Framework for Leading Sustainable Transformation: Defying the Odds!

Debbie Collard, The Boeing Company and Dr. John Latham, Monfort Institute
What is Sustainable Excellence?

- The design/redesign of an organization’s systems to create continuously improving high performance results across the organization that compare favorably to relevant comparisons AND eventually embedding those changes into the culture of the organization.

- Results include:
  - Operations (including suppliers and partners)
  - Products and Services
  - Customers (including satisfaction, repeat business and referrals)
  - Financial and Market
  - Workforce Capability and Engagement
  - Community and Environmental
Unfortunately...The Odds are Against You!

• Improving Performance is Difficult
  • In fact: Most Change Initiatives Fail!

• However, there is a group of organizations and leaders that have defied the odds!
  • Including: large manufacturing, large service, small business, healthcare, education and non-profit/government.

• What can we learn from those who have successfully transformed their organizations?
  • *In other words - “By What Method?”*
“Defied the Odds Twice!”

1998 Malcolm Baldrige Award Ceremony

2003 Malcolm Baldrige Award Ceremony
From Crisis to Success

- Lack of Confidence
- Quality Problems
- Cost Overruns
- Adversarial Relationships
- Late Deliveries

40 and No More … Unless We Perform 1992

National Quality Award Winners 1998
Airlift and Tanker Improvements

Baldrige Mid-Range Score


200 300 400 450 500 550 600

TQMS-IE Cal Qual MB

400 Points!
# The “Challenge” at Aerospace Support

<table>
<thead>
<tr>
<th></th>
<th>Airlift &amp; Tanker Programs 1998 Recipient</th>
<th>Aerospace Support 2003 Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Type</strong></td>
<td>Manufacturing</td>
<td>Service</td>
</tr>
<tr>
<td><strong>Organizational Complexity</strong></td>
<td>Primarily one program</td>
<td>Complex: Bus./Sites/Functions</td>
</tr>
<tr>
<td><strong>Locations</strong></td>
<td>Primarily one</td>
<td>Dispersed – 130+ locations</td>
</tr>
<tr>
<td><strong>Starting Point</strong></td>
<td>Chaos</td>
<td>Stable</td>
</tr>
<tr>
<td><strong>Crisis</strong></td>
<td>Yes</td>
<td>Not recognized</td>
</tr>
<tr>
<td><strong>Documented Processes</strong></td>
<td>None</td>
<td>Some</td>
</tr>
<tr>
<td><strong>Initiatives</strong></td>
<td>Many</td>
<td>Few</td>
</tr>
</tbody>
</table>

Different organizations – same leader & approach
Business Excellence Journey
Aerospace Support

AS Baldrige-based Assessment Score
State/Local/Baldrige-based Score by Major Site
Award Recipient

Philadelphia

Oklahoma City

Wichita

St L

Mesa

BAL

So Cal

Ft Walton Beach

BASC

So Cal

Aerospace Support Baldrige Win

400 Points!
Aerospace Support was a fairly new organization with a focus on both running and growing the business.
Baldrige as our Business Model
Framework for Leading Sustainable Transformation

### Behaviors $b$
- $b_1$ - Role Model
- $b_2$ - Respect for People
- $b_3$ - Collaborative
- $b_4$ - Communication
- $b_5$ - Persistent
- $b_6$ - Accountable
- $b_7$ - Systems Thinking
- $b_8$ - Contact Sport (LACS)
- $b_9$ - Personal Learning

### Individual Leader $i$
- $i_1$ - Purpose and Meaning
- $i_2$ - Humble - Confident
- $i_3$ - Integrity
- $i_4$ - Perspective
- $i_5$ - Attitudes and Motivations

### Forces of Change $f$
- $f_1$ Tension
- $f_2$ Resistance
- $f_3$ Alignment
- $f_4$ CPE Model
- $f_5$ SMEs

### Culture $c$
- $c_1$ - Culture Change
- $c_2$ - Values - Driven
- $c_3$ - Teamwork
- $c_4$ - Excellence
- $c_5$ - Employees
- $c_6$ - Customer Focus
- $c_7$ - Trust

### Approaches $a$
- $a_1$ - Stakeholder Value
- $a_2$ - Compelling Directive
- $a_3$ - Focused Strategy
- $a_4$ - E3 People
- $a_5$ - Deploy and Execute
- $a_6$ - Measure Performance
- $a_7$ - Review Performance
- $a_8$ - Reinforce Behavior
- $a_9$ - Learn and Improve

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Our Leadership System

- Set and Communicate Direction
- Be Role Models
- Organize, Plan, and Align
- Be Role Models
- Empower Teams
- Continuously Improve
- Motivate Employees
- Reward & Recognize
- Perform to Plan
- Analyze & Compare

Vision & Values

Stakeholder Requirements & Expectations

- Customer
- Work force
- Suppliers
- Community
- Shareholders

Organizational & Employee Learning

Analyzing & Comparing

• Customer
• Work force
• Suppliers
• Community
• Shareholders

Innovation

Teamwork

Agility

Sharing & Supportive

Diversity

Quality

Learning

Integrity

Corporate Citizen

Innovation

Teamwork

Agility

Sharing & Supportive

Diversity

Quality

Learning

Integrity

Corporate Citizen
Leadership Behaviors - The "Art"

**b9 Personal Learning**

"I will change when I see the CEO change!"

Personal reflection & learning.

**b8 Contact Sport (LACS)**

Personal engagement: "Leadership is a contact sport"

"You can't lead transformation from behind your desk."

**b7 Systems Thinking**

Not a "Zero Sum" Game!

Engaged People = Quality Products and Services = Satisfied Customers = Satisfied Investors.

**b6 Accountability**

Once the organization's vision & values are set, everyone works to support the journey.

People will change

OR

People will change!

**b5 Persistent**

Never Blink!

While open to honest assessment & discussion they continuously reinforce the goals & objectives & desired behaviors & actions.

**b4 Communication**

"You can't take people to a place they can't see."

Actions speak louder than words!

**b3 Collaborative**

None of us are as smart as all of us.

Leveraging the talents of a diverse team.

**b2 Respect for People**

Do unto others as you would have them do unto you...and others.

Golden Rule

**b1 Role Model**

The leader is always "on parade!"

You have to become the change you want to see in the organization.

Gandhi

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Improved Leadership Effectiveness & Improved Employee Satisfaction at Boeing Aerospace Support
Boeing Aerospace Support’s Employees are More Motivated

<table>
<thead>
<tr>
<th>Year</th>
<th>ESI</th>
<th>EI</th>
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</thead>
<tbody>
<tr>
<td>1999</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>66%</td>
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</table>

Started Baldrige
What gets measured gets done, what gets rewarded gets repeated!

Recognize & Reward
Promote
Remove

Focus on creating value for multiple stakeholders
- Customers, Investors, People
- Supplier/Partners
- Community/Society
- Natural Environment

Enabled, Empowered & Engaged Workforce
- Acquire & Place Talent
- Develop (Enable) & Empower
- Involve & Engage
- Whole Person

All in the follow-through!

- Action Planning
- Action Plan Deployment
- Process Management & Improvement
Annual Enterprise Planning
Mega-Process

Data

Strategies

Execution

Plans
Customer Segmentation

“The Cube”
Customer Satisfaction Model

Customer Satisfaction

Performance Excellence
Relationship Excellence

(Quality x Cost x Schedule) x Relationship = Satisfaction
Goal Flowdown/Performance Measurement

- Boeing Company Vision 2016
- IDS Goals
- AS Level Goals (1, 5 and 10 year) Step 3 EPP
- BIP Goals Step 4 EPP
- FIP Goals Step 4 EPP
- Site Integration Goals
- Program/Group Goals
- All Levels Manager Goals
- Workforce Goals (PE, Team Goals)
- Individual Goals (Workforce Compass)
Assessing and Developing People - Performance Management

Performance Management Cycle:
- October: MVP
- January: PE
- April: PDP/PtP
- July: Informal Discussions, Update Plan
- Business Goals and Objectives

Salary Review
Process Management

• Cover everything we do

• Manage and improve through a single, disciplined approach

• Empower Owners & Measure Performance
**PBM** is a management approach that defines an organization as a collection of processes focused on customer satisfaction and waste reduction by defining measures, stabilizing and improving processes.

**Step 1:** Define the Process
- Manageable Steps

**Step 2:** Establish Metrics
- Metric’s From Customer’s Perspective and to Manage the Process

**Step 3:** Determine Performance
- How We Are Doing

**Step 4:** Stabilize the Process
- Predictable Performance

**Step 5:** Set Goals
- Where We Are Going and Why

**Step 6:** Develop Improvement Plan
- How and Why We Will Get There

**Step 7:** Implement Improvement
- Get There!

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**Quality**

**Timeliness**

**Efficiency**

**Cycle Time**

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Return to Step 3
Boeing Aerospace Support’s Revenue Performance

Started Baldrige
Boeing Aerospace Support’s Earnings Performance

2000  2001  2002  2003

Started Baldrige

PLAN  ACTUALS
DR = Desired Reality (a2 Compelling Directive)
CR = Current Reality (a6 Measure Performance)

Scenario #1: Continuous Improvement
Scenario #2: Maintain Status Quo
Scenario #3: Entropy and Decline

Note: The amount of tension required to maintain the gains depends on the length of time the new practices and cultural norms have been in place.

Note: $f_2$ Resistance to change - overcoming inertia.
"We are going to try it one year, if it doesn't work, we will go back to what's NOT working now"

Excuses Not to Use Baldrige

- Our focus is on the next quarter
- Our organization is unique
- Performance improvement does not apply to us
- Performance improvement takes too much time
- Our plates are full
- We know what our issues are
- We cannot measure our results
- We do not want to compete for an award
- Our leadership does not support it
“Projects are most successful when top management takes ownership” – Deming
# Attitudes and Motivations: Six Differentiating Leadership Factors

<table>
<thead>
<tr>
<th>iWAM Pattern</th>
<th>Direction</th>
<th>Implication</th>
<th>FLST Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Responsibility</td>
<td>Lower</td>
<td>Less likely to think that having sole responsibility is important</td>
<td>i2, i3</td>
</tr>
<tr>
<td>Evolution</td>
<td>Higher</td>
<td>More likely to want to evolve change &amp; drive continuous improvement</td>
<td>f1, a9, b9</td>
</tr>
<tr>
<td>Past</td>
<td>Higher</td>
<td>Concentrates on the past and uses experience to make decisions</td>
<td>a6, a7, a9, b9</td>
</tr>
<tr>
<td>Tolerance</td>
<td>Lower</td>
<td>Strong tendency to want to impose their “rules” on others</td>
<td>b5, b6, a8, f2</td>
</tr>
<tr>
<td>Focus on Systems</td>
<td>Higher</td>
<td>Strongly motivated to work with systems and processes</td>
<td>a1, a3, a6, a7, a9, b7, f3</td>
</tr>
<tr>
<td>Focus on Information</td>
<td>Higher</td>
<td>Strongly motivated to work with facts and knowledge (information)</td>
<td>a6, a7, a9</td>
</tr>
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Path to Performance Excellence

Reacting to Problems "Ad hoc"

Basic Systematic Approach

Aligned and Refined Approach

Integrated Approach "World Class"

Organizational Learning

Key stakeholders initially very excited but ultimately disappointed when you can’t execute.

"Boom Bust Curve!"

“If it exists...
It must be possible!”

Amory Lovins
Rocky Mountain Institute
Where to start?
Develop Your Own Leadership Behaviors and Custom Leadership “System”
Where Do You Go from Here?

- Get started (or continue) on the journey
- Use all the lessons learned and best practices you can find to help you on your path
- Lead! Leadership is the key
Questions?