Thin Ice: Why Yesterday’s Leaders Can’t Solve Future Manufacturing Needs

Jill George, Ph.D.
Global Auto/Manufacturing Leader
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Agenda

10:00  Discuss Manufacturing 4.0

  Research, Engagement, and Implications For Leaders

  Two Case Examples: Best Practices

10:25  End of Session
Manufacturing 4.0: Massive Change

- Technology
- Markets
- Customers
- Regulations
- Manufacturing Process
- Workforce Demographics and Culture
Manufacturing Industry Challenges: M4.0
Competitive Advantage Driven By Talent

Implications:
- Speed and complexity in the operation
- Increased responsiveness and agility

- Quality of Hire: Selection
- Speed to Productivity: On boarding
- Motivate and Reward: Total Rewards
- Ongoing skill acquisition: development
- Alignment & Accountability: Performance Management

Increase Need For Engagement At All Levels: Culture
Leadership Quality

Percent of Leaders Rating Overall Leader Quality as High

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Leaders of the Future: Variance Will Increase

- Enterprise-wide process thinkers
- Empowered culture builders
- Customer Experience bar-raisers
- Forward thinkers to reimagine processes
- Adaptable to extreme lean
- Analytical - connecting dots on data
- Catalysts: More interpersonally savvy
Manufacturing plants with higher quality leadership are more efficient, productive, and better at engaging their workforces.

### Plant performances

- **Annual labor turnover rate (median)**
  - Poor, fair, or good leaders at plant: 10%
  - Very good or excellent leaders at plant: 5%

- **Sales per employee (median)**
  - Poor, fair, or good leaders at plant: $178,000
  - Very good or excellent leaders at plant: $184,489

- **Increased productivity in past year (% of plants)**
  - Poor, fair, or good leaders at plant: 52%
  - Very good or excellent leaders at plant: 68%

- **Total annual inventory turn rate (median)**
  - Poor, fair, or good leaders at plant: 10 turns
  - Very good or excellent leaders at plant: 12.5 turns

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 MPI Manufacturing Study 2014

Case Example: Industrial Products Co.

Background:
Global industrial products serving power, automotive markets

The Problem:
• Commoditization and price pressure from new competitors
• General Managers (GM) seen as not ready to lead in a more entrepreneurial, customer driven way
• Wanted to accelerate GM talent to be “Ready Now” faster

The Solution:
• Leveraged competency model for Executive Assessment and Development program

Impact:
1) Multiple “hidden talent” was surfaced and redistributed throughout the business
2) Highly customized Development Plans to accelerate A and B next gen talent.
3) 15% of the Participant pool was reclassified as “Functional Talent” reducing costs
## Competency by Participant

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<th>Competency</th>
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Dashboard Summary

1. Readiness level for next challenge is low.
2. Supply of key competencies for business strategy demand is low.
Auto Maker Current Focus: Reduce *Operating Costs*

Control/Reduce operating costs are a strength based on current assessment across the pipeline.

- **Strength**
- **Ready**
- **Ready with Development**
- **Not Ready at this Time**
Innovation: Less Ready

- Green: Strength
- Blue: Ready
- Yellow: Ready with Development
- Red: Not Ready at this Time
Teams of less innovation ready leaders take longer to bring new ideas to market (assuming the same funding among groups).

**Average Time to Market for Innovation Ready Leaders:** 337 days

- 47 days: Average time to develop new idea deemed pursuable
- 108 days: Average time spent on market testing
- 182 days: Average time to implement into manufacturing process

**Average Time to Market for Less Innovation Ready Leaders:** 403 days

- 68 days: Average time to develop new idea deemed pursuable
- 145 days: Average time spent on market testing
- 190 days: Average time to implement into manufacturing process

Developing Across the Entire Pipeline: A Key to Financial Success

Company Financial Performance and Execution of Leadership Development Across the Pipeline

Average Financial Performance (50th percentile)

None: 42%
1 Level: 44%
2 Levels: 46%
All 3 Levels: 63%

Number of Levels with Highly-Effective Leadership Development in Place


Thank you!

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