Shifting Leadership Impact:
A Key Lever in Culture Change

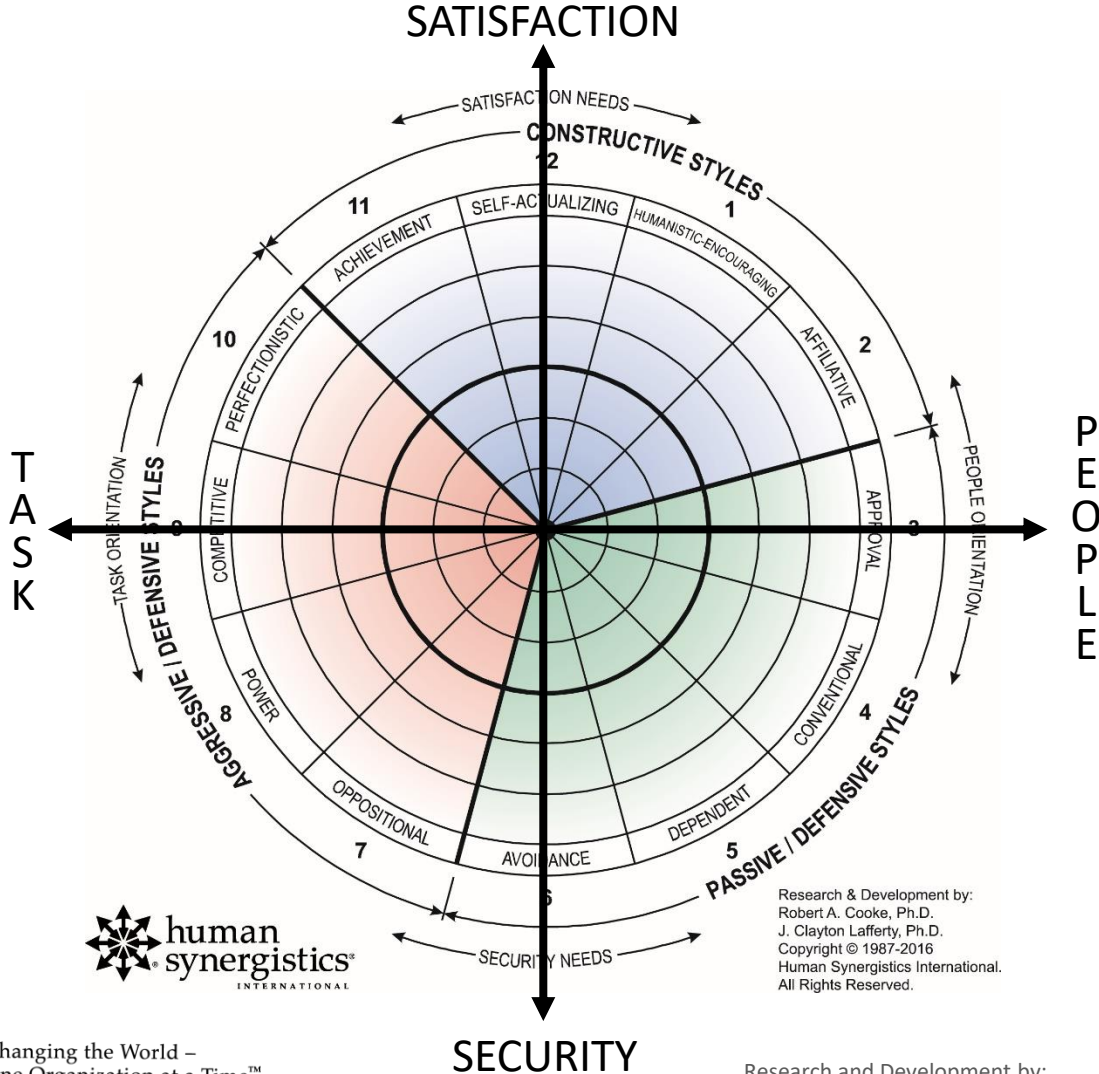Alysun Johns

Madeline Marquardt

human synergistics® INTERNATIONAL

50 years
Changing the World –
One Organization at a Time™

Research and Development by:
Robert A. Cooke, Ph.D. and J. Clayton Lafferty, Ph.D.

Today's Speakers

Alysun Johns

Madeline Marquardt

The Circumplex

Integrated Diagnostic System
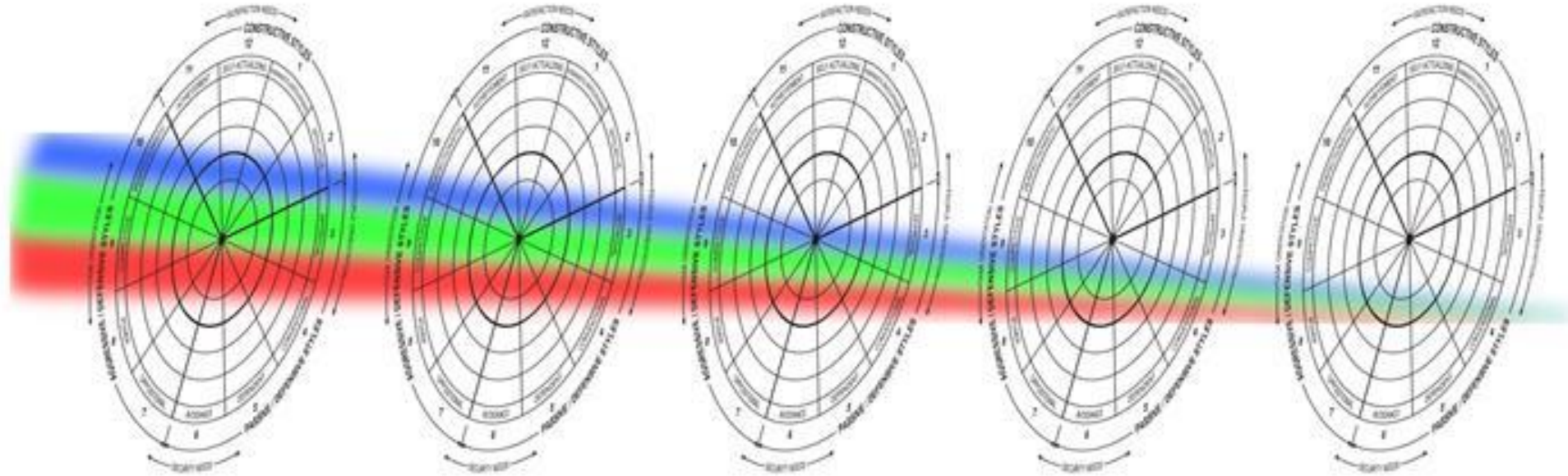
ORGANIZATIONS
Organizational Culture
Inventory® (OCI®)

LEADERSHIP
Leadership/Impact® (L/I)

MANAGEMENT
Management/Impact® (M/I)

TEAMS
Group Styles
Inventory™ (GSI)

INDIVIDUALS
Life Styles
Inventory™ (LSI)

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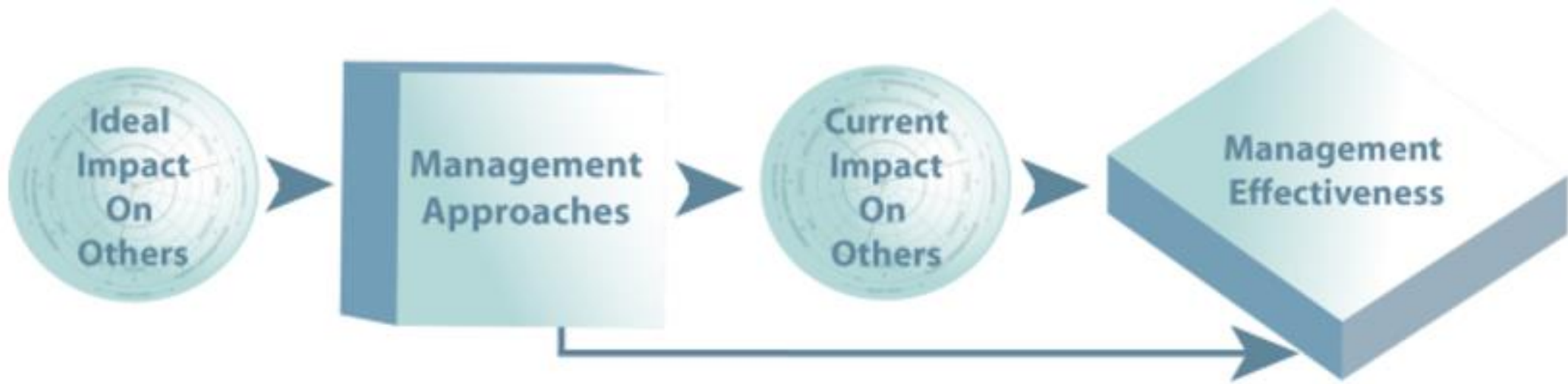# Management/Impact® (M/I)

Client Application

- 3000 Employees
- 1.2 million Customers
- Dispersed Workforce
- 100-Year-Old Strong Culture

Amalgamation of several smaller companies
3 Distinct Sub-Cultures

Performance Challenges

- 3rd to 4th Quartile Performance
- Poor Safety Performance
- Passive Culture

Future Challenges

- Climate - Quadruple Capital Expenditure
- Digitization
- Distributed Generation
- Shift Culture

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How to Shift Culture

1. **Focus on problem**, challenge or goal, don't focus on directly changing culture.

2. **Engage teams** in implementing solutions and exhibiting specific new behavior.

3. **Results or consequences** are necessary for a sustained period to form a new cultural attribute.

4. **Intentionally drive shared learning and mutual experience.** Share the stories.

5. **Requires leadership transformation** beginning at the top.

Culture is built through shared learning and mutual experience.

~ Edgar Schein

CULTUREUNIVERSITY.com
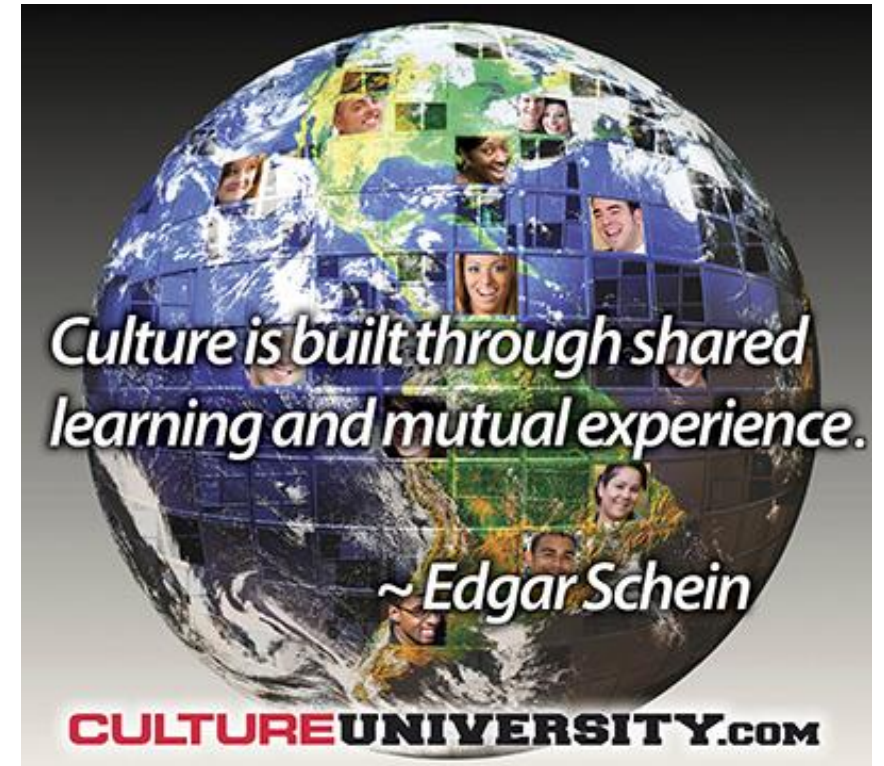
Constructive Culture: *"Pursuit and achievement of excellence through the literal engagement of our people."*

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Three Stages of Culture Change[1]
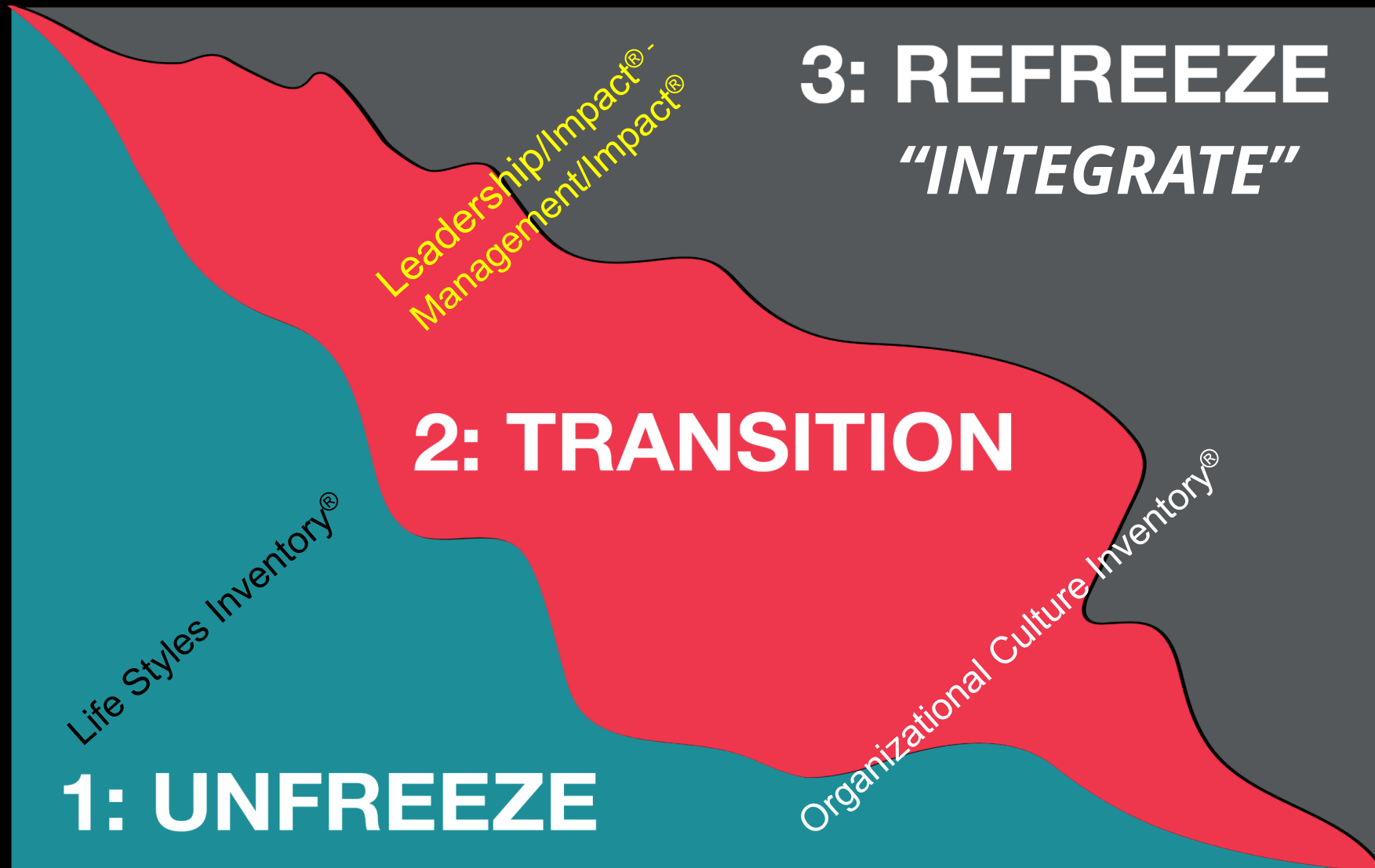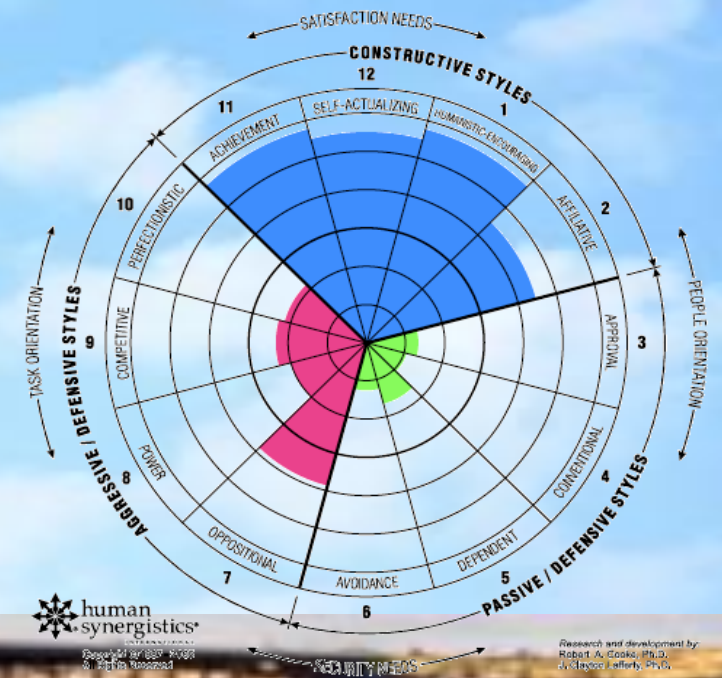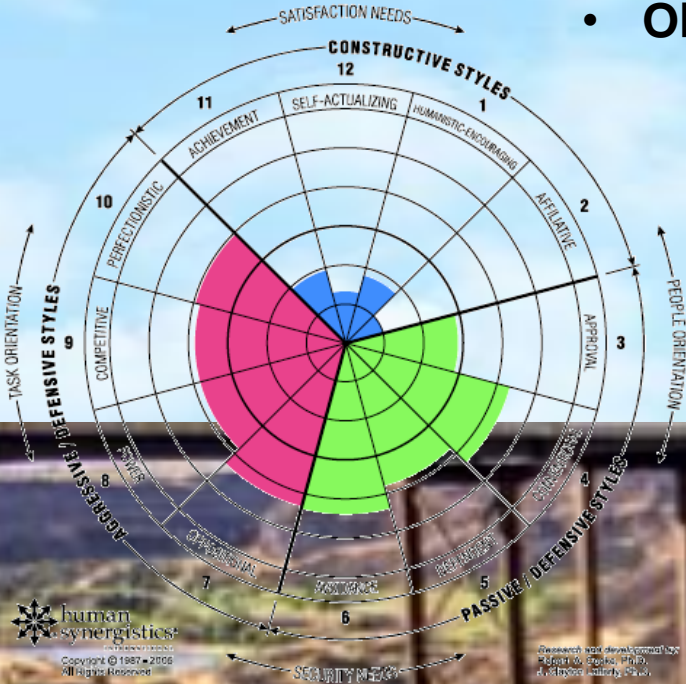
3: REFREEZE
"INTEGRATE"

Leadership/Impact® - Management/Impact®

2: TRANSITION

Life Styles Inventory®

Organizational Culture Inventory®

1: UNFREEZE

[1]Kurt Lewin

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Initial Assessment

- **OCI®**
- **Interviews**
- **Observations**

Initial Assessment

- OCI®
- Interviews
- Observations

High Reliability Ideal*
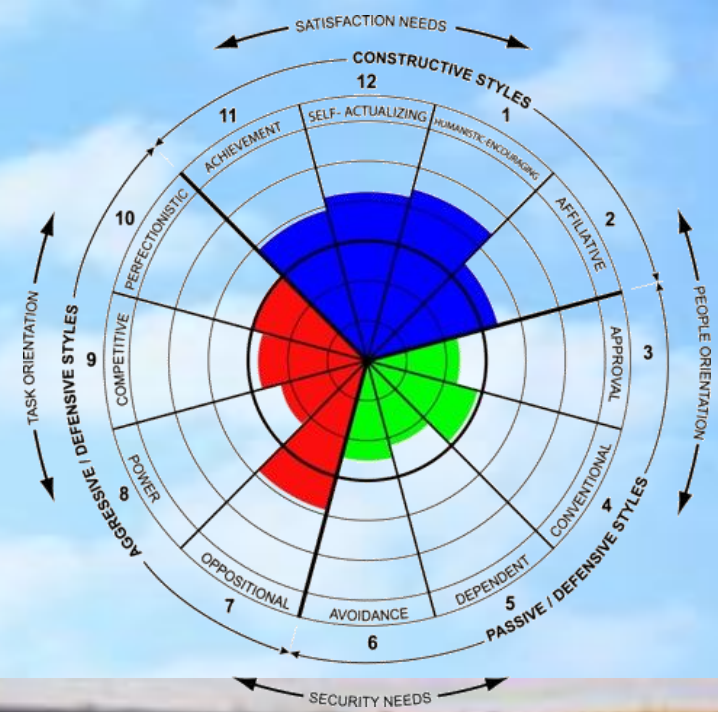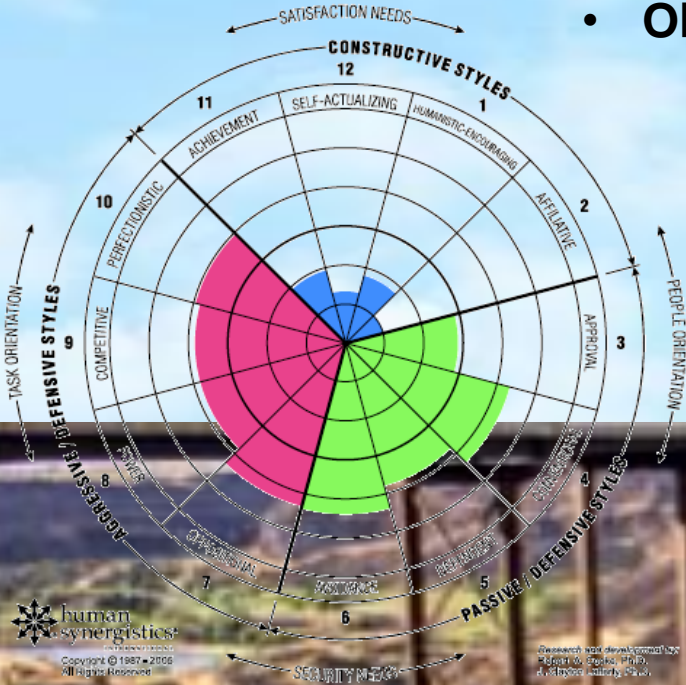
Culture Change Roadmap

Why Leadership/Impact® & Management/Impact®?

Input → **Throughput** → **Output**

Ideal Impact on Others	Leadership Strategies / Management Responsibilities	Current Impact on Others	Leadership Effectiveness

Informed by:
- Business Challenge/Goal
- Desired Behaviors

Focus on How I:
- Solve Problems
- Treat People
- Manage Self

Illustrates the:
- Behaviors I'm motivating to achieve our business challenges.

My Effectiveness:
 M/I
- Task
- People
- Personal

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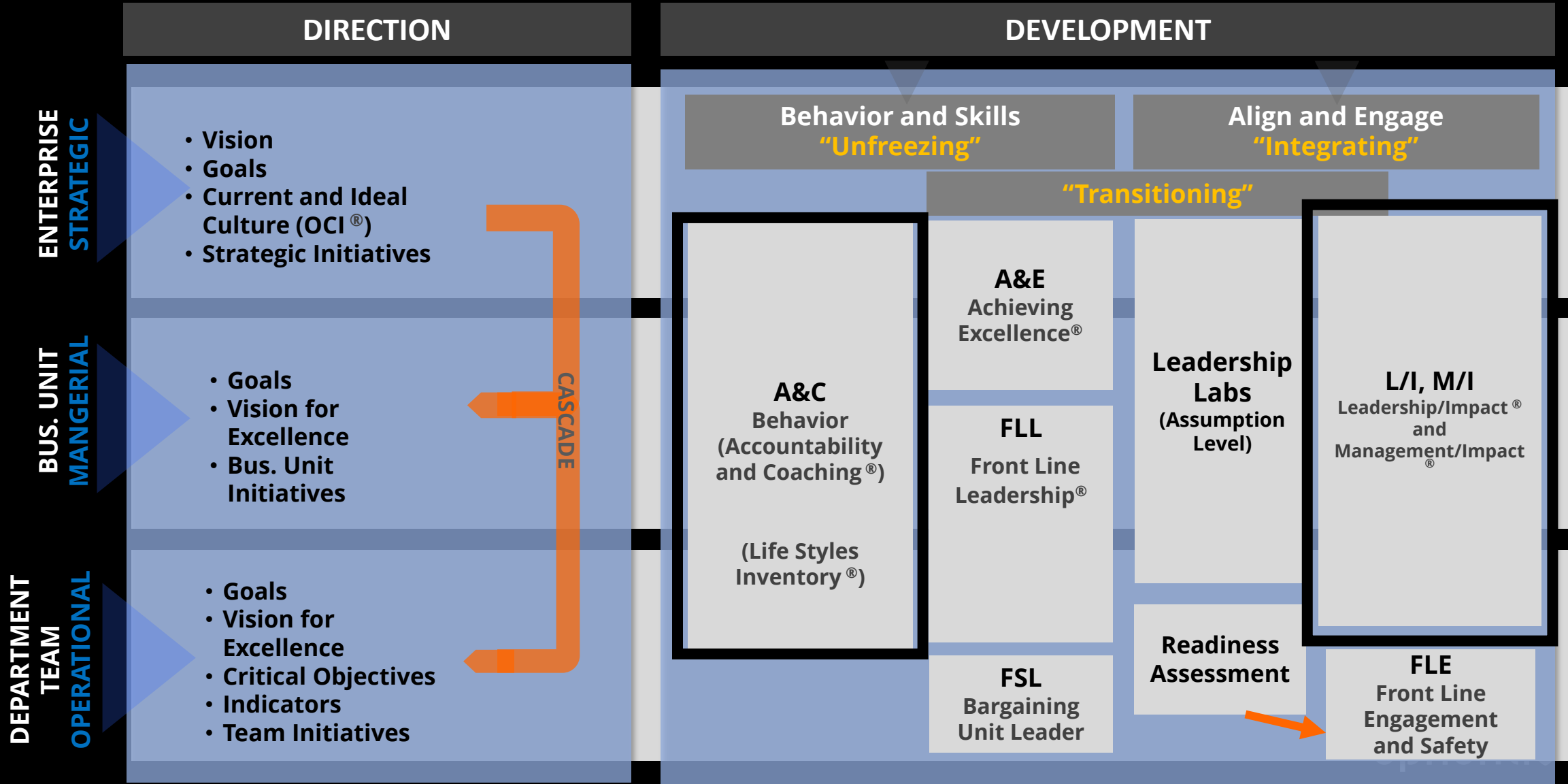
Impact Survey – Baseline

Initially for Behavior Alignment - 360

- Trained Directors and Managers
  - How to read and use
  - How to coach next level down
  - Initial and refresher in 2018
- Group feedback sessions with one-on-one coaching
  - Directors attended with their managers
  - Managers attended with their supervisors
- Created Individual Action Plans based on motivating Constructive Behaviors – associated Domain/Responsibility
- Informed organization-wide initiatives

Management/Impact®
Confidential Feedback Report

Sample Manager | March 2014

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Impact Surveys

Management/Impact®
Confidential Feedback Report

Sample Manager | March 2014

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2020

2018

2017

Base Line

- *360*
- *Directors and Above 2012*
- *Managers and Supervisors 2013-14*

Direct Reports Only

Individual and Composite Reports

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Impact Survey – Baseline (2012-13)

Percent Motivating Constructive

Directors	64%
Managers	63%
Supervisors	59%

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Confidential Feedback Report

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Impact Survey Baseline – (2012-13)

Management/Impact® Confidential Feedback Report
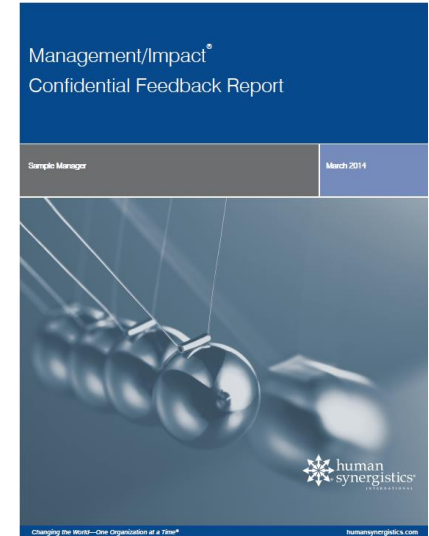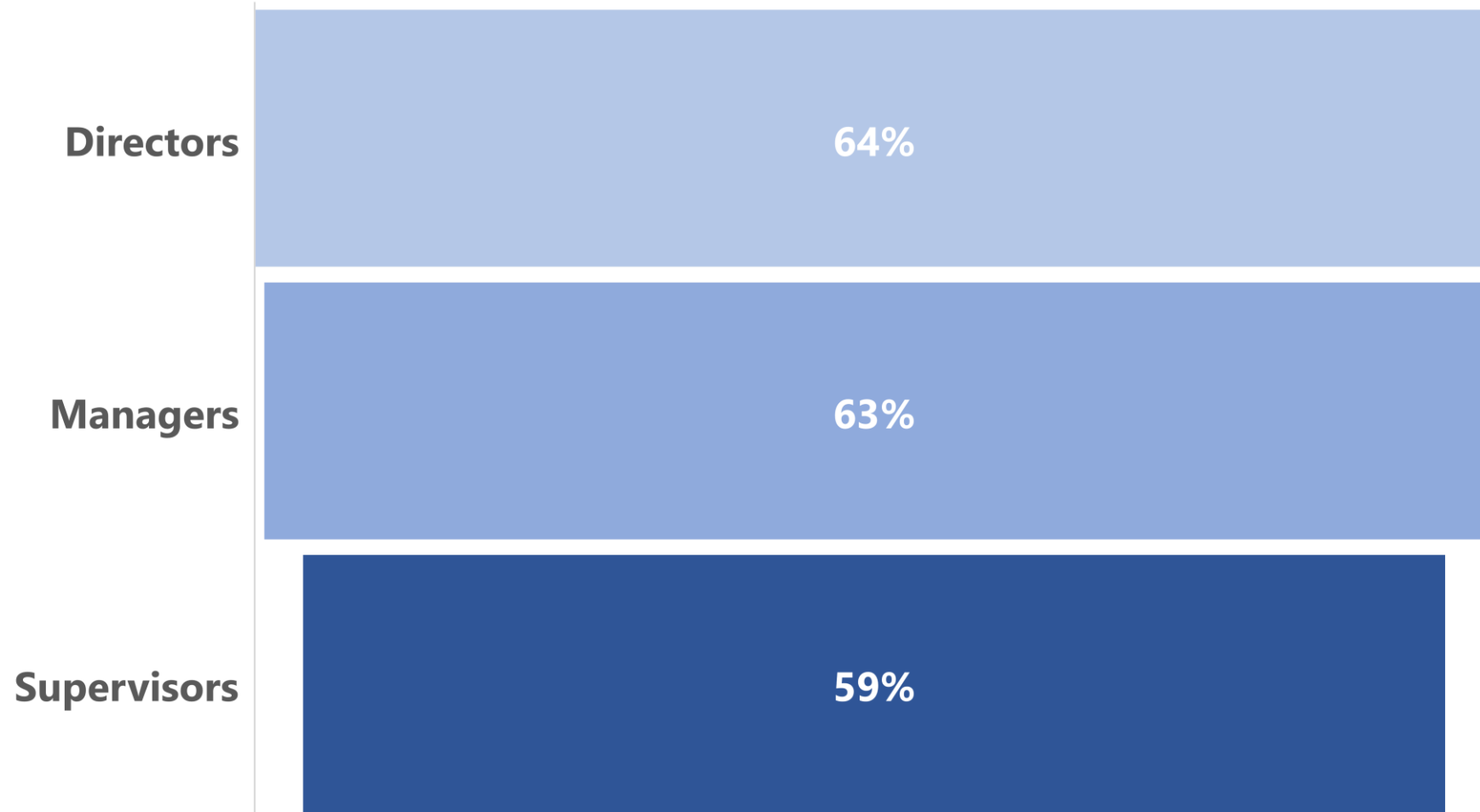
Domains/Responsibilities Cross Cutting Development Needs

Directors
- Envisioning
- Role Modeling
- Mentoring
- Referring
- Monitoring
- Providing Feedback

Managers
- Change
- Problems
- Results
- Activities

Supervisors
- Change
- Problems
- Results
- Activities
- Rewards
- Learning

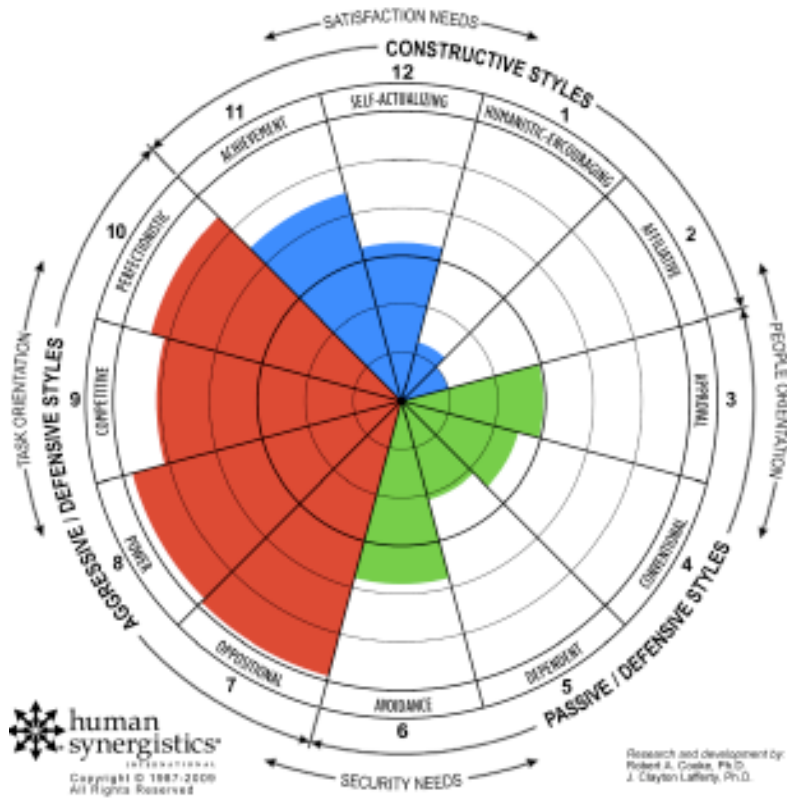### Led To:
- Replacement and Development of Directors
- Frontline Leadership Workshop
- Team Engagement in Problem Solving
- Readiness Assessment

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Developing Directors: Example

Shifting Culture - 2015 OCI

2015

2012

2: T...ON
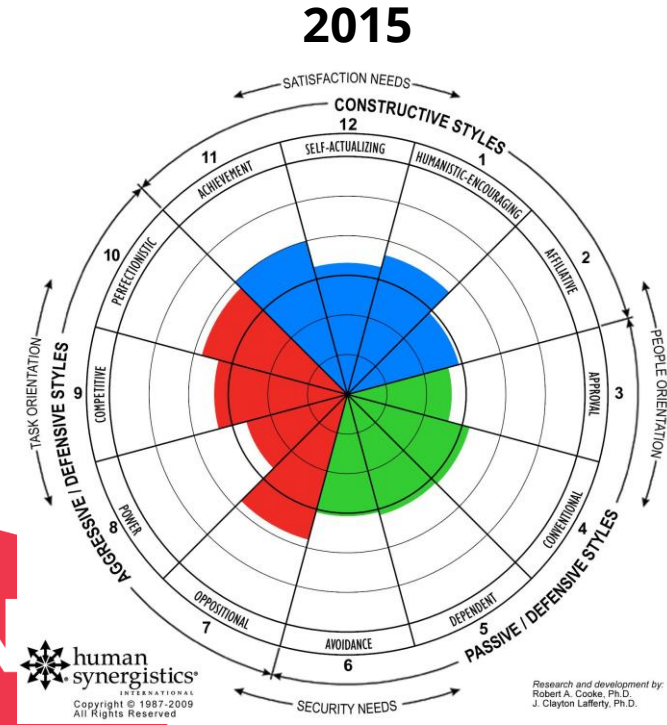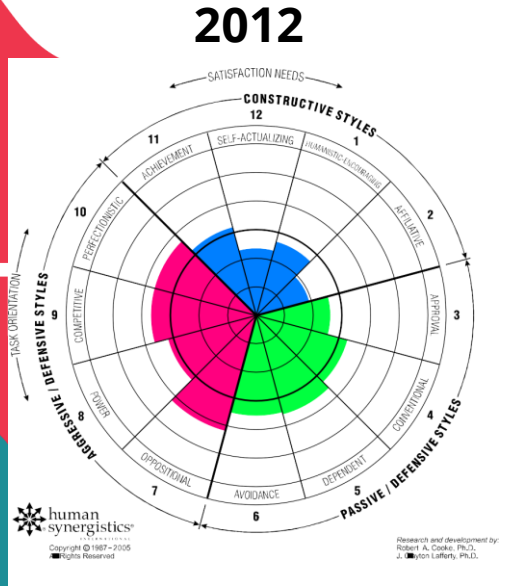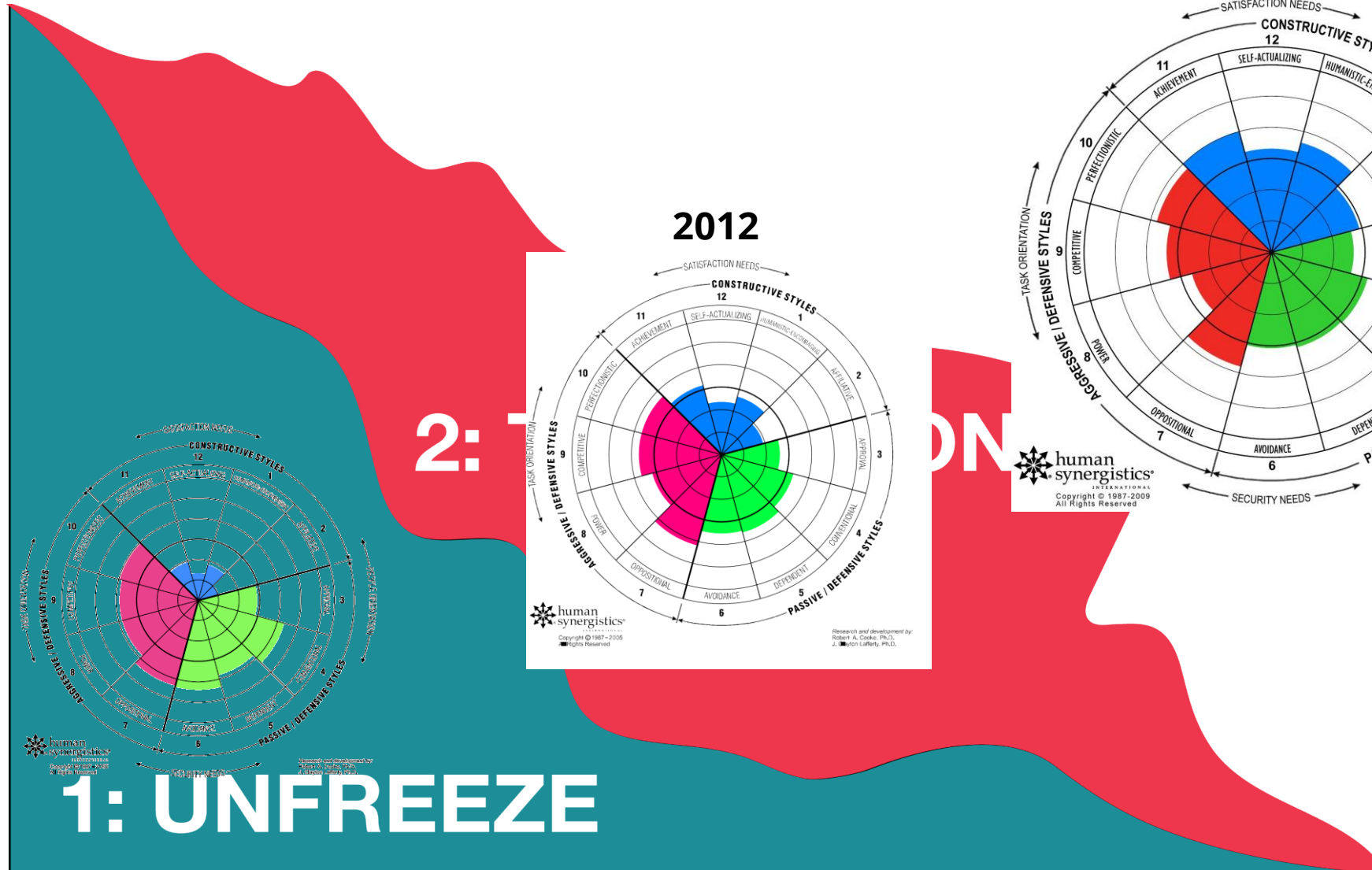
1: UNFREEZE

Kurt Lewin's 3 Stage Model

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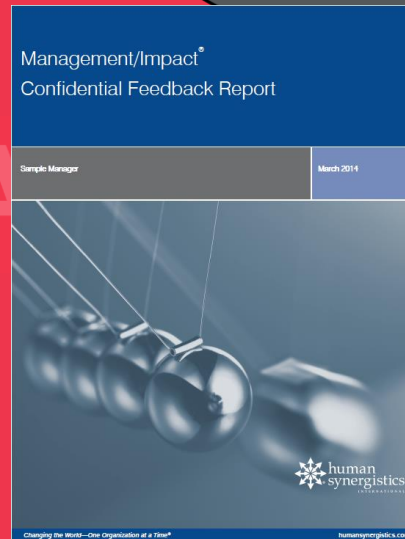
Building Blocks of Culture

Measure established culture

Measure Impact

Organizations

Departments, Business Units

Teams

Individual Leaders

Shared Assumptions & Norms

Assumptions & Behavior

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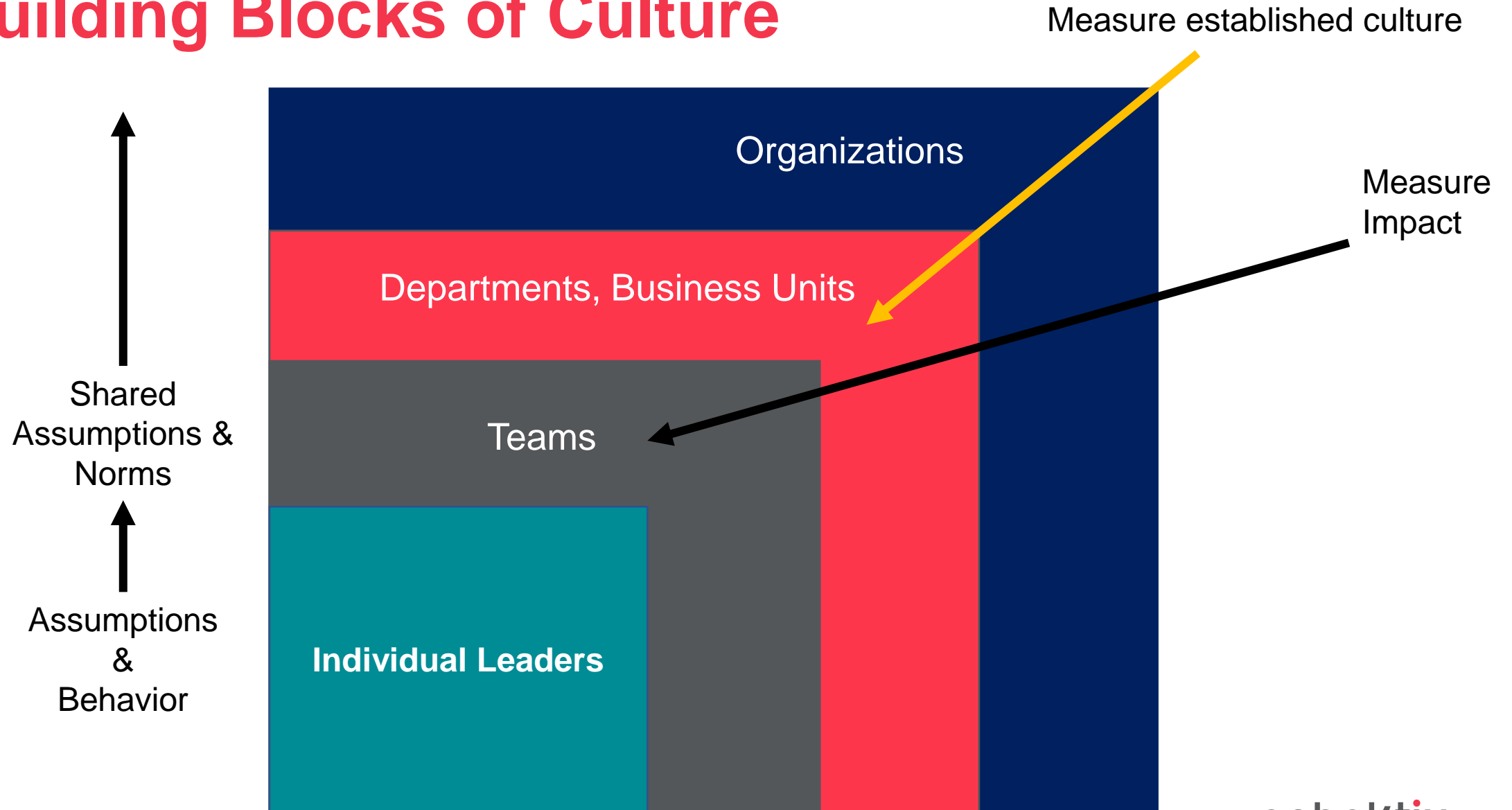
Impact Surveys

- We wanted to know what was going on within Teams or Departments
- Individual Impact Action Plans integrated with department or team improvement (KPI)
  - Some department-wide initiatives

2020

2018

2017

Base Line

Direct Reports Only

Individual and Composite Reports

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Artifacts

PDF

T1-T2 Comparison Power Point

Word Doc

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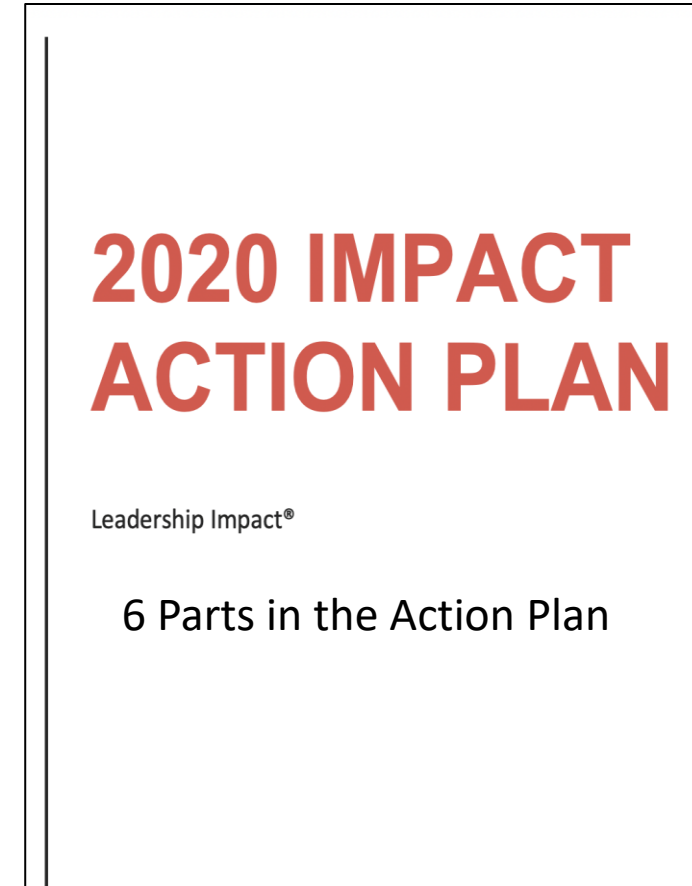
Part 1: Self Assessment of 2018 Action Plan

Business Challenge Action Plan: Provide a rating of your 2018 Business Challenge Action Plan: (highlight answer in yellow)			
Not Effective	**Somewhat Effective**	**Effective**	**Very Effective**
Please Explain Why:			
Focus Norm and Responsibility Action Plan: Provide a rating of your 2018 Business Challenge Action Plan: (highlight answer in yellow**)**			
Not Effective	**Somewhat Effective**	**Effective**	**Very Effective**
Please Explain Why:			

Facilitated Team Based Feedback Sessions sponsored by a Director or Manager.

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Parts 2-4 Debrief Guide

2020 IMPACT ACTION PLAN

Management Impact®

Facilitated Debrief – Sponsored by Director

2. Effectiveness, 3. Impact and 4. Strategies/Approaches

1. Review current results.

2. Compare T-1 to T-2. Note differences (+/-).

3. For each section of the report, identify and note one area that needs additional improvement or strengthening?

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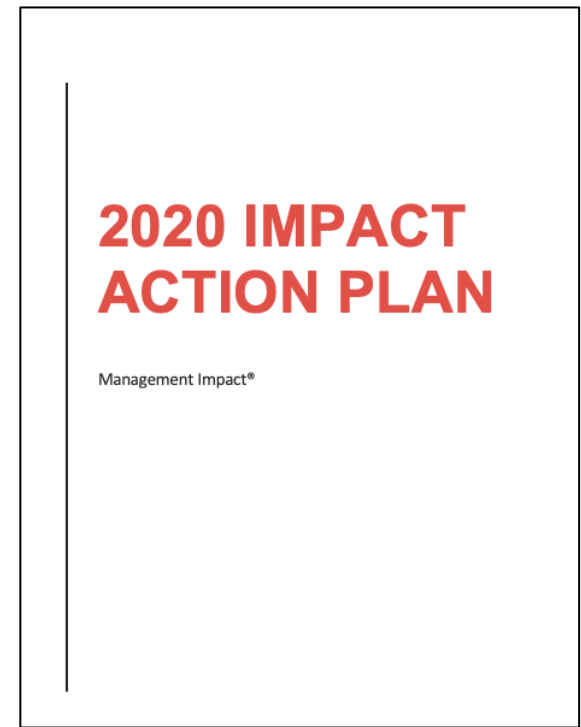
Part 6: 2018 Action Plan

The Formula: In what <u>Responsibility</u> will you change your *approach* to motivate the behaviors (<u>Impact</u>) you need to achieve your Team's business challenge goal.

The process:

1. **Performance Gap/Smart Goal** – What team or business challenge will you focus on while motivating your chosen Norm and Management Responsibility?

2. **Focus Norm** – What Norm and behaviors will you focus on improving?

3. **Management Responsibility** – What Responsibility will you focus on improving to promote the Norm you have chosen to improve?

4. **Actions to Improve Responsibility –** What specific actions will you take to change your approach the Responsibility you have chosen?

5. **Business Strategy –** By accomplishing your Smart Goal what Business strategy will it impact?

6. **Corporate Strategy** - What Corporate Strategy does your goal Impact?

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Impact Survey Action Plan – 2017, 2018, 2020

EU Strategy	Business Unit/Department Strategy Imperative (Why)	Business Challenge (SMART goal)	Behaviors and Norm (How)	Approach (IE: Managing Change)	Actions to Improve Approach
Cost Safety Customer Reliability	Which strategic goal or business initiative will improvement of your business challenge impact?	What Team or Department Business Challenge will you improve? *Needs to be tied to a KPI and be:* • *Specific* • *Measurable* • *Achievable* • *Relevant to Strategy* • *Timely*	To overcome your business challenge, what behaviors do your employees need to adopt?	Which Approach/Resp. will promote or motivate the needed behaviors in your employees?	What specific actions will you take to change your approach to the responsibility you have chosen?

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Improvement Case Study (T-1 to T-2)

Changes in Personal Effectiveness

Personal Effectiveness

	1 2 3 4 5 6 7	
Doubted by others		Trusted by others
Has stagnated as a manager		Continues to grow as a manager
Burned out by the job		Energized by the job
Inconsequential		Influential
Unprepared for current position		Ready for promotion

▮ 2018 Average of all others' responses (i.e., descriptions by others)

▲ 2020 Average of all others' responses (i.e., descriptions by others)

▬ Standard deviation across others' responses

Change in Impact over Time

2018 Impact on Others (Past) results are profiled below along with **Current** Impact (Present) results along with your **Ideal Impact** (Future) for comparison purposes.

Past	*Present*	*Future*
2018 Impact on Others N =9	2020 Impact on Others N =8	2020 Ideal Impact
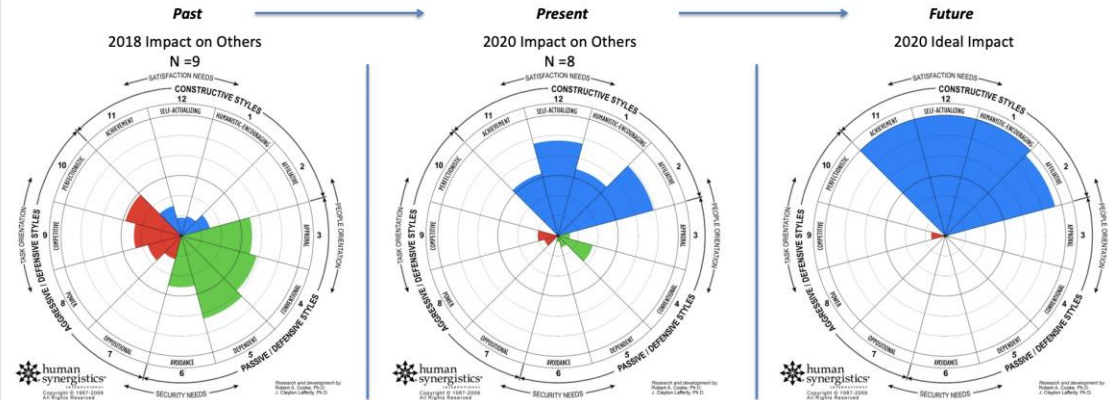
Change in Impact by Item: Style 12

2018 Impact

2020 Impact

2020 Ideal Impact

Self-Actualizing

Listed below are **2018, 2020,** and **Ideal** item-level raw scores. **Positive** Change and Gap scores are desirable for the **Constructive** items.

	Past		*Present*		*Future*
Extent to which you...	2018 Impact on Others	Change	2020 Impact on Others	Gap	Ideal Impact
encourage people to pursue interesting projects and opportunities	1.78	1.47	3.25	0.25	3.00
stimulate people to think in unique and independent ways	1.67	1.46	3.13	-0.87	4.00
inspire people to experiment with innovative solutions to problems	1.78	1.10	2.88	-1.12	4.00
motivate people to approach their work with creativity -- even if it takes extra time	1.67	0.96	2.63	-0.37	3.00
expect people to maintain their integrity and personal standards	2.89	0.86	3.75	-0.25	4.00

KEY:
0 = Not at all
4 = To a very great extent
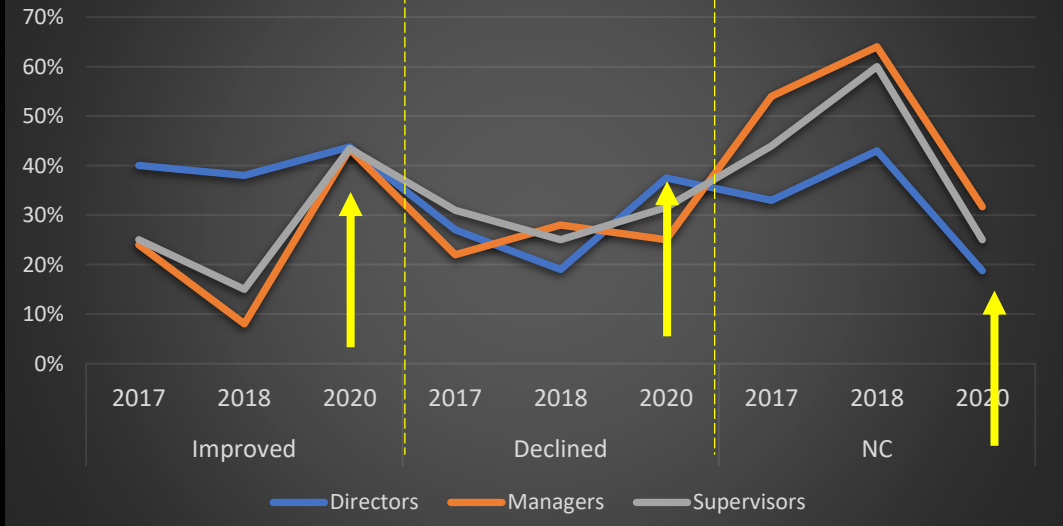
Management Approaches: Change - Change by Item
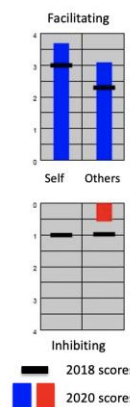
Facilitating

	2018 Self	Change	2020 Self	2018 Others	Change	2020 Others
Facilitating	3.00	0.67	3.67	2.30	0.78	3.08
modify or change how things are done to improve your unit and increase its productivity	3.00	1.00	4.00	2.22	0.91	3.13
overcome any obstacles to change that might arise	4.00	0.00	4.00	2.78	0.47	3.25
take advantage of significant trends and new opportunities for your unit	2.00	1.00	3.00	1.89	0.99	2.88
	2018 Self	Change	2020 Self	2018 Others	Change	2020 Others
Inhibiting	1.00	-1.00	0.00	0.96	-0.38	0.58
make excuses for why your unit cannot try new things or make changes	2.00	-2.00	0.00	0.56	-0.18	0.38
dismiss signals and cues that indicate a need for your unit to adapt or change	0.00	0.00	0.00	1.00	-0.50	0.50
reject ideas that seem risky or different--even if they could dramatically improve the unit's effectiveness	1.00	-1.00	0.00	1.33	-0.45	0.88

Self   Others

Inhibiting

▮ 2018 scores
▮ 2020 scores

KEY: 0 = Never 4 = Always
Positive change in Facilitating represents a desirable change
Negative change in Inhibiting represents a desirable change

Company Results

Reliability[1]

(Avg. Outages per customer)

⬇ **30%**

Year	Value
2011	0.93
2012	0.91
2013	0.84
2014	0.80
2015	0.67
2016	0.68
2017	0.60
2018	0.74
2019	0.67
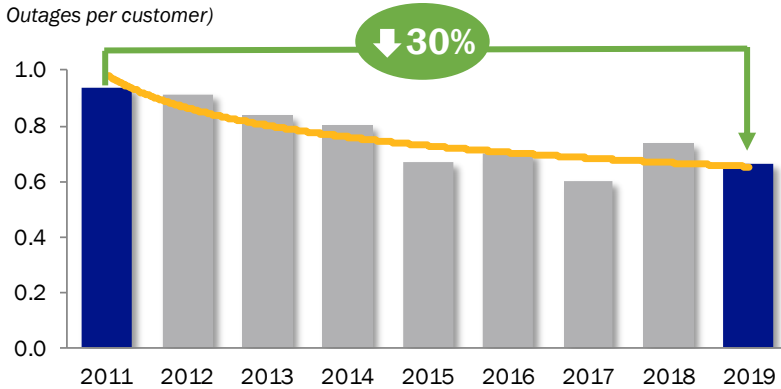
Rate Base Growth

($ in billions)

~ 12% CAGR

Year	Value
2011A	3.1
2012A	3.4
2013A	3.9
2014A	4.5
2015A	4.7
2016A	5.6
2017A	6.1
2018A	7.0
2019A	7.6
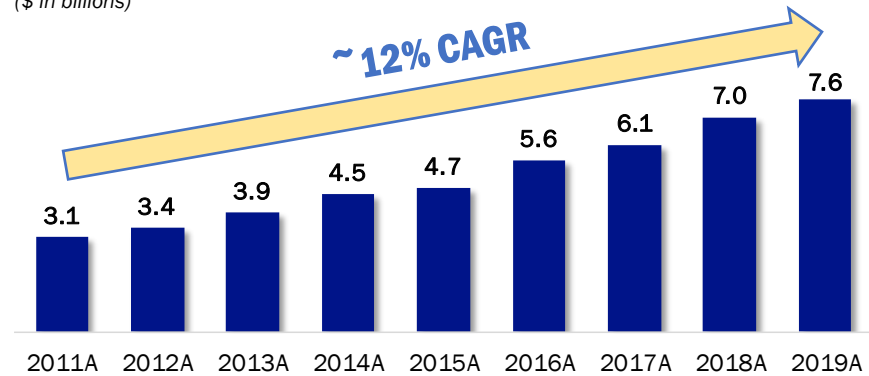
Top-tier Customer Satisfaction[2]

(J.D. Power customer satisfaction scores)

+18%

Year	Value
2011A	636
2019A	752
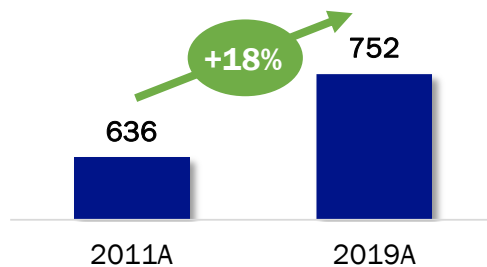
Top ranked utility in the region for 8 consecutive years in residential customer satisfaction

Technology Platform Components Under Development [3]

Smart Delivery

Asset Management (with data science and AI)

Work Optimization

Customer Experience

Employee Experience

People Systems

IT Architecture and Cybersecurity

(1)   SAIFI – System Average Interruption Frequency Index: a measure which shows the average number of interruptions that a customer experiences over a specific period of time for each customer served.
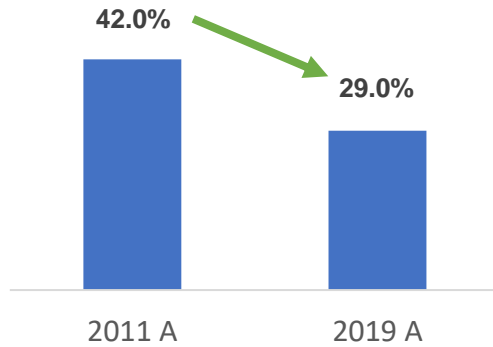(2)   Based on J.D. Power Electric Utility Residential Customer Satisfaction Study.
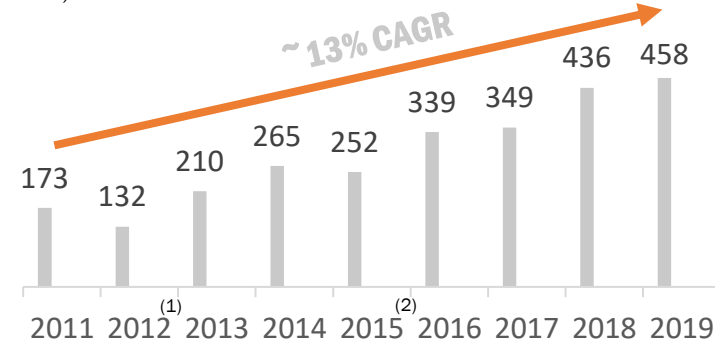(3)   See Appendix for additional information.

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Company Results

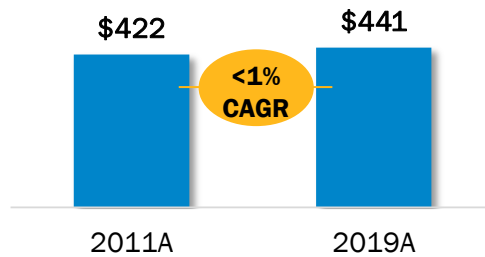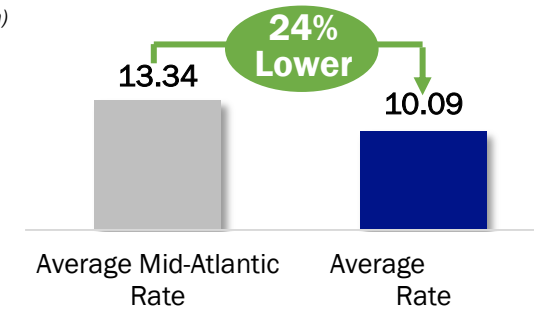## O&M Efficiency

(O&M divided by Gross Margin)

42.0% → 29.0%

2011 A   2019 A

Net Income

($ in millions)

~ 13% CAGR

173 132 210 265 252 339 349 436 458

2011 2012 [1] 2013 2014 2015 [2] 2016 2017 2018 2019

Effective Cost Management

($ in millions)

$422   <1% CAGR $441

2011A   2019A

O&M efficiency has supported substantial investment, driving improved performance, while keeping costs for our customers low

Keeping Customer Rates Low [3]

(Cents/kWh)

24% Lower

13.34   10.09

Average Mid-Atlantic Rate   Average Rate

Company's average rate continues to be below the regional average rate

(1) Decrease due to higher payroll-related costs due to less project costs being capitalized, higher support group costs, higher depreciation and increased vegetation management.
(2) Decrease due to higher corporate support costs charged to EU primarily as a result of the spinoff of (ABC).
(3) Source: EEI, Typical Bills and Average Rates Report, Winter 2020.

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