THE LEADERSHIP CASE STUDY PROCESS INC.

A 125-PERSON MANUFACTURING COMPANY

Introduction

A new CEO took over the reins of a small manufacturing company in a rural community in Minnesota. She was tasked with turning the company around and rebuilding the executive leadership team. Employee engagement was low, entitlement was high. An engagement survey revealed employees didn't feel valued or recognized by management. When COVID struck in 2020, quickly followed by the death of George Floyd and the ensuing unrest, the CEO decided she needed a social/cultural strategy every bit as strong as her strategy for growth and financial success.

This case study expounds upon the reasons this company selected The Leadership Process,™ how they implemented it and the results they experienced as a result.[1] It explains the design criteria behind The Leadership Process™ and the actions the CEO took to develop high performing leaders and teams throughout the company.

Case Study Background

The client company built customized, high-tech solutions used in aerospace, aviation, oil drilling and military applications. Previous leadership had promoted a type of "benign dictatorship" approach where virtually all decisions were made by top management. Over the 50 plus year history of the company, this approach produced a culture of learned helplessness, along with the "That's how we've always done it" excuse. Accumulating losses caused the Board of Directors to fire the current CEO and all members of the executive leadership team, with the exception of the CFO and Chief Engineer. The Board made the CFO interim CEO and began a CEO search. The CFO (having both CFO and turnaround CEO experience) set about stabilizing revenues and managing expenses and was eventually awarded the CEO role. Turnover in key roles continued to be a problem. Employee engagement and work ethic were low.

In one classic example, a manager was leading a tour of out-of-town executives from a key customer. They were learning how the company manufactured their specialty parts and how they were hand-making components. Before the presentation was over, the manager informed the customers they would have to end the presentation because it was getting close to quitting time . . . then he ended the tour and left.

> **CURRENT STATE**
> • Low engagement
> • High turnover
> • Learned helplessness
> • Culture of entitlement

This and other examples like it convinced the CEO that leadership at all levels of the organization was sorely lacking. At about this time, COVID hit along with the social unrest that accompanied George Floyd's death. Being a Minnesota company, the death of George Floyd and the riots in Minneapolis couldn't be ignored.

While the CEO was building out a growth strategy to dramatically reduce lead times from 14 weeks to 4 weeks, to double revenue in five years, and to achieve preferred vendor status with all key accounts, it became clear the execution of these goals required a much different culture.

The evolving vision was to create a social strategy every bit as robust as their growth strategy. The CEO wanted every employee to grow from their first day on the job until their last day. She wanted to see high performing leaders and teams at all levels. She wanted to see decision making and problem solving pushed out to the front lines of the organization so problems could be resolved at the point of contact and not run up the hierarchy for senior leadership to resolve.

> FUTURE STATE
> • High-performing teams
> • Distributed decision making
> • Bias for action (leadership)
> • Employee engagement

At this point, Bill Mills[2] of Mills Management Corporation was retained to help address her concerns.

Mills had worked since the early 1990's on large scale enterprise-wide change initiatives with companies as small as 100 employees to companies as large as 24,000 employees. To date, he has implemented more than 40 such initiatives. This situation, however, was different in that the design criteria was focused on concrete behavior changes in the way managers and teams worked together.

The Problem Statement

Design a company-based approach to build high performing leaders and teams to address:

- Leadership behaviors and skills
- Retention
- Employee engagement
- Productivity
- Leadership bench strength and the war for talent

Design methodology

The Leadership Process™ was designed using social psychology and adult learning models to facilitate behavior change.

Specifically, the design criteria of the learning modules, the roll-out process and the accountability methods used were grounded in four basic principles.

Design Principle 1: **Distributed leadership will win over top-down leadership.**

Following the example set by Navy SEALS, organizations should select for leadership and teach teams how to be teams. High performing teams follow established processes for making and keeping big promises. They understand and follow procedures that help them make good decisions and solve big problems. Because few existing teams have been constructed this way, it was decided to define a leader as a person who takes action to create a better future and to offer them immediate opportunities to build leadership muscle by addressing opportunities to make work easier, more productive or more fun.

Design Principle 2: **Context will win over content.**

With over 21,000 leadership books available on Kindle, it was clear that leadership ideas or leadership content was not the problem. The problem was in the delivery of the content and the fact that teams were often excluded from the training. Traditional leadership training is an intellectual exercise delivered in a contrived environment. Adult learning is based on reflecting, learning and improving over time. This requires both leaders and team members to learn their roles, practice together and learn from what happens repeatedly over time.

Because of this, it was decided to deliver traditional content in a cross functional team environment (thereby increasing psychological safety and

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escaping peer pressure). Once the material was understood and accepted as viable, participants would go back to their departments to apply the new approaches to remove the friction and interference they experience in their work. Since no one argues with their own solutions, engagement would increase as participants resolved the issues that cause dis-engagement.

> DESIGN CRITERIA
> • Distributed leadership
> • Contextualized delivery
> • Professionalism
> • Lasting change

Design Principle 3: The shortest path to behavior change is to change the person's role and responsibilities.[3]

Just as motherhood or fatherhood re-orders a person's priorities almost immediately, helping a person adopt an identity consistent with an intrinsic motivation greatly accelerates a new way of being and acting. Mother's Against Drunk Driving capitalized on the intrinsic motivation of humans to have friends and be a friend to change the drinking and driving habits of a nation . . . _without_ training. Consequently, it was decided to focus all participants first on what it means to be a professional and a leader before focusing them on goals. By tapping into the desire to be a professional and to be seen as a professional, we establish high standards of who we must BE before we worry about what we need to be doing.

Design Principle 4: The process must produce lasting change.

Behavioral psychologists agree that habits do not change and stay changed in 21 days. It takes 6 – 18 months to build the neural pathways that sustain new behaviors (while un-learning old ones.) Leaning on the findings of behavioral and social psychologists, it was decided to build a process focused on many small wins repeated over 16 months. In addition, everyone's new roles and responsibilities would be openly shared, observed and refined in full view of the organization. Everyone would have a view to what managers were learning and everyone would have a way to know if they were following the agreed upon processes for making their jobs better.

Execution Methodology

It was decided that each month the managers of the organization would explore that month's leadership process prior to the rest of the organization. This would allow them the time to think about how they could implement it in their departments and teams.

Then a "diagonal-cross-functional team" would learn that month's leadership process and explore how that approach could be used to make work easier, more fun or more productive. A diagonal-cross-functional team consists of individuals across the organization. This way, production doesn't suffer, and no departments ever have to stop working for the 60 minutes a person is in their workshop. Diagonal refers to the fact a manager will participate in that session, but they won't have any direct reports in that group. This maximizes psychological safety and still allows people to talk to managers about the implications of adopting that month's leadership process.

The facilitators of both the monthly manager sessions and cross-functional team sessions are hand-picked. Their selection criteria is based on them being an informal leader (without a management title); they are well respected by the organization and can credibly facilitate the meetings.

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MONTHLY ORGANIZATION-WIDE ROLLOUT

CEO MESSAGE	**TTT**		**APP MTG**	
	MGR			
ORG	**ORG**	**ORG**	**ORG**	
ORG	**ORG**	**ORG**	**ORG**	

16 MONTH DURATION

These facilitators receive just in time training each month prior to that month's topics. They facilitate the sessions in teams of two.

The manager and org-wide sessions consist of a brief video explaining this month's topic, followed by facilitated conversations about its real-world practicality and any challenges a team might face when implementing it.

After the organization has wrestled with that month's topic conceptually, we hijack all or part of a regularly scheduled department meeting to pick an issue causing the team friction, frustration or interference in getting work done. This issue becomes the real-world opportunity to apply their newly learned team process to resolving that issue.

For continued growth and accountability, all manager, org-wide and team application meetings receive evaluations from the participants with suggestions for improving them over time.

Findings

At the client company, results were immediate.

In the first month, 31 issues were identified that needed to be addressed. There was no visible drop in productivity due to people attending the workshops. Because of the power of small wins,

teams were removing friction, interference and frustration the first month.

Their roll-out took approximately 18 months in part due to a few one-month breaks they took when COVID, year-end holidays and customer demands took temporary precedence.
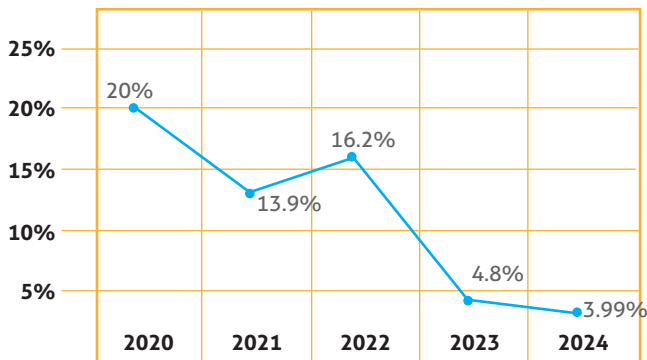
After the roll-out, the CEO conducted monthly breakfast club meetings with a rotating group of five or six managers and supervisors. For each meeting two participants were asked to refresh the group on one of the leadership processes they'd learned, and the managers were then charged with re-emphasizing that process with their team.

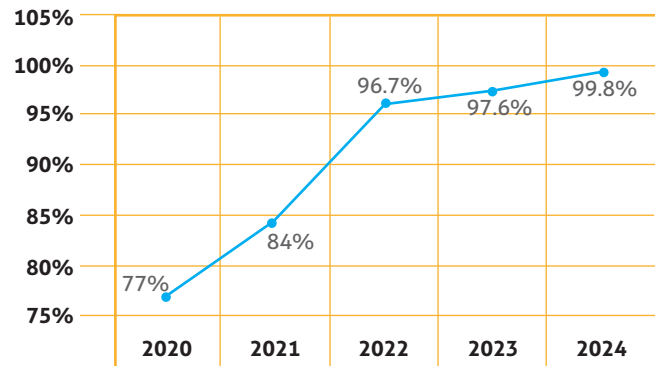As of this writing, the company is planning to revisit the entire process.

They have enjoyed the following results:

- Turnover has dropped from 20% to 3.99%
- Productivity (against a specified standard of work) has increased from 77% of standard to 99.8%
- Engagement scores as measured by their engagement survey are at all time highs
  - 31.7% of employees agree and 53.2% strongly agree (84.9% total) that their manager now negotiates clear objectives with them prior to asking for a commitment.
- At the start of The Leadership Process™ they began with 24 internal facilitators. As of this writing 19 facilitators are still with the company and of those 19 people:
  - 5 of 19 (26%) are enrolled in ongoing emerging leader education
  - 2 of 19 (10.5%) have become managers
  - 8 of 19 (42%) have become managers or have accepted expanded responsibilities
- At the end of 2023, the company fell short of its budgeted revenue by 15% due almost entirely to supply chain issues. However, they exceeded all bottom line profitability targets.

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EMPLOYEE TURNOVER

	2020	2021	2022	2023	2024
	20%	13.9%	16.2%	4.8%	3.99%

PRODUCTIVITY

	2020	2021	2022	2023	2024
	77%	84%	96.7%	97.6%	99.8%

Conclusion

A key contributor to this organization's outcomes was the support of the executive leadership team which practiced The Leadership Process™ on themselves, supported and encouraged the facilitators and then modeled the behavior with their own departments.

This process was not without a few challenges. The operations manager and one of the engineering managers lost their jobs as a result of the process. The operations manager refused to hold application meetings and talked the program down. This became evident in month one. Several executives approached him, but he expressed his belief that "it was all BS." At month four he was relieved of his team's application meetings, and he was exited from the company. The engineering manager lasted longer but chose to leave when his unwillingness to collaborate and coordinate action with his team was repeatedly called into question by the CEO.

Recommendations

The Leadership Process™ is not appropriate for all companies or in all circumstances. It works best where there are teams who are operating at less than their potential and must coordinate action across other teams. For example, if a company has a large number of individual performers, like truck drivers, who simply run their routes each day, The Leadership Process™ would probably not fit them. However, it could still be potentially valuable to the leaders and teams in the home office. Every situation and work environment should be carefully evaluated to see if the results the company desires fit with The Leadership Process™ design criteria and roll-out.

References

[1] www.theleadershipprocess.com

[2] Bill Mills is a seasoned business management consultant. Bill has led nearly forty organizational change initiatives, ranging from 24,000 employees to small entrepreneurial companies. He is the award-winning author of *Breakthrough: The Power of Conscious Conversation* and the creator of Coaching with Confidence™ and also WWIINN Coaching™. Bill has worked with several hundred companies since 1989 to help with strategy, customer acquisition, culture and leadership development. The Leadership Process™ is the culmination of years of study and experimentation with leaders and teams. This practical application led to a process both new and experienced leaders can follow to increase employee engagement and productivity by building high performing teams.

[3] Harvard Business Review article, *Why Change Programs Don't Produce Change*

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