Contemporary Issues in Leadership

An Approach for Developing Front-Line Leaders in Manufacturing

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Catalyzer, Inc.
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Executive Summary

According to the National Association of Manufacturers nearly 244K manufacturing firms across the United States, employing over 12.5M employees (8.41% of the workforce), generate nearly $2.5T in annual production (as of 2021).

In fact, there is anecdotal evidence to suggest that these estimates may be conservative given the way the Bureau of Labor Statistics captures employee demographics for manufacturing companies.

Your front-line leaders, those who supervise roughly 80% of all employees in an organization, represent 50-60% of the total leadership population, yet only 10% report being well-prepared to take on their leadership roles and 60% fail within the first 24 months.

Catalyzer's experience with manufacturing organizations spans 10 years and confirms this notion. All too often, new-to-leadership professionals show up to shift, are thrown a radio and a clipboard, and are told something to the effect of "get out there and coach them up."

If those individuals had the advantage of good leadership to that point, it's likely they'll mirror that expertise at the initial stages of their own leadership journey. If the opposite has occurred… well, those organizations are going to get what they're going to get.

There's no question – we can do better.

This report…

1. Amplifies on the challenge and financial impacts related to poor front-line leadership and inadequate or non-existent development.
2. Outlines Catalyzer's proven approach to front-line leadership development, including both program characteristics and recommended content.
3. Highlights some "what's next" actions necessary to maximize impact from these programs and provides select case studies the 200 programs we have developed and delivered to just over 5,700 manufacturing leaders.

"We're in the people business, but we just happen to be American manufacturers."

The Problem and What's At Stake

Front-line leaders supervise roughly 80% of all employees in an organization and represent 50-60% of the total leadership population.

Yet, according to Clark-Shaefer-Hackett…

- 70% were not expecting a promotion
- Only 10% report being well-prepared to take on their new leadership roles
- 60% received no leadership training prior to their promotion
- 20% regret taking the promotion
- 60% fail within the first 24 months

They continue, highlighting that 60% reported wanting more formal training and outside coaching than they were getting – with conflict management (difficult conversations), coaching, and team-building as their top challenges.

What's are the organizational impacts?

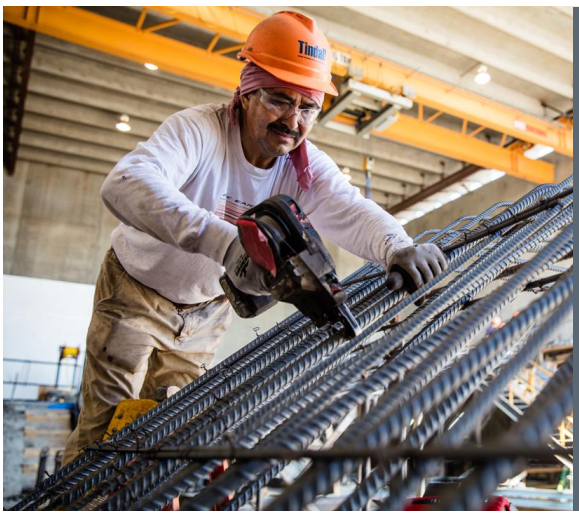
McKinsey & Company recently reported that, for a median-sized S&P 500 company, lack of career development and advancement and unreliable and unsupportive people at work (those who may not have been well prepared for their leadership roles), could cost an organization as much as $19M annually.

Further, the Gallup organization has long reported that the highest quartile engaged organizations have demonstrated the ability to…

- Lower turnover by as much as 29%
- Reduce safety incidents by up to 50%
- Increase productivity 7-16% and profitability by up to 14%
- Enhance quality by up to 33%
- Reduce absenteeism from 26-44%

"Developing our front-line leaders stands among the most important retooling efforts our organization has undertaken in its 100-year history."

Chairman/CEO, National Trailer Manufacturing Organization



Focus on Turnover Costs

According to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau, the average manufacturing wage for non-farm businesses as of 2019 (last report) was $52,859.92.

Between May and July 2023, manufacturing organizations experienced a voluntary quit rate of just over 2.0% per month and lost 800K individuals to turnover (U.S. Bureau of Labor Statistics).

Accepting that turnover costs are roughly 2x annual salary, lowering turnover by even 10% for a 100-person organization would have resulted in an estimated $22K savings per month; over $262K annually.

Program Characteristics/Content

Catalyzer's 200 programs with manufacturing organizations, impacting just over 5,700 professionals since 2013 have contributed to our understanding of the challenges and evolved our thinking about programs that have impact.

Characteristics of successful programs include:

- On-site, in person for maximum effectiveness.
- Limited to 4 hours or less per session.
- Cross-departmental cohorts – *build networks and relationships.*
- Don't mix front-line leaders with their supervisors in the same program – it stifles the conversation. Rather, execute a parallel, "bosses" program that equips them to reinforce program language and approach.
- Carefully consider "outside" program requirements (i.e., reading, journaling, etc.). The additional payoff is marginal. However, there must be some integral activity to keep participants thinking between visits.

"The learning environment is highly interactive and participatory, with sensitivity to those who may initially be uncomfortable."

Mark Hynes, former HR Director
Utility Trailer Manufacturing

A typical program encompasses between four and six skills-focused modules, delivered on-site in four-hour blocks. This traditionally enables program participants the opportunity to return to the day's work and immediately apply techniques discussed without significant production impacts

Skills covered include:

Leadership Foundations	Because they're not really sure what we're talking about when we say "leadership" (and it's different than management).
An Introduction to Emotional Intelligence	Because it's the foundation for leading others and the "how" for everything they are required to do.
Communicating Like a Boss	Because it's how things are accomplished and has become way more complicated than most grasp – even the basics of listening and transmitting.
Positive Interpersonal Accountability	Because western culture too often portrays this only as a negative (discipline)' and that makes it difficult for many. It doesn't have to be that way.
Coaching and Performance Feedback	Because they're going to coach like exactly like they were coached. It's often the only example they have.
Practical Team Building	Because otherwise I'm going to continue to believe that putting people together makes them a team (and they're not).

Moving Forward

When implemented, organizations are cautioned to focus on how they intend to benefit from the training investment and battle the "forgetting curve."

Sustainment programs have become common elements in Catalyzer's work. Most do not involve the intensity of a baseline effort, but intentionally build on fundamentals.

Follow-on, sustainment programs that reinforce foundational modules, but that **address related, more complex issues** (i.e., delegation and decision-making, managing conflict, leading/embracing change, multi-generational leadership, etc.) have proven effective.

Leadership awareness is enhanced by integrating a program's approaches into organizational processes such as coaching/performance reviews and recognition programs. Where reinforcement does not occur, the return on investment can be stifled and we tend to see regression to pre-program behaviors.

Two of Catalyzer's larger manufacturing endeavors include…

Utility Trailer Manufacturing

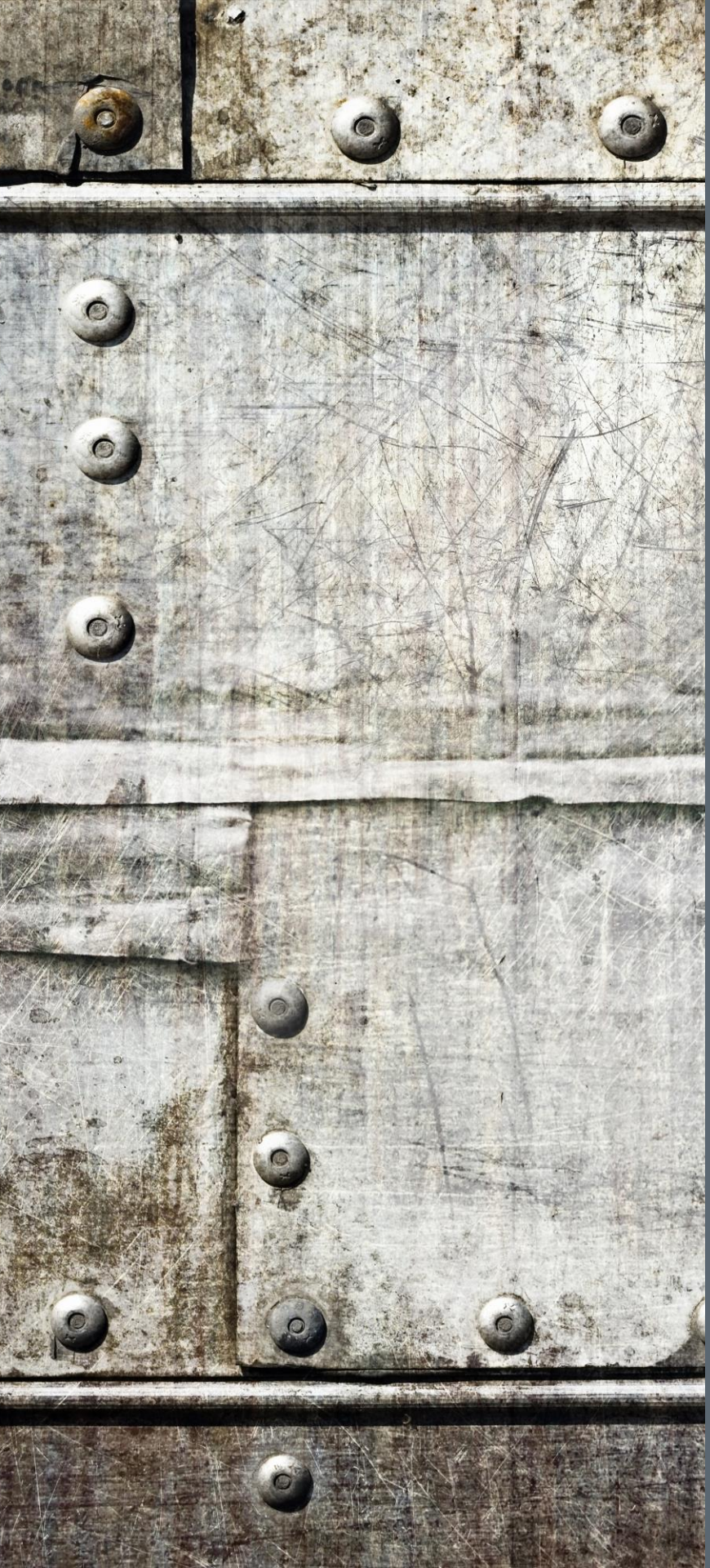
- From 2013-2015, designed and delivered a front-line leader-focused program for 252 professionals across five domestic production facilities nationwide.
- Replicated that program for five emerging leader cohorts between 2014 and 2017 and added additional cohorts at the corporate R&D facility and headquarters through 2022.
- Provided one-on-one coaching for dozens of key leaders across Utility throughout the nine-year engagement.
- Studied absenteeism in two of Utility's manufacturing facilities. Identified 12 tactics that would save the organization $415K annually; equivalent to an additional 96.4 flat-bed trailers produced.
- Supported the design of a Leadership Brand, referred to as "the wedding cake", that identifies Utility-specific leadership competencies from candidate through plant-level management; the model was developed in 2013, modified once in 10 years, and is still in use today.

UTILITY
The First Name In Trailers

Tindall Corporation

- Throughout 2022, developed and delivered a Supervisory Leadership Program encompassing six, skills-focused modules for 100 supervisors across all six Tindall divisions. Select divisions repeated this program in 2023.
- 2023 also saw Catalyzer's development and delivery of a Supervisory Sustainment Program (4x modules) that further reinforced learning for the same 100 supervisors who participated in the initial program. This, too, is being repeated for select divisions in 2024.
- Developed and delivered an anti-bias module for senior leadership that expanded on a broader set of DE&I initiatives.
- Developed and delivered a Project Leadership program for the organization's nearly 25 project/program managers in 2023.
- Overhauled their succession planning approach and continue to lead that initiative for the organization.

Tindall



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