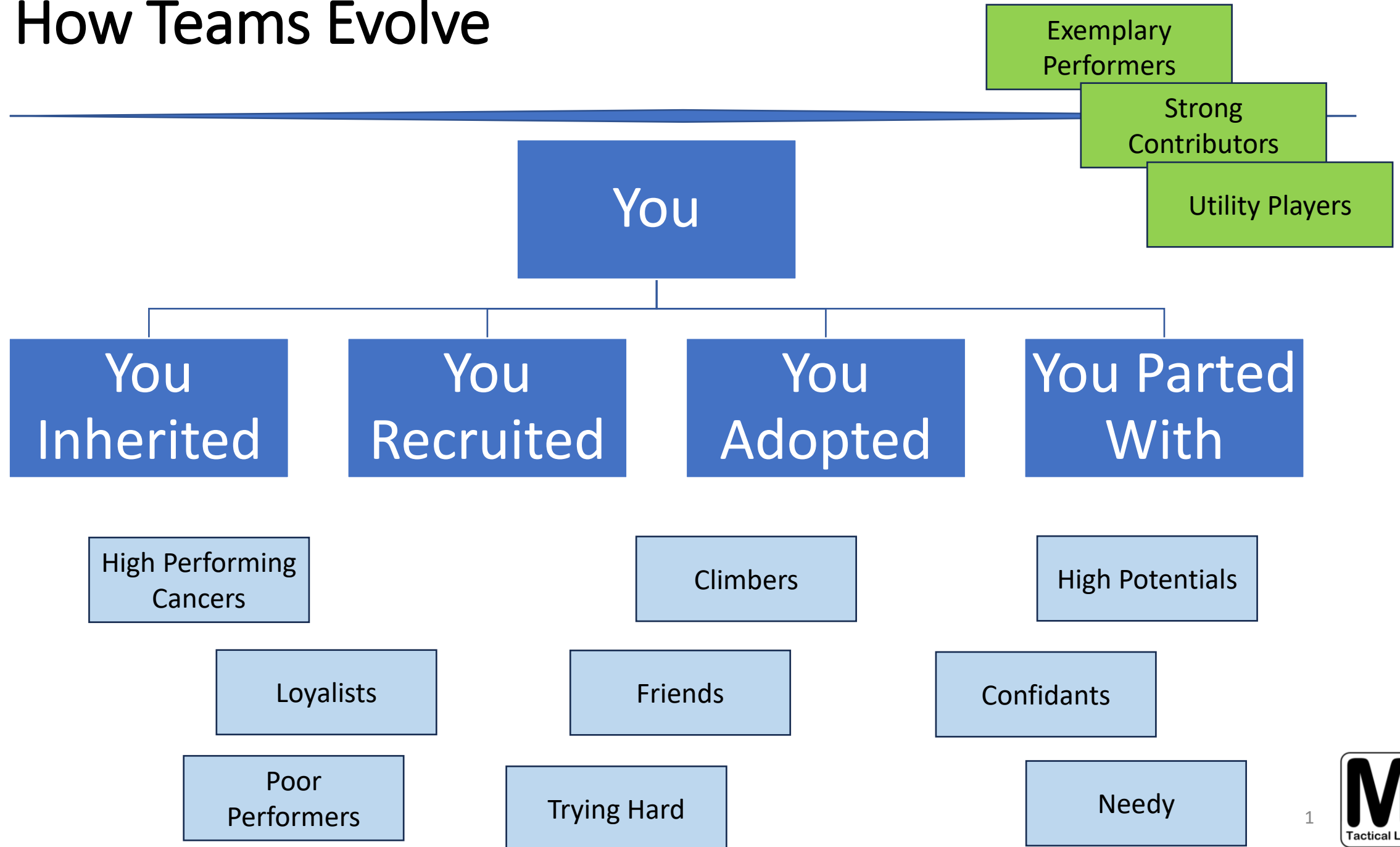


How Teams Evolve

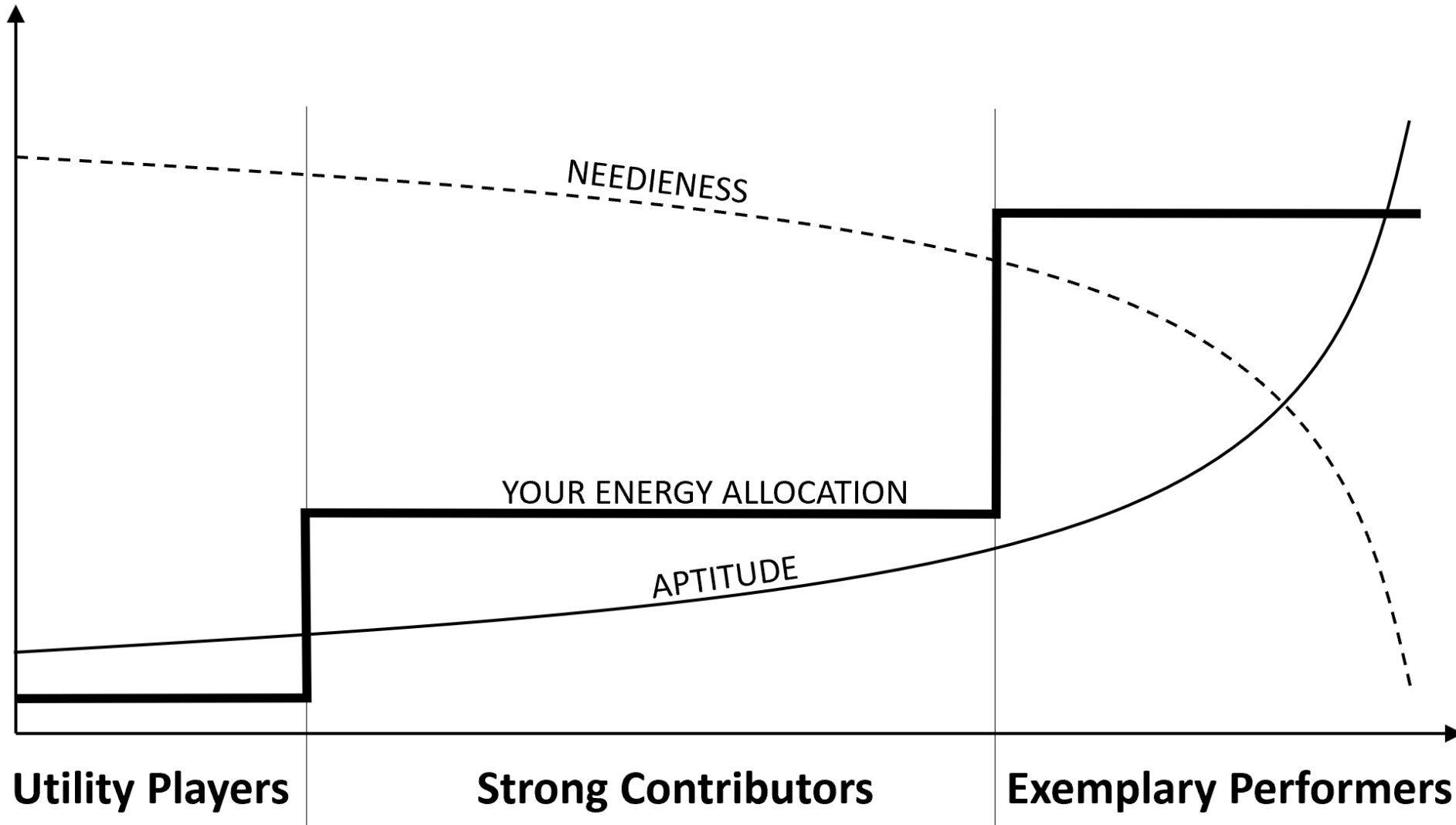


My Top 10

1. Inspire hiring by creating a vacuum.
2. Never lower the team average because you are in a hurry to fill a hole.
3. Strive for diversity in all facets (tenure, skill, drive, creativity, etc.)
4. Cut cancer quickly before it metastasizes.
5. Always be hiring...even when you are not.
6. Engage a varied interview team to evaluate your prospects.
7. Never hire anyone that you can't fire.
8. Find your replacement.
9. Look for people who are flattered to have the job.
10. Spend time with the Strong and Exemplary - the Needy will drain you...

Energy Investment by Aptitude

Your time is your most valuable resource – share it where it makes an impact.



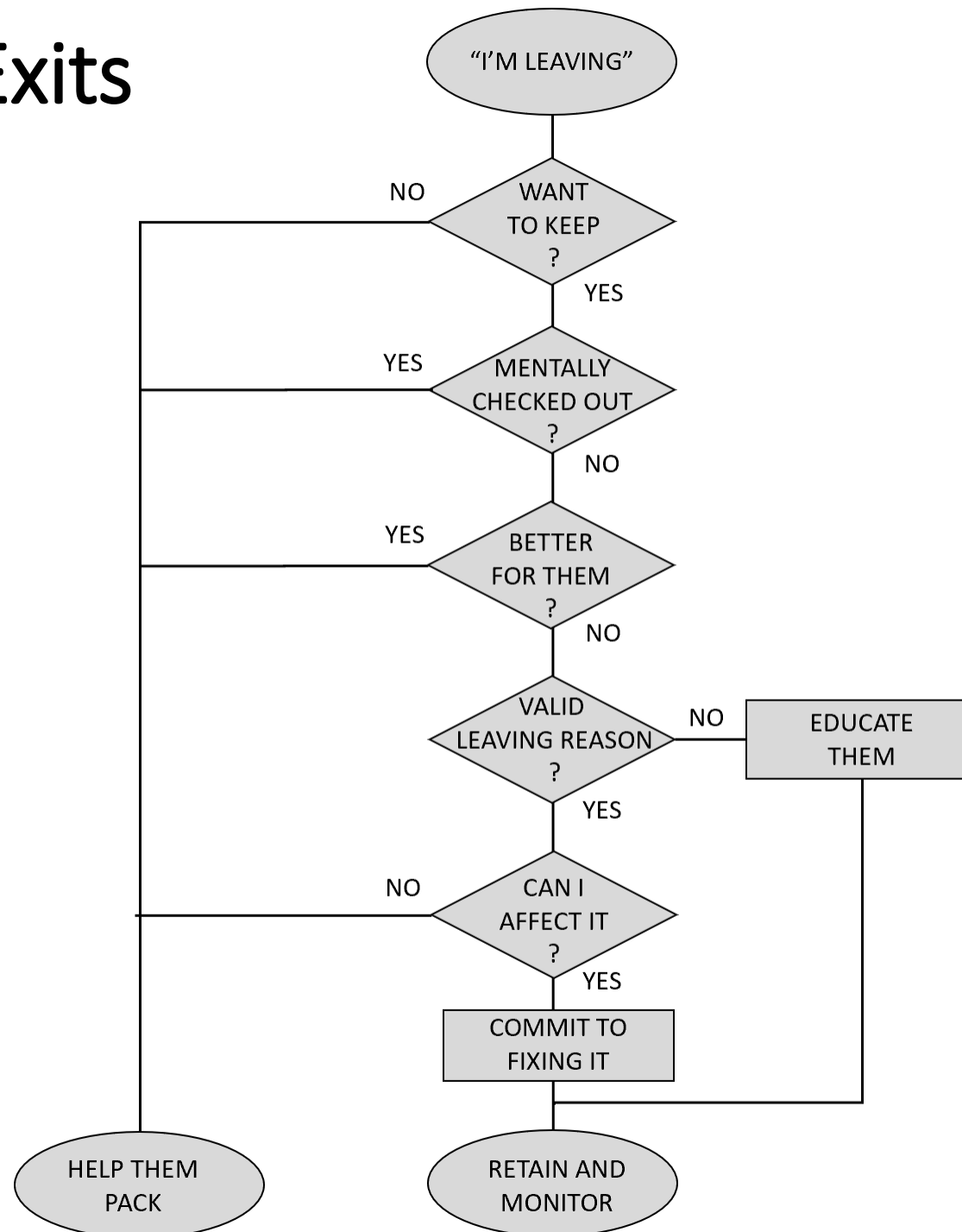
Reasons that People Leave Organizations

- Regrettable
 - Strong contributors
 - They were wooed away by the promise of improbable fame or fortune
 - Friction with other employees that was fixable
- Non-regrettable
 - They were a poor fit for the role at hand
 - They were a poor fit for the culture of the organization
 - Performance
- Inarguable
 - Personal issues like moving, health, caregiving, newborns, etc.
 - They have the opportunity of a lifetime. Good for them and their family.

My universal request of, and promise to, every employee:

**“ If you are unhappy in your role, give me a chance to fix it.
If I can, I will. If I can't, I will help you pack.”**

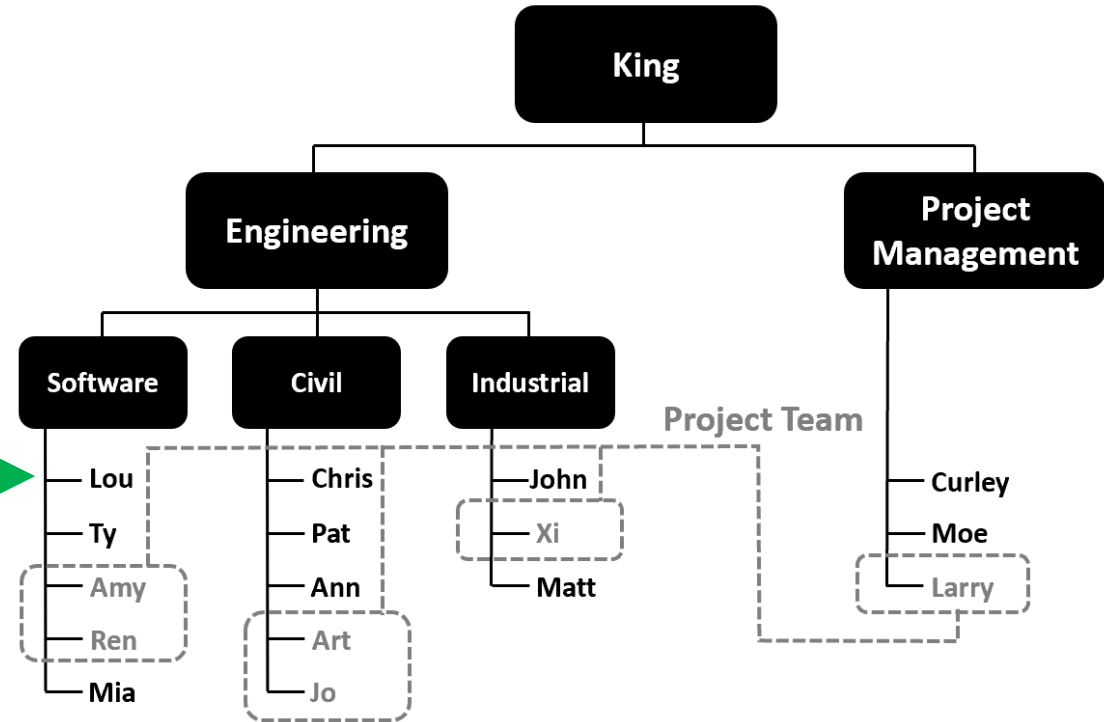
Processing Exits



Reorganization. Yuck.

You will do this. Trust me.

- Why am I doing this?
 - Alignment with the Business Plan?
 - Overcome stagnation?
- Avoid the “dotted line” (usually)
 - Strive for clear accountability
- Be aware of undocumented roles
- Time it well
- Design to develop, not for today.
- Don't undervalue relationships
- Always plan for succession....



Succession Planning Matrix

Make it part of your Annual Maintenance Plan

| | | SUCCESSION BENCH | | | | | |
|----------|------------|------------------|-----------|-----------|----------------|-----------|--------------------|
| NAME | ROLE | EMERG. FILL | READY NOW | 1-3 YEARS | DEVEL. PLAN | 3-5 YEARS | DEVEL. PLAN |
| Mary J. | Proj. Lead | Erin F. | Mark B. | Tony T. | Mentor with MJ | - | - |
| Niall L. | CAD Mgr. | - | - | - | - | Rich R. | On-line Mgt. Prog. |
| Tom. T. | Purch. VP | - | Aysha M. | Ingrid R. | Finish MBA | - | |

Why Strive for Creativity?

- It makes the workplace more dynamic and self-enhancing.
- It differentiates organizations as desirable employers.
- It differentiates products and services in the marketplace.
- It pushes people that would otherwise stagnate.
- It's fun.

Why Strive for Creativity?

...and the Largest Segment of Your Workforce is Driven by It!

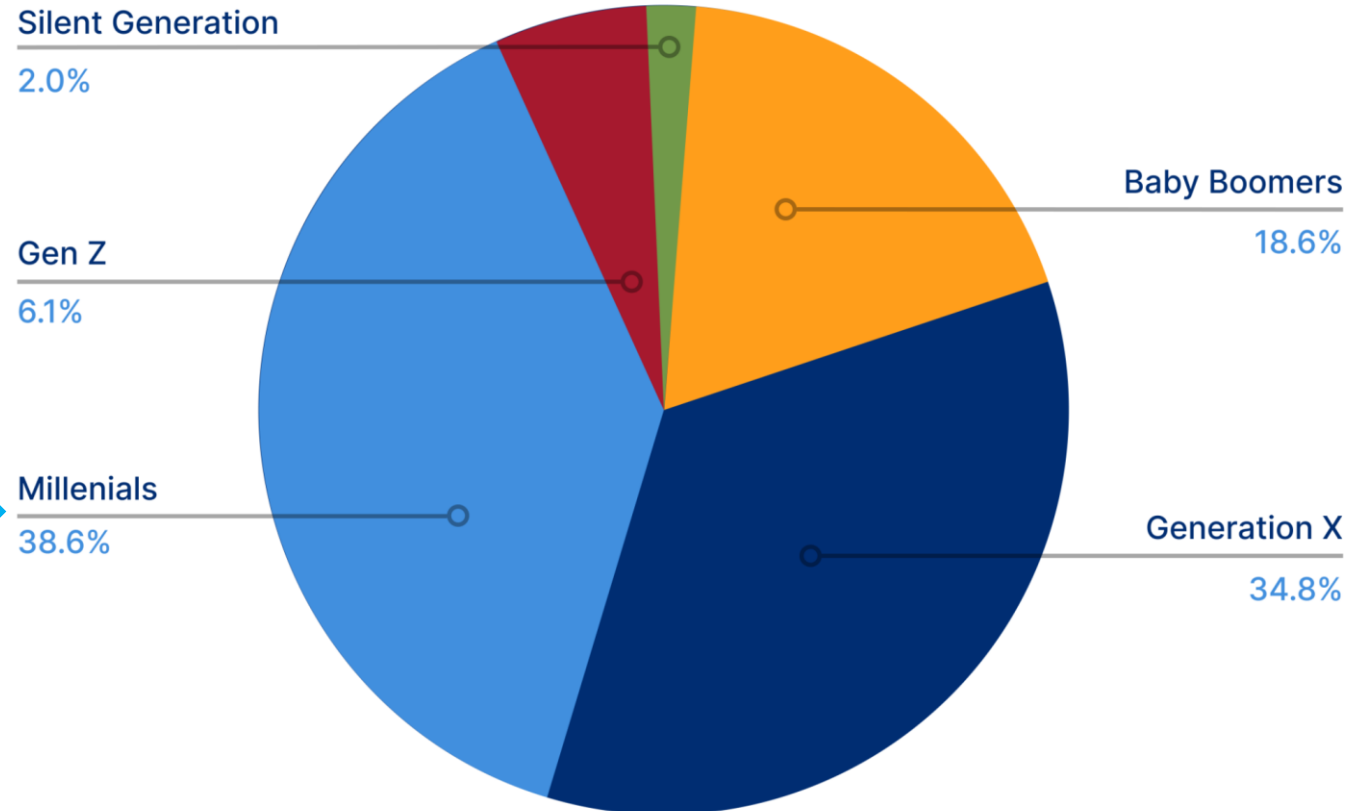
Gen Y (Millennials) are innovators

Many Gen Ys are innovative and look for new ways to be more efficient. They often ask questions about a rule or established process so they can better understand ways to make improvements. The ability to apply their knowledge of new software and technology to automate and improve processes is an invaluable asset in any office.

Workforce Numbers in the U.S. (%)

Source: Purdue Global, 2020

HIRE HOPKINS

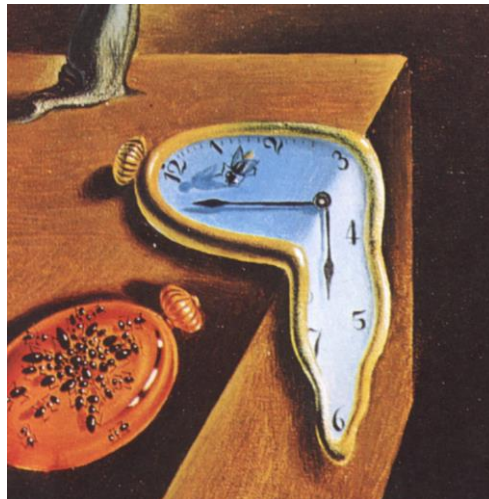


How is “Creative” Done?

- *Understand how the “user” defines cool.*
- *Understand both the pros and cons of the status quo.*
- *Ask “why do we always do it this way?”*
- *Recognize and be able to apply newly available tools.*
- *Have the guts to challenge legacy thinking.*
- *Be willing to be wrong or disliked...and bounce back.*
- *Be able to ignore the traditional approach...*



Franz Kruschke (c 1920s)



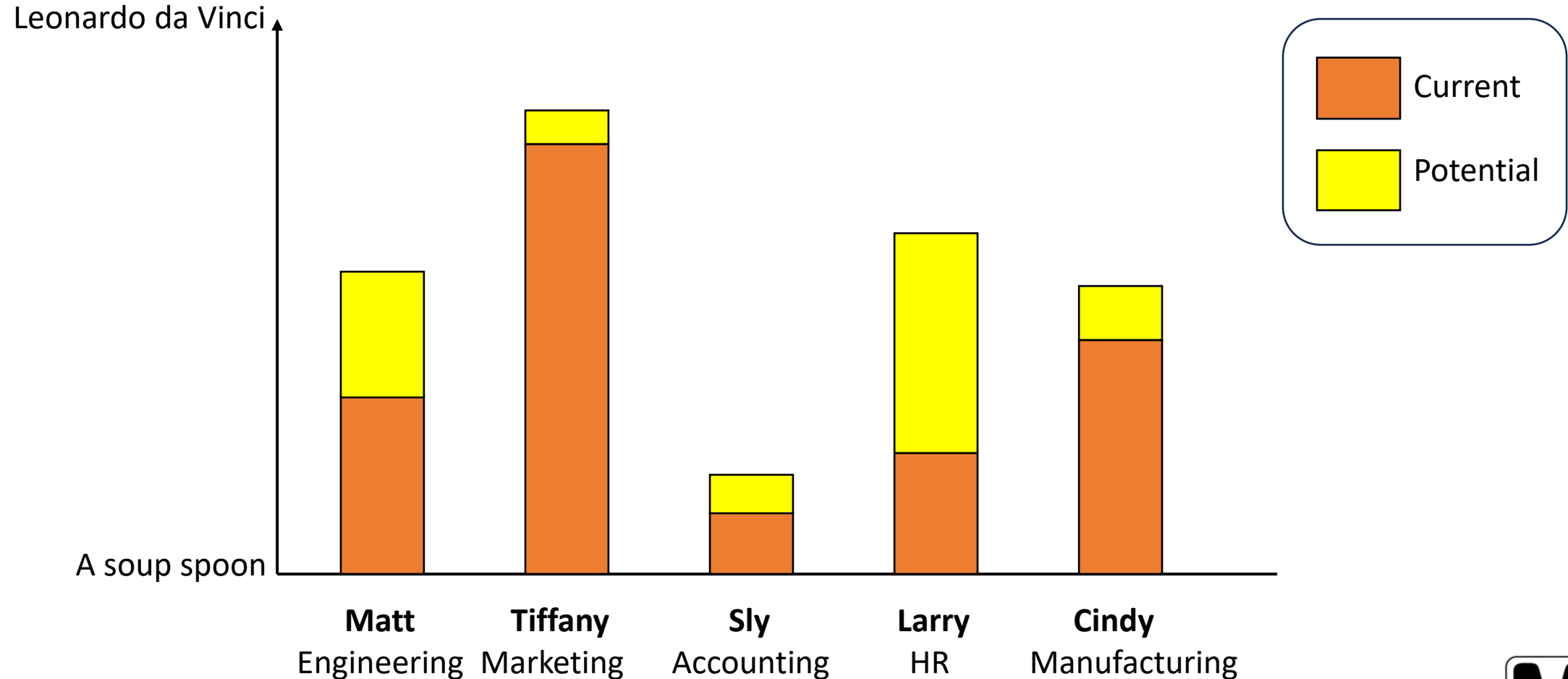
Salvatore Dali (1931)



Maartin Baas (2016)

Everyone Has *Some* Creative Potential

Leaders help others reach their potential.



Everyone Has *Some* Creative Potential

How to Unearth Maximum Creative Potential?

- Make the concept of creativity a thing in your organization.
- Treat originative thought as part of the work.
- Acknowledge and reward acts of inventiveness.
- Play people to their strengths. (Sly vs. Tiffany)
- Be mindful of the slide before this one.
- Be prepared for and tolerant of those moments of “recalculating”.
- Know that stress eats creativity.
- Enjoy creativity in moderation. Like cilantro.

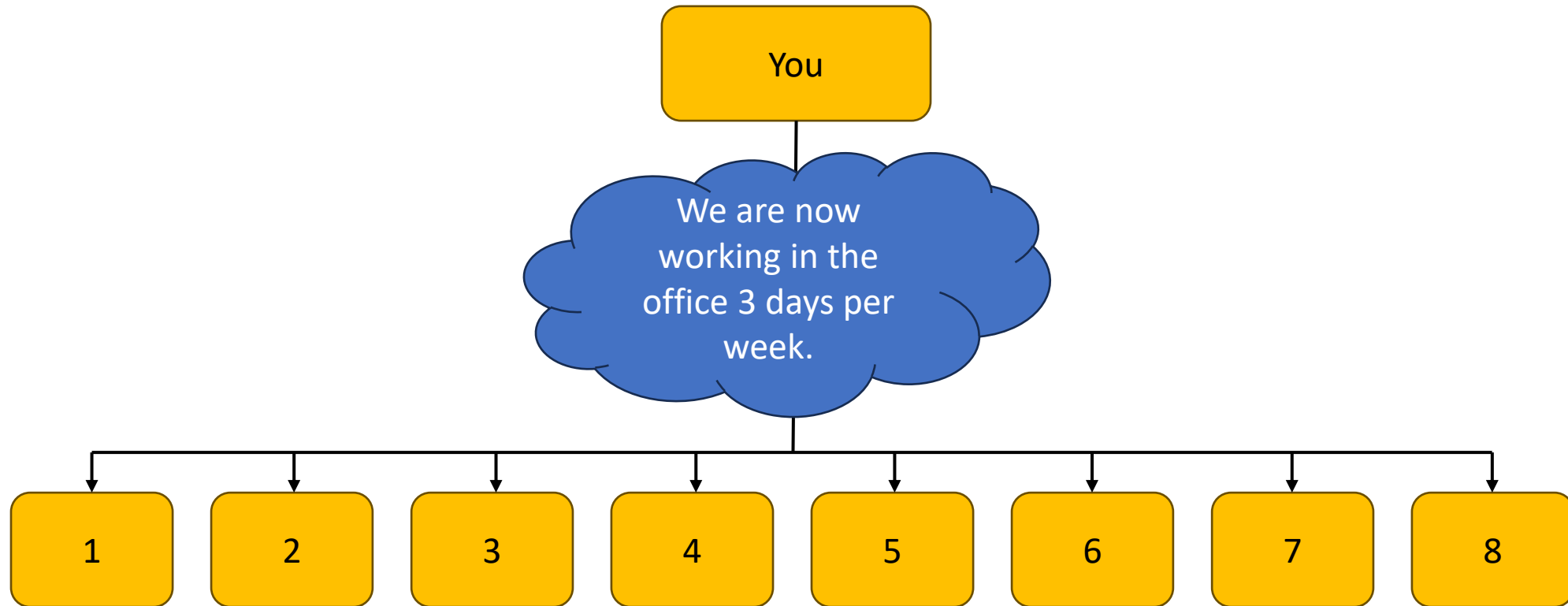
Leadership is (often) Not About Group Decision Making

That might not feel good right now.



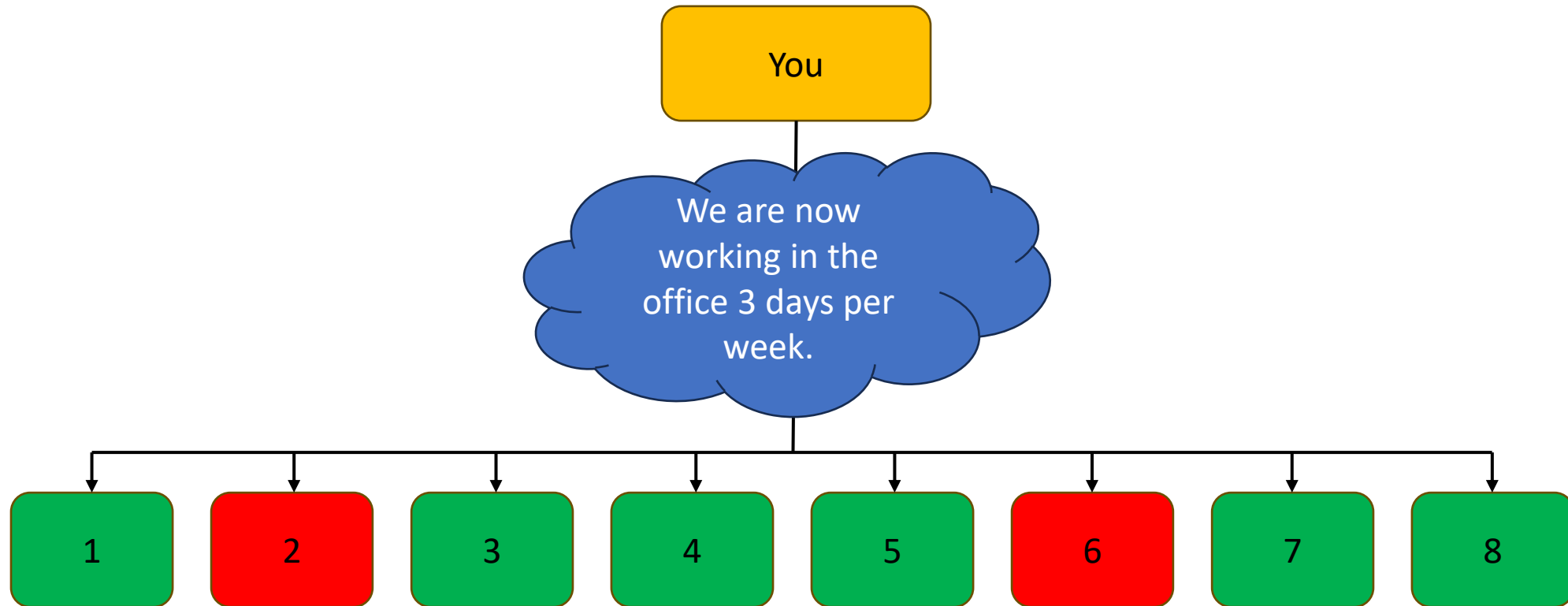
The Process of Direction and Accountability

Option 1: Announcement



The Process of Direction and Accountability

Option 1: Announcement



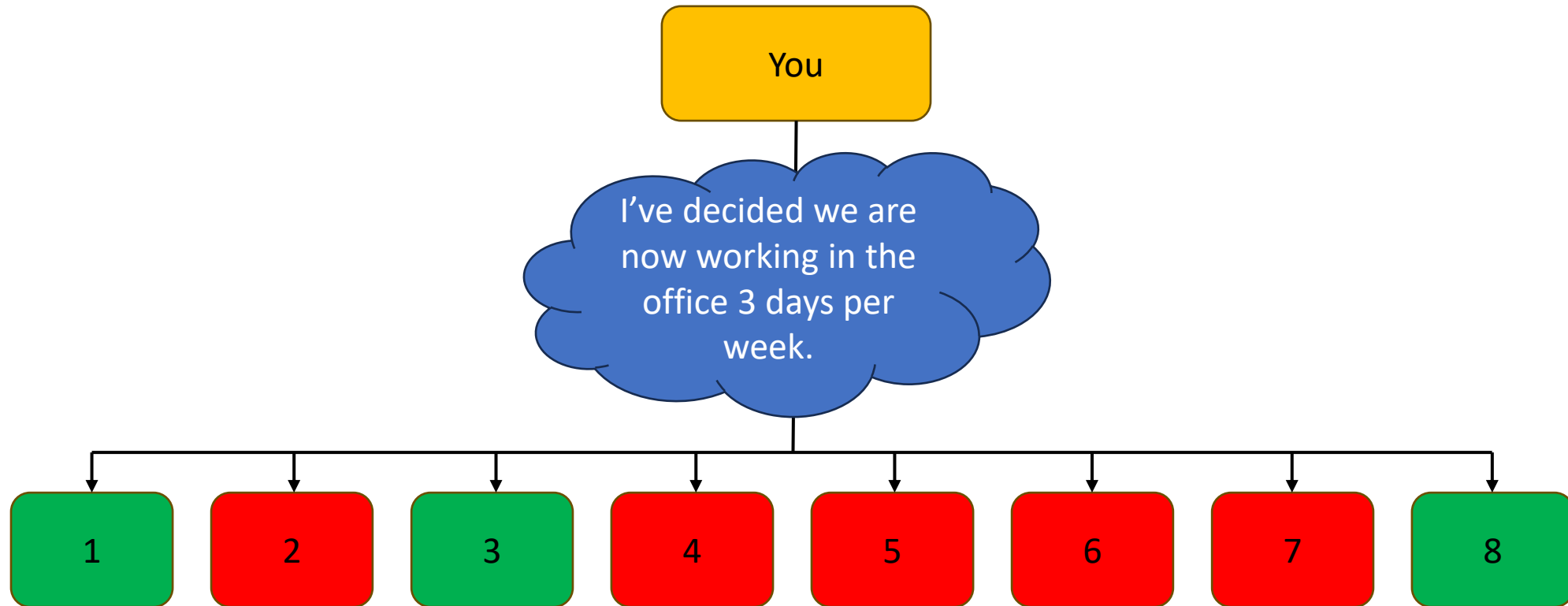
The Process of Direction and Accountability

Option 2: Explain and Solicit Input



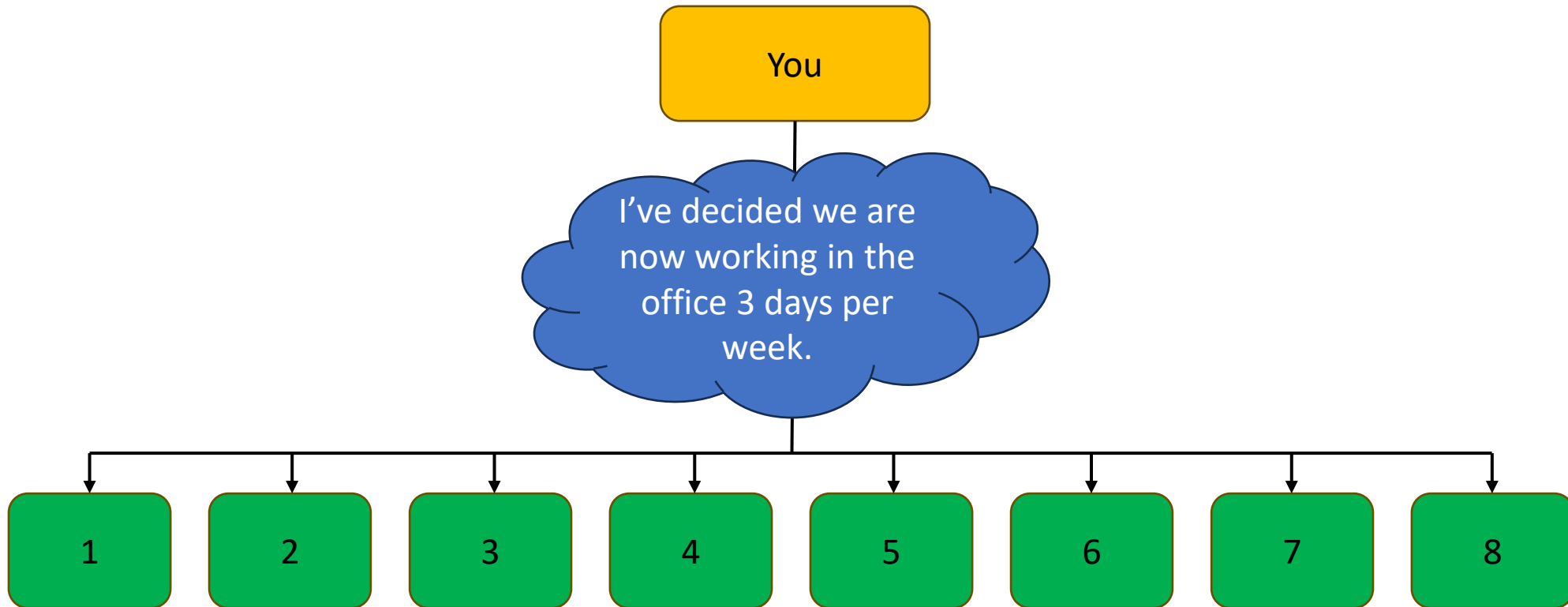
The Process of Direction and Accountability

Option 2: Explain and Solicit Input. Then Make the Call.



The Process of Direction and Accountability

Option 2: Explain and Solicit Input. Then Make the Call.



Gaining Compliance (not Concurrence)

- Clarify if this is a...
 - a) handed-down dictate – non-negotiatble (We are closing a plant)
 - b) decision that you are accountable for (Working in the office?)
 - c) great opportunity for a bottoms-up vote (Prioritize R&D funding)
- If b), be clear that it's on your shoulders to ultimately make the decision.
- Share the rationale as a business partner.
- Be ridiculously clear about the details and expectations.
- Gain compliance like a flight attendant at the exit row.
- Communicate your plan to ensure full accountability.

The 3 Dimensions of Error (Fiction) in Messaging

...as imparted by the *sender*, not the listener.

In order of increasing evil:

1. Factual inaccuracy

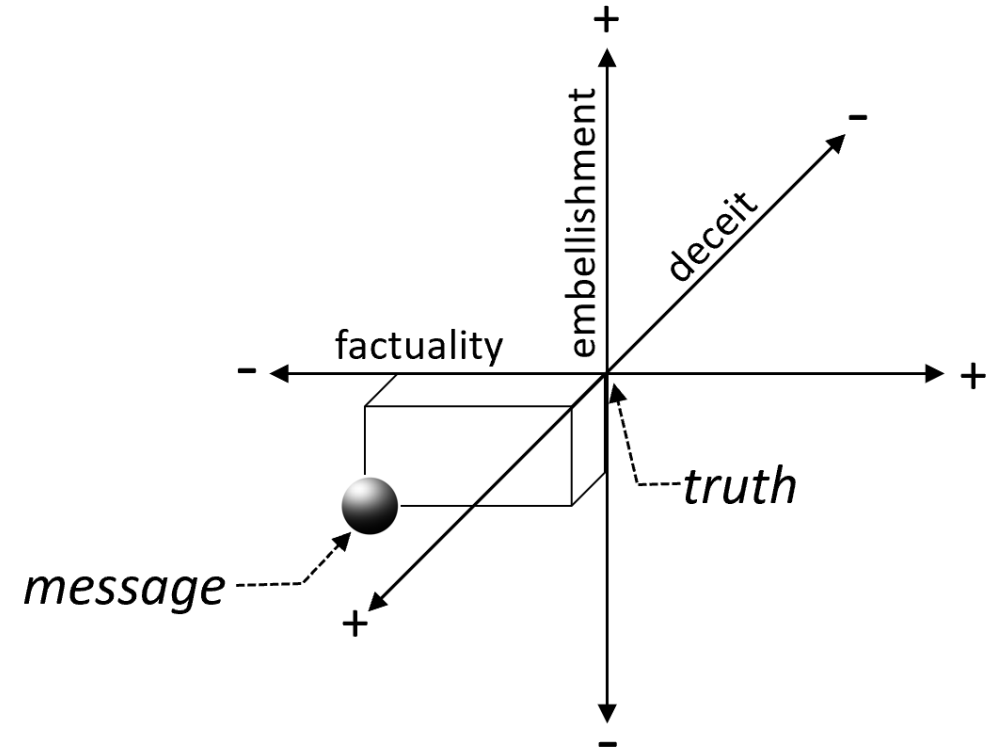
“There are 30 companies in the S&P 500.”

2. Embellishment

“Seattle’s Best Coffee”

3. Deceit

“If you cross your eyes, they will stay like that.”



What Are the Costs of Fiction?

- Can promote bad decisions or groupthink.
 - 1986 Space Shuttle *Challenger* disaster
- Time wasted while getting back to the truth.
- Monetary loss by those who believed it.
 - Sam Bankman-Fried
- Reputation loss for those involved and in charge.
 - Ford Pinto rear end crash fire hazard coverup
- Tarnishing of the organizational culture you are trying to build.

Tactics to Minimize Fiction in Your Empire

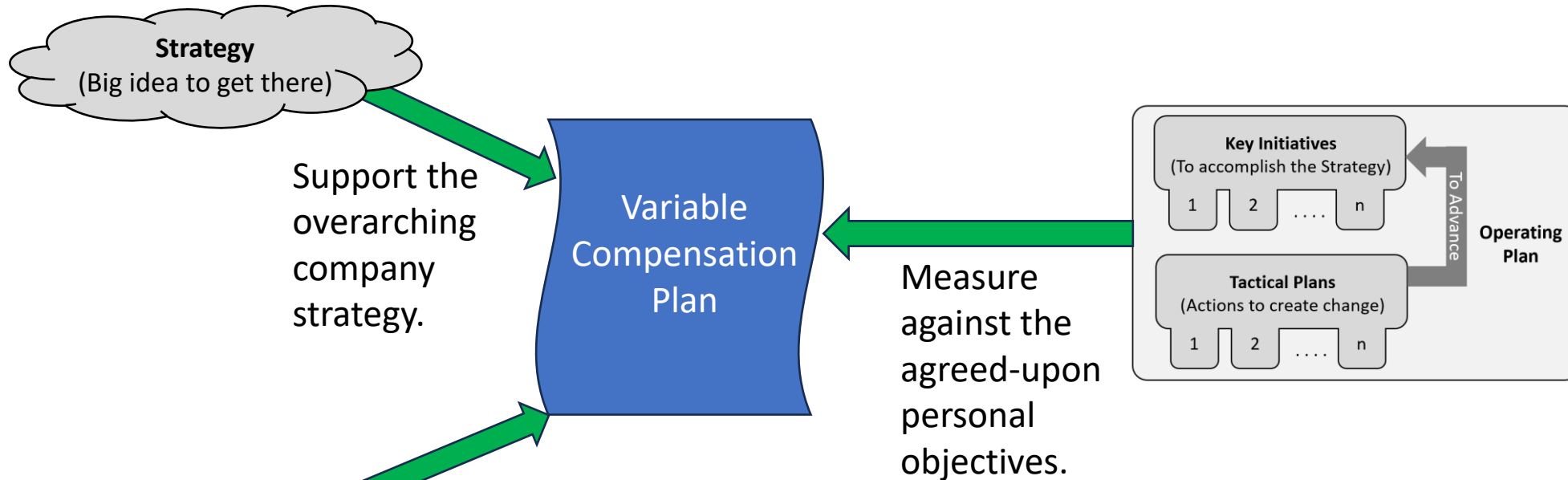
Developing an environment that is truth-centric

- Welcome painful candor – be grateful for (true) unpleasant news
- Be overtly intolerant of deception
- When in doubt, require data
- Know that there are two sides to every story before you act
- Treat trust as a currency in your social economy
 - Give it to those who display untiring honesty
 - Require evidence from others

Compensation Types and Their Objectives

| CATEGORY | EXAMPLE | OBJECTIVE |
|----------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary | Weekly pay check | <ul style="list-style-type: none">• To get you to come to work in the morning |
| Benefits | Medical, 401k, Vacation | <ul style="list-style-type: none">• Entice you to work here• Make sure you are cared for |
| Short Term Variable Compensation | Quarterly bonus, Commission plans | <ul style="list-style-type: none">• Drive you to achieve a short term objective |
| Long Term Variable Compensation | Profit sharing, Stock Options, SARs | <ul style="list-style-type: none">• Impart a sense of ownership and drive long term thinking in your behavior• Retention |

Align Reward With the Operating Plan



| KEY INITIATIVE | METRIC | VARIABLE COMPENSATION WEIGHT BY ROLE | | | | |
|-----------------------|---------------------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| | | SALES | SERVICE | INSTALL | FINANCE | MFG. |
| Improve Profitability | Take Operating Profit from 16% to 22% | 25% | 25% | 25% | 25% | 25% |
| Improve Cash Flow | 20% Reduction of Working Capital | 25% | 5% | - | 60% | |
| Employee Safety | 15% Reduction in Lost Time Accidents | - | 40% | 50% | - | 25% |
| Reduce Turnover | From 34% to 20% per year | | 30% | 25% | - | 50% |
| Enter New Markets | \$25M in Incremental Revenue | 50% | - | - | 15% | |
| TOTAL | | 100% | 100% | 100% | 100% | 100% |

Reward for that which they can influence.

Align Reward With the Operating Plan

| | | VARIABLE COMPENSATION WEIGHT BY ROLE | | | | |
|-----------------------|---------------------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| KEY INITIATIVE | METRIC | SALES | SERVICE | INSTALL | FINANCE | MFG. |
| Improve Profitability | Take Operating Profit from 16% to 22% | 25% | 25% | 25% | 25% | 25% |
| Improve Cash Flow | 20% Reduction of Working Capital | 25% | 5% | - | 60% | - |
| Employee Safety | 15% Reduction in Lost Time Accidents | - | 40% | 50% | - | 25% |
| Reduce Turnover | From 34% to 20% per year | - | 30% | 25% | - | 50% |
| Enter New Markets | \$25M in Incremental Revenue | 50% | - | - | 15% | - |
| TOTAL | | 100% | 100% | 100% | 100% | 100% |