

# The essential leader for changing workplaces

BY SUSAN O. SCHALL







## EXECUTIVE SUMMARY

COVID-19 changed the behavior of many employees, with a growing number leaving their jobs in search of more flexibility, happiness and money. It showed how many organizations are stuck in outdated ways of work and need to evolve to thrive in this new reality. There is a need to transform workplaces into places that work for all through a vision that is forward-looking and sparks the imagination while being grounded in an understanding of reality. The best way to do this during times of uncertainty is to focus on things that are likely to be relevant for many possible futures. Essential leaders combine business acumen and foresight to identify such a vision and build organizational health by applying four key disciplines.

**Long-term business success is, and always has been, all about people, those who make the business possible, create the products and serve the customer daily.**

The structure of most organizations is not set up to optimize human potential – we bring our head and hands to work but forget the heart. Human behavior is multidimensional, from rational to irrational and unpredictable, but our organizations are designed to be rational, practical and engineered for consistency and results.

Industrial engineering's focus on cost and efficiency has contributed to this situation. The belief that work is solely a "rational" process underpins the foundation of how work is organized and is reinforced by most strategic improvement approaches to drive out waste and variation using logical, consistent process design, including Lean and Six Sigma. The extension of this is that anything that cannot be expressed in quantifiable terms is not important enough to demand leadership attention, including employees.

The old rules of business no longer work, and employees are miserable. It should be no surprise that many have left their jobs in recent months. People have been treated as liabilities on the balance sheet rather than assets, with the focus on short-term profits with layoffs and reorganizations, parents left to navigate a patchwork of child care and others to work 60 to 70-hour weeks. Gallup estimates that disengaged employees impact the overall U.S. economy by as much as \$350 billion every year, or \$2,246 per disengaged employee, while 52% of employees feel burned out and 55% are actively searching for a new job.

Organizations are powered by relationships and trust. Long-term business success is, and always has been, all about people, those who make the business possible, create the products and serve the customer daily. Human beings are wired to interact with others. The need to feel love and acceptance from social groups (family and peers) is so strong it can overcome physiological and safety needs.

We were created to work, each of us with unique gifts and talents from

our creator. Yet humankind's design of work is no longer effective. Work has changed; we have changed. Workers now crave more flexibility. Yes, most of us still need to work to pay the bills, but now we also want it to accommodate life.

COVID-19 changed our perspective and the behavior of many employers. In spring 2020, the safety and welfare of everyone at all levels of an organization was front and center. We were forced to be human in the workplace and it has paid off; 85%-90% of employers report productivity and employee engagement have returned to or exceed pre-COVID levels.

As the pandemic recedes and people return to work, more are leaving their jobs in search of more flexibility, happiness and money. Many are rethinking what work means to them, how they are valued and how they spend their time. This is not just millennials – a dramatic 4 million people quit their jobs each month from April to September 2021 according to the U.S. Department of Labor. Restaurant and hotel workers led the way, as long hours, scant staffing and arguments with customers over masking was too stressful. And it's not just the hospitality industry; 94% of retailers are having trouble filling positions and keeping them filled. Manufacturing, suffering a perception problem, is not any better despite higher average salaries.

It appears our organizations – profit, nonprofit, education and government – are stuck in outdated ways of work. Our workplaces need to evolve to thrive in this new reality. How? What must we do or be?

### A solution for workplaces

We need workplaces where it is OK to be human and transform our workplaces into places that work for all. A reputation for developing employees and welcoming diversity of backgrounds and walks of life is increasingly crucial to attracting and

retaining the best team. The best team will outperform competitors in revenue growth. Research in *A Great Place to Work for All* by Michael C. Bush (2018) shows that organizations that are great for all grow revenue as much as 13.7% faster.

Times of disruption and transformation can be disorienting; we need leaders with strong footing to guide us through turbulent times. Although many believe different times call for different types of leaders, the essentials of leadership remain unchanged – simply the work of leaders plus organizational health. Frank and Lillian Gilbreth, pioneers of the industrial engineering profession who emphasized worker happiness, likely would approve of this focus of humanizing the workplace versus an overemphasis on cost and efficiency.

The work of leaders (*The Work of Leaders: How Vision, Alignment and Execution Will Change the Way You Lead*, Julie Straw, Mark Scullard, Susie Kukkonen and Barry Davis, 2013) is simply threefold:

1. Craft a vision.
2. Build alignment.
3. Champion execution.

A vision is forward-looking and sparks the imagination while being grounded in an understanding of reality. The best way to do this during times of uncertainty is to focus on things likely to be relevant for many possible futures. Essential leaders combine business acumen and foresight to identify such a vision.

Alignment is critical to make an envisioned future state a reality; it is an ongoing process that requires constant inspiration. Inspirational leadership reaches both the head and the heart. Essential leaders lead from the front; they understand the case for transformation and what needs to be aligned to make it happen. They do not delegate responsibility for transformation to lower-level leaders.

Execution is turning the vision

into reality; it is how organizations take ideas and turn them into results. Essential leaders enable and empower employees to succeed. The organization must provide employees with the resources and opportunities to transform: training, time, job rotations and experiences that allow experimentation and learning.

Essential leaders must also have exceptional communication skills. Effective communicators use the best tools available. While the tools used will vary greatly from those used just a few years ago – Twitter, Slack, Facebook, and other digital platforms have become the norm – messages must still be timely, appeal to both the head and the heart and be repeated often.

### The value of organizational health

According to Patrick Lencioni, author of *The Advantage: Why Organizational Health Trumps Everything Else in Business* (2012), organizational health is about organizational integrity. An organization is healthy when it is whole, consistent and complete; all of its operations, strategy, management and culture fit together in a way that makes sense. Healthy organizations have minimal politics and confusion, high degrees of morale and productivity, and low turnover.

Organizational health involves four disciplines as represented in Figure 1:

#### Discipline 1: Build a cohesive leadership team.

If an organization is to be healthy, it must be led by a behaviorally unified team. Such a team leads from a place of service, trusts one another and has productive conflict around important issues that lead to an active commitment to decisions. Once a decision is made, team members hold each other accountable to the decision and the agreed-upon actions to accomplish results. As Jim Collins wrote in *Good to Great: Why Some Companies Make the Leap and Others Don't* (2001), every great organization needs the

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# HEALTH DISCIPLINES

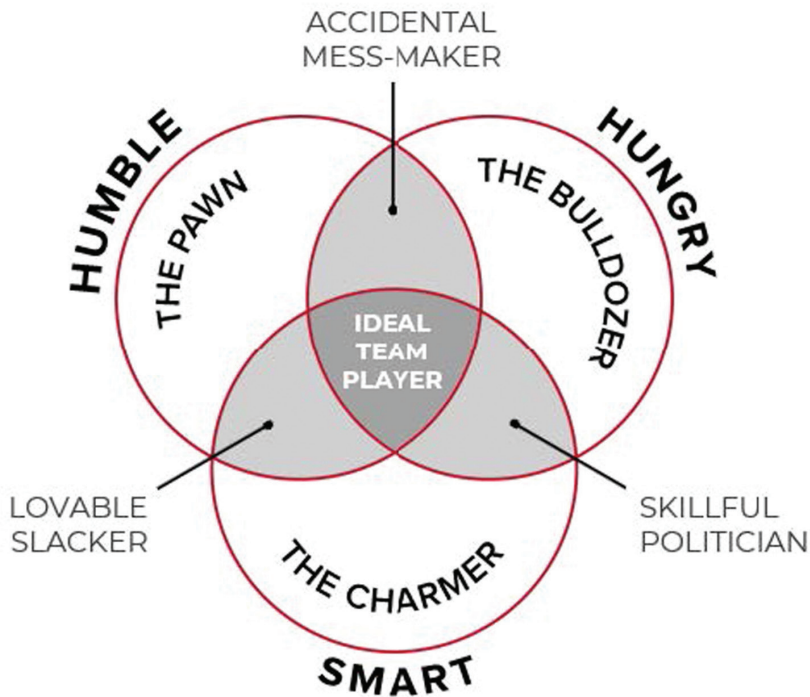
Figure 1. The four pillars that can lead to better organizational health.



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## IDEAL TEAM PLAYER

Figure 2. The three characteristics needed, from Patrick Lencioni's *The Ideal Team Player: How to Recognize and Cultivate the Three Essential Virtues* (2016).



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right people in the right seats on the bus and then the discipline to perform as a cohesive team. Lencioni calls this the “trifecta” where “right people” refers to ideal team players (*The Ideal Team Player: How to Recognize and Cultivate the Three Essential Virtues*,

2016). An ideal team player has three characteristics: hungry, humble and smart (Figure 2).

“Right seats” refers to assigning each team member work that is consistent with what gives them energy and joy, with their working

genius. There are six working geniuses (defined in more detail at: [workinggenius.com](http://workinggenius.com)):

- Wonder is the gift of pondering the possible.
- Invention is the gift of creating novel or unique solutions.
- Discernment is the gift of intuitively evaluating ideas and situations.
- Galvanizing is the gift of rallying, inspiring others.
- Enablement is the gift of providing encouragement.
- Tenacity is the gift of pushing projects or tasks to completion.

“Right seats” refers to assigning each team member work that is consistent with what gives them energy and joy.

Lastly, make sure the team performs (get results) by developing the five behaviors of a cohesive team (*The Five Dysfunctions of a Team: A Leadership Fable*, Lencioni, 2002):

1. Trusts one another.
2. Constructively debates important issues.
3. Committed to important decisions.
4. Holds one another accountable.
5. Pays attention to results.

### Discipline 2: Create clarity.

The leadership team achieves alignment on the answers to six simple, but critical questions:

**Why do we exist?** The answer to this question is the underlying reason the organization exists; its reason for being.

**How do we behave?** The answer to this question identifies the core values that guide behavior and decisions, attract, and retain employees and customers

**What do we do?** The answer to this question identifies the nature of the organization's business – the products and services it provides and how they are provided.

**How will we succeed?** The answer to this question is three strategic anchors that provide the filter through which every decision is made.

**What is most important now?**

# CLARITY GOAL TREE

Figure 3. A tire company's reaction beyond "fix the tires" in a crisis that involves the relationship between running the business and managing people while building trust with customers. (from Answering Question #5 – What Is Most Important Right Now? by Patrick Lencioni, CAPA Pro Webinar, 2021)



The answer to this question is a singular, qualitative and temporary (three to 12 month) top priority (rallying cry or thematic goal), supported by defining and standard operating objectives that define the things that must be done to accomplish the thematic goal and for the ongoing care of the organization, respectively.

An example of a thematic goal (Lencioni, 2021), its supporting defining objectives and standard operating objectives is a tire company after fatal tire failures. The thematic goal must be much more than "fix the tires." To stay in business and grow past these failures, it must "restore credibility" as a focus. This involves fixing the fires, settling lawsuits, repairing relationships with customers and suppliers and rebuilding morale with employees.

It also involves telling its story in a way that would engender trust. This all had to be done while continuing to run the business and make products: managing people and finances, training and development, maintaining safety in manufacturing facilities, marketing and selling the products. The relationship of these is shown in goal-tree format in Figure 3.

**Who must do what?** The

answer to this question identifies the individual roles and responsibilities within the leadership team to avoid overlap and confusion. Clarity provides focus and minimizes "shiny object syndrome" in which leaders follow the latest business fad in search of a "magic pill." It requires discipline and a leadership team that holds one another accountable to the answers (Discipline 1).

## Discipline 3: Overcommunicate clarity.

Once the leadership team has answered the six questions to establish clarity and alignment, it needs to communicate the answers throughout the organization, repeatedly using a variety of channels and tools. Each member of the leadership team effectively becomes a "chief reminding officer."

A way to communicate what is most important right now is alignment of metrics, improvement projects and initiatives with the thematic goal, defining objectives and standard operating objectives and continually helping employees see the connections between what they are doing and why. Scorecards, objective, goals, strategies and measures (OGSMs), and goal trees help make these connections visible.

## Discipline 4: Reinforce clarity.

Embed the answers to every question into every human system, from hiring, people management to meetings, and training and development. Human systems give an organization structure that tie its operations, culture and management together, even when leaders are not around to remind people. The industrial engineering tools of work design, design of the human performance system and process improvement (including Lean Six Sigma) are useful for execution of this discipline.

The organization must also manage its "white spaces," managing horizontally across the supply chain from supplier to customer versus functionally. Disconnects in processes will create productivity or quality problems, confusion, turf wars and frustrated employees.

## Case Study: A tale of two companies

I have had experience working with both healthy and unhealthy organizations and will compare two. I provided Six Sigma training and coaching to the first wave of black belts in both organizations with the same training materials during the same 2000-2002 timeframe ("Your

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Opinion: Is Your Organization Healthy Enough for Six Sigma?" Schall, *Six Sigma Forum*, August 2015).

The first organization I worked with was a global manufacturer in the transportation industry faced with a changing market and tightening environmental standards during a recession. I consider it a great example of a healthy organization and demonstration of the results that are possible. The leadership team identified the first wave of black belt projects quickly after executive and champion training, routinely participated in project reviews during each training session and consistently communicated the importance of each project to the achievement of the organization's goals (Discipline No. 3). It turns out the new CEO had led the leadership team through a strategic process to unite the team and identify the strategic priorities and objectives (Disciplines Nos. 1 and 2), selecting Six Sigma as the tool to achieve the objectives

The purpose, values and goals were embedded in the organization's management systems and human resource policies (Discipline No. 4). Top performers were selected to become belts and expected to achieve results for the business – no project, no training. Promotions to higher levels in the organization required Six Sigma certification (Green Belt, Black Belt, Sponsor or Master Black Belt). Master Black Belts and Black Belts were dedicated to projects full time. Unlike belts at other organizations who quickly left after receiving certification, these stayed, many moving into senior leadership roles. Projects were completed within six to nine months of assignment to a belt. Over the course of five years, the company achieved \$1 billion in savings.

The second organization I worked with, a chemical manufacturer, was quite different. Like the first, it was facing financial challenges due to the economic recession. Product lines were being discontinued, divisions

were closing and employees at all levels were losing their jobs. A vice president in one division, not the entire leadership team, initiated Six Sigma with four "stealth" projects (no cohesive leadership team, Discipline "No. 1). When those projects proved to be successful, the vice president took Six Sigma to the CEO, who, despite a compelling story from the four "stealth" projects and projections for further projects, remained skeptical for two more years.

Champions and belts were aware of the CEO's skepticism. Although leadership was invited to project reviews during the training, few showed up and when they did, they often struggled to articulate the connection between projects and the organization's purpose, values, strategic drivers and goals (no clarity or communication, Disciplines Nos. 2 and 3). Belts continually faced challenges for time to work on their projects (none were full time), obtaining team members, access to data and other resources (no Discipline No. 4). This created angst among the belts and many resigned in frustration.

As the organization continued to face financial pressures, confusion grew, alignment ceased and trust vanished across the organization. What little health existed before the recession quickly deteriorated. Six Sigma training continued during this time, but the belts were busy checking email during training to see if their jobs were in jeopardy. This was a huge distraction during training and a larger distraction when they returned to their work teams to implement Six Sigma on their assigned project.

Skepticism of Six Sigma grew and support evaporated. As a result, projects took up to 18 months to complete. Six Sigma was not viewed as a leadership development mechanism or business improvement initiative, but more as a training program.

During the same five years, the organization achieved \$90 million

in savings, a demonstration that you can still achieve results despite lack of health ("Creative Thinking: Devising a Six Sigma Deployment When Top Management Is Not Initially on Board," Anil Parikh, Susan Schall and Ron Snee, *Six Sigma Forum*, August 2014). Yet this organization no longer exists. After years of downsizing and employment uncertainty, many employees left for competitors. Other employees engaged in illegal behavior in last-ditch efforts to save the company and their jobs. The company was soon split up and sold in pieces.

### Key learnings from examples

It is possible to transform our workplaces into places that work for all and grow revenue. It takes leadership and organizational health. The four organizational health disciplines lead to workplaces where employees trust the people they work for, have pride in the work they do and enjoy the people they work with. Healthy organizations have minimal politics and confusion, high degrees of morale and productivity and low turnover. These qualities also fuel business performance.

Organizational health and financial health affect each another. A healthy organization can focus on critical strategies, rally the troops and weather the storm when external factors, such as an economic recession, hit. An unhealthy organization will see its health deteriorate at an accelerating pace as its financial health deteriorates. ♦

*Note: This paper was first presented at the 2022 IISE Annual Conference & Expo May 24, 2022, in Seattle, Washington. The author has used these learnings to create the SOS Essential Leader Master Class at [execute2compete.com](https://execute2compete.com).*

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