

Background information  
for  
RIC 2002  
T6 “Allegations  
Process/ Safety Conscious  
Work Environment”

## **LEADING CHANGE: A Personal Perspective**

Leading successful change requires developing a deep understanding and respect for interdependence and investment of both people and hardware. Change is a complex process as you can see by John Kotter's change model, "The Eight-Stage Process of Creating Major Change". There are many change methodologies however I have learned over the years that **trust** is the critical component in creating successful change with sustained value. Leading change successfully starts with building a foundation for the organization to stand on, one of open communication, trust, and the leadership's ability to create the need for change and the compelling motivation to move forward with change. Of course in any business, to be successful, you need to understand all of your assets; people, plants and the options that each provide. However, my experience has shown me, if you have to make a choice between your assets always go with your people because they will take you the farthest.

### **The Performance Equation: A Matter of Trust and Openness**

With many cases in the nuclear industry we learned our lessons the hard way. We found ourselves at best mired in mediocre operational performance with breakdowns in safety conscious work environment and we did not see the link between the two. We had not learned that trust and open communications are an integral part of the performance equation. We didn't fully understand the two sides of our asset base which consisted of both people and hardware. We neglected to see that ultimate responsibility for superior performance rests with the skilled and alert people who operate and maintain our technologies – whatever they may be. The difference is not the technology. The difference is the people who attend to its quality. If you think those hard lessons are unique to the nuclear industry, think again. Just recall news headlines linking poor morale and labor strife to product quality in the case of Firestone.

Princeton economists found evidence that point to the labor strife as being at the root of many of the defective Firestone tires. The evidence indicates a higher than expected rate of problems occurred in tires produced at the plants with the most contentious

labor relations. The economists estimated that more than forty lives were lost as a result of the tires produced in these plants during the labor dispute. The lesson once again is the equipment is essential but the people make the difference.

### **Successful Leaders**

Many in the corporate world failed to learn from what successful leaders in the sports world had already discovered. If you are a student of Lou Holtz's thoughts on generating superior performance, you can relate, I'm sure, to his well-known observation that success on or off the football field depends on a relationship founded on caring, trust and high standards. For an organization to be successful, leadership needs to have three fundamental values, care about the people, cultivate trust, and be committed to excellence.

For a leader to effectively amalgamate these values into the organization it takes personal humility and professional will. Jim Collins defines this as being a "Level 5 Executive", see appendix B. A Level 5 Leader has the capabilities of transforming a good organization into a great organization that is self sustaining over the long haul.

### **Millstone Lessons Learned**

At Millstone, recovery taught me these three valuable lessons about leading change:

- First, you can't have world-class operations without working closely with your workforce to build an environment of trust and open communication. Trust is at the core of any relationship that produces exceptional results.
- Second, if people can see themselves safely into the future, anything is possible. Trust frees us to respond enthusiastically and creatively to challenges and opportunities. It also makes us all productive members of the team and creators of our future. And yes you can set high expectations and have tight accountability in this work environment.

- Third, sharing a vision of the future and communicating clearly what that will be like gains alignment. Alignment sustains understanding and guides performance, and makes for a productive and adaptive organization. Alignment is sustained by everyday acts of what must be done to get there.

### **Communications and Trust**

I can't think of anything more vital to the health of any relationship than communicating – and communicating well – including listening. You ask a teenager who is having problems with his parents to explain the difficulties. He'll respond with something like "we just don't communicate." You ask a married couple whose marriage is on the skids about the cause of their difficulty. They'll respond with, "We just don't talk anymore." I'm afraid that's been the story for many organizations as well.

And when we say trust, we are not talking about blind faith. We're talking about constructing a relationship one step at a time. And the things that build trusting relationships touch all aspects of both sides – goals, priorities, cultures, processes, structures.

It starts with recruiting and hiring leaders with strong interpersonal skills, not just technical strengths. It continues with training, coaching, and rewarding people in ways that encourage the behaviors that build trust. It requires promoting leaders who willingly and capably cooperate with each other and who set high standards. It means developing an atmosphere of inclusion by engaging workers in decision making about matters that impact them. It requires investing in people because organizational growth and development depend on personal growth and development. It is adopting a culture that respects learning from failure and constantly looks for ways to do things better, faster, and cheaper. The only real failure is the one from which we learn nothing!

### **The Leadership Challenge**

On top of all our other challenges in organizational leadership, we can add one more, making change happen. To me this is the most challenging of all for organizations. One thing that is consistent with major change is the challenge that it creates. Especially if your organization has been through many changes in the past and those

endeavors were not successful. You are going to encounter pessimism, complacency and fear from the work force.

To help your organization overcome the fears that occur with change keep the vision and goals clear, concise, and compelling. Colin Powel says, "Great leaders are almost always great simplifiers, who can cut through argument, debate and doubt, to offer a solution everybody can understand."

In closing, I want to point out that virtually all lasting structures require foundations. And frequently that foundation is the most difficult, time consuming part of the construction. But I promise you the effort of leading change based on the foundation of trust and openness will be worth it to you, in personal satisfaction as well as in superior performance and organizational profitability.

## References

Jim Collins, "Level 5 Leadership: The Triumph of Humility and Fierce Resolve." *Harvard Business Review*, January 2001, pp.67-76

Krueger, B. Alan, and Mas, Alexandre, "Strikes, Scabs and Tread Separations: Labor Strife and the Production of Defective Bridgestone/Firestone Tire", *Princeton University*, January 9, 2002, available from <http://www.irs.princeton.edu/wpframe.html>.

Kotter, P. John, *Leading Change*, Boston: Harvard Business School Press, 1996

## Appendix A

### EXHIBIT 2

#### *The Eight-Stage Process of Creating Major Change*

##### **1 ESTABLISHING A SENSE OF URGENCY**

- Examining the market and competitive realities
- Identifying and discussing crises, potential crises, or major opportunities



##### **2 CREATING THE GUIDING COALITION**

- Putting together a group with enough power to lead the change
- Getting the group to work together like a team



##### **3 DEVELOPING A VISION AND STRATEGY**

- Creating a vision to help direct the change effort
- Developing strategies for achieving that vision



##### **4 COMMUNICATING THE CHANGE VISION**

- Using every vehicle possible to constantly communicate the new vision and strategies
- Having the guiding coalition role model the behavior expected of employees



##### **5 EMPOWERING BROAD-BASED ACTION**

- Getting rid of obstacles
- Changing systems or structures that undermine the change vision
- Encouraging risk taking and nontraditional ideas, activities, and actions



##### **6 GENERATING SHORT-TERM WINS**

- Planning for visible improvements in performance, or “wins”
- Creating those wins
- Visibly recognizing and rewarding people who made the wins possible



##### **7 CONSOLIDATING GAINS AND PRODUCING MORE CHANGE**

- Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
- Hiring, promoting, and developing people who can implement the change vision
- Reinvigorating the process with new projects, themes, and change agents



##### **8 ANCHORING NEW APPROACHES IN THE CULTURE**

- Creating better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management
- Articulating the connections between new behaviors and organizational success
- Developing means to ensure leadership development and succession

SOURCE: Adapted from John P. Kotter, “Why Transformation Efforts Fail,” *Harvard Business Review* (March–April 1995): 61. Reprinted with permission.

## Appendix B

### THE LEVEL 5 HIERARCHY

The Level 5 leader sits on top of a hierarchy of capabilities and is, according to our research, a necessary requirement for transforming an organization from good to great. But what lies beneath? Four other layers, each one appropriate in its own right but none with the power of Level 5. Individuals do not need to proceed sequentially through each level of the hierarchy to reach the top, but to be a full-fledged Level 5 requires the capabilities of all the lower levels, plus the special characteristics of Level 5.

#### **LEVEL 5 LEVEL 5 EXECUTIVE**

Builds enduring greatness through a paradoxical combination of personal humility plus professional will.

#### **LEVEL 4 EFFECTIVE LEADER**

Catalyzes commitment to and vigorous pursuit of a clear and compelling vision; stimulates the group to high performance standards.

#### **LEVEL 3 COMPETENT MANAGER**

Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.

#### **LEVEL 2 CONTRIBUTING TEAM MEMBER**

Contributes to the achievement of group objectives; works effectively with others in a group setting.

#### **LEVEL 1 HIGHLY CAPABLE INDIVIDUAL**

Makes productive contributions through talent, knowledge, skills, and good work habits.