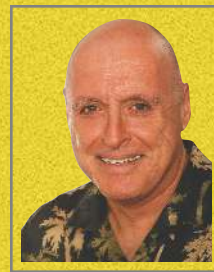


THE EXTRA POINT

BY JERRY ROBERTS



870 Is Your Team Really Telling You the Truth?

People in leadership circles like to talk about the need for transparency. It's important, but what do you do if you're not getting it? I'm Jerry Roberts, and that's coming next, on The Extra Point.

Alan Mulally was a speaker in last year's Live2Lead conference, and he told a story of when he took over as CEO of Ford Motor Company. It's a story of a difficult road to transparency, and how he turned a losing company into a big winner.

Mulally was a division CEO at Boeing, the leader on the 777 aircraft project, and had been there 37 years. He was recruited by Ford chairman, Bill Ford, the great-grandson of Henry Ford, and told he was needed because the company was on track to lose \$17 billion that year.

Mulally took the job and in his first major meeting with his managers from all divisions, what he called a BPR, business plan review, Mulally discovered a huge reason why Ford was failing. People were afraid to speak up and tell the truth that they had problems.

In the Ford culture at that time, you only shared a problem when you had a solution. Otherwise, you kept your mouth shut. You managed a secret. The trouble with keeping a secret is that nobody else knows, and you can't get help.

All the managers were there in this huge room, and there were 324 project charts to reveal, all color-coded. Green meant everything was going well. Yellow indicated there was a potential issue. Red was the designation of urgent trouble.

As Mulally looked out on the group, he noticed that all the charts were green. He wondered out loud how everything was going so well, and the company was on course to lose \$17

billion. He plowed through the rest of the agenda, and ended the meeting.

A few weeks later the leader of North America had a problem with the new Ford Edge that was being made in Canada. He had to shut down production, which is a big, big deal in the automotive business.

At the next meeting, the man held up a red chart for the project, and the room got very quiet. Everybody looked at Mulally, expecting him to rip into the man as his predecessor must have done.

Instead, Mulally began to clap. He thanked him for the transparency, and asked how they could help. Within a few minutes, three or four of the leadership team shared what they thought they could do to turn things around. It was a much-needed breakthrough, and energized the room.

A couple of weeks later, the North American division leader's chart was still red. Four weeks later, it turned to yellow, then to green the following week. It was a win for the company, but it went further. As Mulally looked around the room, the charts were now a mixture of red, yellow, and green. He knew that the culture had taken a shift, and people were thinking differently.

Under Alan Mulally's leadership, an important change took place in the area of employee satisfaction. Before he took over, surveys showed that 30 to 40 percent of workers were positive about Ford. By the time he left, six years later, that number was over 90 percent. They now believed in Ford's vision, strategy, their own contribution, and they liked the way they were treated.

What's the takeaway? Ford had some of the smartest, most experienced people in the auto business on their payroll.

(Con't.)

Yet, their fear-based culture was failing them and the rest of the stakeholders.

Could the same thing be happening in your organization? Are people completely transparent? Does your company culture not only support that, but actively encourage it?

If not, are you ready to create the change you need?

That's The Extra Point. Be responsible and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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