

The ROI of an Intentional Culture



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INTENTIONAL PERFORMANCE-BASED CULTURE

Simple definition of Culture:

What we agreed to do and how things get done

- What we agreed to do: Mission
- How things get done: Behaviors and Leadership Traits

“Everything an organization does should be done with the intent of making the organization measurably better. Everything else is a waste of time and resources. Alignment Tools should pass that test.”



ADVANTAGES TO INTENTIONAL CULTURE

- Everyone agrees on how we are going to behave and interact with each other
- Every employee knows where they stand and what is expected 100% of the time.
- When applied properly, no one is surprised when they are let go
- 50% or more of the employees that are let go in most companies for performance and/or behavior are saved as solid performers
- Attracts high performing employees that want to work for your company
- Execute on your strategy a much higher percentage of the time



SYMPTOMS OF NO INTENTIONAL CULTURE

- Culture changes based on the senior leadership make up at the time
- Company Mission and Values become expensive wallpaper that few fully exemplify
- Large organizations have multiple cultures based on the current leadership make up in different parts of the business
- More employee related issues such as lawsuits and EEOC claims
- Your best talent doesn't stick around very long
- High levels of unhealthy organizational stress



HOW YOU MAKE THE NUMBERS IS IMPORTANT



**Objectively measure both
Culture and Performance**



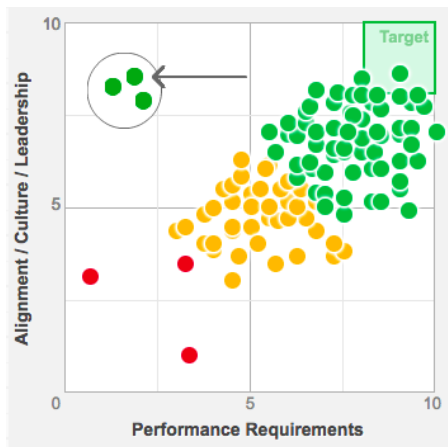
EASY DECISION



Low culture and low performance



GIVE A SECOND CHANCE



High culture and low performance



MOST DESTRUCTIVE EMPLOYEES



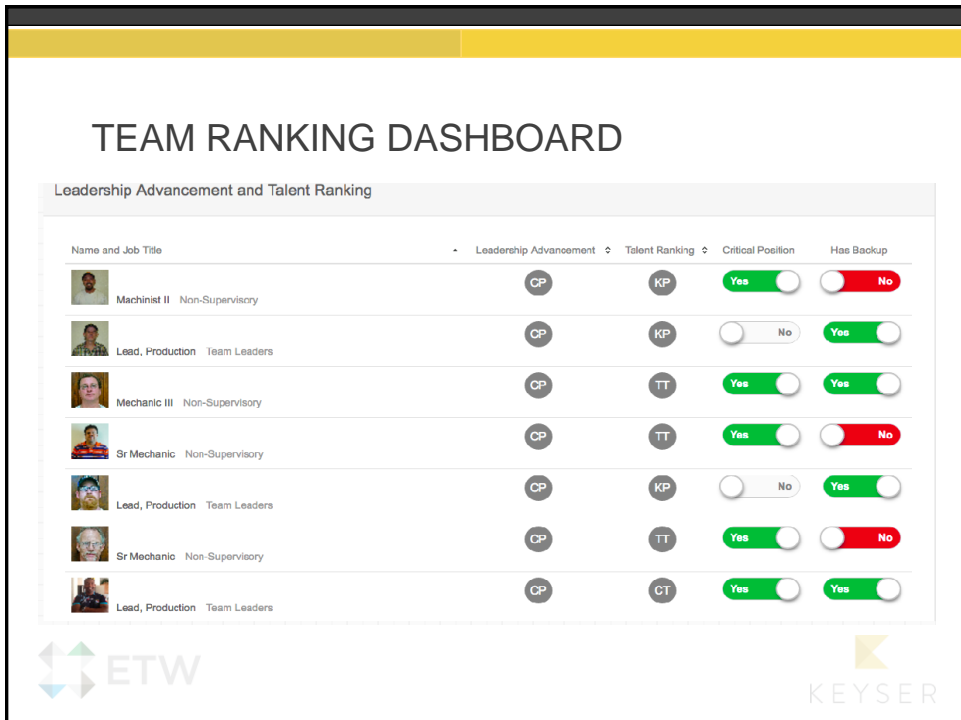
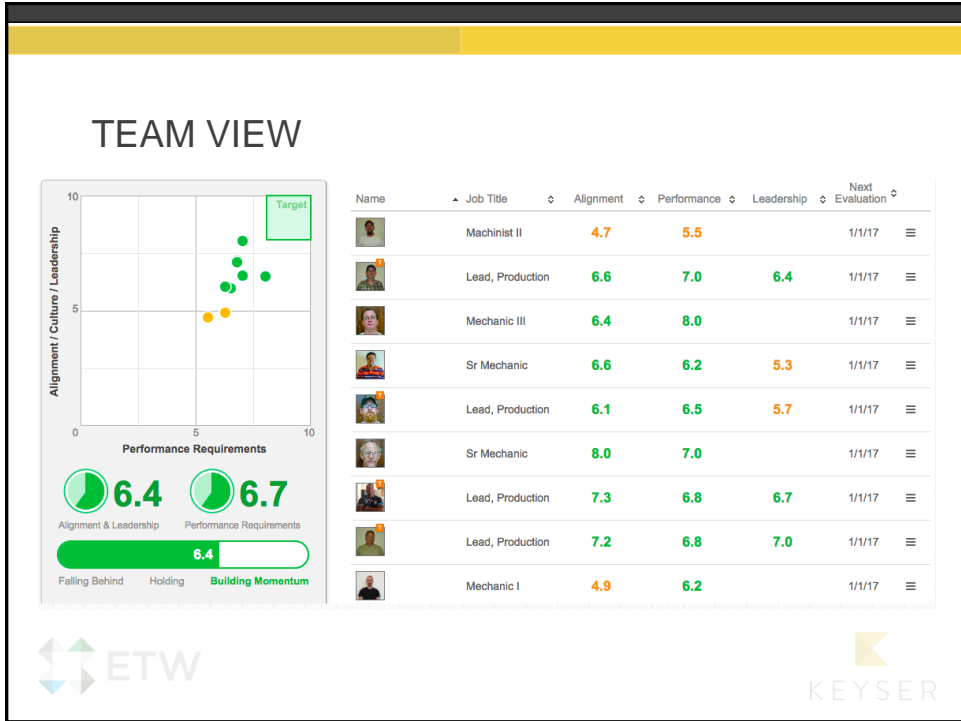
**Low culture and
high performance**



TRANSPARENCY IMPROVES RESULTS

- Most companies don't allow employees to see other employee's performance results
- What would happen to a baseball team's results if each player's performance statistics were kept secret from the other players and the fans?
- The more transparent we are with employee performance results the better chance we have of winning as a team
- Transparency makes it easier to share best practices, know where to get help and know who to help
- Spots employee behavior issues early to avoid EEOC claims, lawsuits or worse





LEADERSHIP AND TALENT RANKING

Leadership Advancement and Talent Ranking

Name and Job Title	Leadership Advancement	Talent Ranking	Select Talent Ranking	
Machinist II Non-Supervisory	CP	KP	KP Key Player Solid, middle performer	
Lead, Production Team Leaders	NI Needs Improvement	KP	TT Top Talent Performing in the 70-90%	
Mechanic III Non-Supervisory	CP Career Professional	TT	CT Critical Talent Top 10%	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Sr Mechanic Non-Supervisory	P1 Promotable 1 Level	TT		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Lead, Production Team Leaders	P2 Promotable 2 Levels	KP		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
Sr Mechanic Non-Supervisory		TT		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Lead, Production Team Leaders		CT		<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes



PERFORMANCE AND RANKING VIEWS

	82%	7%	11%	64%	33%	2%	Total Employees
	On Track	At Risk	Falling Behind	Key Player	Top Talent	Critical Talent	
5 - Managers	1	0	0	0	1	0	1
6 - Team Leaders	6	1	0	4	3	0	7
7 - Non-Supervisory	30	2	5	25	11	1	37
Totals:	37	3	5	29	15	1	45

- Well established business lines can have lower densities of Top and Critical Talent
- New business lines should be populated with a higher density of Top and Critical Talent



INTENTIONAL CULTURE ELEMENTS

- Alignment Tools can include:
 - Mission
 - Vision
 - Values
 - Behaviors
 - Safety Policy
 - Environmental Responsibility Policy
 - Quality Policy
 - Core Purpose
- Objectively measuring the application of living Alignment Tools
- Return on investment (ROI) from applying Alignment Tools
- System/technology for sustaining and scaling intentional culture



ALIGNMENT TOOL CREATION

- Stand alone Alignment Tools like Mission and Vision should be created collaboratively primarily with the senior leadership team
 - These are distilled out from the organization's value proposition, strategy and direction
- Behaviors, Values and Leadership Traits should be developed collaboratively with all employees in the organization.
 - All employees should be surveyed on the behaviors they believe cause the best results customer experience and profitability



ABLE'S MISSION

What we wanted our Mission to accomplish before we started drafting it:

To tell customers in a compelling way why they should do business with us and tell every employee why they have a job. It needs to be what our team does every day to win!

Our Mission:

“To safely reduce aircraft operating costs by providing resourceful component repair, overhaul and approved replacement parts solutions”



ABLE'S BEHAVIORS AND LEADERSHIP TRAITS

What we wanted our Behaviors and Leadership Traits to accomplish before we started drafting them:

To create an environment where >50% of our employees are behaving, performing and leading as good or better than the top 10% at our strongest, most admired competitors.

Our Behaviors:

High performing employees throughout Able...

- Treat company resources as their own
- Do what they say they will
- Present and pursue permanent solutions as opposed to dwelling on problems
- Are fully engaged and participate within the team
- Have a personal commitment to the end result
- Are respectful, honest and straightforward



LEADERSHIP TRAITS

Able's Leadership Traits:

- **Energy:** Positive energy in good times and especially bad times
- **Energize:** Ability to create an environment that releases the positive energy from the team
- **Edge:** Ability to make the tough calls and have difficult conversations
- **Execute:** Ability to get extraordinary team results
- **Passion:** For being a leader, your functional role in the business and for the industry you serve. Without Passion you can't be great!
- **Resiliency:** Ability to bounce back quickly from setbacks

Able's Definition of Leadership:

- **Eating and Dreaming at the same time**
 - Every leader at Able maintains an individual and/or team Eating and Dreaming list (driving both short-term and long-term results)



ABLE'S ALIGNMENT TOOLS

MISSION

TO SAFELY REDUCE AIRCRAFT OPERATING COSTS BY PROVIDING RESOURCEFUL COMPONENT REPAIR, OVERHAUL AND APPROVED REPLACEMENT PARTS SOLUTIONS

VISION

TO MAXIMIZE THE RETURN ON OUR CORE PRODUCTS AND BE RECOGNIZED AS THE INDUSTRY LEADER FOR THE SERVICES WE PROVIDE

QUALITY

WE ARE COMMITTED TO RELENTLESSLY IMPROVING HOW WE MEET CUSTOMER REQUIREMENTS AND DEVELOP OUR EMPLOYEES

HIGH PERFORMING EMPLOYEES THROUGHOUT ABLE ...

TREAT COMPANY RESOURCES AS THEIR OWN

ARE RESPECTFUL, HONEST AND STRAIGHTFORWARD

ARE FULLY ENGAGED AND PARTICIPATE WITHIN THE TEAM

PRESENT AND PURSUE PERMANENT SOLUTIONS AS OPPOSED TO DWELLING ON PROBLEMS

DO WHAT THEY SAY THEY WILL

HAVE A PERSONAL COMMITMENT TO THE END RESULT

LEADERSHIP TRAITS

ENERGY: POSITIVE ENERGY IN GOOD TIMES AND ESPECIALLY BAD TIMES

EDGE: THE ABILITY TO MAKE THE TOUGH CALLS

PASSION: FOR BEING A LEADER, FOR OUR BUSINESS AND YOUR AREA OF RESPONSIBILITY

ENERGIZE: THE ABILITY TO CREATE AN ENVIRONMENT THAT ENERGIZES YOUR TEAM

EXECUTE: THE ABILITY TO DELIVER RESULTS

RESILIENCY: THE ABILITY TO BOUNCE BACK QUICKLY FROM SETBACKS

EATING AND DREAMING AT THE SAME TIME



CAPTURE CULTURE CONVERSATIONS

Are respectful, honest and straightforward.



Notes

Attachments Sort Scoring



Phillip Hoff

Aug 9th at 2:12 pm

Previous Score

6

After hearing from the RW Team Leads and their frustrations with the issues they are dealing with I decided to step in and show how using this particular Alignment Trait can yield a much better result. I showed the other Leads how you can bring up the actualities in a respectful manner in the Ops Meeting to expose the true realities. This trait was embodied to achieve the better result and the result was accomplished. We were able to show how we are also dealing with a lot of constraints that are outside of our control and were not being dealt with in any way previous to this meeting.

ROI: Uncovered Capacity - We should be able to free up at least 100 hours of capacity in a year simply by showing all the low hanging fruit in a way that drives action as opposed to a way that causes tension.

Scoring Criteria

Please score per the latest Alignment Tool scoring criteria. There are now three dimensions you will be scored on for each Alignment Tool: 1) Frequency 2) Business Impact. 3) Ability to communicate and influence. Please see your manager with any questions.



Joseph Brauch

Sep 12th at 7:49 pm

Phil - Your hard work on the floor is paying dividends on several fronts. Directly following the Bell class where 8 of our employees attended a weeklong session, we have already started seeing a reduction in our top three bottlenecks. Further, team members and team leads who have witnessed your respectful, honest and straightforward communication have begun leaning more towards this style. You have been doing a great job setting the example for your subordinate leaders to emulate.

Agreed with your ROI, but I believe it goes even further. Having the moral courage to have the tough kneecap-to-kneecap conversations while being respectful, honest, and straightforward might be one of the toughest things leaders can do and through your example, I believe they will get better and better at it.



ALIGNMENT TOOL SCORING CRITERIA

Scoring Criteria		Points
Frequency	Always demonstrates the desired action or behavior related to the Alignment Tool	4
	Frequently demonstrates the desired action or behavior related to the Alignment Tool	3
	Sometimes demonstrates the desired action or behavior related to the Alignment Tool	2
	Rarely demonstrates the desired action or behavior, or sometimes demonstrates the undesired action or behavior related to the Alignment Tool	1
	Never demonstrates the desired action or behavior, or frequently demonstrates the undesired action or behavior related to the Alignment Tool	0
Business Impact	Positive impact on results that consistently exceeds performance goals	3
	Positive impact on results that consistently meets performance goals	2
	Positive impact on results that is consistently below performance goals	1
	Negative impact on team and results by not living this Alignment Tool	0
Ability to Communicate and Influence	Can state the alignment tool Can explain how the alignment tool adds business value Provides a strong example of living this Alignment Tool with a ROI value in line with level and scope of role Influences others to effectively live this Alignment Tool	3
	Can state the alignment tool Can explain how the alignment tool adds business value Provides a strong example of living this Alignment Tool with a ROI value in line with level and scope of role .	2
	Can state the alignment tool, can explain how the alignment tool adds business value (no strong example)	1
	Cannot state the alignment tool and how the alignment tool adds business value	0



LEADERSHIP IS THE FOUNDATION

- It doesn't matter how good the strategy, systems or tools are if the leadership team isn't capable enough to execute by applying them
- Practical assessment of leadership in three categories:
 - Leadership capability
 - Strategic thinking, information gathering and acting
 - Management capability
 - Systemically executing on strategy and scaling
- Apply a practical application approach to leadership training that includes today's real challenges and opportunities
 - Most leadership training is too academic
 - Most organizations don't have a way to permanently apply the value from leadership training
 - In many cases you can get better value by instead buying everyone movie tickets



ASSESSING LEADERSHIP CAPABILITY

- Make it practical based on what the team has observed gets results in your organization. Some elements can include:
 - Hires the right people
 - Doesn't protect poor performers
 - Gets results
 - Entrepreneurship (ownership and influence)
 - Application of Company's Leadership Traits
 - Can convey an idea and be convincing
 - Develops strong leaders
 - Develops strong subject matter experts (SME's)



ASSESSING STRATEGIC CAPABILITY

- How well do you appropriately step back, assess the playing field, reconnect the dots in what you believe to be a more effective way, then lean in, apply and get a better result?
- Factors to consider:
 - Knowledge of your industry, competition and resources available
 - Ability to spot and improve on both process and mindset bottlenecks
 - Ability to see and leverage trends in the organization that most don't
 - Ability to find a simple solution on the other side of complexity



ASSESSING MANAGEMENT CAPABILITY

- How well do you execute on strategy by applying all of the resources available in the most effective way? How well do you sustain and scale ever improving results as your team grows?
- Factors to consider:
 - All employees aligned to strategy through meaningful, outcome-based, actionable performance goals
 - All employees aligned to intentional performance-based culture through the application of Alignment Tools
 - Development, sustainment and continuous improvement of training, standard work, and other foundational requirements in order to achieve extraordinary results in customer experience and profitability
 - Use and development of technology and workflow to sustain and scale executing on strategy



QUESTIONS?



Thank you

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