



FOLLOW THE LEADERS

In a roundtable discussion, Meggitt Sensing Systems' president, Peter Huber, Meggitt Group's engineering transformation director, Bernie Stevens and Jamil Rashid, managing director of management consultancy JARA, talk to Mike Richardson about Meggitt Sensing Systems' long-term programme for cultural and management change and how it's been working to deliver savings.

Five years ago, Meggitt Sensing Systems (MSS) was focused on tools and techniques like Lean and Six Sigma as the route to business improvement. However, management and leadership behaviours were actually hindering progress.

Following work with one of the divisional businesses, management consultancy JARA was brought in to undertake a review across MSS. It embarked on a project to bring in Structured Leadership, a new culture and philosophy that focuses not on tools and techniques, but on managing and leading people. Since then, over 60 improvement

projects have realised \$20 million of savings and organic growth of \$30m.

Q: How significant has the deployment of the Structured Leadership management approach been within MSS?

Peter Huber: "Well, the figures speak for themselves, but I think it's also important to highlight that this approach has been widely deployed throughout MSS in several areas of the business, not just manufacturing. In sales, for example, it's helped teams become more focused on profitable, sustainable sales. In engineering, we've reduced development costs at the same time as driving better

milestone adherence for our customers, and in HR, it's helped us to understand and improve employee retention rates. It's now being applied in business units throughout Europe and the US, so represents a huge commitment in management time and focus.

"Above all, it's central to our goal of creating a common way of working – how we lead and manage people and how we control their day-to-day work so that they really understand how and why what they do impacts on the business as a whole, financially and strategically. They can then make the changes that will make a sustainable difference."



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Peter Huber: President, Meggitt Sensing Systems

Q: What are the results to date and how significant have they been for the business?

Bernie Stevens: “The approach was instrumental in developing a culture within my business unit for achieving and sustaining a measurable year on year improvement in profitability: it became one of the best performing of its type within the Meggitt group. Across the division, for every pound spent on implementing Structured Leadership, we’ve been seeing a return of at least seven and, in some instances, more than 30. Last year alone we saved more than £3.5m on strategic projects. Although there are many cultural benefits too, this is really about getting the best from your people and producing better financial results.”

Q: How is it different from other business improvement techniques used in the industry, such as Lean?

Stevens: “A lot of people perceive that improvement is all about tools and techniques and they want a tool like Lean in manufacturing or a CRM system in sales to make that change. What we’ve learned is how to use the right tool at the right time to get what you need and then put it back in the box, because it’s people that actually make the difference, not the tools themselves.

“Also, leaders now acknowledge that there really aren’t a multitude of things

that they need to do to improve and they’re forced to constantly question how their activities are aligned to the vision of the business. You need to do this for all the departments in the organisation and coordinate it so that they’re all working towards the same goal. If your goal is to grow profitability, then every department needs to understand clearly what their contribution to growing profit and cash is.”

Huber: “Yes, organisations can become totally dogmatic about tools and techniques but this isn’t sustainable – eventually, once you have 5S’d the company to death you run into a dead end! What’s happened in MSS is that we now have a structure that tools, like Lean, can fit into, and in which they can change over time. And we have a management process, not an improvement initiative, which our managers are using to achieve their day-to-day goals, because they know it works. This is why we’re getting ongoing, sustainable benefits.”

Q: You’ve described the approach as a common way of managing and leading across the business – why do you need to do this?

Stevens: “As is the case with most companies, we had managers at all levels from different backgrounds and with different experiences, levels of training and competencies, and these variations often meant that we just weren’t getting the best out of our people. The approach helps us to build a shared vision and clear objectives that we can communicate consistently, plus a disciplined structure to deliver results. This gives us an engaged and more effective workforce that understands what we’re striving to achieve and why.”

Huber: “Yes, I’ve certainly noticed teams that have a common way of dealing with problems solve them far more quickly. They don’t waste time debating how to approach the issue; they just get right on with finding the solution because everyone automatically plugs into the same methodology.”

Q: What was and still is driving the need to instigate performance improvement programmes in MSS and what kinds of performance solutions are you looking for?

Huber: “Commercial imperatives and competitive pressures within the industry have of course been driving the need for performance improvement: we constantly need to get more out of our people at a lower cost. But we’ve demanded that our performance improvement solutions also develop our managers, so that they never stop improving.

“Like our competitors, we were using many different improvement techniques in many functional areas. But, although they were successful, most didn’t permanently change the way we actually managed, so they fell short of the potential for improvement.”

Q: Why has Structured Leadership proved more effective than traditional performance improvement techniques?

Stevens: “Since using it, we’ve had much more consistent results from our efforts and a much higher percentage success rate than before. Above all, it’s permanently changed the way many people in the organisation think and behave, which is why it’s produced improvements that have often exceeded our expectations.”

Huber: “We constantly test anything we do against the strategy and we’re more rigorous at questioning whatever technique or improvement we want to do before we do it. I believe this has enabled us to be significantly more successful, providing measureable benefit, with good payback.”

Q: How easy has it been to bring in a whole new management philosophy and what resistance have you encountered?

Huber: “Make no mistake, it hasn’t been an easy path – and we continue to be challenged by it, even after all this time. But the reason it’s hard to do is also why it’s so successful. It’s no surprise that good managers – the ones who’ve been

told they're good that is – find it hard to change and fit into a common way of working. But in fact the early doubters have often become the most positive supporters of the approach because they've discovered it makes them much better managers and improves their career potential."

Stevens: "Yes, some people do put up barriers because we're forcing them to challenge their leadership methods and accept their leadership failings. Also, many managers simply expect to be given new tools and techniques, but Structured Leadership demands thought – within a framework – just following steps doesn't change behaviour."

Q: How have you tackled these?

Stevens: "By genuinely involving people, not dictating to them. Sure, some people have been doing the same thing for



Jamil Rashid: Managing director, JARA

a long time and may be reticent and sceptical about what's going to happen, but it doesn't mean that they don't want to embrace change. They just need time to get through the difficulties and eventually see the success. You have to have the faith and the vision to keep them at it until that happens.

"Ultimately, most people want to improve their lot – yes, they want to get paid, but they also want to enjoy what

they're doing. Enjoyment comes from success and this programme has enabled people to see that success clearly.

"Mentoring has also been critical because it isn't easy to make some of the changes permanently. Without a mentor, I doubt if anyone would truly recognise or face up to their leadership failings, let alone know how to tackle them. And it takes time and guidance to learn how to really involve people in a disciplined and structured way."

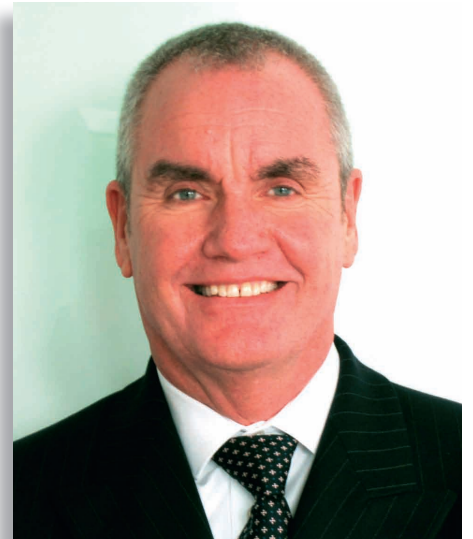
Q: Why do you think the approach has been so successful within MSS?

Jamil Rashid: "MSS has consistently demonstrated commitment from the top. The management team actually does it themselves and so their people are constantly reminded that they're serious. They weren't afraid to tackle all the difficult issues either – they were prepared for and were ready to get through the tough times, right from the start. The reason for success is really nothing magical; it's simply been a disciplined execution of the strategy."

Stevens: "Of course we needed to see results and those results have allowed us to continue the investment for a long period of time. But it's the behaviour of the leaders and the people that has been, for me, the best thing overall, by which I mean how consistently structured and focused they've become in their thinking in areas where structure is not normally seen as being important. For example, our sales and engineering teams have been successful in harnessing their creativity within the structure and so produced even better results.

Q: Where now for Structured Leadership within Meggitt?

Stevens: "I'm responsible for the transformation of engineering globally; not only to save money in difficult economic times, but to position the company so that it is better able to meet the demands for future growth. By the end of this year we'll have transformed engineering in Meggitt, it's going to look and feel different from before and it's



Bernie Stevens: Director, Meggitt Group

going to be consistently applied across all the strategic business units around the world – a major achievement – just by following the same approach."

Q: What management challenges do you think MSS and other aerospace businesses will face in the future if they are to remain competitive?

Rashid: "From a management perspective, doing more with less is a certainty. Even though many improvement techniques have been around for years, the industry as a whole is still in a relatively early stage in terms of its experience with them. Over the next 20 years, as more companies take on these techniques, being competitive will depend on who uses them best, not who is using them.

"In saying that, I don't think using any technique is the key to success because they're all simply a means to achieving company objectives. The challenge now and in the future is to keep focused and structured. As more improvement techniques for various functions become available, companies need to be able to take advantage and not get lost in the tools. They need to remember what the goal was and only use as much resource as necessary to get there." |

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