

The previous management style at Plant Hammond served the utility business well. But then a watershed development occurred in the early 1990s—the move toward deregulation.

Plugging Into the Power of Leadership Teams

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When the top management group at Georgia Power Company's Plant Hammond decided to become a team, everyone was quite sure that they were already a team and worked pretty well together. After all, wasn't that really all that a team amounted to?

The top leadership group in early 1995 was ten people from three management levels and two individual contributors. The management style was much the same as they had been using for many years in the utility industry and was characterized by an emphasis on the chain of command for most decisions—with the important ones made by one or two people. Information and business results were communicated on a "need to know" basis. For the most part, each department operated and made decisions independently.

This management style served the utility business well, given its business requirements. The business was relatively predictable and structured with a regulated rate of return, regional market protection, and 100 percent control of access to its own distribution facilities.

A watershed development, however, occurred in the early 1990s—a move toward deregulation.

As of today, the exact details of this deregulation are being formulated on a state-by-state basis. However, future suppliers of electricity will be those who can provide reliable power at the lowest price.

These fundamental business changes demanded fundamental changes in the way Plant Hammond operated and managed its resources.

Organizational transformation

In the early 1990s, the plant had reduced the number of employees by about one third, resulting in fewer management levels and fewer managers in those levels. In early 1995, the parent organization, Southern Company, implemented a transformation process to improve the plant's ability to compete. This transformation process required an emphasis on business results at all levels and creation of an organization culture that could deal with uncertainty and competition—in other words:

improvements in cost and culture. A series of initiatives provided guidance as to the outcomes of the transformation process. Plant Hammond set about implementing these initiatives in ways that made sense for its operation.

The top management team

As the plant manager considered the requirements for the future, he determined that the structure, processes, and culture of the plant would need to change. Therefore, top management must change how it operated, broadening capabilities at all levels. Processes were needed to manage decision-making risk and gain consensus on direction. A new organizational structure (see chart on next page) was one of the early steps in their transformation.

The structure provided an "outside in" focus—identifying the operations function as the primary internal customer—and grouped plant activities into several functional areas.

However, plant management knew that simply changing the boxes on an organization chart was not sufficient for real change. In the summer of 1995, the plant manager and nine other employees took their first step toward becoming a team when they came together at a facilitated off-site meeting. They clarified individual roles and responsibilities on this new team and began developing team relationships. They agreed that the role of each leadership-team member should be one of "shared responsibilities with a functional focus." Top managers at the plant could no longer make decisions from only their own departments' view. In fact, managers were required to consider the impact of their deci-

Team Characteristics	
Characteristics of Teams	Plant Hammond Leadership Team
1. Common purpose.	1. Our purpose is to achieve the results set forth in the plant's business plan and to ensure needed integration of activities.
2. The team has performance goals and a results focus.	2. Specific outcomes documented, committed to, and measured.
3. The team members have mutual accountability for results of the team as a whole.	3. Each team member is accountable for completion of the total work plan; each has a commitment to peers as well as to traditional boss/subordinate relationship.
4. In order to do their work, team members have some degree of interdependence.	4. The team as a whole has responsibility for accomplishing the job description of the Plant Manager.
5. The team uses member capabilities well and develops both the team and the individuals.	5. Team members sponsor activities based on their own knowledge and development needs. Team regularly assesses its effectiveness and implements improvements.

sions—not only on the total plant, but also on the total operating system of the Southern Company.

Each member took on the responsibility to champion specific transformation activities for the leadership team. The team began to have regular one-day session meetings where they discussed and made decisions on strategic and operational issues.

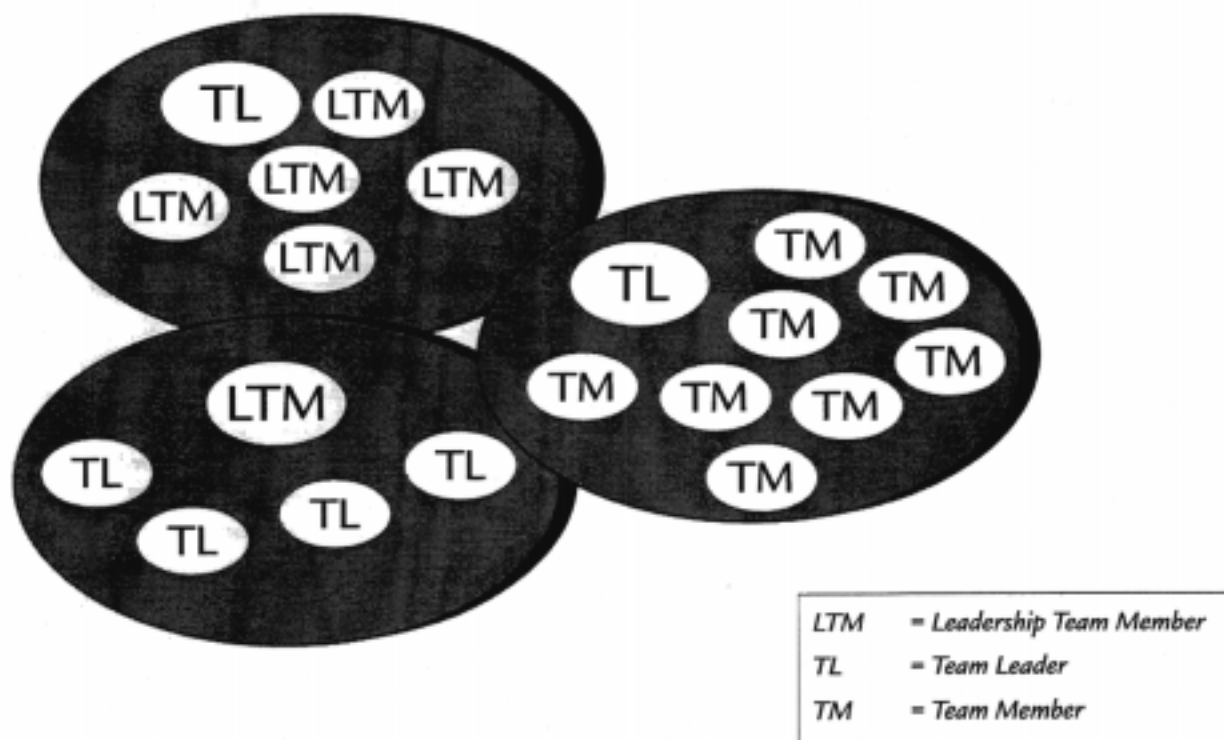
Development of the leadership team

This management team took a key developmental step in 1996 by setting expectations for their behavior and presenting them to their organizations during reviews of the 1996 plant strategic plan. Putting these expectations "on the record" built incentives to act accordingly.

The team found several tools to be helpful in its operation and development. One was a *common work plan* that served multiple purposes: 1) to ensure integration of their efforts and to track team results; 2) to establish member accountability; 3) to facilitate the delegation of traditional plant manager tasks; and 4) as a catalyst to surface strategic issues. Each team member—or members—took responsibility for the accomplishment of particular parts of the work plan.

The team also used various *assessment instruments* to understand and deal with the different individual styles of team members. Each team member discussed his or her assessment in an open forum. As a result, members made commit-

1997 Plant Hammond Structure



ments for change and support. Each team member also formulated his or her own development plan based on these and other assessments.

Since one of the plant's strategies was to improve the capabilities of the management team, the team worked with an outside consultant to identify strengths and weaknesses. The consultant observed each of the team members in work situations and provided specific personal feedback and suggestions over an extended period of time. Each team member reviewed his or her assessment with the group and asked for reactions and recommendations. The consultant also provided feedback on group processes and worked in concert with an internal consultant to improve teamwork processes.

Concurrent changes

The leadership team was also implementing other changes to achieve the plant's cost and culture goals, such as high-involvement work teams in the plant to give employees more of a voice in decisions that affect how they carry out their jobs. Team leaders were charged with more responsibility for the operations and maintenance of the plant and with coordinating their actions when required, particularly in the areas of personnel management and labor relations.

Special project teams redesigned and implemented some of the plant's major processes (work-order system, maintenance planning and scheduling, training, and document

control). It was important that the major processes be supportive of the new plant direction. Any group, to become a real team, must meet certain expected team behaviors: no hidden agendas, no covert competition, constant support of team decisions made with the organization, and honesty at all times.

Lessons about top management teams

Implementing a team at the top management level resulted in a few important lessons for the management team. For one thing, it required a significant upfront investment in time and energy on the part of the team members.

A top management team was a confusing concept for the plant.

Employees did not understand the role sharing and joint focus of leadership team members. All of their past experience at the plant told them to rely on the next person in the chain of command for information and guidance.

Perhaps the most difficult challenges were personal ones. The managers on the leadership team had to resist their temptation to defer to the boss. The plant manager had to resist the temptation to make all the decisions. Team members had to learn to openly discuss their own weaknesses and to make commitments to someone other than their direct boss. The team also had to work to assure corporate oversight functions that shared responsibility did not compromise management controls.

Plant Hammond also learned that the size of the team really does matter. During the last two years, the team has changed from ten members to six. The makeup of the members has changed as well. As the group became smaller, the individual differences in style were more obvious and required continuous effort to keep the candor levels high enough to confront differences.

The challenges of forming a top management team are similar to forming a team at any level. It is complicated, however, by the fish-bowl environment in which these managers must operate. By their nature, top management teams deal with strategic issues. The team should be careful not to allow a desire to be a team to overcome the requirement for a high quality decision. They must be willing to identify those items that do not call for consensus. The Plant Hammond team identified two specific areas in advance where the final decision was retained by the plant manager:

changes in the organization structure and staffing of exempt positions.

Success factors

Certain conditions are necessary for management teams to become "real teams" and not just a grouping of independent functional managers who report to a single executive and cooperate with each other.

- **Business situation requires integration of efforts, a systems perspective, and sharing of power.** This results in the team having actual work to do. Teams should not be used at any level where there is not business reason to do so.
- **Commitment by all managers involved,** particularly the plant manager, that this is the best way to manage.
- **Visible and vocal support** for team decisions.
- **High levels of trust** within the management team.
- **Use of an "outside-in" focus** as a unifying force.
- **Willingness to question and to be questioned** about methods, results, and reasoning behind actions.
- **Rewards that support team behavior,** including any incentive programs.
- **Regular assessment** of performance as a group.
- **Willingness to use constructive tension** and deal with conflict and different opinions.
- **Adequate time** to meet.
- **Recognition of team boundaries** and specific descriptions of any items to be retained by the top manager in the facility.

Some significant advantages to using a team concept at top management levels have occurred at Plant Hammond. Actions within individual departments have

become more tightly linked to the plant's strategies. Critical decisions have been improved as the team has increased understanding and commitment to important decisions. The team structure has resulted in less dependence on the plant manager.

Most important, the leadership of Plant Hammond believes that having a management team at the top will improve its ability to meet the challenges of its business.

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