

-- Speaker 0 00:00:04 Make It Right. The manufacturing podcast

Speaker 1 00:00:10 Come to the makeup right podcast. I'm Janet Eastman. I hope you joined us last week for episode one 45. When our guest was Daniel Edds, he's the author of leveraging the genetics of leadership, cracking the code of sustainable team performance. And in that book, he says forward thinking individuals and organizations are beginning to realize they can custom engineer their organizational DNA to a specific genetic code that will unleash the basic human capacities for creativity, innovation, and problem solving. And the result is unparalleled organizational success, Kevin Snook. And I continue our conversation on this episode with Daniel Edds and we are going to start right at that point of unleashing that basic human capacity for creativity, innovation, and problem solving. What are the biggest challenges to taking this DNA approach to leadership? And I know that when we talked on the phone, you said that there were three things and I'm missing one, but one was purpose. One was behavior, and then there was something else. So how do you, how do you, what are the biggest challenges to bringing this all together and what are the kinds of points that you have to have when you're trying to make this work?

Speaker 2 00:01:27 Well? Um, I think the biggest challenge really is that we w one thing that we've talked about is really that idea of power, but the older one, the other one, and Janet, you may get to this in one of your questions. Um, um, because I saw on your list of questions really has to do with value. What I find is that these high impact organizations, um, they're almost obsessed with value whenever and wherever they can find it. So they see value in people, not as people are, is, people are not an asset that we have to manage. People are a resource that we can develop. Money is not an asset. Money is a resource that we can develop. So, Kevin, I believe in your consulting work, you're working with organizations really in their, in their operations and their manufacturing processes. You know, in, in my world, I call that lean sits the particular, the particular approach that I take that's really about getting more value out of their economic resources, um, and then also knowledge where every organization exists because it has specialized knowledge.

Speaker 2 00:02:51 Um, and so when organizations see those three key resources as resources that they can, uh, they can get more and more value out of them. People cease to become transactional assets, but wow, these are whole human beings. And if we can develop a human being, that's more, self-confident, we get more value out of that human being. And that value now gives us all kinds of opportunities. We can fact I'll give you an example. Um, uh, one of the, one of the other companies, I looked at manufacturing company of 200 plus employees. Um, they have their, their employee experience if you will, if they're, if they focus on servant leadership and engaging every employee in the, uh, finding and extracting waste. Well, to do that, they have to understand that their employees are the front line to finding waste and they have to value them as human beings.

Speaker 2 00:04:08 They have to give that empowerment to them. And, um, when they do that, there's another benefit is that they get more economic value out of each and every employee. And when they do that, they also create more knowledge value. Let's call that innovation because now every employee is engaged in innovation and coming up with better ways of manufacturing and their case custom commercial furniture. And I think that that's the biggest hurdle that organizations really have to grapple with is, are, are, are, are human beings, are they an asset that we have to manage? Or are they a resource that we can, um, develop for ever increasing value? I mean, think about it. When a human being walks in the door, they bring the most unimaginable capacities for creativity, for innovation, for problem solving that's ever been designed on the face of the planet. Yet most of the time we say, leave that as the door, we just want your, the technical bits that we think we're paying for. And when organizations do that, they, they cut themselves off from the very best of their employees and, and, and the, that very best walks in the door with them at no additional cost. And, and they don't, and too many organizati --

-- ons don't realize that that additional value, if they have some intentionality to it, their employees will give them that additional value at no cost, and they are begging to give it to them.

Speaker 1 00:06:09 So how do you pull that thread? Oh, sorry, Kevin, go ahead.

Speaker 3 00:06:13 No, I wanted to say, I, I, I really sort of, uh, I can feel that when I often hear people talk to others tools to get a job done, we just need someone to get the job done. And to me, that's like using an iPhone to bang in a nail. Right. Got the super computer at walking in through the door and we're using the most basic functionality and giving them the credit of being a super computer. So I'm, I'm, I'm fully, fully behind what you, what you saying that and sorry, Johnny. I interrupted.

Speaker 1 00:06:45 Yeah. So, I mean, you know, you talk about bringing the supercomputer, walks through the door to go to work every day. How do you pull the thread so that you can get the best out of that human being at that?

Speaker 2 00:07:02 Yeah, well, there's, uh, I don't think there's any one way of doing it. Um, at least from what I saw, uh, I saw organizations do it, um, you know, many different ways, so there's no one magic bullet, but you know, one simple way of doing it is to reward them. Uh, so this manufacturing company that I referenced, um, uh, the employees 200 employees, um, on average, every employee is generating five to six Kaiser fans. Um, every year. I mean, every employee says, Hey, I have an idea that I can improve this particular process. And, um, there's a, there's a formal process that they have to go through. Um, but every employee is contributing five to six kaizens every year, but the company also rewards them for that with personal time off.

Speaker 2 00:07:59 Um, the other funny thing was, and I think, I thought it was, again, it was brilliant. They reward their employees with PTO or personal time off if the Kaizen is for the company or even a personal Kaizen. So, you know, I heard one story that said, you know, they, they, uh, one, one of their senior leaders got, um, uh, got his personal time off for reorganizing his sailboat. And, uh, Janet, I don't know if you and I were talking, talking about this, uh, when we were talking earlier, but, uh, one of their senior leaders told me a funny story. I thought it was, I thought it was hilarious. Um, he was very pregnant wife. He thought needed to have her kitchen pantry reorganized. And so he did a Kaizen on his wife's kitchen pantry and he got us personal time off. I understand that there was no blood spilt, but he got the lesson from his wife. She didn't appreciate it, but he got his personal time off. Well, I hope that she used his personal

Speaker 3 00:09:10 To her best benefit I one and don't mess with a pregnant woman. Right. I know three kids that I know there's for. You need to be careful. Yeah.

Speaker 2 00:09:22 Yeah. But, you know, I, I think it's, it's a lot of it is just rewarding and recognizing people for, for the kind of behaviors that you, that you want. Um, and that manufacturing organization, they reward their people essentially for creativity. And, uh, it's not a lot of PTO. I mean, it's not like they're giving, you know, a week, you know, a week off it's, it's, it's like 30 minutes, but it's just the idea. And, but there's also that relationship as we talked about earlier. So, um, in this particular organization, when I was taking their tour, um, there was a woman who was explaining to us how she had seen an opportunity to get five parts out of the big foam core material that they were using to manufacture furniture. She saw opportunity to get five parts, or they had been getting four parts just by a slight reconfiguration of the raw material.

Speaker 2 00:10:21 And so, um, as she's explaining this, she says, I went to my mentor to see if this was a good idea. And when I was talking to my mentor, she said, you know, this, and every time she used the word mentor, she sort of turns slightly to this shorter woman who was standing right next door. And so at the end of her story, I finally had the ass, you know, the dumb question is, is this woman, your mentor? And she looks at me with a bit of a, you know, like, where are you from? She said, well, I guess so. But we just, I said, as this woman, you're a supervisor. And she says, well, I guess so, but we just call them mentors. So what they had --

-- done, they had not only changed the power dynamic, they actually had changed titles. So if so, Kevin, if I'm working for you, your, my traditional supervisor, boss production lead, I call you mentor and you understand that your job is to mentor me. And so that, it's, it's a simple word, but it redefines that relationship,

Speaker 3 00:11:33 But it's that behavior again, right. It's that whole, like, my, my, my role is to help you grow. Right. And that's what we want to be recognizing in the behavior change.

Speaker 2 00:11:43 Yes, yes. Yeah. And you know, that idea of my job is to help you grow that's at the core of servant leadership. I wasn't, I didn't start out looking servant leadership. I'm not selling servant leadership. I happen to believe in its principles, but that, that idea and Jenna, this might be back to your question, that idea that my job, as a leader, as someone who has management authority over other people, my job is to help them grow. You know, that I think is a, is a, is a monumental mind shift. Um, I don't think that that is taught in MBA schools. I don't remember it being part of mine. Um, you know, I don't see a lot of it happening in, in leadership training. I see it talked about, but I actually, I don't actually see it being done. And, um,

Speaker 3 00:12:37 How many meetings do you see that happening in not many, not all meetings should be right. Meeting, should be helping each other grow to reach the best decision, because that's the purpose of the meeting. But the amount of the amount of times where I see it, it's almost like barracking or knocking each other's ideas down rather than throwing up the individuals and the ideas.

Speaker 2 00:13:00 Right. Um, yeah. In fact, one of the, I just had this conversation about a month ago with the CEO of a company based out of Tulsa, Oklahoma. And, um, I don't know if you guys are familiar with the, the national Malcolm Baldrige quality award. It's the nation's highest award for excellence. It's been around for 25 years. There's a version of Malcolm Baldrige in Asia. There's a version in Europe. Um, it's kind of the gold standard for frameworks of, for organizational excellence. And, um, you know, I was talking to the, to the CEO of this company who is actually won the award three times, which is the first no winning. That award is a massive accomplishment. Nobody has won at three times except for this one company. And, um, uh, they're all about helping their employees grow and mature and become better human beings and more self-confident.

Speaker 2 00:14:01 And one of the things that they do when someone comes into the company, that's more of an entry-level type type position. They intentionally move them around the organization. So that in three years they've experienced virtually every part of the organization. And so then they could have sit down with, with that employee and say, okay, where do you like, you know, where do you, where do you, where do you think you fit? And, and, and they help them grow in within the company and all, by the way, their average levels of employee engagement, uh, hangs right around 85%. You know, so they're in there, their employees become in that, in that engagement level actually becomes part of their strategy. And, and this, another thing that I found was, was high-impact organizations. When they create these cultures of high employee engagement there, they actually build that into their, into their business strategy, which is, um, uh, really, uh, I think brilliant when you consider here in the States, two thirds of all employees, according to Gartner, two thirds of employees are not engaged with their employer, or they're actively sabotaging their employer. Worldwide. That number is closer to 85% says, you know, Gallup and other people. How the heck do you expect to execute on strategy? If two thirds of your employees don't care? You know, you're trying to push, you're trying to, you're trying to get pushed that string and, and hope something happens. And it doesn't work.

Speaker 1 00:15:51 I think it's really interesting that we go to work every day. Let's say we all spend approximately eight hours in the same place trying to do our job and collect our paycheck and whatever. If you elevate that workplace to be an environment where you're allowed to grow, where you feel engaged, where you feel that trust and love, as you said, with the school, the, the, um, the prin --

-- cipal at the school that expanded out into the community and that it expands further and further, you can create societal change, right? Totally across the board and the bottom line to me, because, I mean, you've indicated to me, Daniel though, you haven't said it yet, that there is a financial gain for the company here. I'm thinking about the woman who says, well, we take this, this piece of plastic or what it is, whatever it is, we cut five parts out of it. Instead of four, you're saving money there. When these people bring their ideas to the table, they can save the company money. They go home feeling engaged, they take that home to their family and they bring it onto society. And we're all living in a better place.

Speaker 2 00:17:00 Yep. Yeah, yeah. Several factors in there, Janet. Um, one is, um, I think too many times we make this idea of taking care of employees. Um, a moral argument, which is fine. Um, the reality though is, is when we create this kind of experience for employees where they feel engaged, where they want to contribute, it's more than a moral argument. There's also a huge financial impact. Whether it be a commercial organization, a nonprofit, a public sector, whatever, there, there will be a massive, um, uh, stakeholder impact. So yes, employees do have a better working environment. The company is making more money and there's all kinds of research that points that out. Gallup says that a highly engaged employees will generate. I think it's 22% more profit for their company. So that's a big deal. And, and, and, and frankly, the idea of employee engagement right now, everybody's trying to figure out how to do it.

Speaker 2 00:18:15 I can't say they've arrived at too many solid conclusions, but they're all trying to figure out how to do it, but yeah, there's also a societal impact as well. Well, so with the elementary school, um, you know, and it's a funny story at the end of her first year of being a principal, she had kind of a rude awakening, but she recognized that there were community groups sitting on her doorstep. Actually, one of which happened to be a church that rented the building on Sunday morning for their services. She realized that that church, and there were other community groups sitting on her doorstep, waving a flag saying if you need us, we're here to help. And when she recognized that she went to him and said, I want your help. And the reality was, she created more value for her students and didn't pay a nickel for any of it.

Speaker 2 00:19:18 And so if you go to that school on the Saturday before school starts in the fall, there'll be 75 volunteers storming that building, doing everything from pressure, washing sidewalks, to helping teachers get their rooms ready for, uh, children coming to school in a week. And a group of four or five volunteers can do in a few hours in a classroom, what a teacher can do in a week. So they've just, you know, increased the value of that teacher's time exponentially. And if go there on certain Friday nights, uh, in the months, they're having a movie night. So not only are they creating more economic, more academic value for students, but one of the side benefits of that, of her leadership of collaboration and love, and grace is there are now families who, because of their own lack of education would never darken the door of a church because, or excused, darken the door of a, of a, of a school because they feel intimidated.

Speaker 2 00:20:30 Yeah. Interacting with educated people. Now, the school is a place of safety for the community. Um, uh, uh, Jeff, the CEO of the manufacturing company, um, that I, that I've mentioned, um, a few years ago, he recognized that because of his training and Kaizen and lean with his employees, that there were other manufacturing companies in the area that started picking off some of his good people. So he had a decision to make, and he's very clear and very blunt, we practice servant leadership. So if you're practicing servant leadership, what do you do when other companies not necessarily competitors, but just other companies start picking off your people. He determined that servant leadership said he can't fight that in fact, his job is to facilitate it. So he went to some of those other larger companies, uh, some of whom, at least one or two or three of which you would recognize and said, what should I, what can I do to help better prepare my people to go to work for your or --

-- ganization?

Speaker 2 00:21:44 Because you can pay more than I can. And so he's now building those kinds of trainings into his own training of his people. Lot of the people coming to him for, for employment are new to the country. And so he's preparing them intentionally to go on to a different manufacturing company that can pay more because it's gonna impact their entrance into American culture and society. Now in the long run, do you think how many people do you think are actually going to leave or is it just, you know, more of that embrace, you know, people don't want to leave for, uh, just a company just because it pays more, maybe a few will, but most are going to give even more of themselves to go to Jeff's company.

Speaker 3 00:22:41 Oh, of course Jeff's doing is he's learning and growing himself and who doesn't want to being in a learning, growing organization that learns and grows with their people. I, I, I, I love that story and, uh, yeah, I'd love to know more about it. I think that's a fantastic example of where, um, I've seen companies do that into departmental. So one department is I training people for the other departments and that's rewarded in a way, because you're seen as a center of excellence and the center of growth, but the fact that a company is doing that and allowing people to move to other companies, I think that's fantastic.

Speaker 2 00:23:15 Yeah. Yeah, yeah.

Speaker 1 00:23:17 Uh, gentlemen, I'm looking at the time here and I'm thinking, wow, maybe we better let Dan go. So Dan, we always leave with one last question. And do you have a few key takeaways that you would suggest to CEOs who are thinking about their cultural DNA at their company?

Speaker 2 00:23:38 Yeah, I, uh, from, from everything that I, that I, uh, have picked up in my research, it really with what's the experience of the employee. So, um, as I may have mentioned, you know, I heard things like love and grace, servant leadership and love, respect, um, a team, um, relationship. And those are all pretty transcendent values, which again, sort of makes me a little bit nervous talking about them that way, but yeah, that's what, that's what I saw. And, um, when, and I would tell anybody, start there, what's the experience of the workforce from your leadership system? What do you want them to walk away with at the end of the day? And when you start there, then it's fairly easy to say, okay, what kind of behaviors do leaders need to model to make sure that their employees have that kind of experience? Not everybody does that perfectly.

Speaker 2 00:24:46 We're not talking about, you know, human perfection here, but we're talking about intentionality towards that. Um, and then there's some other things like, okay, you have to come up with some rules, you have to come up with some routines. Um, you know, you ha you know, what is your approach to developing your people or people, just these transactional assets they have to deal with, or they, you know, whole human beings that need to be developed. Um, that's a longer term, but I think you start with what is the, what's the experience of the employee? And when you start there, I think everything else sort of falls into place. It's just almost a natural progression. Uh, and in fact, this, the one hospital when I started working with them, uh, when we started looking at this idea of the leadership as a system, by starting with that idea of empowerment, everything else was just sort of a natural logical, you know, almost reverse engineering. What, what, what you want to produce.

Speaker 1 00:25:48 Dan, I've had a great time talking to you. I think Kevin probably has two and a while. We'd love to have you back on the show. Thank you very much for the generosity of your time today. This has been fantastic, right?

Speaker 2 00:26:01 Janet you're you're, you're very kind and it's been, it's been fun. I love these conversations and, um, uh, would, would be honored to be back anytime.

Speaker 1 00:26:10 Okay, great. Thanks very much. Uh, Dan Edds is the author of leveraging the genetics of leadership, cracking the code of sustainable team performance. And you can find his book probably on the internet, right? Dan?

Speaker 2 00:26:25 Yeah. Amazon or my own website, either one.

Speaker 1 00:26:28 Okay, fair enough. We'll put a link up for you. Kevin Snook is a manufacturing leadership advisor. He's also the --

-- author of the best-selling book, make it right. Five steps to align your manufacturing business from the front line to the bottom line. I'm Janet Eastman. You can find, make it right, Twitter and LinkedIn feeds. You can also find it on iTunes, Stitcher, Spotify, and YouTube. Thank you so much for listening and we'll see you again next week.

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