

Chapter 5

THE MAN IN THE BLUE SUIT

The price of anything is the amount of life you exchange for it.

Henry David Thoreau

In the first four chapters of this book, I tried to lay a foundation for the beliefs, skills and attributes of modern and forward-thinking leaders.

In Chapter 1, “What Makes You the Boss?” I discussed the concept of leading others from behind and the three organizational groups: Navigators, Transmitters and Drivers.

In Chapter 2, “Dollars and Sense,” I discussed the concept of the MORE Window and the important role of Navigators, including their role in creating and sustaining forward motion in their organizations.

In Chapter 3, “Perfect Pearls,” I discussed the concept of creating “Organizational Symmetry” and the important role Transmitters play in the twenty-first century company, including their role in delivering and driving forward the critical business strategies through their organizations.

In Chapter 4, “Nine Seconds,” I discussed the “Moment of Truth” and the critical role Drivers play as the tangible face of the company, including their critical role in creating and delivering the very goods and services by which organizations define themselves.

The Challenges of Traditional Organizational Structure

With the premise of leadership and the three main roles or contributors in organizations established, I want to begin discussing how modern organizations should be structured and how these three groups should coexist in practice. First, I do not see the optimal structure in organizations as a pyramid or any vertical hierarchy at all. This is largely because vertical structures create distance between Drivers, those delivering the goods and services to customers,

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and Navigators, those aligning the business to satisfy consumer needs. Second, vertical multi-level structures are inefficient in providing direct and timely communication.

The figure below illustrates a very basic but typical organizational pyramid. In a traditional organizational structure individuals are recruited, interviewed and selected to fill open positions in one of the five hierarchal levels illustrated in the pyramid. In some cases, roles in the top four levels are filled by promoting individuals from within the organization. However, in most cases, and at each level, organizations identify key characteristics, skills or industry knowledge for each of the various levels as part of the vetting process to successfully fill open positions. This is a dynamic process with individuals joining the organization and others leaving as companies grow or contract.

The basic mechanics of identifying a very specific need and developing the tactics to secure human resources to fill that need have existed for quite a few decades. The other common component to traditional organizational structure is that most often people remain at the same level in which they joined the organization. The majority of factory, front and back office staffs that enter into traditional organizations typically remain within the same hierarchal level until they

depart. The higher the hierarchal level, the more likely an individual will enter and stay at that level. Still another common theme in traditional organizational structure is the limited interaction from one level in the organization to other levels within the same organization. For example, a CEO and the President may communicate on a regular basis, as may the President and Vice President or Middle Management and their staff. However, due to the vertical design, the traditional organizational structure provides limited opportunity for a CEO, for example, to have frequent and meaningful dialogue with Middle Management, much less with factory, office or service staff.

When you look at the traditional structure there are several components that limit its ability to facilitate positive forward motion toward effectiveness, efficiency or growth for those who work within the organization:



Typical structure of an organization

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1. People work with a single purpose, with a single focus, and have limited flexibility within the organization.
2. Individuals at each hierarchal level gain departmental knowledge from a few rather than company-wide knowledge from many.
3. Limited interaction between those navigating the company and those observing the results of the company's performance restricts improvement and slows reaction time for needed changes.

Short-Term Needs Versus Long-Term Contributions

First, let's talk about recruitment and how most companies feel about staffing organizations. As stated in the previous chapter, organizations tend to break down their structure into smaller segments, positions or jobs within the various disciplines that drive and/or operate the business. In many ways a "job" can help to define the role of a person in the organization's structure and prevent too many people from focusing on the same things. However, hiring or vetting someone for the "job" instead of hiring the right talent with the right individual traits to be a multi-purpose contributor is limiting for both the organization and the individual. To use a sports metaphor, draft or retain the best athlete or talent available, then figure out the best way they can contribute to help your team win.

Before passing on too quickly I want to cover a little more on character or personality traits. A person's natural and learned traits are far more important to the success of your company than where they went to school or to which associations they belong. Traits are typically grouped into a few broad categories: attitudes, convictions, social endowments and skills. These individual traits act like the instinctive compass of how each of us work, what we find important, how we deal with each other and complex issues, just to name a few.

Defining the traits that successful people in your company or in your industry have in common and hiring individuals with those traits is significantly more important than previous experience in a particular position or trade. Yes, the people in your organization will be and should be a collection of various skills, knowledge and experience. However, long-term skills, knowledge and experience

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can be learned; traits cannot. We will cover more on traits and personal characteristics in the next chapter.

Micro-Knowledge Rather than Macro-Knowledge

So you're hired to fill the position of Inside Sales Representative, and Bob is assigned to teach you the ropes, the company processes, "the way we do things around here." What you learn are Bob's processes, which are slightly different from the company's processes, and more "the way Bob does things around here." After a month or so you are handed off to Molly, who was trained by Bob but developed her own processes because she did not like the way "Bob did things around here." And even though the department manager purposely limited the list of trainers to Bob and Molly, Daryl and Jan give you their two cents' because they feel they have something to offer and feel slighted. I know this never happens, so I will just move on with the chapter.

The reality of hiring individuals into targeted positions is that as they mature within the company, their base of knowledge and understanding is likely to be limited to the hierarchal level they work within. I am not saying that organizations do not provide opportunity for upward mobility. I am saying that upward mobility in the traditional organizational structure will be limited to a very small percentage of people. This is due largely to the fact that if individuals are hired specifically to fill positions and they perform well in them, managers are not likely to remove them unless they have to. Without a vacancy, mobility is limited either up or across the organization. Also, without a guarantee that leadership on each hierarchal level can or will advance, opportunity for those working with them will be limited as well.

Limitations in Communication Up and Down the Organization

The larger and more complicated the organization, the larger and more segmented the traditional organizational structure becomes. With each hierarchal level, communication between those navigating the company and those seeing the results of the company's decisions on its customers is further reduced. This obviously is not the intent. In fact many modern and well-known companies expend a tremendous amount of focus on communication planning and implementation to ensure the company message and strategy is resonating with stakeholders and customers. However, let's just think logically about this for a minute. It would stand to reason that the more distance there is

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between Navigators and customers, the more likely it is Navigators will not hear or observe relevant facts. If Navigators are several hierarchical levels removed from those touching the products you make or those visiting and speaking with the customers who buy them, how will they maintain the insight needed to navigate the company?

Another key ingredient limiting companies that utilize the traditional organizational structure is the entrance points into the various hierarchical levels. Individuals enter into a leadership or senior leadership position in today's organizations based on education, previous experience and specialty skills, or through previous relationships with professional colleagues. They skip over the foundational product knowledge, competitive landscape, technological limitations or strengths rooted in the company infrastructure. Targeted hiring into leadership positions means those leaders will miss the opportunity to witness the unfiltered delivery of products and services to customers and the resulting impacts. Without this customer-facing knowledge, experience and point of reference, those leaders' ability to facilitate an inter-company dialogue that transcends position, expertise or hierarchical level is limited.

An Organizational Alternative

As stated earlier, I no longer see the optimal organizational structure as a pyramid or any vertical hierarchy at all. Yes, obviously someone needs to be setting direction, transferring the company message, setting goals and delivering the promise. However, for Navigators to be effective they must be close enough to see and hear the opportunities and limitations of their strategic plan and initiatives. Navigators must have a focused path of delivering direction to Drivers through Transmitters in the organization while receiving timely and unfiltered feedback from Drivers on the effectiveness of the organization's battle plan.

A Blue Jumpsuit

In the early 1990s I was asked to work and observe at a Japanese brake caliper manufacturer who had moved their operations onto U.S. shores to be more competitive servicing the American auto industry. The machine tool company I worked for was bidding on several lines of agile, CNC machining systems, which it hoped to supply to them. As part of the Japanese requirements, any company producing machine tool equipment for them was to spend some time at their facility understanding their culture, operator interface with the equipment and the LEAN manufacturing principles they were applying to

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improve efficiency and effectiveness. As a young Applications Engineer I was asked to work as part of this work immersion in the facility for two weeks.

On day one I drove up to a large manufacturing plant, two-tone gray company logo well placed, simple but well-manicured shrubs bordering both entrance sides of the building. The parking lot was concrete, perfectly smooth, sealed and painted but interestingly enough without lines for parking. Only six designated slots for visitors near the front door. When I entered the lobby, there were only two chairs, a few small pictures and awards on the wall from industry groups or customers and one small office. The rest of this large building I observed was factory. The one woman at the front desk was wearing a blue zip-up jumpsuit, pressed, clean and with a small name patch with her first name. She smiled, gave me a single key with my name on it and asked me to be seated. A few minutes later a man appeared through the factory door, bowed, stuck out his hand and said, "hello. My name is Sato." Sato was small and thin and wore the same blue zip-up jumpsuit, again pressed, clean and with a small name patch with his first name only displayed. The key, I would first learn, went to my locker, more like a cubby you would have in grade school really. There I would find my own set of blue zip-up jumpsuits, pressed, with Mark on the front.

After getting into my suit we headed out to the facility for my first day. On our way out onto the floor Sato asked before we began work if I had any questions. "Yeah, when I pulled into the parking lot I noticed you had a few visitor parking spaces and the rest of the parking lot was unmarked. No lines I mean. Do I just park wherever I want or do you have a specific place you would like me to leave my car during the day?" Sato looked at me and said, "We look at our customers as guests so we give them preferential treatment. Everyone else is equal so parking is first come, first serve. Each week we look at different ways of organizing parking to maximize the amount of cars we can fit safely into the lot so we do not have to expand. We decided not to put lines in the parking area as this would limit creativity." Interesting, I thought, and we pushed on into the factory.

This brake caliper manufacturer employed about 200 people and the plant was divided into various manufacturing and assembly lines for the three main products they made for both Ford and Toyota. The factory was meticulously clean, and highly synchronized with manufacturing components produced in harmony as demands required. I would be introduced to this LEAN manufacturing plant, as any new hire would be. I would start at assembly station number 1 and work there for the entire day. The next day I would work at assembly station 2 and so on and so forth for my two weeks. The

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first thing I noticed is that my workstation was well organized for the work to be performed. Sato would work at station 2 and would remain at the next upstream operation for my entire entrepreneurship. The purpose of station 1 and the first assembly operation was to place the main caliper housing into the correct fixture every five seconds. At the end of each shift all operators were asked to provide one idea that could improve the speed, quality or safety of the workstation. Each idea was reviewed by the team and implemented on a trial basis until proven an improvement or hindrance. The next thing I noticed was that every single person in the factory was working on the line. I mean everyone. There were no visible signs of supervisory staff, conference rooms or even manufacturing offices—just a maintenance crib in the very center of the plant, equidistant to the three main lines. Line 1, my line, was the least technical and demanding and had 22 workstations. Line 2 was larger and more complicated, and line 3 was even larger and even more complicated. By day two I began to ask Sato many questions. Who manages the plant? Who schedules what products will be made next? How do you know how many hours your plant needs to run or how many raw materials purchasing will need to order? It seemed no matter what I asked Sato the answer was always the same, “the customer does.” Every day began and ended the same. Yes the stations changed, but the pace, interaction with others and apparent lack of administration continued to baffle me. On day five as we began work I noticed the woman I had seen at the front desk on my first day was now working at station 1. “Sato, isn’t that the lady who was answering the phone in the front office?” Sato looked over my shoulder down to station 1.” “Possibly, not sure, she may have just been there the day you started.” “Is that normal, I mean working in the office one day and in the factory the next?”

The answer was that we all worked a rotation through all lines and all stations, no matter our position. We all sat in the front office and answered the phone and handled incoming orders when it was our day to rotate there. On my last day I worked at station 10, Sato at station 11. I would work a half-day as I needed to catch my flight. Sato walked me out to the lobby and said he had enjoyed working with me and was impressed by my eagerness to learn about his company and how they do things. I felt good about my experience and presented him with my business card. Sato unzipped his blue jumpsuit and reached into his shirt pocket. With both hands he grabbed the edges of a card, bowed and presented it to me. There below his name, below the company name and logo it simply stated, Sato, General Manager.

I’ve thought many times about Sato and the lessons I learned during those two weeks. Some might consider Sato a Navigator in his organization or some might consider him a Transmitter or even a

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Driver. In any case, from his vantage point Sato could understand if the manufacturing plan was working or if it was not. His factory floor experience gave him the knowledge to observe, recognize limitation, understand concerns of others and facilitate solutions. For much of my career I've sought to be the man in the blue suit. I've grown to understand from Sato and many others that it is from his perspective the quiet confidence of leadership can be administered most effectively.

The Organizational Circle

I would like you to consider Figure 5.2 for a moment as an alternative organizational structure.

As an analogy, I want you to consider the Navigators as the hub of the wheel, what keeps the tire or organization centered and moving true to its purpose. Consider the Transmitters as the spokes or the rim of the wheel, keeping Drivers and Navigators connected and in perfect relation to the purpose, the plan and each other. Consider the Drivers as the tire, or the point of impact, where "the rubber hits the road." Now, I want you to consider that each Driver depicted around the periphery of the tire is a customer-facing position,

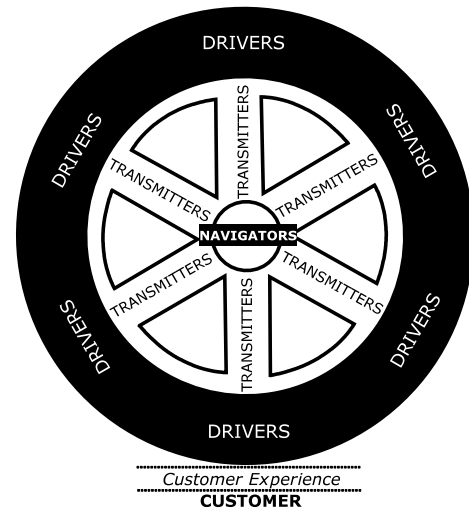


FIGURE 5.2

such as a sales representative, delivery driver, customer service technician, claims adjuster, to name a few. Remember, these are earlier identified in the book as the action points in your business. Each spoke represents Transmitters of different disciplines within the business. The hub is the connection point, where conditions at the road force the wheel and so too the hub or organization itself to adjust. Where the hub goes so too does the rest of the wheel.

The moment of truth on the road is when the tire makes contact with road surface. With each rotation different conditions are felt and the tire, rim and hub must be able to react accordingly, and in unison. In business the moment of truth is when your company's Drivers or customer-facing staff come into contact with its consumers. It is with each situation that Drivers observe their performance in meeting customer expectations. With each observation and situation the

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organization must decide if and how it should react. Drivers through Transmitters send their observation to Navigators for contemplation and evaluation.

What is the reaction time—the time from which a positive or negative interaction happens until Navigators or the hub understands the impact from its Drivers? In every organization this reaction time is different. However, in the traditional organization it is far from real time, and in most cases the details of true customer interactions and their experience is deathly slow. In fact for most companies it is days, weeks, even months before Navigators in organizations are armed with reality so corrective actions can be made or positives can be reinforced. I believe this lag in reaction time and organizations' ability to react appropriately is due to two primary factors.

First the velocity of change and the growing demands of today's consumer have outpaced the optimal communication and leadership efficiencies that can be facilitated through the traditional organizational structure. For you operational types, let's look at this another way. Let's say we asked you to create a production line of five small workstations. Now what if you told me that with the best staff, the best information and the best training, the best efficiency any one station could hope to perform at consistently was 98%. If we lined up those stations and product passed through all five stations at 98%, only about 92 pieces out of every 100 pieces would make it through. This holds true for traditional organizational structures. By the time information, planning, responses are passed through multiple layers of leadership to the Drivers of the business, significant parts of the solution are lost. The results are even more dismal when information is sent up through the organization from Drivers to Navigators. In either case, whatever information or response there is arrives late, and in most cases too late to matter. By then it's likely that your customer has already moved on to your competitor. The alternative structure provides a more direct link with Transmitters to facilitate an efficient and timely action and reaction for today's competitive business climate.

The second factor is that most leaders are often hired into organizations at the Middle Management or Vice President levels without the core skills and knowledge to be effective. This job-focused hiring and limited mobility of leadership once in an organization limits the leaders' broader understanding of the company and its marketplace. This limits their ability to lead staff at all levels and to interpret and/or communicate the observations of the customer. Without this perspective

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leaders become separated from the realities of the customer experience and those they are entrusted to lead.

The next chapter will cover more about the clear benefits of the circular organization structure and how it works. I will further discuss effective retention and entrance points of staff into the organization, and the culture needed to facilitate optimal communication and interdependence of stakeholders company wide.