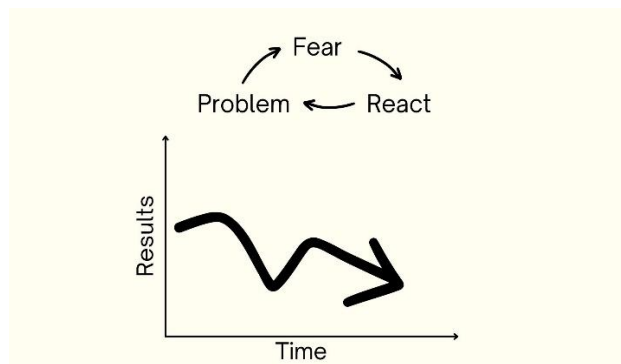


From Reactive to Creative: How ILS will transform your culture

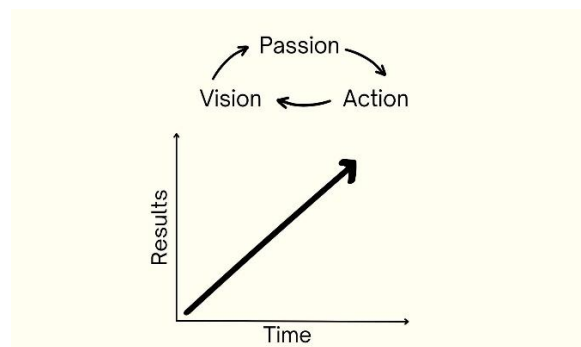
Congratulations! You have taken the step to inquire about how ILS can assist you in transforming your culture and take your company to the next level. This brochure should be helpful in making your decision because it will describe how the ILS consulting process works. Let's begin with typical goals of the change process.

1) Change reactivity to creativity in your culture.

There are two stances you can take in your view about your business: reactive and creative: See the diagrams below: Reactivity starts with a problem, that drives fear, which drives reactivity. The results for your company are not sustainable over time.

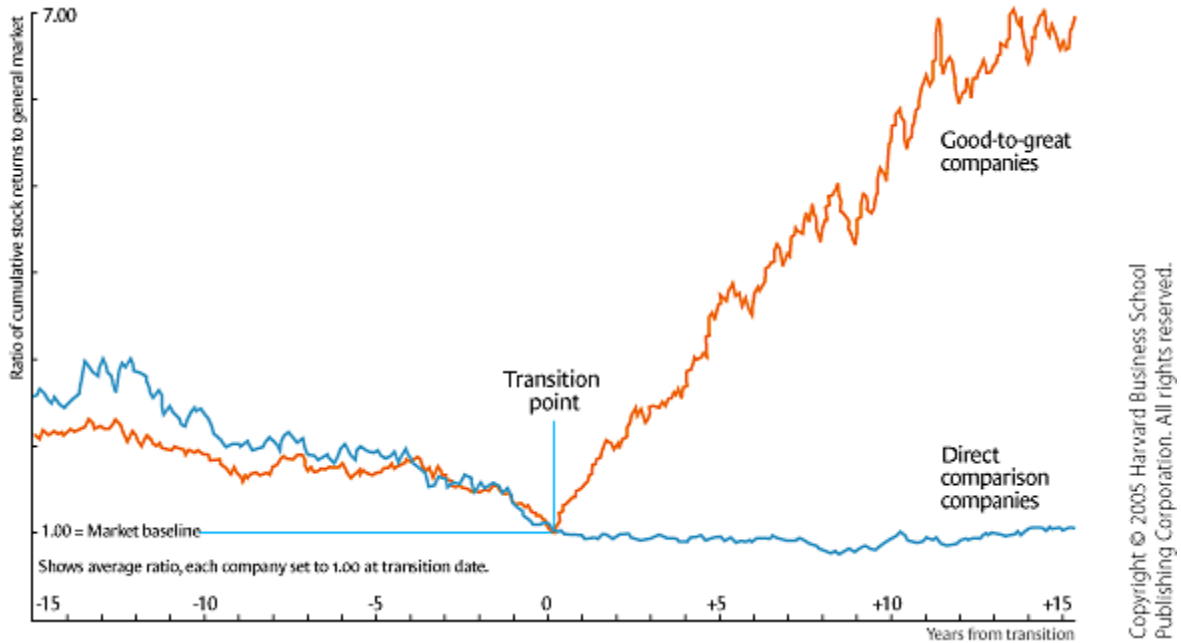


Creativity starts with a vision. This drives passion, which results in action. These are sustainable results over time.

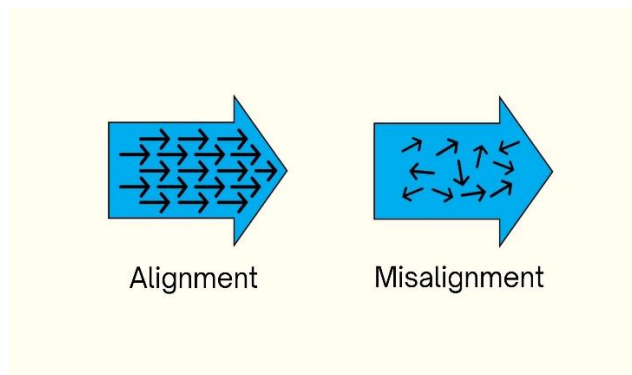


2) Create a common sense of mission on your team. Without a common sense of mission, you can't form a sustainably successful organization.

This point is driven home in the research of Jim Collins in the book *Good to Great*. See below the comparison of companies that have their mission, vision and values as a part of the fabric of their organizations versus companies that don't.



3) Create alignment, trust, and engagement on your team. See the diagram below:



Most organization look like the diagram on the right. The big arrow is the overall objective of the organization. The small arrows are the focus of the members of that organization. In order to turn the right diagram into the left diagram (align, engaged and focused) we will teach you to do the following:

- 1) Develop a mission/strategy that everyone in the organization understands and buys into.
- 2) Everyone has to get comfortable having difficult discussions.
- 3) Your culture has to hold its members accountable to an agreed upon set of values, or standards of behavior.

- 4) **Improve efficiency and bottom-line results of your company.** Ultimately, this training has to pay for itself. It does. Examples will be given at the end.

How we help you change:

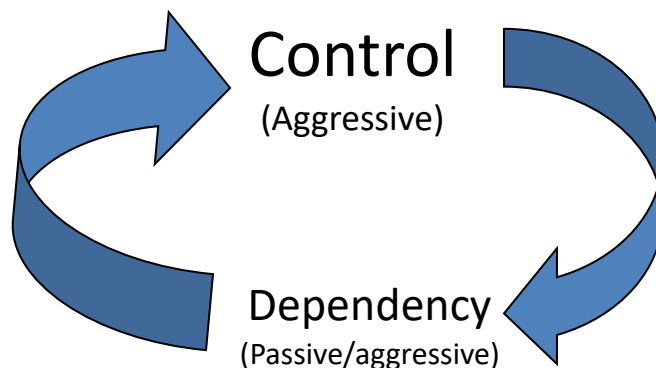
Start by consulting with senior leadership.

Creating alignment and trust on senior leadership team.

- a. Coach all key leaders.
 - i. Focus on stopping reactivity and becoming creative.
 - ii. Administer a 360-degree leadership assessment for each leader.
 - iii. Monthly coaching for each leader. Please see “How to make the most of your coaching experience at ILS” for more information about the coaching process.
- b. Have a monthly team meeting to:
 - i. Encourage difficult conversations.
 - ii. Identify and change cultural problems within the organization.
 1. Identify reactivity.
 2. Form committees.
 3. Committees work in between our meetings to address and overcome cultural problems.
 - iii. If necessary, create a mission, vision, values, and strategic plan for your team. See the description of how this is accomplished at the end of this document entitled “Creating your company’s future”.

Next, we train middle management using our Leadership Institute.

Once we have accomplished task one, we need to get middle management to buy in to the change. Consider this visual.



This is a visual depiction of a typical dysfunctional organizational structure. Management is giving the orders and employees are doing what they are told. This leads to poor

communication, low levels of engagement, mistakes, and high turnover. In order to create a sense of partnership and trust, we have to stop these behaviors. Helping senior leaders become functional leaders is only part of this process. In order to break down the dependent mentality of middle management, we have to teach them to think for themselves, generate creative solutions, and respectfully challenge authority. We do this by putting your middle managers through our leadership institute. In short, each manager participates in one workshop per month, gets a 360-degree leadership assessment, and receives monthly coaching. The nine workshops are as follows:

- Session 1: Authentic Leadership and Introduction of 360° Assessment
- Session 2: Authentic Communication
- Session 3: Conquering Everyday Stress
- Session 4: Developing Emotional Intelligence
- Session 5: Building and Sustaining Trust
- Session 6: Manage to Lead
- Session 7: Transforming Others Through Coaching
- Session 8: Building Exceptional Teams
- Session 9: Presentation of Individual Projects and Personal Mission, Vision, and Values

To learn more about the Leadership Institute please see a separate document which provides more details about the program.

Additionally, while we are teaching your middle management, we continue to have quarterly meetings with your senior leaders to help us evaluate the effectiveness of the training and address any concerns that workshop participants are having with senior leadership behaviors.

Bridging the gap:

Typically, the combination of consulting with senior leadership and training middle management is enough to tip the scales of your entire culture toward the goals listed at the beginning of this document, but sometimes we have to bridge the gap between what senior leaders are doing and what middle managers are learning in the Institute. We do this by asking middle managers which concepts they have learned that they wish senior leaders to also be exposed to and then we have a workshop with those concepts highlighted where both senior leaders and middle managers are present.

Examples of how this worked for past clients:

Example one, Midwest oil refinery:

The situation: Refinery had many safety incidents and shutdowns. Morale was poor. Senior leaders were not aligned, and they were indecisive. They had a low-trust environment.

What we did: We consulted with senior leadership. Once this was accomplished, we then trained 80 middle managers (leadership institute) in groups of twenty. Slowly, they developed a culture where difficult discussions were encouraged. People become aligned and engaged around running a safe, efficient refinery.

Results: Plant efficiency went from 77 to 88%
Safety incidents were cut in half.
Profits increased by \$100,000,000 per year on \$4 billion in revenues.

Example two, Midwest rural Hospital (150 beds)

The situation: Morale and engagement in this hospital were poor. Leadership avoided difficult discussions and was reactive when challenged by middle management. Some leaders were disengaged, and they were not being held accountable. Hospital was losing money and was in danger of being sold.

What we did: We followed the process shown above. Original CEO was not able to make the necessary changes and was relieved of his duties by the board. ILS helped the board select his replacement. New CEO was very aligned with the goals ILS had set at the beginning of this document. We consulted with senior management and then trained most middle managers with our leadership institute:

Results: While revenues remained constant, profits increased \$24,000,000 per year. This was done by increasing accountability, engagement, improving the rev cycle and renegotiating the debt through some difficult discussions with their financial institution. The financial institution only agreed to renegotiate the loan rate because they noticed the changes in the culture in their discussions with hospital management; in short, they realized their risk had been reduced because the hospital was being well-managed.

Example three: Midwest construction firm

The situation: Ninety-year-old construction firm had flat revenues and negligible profits. Morale and accountability were poor. Several of the top managers were not engaged. Leaders were indecisive and reactive. The company had no strategic plan. The new CEO hired ILS to address these concerns and change the culture toward the goals listed at the beginning of this document.

What we did: Fairly quickly, we identified those managers who were disengaged. The CEO challenged them to increase their sense of urgency, but they refused. At that point, they were removed from their positions and more capable leaders took their places. That new senior leadership group then went through a year of consulting. As a part of that process, we helped the leadership team create a mission, vision, values and a strategic plan for their company. Over the next six years we trained virtually all of their middle managers using the Leadership Institute.

Results: Over an eight-year period:
Revenues increased from \$160,000,000 to \$340,000,000.

Profits increased from \$500,000 to \$9,300,000.

Creating your company's future

The process of tackling the obstacles identified in stage one usually takes several months. Once the major problems facing you have been tackled it is natural to want to stop the consulting process, and some companies do at this point. But we know from research that this is not enough to make you great and keep you at that level. The organizations that sustain greatness over decades create a plan that keeps them at that level. The creation of that plan is the focus of the next phase of consulting. Here are the five key elements that you will develop with your ILS consultant. If you already have such a plan, we will work with you to tighten it up and make sure it becomes the core focus of your organization's existence.

- 1) Your company's mission, vision, values (MVV)
- 2) Your company's strategic plan
- 3) Good communication within your organization to insure alignments between individuals and departments
- 4) Well-written job descriptions
- 5) A good review system with individual employee objectives

Developing a well-executed strategic plan for your organization should begin with developing mission, vision and values statements for your organization. These three statements are the foundation upon which you set for your company's growth for the foreseeable future. The mission statement answers the question, "Why do we exist?" The vision statement answers the question, "What are we trying to accomplish?" The values statement answers the question, "How will we do business?"

It is not enough for top management to develop these statements in a short meeting. Consider that you are setting the foundation for the future of your company. If your employees do not help you write these statements, it is unlikely that they will take ownership of them.

Once the MVV are written you can craft a strategic plan to give more specific direction for the next one to five years to make the MVV become a reality. A good strategic plan should address the needs of four groups: employees, customers, owners, and the community. Thus, your strategic plan should have four sections with goals in each section. Take a great deal of discipline in crafting these goals as they will direct your employee's behavior over the time period in question. Under each goal you should list action items which are assigned to individuals. Each action item should have a date set for its accomplishment. It is critical that the leader of your organization then refers to this plan regularly and holds people accountable to the timetable. If no one is held accountable, then your plan will collect dust and all of your planning efforts will be wasted.

Once your strategic plan is complete it is necessary to align your company's job descriptions and review process with the strategic plan. Each employee should have a formal review annually. In this review their performance should be evaluated as it relates to your company's MVV and

strategic plan. Each employee should have a direct line of sight between their behavior and the success of your organization. Part of the review process should include setting individual employee objectives designed to help that employee create this “line of sight” connection with the organization.

Conclusion

When you read this, you may feel that this is going to be a challenging process. We won't sugar coat it, there are no short cuts to changing your culture from reactive to creative. But based upon past experience, the results are well worth the effort. If you look at the three examples given above, we hope you will agree with our conclusion. With this in mind, we look forward to engaging this team in this transformational process!