided regular ongoing guidance to the larger management team,

making sure that annual plans for each department were in sync with executing the competitive strategy and moving towards the vision for the company.

The group spent considerable time recognizing the need for collaboration within the leadership team. They worked with an organizational development specialist to develop a more collaborative culture within the leadership team. This enabled them to begin to explore how to lead the rest of the organization to become more collaborative.

Today the company's leadership team works and operates in ways that are dramatically different than what existed four years ago. The CEO himself has shifted from being the key decision-maker to being the coach to the leadership team. The VP's of engineering, manufacturing and sales-marketing now meet regularly away from the leadership team meetings to insure there is good alignment of the parts around the day-to-day execution of work. The CEO is free to look at longer-term issues such as strategic alliances and to spend time in the marketplace with his key customers.

Now that the leadership team has fully stepped into its guidance role, more responsibility has been assigned to the next level of management -- a group that has eagerly stepped up to the plate to take on more responsibility. Everyone's leadership skills are being fully developed and the organization has much more potential to achieve success in its marketplace. The process has not been linear—no change process is. There have been ups and downs, victories and disappointments and lots of learning. But the transformation is evident and the company is more proactive in creating its desired future.

Some of the issues that arose in the transformation were the result of lack of experience. No change framework will compensate for lack of management experience and talent in making and executing decisions. But, the ability of strong managers to succeed absent a strategic continuum is very slight indeed.

Summary

The leadership team is one of the most important parts of the organization as it is the only group that can guide the overall operation and change initiatives. Unfortunately, too many leadership teams focus on operational issues at the expense of their guidance role. The “curse” of an operational agenda, as we called it, seriously undermines organizational performance.

The effectiveness of the leadership team depends on how team members resolve conflicts. This chapter argued that collaborative cultures are, in general, the most effective cultures for senior leadership teams. Cooperative and hierarchical cultures fall prey to many problems that mitigate organizational success:

- a lack of alignment across the parts of the organization leads one part of the organization to shift the burden (i.e, the adverse implications) of its decisions onto other parts of the organizations;
- too much time spent on the operational agenda;
- feigned politeness between members of the executive team that keeps the real issues from surfacing; and
- feigned cooperation at team meetings when, in fact, departments are anything but cooperative in how work gets done

Rethinking the role of the leadership team also repositions the role of individual senior leaders. No longer are they silo managers fighting for their view at leadership team meetings. Rather, they run their department on behalf of the entire leadership team and their focus is on whether their unit is aligned with others, not the excellence of their group in isolation of others. This is a revolutionary repositioning of the role of a senior leader.

The senior leadership team charter was introduced as a key tool for focusing the work of the leadership team. The charter summarizes the distinguishing characteristics of the senior team, its role and representative activities consistent with this role. It may also spell out the norms of behavior for being a member of the team as well as the skills and attributes desired for team members.

A key activity of the senior team is creating the strategic continuum, a key tool for getting out of a reactive rut. It is a framework for creating a market-driven organization and breaking out of a commodity box. It links the key “design” decisions of an organization to its planning activities in order to construct an organization that mirrors its underlying design. The design decisions include:

- *Purpose* -- a shared, meaningful statement about why the organization exists.
- *Vision* -- a statement of what the organization wants to become—a statement of the leadership position it’s seeking and other important measures of the organization, e.g., a place that attracts and retains the most talented employees.
- *Competitive strategy* -- the means and the route by which the organization will achieve its vision. It consists of statements addressing what business the company is in, its product-service-technology-geographic scope, channels to reach customers, target markets and the value promise that differentiates the company from its competitors (precast and competitive building materials).
- *Growth strategy* -- where the company will seek its growth
- *Value creation strategies*-- strategies the firm must execute to create the differentiation in fact as opposed to theory. They generally include key operational strategies, core competencies, sales and marketing strategies and partnering strategies to create and communicate the differentiated value of the organization.
- *Guiding principles* -- core values or business principles that will guide all actions.

- *Three to five-year strategic goals* -- major milestones which, if achieved, ensure the organization will move much closer to its vision.

Annual plans align the activities of the organization to the design parameters. They are, in essence, the “itinerary” for the trip. When a strategic continuum is created, design decisions are linked to annual planning decisions so that what was once a dream turns quickly into reality. The individual plans include:

- The *marketing plan* -- identifies the two year sales and profit goals of the organization and determines what outcomes (i.e., objectives) must occur in different target markets for the sales and profit goals to be met. The plan then identifies marketing and selling strategies for achieving these objectives.
- The *operational plan* -- outlines what manufacturing, engineering, erection and other key cross-functional groups (e.g., a new product development team) must accomplish, i.e., their specific objectives for the upcoming two years.
- *Core competencies* – cross-functional skills that meet the following criteria: generate significant customer value; are hard to replicate; excel versus the competition; and can be extended into new markets.
- The *sales plan* -- translates the marketing plan’s overall sales and margin goals into individual sales representative’s annual objectives. Key strategies are executed by creating key action plans for high priority for each sales representative consistent with these strategies.
- The *balanced score card measures and annual targets* -- assess organizational performance along a number of dimensions, including but not limited to financial measures.
- The *leadership team plan* -- guides the activities of the executive. Building from the leadership team’s charter (a tool that describes a team’s role), it describes what this team, working as a team, must accomplish over the next year or two and how they will do this.
- The *financial plan*--budgets and profit and loss statements that insure all other plans are in alignment.

Use of a senior leadership team charter and strategic continuum helps the leadership team shift from a solely operational focus to a blended strategic and operational focus. Separate meetings for the operational work and the strategic work have proven very successful in many of my client organizations.

Chart Six summarizes the differences between a hierarchical, CEO-led company and a senior-team led company. Which would you choose to work in? Which creates the most powerful company (as opposed to powerful leader)?

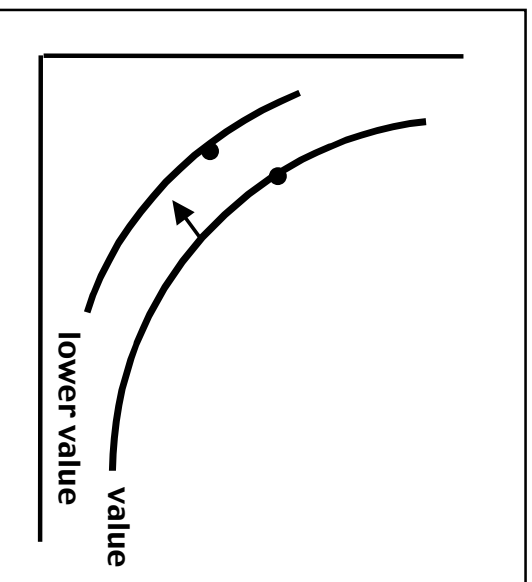
Questions to Move Forward

- What do we want?
- What types of changes do we need to make in our team?
- How do we constrain the potential of our organization?

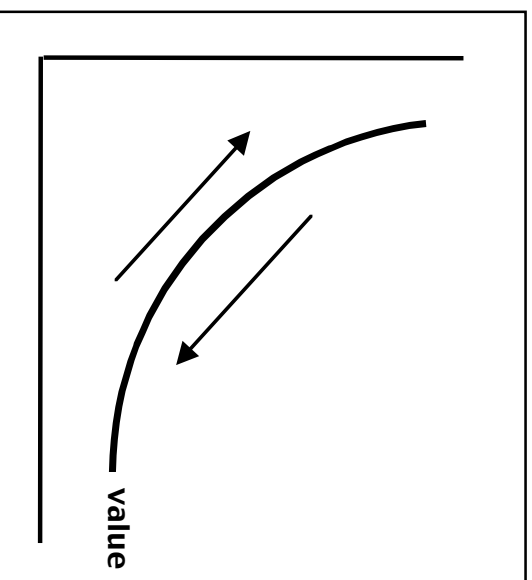
- What potential is not being realized?
- What are our individual and shared unachieved dreams?
- How are we creating what we don't want?
- What unlocks our own doors to personal change?
- How could the leadership team better utilize one another's gifts and skills?
- What are we unwilling to see or acknowledge?
- What assumptions or beliefs about others do we each have that interfere with the ability of our company to achieve its goals?
- How are the behaviors of our organization creating the problems we have with the "containing system?" What beliefs on our part create these problems?
- What really matters to us personally that is not reflected in our work or our organization?
- How has our past success formula (what we typically do well) led to our becoming stuck today?

Collaborative conflict resolution creates customer and company value

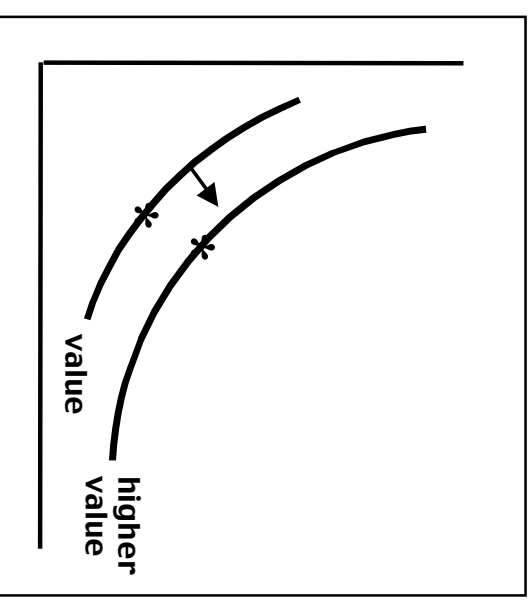
- When internal conflicts are resolved collaboratively, breakthroughs in operational performance are created.
- “Winning” competitive strategies break historic compromises and tradeoffs in the market. Collaborative decision-making is also required to find these breakthroughs.



Competitive and independent conflict resolution often times reduces customer value as companies engage in win-lose cycles



Coordinating and cooperating conflict resolution shifts the burden from one function to another



Collaborative conflict resolution finds the win-win

Sidebar B: The Relationship between Organizational and Interpersonal Issues

Whenever an organization is stuck or a leadership team is unable to resolve a tough issue, there are both interpersonal factors and enterprise factors at work. For example, consider the lack of progress and quality and cost initiatives. The enterprise factors related to this include:

- Confusion over roles within engineering and manufacturing
- Departmental and executive measurements not aligned
- An undefined competitive strategy with different leaders thinking different things are important
- Lack of deployment of resources to genuinely address quality and cost issues

The interpersonal factors could include:

- Power issues
- Plant managers thought they were hired to be COO's
- ISO 9000 failure created a "who is to blame" culture
- Feelings of frustration on the part of the CEO towards the Head of Engineering
- A leadership team comprised of both aggressive and highly reserved personalities

Understanding both the organizational and interpersonal sides of an issue and how they are related is critical to moving forward through an issue. Both must be addressed to find enduring solutions.

Sidebar C: What is Systems Thinking?

Systems thinking is the term for looking at any event or organization in the context of underlying systems, including the human interactions. It is a key skill leaders need to fulfill in their guidance role. Systems thinkers know that in order to change an organization's outcomes, you must change its aim, its structure (including its processes), its culture or its strategies, or you must influence the bigger system that contains your organization. You can't fix just parts, which is where a problem is revealed. Fixing a part only causes other problems to emerge because the root cause of the problem still exists. You must redesign the system to dissolve problems and realize significant greater opportunities, i.e., you must get different not just better.

Sidebar D - What Makes For an Effective Decision?

One only has to think about the determinants of an effective decision to understand that both enterprise-side and interpersonal issues are at work. A good decision depends upon the formal side: facts, analytical skills, effective interpretation of facts, criteria for decision-making, the right people in the room to make the decision, etc. But it also depends upon interpersonal relationships: how open people are, how willing people are to challenge each other, whether or not the real issues are getting on the table, whether or not people are willing to admit they don't know, etc. It is this interaction between people's intellects and emotions that determines the effectiveness of decision-making.

Sidebar E: The Lens Change for Effective Leadership

Effective leadership teams see the organization as a system and appreciate the unique guidance role of the team within the organization. They recognize that the highest leverage and the greatest wisdom come from their having the broadest perspective on the organization. As individual members, they try to delegate day-to-day operations of their part of the company to their people, placing their focus on how their part of the organization is working with other parts and the interaction between the organization and its marketplace at large. This is a "lens" change:

- From seeing problems due to individuals, to seeing the systems issues that create individual performance problems
- From being on the floor, to observing from the balcony
- From treating functions and activities independently, to recognizing their interactions and interdependencies
- From sub-processes to macro processes
- From linear work flow processes to all processes
- From a focus on actions and structure alone to understanding underlying motivations and beliefs and their implications for why people behave as they do

How Organizations Get Stuck

Hard effort + conflicting directions = a mess

(i.e., a complex, non-linear interaction of processes, beliefs, incentives and relationships that produce recurring seemingly intractable problems [Ackoff])

- Confusion on priorities
- Politics
- Waste (time and materials)
- Labels of “inept”
- Seemingly endless “to do’s”
- Frustration leading to burnout
- Profit rate and market share declines



Sidebar G: Katzenbach's Executive Level Teamwork Framework

- The CEO, not the leadership team, being ultimately accountable; individual accountability of specific members is to the CEO, not to other executive team members (i.e., hierarchy)
- Individual accountability being reinforced by rewards and punishments (i.e., independence)
- Meetings as forums for information sharing (i.e., coordination and cooperation)
- When decisions involve others, the CEO resolves conflicts by making the decision (i.e., hierarchy)
- Working together to develop strategy and policy, but executing separately (i.e., independence)
- Focusing on the urgent, not the longer term
- Individuals making decisions on their own, exercising their personal judgment about risks, returns and ways to execute (i.e., independence)
- Leadership team membership being based on position in the organization
- Efficient processes being developed to best leverage executive team members' time

Plantes argues this model, based on a hierarchical model of leadership, can oftentimes lead to different parts of the organization working at cross purposes.

Sidebar H: The Role of the Senior Leader

There is an inherent tension in fulfilling the new role of a senior leader. You wear two hats: department or business unit head and leadership team member. You must represent both the needs of your department, as well as work towards the goals of the whole. If you do not adequately represent your department's needs, you may compromise the whole, e.g., giving in to another department's desires when it is not in the best interests of the whole organization. In a marriage, a failure to independently define what you need leads to an enmeshed and stuck marriage. Similarly, failure to stand for your department's needs can lead to an enmeshed leadership team and a stuck organization.

At the same time, if you only care about your needs and not that of others (be it your spouse or other departments), the ability to achieve shared goals will be undermined. This then is the heart of collaboration: working flexibly with others to achieve shared goals, without compromising your own contribution towards that goal in the interests of "getting along."

Senior leaders recognize they often times cannot do both the day-to-day operational management work and guide the overall system at the level of excellence they desire. Even if you are better at running the day-to-day than anyone else in your company, place the guidance role first. Make sure your part of the organization is well aligned with other parts before you create changes in your own department that could undermine alignment of the whole.

Chart One: Examples of Collaboration vs. the Alternatives

	<i>Competition:</i> Shift the Burden	<i>Cooperation and Coordination:</i> Absorb or Split or Minimize the Burden	<i>Collaboration:</i> Eliminate the Burden
Sales	Sales promises dates that the plant is unlikely to meet	Sales spends extra time and effort convincing owner the wait is worthwhile	Sales, Marketing, Engineering and Production work together to create "quick" building system that offers faster lead times
Engineering	Send an extraordinary number of pieces to production with a very short lead time	Re-engineer how design process works so that manufacturing has smoother, steadier work flow	Marketing, Sales and Production work with Engineering to create even more design process changes that help smooth production
Manufacturing	Tell Sales they will no longer accept difficult-standard shapes for architectural precast panels at market prices; a 55% premium is expected	Work overtime, incur scrap-rework costs	Engineering, Construction and Manufacturing work together to create a cast-in-place system for all odd shapes--this is now a Construction Division service offering
Erection Crew	Will not work outside current geographies	Spend long time away from home	Engineering, Finance and Erection identify strategic partner for U.S. erection that trains under home-based company teams

In hierarchical cultures, the "referee" decides which solution is "best". His success in "eliminating" the burden depends directly on the amount of information and insight he has.

Chart Two

Senior Leadership Team Charter Example

Example

Scope

On behalf of all stakeholders and shareholders, including associates and their families and customers, the senior leadership team owns and communicates a long-term vision and addresses the realities of where the organization stands.

Distinguishing Characteristics

This team provides guidance and alignment of the organization *as a whole system*. Members serve as the primary leaders and role models for the desired culture of the organization.

Representative Tasks

- Create long-term goals, directions, and strategies to enhance the company's competitive position.
- Ensure that company structure, culture, processes, resources and peoples' skills are aligned to business strategy.
- Establish objectives and clear, effective measurements to monitor performance of the organization.
- Clearly communicate to the organization business direction and changes.
- Lead changes to the organization, maintaining momentum, optimism and a sense of urgency.
- Foster collaborative, continuous improvement of systems, processes and methods throughout the organization.
- Lead resolution of unresolved conflicts and "undiscussables" that are undermining the organization's performance.
- As individuals, strategically lead and manage a functional area on behalf of the team and the total organization.
- Proactively coach members of the senior team.

Our Commitments to One Another and the Team: We will...

- Actively, positively engage others, up to and including the total organization, recognizing the gifts of others, mentoring the development of people and bringing vision, hope, momentum and spirit to those we touch. We value *leadership*.
- Be dependable, dedicated to achieving agreed upon objectives and follow through on our premises and commitments to others. We value *integrity*.
- Think strategically regarding the financial performance of the company as a whole, understanding how that performance is directly influenced by the company's competitive market strategies and internal alignment of structure, culture and skills. We value *strategic thinking*.
- Execute strategic direction by actively working to bring structures, processes, culture and the skills of associates together into a coherent whole. We value *alignment*.
- See our organization as a system, understanding how action in one area may have consequences in another. We value *systems thinking* and *leading*.
- Create a workplace where people want to work, where they are appreciated and trusted as partners, and given opportunities to grow and develop in their careers. We value *each person*.
- Maintain cutting-edge knowledge in functional fields to support both day-to-day operations and innovation for the future. We value *expertise*.
-

Chart Three

Senior Leadership Team Charter Example

Achieve long-term success and vitality for Con-Force and its people by:

- Fostering development of a common vision and its execution.
- Ensuring alignment of competitive strategy, structure, vision and culture.
- Mastering change.
- Helping Con-Force truly become a "learning organization."
- Creating a collaborative environment that creates a deep sense of shared ownership for the future of Con-Force.

We are the team that:

- Brings individual elements into a meaningful whole, enabling others to make connections and see how alignment can occur.
- Is a positive catalyst of transformation (including the current transformation to the Strength of Four), inspiring hope, confidence and a sense of opportunity.
- Provides the joint and overall leadership of the company as a whole to release the potential to people--including mentoring and "getting out of the way" when this is the best way to help the organization move forward.
- Breaks down barriers and gives permission to others, enabling them to take a broader view of their own roles.
- Is the primary model of the culture, norms and guiding principles, especially encouraging people to collaborate and to learn to act with authority and freedom.
- Bring knowledge and theory to the organization; fosters a naturally open-minded, learning-based approach to opportunities and change.
- Creates the macro systems essential to overall organizational success, including those systems devoted to bringing people with the right talents, skills and values into Con-Force.
- Serves as representative of all stakeholder interests, including those of employees, customers, suppliers, shareholders and the public.
- As granted by the Board of Directors, leads the business consistent with the articles of the company and in accordance with national laws and professional ethics (subject to periodic review).

As catalysts for change, the team and individual members can do the following:

- Refuse to make decisions that others can make.
- Set an expectation that others will collaborate; express confidence that this will be an effective approach (in the absence of G-7 or a "regional manager" solving the problem).
- Remind people that the organization is different and they have a different level of leadership responsibility.
- Get people to work as a team on bigger, longer term issues related to creating tomorrow's company--issues that have a strong element of cross-process, cross-region content.
- Make observations and challenge people to deal with their undiscussables; expect people to put them on the table.
- Remind people they have resources: time, people from other regions or functions; facilities and money. Give people permission to make better choices about how to use their time rather than only focusing on getting today's work done.
- Talk often about the common framework for change, especially culture--where we are, where we are going, everyone's stake and role as a team member.
- Make it okay to work on change issues in an imperfect way as a method to acquire learning.
- Encourage others to focus on *how* the work is getting done, not just the progress of specific projects.
- Foster openness to talk about individual issues as a way to see where common dilemmas exist; help people engage one another with mutual support and problem-solving.
- Encourage people to look at where they have been successful, and to celebrate and learn from their successes.
- Generate respect for each individual's concerns and ideas. Steer people away from "us versus them" judgmental conclusions that the process is about fixing others rather than developing and changing themselves. Encourage people with differences to come together; serve as a sounding board for how this might happen.
- Ask people to identify for themselves and initiate getting at the things that need to be done to help the organization move forward. (The organization does not need a grand plan and G-7 should not accept others' expectations that it will provide such a plan.)
- Show people that we are not different and that we are vulnerable through stories about our own learning and personal change efforts.
- Look for the right moments and opportunities to play a catalytic role.

Chart Four: Strategic Continuum

An organization's strategic continuum serves as its master plan, ensuring that it remains on a guided path, even in the midst of continuous change. Market knowledge frames decision-making, ensuring it is externally focused. Business planning (i.e., annual marketing plans and operational plans) directs change, ensuring it can be accomplished and is consistent with the vision.

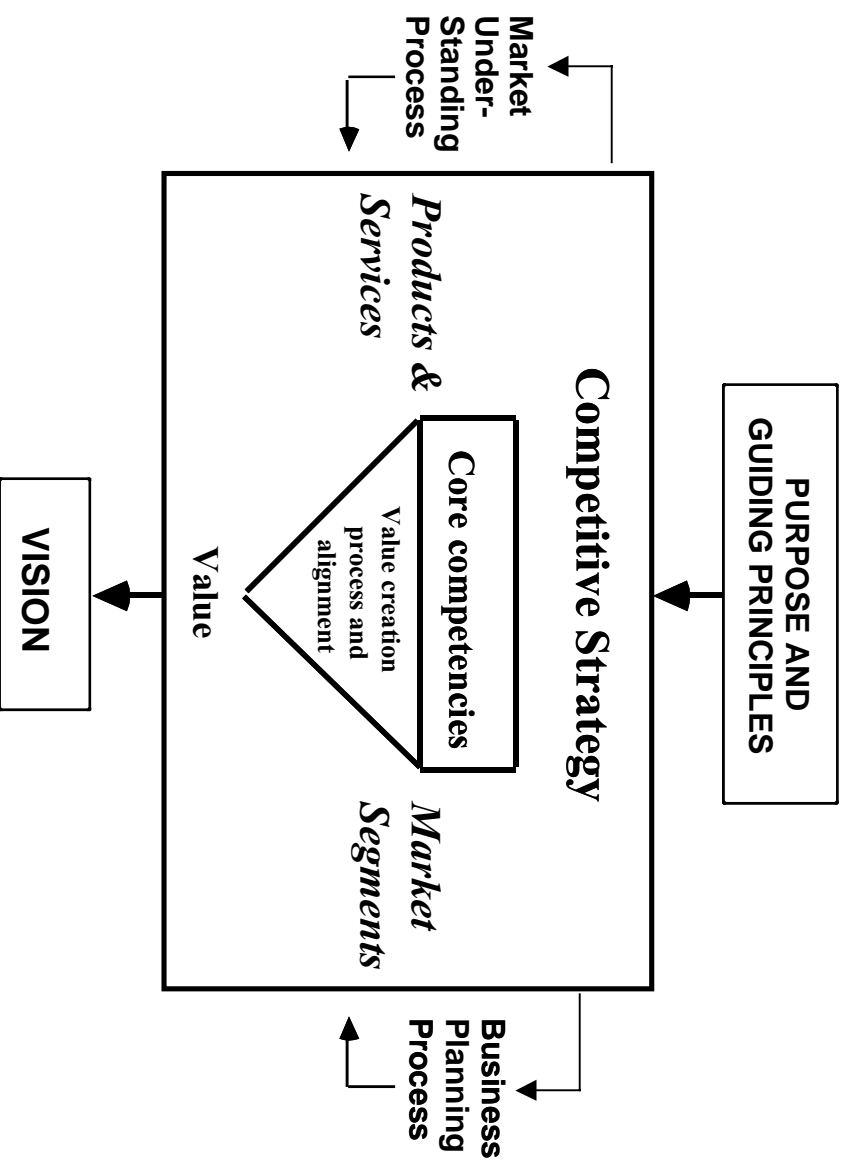


Chart Five

Performance Dimensions (agreed upon areas for evaluation, feedback, and individual development)

Leadership

Leadership is defined as active, positive engagement of others, up to and including the rest of the organization. Not “doing,” but creating the conditions for success that enable and inspire others to do the work of the organization, based on their own deep sense of personal pride and ownership. This dimension includes balancing the ability to be personally clear, decisive, urgent, and passionate, with the ability to know when to hold back and to create and hold a state of appropriate tension, so that others may learn and may lead. Leadership involves stamina, initiation, risk-taking, resistance to stress, and refined capabilities to build trusting, collaborative relationships with diverse groups and individuals. In particular, leaders recognize the gifts of others and mentor the development of people. This responsibility includes devotion to one’s own development, as well. Leaders bring vision, hope, momentum, spirit (and even fun!) to those they touch.

Integrity

Integrity is about being dependable, dedicated to agreed upon objectives, and following through on promises and commitments made to others. It also means avoiding false agreements and behaviors of all kinds, and includes the willingness to acknowledge if promises cannot be kept. Integrity means moving beyond behaviors that may be somewhat self-protective or defensive to being genuinely honest, open, courageous, and honorable, even in situations that may invite criticism, unpopularity, or personal exposure. The willingness to be vulnerable, to ask for and learn from feedback, and to acknowledge mistakes or contributions to a problem is therefore also a part of this dimension.

Willingness to be a Team Player

The willingness to be a team player means first and foremost to follow the norms that the team itself has agreed to operate within. These norms highlight the need to collaborate, achieve consensus, challenge and support one another, give and receive feedback, and serve as an active contributor to the team’s overall purpose. This means avoiding a focus on simply advocating for personal agendas or functional needs that sub-optimize the performance of the overall organization. Being a team player is about being deeply committed to the success of the group, sharing resources across functional or process boundaries, personal flexibility to meet many needs, trusting the intentions of other members, and being genuinely willing to give and receive help.

Strategic Thinking

Strategic thinking is the art of separating out the most important actions, methods, and leverage points to achieve a particular goal. It includes “far-sightedness,” creativity, some cleverness, and the capacity to see a variety of alternative paths forward. In the context of the senior team, strategic thinking heavily involves concern for financial performance of the company as a whole and an understanding of how that performance is directly influenced by the company’s competitive market strategies and internal alignment of structure, culture, and skills. This dimension demands ability to help the company define, develop, act on, and measure a competitive strategy that flows out of existing or developing core competencies.

Ability to Assess, Analyze, and Learn

This dimension pertains, among other things, to raw thinking skills – the capacity to identify core issues from a mass of conflicting or subtle data, articulate these issues in understandable terms, and develop rational plans to address them. To do so necessarily means a capacity for open-mindedness, innovation, capacity to see possibilities, and a willingness to work from data, not just “gut instinct.” But it also includes knowing when enough data has been gathered and then moving in an expeditious way to decisions. Effectiveness in this area is not about being perfect or making perfect decisions every time so much as it is about imperfect *learning*. In the context of the senior team, this dimension also involves a sufficiently high level of “business acumen” to support the enterprise and its goals.

Ability to Create Alignment

This dimension is about the capacity to execute strategic direction by noticing how structures, processes, culture, skills of employees can be assembled into a coherent whole. Since alignment is created by observing where things are “out of alignment,” members of the senior team must be adept at seeing and surfacing problems, issues, conflicts, contradictions, and “undiscussables” as opportunities to help the organization become more aligned. This work is not about blaming people, creating empty plans, adding workload, or simply demanding compliance with a directive. It is “calling out reality,” then engaging everyone in bringing the organization together to work more effectively on the right things. To create alignment involves discovering evidence of alignment issues from both objective data and the subjective feelings of those in or affected by the system.

Sensitivity to Environment

This dimension involves a deep understanding of the context in which the company operates, including knowledge of markets, competitors, customers, Corporate, employees, the community, and how the organization operates internally – especially how the functional areas and key processes beyond those directly led actually operate. Members are expected to be highly conversant in the needs, interests, and contributions of each group so that they are considered as a routine part of the team’s strategic problem-solving and leadership work. Team members consider it an obligation to understand the “worlds” of others, to empathize, and to recognize political, organizational, and economic inter-connections. This can also involve sensitivity to better practices by competitors or in other industries, or within other internal departments, that might be used or adapted by the Division as a whole or within a particular functional area.

Thinking and Leading Systemically

Systems thinking is the art of seeing the organization as a whole, made up of many inter-acting parts. Since the senior team is responsible more for managing the inter-actions than the parts, members must be able to see the connections, notice repeating cycles and patterns, reveal hidden linkages and relationships, and understand how an action in one area may have consequences in many others – some of which may not be intended. One key aspect of systems thinking is leading the organization as a set of linked work processes, not just as hierarchy of power based around functional silos, and maintaining a strong focus on improving the performance of these processes. Another aspect is leading toward a culture that truly supports process management work – such as helping others see inter-connections, moving from blame toward understanding, and using data to effectively get at causes of problems in quality, speed, and cost.

Functional Expertise

Each member of the senior team leads a functional or process area on behalf of the group. This demands well-developed knowledge, skills, and abilities within that area, such as manufacturing, finance, or sales. Members are expected to be experts in their field, fully aware of industry standards, issues facing that field, and cutting-edge developments. And they are expected to bring this knowledge to bear in their collaborative work with the team, in their guidance of others within the functions and processes they individually lead, and with others across the organization.

Chart Six

Hierarchy Versus Senior-Team Led

Factor	Hierarchy	Senior Team Led
Role of senior managers	Manage part	Run part on behalf of the entire team
Role of CEO	Make decisions	Coach to the senior team
Relationships among senior members	Cooperative down to competitive	Collaborative
Trust and openness levels	Low to high	Very high
Focus of meetings	Gather information to help CEO make decisions and keep day to day operations flowing	Identify and resolve alignment issues
Strategic versus operational focus	More operational	More strategic
Focus on individual part versus company as a whole	Mostly individual part	Must represent needs of the individual part and collaborate from that perspective; nevertheless, all decisions stem from the shared desire to move the entire organization forward. This shared aim and responsibility is what creates the possibility of collaboration.

Appendix One

POSITION GUIDE - OLD (without the Guidance Role)

VICE PRESIDENT, PROJECT SOLUTIONS

REPORTING STATUS

Reports to the President.

PURPOSE

Responsible for "finalizing the solution," "managing the project," and, where applicable, "constructing the solution" processes, including sales solutions, engineering, and research and development engineering.

Responsible for ensuring that the pursuit of better solutions is always a top priority, and that appropriate resources are made available for this activity.

RELATIONSHIPS

Internal:

Work closely with the Corporate group and the other process group vice presidents to create the future for Con-Force. Be the leader for all solutions group activities and a leader in the company. Work closely with all solutions group department heads, and through them all other employees to direct the activities of the solutions group and to act as educator, coach and mentor. Assist individuals in other process groups when requested to do so by the other process group vice presidents.

External:

As the Senior Engineering, Project Manager and Construction individual in the company cultivate and maintain relationships at an appropriate level with owners, contractors, consultants, precast industry leaders, government and statutory officials and senior members of businesses other than Con-Force to promote precast, promote Con-Force and to gain valuable business and market trend information.

SPECIFIC ROLES

Leadership and Management Activities:

Manage all department heads and through them all employees and activities in the solutions group. Ensure all activities are conducted in accordance with Con-Force policies and procedures and applicable statutes. Ensure that your people have the necessary time and resources.

Develop a suitable position guide for each direct report so that the roles, responsibilities and level of authority are clearly understood by both parties. Periodically review with each direct report the level of success being achieved. Ensure that the department heads are doing the same with their people. Ensure there is a "back-up" individual in place for critical positions.

Direct the project solutions group in accordance with Con-Force norms, culture and guiding principles and ensure all other solutions group personnel do the same.

Develop, implement and maintain programs and systems necessary for the effective and efficient operation of project solution activities.

Meeting Customer Needs:

Take steps to be sure customers, consultants and the outside world view Con-Force and our people in a very positive way.

Ensure that the needs of our customers are always driving our decisions. The following are some of the key areas of concern to our customers:

- Timeliness
- Quality of product
- Performance and service
- Cost

Critical Internal Operational Activities:

Constantly pursue the improvement of the critical internal operations necessary to meet the needs of our customers (both internal and external). From our customers' perspective some of the important issues are:

- Cycle time
- Quality
- Employee skills
- Productivity

Concentrate on these areas that have the greatest influence on customer satisfaction.

Develop the core competencies of the solutions group. This means acquiring the critical technologies needed to ensure market leadership in our chosen strategic areas.

Innovation and Learning Activities:

Make continuous improvements to our existing products and services to increase the value we are offering our customers.

Participate actively in the development and introduction of new products and services consistent with our strategic plan. This should be a higher priority than the improvement of existing products and services, since it represents our future rather than our past.

Develop a research and development and solution finding capability within the solutions group that enables Con-Force to succeed with its strategic plan.

Financial Improvement Activities:

Ensure that the regional solutions teams are the right size and have the right skills to provide the best project solutions while maximizing operational efficiency.

Ensure that resources are shared between regional solutions teams to find the best project solutions and maximize operational efficiency.

Develop standards and procedures for engineering, drafting, project management and construction systems which reduce the time and effort required to provide these services, enable the success of these services to be measurable, and reduce the skill level and training period necessary to allow these services to be competently and efficiently provided.

MEASURES OF SUCCESS

Meeting customers needs:

- "On time" record.
- Rate of reduction of errors.
- Customer satisfaction with quality of product.
- Customer satisfaction with quality of service.
- Finding solutions that increase value for customers.

Internal operational activities:

- Reduction of time from contract award to start of production.
- Simplification and standardization of systems, designs and drawings.
- Building the right team (core competencies).
- Improving safety.

Innovation and learning activities:

- Rate of introduction of new solutions.
- Internal customer satisfaction with sales solution and research and development engineering services provided.

Financial improvement activities:

- Improvement in margins by finding better solutions.
- Rate of reduction of cost for providing engineering, drafting and project management services.

AUTHORITY

Full authority for installation of capital works after written approval of each AFE by the President.

Disposition of significant assets must be approved by the President.

Full authority to enter into labour agreements, consulting with Corporate Office only when appropriate.

Conditions and correspondence regarding the hiring and discharge of salaried staff must be reviewed by the Corporate Controller prior to issue.

All new hire salaries and all salary changes must be approved by the President.

Full authority to approve expense accounts for project solutions staff.

Vice President, Project Solutions expense account must be approved by the President.

Any direct financial involvement in a project must be reviewed by the President.

Generally most legal issues (leases, liability issues, major contract disputes) should be discussed with Corporate Office staff.

GENERAL

The President has the right to change the level of authorization exercised by the Vice President, Project Solutions and to modify the role from time to time as he sees fit.

**POSITION GUIDE - NEW
(with the Guidance Role)**

VICE PRESIDENT, PROJECT SOLUTIONS

MEMBERSHIP

Serves as an inter-dependent member of the process leaders' team. The team is conjointly responsible for overall strategic and systems guidance of the company as the senior leadership group of the company. This is a self-organizing team that is provided support, challenge, facilitation, and mentoring by the president of the company.

PURPOSE

As with all other members of the team, the work is balanced between an area of focus (as below) plus responsibility for guidance of the corporation as a whole. This guidance includes, but is not limited to, setting the overall strategic direction of the corporation, including its total marketing strategy; creation of organizational structures, disposition of all financial resources, deployment of people, decisions regarding the intended culture of the organization, and its ultimate vision.

The following highlights the distinguishing focus of the position:

As a member of the process leaders' team, the Vice-President, Project Solutions, brings a deep, overall systems perspective to "finalizing the solution," "managing the project," and where applicable the "constructing the solution" processes, including sales solutions, engineering, and research and development engineering. This person is a key advocate for constant pursuit of better systems solutions throughout the entire organization and its interfaces with customers. The focus is on creating value for customers through innovation and increased efficiencies.

RELATIONSHIPS

Internal:

Works collaboratively with the other process group vice presidents (and the rest of the organization) to create the future for Con-Force. Work within the process leaders' team is based on an agreed upon charter whose focus is collaborative leadership of Con-Force. Acts as linking pin for all solutions group activities and as a leader of the company. Mentors and serves all solutions group department heads, and through them all other employees to facilitate the activities of the solutions group and to act as educator and coach.

External:

As the Senior Engineering, Project Manager and Construction individual in the company, plays a key role in cultivating and maintaining positive relationships with owners, contractors, consultants, precast industry leaders, government and statutory officials and senior members of businesses other than Con-Force. Much of this work involves promoting precast, promoting Con-Force and gaining valuable business and market trend information.

SPECIFIC ROLES -- Including some representative tasks

Leadership and Management Activities:

Lead department operations and activities in the solutions group. Support Con-Force policies and procedures and guide compliance with applicable statutes. Promote an open environment where people solve problems together, especially issues related to people having sufficient time and resources to do quality work.

Communicate work expectations, and periodically review with each direct report the level of success being achieved, helping to remove barriers to each person's success. Coach department leaders are doing the same within their own groups. Develop systems to ensure there is a "back-up" resources available to achieve critical tasks.

Lead the project solutions group to consistently fulfill Con-Force norms, guiding principles and work to help all other solutions group personnel do the same.

Initiate, execute, and maintain programs and systems necessary for the effective and efficient operation of project solution activities.

Meeting External Customer Needs:

Take steps to be sure external customers, consultants and the outside world view Con-Force and our people in a very positive way.

Ensure that the needs of our external customers are a crucial factor in our decisions. The following are some of the key areas of concern to external customers:

- Timeliness
- Quality of product
- Performance and service
- Cost
- Open, two-way communications and a high level of trust
- Confidence in our integrity

Critical Internal Operational Activities:

Constantly pursue the improvement of the critical internal operations necessary to meet the needs of our customers (both internal and external). From our internal customers' perspective some of the important issues are:

- Working in a safe, efficient manner which optimizes the organization's overall capabilities to serve its customers
- Being directly involved in deciding better ways to operate internally and at the customer interface
- Having clear, common sense of the organization's direction
- Having trust in solutions' technical capabilities, systems perspective, management skills, and integrity
- Experiencing mutual learning and development
- Experiencing a common commitment to a open, trust-based, collaborative work environment
- Participating in the development of agreed upon work expectations

Concentrate on these areas that have the greatest influence on internal customer satisfaction.

Develop the core competencies of the solutions group. This means acquiring the critical technologies and skills needed to ensure market leadership in our chosen strategic areas.

Innovation and Learning Activities:

Make continuous improvements to our existing products and services to increase the value we are offering our customers.

Participate actively in the development and introduction of new products and services consistent with our strategic plan. This should be a higher priority than the improvement of existing products and services, since it represents our future rather than our past.

Develop a research and development and solution finding capability within the solutions group that enables Con-Force to succeed with its strategic plan.

Financial Improvement Activities:

Ensure that the regional solutions teams are the right size and have the right skills to provide the best project solutions while maximizing operational efficiency.

Foster shared responsibility among regional solutions teams to find the best project solutions, marshal their resources cooperatively, and maximize operational efficiency.

Develop and guide collaborative implementation of standards and procedures for engineering, drafting, project management and construction systems which reduce the time and effort required to provide these services, enable the success of these services to be measurable, and reduce the skill level and training period necessary to allow these services to be competently and efficiently provided.

MEASURES OF SUCCESS

Meeting customers needs:

- "On time" record.
- Rate of reduction of errors.
- Customer satisfaction with quality of product.
- Customer satisfaction with quality of service, including satisfaction with the relationship, communications, and integrity of the company.
- Finding solutions that increase value for customers.

Internal operational activities:

- Reduction of time from contract award to start of production.
- Simplification and standardization of systems, designs and drawings.
- Building the right team (core competencies).
- Improving safety.
- Satisfaction with level of collaboration and trust-levels

Innovation and learning activities:

- Rate of introduction of new solutions.
- Internal customer satisfaction with sales solution and research and development engineering services provided.

Financial improvement activities:

- Improvement in margins by finding better solutions.
- Rate of reduction of cost for providing engineering, drafting and project management services.

INTERDEPENDENT DECISIONS (WITH ONE OR MORE OTHER MEMBERS OF THE PROCESS LEADERS' TEAM)

Disposition of major assets (over \$_____)

New position salaries and salary changes where equity issues may exist

Personal expense account

Any direct financial involvement in a project

Significant legal issues

Decisions affecting the overall strategic directions and vision of the company, significant internal structural changes, policy matters, or cultural norms.

GENERAL

The team may wish to change the above list or consider other aspects of its role and decision-making authorities from time to time.

DESIRABLE KNOWLEDGE, SKILLS, AND ABILITIES

Technical and financial expertise (To be defined).

Knowledge of state-of-the-art management practices, including implementation of quality methods, self-management, systems approaches, and corporate communications.

Ability to articulate a personal and collective vision for Con-Force.

Ability to think strategically and focus on the long-range issues of corporate survival, growth, and development.

Ability to identify appropriate measures of corporate effectiveness, and to plan and execute work toward their attainment.

Ability to model and teach Con-Force norms as a way to build trust, and address specific, day-to-day internal problems or issues with customers.

Ability to delegate.

Ability to effectively give and receive feedback.

Ability to surface and appreciate differing perspectives and work through conflicts in an open, non-defensive manner.

Versatility in decision-making skills -- able to use the right type of decision in the right environment.

Refined problem-solving skills which focus on process-based and systemic change rather than temporary solutions.

Creative thinking skills, that lead to innovation in all types of processes, from corporate strategy to human relations.

Skill in developing open, inter-dependent relationships where collaboration is the norm.

Skill in encouraging learning, especially mentoring the growth and development of leadership capabilities throughout Con-Force

Skill in assimilating large amounts of detailed, sometimes conflicting data, including data that disconfirms basic assumptions upon which corporate action has been built.

Commitment to constant personal, team, and corporate improvement.

High level of personal integrity and honesty.

Appendix Two

Leadership Team Trust Level Measure

Name: _____ (optional)

Instructions: Please circle the level that best describes the management team. This will be treated as confidential.

- Level +3 Ideal:** Group trust is high enough that discussion can be initiated about another member's behavior or performance which has become a problem for the group. Discussion can occur with the individual present, and is open, supportive, constructive, and essentially non-threatening to that person and to the group.
- Level +1 High Functioning:** In a group setting, individuals can volunteer that personal behavior or performance may be a problem for others. Members are able to ask for feedback and others are able to give it an open, accurate and supportive manner.
- Level 0 Common Practice:** Group trust is neither positive or negative. People are inexperienced with feedback but no major problems are apparent. When issues emerge, they are discussed and settled obliquely by the group, denied and suppressed, or handled behind the scenes. People attempt to maintain harmony with the result that some ongoing problems may be buried and impede individual and group performance.
- Level -1 Low Functioning:** Mistrust and some conflict exist in the group. People target one another, but this is usually done in the open. Negative comments slip out during group interactions. There may be a tone of cold war and the group may be fragmented into alliances. Misunderstandings and mis-assumptions about others' motives characterize individuals' private views of one another.
- Level -2 Disintegrating:** Open conflicts exist in the group. Individuals are blamed or made scapegoats for the problems of the group. Openly disruptive, hostile, or retaliatory behavior is rationalized as reasonable or necessary.

Leadership Team Teamwork Measure

Name: _____ (optional)

Instructions: Please respond to the following statements by circling the number (1-5) that most closely corresponds to how you feel as a member of the QTI management team.

1. Purpose: Do I understand the aim or purpose of our team?

Ambiguous 1 2 3 4 5 Clear

2. In/Out: Do I feel like I belong to the team and am valued?

I'm out 1 2 3 4 5 I'm in

3. Elbow Room: Do I have the space to be exactly who I am as a member of this team or do I feel like I have to conform to fit into the crowd?

I'm crowded 1 2 3 4 5 I'm free

4. Discussion: What is my stance when we enter discussions?

Guarded about what I say and how I say it 1 2 3 4 5 Free to speak the truth

5. Use of Skills: Are my real gifts being utilized by the team?

Poor 1 2 3 4 5 Full

6. Conflict: How do we handle potential conflicts within the team?

Avoided 1 2 3 4 5 Worked on

7. Support: Who is everybody looking out for?

Self only--it's win-lose 1 2 3 4 5 Each to all – it's win-win

Leadership Team Work Agenda Analysis

Name: _____ (optional)

Instructions: Each of the following categories (2a-2k) consists of two discussion items. Circle the number that best represents, in general, which topic receives more discussion at QTI management team meetings. For example, if an equal amount of time is spent during meetings discussing both issues, circle 3. If only the topic on the left is discussed by the team, circle 1. If only the topic on the right is discussed by the team, circle 5. You could also select number 2 or 4 which represent other possible balances between the two topics.

Discussion Items

2a.	The future of our markets	1	2	3	4	5	Cost variances vs. budget
2b.	Strategic issues--we talk as if we are the architects of our organization	1	2	3	4	5	Today's work--we talk as if we are the maintenance engineers of our company
2c.	Unique ways to compete in new and existing markets that will help our company really gain share in the market	1	2	3	4	5	How to catch up with our competitors or make our near-term forecasts
2d.	The company's culture and organizational structure and how to shape them to better execute our strategy	1	2	3	4	5	Individual problem employees and functional areas and resolving interfunctional conflicts
2e.	How to shape the industry to our advantage	1	2	3	4	5	Complaining about the problems and limitations in our industry

**Leadership Team Work Agenda Analysis
(continued)**

2f.	New products and services and markets	1	2	3	4	5	Profitability of current products, services and markets
2g.	How to align our people and systems to achieve our purpose and vision	1	2	3	4	5	This month's financial results
2h.	How to build competitive advantages	1	2	3	4	5	What is working or not working on individual assignments
2i.	Defining business constraints that keep us from achieving our potential as an organization	1	2	3	4	5	Scheduling and people availability issues associated with today's work
2j.	Developing our people and partnerships to grow our business	1	2	3	4	5	Reporting on progress against our forecasts
2k.	Discussing ways to accelerate progress on our long-term strategic initiatives	1	2	3	4	5	Discussing day-to-day issues that will affect this year's performance vs. budget