



Guttman Insights

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David M. Jennings is vice president, human resources at Endologix (www.endologix.com), an Irvine, California-based company that develops and manufactures minimally invasive treatments for aortic disorders. The company's focus is on the manufacturing of endovascular stent grafts for the treatment of abdominal aortic aneurysms. Its products are available in the U.S., Europe, Latin America, and Japan.

What makes Endologix distinct?

For one, we are all “in.” We are a focused, mission-driven organization, with highly engaged employees. We don’t have deep pockets and are up against much larger competitors. Our passion is to serve our customers and patients. The way we will win is through launching important new technologies and therapies for our patients. We cannot operate by status quo; we need to be transformational. That’s the only way we can win. What I have learned over my career is that, in order to be a transformational market leader, the organization must feature a tightly knit group, whose values are aligned and whose skills are valued by our customers and patients. An *average* organization will not gain and sustain market leadership.

You mentioned a transformational therapy. What’s in the pipeline?

We have developed a groundbreaking therapy for patients that represents a significant breakthrough in treating aortic aneurysms. Indeed, it is a new therapy. This product has been successfully used by vascular surgeons in Europe and other countries, and we expect to have it available in the U.S. and new markets within the next 18 months.

I take it that much of your growth is still ahead. What issues prompted you to pursue the horizontal, high-performance approach?

We know we have a transformational product that will drive an ambitious growth plan, but do we have an equally transformational organization to support it?

In this issue, David Jennings, VP of HR at Endologix, discusses the need to support a breakthrough product launch by creating a sense of high-performance *e pluribus unum* from diverse “pockets” of talent within his organization; Howard M. Guttman explores how leaders can deal more adeptly with the crisis situations that inevitably come their way; and GDS’s Ted Gerber examines what to do when a leader and team don’t quite see eye to eye. All this in a five-minute read.

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ENDOLOGIX

Leader's Corner: David M. Jennings – The “Logix” of High Performance

Frankly, we knew we had to up our game, beginning with the senior team. We recruited exceptional talent from top companies. They all brought their own best practices and cultural expectations to Endologix. In effect, we had “pockets” scattered throughout the company that reflected cultures different than our own. What we needed was to gain agreement on a uniform set of best practices for how we operate here. What was the “Endologix way?”

How did this Balkanized approach play out organizationally?

There were silo problems. Each function focused on doing its own thing. Those of us on the leadership team lacked a coherent vision that said, “We’re all in the same boat together.” We weren’t fully accountable to one another. There was low appreciation of the benefits of being interdependent.

What will Endologix look like at the end of your quest to reframe the organization?

In early 2014, we met numerous times to hammer out our values. This in itself was a watershed event. We began aligning around tangible concepts and expectations. We were determined not to have the values statements sit gathering dust on walls; we wanted to ensure that they were embedded into all our organizational systems. This is seen in the way we select new employees, whom we promote, and the competencies that we assess and develop. Our values articulate our relationships with patients and customers, as well as how we operate and work with one another day to day. If we adhere closely to these values, then we are confident that we will be successful.

I’m a fly on the wall at a leadership team meeting. What would I notice that’s different now that you’ve been through team alignment and leadership development sessions?

You’d see that we’re much better at calling out behaviors that run counter to our high-performance values, such as group-think and lack of transparency. You’d also see conflict coming to the surface and being resolved in the moment and in the open. It has been raised to a constant awareness and we hold each other accountable to it.

Any examples come to mind?

Two of our team members, with significant management responsibility, were not aligning, and this was becoming increasingly apparent to the leadership team. After the alignment session, it was clear that the two continued to avoid one another and weren’t working together. The team told them, “Wait a second, this is not okay. You two need to go off, work it out, and come back to us and let us know what you came up with.” That would have never happened before. We would have watched it, shaken our heads, and never dealt with it head-on. Now, the team takes responsibility for the way team members behave. We are also doing a better job with being transparent: “I’m going to tell you what I’m really thinking about this issue.” The level of openness is probably one of the biggest changes I’ve seen.

To be open and transparent, team members need to feel safe. What is there about the high-performance culture that allows people to “go there.”

The alignment session provided a context for transparency. We discovered in the session that when we gave one another honest feedback, most of the fears were empty. Relationships that were strained didn’t get worse; they actually became more intimate. When you get people to be honest and transparent, when you purge long-standing concerns by airing them, it’s very therapeutic—even liberating. When the conversation you’ve always wanted to have with a peer, but never did, finally happens, you get a deep level of understanding and a sense of comfort and safety from it. It’s scary at first, but once you do it the relationship changes. You feel an immediate swing from being all alone, in a silo, to being part of a team, where you are valued as a person and a member of the team. And it makes you feel more powerful.

What do you see as your unique role, as vice president of HR, in transforming your team to a high-performance one?

At first, I played an advocacy role. I had to convince members of the leadership team that we needed to undertake the high-performance journey.

That was a 10-month process! Once we embraced the process, nurturing it became important. I wanted to make sure that we lived the high-performance approach. For example, at the end of each meeting, we routinely discuss how we operated as a team in the meeting. Did we act as a high-performance team? Another role I had was to hold team members accountable. I remember having to tell a team member that refusing to trust and work with another team member was not an option. He went to the team leader, who echoed what I had said. It's either the high-performance way or the highway, which we clearly didn't want him to choose but were prepared to accept.

What are the next steps to ensure that your high-performance vision becomes real?

After the alignment, we agreed to have GDS coach our CEO, which for us was significant. It reinforced the HPT message. We went through the influencing-skills program, and we're having a GDS consultant sit through one of our business meetings to observe how we're behaving. In April, we are scheduled to do a team reassessment to check on our progress. We will provide on-going leadership-skills development to the team to ensure that we're equipped to play at a high-performance level. In mid-year, once we have traction as a leadership team, we will then involve the next level in the process.

What do you see as the core skills that are essential for high performance?

Conflict management is surely one of the most important. Influence management, holding oneself and others accountable, and listening receptively are all critically important.

Listening receptively?

Yes. It's about accepting the idea that all of us can contribute to one another. This entails understanding another person's perspective, especially when it may be foreign to our way of thinking. For example, each of us sits in executive meetings as general managers. Sure, we represent our own functions, but our primary role during these meetings (and when we get back to our offices) is to be thoughtful and open to all opportunities to improve the business. I need to be open to ideas from my colleagues on different insights into HR-related programs, and I am empowered to comment openly about other areas in the business. Being a high-performance team requires me to source ideas outside my silo or traditional way of thinking.

What is the biggest challenge in getting to a high-performing team?

We have to scale up our organization to take it to a much larger, global, complex level. We need to build people, systems, and process capabilities. We need to be ready for the explosive growth in less than 18 months.

To what extent will the high-performance, horizontal model help you upscale to a global organization?

Perhaps most importantly, as a team we now talk openly about the challenges. In the past, we entered one global market with a "ready-fire-aim" approach. We made commitments without proper consideration of infrastructure needs. We now are looking at new regions, but now we work as a team, using an integrated, multifunctional approach for that business, carefully laying out a plan, and reallocating resources. The high-performance experience has made the difference.

What's your advice to other senior-level executives in terms of undertaking a similar high-performance journey?

Some may feel that they only need HPT if their leadership process is completely broken or dysfunctional. It is common to feel a bit defensive when someone suggests that your team could benefit from an alignment. But, there are outages on every team. It can be seen when agreements are made but not remembered, when agreed-upon follow-up actions aren't taken. Perhaps "yes" doesn't always mean "yes," and "no" doesn't always mean "no." Maybe you've felt that you could have better traction as a team—that things take longer than anticipated. Whenever you see misfires like this, it's a sign that you need some help. We reached out to embrace the high-performance approach, not because we thought we were broken, but because we saw the transformational journey ahead of us and knew our current process would not be sufficient. Today, we won't accept what we accepted in the past. It's been a great journey, and I would recommend it to any executive intent on transforming his or her team. 🌱



Crisis Management: The High-Performance Way

by Howard M. Guttman

Crises are leadership moments of truth. While it's tough enough these days for business leaders to thread their way through all the turbulence, add an unexpected threat or crisis to the mix and you and your organization can be left gasping for air. The margin for error is paper thin. A misstep can be costly. Think about the NFL and its handling of abuse; global financial institutions and persistent cases of rogue trading and money laundering; and BP's initial mismanagement of the Deepwater Horizon oil spill.

There is no magic wand that you can wave over a crisis situation to make it disappear. Call them what you will—crises, tough management challenges, existential threats—they are disruptive and potentially life threatening to the health and survival of an organization. And they better bring out the best that the leader and the organization have to offer, or else....

Crises come in many forms. Some are internal to the organization: a sudden change in top leadership, dire cash-flow issues, fraud at the highest levels. Others have their origin externally: a serious competitive threat, product recalls, government investigations, and, more recently, Internet security breaches. The one certainty about a crisis is that sooner or later you will have to face one.

While there are no magic wands or cookie-cutter solutions, here are a few suggestions for handling the crisis that inevitably will occur on your watch:

• **Be prepared.** A few years ago, Toyota faced an “unintended acceleration” problem, which I wrote about in a previous GI column (March 2010). I quoted The Economist’s analysis of Toyota, which put the blame for the poor handling of the crisis on “the rigid system of seniority and hierarchy in which people are reluctant to pass bad news up the chain....” In comparing the hierarchical and horizontal models, I concluded that the former was “too slow and does not harness the brainpower and drive of others in the organization....

Its lack of transparency and free flow of ideas and information makes it too heavy footed to respond effectively....”

By contrast, recall how President Kennedy handled the Cuban missile crisis, which occurred 53 years ago. The President assembled a group of trusted advisors, known as the Ex Comm, to guide him. He directed the team to forget about rank and deference and focus instead on the issue at hand. The group didn't have an official chair and was not bound by rigid procedures. Discussion was hard hitting and transparent. The Ex Comm was a horizontal, high-performance team in action. The rest is history.

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In a crisis you want to engage the brainpower of everyone, from those around the table to everyone in the organization who can potentially contribute to the solution. While many commentators on crisis management focus on preparedness with an almost fire-drill mentality, few think about it more deeply: in terms of putting in place a high-performance environment capable

of fast, effective decision making in good times and bad. There's no better preparation.

• **Take command.** High-performance leaders lean forward to direct a crisis rather than be at the affect of it. Taking command doesn't mean jumping into “I'm in control here” mode à la General Haig. In fact, they typically don't do anything initially. Instead, they ask questions, get the facts, size up key players, assure stakeholders, and begin to lay out a strategy.

Remember the careful planning that took place at the outset of Desert Storm? Consider the rigorous situation appraisal; the careful coalition building and marshalling of men, women, and materiel; the effective communications to various stakeholder groups; and the headquartering of Schwarzkopf and his team in Saudi Arabia, next to the war zone. There was no doubt about who was in command.

A key aspect of being in command is being present in the crisis—and making a memorable, positive impact. Military strategists term this “leading from the front.” When Airasia flight QZ8501 disappeared en route to Singapore, Tony Fernandes, CEO of the airline, swung into action. He had a clear, well-rehearsed crisis plan in place; focused his attention on the 239 families affected by the tragedy; and grieved alongside them. He was there for the families and even gave out his personal cell-phone number so they could be in constant contact with him.

Fernandes’ leadership was in stark contrast to official spokespeople for the Malaysian government and Malaysia Airlines, who enraged the relatives of passengers on a missing flight MH 370 by their inconsistent, incomplete accounts and a perceived lack of transparency. The impact was memorable, but for the wrong reasons.

In John Keegan’s brilliant analysis of military leadership, *The Mask of Command*, he makes the point that leaders such as Alexander the Great and Wellington were fearless, on-the-ground commanders. Alexander had the battle scars to prove it. While Ulysses S. Grant never engaged in combat, he did remain close enough to the battlefield to demonstrate “conspicuous participation” in the dangers confronting the average soldier. Leading from the front, whether in a military or business context, is important on a number of levels—not the least of which is that it enables leaders to assess for themselves, in real time, what is actually happening.

• **Be cool—and real.** On January 15, 2009, US Airways Flight 1549 hit a flock of geese shortly after takeoff, knocking out both engines. Captain “Sully” Sullenberger, adrenaline rushing and heart pounding, proceeded to ignore all else and focused on landing the plane, which he safely did, in the Hudson River. Now that’s cool!

In a very different situation, the owners of Amy’s Baking Company Bakery Boutique & Bistro were slated to be featured on an episode of “Kitchen Nightmares,” only to be cancelled by the host as too difficult to work with. Facebook users took to the Internet, taking the two company owners to task. The owners’ response: a torrent of vitriolic Facebook postings. Buzzfeed termed the situation “the most epic brand meltdown on Facebook ever.” That’s not cool!

Some CEOs leave you scratching your head in disbelief. Is that what really happened? Case in point: the handling by Roger Goodell, Commissioner of the National Football League, of some of the abuse allegations made against several star players of the NFL. In the Ray Rice situation, Goodell stated that the NFL had asked for the video but never saw the incriminating images. Really?

And let’s not forget the remark of BP’s then-CEO, Tony Hayward, at the outset of the disastrous oil spill in the Gulf of Mexico: “I think the environmental impact of this disaster is likely to have been very, very modest.” Really?

Keeping it real, telling the truth: Who could fault a leader for that? A study of 21 years’ worth of annual reports from 14 major firms in 3 industries was conducted by the Stanford Graduate School of Business and the University of Michigan. Researchers found that companies that took personal responsibility for a bad year realized better stock performance the following year than did firms that put the blame on uncontrollable external factors. The truth pays, after all.

• **Communicate.** Reams of copy have been devoted to this topic: the need for timeliness, accuracy, frequency, honesty, and, in the age of the Internet and social media, the need for interactivity. I would add one more item to the list: Acknowledge the problem, communicate your progress toward finding a solution, and—oh, yes—say you’re sorry, especially when the fault lies with you or your organization. 🍌

What’s New?

Keynote Presentation: “Novartis OTC: Sustaining a High-Performance Turnaround”

Howard M. Guttman, principal, GDS
Brian McNamara, division head, Novartis OTC

**New Jersey Organization Development
Annual Sharing Day
May 7, 2015
8:30-10:00 a.m.**

For more information, visit: www.njod.org



From a Consultant's Notebook

Ted Gerber

Here are the field notes from an intervention led by Guttman Senior Associate Consultant Ted Gerber.

Presenting Situation

The senior leadership team of the manufacturing division of a major supplier of beauty products was seriously underperforming. The team leader, who was president of the division, put the blame squarely on the team: Team members were not aligned with strategy and goal....there was little focus on results.... they wouldn't look beyond their respective silos. Team members fingered the leader: He was condescending and dismissive, was standoffish rather than inclusive, and made decisions unilaterally. Not surprisingly, the division was in trouble....Corporate wondered if the leader had the right leadership stuff.

Charter for Guttman

Make sure there was tight alignment between the team leader and the team....This included ensuring that the leader's style was in sync with the needs of the team for collaboration, and that expectations between team members were clear and agreed upon....Also, team goals had to be clarified, team members had to operate more interdependently, and protocols for conflict management and decision making had to be put in place.

Process

First met with divisional VP of HR, who served as a magnet for complaints from members of the leadership team. Next met with the president and the VP of HR to discuss objectives, the situation, and lay out next steps for a team alignment....A process overview for the team set expectations, answered questions, addressed concerns, and got team members engaged....Interviews and a team survey were conducted....Results first discussed privately with the president and HRVP, before sharing with the team....Biggest surprise for the president: widespread lack of goal clarity among team members; feeling he monopolized decision making; was arrogant; and had a cowboy, shoot-from-the-hip style....

Next, alignment session held....Team members eager to provide leader with feedback. Dispensed with structured feedback and instead opted for each team member getting up before the team for candid feedback and discussion.... Tough, but liberating experience....Commitments made and codified....more transparency, shared best practices across functions, ground rules agreed upon for in-the-moment feedback: solicit input cross-functionally...agree to protocols for managing conflict and decision making.

Results

This is a work in progress. Leader now aware of how he shows up to team...is less condescending... more inclusive, less unilateral....but needs additional coaching....Team less siloed, more honest with leader and one another...now show up as players, not victims... Clarity on decision-making process...24-hour rule for resolving conflict has reduced friction and triangulation. Corporate impressed and waiting to see if improvements continue.

Key Insights

Teams function optimally when everyone is clear on expectations. Having honest conversation and feedback— leader and team, and peer to peer—is essential. If this is not happening or difficult to do, then ask: Why isn't this happening? What's blocking transparency: the leader's behavior, the team's stories, or something in the consequence system that promotes dysfunctional behavior? ●