

What Is an Ownership Culture?

- A culture where people feel and act like this is their company.
- A company that communicates what an ESOP is and how it works effectively and regularly.
- A company that shares information about performance at the company and work levels.
- A company that does not just ask for people to identify problems and share ideas but provides a specific structure and expectation about how to do it.
- A company that focuses decision making on expertise not titles.
- A culture where employees owners have more rights—and more responsibility.

But We Have an Open Door!

- So does everyone!
- When should an employee walk in?
- Will employees feel like they can articulate the idea well enough?
- Will they be told “we have done that before” or “I’ll get back to you later?”
- Will the boss take the credit?

Anything you do to try to encourage identifying problems or solutions that is ambiguous and uncertain will not work!

Step One: Share and Teach the Numbers

- At least once a year, but preferably more often, share the overall basic numbers on how you are doing.
- Make sure to explain them in simple terms line by line.
- Don't just focus on income statements and balance sheets. Share the critical metrics for your business (such as overhead absorption, new customers, returns, new product development and deployment, etc.)
- Develop critical number metrics for each work unit—numbers people can use day-to-day to measure performance (see next slide).

Sharing the Numbers at CMC Rescue

Manufacturer of specialized equipment for high-risk rescue environments. Line of sight program gives each employee a chart with a graphic that links individual to department to company performance. The individual's line of site is a specific set of metrics and commitments each employee makes, with a heading of “How My Contributions Affect CMC Rescue’s Performance.” They are all posted on a common site. For instance, a planner and scheduler’s included:

- Improving on-time delivery percentage.
- Providing the right due date to the right team.
- Identifying if orders are late and letting customers know.
- Communicating priorities to shipping, manufacturing, and warehouse to make sure everyone is on the same team.
- Providing accurate information to those who need to know about scheduling issues.

Step Two: Generate Ideas—Mistake One

**Don't bother me with a problem unless
you have a solution!**

Too many ideas programs insist “if you don't have a solution, don't bother me with the problem.” As in, “if you smell a gas leak but don't know how to turn off the gas, don't bother me.”

Identifying problems is harder to identify and more critical than finding solutions—with the right problems to solve, solutions are much easier to find.

Next Step at MSA

- Parking lot ideas are those that got the second, third, or fourth highest votes, and are revisited at subsequent huddles and discussed for five minutes. Ideas from outside the teams are welcome as well.
- The process generates a lot of ideas, but now there needs to be a vetting process to implement them. The Idea Engine Committee can assign subcommittees and designate responsibilities if it believes an idea can be implemented. The idea generator is contacted, and often more information is sought. Subcommittees are synced with the team's schedule.
- Ideas team leaders send the ideas that are chosen (see vetting process next slide) to a designated email, and a tracking systems—the “idea pipeline”—is posted so that everyone can see. The pipeline shows what ideas have been submitted and what their status is.

Some Notes on Teams

- Almost all of the ideas here work through some kind of team structure. Teams can be great, but can also fail because of:
- *Groupthink*
- *Excess faith in consensus*
- *Negative geniuses*
- *The wrong issues*
- *Lack of follow-through*
- *Poor team leadership*
- *Wrong people on the team*
- *Lack of diversity*
- *Above all, lack of psychological safety*

Last Step: High-Involvement Planning

Traditional strategic planning is top down, driven by management.

High-involvement strategic planning is iterative: top-down, bottom-up, and back again.

The goals are:

- Create more employee buy-in into strategic planning
- Get ideas from employees about new marketing, product development, process and quality improvement, and customer service opportunities
- Reality-test management initiatives
- Identify key influencers in company who are not necessarily in management

There is no one right way to do this

- Every company faces specific challenges and opportunities
- Start somewhere, evaluate, and change
- Don't reinvent the wheel—start with a model from another company and adapt
- In this presentation, we will look at a variety of models

What this is not

- The kind of strategic planning described here is not the very high-level plan developed by top management for issues such as major new market initiatives, capital budgets, acquisitions, staffing, etc.
- The key idea here is “the adjacent possible.” As Stephen Johnson explains in *Where Good Ideas Come From*, the adjacent possible are the new ideas at the edge of what you are doing now. They’re not so far out of reach as to be overly risky, but not so close to what you already do that they fall within the normal day-to-day decisions people throughout the company make.

Adjacent Possible Examples

Company providing chemical treatments to prevent pipe corrosion at hospitals hears from clients that they need a way to test for and prevent Legionnaire's disease. Team formed to evaluate if Barclay Water Management, a 100% ESOP, can:

- Find the technical expertise in house or need to develop it?
- Should do testing only or build a treatment technology?
- Assess what else is out there: can Barclay's compete?
- If they do this, will it be as or more profitable than what they might do with the same resources now?
- Make a decision.

The involvement matrix

Issue	How Identified
Market niches and opportunities for new products	Conversations with customers and potential customers; trade show research
Process and quality improvements	Conversations with fellow workers
Marketing opportunities for existing products	Conversations with customers and potential customers; trade show research
Changes in organization of work	Conversations with fellow workers

Who Is Involved?

This process would ideally involve a multi-functional approach with people from different areas of the company (such as marketing, production, and engineering in a manufacturing company) meeting to explore opportunities and make decisions.

A Simple Starting Model: KTA-Tator

KTA-Tator is a 100% ESOP engineering company.

- Planning starts with management and project team leaders.
- 3-5 new initiatives identified for the year
- Team leaders identify “key influencers,” who can be people at any level with the broadest networks.
- Teams then seek input from these influencers on whether the ideas make sense, what changes are needed, and how to mover forward

Where KTA is Headed

- Evolve to two parallel organizations, one hierarchical and one networked
- Organically formed “networks” co-exist with a more traditional hierarchical organization.
- Networks will be able to take their own initiatives, with broad oversight from management

Annual strategic planning at Web Industries

- Multinational 100% ESOP materials conversion company with over 500 employees and nine locations
- Each location has its own variation on the process, but this describes the most comprehensive one.
- The operations leadership team for the company develops annual goals and initiatives. Some but not all of these will be candidates for employee involvement. “A3” process used.
- In the early fall, the site leadership team does an initial brainstorm of objectives for the coming fiscal year.
- The team considers the annual goals and initiatives, but also current year A3s, ideas generated the previous year that did not become A3s, customer projects, and other sources for potential objectives.

Web (continued)

In October, each site divides non-leadership team employees groups of 5-10 employees each. Some sites already have their own ideas teams, so they would be used instead.

Groups meet for two hours and brainstorm a list of ten potential objectives for the coming fiscal year and their rationale for their choices.

The A3 owner compiles a single list of ideas from all the groups.

The leadership teams uses these ideas, as well as its own and those coming from the operational leadership team, to identify 10 key new initiatives.