Transformational Leadership
Positioning an Organization for Growth

Tom Dybsky
About Me…

30 YEARS
PUBLIC SECTOR

5 YEARS
PRIVATE $10B CORP.

17 YEARS
GLOBAL MANAGEMENT

35 YEARS
LEADERSHIP ROLES

FUNCTIONAL AREA RESPONSIBILITY

HUMAN RESOURCES
(core area of expertise)

FIELD SERVICE
($150M+ in revenue, 450 employees)

CORPORATE COMMUNICATIONS

CUSTOMER SERVICE

RISK MANAGEMENT

INFORMATION TECHNOLOGY

BIOGRAPHY

MDA Consulting
EXPERTISE

Strategic Planning
Assessing & Building High Performing Leadership Teams
Coaching Senior Leaders
Facilitating Change Management

Guest Lecturer - Change Management, Leadership:
Harvard Bus. School, U of Minnesota, U of St. Thomas, Ukrainian Catholic University (UCU)

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ORGANIZATIONAL EFFECTIVENESS CONSULTING | Connecting People, Culture & Strategy Catholic
Building a High-Performing Organization

**CAPITAL ASSETS**
Not easily sold in the regular course of business operations. Generally owned for its role in contributing to the businesses' ability to generate profit (ex.: Property, Plant, Equipment)

**FINANCIAL ASSETS**
Derives value from a contractual claim. These assets are frequently traded (ex.: cash, bonds, equity, receivables)

**HUMAN ASSETS**
The collective value of the organization's intellectual capital (competencies, knowledge & skills). This capital is the organization’s renewable source of innovation.
Leveraging Human Assets

Building a High Performing Org. (HPO)

VISION
- Purpose (internalize)
- Actionable
- Shared with EEs

LEADERSHIP
- Visionary
- Engaging
- Execute

CULTURE
- Aligned with Vision
- Evolves
- Role Model Behaviors

Anchor & Sustain via the Right Structured Programs
- Financial, non-financial awards
- Validated & reliable instruments in selecting, developing & assessing talent
- Comprehensive communications, engaging employees
CASE STUDY

Harvard Business School

Tennant Company
Transforming its Business Leadership to Position for it for Growth
A COMPANY AT A CROSSROADS…

CEO Retiring

N. America Market Contracting

Little Innovation
A COMPANY AT A CROSSROADS...

- Inefficient Processes
- Autocratic & Tactical Leadership
- Entrenched Culture
PROGNOSIS:

Outlook bleak – Need innovation, accountability and cooperation
Change initiatives have helped some organizations adapt significantly to changing conditions...but in too many situations the improvements have been disappointing and the carnage has been appalling with wasted resources and frustrated employees.

Change Model
Focus Areas for Meeting Changing Environments

*Model taken from “Designing Organizations” by Jay R. Galbraith*
Kotter’s Eight Step Process:

1. Create a Sense of Urgency
2. Form a Guiding Coalition
3. Create a Vision for Change
4. Communicate the Vision
5. Remove Obstacles
6. Create Short-term Wins
7. Build on the Change
8. Anchor the Change in Corporate Culture
CREATING A VISION

“If we don’t know where we are going, we won’t know when we get there”
Shift in Thinking

Compelling Vision
Clear & Focused Strategies
Transformational Leadership Team
Marketplace Drives Changes in Strategies, People & Culture

**2000 Marketplace**

- **“Industrial” sector shrinking (<$750M)**
- **“Commercial” sector growing (>$4B)**

**Strategic Direction**

- **N.A. Equipment Manufacturer for Horizontal Cleaning Surfaces 4%-5% Growth**
- **Global Equipment Manufacturer for Horizontal Cleaning Surfaces 4%-5% Growth**
- **Global Equipment Manufacturer Providing Lean, Clean & Green Cleaning solutions 7%-9% Growth**
- **An Innovative World Leader in Sustainable Cleaning Technology, Double digit growth**

*Kotter: Create a Vision for Change*
KOTTER
Communicate the Vision

Global leader in sustainable cleaning innovation that empowers our customers to create a cleaner, safer and healthier world.

OBJECTIVE
Double digit sales growth & 12% operating profit

GROW the business

RUN the business

Highlight boxes denote areas of focus for presentation.

STEWARDSHIP | We work with a spirit of stewardship to leave things in better condition than we found them.
Discussion Question Slide

• Do you have a clear and compelling vision in place? Are all visions at the BU, Function and Department levels aligned?

• How involved have key leaders and individual contributors been in the process? Is there a real purpose associated with the vision (that is, will employees internalize and embrace)?

• Are your respective programs (e.g. Talent Acquisition, PM, Succession, Leadership Profile) aligned with the vision?
IT’S ABOUT THE PEOPLE!

The success of Tennant’s change hinged on forming a talented and transformational leadership team.

THE RIGHT LEADERS IN THE RIGHT JOBS were critical to developing and executing a compelling vision, a high-performing culture and a high level of success.
PEOPLE

FOCUS ON SENIOR LEADERS

(VPs, Directors & Senior Managers – Top 70)

Creating a transformational, result-oriented & engaged team
Building Talent in Strategic Areas

RUN the Business

Operations
- Manufacturing (Lean Operations)
- Global Procurement
- Logistics

GROW the Business

Marketing
- Move from “Marketing Comms” to “Strategic Marketing”

Sales
- Identify, penetrate new channels of distribution

R&D
- Create a more robust product pipeline
- Innovate, disruptive technology
Processes to Ensure “Right Leaders for the Right Jobs” in Evolving Markets

Global Leadership Competencies (GLC)

Integrate Leadership Competencies into All Assessment Processes

Development Programs

Rigorous Selection Process

Comprehensive Leadership Assessment Process

Training Programs

Team Assessment Process
The People
Performance Competencies

LEADERSHIP
Key Factors:
• Visionary
• Strategic
• Inspirational

EMOTIONAL INTELLIGENCE
Key Factors:
• Self-Aware
• Empathetic
• Influences

TEAM PLAYER
Key Factors:
• Collaborative
• Aligned with company goals
• Celebrates

ANALYTICAL THINKER
Key Factors:
• Sees patterns
• Develops options

RESULTS ORIENTED
Key Factors:
• Execute
• Risk taking
• Accountability
Transformational Leadership

- Transformational: 45%
- Competent: 35%
- Inadequate: 20%

N=70

2000

Target

2003

Kotter: Build a Leading Coalition
Levers to Facilitate and Anchor Change

- Developed Core Leadership Competencies
- Comprehensive Assessment Process
- New Performance Appraisal System
- Revised Compensation System
- Comprehensive Talent Review & Succession Planning

KOTTER: Remove Obstacles/Anchor Change
Discussion Question Slide

• In light of the strategic direction have you assessed your leadership talent, and are confident this team can achieve it?

• Have you developed a leadership competence profile? If so have you incorporated it into all related leadership assessment programs (e.g. TA, Succession, T/D, PM)

• Have you assessed your leadership talent across the organization as well as vertically (i.e. by each key strategy)?

• Given your leadership assessment results how aggressive is the organization willing to be in “putting the right leaders in the right jobs”? 
The culture of an organization is DYNAMIC. As the strategic direction of a business evolves, so must the culture (norms, values and behaviors) in order to realize that vision.

KOTTER
Remove Obstacles/ Anchor the Change in Corporate Culture”
What happens when a new strategy clashes with an old culture?

Culture eats strategy for lunch

Leading Culture Change in Global Organizational,
Daniel Denison, et al
The Culture
Cultural Shift: New Strategies Require New Behaviors

Sense of Entitlement:
- Narrow focus, tactical
- Activity focused
- Ownership not readily accepted
- Autonomy, silos
- Insufficient metrics
- Risk averse

Rewarded for Performance:
- Visionary, strategic
- Performance based, results oriented
- Responsibility, accountability
- Collaborative, cooperative
- Results based metrics
- Empowerment

KOTTER
Anchor the Change in the Corporate Culture
ACTIONS TAKEN:

FORMAL

› Individual factor – STI plan
› Performance element – LTI Plan
› New Leadership Profile
› Wage step progression eliminated
› Refreshed rewards program
› Spin-off non-equipment technology

INFORMAL

› Quarterly all-employee meetings
› Plant focus groups
› Open forums (ad hoc)
› On-the-spot awards program
› Changes in physical plants & aesthetics

KOTTER
Short-term Wins/
Build on the
Change
Discussion Question Slide

• Given the vision and direction of the business, are the norms, values, and behaviors aligned? What past behaviors can be brought forward to support the new change?

• What past norms, values, and behaviors will impede achievement of the new vision? How will we go about eliminating them from the environment?

• How will we go about incorporating new norms, values, and behaviors into the environment? What will have to occur in order to ensure the new culture is sustainable?
RESULTS
SNAPSHOT
Transformational Leadership

Outcome of Efforts

- **TRANSFORMATIONAL**
- **COMPETENT**
- **INADEQUATE**

KOTTER
Build on the Change / Anchor the Change in Corporate Culture

<table>
<thead>
<tr>
<th>Year</th>
<th>Transformational</th>
<th>Competent</th>
<th>Inadequate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>20%</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>74%</td>
<td>22%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Operations Innovation
5 Year, $50M Cumulative Savings

Lean Operations
$5M Variable Costs
$10M “leverage”
Fixed Costs

Supply Chain Optimization
$25M Global Sourcing
$10M Indirect Materials

300 BPS Margin Improvement
Leading Innovation Awards
Sales per Employee

2008
Sales: $701M
EEs: 3,100

2014
Sales: $800M
EEs: 3,000
Tennant Company Named to *Forbes* “100 Most Trustworthy Companies in America”
Strong Leadership Helps Drive Achievement of Strategic Financial Goals

CAGR '00 to '12
Compound Annual Growth Rate

'01 reflects economic downturn

Transformational Leadership Team in Place

SALES +7%  EPS +22%  STOCK +22%

Second Phase of Transformational Leaders in Place

SALES +8%  STOCK +45%  EPS +45%
TOOLS

Human Resource Tools For Driving Successful Change
Kotter’s Eight Step Process:

1. Create a Sense of Urgency
2. Form a Guiding Coalition
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## Org Readiness Audit

There are several factors to consider when positioning an organization for growth. Please rate the factors listed below using the following scale:

- **8 – 10**: Programs, initiatives are well defined, in place, and operating well (GREEN)
- **5 – 7**: Programs, initiatives are somewhat in place but will need work to be effective (YELLOW)
- **Less than 5**: Programs, initiatives are not in place (RED)

<table>
<thead>
<tr>
<th>1. Vision – A key element for growth is ensuring that everyone, from the CEO to the employee population has a clear understanding of the business direction. Key elements include:</th>
<th>RANK 1-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Establishing a clear Vision</td>
<td></td>
</tr>
<tr>
<td>B. Determining if the vision is compelling, that is will the employee base be excited about the organization’s future.</td>
<td></td>
</tr>
<tr>
<td>C. Having employees embrace the vision, inspired to put forth their full support in achieving it.</td>
<td></td>
</tr>
<tr>
<td>D. Communicating the vision at all levels.</td>
<td></td>
</tr>
</tbody>
</table>

**SECTION AVERAGE:**

<table>
<thead>
<tr>
<th>2. Strategy – In order to achieve the vision, strategies must be developed which will in fact drive the achievement of the vision. The following will be essential:</th>
<th>RANK 1-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The strategies must be focused, specific, and easily understood.</td>
<td></td>
</tr>
<tr>
<td>B. Each strategy must be aligned with the vision.</td>
<td></td>
</tr>
<tr>
<td>C. Accountabilities for execution of each strategy must be clearly laid out.</td>
<td></td>
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<tr>
<td>D. For each strategic initiative specific action steps should be defined.</td>
<td></td>
</tr>
<tr>
<td>E. Wherever possible quantitative metrics should be in place. In some instances qualitative metrics will be appropriate.</td>
<td></td>
</tr>
</tbody>
</table>

**SECTION AVERAGE:**
## The People
### Performance Competencies

<table>
<thead>
<tr>
<th>LEADERSHIP</th>
<th>EMOTIONAL INTELLIGENCE</th>
<th>TEAM PLAYER</th>
<th>ANALYTICAL THINKER</th>
<th>RESULTS ORIENTED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Factors:</strong></td>
<td><strong>Key Factors:</strong></td>
<td><strong>Key Factors:</strong></td>
<td><strong>Key Factors:</strong></td>
<td><strong>Key Factors:</strong></td>
</tr>
<tr>
<td>Visionary</td>
<td>Self-Aware</td>
<td>Collaborative</td>
<td>Sees patterns</td>
<td>Execute</td>
</tr>
<tr>
<td>Strategic</td>
<td>Empathetic</td>
<td>Aligned with company goals</td>
<td>Develops options</td>
<td>Risk taking</td>
</tr>
<tr>
<td>Inspirational</td>
<td>Influences</td>
<td>Celebrates</td>
<td></td>
<td>Accountability</td>
</tr>
</tbody>
</table>
### 9 Box – Leadership Assessment Tool

#### Leadership Competencies

<table>
<thead>
<tr>
<th>Aspiration</th>
<th>Exceeds Expectations</th>
<th>Meets Expectations</th>
<th>Does Not Meet Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has demonstrated the ability, intellect &amp; desire to achieve a materially higher level of complexity &amp; responsibility</td>
<td>Has material shortcomings in one or more area</td>
<td>Has demonstrated a sound understanding &amp; ability to apply</td>
<td>Has excelled in more than one competency, is seen as a role model for these competencies</td>
</tr>
</tbody>
</table>

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**Aspiration**

- **1**: Meets Aspiration
- **2**: Exceeds Aspiration
- **3**: Exceeds Aspiration
- **4**: Exceeds Aspiration
- **5**: Meets Aspiration
- **6**: Meets Aspiration
- **7**: Does Not Meet Aspiration
- **8**: Does Not Meet Aspiration
- **9**: Does Not Meet Aspiration
Leadership Competency Matrix

<table>
<thead>
<tr>
<th>SENIOR LEADER</th>
<th>LEADERSHIP COMPETENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transformational Leader</td>
</tr>
<tr>
<td>A</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
</tr>
<tr>
<td>C</td>
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<td>J</td>
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</tbody>
</table>

A strength; could serve as a role model; difference maker in organization

A weakness; without strengthening will impede individuals leadership capabilities; may hinder the organization’s ability to change

Competent; at a sustainable level, but may not be enough of a strength to make a difference in the organization
Resources

Accelerate (XLR8)

Good to Great, Jim Collins

HR Transformation, Building Human Resources from the Outside In
Dustin Alrich, Justin Allen, RBI Institute, 2009

Leading Change

Leading Culture Change, In Global Organizations

“The Neuroscience of Trust”
Paul J. Zak, HBR Jan-Feb. 2017

“HBR’s 10 Must Reads – On Leadership”

“How Great Leaders Inspire Action”
Simon Sinek, TED Talks

Tennant HBS Case Study, “Innovation and Transformation”
Lynda Applegate, James Weber, 2010