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Solution-based Accountability

by Mark Samuel

Fortune 500 BioScience Manufacturing Plant

Background

A BioScience California plant had a history of being one of the most successful plants in this Fortune 500 organization, producing Recombinant Factor 8. As demand grew over the years, considerable capacity had been added. However, this Western Regional plant found itself in a dilemma affecting its future. Based on competition and advancements in the industry, Recombinant was being replaced by another product developed elsewhere in their own organization. As a result, this plant's capacity exceeded production requirements.

The handwriting on the wall was clear: within two years costs and headcount needed to be reduced or another role for the plant needed to be found. For the plant Senior Leadership Team (SLT), this meant a decision to either:

1. Shut down current suites as production continued to be lowered; or
2. Develop the organization to add or change suites for accommodating contract manufacturing and prepare for future internal pipeline products.

The easy solution was to reduce the number of suites, but this would have had a major negative effect on employees, resulting in job loss and lowered morale. Preparing the organization to satisfy the requirements and competitive challenge of contract manufacturing meant making major modifications to the organization related to costs, processes, marketing and sales capability and changing the mindset and culture of the organization to accommodate this new direction. The SLT unanimously decided to take on the challenge of transforming the plant.

The Leadership Challenge

Coming off years of focusing primarily on driving the success of the Recombinant product line in a supply constrained market, the SLT realized the need to prepare the organization for a demand constrained market and manufacturing other new products. They were going to have to become much more effective at keeping the organization focused on its new direction, improving decision making and responsiveness, and communicating with one voice to the rest of the organization. The Middle Management Team (MMT) would have take on a leadership role as change agents, exhibiting more initiative to solve problems and make operational improvements that crossed the boundaries of each department. The SLT and the middle managers would have to work in partnership to create this transformation if they were going to meet the deadlines of preparing the organization for a rapid change in product, process and customer.

The SLT also had to address the challenge of retaining key individual contributors who knew the business situation was changing and who also were watching their peers move on to competing organizations in the area.

The Solution | Developing the Organization for Change

The SLT realized that they did not have the skills and experience to undertake the required transformation. I introduced The Accountability Based Leadership program. This program addressed topics of Change Leadership, Performance Management, Team Leadership and Personal Accountability. One of the most important components of this leadership development series was a two-day working session focused on building high performance teams, improving performance execution and achieving critical deliverables.

During the annual plant shut down, all members of the SLT and MMT participated in The Accountability Leadership program to prepare them for change. The program included technical training as well as assistance in developing communication skills and an understanding about personal accountability.

The SLT created a Vision of Leadership which represented how they would need to change their executive leadership role to align with the new contract manufacturing business model. The SLT broke into sub-teams to develop action plans for making improvements. The team quickly realized that they had to change their “habits” of performance execution as a team rather than just individually. Alignment and demonstrating that they could “walk the talk” would be critical.

While the strategic planning process had previously identified 37 different strategic goals, the team quickly learned that commitment and focus could not be built across such a wide variety of goals. As a consequence, the team narrowed the focus to 6 key priorities:

- Reduce costs
- Develop capacity for contract manufacturing
- Compliance with FDA, reducing observations by 40%
- Improve customer fulfillment
- Increase cash flow related to inventory
- Prepare and develop the culture for change

For each of these target areas, one SLT team member took the lead and developed a project plan for achieving the deliverables associated with the target area. Using the principles of “shared accountability” every person on the SLT was responsible for the success of all six target areas. The SLT reviewed each project plan, gave input and eventual agreement with the final project plan. The SLT as a whole was responsible for monitoring the progress on each project plan and assisting in resolving any obstacles or conflicts that would block success.

Finally, they identified areas where they needed to improve relationships as an SLT and rated themselves in each of 15 areas. Addressing conflict, meeting effectiveness and challenging one

another turned out to be keys for moving the whole team forward. The Middle Management Team went through a similar process, identifying four areas for improvement including:

- ✓ Accountability (both personal and shared accountability)
- ✓ Meeting Effectiveness (all meetings in the plant)
- ✓ Open and Honest Communication
- ✓ Project Management from an execution standpoint

Outcome Summary

As the SLT and MMT worked on their top six priorities and selected success factors, they tracked monthly “leading indicators” which were selected based on their ability to predict achieving key milestones and hitting major performance goals. At the end of 9 months, 75% of the 21 Success Factors for effective performance execution improved with 57% being significant improvements. Improvements in performance execution contributed to the following business results:

- 20% reduction in unit costs
- \$17.3 Million positive manufacturing variance
- Reduced raw material inventory by \$10 Million
- Improved release cycle time for BD’s and final container by 6 days (from 33 to 27 days)
- Reduced the number of FDA observations from 17 to 3

In The Words of the SLT

“We learned that Accountable Leadership is more than having goals and targets and insisting on individual accountability to achieve results. We needed to be a unified team focused on performance execution and collaboration between our different functional areas to be successful.”

“By having a systems approach to leadership we were able to track our progress toward measurable outcomes so that if we were off track, we could get back on track to achieve the goals we desired. We also discovered that when we were focused and clear in direction, we could lead this organization to achieve even better results than planned. Ultimately, it was everyone in our organization that represented our success and it was our job as an SLT and MMT to lead the effort and continue to prioritize group and individual accountability.”

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