

A Partner's View of KEP's Leadership Journey

A three-part series

An honest, up close look at our partnership with Kent Elastomer Products, an American manufacturer committed to transparency and growth.

By Darla Klein

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of **LeaderSHIFT**



Part 3

Turning Best
Practices Into
a Strong Company
Culture

Preface

by Bob Oborn
President, Kent Elastomer Products

Darla approaches partnership as a conversation more than a class or training. Partnering with Darla Klein of **LeaderSHIFT** helped KEP management break out of our old school habits and behaviors. We developed a new culture based on teamwork, trust and accountability.

In this final part, Darla shares how we build upon our new foundation of improved listening and communication, teamwork and trust. We learned from new behavioral assessment methods how to encourage and enable employees to leverage their own best strengths to identify and solve problems - then measure those results.

Leadership Marker #4: Strong Cultures Know Their Predictive Indicators

The concept of measurement has been around in business for a long time and people are quite familiar with the saying “What gets measured, gets done,” or, more accurate for KEP: “What gets measured can be improved.” Scorecard, dashboard, key performance indicators - different organizations use different names for their metrics. In reality, it doesn’t matter what they’re called as long as the metrics accurately identify numbers that show how the business is doing and highlight any patterns and trends.

Remember culture, the way we do things around here? The old KEP culture was to manage using trailing indicator financial numbers. While financials are certainly important, the team lacked an oversight mechanism to look at all the factors affecting those numbers. Senior management team members, along with the people in their departments, may have looked at individual pieces but there was not a visibly complete view, no way to watch how the different factors were connected and impacting the overall business performance. KEP was operating from a reactive focus on monthly profit and loss (P&L) to drive annual performance. Managing only the P&L numbers like this can be compared to driving down the highway looking in the rearview mirror.

This began to change when the senior management team worked to create a vision of where they wanted to be in ten years, what that vision looked like along the way and what had to be accomplished to get there. As part of this process we created a scorecard designed to move them from using the trailing indicator of the P&L into using activity-based leading indicators to manage the business.

Make no mistake, this was challenging work. Moving to a more proactive focus by articulating a vision for the future and how to get there certainly took the senior management team out of its comfort zone. Designing and implementing the scorecard required the team to be the catalyst for change for the entire KEP organization.

While the concept of using activities to drive the overall business performance was fairly straight-forward, choosing the right indicators and creating accountability at the right place in the organization was not. KEP's first company-wide scorecard was created in May 2017 with department metrics added in November 2017. The senior leadership team began by measuring things that were easy to measure; over time items have been added and subtracted as the team learned what had meaning and what would work better.

The scorecard provides consistency in looking at issues in each department. Before the scorecard, the senior leadership team only looked at a department when it was in trouble and, even then, the same measurements weren't examined or things weren't measured the same way so there wasn't a way to truly compare results or show trends. The scorecard provides a system to compare the same measurements, over time, and with consistency.

Today's scorecard is a weekly reminder of what's important to KEP's business and is an indicator of how "stressed" each department might be. In addition, the scorecard provides a system to examine valuable information about what is working within each department, allowing the focus to *SHIFT* from the negative to the positive.

The communication skills gained in our early leadership development work were certainly called into action as the senior leadership team created and then implemented the use of its scorecard. Because the entire company was about to be taken out of its comfort zone, the team needed to align the organization with its use for this work to be successful.

Building alignment is one of the key skills and practices required for strong leadership. Building alignment requires explaining rationale and structuring consistent messages, being willing to exchange perspectives, remaining open and receptive to other perspectives and being an inspiration for others through expressing ideas and encouraging people.

The scorecard concept and why it was important for KEP's future needed to be made clear throughout the company. The importance of the metrics and why they were selected needed to be explained in order to ensure good data collection and the senior management team had to listen to feedback from team members.

The payoff? KEP's scorecard now measures hard data that provides the basis for meaningful discussions and solid decision-making. Leadership Marker #1 spoke to the value of sharing a common language. The scorecard is another tool to speak the same language through numbers, as well as the history of each measured indicator. The scorecard keeps everyone focused on the activities that keep them on track for a strong P&L.

With continuous improvement at the core of KEP's culture, I'm certain their scorecard will evolve. Key process indicators will be better defined and the smart people at KEP will figure out how to better measure those indicators.

Leadership Marker #5: Strong Cultures Have a Clear Mission and Unwavering Values

Leadership Markers #4 and #5 encompass KEP's vision, mission and values. Vision is all about having a clear picture of a desired future, a view of where the organization is heading. Mission defines the organization in terms of its service, role and function. Values are the worth and priority the organization places on people, things, ideas and principles.

Vision gives people in the organization a clear sense of direction, mission tells them what they exist to do; values tell people how to accomplish the vision and mission. In doing this, values create and reinforce shared beliefs and establish learned behaviors for "the way we do things around here."

From the beginning of our work together KEP has had a clear mission. I've constantly challenged the senior management team to evaluate whether or not their mission still worked for the organization. Each time I nudged them to check in with the mission, the team came back with the belief that it did still provide the right direction and focus. This held true during the work to create a vision for the future and set priorities to focus on to achieve that vision.

What did change, however, was how the senior management team articulated KEP's values. Please note, the actual values of the organization did not change. Instead, a deeper understanding of the different kinds of values was gained by senior management team members which allowed them to become more precise and exacting in their language. Another example of the power of a shared common language!

When we began the work on values, we knew we had to get this right because false or "empty" value statements create disillusioned employees and undermine leadership credibility. When we started, KEP claimed five values:

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- **Honesty**
 - **Continuous improvement**
 - **Excellence**
 - **Trust**
 - **Safety**
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We spent a great deal of time discussing, debating and learning during this phase. We discovered the difference between core values, "permission to play" values (minimum standards in today's world), aspirational values (values you want but can't truly claim because behaviors don't support the words) and accidental values

(unintentional values that have developed over time without being formally cultivated). We debated what values truly set KEP apart from its competitors, what values clarified KEP's identity and what values were or could be true rallying points for employees and not just "flavor of the month" words.

In the end, one value stood up to every test we gave it: Continuous improvement in everything we do. This value truly has guided KEP in all of its actions and has created shared beliefs and learned behaviors. Honesty, excellence, trust and safety were all expectations but they were simply "permission to play."

The senior leadership team also identified another value, however, so far they have only been able to claim it as an aspirational value. Because this value is one they need to succeed in the future, they are working hard to make it real for all employees so it can truly be claimed as a core value.

Working on vision, mission and values is big, important work. Done well, this work sets the stage for alignment and engagement; done poorly – even with the best of intentions – it creates more harm than good. Since KEP has been in business for 60 years, we weren't starting from scratch, far from it. That said, it was still challenging work. We had two mantras as we worked our way through these two leadership markers:

1. It takes as long as it takes.

Although this work is fairly straight-forward in terms of the details and tasks to be done, it is anything but easy. The senior management team worked through some of the details quickly, for example, using a pre-determined financial target to identify short- and long-term financial goals.

Other factors were much harder, for example, identifying the right strategies to achieve those financial goals and figuring out how to hold themselves and each other accountable, while also dealing with day-to-day problems and issues without getting derailed.

We had to acknowledge, and be okay with, the reality that we would make progress and then have to work our way through the next step, being willing to put in the time and effort without giving up. We had to be willing to see progress and be fine with that progress even though everyone (myself included!) wanted to move faster.

2. Less is more.

The goal was to streamline business operations and communication, not complicate things. The senior management team had to work hard to strip out all the unnecessary information and language to achieve the clarity needed.

We learned just how hard it is to achieve both clarity and brevity in this work. Many different people are credited with versions of the saying, "If I had more time, I would have written a shorter letter," and we certainly experienced this

challenge. What we discovered worked best was to develop drafts together, put those drafts into play knowing they weren't done, they weren't perfect and knowing we had to be willing to come back and edit/rework the information based on what we would learn in the trial phase.

Leadership Marker #6: Strong Cultures Focus on Identifying and Solving Problems

This marker saw another *SHIFT* within the senior leadership team that then rippled throughout KEP. In order to achieve their desired vision for the future, company goals and individual objectives were needed. As part of the work on developing the scorecard, the team drafted its first annual plan using key objectives for KEP. We didn't get it right the first time (refer back to our two mantras), however, it got us started. The first plan was created in May of 2018; the team learned from it and went "live" in November of 2018 with a revised plan for KEP's 2019 fiscal year.

What KEP's plan does is reinforce all the learnings on accountability. By identifying where the organization wants to go and the actions needed to get there, the senior leadership team can hold themselves accountable first, and then spread that accountability throughout the company. By focusing on the actions identified as critical for KEP's future everyone can stay focused and avoid distractions.

Here is a real-world, practical example: Have you ever heard meetings described as events where hours are spent and minutes taken? The reason for this is that in many meetings, little is actually accomplished. Lots of time is taken up discussing an issue but then the meeting adjourns with no decisions made and no action identified to solve the problem. The issue is most often solved by one or two people outside of the meeting - or not solved at all and left to fester until another meeting.

Before creating their scorecard and identifying individual objectives, KEP was investing their resources of time and energy in routine meetings. In particular, the senior management team was coming together regularly, they would spend that meeting time in the familiar routine of going around the table reporting facts and figures that had been previously submitted and were available to everyone in written form before the meeting.

After creating their scorecard and identifying individual objectives, the senior management team completely changed how they held their meetings. Team members were expected to review the data provided from the different areas and functions of the business and come prepared with any questions or information to move forward. During the meetings, team members were expected to explain how they were moving forward or to ask for whatever help they needed in order to move forward.

The payoff? By identifying their long-term vision, interim goals and short-term strategies, the senior management team could now have engaging, productive meetings where they could track the activities needed to achieve success and could identify and solve problems getting in their way. This is the difference between focusing on identifying and solving problems vs. spending time talking about things that don't get accomplished.

The Journey Continues...

It was a lifetime ago – February, 2020 to be exact – when Bob and I first began talking about documenting KEP's leadership development journey. At that time, we talked about creating a short story for KEP's "60 Stories for 60 Years" series. We had no idea then of the challenges all of us would soon be facing with COVID-19.

KEP is in the business of manufacturing, and as a 60-year-old company, had some "old school" habits and behaviors (culture, again). When presented with the challenges of the past three months, the company was called on to quickly make drastic changes to maintain production as an essential business, e.g., wearing face masks, maintaining social distancing of six feet and enhanced cleanliness rules; employees working remotely; and discarding an age-old attendance points system, moving responsibility and accountability deeper into the organization.

In a recent Leader Views blog, Bob proudly described how KEP's employees responded to COVID-19 challenges by creating the necessary supplies to operate safely, updating critical procedures, taking care of established customers while building relationships with new ones and re-tooling to meet new opportunities. Challenging times like these create the heroes and legends of any organization's culture. The stories of what people did for KEP to thrive during the pandemic will live on, becoming embedded in the company's DNA. (To read Bob's full post, go to www.kentelastomer.com/kep-responds-successfully-to-covid-19-crisis/)

Bob believes all the work KEP did on leadership development, enhancing communication and building trust positioned the company for success in these difficult times. To quote Bob, "The way we work together made the difference." To tie back to our Lean connection, KEP's real secret to success is in the way employees throughout the company think and act. KEP worked hard over the last ten years to develop the behavioral skills that change what employees freely want to do.

KEP's leadership development journey positioned the company well for the challenges they faced and will continue to face. From the pandemic, COVID-19, to the current political unrest, our world has been upended and will be forever changed. Leadership is needed now more than ever.

Because continuous improvement is in KEP's genetic make-up, I'm confident they will continue their leadership development journey. I can't wait to see what the next steps of their journey will be and what they will uncover as their next leadership markers.

I'm also confident they will soon be able to claim that aspirational value as a core value, one that will lead KEP into future success.

END OF PART THREE.

Postscript

by Bob Oborn
President, Kent Elastomer Products

This three part series is a great partnership story. We trusted **LeaderSHIFT** coaching and were willing to look at ourselves and our processes with brutal honesty - knowing the result would be improvements in our methods and ourselves.

It turned out to be a game changer. Our organization chart stabilized. Employee turnover was drastically reduced. Our new efficiency and accountability prepared KEP to withstand common challenges that other manufacturers could not.

This is our story - from the outside partner's point of view - and we are proud of it, mistakes and all. Ultimately, it's a success story - and that story continues every day.

It's fascinating to me to view our company through Darla's lens. I am reminded of our challenges and missteps. I am proud of our triumphs. Most of all, everyone at KEP can be proud of how we evolved to become a company that respects and genuinely cares about their well being. For this, we can thank Darla Klein and **LeaderSHIFT**, who inspired us to recognize that caring about our employees is the best practice for personal satisfaction and professional success.