

# CULTURAL CHANGE AND PERFORMANCE IMPROVEMENT IN A HIGH HAZARD SCIENCE AND TECHNOLOGY ORGANIZATION.

**\*Note:** All names have been changed to protect client privacy and national security.

## **THE PROBLEM: DAUNTING CHALLENGES AND POOR PERFORMANCE**

In 2012, a managing and operating contractor running a major national security site for the Department of Energy faced daunting challenges. The complex—larger than the state of Rhode Island—was one of the biggest weapons testing facilities in the country, with several thousands of employees and a government contract worth hundreds of millions of dollars per year.

Like most government contractors, the company was facing pressure to reduce costs and remedy a litany of safety concerns, all while operating within a tight time frame and conforming to stringent government regulations.

Operational improvements, however, were stymied by conflicts between key programs and divisions that were supposed to collaborate on highly complex and hazardous projects. According to John Hall\*, Vice President of Operations, the atmosphere had become toxic to the point of dysfunction. *“Directors just did not like each other,”* says John. *“They were only interested in taking care of their own departments. And honestly, I was among them.”*

Although each leader wanted the organizational culture to improve, it had been this way for as long as they could remember. *“Historically, the organization was very stove piped, with little cooperation taking place beyond the boundaries of each silo,”* explains Rob Miller, a senior VP who had joined the client from parent company, Northrop Grumman, after careers with the US Air Force and NASA. *“The operating site was created*

*forty years ago by rolling three different contractors into one company, and it never really integrated them.”*

Tasked with carrying out highly critical government programs, including testing new technologies to detect weapons of mass destruction and safely maintaining national stockpiles of nuclear weapons, each program director ran his or her department with little cooperation between divisions: all while struggling to meet cost controls, deadlines, and profit margins.

This lack of collaboration made the organization more expensive to run: unshared resources caused redundancies in personnel, and fighting over budgets made it difficult to invest strategically for the larger enterprise. When issues arose, finger pointing slowed down process improvements and productivity—sometimes to a complete halt.

John recalls a particularly dysfunctional relationship between the director of Operations and Infrastructure and the director of Global Security, one of the site’s two major programs. *“They weren’t speaking to each other,”* says John, *“and their lack of coordination affected everything. Projects weren’t getting done on time, or within budget. Sometimes they failed to cooperate entirely, which meant experiments didn’t get completed and data went uncollected. We were failing the mission.”*

At one point, a key facility actually had to halt productions entirely because they were unable to maintain minimum quality standards.

In addition to issues *within* the company, the organization was also entangled in a long-standing conflict with its government oversight organization. The company operated under strict surveillance by the Department of Energy’s National Nuclear Security Administration, where the manager of their field office, \*Pete Patterson, had become aggravated by the poor performance.

*“The two organizations were at total odds with each other,”* says John. *“We believed Pete and the government were creating unnecessary work for us, while they were convinced that we were doing the bare minimum to make a buck. Nobody was focused on the mission.”*

## **THE INTERVENTION: WORKING ON “EGO”-DRIVEN BEHAVIORS**

Vice President Rob Miller was a senior executive on loan from the contractor’s parent company, Northrup Grumman. A veteran experienced in running large government contracts, Rob was no stranger to infighting and tense relationships with headquarter organizations. Fortunately, he also knew these dynamics could change.

In his previous role leading a NASA Aeronautics Center, Rob had faced similar personnel challenges, and recalled going through a program that

had helped his executive team to work more cohesively. When industry veteran David Jenkins was brought in as a new CEO, and communication continued to deteriorate, Rob suggested that the team reach out to this company, Learning as Leadership (LaL).

John Hall thought it would be a waste of time. As a veteran executive of the national security industry, punitive micro-management from a government counterpart was an expected part of the job. There was no changing that. In particular, John held a negative view of NFO manager, Pete Patterson.

*"I thought Pete was incredibly close-minded," recalls John. "He always needed to be in charge, didn't want to listen, and dictated exactly how he thought things should be done. Whenever a mistake occurred, he became angry and vindictive."*

The relationship was so distant that Pete recalls John later telling him, *"I thought you were the devil."*

John, Rob and Pete, along with CEO, David Jenkins, were part of a five-person executive team that attended LaL's one-year program as a pilot.

The 360° feedback process and rigorous seminar methodology provided a crucial window for the team to examine their own leadership tendencies. Rather than focusing on what the other leaders were doing wrong, they were encouraged to identify how their own fears and unchecked assumptions were causing them to lash out or shut down, thus blocking productive communication.

They learned to speak in a frank, non-confrontational way, about the beliefs and judgments they held about each other, as well as the mission critical operational issues they had struggled to resolve. They mapped out how their behaviors were negatively affecting performance and the broader organization.

*"All of us, but Pete and I in particular, dove into delicate topics, that in my 30 years working in the national lab complex, I had never seen discussed," recalls John. "Until going through LaL, I would have never thought it was possible."*

As often is the case in conflict-situations, each executive saw the other in simplistic and one-dimensional terms. *"I'm a very technical person,"* explains John. *"I'm deeply involved in the intricacies of the programs we run here at the site. I saw Pete as a compliance person who only cared about checking boxes."* Pete, meanwhile, viewed John as overly-focused on driving revenue, and not caring about quality.

A major issue they surfaced was how the contractor leadership team operated in fear of retribution from Pete. *"We didn't want to surface issues because we didn't trust him to respond reasonably,"* recalls the CEO David Jenkins. *"He operated in a 'gotcha' mode, because he didn't trust us to surface issues."*

The team put their charged perspectives on the table, sometimes realizing they were false, at others honing them into important feedback that had never really been delivered. The leaders were able to see that while each of them had a different style of interacting, they all cared deeply about the overall mission. This sense of alignment opened up a new set of possibilities.

*“That engagement,” Pete says, “set John and I on a new path toward understanding each other. We finally saw that we were both trying to achieve the same goal, but using a different focus. Moreover, LaL challenged each of us to acknowledge how we were contributing to the problem, and that no progress could be made until we started changing ourselves.”*

Today, their relationship has shifted dramatically. *“Much to my surprise, Pete actually changed his management style,”* admits John. *“Now, he and I can talk about anything regardless of the issue, which has been a tremendous advantage for the organization.”*

For Pete, the difference has also been transformational. *“Today, when we have a conversation on a sensitive topic,”* says Pete, *“I no longer have negative reactions. John and I have positive dialogues where we’re both focused on trying to work things out. Before, I was just focused on pushing my own agenda.”*

## **THE OUTCOME: IMPROVED SAFETY, PRODUCTIVITY AND PROFIT**

Although rigorous oversight by DOE was non-negotiable, the strained interpersonal dynamics made everything slow-moving and costly. When Pete and John began having healthier interactions, it quickly impacts outcomes in multiple areas of the company.

Nuclear Safety was one such program. *“Nuclear safety is a complex function on which we spend millions of dollars every year,”* explains John. Responsible for providing safety analysis for nuclear operations, the area is so complex that the contractor produces a 1,200-page report each year detailing and assessing levels of hazardous risk.

Typically, the company would devote extensive resources to developing this report, only to have the DOE oversight team tell them that everything was wrong. The client would then re-do the report three, four, sometimes more, times. The whole process was expensive, time-consuming, and a source of bitter animosity for both organizations.

*“The federal side was not specific with us about their expectations for the nuclear safety documents,”* explains John. *“We would do the work, hand it to them for approval, and they would throw it back in our faces, telling us that we were incompetent.”*

Pete and his colleagues, on the other hand, saw the situation differently. *"We would give them feedback, they would go back and work for a while, and then give us something that didn't take into account anything we had said,"* Pete recounts. *"It was aggravating."* When he and John met to discuss nuclear safety, he experienced John's questions and issues as complaining: *"Finally, I'd just tell him, 'I'm the Federal Senior Manager: I don't care what you think. Here's what you need to do.' It was a very unproductive relationship."*

While this level of interpersonal dysfunction may seem extreme to an outsider, it is actually quite pervasive in public and private sector leadership. Both John and Pete saw the other person as incompetent and /or ill-intended, and solely responsible for the gridlock. Neither could recognize that their negative beliefs about the other were causing them to behave in ways that provoked the very actions they most criticized. This is a central characteristic of "self-fulfilling prophecies", in which leaders, teams, and even entire departments blame the "other side" for problems they have both created. When a leader has partners, customers, or peers who "just don't get it," chances are, he or she is unconsciously perpetuating one of the many disruptive cultural dysfunctions that can undermine performance. (See Chapter 3, *Ego Free Leadership*).

Once John and Pete figured out how to identify their own self-fulfilling prophecies and communicate more effectively, issues that used to take them months to resolve, and thousands of dollars to "do over," began to be handled in a matter of days.

Today, before the client even runs its report, the two men sit down to discuss expectations and potential areas of discrepancy. As a result, the nuclear safety function operates on a more timely and productive schedule, thus requiring less costly oversight. *"Now that we understand what their perspective is ahead of time,"* explains John. *"The whole process is much more efficient. And, the end product is better."*

## **THE SHIFT: FROM "I WANT TO WIN!" TO "HOW CAN I HELP?"**

Equally critical to a government contractor's performance is its internal relationships, between program directors and the employees they manage. At this M&O contractor, no-one had a reputation for being more impossible to work for than deputy director Rick Moranis.

Among his colleagues, the impressions of Rick were almost universally negative. *"Rick was a leader who ran you over,"* recalls Mary Black, a deputy who oversaw the nuclear stock pile, and was a peer of Rick. *"He always had to be right, and wanted to prove that he was in charge. I don't*

*think he ever partnered with anybody. He told us what he needed, when he needed it, and expected you to get it done exactly how he wanted it done.”*

Before coming to LaL, Rick was oblivious to how his style was impacting others. *“If there was trouble, I was the guy who would fix it,”* Rick recalls. *“I always got the job done, but I didn’t much care about the effect I had on anyone around me.”*

Fallout from Rick’s authoritative management style included a revolving door of employees who worked for him. *“I gave people very little flexibility about how to get things done,”* admits Rick. *“If you didn’t do something exactly how I wanted it, or if you didn’t work the hours that I worked, I simply turned you out of my projects.”* When people operate in this manner, they may produce an impressive amount of work themselves as individual contributors, but as leaders they cost their organizations a lot of unengaged and unhappy associates, as well as high rates of employee turnover.

## **THE TAKEAWAY: THE IMPORTANCE OF ENGAGING EMPLOYEES**

*“I knew intellectually that not allowing others to have a say creates an unsustainable environment where people don’t feel engaged in their work,”* explains Rick. *“But I hadn’t ever really examined how I was shutting others down.”*

### *Side bar*

According to The Gallup Organization, employee engagement has a direct correlation to a business’ bottom line. In one study, Gallup examined 49 publicly traded companies from 2008-2012, finding that businesses with a critical mass of engaged employees significantly out-performed their competition, in terms of earnings per share.

The research studied the differences in performance between engaged and actively disengaged work units and found that those scoring in the top half of employee engagement nearly *doubled* their odds of success, compared with those in the bottom half. Those in the 99<sup>th</sup> percentile had *four times* the success rate of those in the first percentile.

Rick had always justified his abrasive behavior as an unavoidable cost of being results-oriented. At LaL, Rick learned to question this assumption, and found that his leadership style actually derived from a long pattern of learned behaviors, driven in large part by his own need to appear

strong, competent, and in-control. He so dreaded feeling or appearing weak or incompetent, that whenever his self-image was threatened by circumstances or colleagues who disagreed with him, he overpowered them using force and control-tactics. While he had long believed that his “hard edge” was a key part of his success as a leader, he began to realize that exactly the opposite of this was true: his fear of appearing incompetent was actually holding him back.

The first major impact LaL had on Rick came from his 360° feedback. The feedback—which included comprehensive input from numerous colleagues, as well as from his wife—was a major revelation. It opened his eyes to hear how his ego-driven behaviors were also impacting his personal life. Because of his intense desire to get his vacation “right,” his kids had begun referring to him as the ‘Vacation Nazi.’ As he began to connect the dots between his personal and professional life, Rick could suddenly see the intensely damaging effects of his behavior. At work, his reports were disengaged and afraid of him while his peers avoided him and assumed he had ill intent. His behavior, intended to achieve success, was actually holding him *and* his organization back.

*“It was deeply impactful to hear from a third-party person,” says Rick, “the specific, personal costs of how I behaved. It was a turning point for me.”*

Rick emerged from his LaL seminar with a new awareness. He began treating people who worked alongside him and underneath him differently. He listened more carefully to his coworkers, especially when they disagreed with him. He admitted when he felt vulnerable about his competence or position, thus revealing a humanity his colleagues didn’t think he had. He took in their opinions, and allowed them to come up with their own solutions.

VP John Hall supervised Rick and witnessed this transformation up close. *“I saw Rick change his entire style,”* shares John. *“He completely altered the way he interacted with others.”*

Upon noticing the changes, one employee admitted to Rick, *“When I heard I had to work for you, I cringed and started looking for a new job. All I knew about you was the Rick of yesterday. Today, you are nothing like that. You don’t carry a hammer with you anymore, and you’ve given me the opportunity to run my organization.”*

Rick always had a reputation as a powerhouse, but with the perspective gained at LaL, he learned to use his strong will and determination to empower and enable his team. No longer exclusively concerned with looking out for himself, Rick worked to ensure that *everyone* came out on top. Rather than just driving results for just his organization, he now operates with the entire enterprise in mind.

The changes in Rick’s management style were so apparent, he was later promoted to Director of Operations and Infrastructure, a position in which he manages close to half the workforce.

*“Rick is in a role that fits him to a T,” says Mary. “He’s a functional manager who provides operations and infrastructure support that enables all of us to pursue our missions. He often comes into my office, asking, ‘What can I do to help you?’ He knows what his role is, and he executes it well.”*

## **THE GOAL: ONE MISSION — ONE ORGANIZATION**

At the site, each deputy works beneath a director, who heads up a division. Because directors usually interact with clients in the capitol, it is often the deputies who manage operations and interact with people across the company.

In her role as a deputy, Mary Black had the challenging task of ensuring that the nation’s nuclear weapons stockpile remained safe and secure. With an large organization of technical experts spread over remote locations, her work required close collaboration with other departments to facilitate the movement and hiring of staff resources.

To her dismay, Mary frequently experienced other deputies as being “oppositional,” when it came to responding to her department’s needs. Rather than receiving help, she perceived her colleagues as pushing back against her: citing rules, regulations, and their department’s own priorities as reasons to avoid cooperation. Widespread distrust between the deputies and their respective organizations existed for years, even decades, making progress on improving operations nearly impossible.

Having witnessed significant breakthroughs in different pockets of the organization, CEO Rob Jenkins decided to bring all of the company’s deputies to the same LaL team-building seminar that he, John, Pete, and Rob had completed several years earlier. He felt that incremental improvement was not sufficient to achieve his vision of operational excellence at the site. He wanted to create a step function change in the cultural dynamics across their organization.

Rick vividly recalls the five deputies, before the seminar, as a pretty dysfunctional group. *“We had very distinct opinions of one another,” says Rick, “and we each felt that the others were self-motivated, self-interested, and working only for their own gains, rather than the gains of the organization.”*

With some reluctance, the deputies examined their ego triggers, raised issues honestly with each other, analyzed their strengths and weaknesses, and gave each other feedback.

Mary clearly recalls an exercise in which they openly told one another where they needed to improve. *“I typically take on a lot of responsibility,” she recalls, “and sometimes I fall short in following through on commitments.”* She had always thought it was no big deal, just a

necessary byproduct of being results driven and over-committed. But when she heard her teammates share how her behavior was directly affecting them and the company's goals, it was stopped her short.

With the help of her colleagues, Mary was able to see how her desire to feel "needed" and successful was causing her to be unrealistic, and then let other people down. In turn, she was able to offer feedback to her colleagues about their own flaws. For the first time, she felt the input was received in an unguarded and self-reflective way.

The team saw that they each feared being judged, and their defensive routines in-turn contributed to the lack of openness. Though uncomfortable at times, they surfaced the specific reasons they distrusted each other, and examined how it was hurting the broader organization.

Clearing up the sources of their tension and misalignment was inspiring, and the team rallied around why they had come to work for the client organization in the first place. *One of the unfortunate consequences of ego-driven workplace dysfunction is that jockeying for power, control or acknowledgment causes an organization's mission and purpose take a back seat.*

The team of deputies committed to reversing this trend, re-prioritizing the organization and its mission over their own personal gains. They also agreed to address issues directly with each other, rather than letting problems fester by assuming the other had ill intent, or lapsing into conflict avoidance.

*"We made commitments to each other that we wouldn't go it alone,"* recalls Mary. *"We pledged to have weekly conversations to support one another."* That made all the difference.

## **A NEW COHESIVE CULTURE**

*"When our deputies returned from LaL,"* recalls John Hall, *"it was clear they were committed to interacting differently. They began to work out problems that the directors above them couldn't resolve."*

As the deputies became more cohesive, they built a new wall of accountability and teamwork that had ripple effects on the core cultural dynamics and performance of the company at-large.

Their success at solving problems went quicker and deeper than that of senior management. *"They would make things happen without any friction or delay,"* recalls John. *"After decades of silos and gridlock at this site, they began breaking down barriers, and performance took off."*

Within one year of completing the course, each of the five deputies was promoted to director level. *"It was pretty extraordinary,"* says John. *"I've never seen five deputies get promoted to senior management all at once. I'm convinced that LaL gave them the insight, ability, and opportunity to come*

*together and form a team that supported each other in leading change, even when their bosses weren't interacting. In the end, they were promoted because they were the ones demonstrating the leadership the organization needed."*

*"When we had a reorganization and were promoted to directors," says Mary, "All of the work we had done making commitments to each other set the foundation for how we interacted as a senior management team."*

Executives recall how different the company felt almost overnight when the leadership team changed. *"Many of us commented on it,"* says Rob. *"You went into a meeting with senior management, and all the tension and stress were gone from the room. It really felt like 'gosh, people are enjoying coming to work again'."*

At the same time the deputies were promoted, John Hall became the new CEO of the company. He also noticed the change. *"In my 30 years of work in the nuclear industry, this is the highest performing team I've ever been a part of,"* he shares. *"Not because I'm president—but because of all the work we've done on our beliefs, behaviors and relationships."*

The new positive management culture rippled throughout the organization, continuing to improve the company's performance ratings by DOE. *"Experiments were being completed on-budget and on-schedule,"* recalls John. *"We had better performance and we better understood our cost factors. We could identify stumbling blocks in a project's execution, as well as who (or what) was really making things happen. Our alignment as a team allowed us to make adjustments and move people around to the greatest benefit for our customers. Everything has improved, from performance to safety to security to how we comply with all requirements."*

## TURNING AROUND A COMPANY IN MORE WAYS THAN ONE

The improvements the contractor made affected both its people and its bottom line:

- **Improved Gallup Employee Engagement** – the percentage of engaged employees *increased by 70%*, while the number of not engaged and actively disengaged employees fell by 18% and 43%, respectively.
- **Increased Profit** – By communicating more effectively with its Federal Oversight organization, the client completed projects more quickly—without having to redo reports numerous times to satisfy the field office.
- **Higher Quality Work** — “Our Planning is better, Quality is better, packages work better. It’s made it easier for the program directors to actually get the work done.” John Hall, CEO
- **Reduction in Safety Incidents** — The client has improved its ability to meet federal safety standards while reducing the rate of safety violations. Timeouts increased by 76% from 2012 to 2016.
- **Improved Productivity** – When a company is dysfunctional, whole organizations can get stalled, thus shutting down operations. When organizations begin to collaborate across silos, problems are ironed out more quickly, and productivity increases. “We’ve never been so busy, and are getting more work done with the same number of employees. More time is spent devoted to the mission.” John Hall
- **Pooling Resources**—In the “old” organization, people rarely moved between divisions. “Now we move people around regardless of who they work for. We’ll move them to a different organization to support the other organization, when they need to even though it may have some impacts to the original organization.” John Hall
- **DOE Performance Rating**—In fiscal year 2016, the organization was rated the top performing, high hazard site in the complex. In FY 2017, the client was rated “Excellent” in all 6 areas of performance evaluation and were scored 100% in two areas: Science, Technology and Engineering; and Leadership. “I have never heard of any organization receiving a 100% PEMP rating, much less two.” John Hall

## LEARNING TO STRENGTHEN A NEW MUSCLE

As the organization continues to make unprecedented improvements in performance and employee satisfaction, they are also quick to admit that it's an ongoing process. When executives temporarily forget their common goals, as they inevitably do, shares Mary, they have built-in mechanisms to remind them that their primary goal is to support one another.

On the federal government's side, Pete Patterson believes the time spent improving communications has been well worth the effort. *"There's a more stable mission now at the site, and it's growing by leaps and bounds, which is good for the entire workforce,"* says Pete.

The organization has since achieved one of their biggest goals coming into LaL, which was to create a new, and more functional, governance model in its relationship with the Federal Government. *"The relationship with our contract partners has improved significantly,"* says Pete. *"The work we did with LaL helped each of our organizations to stop using how we fought with the other to not do the work we each needed. They began addressing their internal problems, and I began addressing mine in the oversight organization."*

LaL's leadership training, coaching and consulting allowed the contractor and the DOE oversight organization to come together and embrace a shared mission, for the first time in its 40 year history. *"Working together as a united site leadership team,"* says Pete, *"is the way we should do business."*