

# scm

BEST PRACTICES, CASE STUDIES AND STRATEGY FOR COMMUNICATORS

Volume 12, Issue 6

October/November 2008

From past to present: what we  
can learn from Xerox Corporation

Responding to the decline of  
corporate reputation

Optimizing social media  
communication at Sensis

Creating a leadership engine to  
power performance

Economy in turmoil: what  
employees need from you

## Inspiring ideas from this year's global SCM Summits

**MELCRUM**

Global research and training for internal communicators

# Creating a leadership engine to power performance

How to evaluate and improve your organization's leadership communication system

**BY JIM SHAFFER**

**J**im Shaffer, keynote speaker at the SCM Summit in Sydney, believes that excellent communication is a necessary ingredient for strong leadership. In this article, based on his keynote presentation, he offers two examples of how rejuvenating your organization's leadership communication can result in a culture change, bringing with it significant business results.

Why won't these leaders behave as they're supposed to? Why don't they understand that a huge part of a leader's role is communicating? Communicating a vision and strategy. Making sure people have information to do their jobs. Letting people know how they're doing and how they fit in. Showing they care about their employees. Why can't we get our leaders to do their jobs? We've given them beautifully crafted talking points, comprehensive manager-in-a-box toolkits and extensive training sessions to help them communicate better. But nothing seems to work. Do they really value communication?

Hold on here. Plenty is working and it's working well. It might not be delivering the results you're looking for but the leaders, managers or supervisors in your organization and everywhere else are doing precisely what they're being told to do. And in most cases they're doing very well if doing well means doing what they think it takes to get ahead.

These leaders are merely responding to the bombardment of messages that they're getting every day. The messages tell them what's expected of them and how they're progressing. So when

messages tell them that they're on the right track, they carry on as before. And when the messages tell them they need to change, they're usually adept at making the change.

## **The leadership communication system**

The communication that leaders pay attention to is embodied in the organization's leadership communication system. This system includes the formal and informal communication that tells leaders what's expected of them, how they're doing and what they need to do to get ahead. It includes their goals, what they think they need to do to make more money or in some other way get ahead and feedback they receive – or don't receive. The leadership communication system tells leaders what to do and not to do with great reliability. If the system stays the same, leaders will keep doing what they've been doing. To get leaders to change what they do, the leadership communication system must change.

## **What gets rewarded gets done**

I recently worked with a large distribution center that was experiencing too much damage. Our goal was to help the company identify and eliminate communication breakdowns that were contributing to costly damage. Damage, it turned out, was being caused largely by forklift drivers who were accidentally ramming the forks on the front of the forklifts into products that they were moving from one location in the warehouse to another. Damage was also created when pallets of product were accidentally dropped in the process of being moved from racks in the warehouse to trucks that would

transport the product to customer facilities.

Because I believe that employees who do the jobs every day are the best ones to tell you not only how the job is being performed but also how it could be improved, our first step was to meet with employees in the distribution center. We got an earful.

"We don't walk the talk," a young woman says. "We say quality is important but we bring people in who've never run forklift, put them on the machine and let them go. They have accidents."

"We say quality is important," another says, "but they never ask us how to improve quality. If they really cared about quality, they'd ask us how to improve it, wouldn't they?"

"You never hear anyone recognized or rewarded for good quality," another told us. "We only get good marks when we hit productivity targets."

But, every employee we met with said that given the resources, they could have a significant impact on quality.

Next, we met with the distribution center leadership. We told them what employees had told us. Although they seemed a little surprised, they made it clear that their goal was to have a safe, high quality, high productivity operation. They agreed that something was causing damage to suffer and they wanted to fix it.

Before we ended the meeting with the leadership, we asked them to provide us with their performance goals and how their incentive compensation was designed. We knew it was important to make sure that their goals and pay were aligned to producing a safe environment where both quality and productivity are high.

The distribution center leader retrieved the goals from her office. "I'm embarrassed at what I found," she said somewhat sheepishly. "Everyone in management has three goals: productivity; safety and quality. As far as incentive is concerned: 80 percent is on productivity; 10 percent on safety; 10 percent on quality."

We'd just uncovered a huge piece of our puzzle. Both goals and rewards were communicating without reservation that productivity was the most important goal to hit. Leaders were communicating to employees precisely what the goals and pay system was telling them to communicate: "Push for productivity (80 percent of the incentive weighting) at the expense of quality (only 10 percent of the incentive weighting)."

### Aligning goal and pay systems

Over a seven-month period, we re-focused the entire communication system and other organizational systems equally on safety, quality and productivity. That meant all content as well as meetings, huddles, scoreboards, the work environment, work processes; pay, recognition, training and development were sending the same

messages about performance goals. All systems were aligned to send energy in a consistent focused direction. The "say" communication and the "do" communication were in cozy alignment.

At the end of the five month period, quality had improved by 65 percent and productivity had gone up 16 per cent. We improved quality, our main task, while at the same time improving productivity. Safety, which was exceptional when we started the project, remained exceptional.

In more than 25 years of communication and change and communication management, I've found that the first place to look for communication inconsistencies is with the leadership goal setting and pay systems. If you start attempting to improve performance without first inspecting these two elements of the communication system you're doing so at your own peril. If goals and pay are out of alignment, no matter how much you align the communication system you will experience performance drag coming from these two pieces of the system. It's best to eliminate the unnecessary drag first.

### Correcting leaders' behavior

Whether they're first line supervisors, middle managers, executive vice presidents or chief executive officers, leaders aim to please their bosses. Don't we all? So it's important to understand signals and signs given off by leaders' leaders as we attempt to uncover reasons why leaders aren't doing what they really should be doing.

I've watched as seven out of 10 members of a leadership team grew beards because their new CEO showed up on the first day of work with a big white bushy beard. (The only three on the team who didn't attempt to grow beards were Mary Beth, Cathy and Courtney.)

I worked with a food processor's CEO who exhibited blatantly rude and bullying behavior among his own leaders and employees throughout the company. Over time, rude, bullying behavior



**Jim Shaffer** is internationally recognized as a thought leader in improving business performance and managing large-scale organizational change. He has run the Jim Shaffer Group, a US-based consultancy, since 2000. Jim is an IABC fellow and his many clients include IBM, Toyota, Marriott and 3M.

## KEY POINTS

- Internal communication guru Jim Shaffer believes successful organizational performance starts with leaders and their verbal and non-verbal communication.
- Communication inconsistencies can frequently be found in the leadership goal setting and pay systems.
- If leaders are unsure what messages they're supposed to be sending out, it will result in confusion among the workforce, which can be damaging to productivity, engagement and safety levels.

---

**“IF A LEADER IS MISBEHAVING THAT’S BAD. IF THE LEADER’S BOSS DOESN’T CORRECT THAT BEHAVIOR, IT’S EVEN WORSE BECAUSE IT UNNECESSARILY PERPETUATES BAD BEHAVIOR THAT HURTS ORGANIZATIONAL PERFORMANCE.”**

- ◀ started becoming the norm throughout the leadership ranks. It wasn’t until we identified this behavior as one of the primary causes of the company’s severe quality decline that the leadership decided to change its leaders and change its ways.

If a leader is misbehaving that’s bad. If the leader’s boss doesn’t correct that behavior, it’s even worse because it unnecessarily perpetuates bad behavior that hurts organizational performance.

If a leader isn’t doing what he’s supposed to be doing to further the organization’s goals, it’s important to determine what that leader is being told – if anything – about his misbehavior.

So, when leaders aren’t doing what they’re supposed to be doing, it’s because the leadership communication system isn’t being well managed. To change the leader’s behavior you have to change the system.

#### **Changing the system – a practitioner’s story**

Bob Kula, senior director of corporate communication at ConAgra Foods, a consumer packaged goods company known for its many widely known brands.

Bob asked me to partner with him at one of the company’s US manufacturing plants. The plant had an unacceptable safety record. Too many people were getting hurt so we needed to identify where communication breakdowns might be contributing to these accidents and then make those breakdowns go away.

At the project’s beginning, Bob and I agreed that our objectives would be to:

- Understand the nature of the safety problem, based on facts and data;
- Determine what was causing the problem;
- Identify the size of the problem; and
- Create an action plan that would eliminate the problem’s root causes, at a cost that was less than the overall gain we’d create.

#### **Reasonable objectives**

After gathering a lot of financial data and information about past accidents in the plant, Bob and I met with several groups of employees.

One woman in our first group summed up the

group’s sentiments this way: “People here are confused,” she told us. “We’re not really sure what’s important and what’s not. On any given day we’re told to do one thing; then on another we’re told to do something else. It’s all very confusing.”

In another group, a man said, to nodding heads: “It’s not that anyone tries to cause confusion, it just happens. It’s like no one has agreed on priorities so everything’s a priority and we end up getting really stressed trying to cope with being messed around. When this is happening and when we have no real priorities, safety is going to take a hit,” he said. “It’s causing recorded accidents. They pull people off the line so we’re often running without out a full team. And it costs the plant money”.

“I don’t know that we as leaders even know what we’re supposed to be doing,” a key member of the leadership team told us. “Are we supposed to be doers of the work or are we supposed to be coaches and resource-providers? This is all very confusing and I believe our confusion is manifesting itself in a lot of ways that aren’t good – poor productivity, less than the best quality and way more accidents and injuries than we should have.”

Bob and I discussed what we’d heard from the leaders and employees and concluded the following:

The accident rate was high – around 12 percent; the largest category of accidents seemed to be coming from issues related to a culture where people weren’t valued; people weren’t focused; nothing seemed to represent a high priority; communication was sending mixed messages about what was and wasn’t important from their leaders; the leadership seems confused about what’s important – what they’re supposed to be doing. In turn, their mixed messages are confusing people, which hurts overall performance.

What should we do to fix this leadership communication dilemma? Is this the time for an old fashioned communication campaign? Are leadership presentation skills the right solution? Shall we send the leaders off to training? How about talking points or a manager-in-a-box toolkit? How about a new intranet portal or blog for the plant leader?

While these may be preferred solutions to some practitioners in our discipline, they miss the point – the root cause. It’s critical when addressing business problems that you first identify the root cause of a problem and then identify a solution that will make it go away. Too many practitioners come upon a problem and then reach into a narrow bag of tools that they may be comfortable with and apply those tools whether they address the root cause of the problem or not.

In our deliberations, Bob and I agreed that the confusion and misdirection were being caused by poor leadership expectations. Correcting this had to



be a high priority for us. But, we also knew that we were there to fix a business problem – an unacceptable accident rate. We needed to fix the leadership communication system in order to improve accidents. That was the parallel path we followed.

### Correcting the problems

We spent the better part of three days working with the leaders to help them identify clear expectations for leaders at the plant. These expectations represent “the condition of membership” in the leadership ranks, according to the plant leader. It was agreed to expect leaders to enable people to create a safety, quality and cost-focused culture by fostering an environment that:

- Communicates openly and intensely.
- Involves people in managing change and continuous improvement.
- Builds the skills and knowledge needed to improve results and build careers.
- Fosters collaboration among people, departments and disciplines.
- Holds people accountable for results.

But there needed to be actions backing this up. The team identified specific implications of these words – essentially the walk behind the talk – as follows:

#### Establish clear leadership expectations

The team identified specific actions – or the “do” that matched the written expectations – the “say.”

#### Conduct a baseline assessment

Expectations have little effect if no one thinks anything’s really going to be done with them. The plant leader conducted an assessment of the leadership team – including himself. Leaders were assessed using a simple, straightforward survey questionnaire. They assessed their peers and the people who reported to them assessed them, as did the plant leader.

#### Set new goals

Improvement plans based on the assessment score were folded into the company’s regular performance improvement process. New leadership goals were integrated with traditional financial and operating performance goals.

#### Get the selection procedure right

Once the leadership expectations have been agreed, all future leaders need to be evaluated and selected based on those expectations. Communication announcing the appointment of a new leader should also make it clear that the person was selected for the position based on the

new criteria. Both the actual selection and the announcement of that selection reinforce the fact that the organization is serious about its quest to build a leadership engine.

### Accountability

Plant leaders agreed to hold each other accountable for assuming the new leadership roles. They decided to let each other know when they saw one or more of their members slipping back to old way leadership behavior.

Pay systems were adjusted to include a percentage tied to leadership assessment scores. In this project, we invited the performance management and compensation experts from HR to join us in these undertakings.

### Results and improvements

In the seven months we worked with the plant, the accident rate dropped 35 percent. Because we were creating a more people-focused culture and climate, turnover also dropped by more than 25 percent. The accident rate has continued to drop since we left.

Much of the work at this plant is being replicated in various ways across the company. Bob Kula is also helping another ConAgra operation improve performance in multiple areas.

Some communication practitioners may be reading this and saying, “This isn’t my job.” And I’d respond by saying: “It’s not about what you are; it’s about what you can be.”

If there’s a safety issue that you suspect is being caused by communication breakdowns, you have the option of attacking the problem. If there’s a quality, service, cost or speed problem that’s being caused by communication breakdowns, you have the option of addressing it. In many cases, no one else is addressing it or they don’t know how to address it.

There’s a huge opportunity to improve performance by better managing communication information and knowledge. There’s a huge opportunity to improve leadership and the options are there like never before. An excellent place to start is with improving leadership because leadership is communication. scm

### CONTACT DETAILS

#### Jim Shaffer

Jim Shaffer Group  
jimshaffer@jimshaffergroup.com