## Getting to the Heart of Better Execution

An Interview with LP Frieder, III

LP Frieder is the COO of Gentex Corporation, which is headquartered in Simpson, Pennsylvania. The company has been privately held for three generations, and LP is the fourth generation involved in the business. Engaged with Growth River since early 2009, Gentex has undergone major restructuring, positioned itself successfully against the largest corporations in its space, and won a major new contract with the federal government. But it is the establishment of new values—"the DNA" as LP calls it—across the enterprise of 700 employees that is the source of their sustained success. Among his many priorities, orchestrating the adoption of new values is "*number one because it's at the heart of how to get better at execution. It drives results.*"

We spoke with LP about leadership mindsets, executive coaching, enterprise evolution, and his unique understanding of the change process within the senior leadership team and across the broader enterprise.

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Growth River: Let's start at the beginning with a Gentex bio. Can you describe the history of Gentex?

LP: Sure. Gentex is about 100 years old and has been focused on the markets that we currently serve for 70 years. We are primarily in the personal protection market with our primary focus on the military. We have a very heavy technology slant. We have evolved as an organization by using the helmet as a platform and adding technology to it. So we have our core helmet business but also a microphone acoustics business and a respiratory business. Currently we are developing a head-mounted display business.

We were originally a silk company, which led to the development of parachutes. That got us into the military market. We then had a request by the government. We were packaging our parachutes in a hard composite laminated box, and they approached us and asked if we could create a helmet out of that material. In the 1940's, the advent of jet aircraft required the need for hard helmets in aviation.

GR: You're LP the fourth, right?

LP: I'm LP the third, but the fourth generation involved in the business. My great-grandfather originally ran the silk company. At that point in time, it was a public company, and it got smaller as silk started to be replaced by synthetic fabrics. He and his son, my grandfather, purchased the company and took it private. That served as the basis for what it is today. It's been in the family for a long time. My father is CEO and I'm COO.

GR: What brought you to conclude that you needed a management consulting firm?

LP: My father originally made that decision. There were a number of reasons to do so. One was succession planning. The other was that we had a fairly unique set of capabilities, existing almost as independent businesses and located in different parts of the country. You had these independent

facilities—and independent thought processes—that were not well-integrated. The fact that we were organized that way was really becoming an obstacle to us creating a vision for the path forward. We needed help sorting this out.

## "Enterprise First"

GR: So you started there, made some changes and continued to evolve the enterprise. I want to talk about the mindset of effective leadership. How has your mindset changed—your own and that of the senior leadership team—over this time?

LP: Because of the way we were organized, we did not really focus on enterprise objectives or put the enterprise first. We were not integrating our technology capabilities well. The company was organized by product areas which are primarily in independent locations. Our respiratory business is in one location and had its own functional capabilities (engineering, finance, etc.), and our acoustics manufacturing is in another. With the guidance of the CEO and CFO, each location was making its own investment decisions independent of any impacts it would have or misalignments it would create with other areas of the organization.

So we were really a collection of independent efforts, more a collection of peers than a true team. That translated into less than open communication among the senior leadership team. Understanding how to evolve from that peer relationship to a team relationship—where we are dependent on one another to achieve our enterprise objectives—became the foundation for the entire change process.

GR: It sounds like the businesses and accountabilities were siloed. It wasn't that people didn't want to integrate; the way their roles were defined meant they couldn't work together effectively.

LP: Right, it wasn't that they didn't want to. The nature of the beast kept them from being incentivized to integrate in order to get the job done.

GR: So that organizational structure, that management mindset, began to fall apart with the phrase "enterprise first"?

LP: Yes! It took us a long time to understand what that phrase means. And it is still an evolutionary process.

GR: But that two word phrase made people receptive to changing their individual accountabilities and interdependencies, the system-of-roles?

LP: Exactly. We couldn't redefine the system-of-roles until we understood the basic concept that the enterprise has to come first. In the siloed organizational culture we came from, there was naturally always a degree of looking out for one's own best interest.

But it wasn't like an "aha moment." No light bulb went on. It took a lot of practice, behavioral practice among the business leaders, to change their mindset and to enable them to evolve into a

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team and to exhibit the behaviors that were necessary to make it possible to succeed: becoming more open with each other and depersonalizing, etc. Then it became possible to have the conversation about what type of enterprise structure would make sense.

It's one thing to acknowledge the value of changing. But you still have to get to the point where everyone can have a dialog about what change is actually needed. We did this on a number of levels. And obviously every individual is different so we all had our own challenges of how to deal with this evolutionary process—that's really where the coaching came in.

Operating on an island where you have your entire organization beneath you and PL responsibilities, and where you have nobody asking questions, is very different from operating in an environment where people own distinct responsibilities and are dependent on one other to achieve results. This is especially the case for business leaders who have PL responsibilities and depend on functional leaders to achieve their profitability goals.

## Conflict as a Source of Innovation

GR: As people woke up to the value of a more precise definition of roles and accountabilities, did that introduce a new level of conflict?

LP: It absolutely did, along with an entirely different way of behaving as a result of that new level of conflict. How people deal with conflict resolution is really where the rubber hits the road: how quickly, how effectively and how objectively they deal with it. Previously, conflict existed below the surface, but it no longer can in this environment. Our interdependence forces everything to rise to the surface. Once it's on the surface, it is very apparent if it's being dealt with or not.

Conflict is difficult. There's less conflict avoidance now, but it's something people have to practice constantly. Even at the senior level it is difficult for people to address conflict on a regular basis as a mode of operation. Yet I think it's recognized that conflict resolution is an expectation now.

GR: Have people discovered that conflict resolution is a source of creativity and innovation?

LP: I personally have. Most probably wouldn't put it in those terms. They see it as a source of better results. It improves performance. Yet when an organization has many interdependencies between roles, conflict results, and some individuals initially think that it slows the process down. But the fact is that it actually speeds the process up. Conflict arises when decisions have to be made; addressing conflict makes decisions occur at a faster pace. But if you are not clear on role definition, that's when things get messy.

GR: What is the relationship between role clarification and speeding up the decision process?

LP: With no clear ownership of decisions, decisions don't get made. Somebody who is a strong person may stand up and say "Nobody else is making a decision so I'm going to make one," but it's not going to be as good a decision as it could be. So you have to be very deliberate in role clarification.

## Coaching and Practicing the Art of Business Evolution

GR: This takes us into a conversation about coaching. I'd like us to discuss the relationship between developing as a leader and the evolution of the business culture.

LP: As I said before, evolution requires practice, whether it's operating in a team environment or resolving conflict or exhibiting the right behaviors. You go through the cycle of trying to evaluate whether your decisions yield a good or a bad result. This cycle, this ongoing practice of self-evaluation, is the way that you actually improve. Coaching pushes you to be objective with yourself and ask the right questions so that you are actually able to evaluate and change. And for leaders, that cycle of feedback is really critical to the evolution of the business culture.

GR: We've had another CEO affectionately refer to coaching as a series of "emotional beatings."

LP: It starts out that way. And the key issues always circle back to that. If the coaching is effective, the coach is always going to look for opportunities to call you out. As long as it's done in the right way, that act of calling something out is how you really self-evaluate and learn to change. So coaching starts out heavily focused on that. As we learn, it progresses more into a dialog and partnership, then transitions into more focus on execution.

GR: You're making a distinction between ontological coaching—or what we call ways-of-being—and execution coaching. How do you weigh the difference between those two?

LP: I think there are stages. You start with personal coaching. It evolves and builds into a platform that makes the conversation about execution possible.

GR: How would you weigh their relative importance if you had to do one or the other?

LP: If you don't go through the phases in a logical order, you can never completely change. But you have to go through that self-examination and the learning process of ways-of-being coaching to truly understand how you impact the process of execution.

Leadership is execution. If you don't really understand yourself well—where you're working at improving, how you impact others, where and why you fall down—you can't become a better leader.

GR: What advice would you give to a business leader who is initiating a coaching relationship?

LP: That there is absolutely no benefit in being anything other than completely open. You have to openly communicate with your coach and be receptive to what the coach is saying to you. A good coach is likely to see things that you either don't recognize or choose not to recognize. That is the biggest challenge through that initial stage of coaching. When you get to the point where you understand where you need to develop, you've taken a huge step forward because you can develop your ability to lead or to execute.

The word authenticity is also really important. You have to want to be authentic. And you have to recognize when you are not being authentic.

GR: How would you define authenticity?

LP: Genuine, predictable, vulnerable, having integrity in what you do and say, being aware of your motives and having others aware of your motives, too.

Being authentic and vulnerable is a huge challenge. In the business world, there is at least the perception that appearances matter. And they do to a certain extent. But the reality is that being vulnerable is probably the biggest trust-builder among individuals on a team because if people aren't vulnerable, they are not going to be seen as truly authentic.

## The Self-Evolving Organization

GR: It sounds like your vision is to create a self-evolving organization by cultivating this clarity of roles, accountabilities and trust among your senior leadership so that it can ripple down through the organization.

LP: Yes, it took us a long time as a senior team to get to the point where we were even prepared to begin to flow down some of this thinking to the rest of the organization. Because once you start communicating this to others, they are going to look closely at the leadership team. They are going to be quick to say, "You're asking me to do this, but this is what I am seeing you do." That places a great deal more accountability on the senior team, and we had to be ready for it. But it is a good thing because it forces us to operate at a much higher level than when we were just practicing amongst ourselves. Now we're practicing with everyone else watching.

Now the question is: How do you evolve the rest of the organization at a faster pace? It took us almost two years before we were ready to expand this, but that's too slow of a pace for the rest of the organization. We reorganized into a structure that forces interdependency so if we are not helping everyone else understand how to define roles, operate interdependently, clarify commitments and resolve conflict quickly, there's going to be a lot of frustration.

One of the things we could have done more effectively was to bring a larger group into the conversation at an earlier time. We reorganized in February 2010 but only just started bringing in the management team (30 managers that are below the senior leadership team) for training this fall. They're just now learning how to operate in this environment so there was a gap in time. It's explainable—we did need to get the organization restructured in order for other decisions to be made at the senior leadership level. But even the managers recognize that we should have brought them in sooner to help this process and they are right.

Yet they are enthusiastically bought in. We are pulling everyone together to determine how to disseminate this thinking throughout the rest of the organization. One key is to focus specifically on values and how to not only teach people about the values but how to evaluate performance based on those values. We have ended up restructuring our whole performance management system with our core values as the driver for that system. This has been very effective.

GR: You're investing quite a bit of energy in orchestrating this cultural change.

LP: Absolutely. We said early on that we're not going to develop a set of core values just to hang them on the wall. They have to be understood, they have to be measurable, and they have to be an active part of our everyday culture and how we get things done. They have to be practiced.

GR: Where does this work fit on your list of leadership priorities?

LP: It's number one because it's at the heart of how to get better at execution. It drives results.

GR: There is a challenge in quantifying the benefits of this work. Can we specify the links between this work and actual performance?

LP: There are a lot of them. We've made more effective decisions. We've killed projects that were ready to die. We've seen bottom line results improve over the last year. You can attribute that to a lot of things, but you can't ignore the impact of increased communication, collaboration and accountability on the senior leadership team.

There are many moments of conflict that led to those improved results. There has also been great benefit from having clear ownership of key responsibilities. This in and of itself improves results because individuals are focused rather than spreading themselves thin.

GR: The coaching work and the transformation of values within the enterprise culture…

LP: Those are the enablers. That becomes the DNA that allows you to make better decisions, drive performance within the organization, push each other, and hold each other accountable to the commitments being made. To me, the values and high performance team behaviors that we're trying to instill are what enable that.

The challenge now is really long-term. The most positive impact is in taking that DNA and making sure that not just a team has it, but the entire enterprise. To me, that is where the true work comes in, and it is also where the payback comes from. And, ultimately, it is the succession plan. It is what makes our DNA perpetual. ♦