

Money can buy technology, processes, and information. Leadership releases passion, creativity, and contribution! People are the "real" competitive edge. This book captures practical values and tools for leaders to create powerful outcomes in organizations, business, and industry.

People: The Real Business of Leadership

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People

The Real Business *of* Leadership

Release the
Amazing Power of People through Service,
Respect and the Inclusive Culture.

Michael T. Baker



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Introduction

After 10 years as a teacher-coach, followed by 25 years in industrial manufacturing, I retired at the end of the year. It was not so much a retirement as a change in direction, a next chapter, predicated on the belief that I had something to share. My experiences, successes and failures, had brought me to this point. Every job in the previous 35 years had prepared me for this new direction. I founded Michael T. Baker, LLC for the purpose of sharing my management and leadership theories with anyone who would listen. This was not an easy decision but one I made with confidence. It was simply time to move on, and with the developing economic meltdown occurring, it was the right time for this message.

Throughout my career, I've had the opportunity to study and learn from managers with a variety of leadership styles. My career has been based on the idea that leadership is service and people are, in fact, our most valuable resource. In order to effectively lead, one must be willing to serve and one must be willing to develop an inclusive culture in order to optimize people's impact. The authority vested in a leadership role requires one to offer the invitation to contribute. This is a common-sense premise based in the idea that the best chance of success occurs when all the resources of an organization are engaged, included, and respected. It requires a belief that the very authority of the role also empowers one to affect the quality of life for others. I also believe that impact on quality of life can and will affect the success of the business. I believe that effect is universal and applicable to any organization, institution, or business.

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With all our technological advancement, process development, and scientific understanding, the differentiation is still embedded in the people of the organization. A great deal of lip service is given to this idea but the question remains: How effectively are we utilizing people beyond typical measurements of productivity, behavioral expectations, and turnover? Do our policies, systems, styles, and organizational cultures tap into the best instincts of our employees, and in turn optimize our organizational performance? The answer is no, certainly not as effectively as we think they do.

In a variety of management roles in the aluminum manufacturing industry, I was able to test those very questions, methods, and beliefs. Although measurements and processes were different, the people responded in strikingly similar ways. Regardless of role or level in the organization, people want good leadership. People want sincerity, respect, and inclusion. When we create and nurture the environment for those attributes, dramatic change occurs and powerful outcomes follow.

There are hundreds of books, studies, and papers on the virtues of documented management styles. Those all explore in scientific terms the characteristics, impact, and predicted results, complete with case studies. Most were written by experts, gurus, and business school professors and nearly all are acclaimed by the business community. I make no attempt to refute those works. I state my ideas and beliefs on the basis of three decades of leading real people in real work situations with daily accountability for results. I had numerous failures but more successes, and I hold a continuing belief that the exponential power of people, given effective leadership in an inclusive culture, will trump the academic study.

Does the leadership style of your organization provide a platform for that exponential power?

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This book will attempt to capture the last 35 years of lessons learned about the power of people and the impact of an inclusive culture. If people are our most valuable resource, we must nurture a culture that values the passion, creativity and spirit of people. Those are lessons worth sharing.

It will outline the beliefs, tools, and possibilities of what impact we have on our employees' quality of life and the resulting impact they will have on our businesses.

The current economic times suggest the bubble has burst. Unchecked growth, expansion, and spending have resulted in heavy corporate and personal debt that, in many cases, is backed only by exotic swaps and financial instruments unable to withstand the dramatic market correction and are fueling the resulting global recession. The result has been the wholesale jettison of jobs. Jobs are done by people. Taking their job also takes their income, their pride and, in many cases, their way of life.

The world is changing. By necessity, back to basics is the new way. Greed is not an admirable personality trait and materialism is not the lifestyle strategy of the day. Nearly everyone is being forced to redefine their priorities and values. Millions are out of work and find themselves in career centers and in technical and community colleges, redefining and retraining themselves. Many will flourish in this new environment and will find their true calling. Many will struggle and find added frustration as they search for new skills and talents that simply don't exist. Those will be left hoping the economy and their jobs recover. Good leadership, or the lack of it, will play a critical role in the degree of recovery and in the restoration and creation of jobs.

Nearly all experts agree the economy will recover. When it will recover and how many jobs will be restored and how many new jobs will be created, nobody knows. How will we as

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leaders and managers respond, not only to the challenges of this economic crisis but also to the recovery and rebuilding of our businesses and industries? This is the time to rethink our values, our cultures, and our passions. It is time to redefine our idea of leadership and how we truly view people, our most valuable resource.

If the concept of “leadership is service” is a new idea, it is an idea whose time has come. If the idea is not new, I believe it is time to renew our belief in the power of people in our businesses and organizations. It is time to redefine the essence of leadership. The 10% unemployed, their families, and the bankrupt, failed, and dying businesses would suggest that whatever we’re doing now isn’t working.

Chapter 1: The Foundation of Leadership

The core of any organization is its people. People are referred to as “assets,” “resources,” and the all time favorite “FTEs.” Full time employees (FTEs) are our most expensive asset, and invariably, the one we always have too many of, or so we are told. FTE is a convenient acronym, sounds very clinical and works well when considering downsizing, layoffs, restructures, or just plain old getting rid of people. As managers, we’ve all done it, and we’ve all had to do it. It’s not an easy task but somehow it seems easier when we are working with FTEs instead of HBs, human beings.

Industry and business have always gone through transformations. At one time a popular solution was to throw people at the problem. With enough resources, we had a better chance of solving problems, finding better technology, and overcoming the competition. We could add another production line, another shift or create another department to deal with specific issues. This worked in many cases but obviously created higher fixed costs and required more capital. When the market recedes and margins slide, we scramble to reduce those costs and have to let people go. This, of course, creates another layer of costs in unemployment benefits, training liabilities, and dormant or sub-utilized equipment and capital.

The other result of lay-offs is the cost to the business in terms of quality, overtime, morale, and recovery. Don’t misunderstand: reduction of force is sometimes essential to the survival of a business, and in many instances, is just the prelim to the eventual failure of a business. However, I submit that we

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must analyze carefully how we expand our business and how we make additions to the resources, both human and physical capital.

Attempt growth too quickly or add resources without careful analysis, and the business cannot respond and support the cost. So the remedy becomes extreme downsizing in order to survive. What appears to the newly hired to have been an answered prayer now becomes a severe injustice. And we must analyze, just as carefully, how we reduce those resources. The cost, on all fronts, is simply too high.

When I accepted the role of general manager of a large manufacturing plant in 2001, there were 188 production employees on lay-off. Over the course of the following year, business strengthened, and we began the recall of those employees. Studying the data over the next two years, I found that it took the plant close to 18 months to rebound to the quality and productivity levels prior to the lay-off. Employees returning after their lengthy furloughs were bumped through the job grades to return to their incumbent jobs. The training liability to the plant was enormous, pushing overtime cost 20-30% higher. The internal rejection rate more than doubled as people re-learned their jobs. At that point, I concluded there had to be a better way.

When business cycled down again in late 2003, the call came again for a reduction. I resisted a lay-off and proposed reducing the four-day shift to a three-day shift. This would keep the shifts and crews intact but would reduce the output of the plant and take a 12 hour day out of all employees' schedules. This, along with a shutdown of certain equipment, reduced maintenance costs, supply costs, and energy costs and payroll. It also allowed us to reduce operating costs by 40% over a 5 month period, and it created a good-will culture among all the

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employees and paid productivity, quality and cost dividends in the years to come.

As this unprecedented economic crisis has unfolded, I've wondered what the impact would be if more companies took that approach before reducing jobs. And hopefully, many are looking at options prior to layoffs. With over 7 million jobs lost through November of 2009, what percentage could have been saved or what would be the financial impact with more of those people still working?

Although many of the job losses reflected a survival move by their company, how many companies could have afforded to take a temporary reduction or adjustment in profitability and keep some portion of the employees working? If a company is going under, certainly it must take whatever action is necessary to survive, but if a company can survive, remain financially viable, and lay off fewer employees, isn't that a worthy action that might shorten the recession? I'm not an economist, but common sense tells me that if we keep more people and families eating out, buying washers and dryers, TV's, and cars, we will get on the road to recovery sooner. What if every company that could, hired back 10% of the workers that were laid off within the last 12 months? What financial impact would that have on the spending issue of this crisis?

One could argue about the elements of the union contract that required a seniority-based job bump or other contractual elements that historically are attributed to cost additions. In a union facility, the reality is that there is a contract and it is what it is. Although your objectives may be to negotiate specific changes, you have what you have today. This book will deal with how you can make cultural change and operational effectiveness within your current union status.

As previously stated, the core of any organization is its people. On financial statements the company assets are stated in

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objective numeric terms. They are represented by property, cash, equipment and other financial holdings.

Although many companies refer to their employees as their most valuable asset, it is always interesting to get the employees view on that claim. The business world today is in constant change, ruthlessly competitive on many levels, and financially unforgiving. The environment implies a tough, no-nonsense approach to survival and profitability.

Each organization defines success with different metrics. Those metrics require individual and team performance to achieve sustained and “heroic” gains. People-centered and service-based leadership is a valid pathway to achieving and sustaining both the gains and profitability in an increasingly tougher and more impersonal business environment.

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