

# GREY PAPER

## insights

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IT'S A LEADERSHIP THING – BUT YOU  
ALREADY KNEW THAT



### **Pilko & Associates Grey Paper**

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## IT'S A LEADERSHIP THING — BUT YOU ALREADY KNEW THAT

### Introduction

Improving performance of a lagging function or location is a struggle. Many improvement programs have come and gone without delivering any recognizable or lasting results. Often these programs are only focused on one narrow slice of the problem.

This Grey Paper outlines the steps to begin a successful and sustainable effort to improve performance across an organization. Experience has shown that if done correctly, all areas of performance — most notably safety, quality, reliability and productivity — will be positively impacted.

### Framing the Problem

So, you just acquired a new location with less than acceptable performance. Or maybe you received word of another incident at one of your challenged locations. You are feeling growing pressure from your executive team or board to improve that location and fast: a location that has not been meeting its performance target for too long, especially in the area of safety and health. People are getting hurt, and you are worried the location is headed for a big unplanned event — one that will have severe consequences for your people, your company and the community. You are worried about the impact to not only your people but also to your company's reputation. You have tried several performance improvement programs in the past without any lasting results. Where do you start?

**Leadership.** You have heard it before: "It's a leadership problem." You have changed leaders in the past, but performance does not seem to improve. The people you have in place are good leaders, but the results are just not coming. You have heard that the definition of insanity is doing the same thing and expecting different results, so what will be different this time? What has been missing in the past?

Years ago, I was appointed manufacturing leader in Michigan at a smaller site for a global chemical company. The site had a history of experiencing a high number of injuries and less than world-class environmental performance. We were working hard on improving but making slow to no progress. We had many good, hard-working people. They did not come to work to get hurt; however, they were getting hurt, nonetheless. The site was an outlier on the company's safety statistics in a negative way. We were getting noticed for all the wrong reasons. One day we received an edict from corporate — fix the problem by the end of the year or your site will be sold! We had our motivation to find another way.

Someone suggested we take a small team of employees to one of the company's larger, more successful sites to learn how they were getting the results we so strongly desired. During our visit that week, we kept hearing how this site had worked to set a new way of doing things, a new culture. Fine, but we were there to change our safety performance, not work on our culture. Didn't they understand? We wanted to find their secret sauce for turning around our safety performance. No, unfortunately we were the ones who did not understand!

### The Root Cause

**Culture.** Culture is an overused, overworked and often misunderstood word. The simple definition of culture is: "the way we do things here." Every company, group or location has a culture whether they have intentionally worked to help form it or not. Their unique culture still exists. Like a living breathing creature, culture is slowly changing and adapting to the influences and forces it is subjected to over time.

Climate is a snapshot of the culture at any specific point in time. Over time, these repeated snapshots add up to learned employee behaviors. These behaviors define the workplace's attitudes and beliefs, which is what determines

the workplace's culture. While many things influence a workplace's culture, one eclipses everything else and gets this cycle started.

**Leadership Behavior.** Thomas Krause tells us: "Culture changes slowly, but it is changing all the time. Leaders are always changing the culture each time they make a decision, leave an issue hanging, take a stand or address an issue." <sup>1</sup> Leader behavior includes what you *do and do not do* and what you *say and do not say*. Many times, what you *do not say or do not do* speaks louder than what you actually *say or do*.

Figure 1 shows the progression of the impact a leader's behavior has on eventually helping to reset the culture. If you want to change the culture, you must start with a change to the behavior of the leader. Too many leaders believe that their charisma, will and strong personalities will turn the tide; however, Stephen Covey reminds: "You cannot talk your way out of a problem you have behaved yourself into!"



OK, as a leader you are starting to understand that you are a big part of the problem. How can you begin to understand what your culture is and what behaviors you and the other leaders need to change to make a positive impact?

## Steps to the Solution

You ask. The only proven way I have found to begin to understand the true culture of a workplace is to ask the members of that team very specific questions tailored to

understand "the way we do it here." These discussions need to be one-on-one, confidential, and completed by someone outside that location or even better outside the company. For this effort to be successful, the employees must trust those facilitating the discussions have their best interests at heart and will protect their candid feedback.

Often, the only method to achieve this level of trust is with a third party. One-on-one discussions are a must for trust and truth to reign. While asking these questions in a group setting is time efficient, it is not at all effective. In group sessions, too many other dynamics tend to rule. Often, one or two strong voices are heard while others, often the majority, remain silent. The truth is at best unclear. Many times, the truth is completely obscured.

After having completed hundreds of these discussions in multiple companies and locations, I can say that it is amazing how much of a consensus will be uncovered as to the major gaps and issues for that location. A clear picture of the culture emerges – "the good, the bad and the downright ugly."

Key themes quickly emerge that can be summarized for the development of pinpointed action. The most impactful changes will be changes to leadership behavior.

The key themes uncovered are as varied as the companies themselves; however, a few examples of key themes uncovered through employee one-on-one discussions include:

- Unclear expectations
- Lack of accountability
- Favoritism
- Communication failures and gaps
- Employees feeling a lack of basic caring from their leader and company
- Gaps in key information being available
- Lack of timely and sufficient access to leadership

<sup>1</sup> Krause, Thomas, *Leading with Safety*, p. 17

Leadership must first agree on the initial key aspects of the culture they want to impact. Next, leadership of the location must work together to develop what specific leader behaviors they all will agree to practice that influence the climate, beliefs and ultimately, the culture.

Your actions will be dependent on the feedback received; however, a few examples of leader behaviors in response to employee feedback include:

- Hold one-on-one sessions with each employee – cascaded from top to bottom
- Create and implement a communication plan covering all aspects of information flow
- Dedicate 20 percent of their time to being visible and “in the field” and tracking their results
- Rework your rewards and recognition practices to better impact your current climate

One warning about an effort to understand your culture – do not ask the question of your employees if you are unwilling to hear their sometimes difficult answers. By having these discussions, you are setting an expectation that leadership cares, wants to hear what their people have to say and will make changes based on their feedback. Hearing employee’s feedback and continuing to lead as in the past without any changes visible to all employees will leave your culture in a much worse place than if you had not asked in the first place.

The most successful efforts involve leaders who take the feedback to heart. These leaders make small, visible changes to their behaviors within days of getting the feedback. Getting it 80 percent right within a week is much better than getting it 99 percent correct sometime next quarter. Many times, a small team or champions are named to tackle the initial areas of concern identified by the process. The progress on the actions in response to the discussions must be highly visible to all employees who participated in the discussions.

Oh, and by the way, the site in Michigan completely turned their performance around. After much hard work by all involved – employees and leadership – the site had a year without any recordable incidents. Site management felt a sense of achievement when the very deserved corporate pressure abated, but the even better reward was to have everyone able to head home to their families without harm each and every day. The improvements lasted because the employees saw how good it could be, and they refused to go back to the old way even though leadership on the site has changed many times since.

Changing a culture is not an overnight task and not something that can be accomplished over a weekend, at a retreat or by an unempowered employee team working outside the full support of top leaders. It must be an intentional day-by-day journey that can take several years depending on the starting point. Leader behaviors are the key. Each and every decision made or not made will either contribute to moving the culture towards or away from the culture that is desired.

## Summary

Culture impacts everything that happens in your business. It drives performance when no one is looking. Culture never sleeps or takes a day off. Working to develop a healthy culture that contributes to business success is not an easy task but well worth the effort if done properly. The first step in the journey is to understand, in as much detail as possible, the culture that exists. Only once you have that understanding can one begin to target those behaviors that must change. Change begins with looking in the mirror and determining what leader behavior modifications are needed to speed the trip.

## About the Author:



**Ed Rule** is a Manufacturing and Environmental, Health and Safety professional with over 36 years of global, cross-cultural experience in corporate, business, site and JV leadership roles. He has experience in the petrochemical, energy and automotive sectors. He is passionate about helping leaders understand how they can make positive changes in their

culture, improve their workplace and safely deliver their business objectives.

Ed served as a Global Director, Culture Development for Momentive Performance Materials, a leading specialty chemicals company. In this role, Ed provided leadership focused on driving positive change in the corporate culture overall while providing targeted support and consulting to the company's underperforming sites globally.

Ed's 30+ year career at The Dow Chemical Company, saw him in 30+ manufacturing facilities across 25 countries. He served for 3.5 years as the EH&S Expertise Director during the formation and launch of Sadara Chemical Company, a JV company between Saudi Aramco and Dow, in Khobar and Jubail, Saudi Arabia. Ed was responsible for standing up Sadara's EH&S organization and management systems. During this assignment Ed regularly interfaced with Sadara Board of Directors, Senior management, 3rd parties and the \$20B project's global lenders.

Ed served in several other leadership roles at Dow including as a Business Operations Leader (EH&S) for Dow's specialty plastics businesses, where he managed the business' global EH&S issues - overall performance, M&A and divestitures. He served as a Production Leader for Dow, where he supervised all operations of Bromine and Calcium Chloride manufacturing and labor relations at the Ludington, MI site.

Earlier in his career, Ed worked in a variety of functions for Dow including manufacturing, and capital project engineering. Ed also had brief experiences in the automotive industry at Diamond Star Motors, a Chrysler-Mitsubishi greenfield JV, and the electric power industry at Central Illinois Public Service Co. (now Ameren).

Ed earned a Bachelor of Science degree in Electric Engineering from the University of Illinois at Champaign-Urbana and is a registered Professional Engineer.

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