CCL Partners with Abrasive Technology Inc. to Transform to a Process Centered Organization

A Leadership Culture Transformation Case Study
The Center for Creative Leadership, 2016.

About

Abrasive Technology Inc. (ATI), a traditional manufacturing firm founded in Middle-America in 1970, had grown to be a successful, international company supplying fine grinding tools. They owned first or second place in multiple niche markets such as medical, dental and lapidary, and continued to innovate toward other emerging markets such as aerospace. Their strategy had been to constrain growth only to highly specialized markets with high barriers to entry, limited competition, and where confidence in their product development was high.

Now, after forty years of success the founder and CEO, believed he had a second strategy worth pursuing—to place the workers closer to the customer supply chain in order to improve product quality, and to improve quality of work life for employees, and to remove traditional management from the organization. The idea, triggered by and conceived within the reengineering movement of the 1990's, was to create a Process-Centered Organization (PCO). This outside-in, external structural strategy of the PCO, was intended to in turn produce an inside-out reaction, with workers engaged internally through their curiosity and imagination for learning, and to allow for a great spirit of engagement and participation in the work. The idea was to create the conditions to generate more innovative and collaborative mindsets for all.

The Challenge

Specifically, the PCO structure had removed all traditional management, and replaced it with a very flat organization—there were only Process Engineers (PE), Coaches and Associates—and everyone was an Associate. Organizational strategy was done through a Strategy Committee of five people, and overall coordination of the business was ushered by the Leadership Team comprised of the PE's and Coaches, who were assigned in pairs, positioned horizontally across the supply chain in a dozen process teams constructed around key tasks required to fulfill the end-to-end enterprise process. This flat, horizontal organization was meant to invite and motivate Associates into a new mindset of participation, engagement and ownership.   But old habits and embedded beliefs die hard. Associates continued to see the Strategy Committee and the Leadership Team as just another form of management, and their behaviors in response to the PCO did not change—at all.

CCL had been providing ATI's core leader development for some time. So when the structural shift of the PCO alone did not yield the behavioral results intended, they invited our leadership culture transformation practice to talk about and explore alternative approaches. The inclusion of process reengineering skills in our design and delivery team was paramount for the client.

The Solution

Our design thinking based approach led us into three primary areas of discovery in the initial six months:

1) the identification of the **leadership culture's key beliefs and practices** required of all associates in order to implement the PCO,
2) the **leadership strategy** for the leadership team to implement in parallel with the PCO business strategy, and
3) the **leadership development architecture** required to achieve the shift in culture.

The traditional history of ATI had created dominant leadership from the top, through a strict hierarchy. The expectations of conformance to standards, created also a consequent, dependent mindsets across employees, used to following rules rather than thinking for themselves. Now, the PCO required at least more independent mindsets by all Associates. If implemented, this dependent to independent culture shift would be enough to assure the individual freedom to engage with colleagues in the new organizational processes. We developed a maxim partnering with the Strategy committee to reflect this change: *I am a member of my team, my team can make decisions and take action for the benefit of our customer*. This goal of independent mindsets within each team was supplemented with more interdependent, collaborative mindsets as the goal for all the PE's and Coaches. The development idea was for the leadership team to provide the end-to-end reengineering architecture, and the collective capability for the whole enterprise system, while each process team would have the freedom to maximize quality within their tasks and functions. These required shifts in beliefs and practices in interpersonal interactions.

For example, beliefs about giving and receiving feedback required evolving into more and better forms of conflict; and decision-making had to shift to a shared process where risk-taking in order to learn and improve processes were new practices. All of those changes in beliefs would significantly change the nature of organizational practices across the supply chain process. Easy to say -- hard to do.

Discerning a leadership strategy to achieve these mindset and behavior changes was complicated. We had done a thorough job in discovery to clarify the business strategy and tactics in detail, to define the kind of leadership culture and capability required to implement that strategy, the talent requirements and consequent shifts from an HR function into an employment and coaching process, and refinements in organizational design of the PCO.

And yet there was also a simple, core concept that emerged from the Strategy Committee, in response to an inquiry about leadership strategy. After a thoughtful pause, the talent PE responded: "to take time-out for learning". Her insight was that the PCO needed to become a learning organization, and that in order to achieve that, people undergo a radical change—that they must take time to pay attention to the process, reflect and consider alternatives, take the time to talk and dialogue with each other, and to make better decisions and observe if they were producing better results. This nugget of the leadership strategy (take time out for learning) became a compelling maxim around which the frameworks of leadership development were built.

Our leadership development architecture was designed to produce one form of independent Direction, Alignment, Commitment (DAC) within the Associates leadership culture, and another form of more interdependent, collaborative, both/and capable DAC for the Leadership Team.   Consequently we designed a team based learning process for the Leadership Team to guide with the Associates. This Action Science based process we call Action Development utilizes a long-term series of facilitated workshops aimed at embedding a learning process within the team and across teams, for the primary purpose of strategy implementation.

To explain briefly, we designed a series of large group workshops for all Associates within each of the manufacturing plants. This was an expensive investment to close plants and lose productivity, and sent a clear message to associates of the importance of strategy and culture work in improving connected leadership across the PCO. These plant-based, large group workshops provided the space and time for genuine invitation into the spirit and purpose of the PCO, plus they also delivered an orientation to the invitation for their participation in leadership, and the requirements of strategy, mindset shift, and behavior change. The workshops introduced and afforded experiments and practice with key learning tools and practices such as open dialogue, team workstyle choices to support learning work, and Explorer tools (tm.). The large group (200+) workshops also framed and set expectations for the action development work within their process teams, and framed the goals, roles and interdependencies with the PE and Coach in each team.

Our CCL facilitation role was to guide the long-term action development work through a series of quarterly learning process workshops. In addition we partnered in the design and facilitation of bi-annual leadership team retreats for over three years. Our closely aligned partnership with the Strategy Committee was key to successful design and operational integrity of the action development work. Our philosophy of tools and knowledge transfer with and to clients was fulfilled as the Leadership Team replaced our provision of facilitation. We remain thought partners with the organization, sharing insights and learning from each other about the process of transformation.

Implementation Process Highlights
A few primary tests in implementation highlighted challenges.
1) Virtual collaboration across multiple sites was initially a logistical and trust barrier
2) Diversity within same site was challenging with as many as six languages and ethnicities represented in one case
3) The coaching role combining both traditional employment practices and the new learning process roles was paradoxical and challenging
4) Levers of control were tested as the leadership mindsets began to shift; while many horizontal boundaries were effected, reengineering the entire supply chain did not occur

Several successes were attained in the venture.
1) Our advisory consulting role with the Strategy Committee provided a center of the learning journey where the business strategy and leadership strategy were continuously integrated
2) Learning as a public, interpersonal, skilled practice was eventually established across the Leadership Team and within most of the process teams
3) Innovation in the talent process and the learning process sets potential new industry standards for this region in American manufacturing
4) Significant agility in the PCO processes were tested and achieved during market shifts
5) The PCO concept was tested, implemented and proven successful

6) Business performance measures were improved consistently up until the global recession
7) The Leadership Team became a self-sufficient entity, leading in the process improvement of the PCO, and incorporating a number of more interdependent beliefs and practices in the leadership culture and nature of DAC produced
8) The vendor-client partnership was a deeply committed, mutually shared, design and learning journey.

The Impact
Action Science, Measures and Evaluation
This leadership culture development framework was a low-tech operation fueled by observable human systems and relationship interactions. It was a primary research and development sight for our action research agenda, and in addition our evaluation was focused at two levels: the impact on the organization's performance goals and the mindsets in action shift across the leadership culture.

For performance goals, simple measurements were used that paralleled ATI's key performance measures of on-time delivery (client focus) and reducing product returns (quality focus). One plant with a difficult history began to achieve group payment for performance compensation immediately after our work began. Another plant instituted cross-training and load-balancing, achieving on-time delivery measures never met before. **Over multiple years the whole organization's return rates were repeatedly cut in half quarter over quarter over quarter.** And the founder-owner had one measure he called the "smile" factor. He literally wanted the freedom of engagement and the customer orientation for Associates to provide an experience of enjoyment for people in their work. A significant motivation of the PCO for him was that "there had to be a better way" than managing in a top-down hierarchy of performance and he was intentional about providing space for the human spirit to thrive in the workplace. Additional measures were focused on the mindset shifts into independence and toward interdependent thought and action across the leadership team.

Specific to our culture development process, our action science, case study approach is based in grounded theory and hypothesis testing. Our measures are embedded in teams display of trust in interpersonal interactions, the both/and capabilities of systemic thinking and double-loop learning, and finally the demonstration of ownership at both the teams and enterprise process levels. Improvements in these outcomes were evidence that the *take time out for learning* strategy and the action development process was having impact. Both case study methods and a '*Then ~ Now*' research and evaluation methods were used.