

SMT Magazine Column: Jumping Off The Bandwagon

Is Leadership in Your Company Something You Should Worry About?

For the November 2016 Edition

"So, then, to every man his chance - to every man, regardless of his birth, his shining, golden opportunity - to every man the right to live, to work, to be himself, and to become whatever thing his manhood and his vision can combine to make him - this, seeker, is the promise of America." - Thomas Wolfe From *You Can't Go Home Again*

This, dear reader, published in 1940 is the promise that the founders had in mind when they constructed this country in the 18th century. They were leaders who believed that self-government (a new concept) was possible if the population was educated and virtuous.

It was clear that what Thomas Jefferson had in mind when writing the Declaration Of Independence was not to create a new government that would guarantee equal results for all its citizens. Instead, he and the founders replaced the ruling English monarchy by constructing a government that created and maintained a free environment, one providing every individual with equal opportunity under the law.

However, the founders didn't just wave their arms and instantly produce a system that created the guaranteed opportunity they espoused. Instead, they produced a template for self-government based on principles that were invariant. The *template* is the Federal Constitution

with an amendable Bill of Rights. The *principles* were those stated in the Declaration: life, liberty and the pursuit of happiness. As Martin Luther King said, the founders wrote a *promissory note* to those who at the time were not included as heirs to those natural principles. These were a set of lofty ideals for us as a country to run under over the years to come – two steps forward, one step back.

So the struggle continues to this day as the freedom and opportunity that Mr. Jefferson declared were inalienable individual rights are extended to more and more of the population.

The struggle has been most successful when the country's elected leaders have been true to the founder's objectives. However, our country's leaders have not been all elected. Martin Luther King was never elected to a government position, but few would deny that he was one of the greatest leaders the United States has ever produced.

This column will discuss the role of leadership in your company. Do you play a role in this rather amorphous subject? Leadership is an ingredient that most feel is important, even though many find it is hard to define. Some say that you will know good leadership when you see it.

Teaching Leadership

In some ways leadership skills mirror engineering skills in the difficulty academia has in making them relevant in the real world. Apart from getting really good at solving the odd-numbered problems at the end of the chapter, engineering academia preparing students for a career in high tech electronic

product design and assembly has been and always will be ineffective in teaching the real world skills industry needs. Certainly we should expect no change if post secondary education remains structured in the traditional way.

As discussed in prior columns, important skills such as working in teams, solving problems without closed-form solutions, good judgment, conflict resolution and leadership, that are called upon frequently in the real world have little place on the college campus. Colleges and universities can teach the mechanics of using spreadsheets, budgeting, PERT charts, etc., but these are management – not leadership – skills.

So, let's review:

In the September column we concluded our commentary on the current state of post-secondary education, one that leads to a career in the high tech electronic product assembly business.

We demonstrated the acute need to significantly improve a student's academic preparation, both for the benefit of the student and the student's real world employer. This final column in this six-part series offered an outside-the-box alternate to the traditional engineering teaching paradigm.

This new teaching methodology called *concurrent education* should be applied to any dynamic engineering discipline or technology that changes more rapidly than academia has the ability to adapt to the change. In addition, the teaching strategy provides immediate value to the graduating student because it is a blend of learning for learning and learning for earning (1).

The Role of Leadership in Your Company

Last month in the October issue we launched a new series of columns focused on challenging our traditional organizational business structure. A structure that is hierarchical in nature and built upon the premise that it is best to collect employees of common skills into departments. Specifically, we challenged how our high tech electronic product assembly operations have been staffed and managed. In addition we discussed the explicit and implicit roles leadership plays in a company's growth and prosperity (2).

We made the case that there is a huge difference between *management* and *leadership*. In fact, they are polar opposites! One of the reasons we have tended to lump them together is because they both involve planning, influencing and directing the activities of others in the organization.

Consequently, the costs associated with these activities are considered indirect and are burdened – i.e., they are estimated and absorbed in the direct labor sell rate. They are what contribute to raising a \$15.50 average hourly direct labor rate to, in some cases, a \$50.43 burdened hourly labor sell rate (3).

What is the cost of *management* and *leadership* in your company? And, what does your company get for that money?

Over the next few columns we'll do a value assessment and try to quantify these indirect, overhead and G&A contributions and see if there are more cost effective alternatives available.

Shaping Your Company for Success

Whether you design, assemble, and sell your own products (as an OPD: Original Product Developer) or, provide

manufacturing services for others (as an EMS: Electronic Manufacturer Service provider) your company is evaluated by your customers in three general categories -

1. Price
2. Product or Service Quality
3. Performance: i.e., schedule compliance, reliability, feature desirability (if a product)

Unless you are a government employer, you perform on a landscape crowded with competitors. This landscape consists of rival companies that are all vying for similar business. What separates your company from the pack is how it is perceived in terms of the three metrics listed above. *Price* is clearly a heavily weighted criterion. However, price alone is not enough to imbue sufficient customer confidence to trust their franchise to an EMS provider, or result in sufficient sales to bestow the phrase “successful product” on an OPD.

It really comes down to the quality and competence of the people in the organization who are directly responsible for the design (if an OPD) and assembly of the product that greatly influence items 2 and 3, above – these are the direct employees.

Sixty years ago the strategy to achieve product assembly quality was to inspect the quality into to product. In the limit the thought was if we could station an inspector behind every line operator we could assure product quality. There was even a department called *Quality Assurance*.

Even today some companies employ this strategy. Typically those companies that cannot develop robust assembly processes are forced into inspection as the line of

defense for their assembled product quality. As stated in an earlier column, in-circuit test (ICT) is a tool used in this product quality strategy. It adds no value to the customer. It merely is a consequence of a poor material supply chain, poor design, or an assembly process that is not statistically capable.

Employees help create the *face* of the company that employs them. Some companies like to showcase certain members of the workforce to their customers and conceal others. Why? - Because some employees have better interpersonal skills than others. Those with good “people” skills and modest technical skills over time may gravitate to the sales and marketing departments.

Most sales and marketing people are grown in the real world, not developed in the academic world. At the risk of sounding like a broken record, academia is not an environment that can successfully act as a rehearsal hall for an engineer’s performance in the real world - the learning for earning part. The same is true of sales and marketing people.

Leadership at the Top

If you had to name the one person who has the most influence in creating the *face* of your organization, who would that be?

I’m not Jewish, but have many Jewish friends. In fact, growing up on Long Island in New York (never say, *in Long Island*), going to elementary school I thought the world was primarily Jewish. I learned that there are two native languages: Hebrew and Yiddish. Yiddish developed as the language of the common people. It is a rich communicative source filled with idioms and expressive words and phrases, many of which have spilled into English parlance.

Here is the phrase that answers the question posed above:

די פיש סטינגעקס פון די קאָפּ

Translated into English:
“The fish stinks from the head”

So I would suggest that the person at the top in your company, the one with supreme authority, has the most influence in creating the *face* of your organization. Why? The company over time will take on the character and priorities of this person. If product and service quality really matter to her, the organization will begin to reflect this priority in hiring decisions. If quality is just window dressing, well, that will be reflected in the hiring policy, too. As employees who do not share these values leave the organization they will be back-filled with people who are more closely aligned with the top person’s philosophy.

You and Your Company

I like to think about the unwritten employer/employee business relationship in a very stoic fashion:

1. The employee does the absolute best she can do for the company for a minimum of 40 hours per week (or, whatever is the standard salaried work week agreement).
2. The employee agrees to perform his job in accordance with company policy.
3. The employer (company) agrees to pay the employee an agreed upon salary in full and on time.
4. In addition, the employer will provide any benefits consistent with company’s written benefit policy (e.g., medical, gain sharing, etc.).
5. Finally, the company will provide the employee with periodic performance reviews.

That’s it!

Here’s a question that is rarely asked; a question whose answer may seem obvious. Let’s ask it anyway. Why do you work? The answer that is probably the most common is, “I work to earn money to provide financial support for myself, or myself and my family.”

However there is another answer that is relevant to our discussion on leadership. “I work to be part of something larger than myself – and maybe something that can have a net positive impact on the human condition - something that I could not do alone.”

I think this is true whether you work for a company or are self-employed.

We all have a dual nature. Call it what you will, but it is basically the internal struggle we all feel between right and wrong, between light and dark, between good and evil, between selfless and selfish. It is the reason movies like *Lord of the Rings*, *The Chronicles of Narnia* and *Star Wars* are so compelling: “Luke, come over to the dark side.” And, in my opinion this is what leadership really is about - having the ability to persuade others to see the value in acting in the best interest of the project, the team, and the company.

A New Organizational Model

In many cases, the traditional hierarchical organizational model has had the opposite effect. In that model I am compelled to assign my personal allegiance to my department and to my department manager (the person who will evaluate my performance). Department “silos” are put in competition with each other. Finger pointing is a common practice.

As counterproductive as this model is, just as significant is the fact that it costs too much – it is burdened with indirect administrative cost that inflates the labor sell rate.

In upcoming columns we will discuss details of a new model. This model is one that drastically flattens the organization. All departments are replaced with just two groups: product teams and a leadership group. There are three checks and balances on the self-managed product team's performance:

1. Other product team members
2. The leadership group
3. The applicable labor laws the company is subject to.

Since in the new organizational model, cross trained, multi functional engineers will do everything including running the production lines, there will be no hourly workers. Everyone on the product team is a direct employee.

Most of the management for what can be termed the traditional general administration tasks will be done either by subcontractors or certain members of the leadership group. These management tasks will be highly automated so the leadership group can focus on leadership.

An important role the leadership group will play is to effectively work FOR the product team. Again, this makes sense when you consider the leadership group is an indirect cost that must be absorbed in the direct labor sell rate. Besides being an important source of company leadership, their role includes acting as an enabling function. They are responsible for providing the product team with the tools and resources they need to be successful. This is in addition to the their roles as a check and balance, resolving conflicts that the product team cannot solve themselves, setting a good example by always acting in accordance with company values and being responsible for looking beyond the horizon to ensure the job security of the product team members.

A Candid Assessment of Your Company's Leadership

And, that brings up an important point: Look at the managers in your organization. Are they preoccupied with managing administration functions? If so, this distracts from their ability to be leaders.

What are the primary roles that the leaders in your organization should be playing? I would suggest that beyond persuading all employees to act in accordance with the best interest of the organization and promoting your company values through their example, it is providing for YOUR job security and expanding opportunity for the advancement of the individuals in the workforce.

If some of those indirect personnel are not looking out over the horizon, challenging the company to minimize costs and ensuring that a reasonable order backlog is maintained. This results in your security and future are not being looked after.

It is sad when over the years I have encountered companies that have a downturn in business and conduct a layoff. This is a failure in leadership if it is backlog-related, and failure in management if it is cost-related. And, what normally happens is the direct labor force gets cut back – who, as I have said before, effectively, pays the salaries of indirect managers and leaders. Now, that is an injustice! It is company leadership and/or management that have failed – not the direct labor personnel who do their jobs day in and day out. It is members in the organization responsible for leadership and/or management who should be marched out the door – unless, of course the manager and/or leader is a significant equity holder. If so, the board of directors needs to address the issue and remove the manager/leader part of this

manager/owner's job description. Remember, "The fish stinks from the head"

Do you get the opportunity to review the performance of your managers and directors? If so, is the review anonymous? Does your company encourage constructive criticism?

Do you get a chance to comment on the company's fidelity to the company mission statement and set of values (sometimes called a creed or "credo")? Does your company have a mission statement and credo?

Does your manager assign responsibility without also providing the appropriate authority?

Does your manager micro-manage - not properly delegating and not performing up to his job description?

I have found many, if not most managers work down at least one job category. Directors do managers jobs, managers do group leader jobs, group leaders micro manage and do the work the engineers in their group should be doing. This propensity for micro management is one that is common in engineering. Since no one can do the job as well as you, and since you will be personally evaluated by the output of your group – just do it yourself. Believe me, from first hand experience, learning to delegate is one of the most difficult skills for a young engineer to learn.

So the answer to the question, "Is Leadership in Your Company Something You Should Worry About?" is "yes," if the security of your job is something you care about and if the company growth that spawns individual opportunity and prosperity is important to you.

However, probably the most important thing is that company leaders don't have to be in management.

As we said last month, anyone in the organization can be a technical leader through demonstrating their mastery of the technical component of their job – but, more important they can be a leader of the workforce by putting their team, project and the company before themselves.

Finally, It's risky to be the little boy or girl on the parade route who screams, "The emperor has no clothes on."

However, this too is leadership. If your company cannot tolerate an assessment of this kind, maybe it's time to consider working for a different company.

Next month we'll continue to drill down into some of these topics and work toward a saner organizational structure – one that permits a more efficient and cost effective way to manage electronic product assembly – one that exploits the natural leadership abilities within the company.

Hey, what do YOU say? I'd like to hear your thoughts and experiences.

(1) T. Borkes - The Child is Father of the Man – Turning the Relationship Between the Electronic Product Assembly Employer and Recent Graduates Upside Down. SMT Magazine, September 2016, Pg. 58-66.
<http://iconnect007.uberflip.com/i/721932-smt-sept2016>

(2) T. Borkes – Do the High Paid Managers in Your Organization Add Value? SMT Magazine, October 2016.

(3) U.S. Bureau of Labor Standards Occupational Employment and Wages, May 2015, Category 51-2022 Electrical and Electronic Equipment Assemblers
<http://www.bls.gov/oes/current/oes512022.htm>