

Creating Alignment with the Leadership Team Part 2

TRUE NORTH

In Part 1 of this series, we discussed the importance of a leadership team's ability to guide and lead by principles. In Part 2, we will explore the principle of Long-Term Vision.

One way to ensure a team has long-term focus is to apply the concept of True North. True North is a notion of perfection. True North on a globe is at the highest point, and any step away from that point is considered south. True North is not a destination but rather a compass heading. Our focus then becomes that of *being* good versus *looking* good. While True North gives us a direction toward being good, dodging barriers takes us from the path of True North and enforces the idea of short-term thinking.

SHORT TERM THINKING

To further foster a long-term vision, we must base management decisions on a long-term view, even at the expense of short-term financial goals. In today's highly competitive marketplace, we often see businesses making decisions with the quarterly report number for the stock market being the primary impetus. Leadership knows what needs to be done, but leaders often choose to go against their better judgment in an attempt to satisfy the day trader culture of "I want it now." Some examples of this short-term thinking can be seen in the following areas:

- Failure to implement planned maintenance on equipment because "we need to run it."
- Failure to cross train workers immediately because we need experts at each step of the process in order to cover up process issues.
- Overproducing parts to gain earned hours on overtime even though we know those parts can be made on-time without overtime.

In these types of situations, the management's focus is on "making a splash" with a short-term impact that gets the manager noticed and positions him or her for the next step in his or her career path. These same leaders judge progress by comparing themselves to competitors or to historical results. The overall focus here becomes looking good versus being good. Typical publicly traded companies have a quarterly focus and, depending on industry, possibly a two- to ten-year plan. Conversely, Toyota has a 100-year focus. It took Toyota 60 years to go from laughingstock to #1. Management at Toyota is concerned with preserving the legacy for



stakeholders (employees, stockholders, customers, suppliers). We must have a philosophical sense of purpose that takes priority over short-term decision making. As leaders, we must understand our place in the history of the company and work to bring the company to the next level. This can't be done if every leader undoes what the previous leader was doing and starts a new direction. Consider running your business as a relay race. The race is going to take the business from where it is today toward True North. When the next leader assumes your current position, you are essentially passing the baton. That leader should continue going in the same direction. Could you imagine running a relay race where, when the baton is passed, the next runner goes off the track in a direction away from the finish line?

This focus on True North creates a constant state of dissatisfaction with the current condition. Some also refer to this as a constancy of purpose. In either case, we are never done improving until one of two things happen: Either one, we achieve True North (highly unlikely), or two, we hand off the baton to the next generation; which means that the next generation is never done until True North is achieved or the baton is passed.

LONG TERM FOCUS

Leaders sometimes ask us the question, "Where do I and my team need to spend our time to ensure a long-term focus?" The answer is best explained using the graphic below.

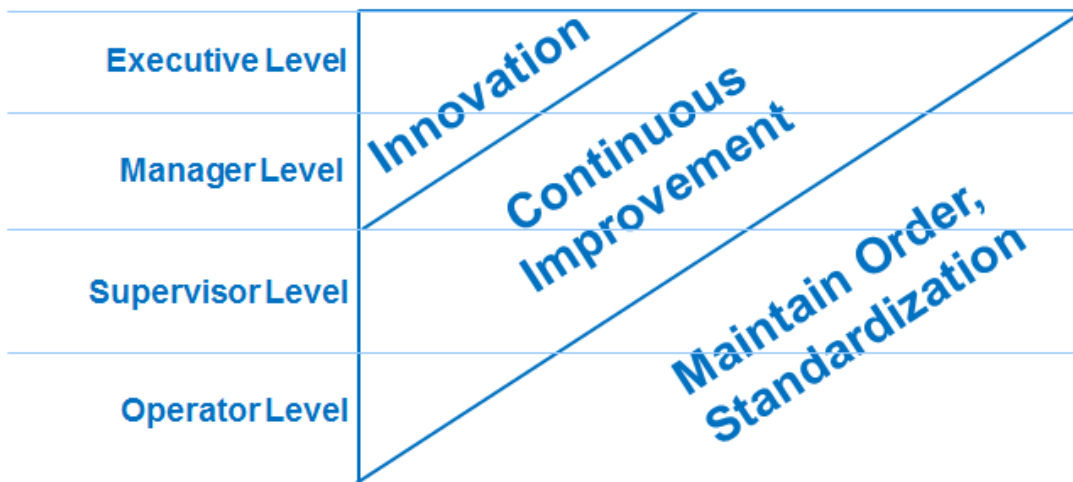


Figure 1: Kaizen Flag (Kaizen Institute)

The diagonal lines signify the time spent between each section. The horizontal lines show the shifting focus as the level within the organization rises. In total, the entire organization should spend half of its time focused on maintaining order and standardization. Another 30% should be focused on continuous improvement, and finally 20% of the time should be allocated to innovation. At the operator level, most of the time is to be spent maintaining order and following standards. A smaller percentage of the operator's time is spent on continuously improving the

work. This continuous improvement is sponsored and supported by the Supervisor level. The Supervisor level spends part of the time maintaining order and ensuring standardization, whereas, a larger part of the time (compared to that of the operator) is spent on continuous improvement. As we reach the Manager level, we see that the majority of the management's time is spent on making tomorrow better rather than making today good. While continuous improvement typically implements low-cost to no-cost solutions, innovation starts requiring more resources to accomplish goals. We leave that to the Managers and Executives. The amount of time an Executive spends on standards is primarily devoted to making policy for the entire enterprise and performing their leader standard work. We also see an increase in the time an Executive spends on innovation. A sure indicator that a group lacks long-term vision can be seen when the people of that group work below their level on the graphic.

Stay tuned for next month's newsletter in which we will discuss the next principle to ensure your leadership team is aligned. Does your team have a long-term focus? What are you doing to look good versus be good? Are you spending your time in the right areas to ensure a long-term focus? Drive Inc. can help. We have experienced professionals who can coach your team through the process of gaining alignment. For a no-obligation introduction meeting, please contact Paul Eakle at paul.eakle@driveinc.com or 865-323-3491.

