Mobilizing Teams to Execute Change

Larry Solomon
‘Culture eats strategy for breakfast’
- Peter Drucker
Lead a team to achieve levels of sustained high performance, which, without your leadership, they would not have attained
The Phineas Effect
The heart of the matter

**ENGAGE**
Believe in the vision and direction inspiring extra effort

**ENABLE**
Build capabilities, structure & decision authority

**MOBILIZE**
All hands on deck

**SUSTAIN**
Fuelling employee-led change momentum

**ALIGN**
Understand business priorities, & personal impact.

**PASS THE BATON**
Internal Myopia

**ALL HEADS ON DECK**
Misdirected enthusiasm

**ALL HEADS IN THE GAME**
Enthusiastic incompetence

**FUELING**
Believe in the vision and direction inspiring extra effort
Instilling a belief in the vision and direction of the organization
inspiring extra effort and commitment

Towers Watson Global Workforce study
Only 40% of employees highly engaged
36% described as unsupportive or detached
24% are disengaged. –actively directing their energies elsewhere

The Corporate Leadership Council
Only 10% both engaged and aligned with the business agenda.

Opportunity to create competitive advantage
Challenge 1- ENGAGE

Engaging the Hearts of your people
1-DESCRIBE VISION
What’s the Picture of the Preferred Future?

2-GIVE CONTEXT
What’s happening, and why this discussion?

3-SHARE WIIFM
-What’s In It For Me?

4-MAKE THE RALLYING CRY
Why the Urgency?

5-INSTIL CONFIDENCE
Why do we Believe We Can Do this?

6-DESCRIBE SUPPORT
How will the Team be Equipped to Succeed?

7-CLARIFY MILESTONES
What are the Key Progress Points on our Journey?

8-DEFINE MEASURES
How will we evaluate our progress?
RESISTANCE TO CHANGE

Fear of skill deficiency

Work overload

Fear of redundancy

WHAT GIVES RISE?

Good for troops

Seasoned resisters
Resistance for the Cause

• Covert, seldom malicious, opposition to change
• A deep desire to protect past practices and behaviors

Example: “Do not destroy the DNA of Snapple”
Economics of human behavior

• “People will only really change when the pain of staying the same is greater than the pain of changing to the new.”

Must make it more uncomfortable for our people not to change than to endure the awkwardness of transitioning to the new expected standards

• “People will invest their time in that which gives them greatest reward and least discomfort”

Examples: Cadbury Culture
RESISTANCE TO CHANGE
ESP of Coaching

PRESSURE
- Continuous improvement
- Raising the bar of performance
- Creating consequences

EMPATHY
- Coaching, Supporting
- Counselling
- Managing resistance to change

SPACE
- Progressive reduction in the acceptance of non-conformance

No Surprises Management

Time
The heart of the matter

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Sustain
Pass the Baton

Align
Understand business priorities, & personal impact.
Challenge 2 - ALIGN

Demystifies the critical few priorities that offer the highest value

Translates strategy into day-to-day actions

Aligns individual and collective effort
Challenge 2 - ALIGN

“Misdirected Enthusiasm”
Uncommon Sense

“The strangest thing about common sense is that it is not so common after all!”

George Bernard Shaw Irish playwright and critic

• Assume nothing!
• Communicate- you can never over-communicate

“FREEZE”
Challenge 2 - ALIGN

CUES AND CLUES
Our words and actions influence behavior

We are constantly sending messages to our people

- People take their cues from you
  - Through what we say & don’t say, do and don’t do!
  - Cue cards - overt cues sent by the leader

- ‘Moments of Truth’
  - Disruptive moments, head winds - How do we respond?
  - Reactions vs Actions – reveal our true motives and intentions
Subtle messages that shape behavior

- Innuendoes and inferences, subject to all forms of interpretation
- Indirect messages sent by management’s decisions and policies
- Corrode the core of a change initiative
- Employees constantly testing new ideas
- Erosive Humor

Examples - Checking e-mail / text messages during meetings
Challenge 2 - ALIGN

THE GRAND CANYON EFFECT

Eroding Alignment

- Leader’s action or comment can quickly become a war-story
- Cascades deep into the organization- with “flavor added”
- Hairline crack in commitment, soon gathers momentum
- Left unattended, can become a Grand Canyon

Sales Merchandiser & CEO
Pass the Baton

**SUSTAIN**

- Fuelling employee-led change momentum

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**ALIGN**

- Understand business priorities, & personal impact.

**The heart of the matter**

- Internal Myopia
- Misdirected enthusiasm
- Enthusiastic Incompetence

- Believe in the vision and direction inspiring extra effort
- Understand business priorities, & personal impact.

- Fuelling employee-led change momentum
- Build capabilities, structure & decision authority
Challenge 3 - ENABLE

Build capabilities, structure & decision authority
Challenge 3 - ENABLE

Enthusiastic Incompetence
What do these mean to a truck driver, or billing supervisor?
Challenge 3 - ENABLE

1 wheel & tire = 50 cases of product

$300
Challenge 3 - ENABLE

SHAPING NEW BEHAVIORS

ACCOUNTABLE
Say what you’re going to do, do what you say

CUSTOMER CENTRIC
Focus on customers’ and consumers’ needs

TRANSPARENT AND HONEST
Share knowledge and information openly, no hidden agendas

WE TAKE ACTION
Define your expectations, inspect progress and results

WE FOCUS ON ...
Boldly and courageously make decisions with facts and input

OWN DECISIONS
The solution begins with me

NO BLAME FIXING
Build and enhancing our leading brands, packaging

Pursuing profitable channels, packages

Leveraging our integrated business

Strengthening our route to market
Challenge 3 - ENABLE

Demystify and translate strategies into the day-to-day

Executing Our Plans - STRENGTHENING OUR ROUTE TO MARKET

1. Expanding distribution and availability through all channels

2. Reconfiguring manufacturing and distribution for highest efficiency and effectiveness

3. Continuous improvement of our forecasting capabilities and process

4. Rolling out our new hand-held computer system across all routes
   $4.0 million investment
   TDC reduced by 44 per case

5. Implementing and enhancing dispatch and routing software

4 miles a gallon at $4.50 a gallon
Leveraging Our Integrated Business Model
CCE/PBG Average Cost Per Case (2 x 12 pk. cans) 288 Oz Equiv.

(Data from SEC filings)

**Ingredients**
- Concentrate
- Dry Ingredients
- Sweetner
- CO2/Water

**Total:** $2.41

**Labor & Overhead**
- $0.44

**Total Costs per case:**
- $6.96

**Cost per 12 pack:**
- $3.48

**Packaging**
- Cans/Lids
- Wraps
- Cardboard Trays
- Pallet

**Total:** $1.53

**Fixed Costs**
- Selling
- General/Admin
- Marketing

**Total:** $1.82

**Shipping & Handling**
- Warehousing
- Loading
- Delivering
- Fuel

**Total:** $0.76

**How can this be a good idea?**

2 for $5.
Challenge 3 - ENABLE

- EDUCATE
- TRANSLATE
- ACTIVATE

Embed into the ‘day-to-day’
RESULTS OF CROSS-FUNCTIONAL COLLABORATION

Better forecast accuracy improves customer service and inventory management...

- Sales Forecast accuracy
  (+/- points change vs. LY)
  - Goal (10%)
  - Jan: 1, Feb: -2, Mar: 2, Apr: 6, May: 11, Jun: 11

- 10% inventory improvement, operating with less cases
- Customer service (case fill rate) up 2 points

$230M reduction in working capital

...and less portfolio complexity...

- SKU rationalization
  (Warehouse Direct/Beverage Concentrate)
  - Jan: 100%, YTD: 83%, BOY: 83%

- 17% reduction in SKU’s
- Robust exit plans to minimize obsolescence impact

$230M reduction in working capital

...combined with more efficiency...

- $30M reduction in Costs
  - Greater S/C reliability with lower Costs of Goods
  - Goal

... caring for inventory

- $37M reduction in expenses
  - Focus, discipline and accountability delivering strong results

Goal (10%)
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Flavor of the month

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Challenge 4 - SUSTAIN

SUSTAIN

Fuelling employee-led change momentum
Lessons from Danaher Corporation

How does a Conglomerate of Companies manage to outperform in so many diverse industries, over such a sustained period of time?
Embedding the Danaher Business Systems –DBS

Building Sustainability through **People**
Obsession over leadership capability

Building Sustainability through **Planning**
Goal deployment - translating and cascading goals

Building Sustainability through **Processes**
Extensive ongoing training in continuous improvement

Building Sustainability through **Performance**
Bonuses are meaningful and tied directly to cascaded objectives
Empower employees to take action by….
- Removing structural barriers
- Streamlining business processes
- Building trust

Example- Toward Excellence
Every employee issued a “credit card”

“This card empowers the holder to challenge non-conformance to our quality commitment at any level in the business, without fear of retribution.”

CEO

Rose’s Lime Cordial case
MOBILIZE

Lead a team to achieve levels of sustained high performance, which, without your leadership, they would not have attained.
Create the Phineas Effect

Thank You