

Getting Started in Operations Leadership:  
Assessing the Current State of a Consumer Goods Manufacturing Operation

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### Abstract

Limited research has been conducted on the activities of new leaders in consumer goods manufacturing and the problems they face during the transition to a new role. This research study attempted to uncover information to help new leaders succeed and organizations to maximize the effectiveness of new leaders during and after transitions. This was a qualitative research project utilizing a case study approach that revealed the steps new leaders take to assess the health of the organization at the beginning of a leadership role in the management of a consumer goods manufacturing operation. By becoming familiar with the principles of organizational behavior, strategic leadership, operations management, ethics, and organizational crisis management, the new leader can learn how people act and react in organizations. This knowledge prepares the leader with the tools needed to run the operation and think strategically. By making a game plan, the new leader can make a solid transition and increase the chance for success in the new role.

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## Introduction

In business school, one learns about leadership theory, financial management, operations management, and many other related subjects. After graduation, one must decide what type of career to pursue. Perhaps there is an interest in the field of operations management. If aspiring to become the next manager of a consumer goods manufacturing operation, how would one answer the interview question “what do you plan to do first if given this job?” Alternatively, what does the interviewer expect to hear as an answer to that question? Do hiring managers sit back and wait for the candidate to offer suggestions that sound good and decide who to hire based upon the answer? Or, is there a best practice method to evaluate an operation and decide a course of action? The answer, found in this research, might surprise you.

There is an abundant amount of academic literature available on the subject of leadership (David, 2011; Gabarro, 1987; Heifetz, Grashow, & Linsky, 2009; Kouzes & Posner, 2008; Rehman, 2011; Schein, 2004; Watkins, 2003). There is a lack of academic literature on the subject of leadership transition in a consumer goods manufacturing operation. Operational assessment, strategy formulation, and change implementation are three areas that can make or break the success of the leader and the company (Jacobs & Chase, 2010). The literature shows that many employers leave it up to chance whether the new leader succeeds or fails and many do not plan for the succession or for a smooth transition at all (Cairns, 2011; Watkins, 2003).

## Statement of the Problem

As the United States emerges from the Great Recession of the early 21<sup>st</sup> century (Farmer, 2012), leaders that are operationally focused are forced to think differently than ever before. The fast-paced global business environment of today requires timely, high-stakes decision making under uncertain circumstances (Heifetz, Grashow, & Linsky, 2009). Many new leaders are ill

prepared in business school to take on the role (Chia & Holt, 2008). Alternatively, well prepared leaders have the potential to bring the operation to new levels of success.

At the beginning of a new role, the leader must expediently assess the situation in order to fix problems, address concerns, and take advantage of opportunities to improve the business (Watkins, 2003). What steps do new leaders take to assess the health of a consumer goods manufacturing operation? How are plans developed and implemented? Limited academic research has been conducted on this topic.

### **Purpose of the Study**

The purpose of this study was to define a path for new operations leaders to follow when assessing the health of a consumer goods manufacturing operation. The paper may assist new leaders by reducing the amount of time needed to “get up to speed” with the business in this field and help business operations by preparing leaders to take informed actions for immediate improvements. By applying operational change management strategies from proven and recognized methods, this paper will offer solid directions for leaders.

### **Research Question**

The purpose of this qualitative case study was to explore the indicators of a healthy operation and the leadership actions that contribute to healthy operations. To shed light on the problem, the following research question was addressed: What steps do new leaders take to assess the health of a consumer goods manufacturing operation and how are plans for improvement developed and implemented? To the best of the researcher’s knowledge, the context of such research has not been studied before.



### **Significance of the Study**

Prior to 1987, limited research had been done on the activities and problems faced by new leaders when taking on a team (Gabbaro, 1987). The research conducted by Gabbaro (1987) revealed that it took new managers two and a half to three years to work through the stages of learning about an organization, gain the influence to change it, and implement action. Prior experience had a profound influence on what the manager chose to focus on, what actions to take, and even what problems were faced.

The two biggest reasons for the failure of a new leader to take charge were lack of prior work experience and poor relationships with key people (Gabbaro, 1987). The successful leaders were more effective at assessing the organization, diagnosing problems, building a management team based on shared expectations, and bringing about timely changes (Gabbaro, 1987). While it is important to bring about timely change, it is equally important that the manager not rush to action based on the hasty diagnosis of organizational problems.

Since Gabbaro (1987), there has been much research done on leadership theory. The research was not specific to the actions of leadership transition until Watkins (2003). Watkins researched the actions of leaders during the first 90 days of a new role and found key patterns of success and failure during leadership transitions.

This research was necessary due to the lack of current scholarly research on the subject of assessing the health of a consumer goods operation and creating an action plan to implement positive change. The more in-depth knowledge a new leader has in this subject area, the better the outcomes that can be expected. The need for this paper is to help new leaders and the organization to succeed.

## Definition of Terms

Throughout this paper a number of terms were used to communicate specific meanings in the context of the research question. The definitions of the terms are listed as follows.

*Available To Promise (ATP)*: a term used in supply chain management to identify the inventory that will be available by the expected delivery date. Available To Promise (ATP) is a tool intended to strengthen product fulfillment reliability (Pibernick, 2005)

*Available To Sell (ATS)*: a cutting edge product availability management concept that incorporates upselling and alternative product offerings to bridge the gap in the supply chain during peak demand of products with long lead times (Ervolina, 2007)

*BPR (Business Process Reengineering)*: an approach which seeks to make revolutionary changes as opposed to evolutionary changes by taking a fresh look at what the organization is trying to do in business processes and eliminating non-value add steps (Jacobs & Chase, 2010)

*Change Management*: the complex process of leading deep organizational change necessary for sustainability (Shriberg & Harris, 2012)

*Competitiveness*: making corporate choices that maintain the ability to compete and gain market share in a global economy while providing prosperity to the company and employees or citizens of the location (Porter & Rivkin, 2012)

*Consumer Goods*: goods that are bought and used by consumers rather than manufacturers for use in producing other goods (Encyclopedia Britannica, 2012)

*Customer Orientation*: a set of employee behaviors aimed at customer satisfaction; a mind-set to satisfy customer needs (Zablah, Franke, Brown, & Bartholomew, 2012)

*E-Commerce*: use of the Internet as an essential element of business activity that has changed the way operations managers coordinate and execute production and distribution functions (Jacobs & Chase, 2010)

*Emotional Arousal*: becoming mentally prepared for task completion (Robbins & Judge, 2010)

*Emotional Intelligence*: the self-awareness to recognize one's own emotions, to perceive the emotions of others, and to manage emotional cues and information (Goleman, Boyatzis, & McKee, 2002; Robbins & Judge, 2010)

*Incident Rate*: a computation of a firm's safety incidents compared to the industry average. The computation takes the number of illnesses and injuries multiplied by the number of work hours per year, and divided by the actual number of hours worked in the year (Bureau of Labor Statistics, 2012)

*JIT (Just In Time)*: an integrated set of activities designed to achieve high volume production using minimal inventories of parts that arrive at the work station exactly when they are needed (Jacobs & Chase, 2010)

*Lean Manufacturing*: a production philosophy aimed at the expenditure of resources as a value creation for the end customer; alternatively, non-value added activities should be reduced or eliminated under the lean manufacturing model. Value is defined as any action or process that a customer would be willing to pay for (Atkinson, 2010; Vinodh & Chintha, 2011; Womack, Jones, Roos, & Sammons Carpenter, 1990).

*Locust of Impact*: The area of the organization impacted by an incident; for example, a specific area of an organization, entire building, or geographical area (Davis, 2006)

*OSM (Operations and Supply Chain Management)*: the design, operation, and improvement of the systems that create and deliver the firm's primary products and services (Jacobs & Chase, 2010)

*Six Sigma*: A disciplined, data driven approach and methodology for eliminating defects in any process. The sub-methodology for six sigma is to take a flawed process and define, measure, analyze, improve, and control the process (iSixSigma, 2012)

*Supply Chain Management*: managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end customer using a total system approach (Jacobs & Chase, 2010)

*Total Quality Control (TQC)*: a quality philosophy that aggressively seeks to eliminate causes of production defects (Jacobs & Chase, 2010)

*Total Quality Management (TQM)*: The continuous process of reducing or eliminating errors in manufacturing, streamlining supply chain management, and improving the customer experience (Jacobs & Chase, 2010).

### **Assumptions and Limitations**

The researcher acknowledged that only a small fraction of the literature on consumer goods manufacturing operations was reviewed within the scope of this study. There are several topics that could be researched in further depth by a new leader in a consumer goods manufacturing operation. One assumption of this researcher was that a new leader in operations management is hired with a basic knowledge of lean manufacturing principles, TQM (Total Quality Management), and Six Sigma. The researcher did not include in-depth explanations of these principles, yet the researcher recommends the new leader become familiar with these principles as a starting point.

The researcher found a lack of current scholarly literature on the topic of leadership transition, specifically the actions a new leader should take to assess the health of a consumer goods manufacturing organization. A significant study by Watkins (2003) included information on how to handle the first 90 days of transition into a new leadership role. Ulrich, Smallwood, and Younger (2009) described the first 90 days as a critical time to develop key relationships, define strategy, and assess needs.

## Literature Review

The literature review focused on three areas: leadership transition, operational assessment, and leading change. The review on leadership transition revealed what steps the new leader should take to set a strategy immediately in the new role. The second area, operational assessment, reviewed the topics of plant safety, employee engagement, customer orientation, leadership team effectiveness, operational performance metrics, leaness evaluation, and supply chain management. The third area, leading change, revealed how the new manager might apply the work in the first two areas to a successful change implementation.

### Leadership Transition

Watkins (2003) summarized his knowledge of leadership transition into five propositions. First, failures in new leadership are due to fatal interactions between the individual and the situation (Watkins, 2003). The individual has strengths and weaknesses, while the situation has opportunities and pitfalls. The second proposition from Watkins (2003) was that there are systematic approaches to avoid failure in new leadership. Third, the goal of transition is to build momentum with credibility and avoid cycles that reduce credibility (Watkins, 2003). Fourth, transitions should be managed as great leadership development opportunities (Watkins, 2003). Fifth, organizations should seek out and adopt a standard framework for accelerating transitions (Watkins, 2003).

Many top leaders think that transitions are unique and cannot be standardized (Watkins, 2003). According to Watkins (2003), the details are different but the potential pitfalls are the same. There are standard lessons to be learned based on the type of transition. There is a business case for corporations learning how to help new leaders transition. Due to the time and resources spent in the on-boarding process, the new leader costs the organization money until a

certain point where the knowledge and skill to lead the team are in place. That certain point is called the break-even point, and after that the leader can start making money for the organization (Watkins, 2003).

Watkins (2003) created a model to identify the type of transition faced by the leader. Using the acronym ST<sub>A</sub>RS, the leader is challenged to identify whether the new situation is a Startup, Turnaround, Realignment or Sustaining success situation. Under these categories, the new leader is gathering new capabilities, helping a known unit in trouble to get back on track, revitalizing a team headed for trouble, or preserving a successful unit in order to take it to the next level.

When leaders transition, it is important to develop relationships with others that will form strategic alliances inside and outside the organization (Ibarra & Hunter, 2007). Many managers network through industry association meetings and think that is all there is to it. Ibarra and Hunter (2007) studied 30 emerging leaders and found that cultivating strong relationships with colleagues helps in the success of the individual and the organization. The three forms of networking that emerged from Ibarra and Hunter's (2007) research was personal, operational, and strategic.

Personal networking engages professionals from outside the organization to help the individual to learn and find opportunities for advancement (Ibarra & Hunter, 2007). Operational networking is cultivating relationships with colleagues to help one perform tasks better. Strategic networking helps the leader uncover and capitalize on new opportunities for the company. Strategic networking is a key test of leadership (Ibarra & Hunter, 2007).

## **Operational Assessment**

### **Plant Safety Evaluation.**

An estimated 4,340 people died on the job in 2009 (United States Department of Labor, 2012). Every day, twelve workers die on the job and every year over 3.3 million workers suffer a serious job related injury or illness (United States Department of Labor, 2012). The Occupational Safety and Health Administration, commonly known as OSHA, was established in 1971 to assure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education and assistance (United States Department of Labor, 2012).

It is the responsibility of the employer to provide a safe work environment by identifying and removing hazards. Part of providing a safe work environment is to ensure compliance with OSHA regulations. Health and safety regulations are contained in section 29 of the Code of Federal Regulations (29 CFR). Many states have their own rules that must meet or exceed the federal standards (OSHA.gov, 2012).

The benefits of a safe work environment go beyond employee well-being and legal compliance (Schuster, 2012). A safe work environment contributes to increased productivity, leading to increased competitiveness and profitability (Schuster, 2012). One measure of the safety culture is the number of injuries and illnesses reported (Jinkerson & Vardiman, 2011). A common practice of manufacturing companies is to compare the incident rate to others in the same industry. Generally, companies strive to be below the industry average for recordable injuries as defined by The Occupational Safety and Health Administration, or OSHA (Jinkerson & Vardiman, 2011). If the injury rate indicates a need for improvement, leaders can implement solutions to change the safety culture.



Behavior Based Safety (BBS) is a proactive approach to injury prevention that focuses on at-risk behaviors that could lead to injury and on safe behaviors that could lead to injury prevention (Jinkerson & Vardiman, 2011; Snyder, 2012). In order for BBS to be successful, managers need a “critical mass”, meaning enough leaders and safety committee members to move the effort forward. By identifying the level of commitment of each of the members, a decision can be made to move forward with BBS or not (Jinkerson & Vardiman, 2011). It is important for employees to be engaged in safety in order to have a safe work environment.

In order to promote a safety-based culture, employees must be involved, engaged, and given opportunities to provide input about workplace change (Raines, 2011). Safety engagement is important because engaged employees have 62% less safety incidents than non-engaged employees (Raines, 2011). Examples given by Raines (2011) to engage employees in safety are having an active safety committee, asking employees to conduct safety audits, and asking employees to pilot some new Personal Protective Equipment (PPE). A method to engage employees in safety is to value the safety ideas of employees by providing responses to safety concerns in the form of feedback and corrective action (Raines, 2011).

### **Employee Engagement Evaluation.**

The idea of employee engagement arose from the need to increase productivity (Maylett & Nielsen, 2012). Engaged employees generate greater outputs from their efforts. Metrics that indicate levels of employee engagement are absenteeism, turnaround, return-on-investment, customer satisfaction, quality, and overall profitability. Competitive advantage in today’s business world depends on the engaged employees’ ability to learn, change, and adapt (Maylett & Nielsen, 2012).

The required components of engagement are satisfaction, motivation, and effectiveness (Maylett & Nielsen, 2012). The first step in understanding the employee level of engagement is to evaluate the environment and culture. Included in step one is to evaluate what people fit best within that culture and consider that evaluation in new hire and retention activities. Evaluating the environment and culture may also warrant an evaluation of the organization's stated values. Circumstances when employees do not fit the values need to be dealt with (Maylett & Nielsen, 2012).

A company's training opportunities and development initiatives often times result in engaged employees who voluntarily commit to doing better work (Maylett & Nielsen, 2012). Are there opportunities to take on new challenges? Are there opportunities to own new responsibilities and to grow? The difference between engaged and disengaged employees corresponds to the success or failure of the organization (Maylett & Nielsen, 2012).

### **Customer Orientation.**

Whether producing a product or performing a service, conducting business transactions that customer will want to repeat or recommend is the objective for any company to remain in business. At first thought, it may seem easier to identify customer orientation in the service industry. There is little research regarding customer orientation in the manufacturing setting (Liao & Subramony, 2008). Liao and Subramony (2008) found that manufacturing employees influence customer satisfaction with service levels and product quality, even though they do not usually have direct contact with the customer.

Leaders play a key role in influencing employee attitudes toward customers. Liao and Subramony (2008) highlighted the opportunity managers have to influence manufacturing employees by helping them appreciate the importance of customer satisfaction. Customer

oriented leaders are more likely to inspire employees to consider the customer in product design activities, quality assessments, and delivery methods (Liao & Subramony, 2008).

### **Leadership Team Evaluation.**

Leaders influence others to achieve defined goals. The fate of every company depends on the decision-making capabilities of leaders (Rehman, 2011). Emotionally intelligent leaders tend to have organizational commitment and use positive emotions when making decisions. There is a direct correlation between the emotional intelligence of leaders and organizational success (Rehman, 2011).

Leaders who are perceived as the most effective promote organizational effectiveness through communicating a compelling vision for the future, defining and communicating a high level of employment expectations, act as a role model, and display a high level of confidence in their constituents (Rehman, 2011). Successful leaders display an ability to solve problems and address issues and opportunities of the organization. The success of any business depends on the decision making capacity of the leadership team.

On the other hand, ineffective leaders can be destructive to the organization (Padilla, Hogan, & Kaiser, 2007; Shaw, Erickson, & Harvey, 2011). A toxic triangle of destructive leaders, susceptible followers, and conducive environments can bear negative consequences to the organization and the stakeholders (Padilla, Hogan, & Kaiser, 2007). Shaw, Erickson, and Harvey (2011) researched a method of measuring destructive leadership and Kellerman (2004) identified seven types of destructive leaders in organizations.

Destructive leaders may be obviously bad, displaying unethical or wicked behaviors, or they might simply be incompetent or ineffective (Padilla, Hogan, & Kaiser, 2007). The seven types of destructive leaders are (1) incompetent; (2) rigid; (3) intemperate; (4) callous; (5)

corrupt; (6) insular, and (7) evil (Kellerman, 2004). Destructive leadership involves control and coercion rather than persuasion and commitment, has a selfish orientation, and compromises the quality of life of the constituents (Padilla, Hogan, & Kaiser, 2007).

The toxic triangle in Figure 1 illustrates the interdependence of destructive leaders, susceptible followers, and the environment in organizational destruction (Padilla, Hogan, & Kaiser, 2007). Destructive leaders are typically charismatic, possess a personalized need for power, and may be self-absorbed, attention seeking, and ignorant of other people's viewpoints or welfare. Destructive leaders usually have negative life themes, such as a traumatic childhood (Padilla, Hogan, & Kaiser, 2007).

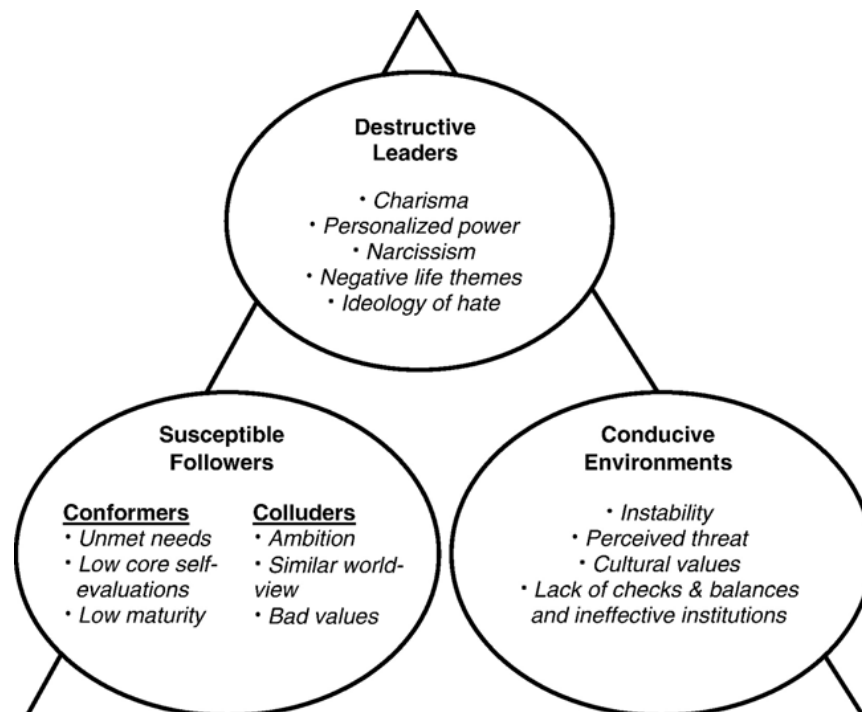


Fig. 1. The toxic triangle: elements in three domains related to destructive leadership.

Susceptible followers benefit in some way from destructive activities and contribute to the toxic vision of the leader. Conformers comply out of fear and may seek a need for cohesion and identity. Colluders actively participate in the destructive leader's agenda (Padilla, Hogan, &

Kaiser, 2007). Followers may be compelled to obey authority figures, imitate higher status individuals, and conform to group norms.

The conducive environment envelops the leaders, followers, and their interactions (Padilla, Hogan, & Kaiser, 2007). During times of instability, leaders are granted more authority because instability demands quick action and unilateral decision-making. If there is a perceived threat to the organization, followers tend to support and identify with charismatic leaders and the preference for participative leaders declines (Padilla, Hogan, & Kaiser, 2007). A lack of checks and balances can lead to success for a destructive leader because there is little to no challenge to the leader's absolute power (Padilla, Hogan, & Kaiser, 2007).

Shaw, Erickson, and Harvey (2011) researched a method for measuring destructive leadership and identifying types of destructive leaders in organizations. Using survey data from 707 respondents, types of destructive leaders were identified based on perceptions of subordinates (Shaw, Erickson, & Harvey, 2011). The eleven displays of bad leadership categorized by the research were (1) autocratic behavior; (2) poor communication; (3) inability to effectively deal with subordinates; (4) poor ethics/integrity; (5) inability to use technology; (6) inconsistent/erratic behavior; (7) poor interpersonal behavior; (8) micromanagement; (9) poor personal behavior; (10) excessive political behavior and (11) lack of strategic skills.

### **Operational Performance Metrics.**

The balanced scorecard was developed by Kaplan and Norton (2007) as a concept that goes beyond traditional financial metrics, to help operational managers understand the true performance of the business. The metrics used in the balanced scorecard help managers predict the future financial performance by giving them a systematic way to link current actions with

future goals (Kaplan & Norton, 2007). The scorecard is a convenient reference to indicate the performance level of all areas of the business.

The balanced scorecard articulates the company's shared vision, supplies the essential feedback system, and facilitates the strategic review necessary for strategic learning. Metrics included in the scorecard should be from four perspectives; the customer, financial, internal business process, and learning and growth (Kaplan & Norton, 2007). Each leadership team designs metrics specific to the goals of the company and the operation.

### **Leanness Measurement.**

Lean manufacturing is a program of continuous organizational improvement that originated from the Toyota Production System and the evolving variants in the Japanese automotive industry (Womack, Jones, Roos, & Sammons Carpenter, 1990). Lean concepts help to evolve industry from the mass production ways of old and into a flexible, efficient, and cost containing culture allowing for production capacity with a competitive edge (Womack et. al., 1990; Atkinson, 2010). The emergence of lean production has been occurring for four decades and has resulted in a culture change in manufacturing organizations (Atkinson, 2010).

In the history of production, mass-producers would utilize narrowly skilled professionals to design products made by non or semi-skilled workers tending to expensive, single purpose machines (Womack et al., 1990). The inflexibility of this model caused manufacturers to add buffers such as extra supplies, workers, and space for smoother production (Womack et al., 1990). The innovation of Henry Ford's assembly line in the early 1900's combined with Alfred Sloan's standardization of parts took mass-production to a new level, prompting companies in other industries to adopt similar methods (Womack et al., 1990).

Today, the lean manufacturer cuts costs and improves delivery by eliminating waste, increasing quality, decreasing inventory levels or “buffers”, and increasing flexibility (Atkinson, 2010). In the lean culture, change is the norm and resistance to change is not an option (Atkinson, 2010). This continual pursuit of improvement results in the delivery of volumes of product in enormous variety (Womack et al., 1990; Atkinson, 2010).

Vinodh and Chintha (2011) researched the topic of lean manufacturing and yielded an assessment model to determine the lean index of a manufacturing operation. Vinodh and Chintha (2011) input data from manufacturers and ratings from experts to determine a leanness measurement and provide suggestions for improvement. Vinodh and Chintha’s model of leanness assessment can be used as a test for periodically evaluating an operation’s lean index (Vinodh & Chintha, 2011).

Vinodh and Chintha (2011) describe the seven areas of waste prone to occur in a manufacturing operation. The seven areas are overproduction, waiting, transport, inappropriate processing, unnecessary inventory, unnecessary motion, and defects. An eighth waste most recently discovered is underutilization of employees (Vinodh & Chintha, 2011). Leanness as a measure is focused on reducing quantity and costs of inputs while increasing the quality and quantity of outputs and their corresponding customer services (Vinodh & Chintha, 2011).

The measurement system developed by Vinodh and Chintha (2011) included three dimensions. First, there are five leanness enablers. Second, there are 20 lean criteria. In the third dimension, there are several lean attributes. Applied to a manufacturing organization, the model determines the extent of leanness based on the three dimensions. The model utilizes practical and statistical validation methods to evaluate the outcome of the leanness index.

### **Managing Supply Chain.**

Supply Chain Management takes a total system approach to managing the flow of materials from raw materials suppliers through production and warehousing to the end customer (Jacobs & Chase, 2010; Ketchen & Hult, 2011). Proper supply chain management plays a key role in successfully delivering products within the timeline expected by customers. Operations managers must find out the expectations of the customer for delivery time and plan the supply chain activities accordingly (Bushuev & Guiffrida, 2012). Outside of the optimal delivery target, early or late, causes waste that should be eliminated according to lean principles. Bushuev and Guiffrida (2012) proposed a model to determine the optimal delivery date to the end customer.

In the dynamically changing business world, companies must continue to evaluate the supply chain (Ervolina, Ettl, Lee, & Peters, 2009). Imbalances in the supply chain cause delinquent customer orders, missed revenue, and excess inventory. The efficiency of the supply chain makes a big impact on the company reputation and relationship with the customers.

Innovations in Supply Chain Management should be studied in order to stay ahead of the competition. One example of an innovation is real time supply chain software which can help define products that are ATS (Available To Sell), as opposed to the old ATP (Available to Promise). This software can help suggest substitutes in the event of a product outage (Ervolina et. al., 2009).

Ervolina, et. al. (2009) gave the example of IBM using a hybrid ATS/ATP approach in 2002. IBM was able to save \$100M in inventory write-offs in the first year and \$20M in subsequent years. This example illustrates the benefits of creative thinking needed to correct imbalances in the supply chain and contain costs (Ervolina et. al., 2009).



## Leading Change

Businesses that plan and execute change well outperform peers on bottom line performance (Merrell, 2012). The best change managers know how to balance rational, data driven approaches with understanding of emotional drivers (Merrell, 2012). Merrell (2012) explained six activities that make a positive difference in change management. They are leading, communicating, learning, measuring, involving, and sustaining.

The key to successful change implementation is leading with a clear vision of the purpose of the intended change with clear support from top management (Merrell, 2012). Leaders must inspire confidence in the change, create clarity, and foster a sense of community (Merrell, 2012). Good communication fosters understanding, aligns the organization, and motivates employees. Communication helps employees make sense of the change and encourages input. Learning activities can help push the change along because employees need the knowledge and skills necessary to adapt to the change (Merrell, 2012).

Setting clear and measurable goals upfront can help the organization move in the right direction, use resources effectively, and make adjustments as needed (Merrell, 2012). Involving people in the change decisions helps people embrace the change when their input has been considered. After the change has been implemented, it is important to follow up to ensure the change stays in place (Merrell, 2012).

Kotter (2012) found that the traditional ways of setting and implementing strategy are failing us due to the fast-paced change in the business world. Kotter (2012) suggests a coalition network of cross-functional managers to gain agility and help bring organizations through the 21<sup>st</sup> century. With each level and department represented in the coalition, red tape can be

eliminated and decisions can be made while keeping pace with the tempo of change (Kotter, 2012).

## Methodology

The purpose of this qualitative research utilizing a case study approach was to learn what steps new leaders take to assess the health of the organization at the beginning of a leadership role in the management of a consumer goods manufacturing operation. This research study attempted to uncover information to help new leaders succeed and organizations to maximize the effectiveness of new leaders during and after transitions. To shed light on this problem, the following research question was addressed: What steps do new leaders take to assess the health of a consumer goods manufacturing operation?

With the investigation from the literature review as support, this researcher has garnered a better understanding of the indicators inside an operation that tell the new leader about the operation's strengths, weaknesses, and opportunities for improvement. This researcher learned about leadership attributes and actions that can help operations develop and contribute to more efficient and successful businesses. This assisted in the data collection and data analysis phases of the research.

This chapter will clarify the methodology of this study and is presented in 5 sections that include: (a) Research Design; (b) Data Collection; (c) Data Analysis; (d) Reliability and Validity; and (e) Ethical Considerations. In deriving the literature to be reviewed, this researcher found articles published in business journals. The rationale for using peer reviewed work is that it is considered certified knowledge in scholarly research. This researcher conducted a computerized search of the Business Source Complete database using a set of keywords referring to the consumer goods manufacturing operation, leadership, and other terms uncovered during the research.

## Research Design

A qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meanings of individual experiences, meanings socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (i.e., political, issue-oriented, collaborative, or change oriented) or both. It also uses strategies of inquiry such as narratives, phenomenologies, ethnographies, grounded theory studies, or case studies. The researcher collects open-ended, emerging data with the primary intent of developing theses from the data (Creswell, 2003).

The case study is the most common approach used in business, organization, and management research (Latham, 2012). This paper contributed to the knowledge base by exploring existing approaches that could be built upon to create new strategies for entering the field of operations leadership. Building approaches from case studies is a research strategy that involves one or more case studies and makes for the most interesting research (Eisenhardt & Graebner, 2007). Using this methodology, the researcher inductively developed theoretical constructs from empirical evidence. Eisenhardt (1989) wrote about the process of comparative analysis using case studies.

In the process of using case studies for comparative analysis, the researcher first poses a research question (Eisenhardt, 1989). The researcher selects case studies using theoretical, not random, sampling. At the point of selecting cases, no theory or hypotheses are drawn, allowing for theoretical flexibility. When choosing a case, the researcher focuses effort on finding theoretically useful cases that will extend theory by filling conceptual categories (Eisenhardt, 1989).

The research began with a literature review of methods used by leaders to assess the health of consumer goods manufacturing operations. The areas of review included facility safety, employee engagement, customer orientation, leadership team effectiveness, operational performance metrics, leanness evaluation, and supply chain management. Upon completion of the review, the researcher applied the data to the cases and drew practical inferences to conclude the paper.

### **Data Collection**

In this study, data was collected by a literature review using a computerized search of the Business Source Complete database using the search terms related to consumer goods manufacturing, leadership transition, and other terms relevant to the study. Upon reading many articles, the researcher found other search terms within the literature to expand upon and gather further data. The researcher collected open-ended, emerging data with the intent of developing theses from the data.

### **Data Analysis**

The researcher analyzed the data and created a logical sequence for new leaders to follow. The analysis and interpretation process was deliberate and thorough to avoid the use of initial impressions rather than detailed examination of the raw data. Data from qualitative research are typically suggestive and this researcher systematically used observation to recognize and articulate emergent ideas about patterns, themes, explanations, and hypotheses.

### **Reliability and Validity**

To test the reliability and validity of the research, the researcher applied the concepts to two case studies. This researcher engaged in study which probed for deeper understanding by using observation and case study application. Reliability and validity are conceptualized as

trustworthiness, rigor, and quality in the qualitative paradigm. This researcher applied the methods of observation from real life experience and case studies by applying the research data to multiple real life situations.

### **Ethical Considerations**

This researcher did not reveal the name of the companies involved in the case studies or names of individuals observed during immersion in the work environment. Due to the ethical considerations and the research codes of ethics, it could be compromising to the feelings of the observed to reveal identifying information or to make public what is usually private. This researcher protected the integrity of the research by revealing only facts relevant to the research paper.

### **Analysis**

The purpose of this qualitative research utilizing a case study approach was to learn what steps new leaders take to assess the health of the organization at the beginning of a leadership role in the management of a consumer goods manufacturing operation. This research study attempted to uncover information to help new leaders succeed and organizations to maximize the effectiveness of new leaders during and after transitions. To shed light on this problem, the following research question was addressed: What steps do new leaders take to assess the health of a consumer goods manufacturing operation?

The data presented here is an overview of the functional areas of business leadership applicable to the organization and operations. The data sheds light on how people interact within an organization, the motivations behind the behaviors, and the important areas of focus that should concern an operations leader in a manufacturing operation. The areas of data are organizational behaviour, strategic leadership for change, global operations management, global leadership and ethics, and organizational crisis management.

### **Organizational Behaviour**

In the field of Organizational Behaviour (OB), practitioners study the impact that individuals, groups, and structure have on behavior within organizations. The purpose of OB is to apply the gained knowledge toward improvements in organizational effectiveness (Robbins & Judge, 2010). A new operations leader in a consumer goods manufacturing firm can use the principles of OB to help guide individuals and groups to the benefit the organization.

Guiding individuals and groups to the benefit of the organization is a complex challenge. Gaining an understanding of human motivation can help in this regard (Robbins & Judge, 2010). Motivation is the result of the interaction between the individual and the situation; the processes

that account for the intensity, direction, and persistence of effort toward an organizational goal (Robbins & Judge, 2010). Intensity is how hard the person tries. Direction is the amount of effort channeled toward and consistent with the organizational goal (Robbins & Judge, 2010). Persistence is how long the person can maintain the effort.

According to a contemporary theory of motivation called cognitive evaluation theory, motivation is internal, or intrinsic, to the individual (Robbins & Judge, 2010). Therefore, what motivates one person may not be the same as what motivates another person. When personal reasons for pursuing goals are consistent with personal interests and core values, people are happier and more successful (Robbins & Judge, 2010).

Another contemporary theory of motivation is called goal setting theory. According to this theory, goals that are specific and difficult with self-generated feedback lead to higher performance (Robbins & Judge, 2010). Difficult goals energize employees to work harder with higher persistence, resulting in focused attention and increased efficiency (Robbins & Judge, 2010). Similar to goal setting theory, management by objectives is another contemporary theory of motivation that focuses on goal-setting but defines goals differently. In MBO (Management By Objectives), goals are defined as being tangible, verifiable, and measurable (Robbins & Judge). In MBO, goals are specific, decision making is participative, time periods are explicit, and performance feedback is provided (Robbins & Judge, 2010).

Self-efficacy theory is based on an individual's belief in the capability of performing a task (Robbins & Judge, 2010). People with high efficacy have greater confidence, greater persistence when faced with difficulties, and better responses to negative feedback. Efficacy can be increased with mastery of the task through practice, increasing confidence through watching



others perform the task, verbal persuasion or encouragement, and emotional arousal (Robbins & Judge, 2010).

### **Strategic Leadership for Change**

One of the most important lessons for leaders is to learn how to think strategically (David, 2011; Harper, 1991; Kaplan & Norton, 2007). The manager must always be thinking of what is ahead and aligning the team toward operational and organizational goals. Depending on the management level, one might be responsible for setting and implementing the operational or organizational goals. Developing a strategic plan is based in three main steps; strategy formulation, strategy implementation, and strategy evaluation.

In developing a strategy, the first step is defining a vision and mission statement (David, 2011). The mission statement defines the business. A business mission sets a foundation for priorities, strategies, plans, and work assignments (David, 2011). Vision statements describe a picture of where the business is going (David, 2011). Successful companies systematically revisit the mission and vision statements and treat them as an integral part of the firm's culture (David, 2011). Mission and vision statements provide unanimity of purpose within the organization, provide a standard for allocating organizational resources, and serve as a focal point for individuals to identify with the organization's purpose and direction (Barry, 1998; David, 2011).

When formulating a strategic plan, a manager will perform internal and external audits to assess the strengths, weaknesses, opportunities, and threats to the operation. The external audit identifies opportunities and threats while the internal audit identifies strengths and weaknesses (David, 2011). For example, an external threat to an operation might be an economic recession that significantly affects products, services, markets, and organizations on a global scale (David,

2011). An internal strength may be a distinctive competency that cannot be matched or imitated by the competition (David, 2011).

When developing a strategic plan, it is important to establish long-term objectives as well as generate, evaluate, and select strategies. There are an infinite number of possible actions and ways to implement those actions (David, 2011). The manager needs to decide the advantages, disadvantages, costs, and benefits of the chosen strategies (David, 2011).

After the strategic plan is developed, the next step is implementation. Implementation is more difficult than development because it requires understanding and commitment from managers and employees (David, 2011). There are forces to be managed during implementation, requiring special motivation and leadership skills (David, 2011). Successful implementation requires coordination among many individuals.

One approach to ethical implementation of change is described by Burnes and By (2012). The virtuous change cycle, illustrated in Figure 2, is a cycle where the values of utilitarian consequentialism underpin the planned approach that promotes the collective good through openness and democratic decision-making. Utilitarian consequentialism is an ethical approach designed to maximize the beneficial consequences for everyone. The planned approach encourages involvement of all those concerned as equal partners. The cycle aims to satisfy the need of all parties to an equal say in the analysis, planning, and implementation of the change.

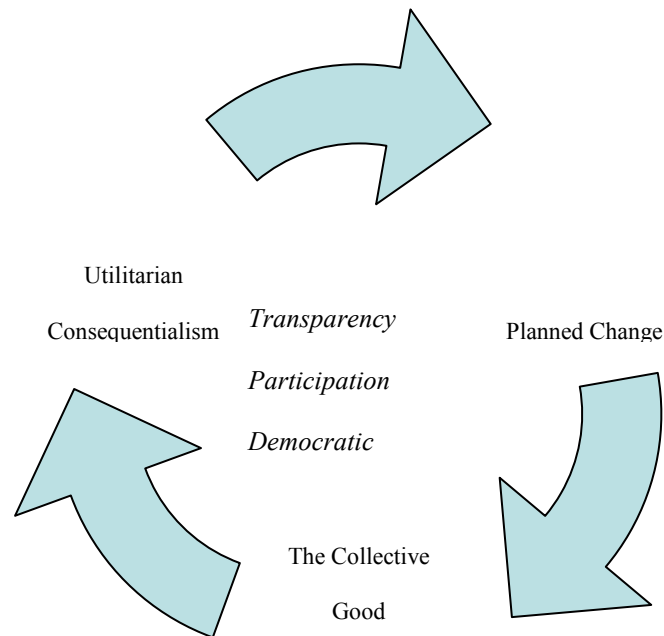


Fig. 2. The virtuous change cycle (Burnes and By, 2012)

After the strategy has been implemented, follow up is required. Periodic review is necessary because plans may become obsolete as the firm's external and internal environments change (David, 2011). Another reason to evaluate the plan is to make sure it is working. Timely evaluations can alert management to problems and potential problems. Metrics can be used to evaluate the effectiveness of a strategic plan, such as productivity levels and profit margin. Baseline data should be collected at the beginning of implementation and monitored to see if there are improvements being made. The balanced scorecard can be used to examine key issues to balance short and long term concerns and to balance internal and external concerns (David, 2011).

## **Global Operations Management**

Operations and Supply Chain Management (OSM) is the design, operation, and improvement of the systems that create and deliver the firm's products and services. OSM processes are categorized as planning, sourcing, making, delivering, and returning (Jacobs & Chase, 2010). The processes in OSM are done with efficiency, effectiveness, and value in mind. Operations management philosophies and technologies include JIT (Just In Time), TQC (Total Quality Control), BPR (Business Process Reengineering), Six Sigma, Supply Chain Management, e-commerce, and SSME (Service Science Management and Engineering).

In addition to becoming familiar with OSM processes, philosophies, and technologies, an operations manager must become familiar with manufacturing activities such as capacity planning. In capacity planning, managers look at resource inputs and product outputs in order to recognize the amount of output that a system is capable of achieving over a period of time (Jacobs & Chase, 2010). An informed operations manager should be able to state how many production hours are available in the facility per year, while understanding the current product mix, current technology, and labor force capabilities (Jacobs & Chase, 2010).

Distribution and Logistics are the means by which the products get from manufacturing to the customer. The role of logistics is to locate warehouses and plants and evaluate the movement of materials to and from these locations (Jacobs & Chase, 2010). The decisions made in transporting goods affects the cost of the product, so it is important to weigh the trade-offs related to the cost of transportation, speed of delivery, and flexibility to react to changes (Jacobs & Chase, 2010).

### **Global Leadership and Ethics**

New leaders benefit from learning about contemporary ethical considerations which might be faced in a leadership role. This preparation helps make informed decisions when dealing with an ethical dilemma as opposed to stumbling through it and perhaps making the wrong decision or giving an inappropriate response. Trevino and Nelson (2007) stated the importance of moral awareness in order to make sound moral judgements and display positive ethical behaviour.

Leaders might not purposely conduct unethical behaviour, but may be encouraged by norms existing in the organization. Bad apples can be encouraged by bad barrels (Trevino & Nelson, 2007). Therefore, it is important for leaders to follow an established moral compass and recognize when the behaviour of other leaders in the organization might be unethical. Sometimes the organization is a bad barrel and the leader needs to decide if the employment relationship is worth the ethical dilemmas faced on an on-going basis.

Change leadership is of emerging importance as businesses rapidly change in order to survive (Burnes & By, 2012). Burnes and By (2012) make a case for greater ethical clarity in relationship to leadership and change. Leaders cannot achieve sustainable and beneficial change for their organizations unless they act ethically (Burnes & By, 2012). In order to act ethically, leaders need to be clear about their own beliefs and values.

### **Organizational Crisis Management**

Workplace crisis can come in many different forms spanning from a long-term process of falling into financial trouble to an unforeseeable event such as an accident or natural disaster.

Leaders can benefit from a pro-active approach to crisis preparedness. Although it is impossible

to think of how to respond in every crisis situation, it is a good idea to become familiar with the different types of crisis and how to approach them.

Lewis (2006) presented factors of incident assessment considering the locust of impact, timing, duration, impact on operations, damage, and injury. The factors can be rated on a 1 to 10 scale to determine the magnitude of the crisis. Using fire as an example, if one empty cardboard box catches on fire and is extinguished, the locust of impact would be a 1. If an operations facility explodes and catches the neighbouring business on fire, the locust of impact would be a 10. When considering timing, no warning would result in a 10 rating while having time to expect and prepare for the crisis might be a 1. The higher the rating the more serious the crisis.

The first 72 hours of a severe crisis are a survival phase (Lewis, 2006). This is a time of acute reaction, during which the individual might suffer severe emotional or physical distress. The next one to two weeks transition into a support phase, during which the impact of the incident becomes real to the individual or group. The next one to four months is a time of adjustment to the new “normal”. These phases apply to several different situations, such as when a layoff has taken place. The first phase is the initial shock of the announcement. The support phase is the former worker seeking out unemployment insurance. The adjustment phase is the process of looking for and obtaining a new job (Lewis, 2006).

It is important for leaders to understand the emotional impact of a crisis on employees. This understanding leads to handling the crisis in the best possible way, such as coordinating immediate communication, short term relocation or work reassignment, and creating a long term plan. There are several reasons leaders need to know how to handle a crisis. Lives might be at stake, people may need help, the company might face legal ramifications for the actions of the leaders, and the company’s reputation could be at stake.

One crisis that may not be immediately apparent, but one that leaders must be aware of, is workplace toxicity. Every work place has a certain level of toxicity, or tension and turmoil generated from within the organization (Lewis, 2006). If toxicity builds in up in the workplace, the group morale decreases, individual motivation decreases, and performance decreases. Events that can dramatically increase the level of toxicity in a work place are layoffs, significant increase in work demands, relocation, demographic changes, merger or reorganization, labor disputes, negative media coverage, or discipline leading to individual termination of employment (Lewis, 2006). As a leader, it is advantageous to look for signs of toxicity in the work force and to be conscious of not contributing to toxicity in the workplace by not fixing the problems (Davis, 2006).

### **Case Study Application**

#### **New England Manufacturer.**

The first case study utilized in this applied paper is of an anonymous manufacturer of automotive and industrial pumps located in New England (Turesky & Connell, 2010). Herein referred to as The Manufacturer, the company manufactures pumps that transfer oil and transmission fluid, among pumps for other uses. The factory employed 400 people at the height of success with the employment declining to 300. While the change initiative was highly structured and well-intended, the company had trouble during the processes of implementing and sustaining the change.

The company experienced many good years of expansion from 1985 to 2000. In the year 2000, The Manufacturer began experiencing difficulties fulfilling customer demand with high quality and rapid delivery. The company was paying premium-shipping costs to meet customer

demands and experiencing poor shipping performance. The decision was made to implement lean manufacturing as a result of these problems (Turesky & Connell, 2010).

The senior staff of The Manufacturer held off-site meetings to learn lean principles and write a company mission statement. The staff and a consultant developed an education process for the employees. A steering committee of managers was established to drive the effort of lean implementation in the operation.

The Manufacturer had trouble with sustaining the change. Within six months of change, the employees would forget about the change and return to old habits. Managers were frustrated about successful implementation with little ability to sustain the change (Turesky & Connell, 2010). The third shift of employees did not buy in to the changes, which affected the morale of the other shifts. The reason the third shift employees didn't buy in is that the supervisors did not take the time to schedule meetings and the employees were left out of the input process (Turesky & Connell, 2010). Due to the lack of timely communication, some employees would come in to work and the area would be changed without previous knowledge.

A new Operations Manager was hired but rarely attended the meetings of the lean implementation team. Soon, team members also stopped attending the meetings. When the meetings stopped, so did the improvement projects, training, and recognition of employee accomplishments. Loss of focus and leadership vision confused the employees (Turesky & Connell, 2010). Managers soon focused on short-term goals and vocalized that there was too much work with too few people to do it.

When the research from this paper was applied to the case study, it became apparent that the new operations manager had an opportunity to save the lean initiative and boost the morale of the employees by getting them involved in the improvement process again. The leadership team



was dis-engaged. The new operations manager had an opportunity to help them become re-engaged in their work or assist in the decision to seek opportunities elsewhere.

The new Operations Manager in this case study missed many opportunities in the transition period to establish working relationships with people who wanted to drive the lean initiative. The third shift could have become engaged if the Operations Manager would have ensured that the supervisors included them in training and communication. The Operations Manager may have been more effective with more knowledge of the principles of Organizational Behavior, operational assessment strategies, and change implementation.

### **Mexican Manufacturer.**

The second case study utilized in this applied paper is that of USA Home Products, a U.S. multinational company that markets over 200 brands of personal and household products to nearly 5 billion consumers in 120 countries. The company has more than 100,000 employees in 80 countries around the world. The philosophy of the company is to create a connection between what consumers want and what technology can deliver (Acosta, Leon, Conrad, Gonzales-Cervantes, & Malave, 2004).

When USA Home Products purchased a plant in Mexico, a new manager was transferred from another Mexican site. His job was to lead the introduction of procedures that were currently used successfully in the other plants. The strategy implemented by the new manager was to train the top managers on the procedures of USA Home Products with the expectation that the information would filter down to the staff (Acosta et al., 2004).

The new manager encountered problems with the implementation of change in the plant. The employees were loyal to the production manager who had been with the company for ten years and had worked his way up through the ranks. The production manager did not support the

training and the employees agreed with him. The time spent in training jeopardized the production quotas. The employees were paid on a piece count system, so the time spent away from the work floor had a directly negative impact on income. The supervisor did not require the employees to attend the training, and the employees did not make any attempts to go. The new manager did not have direct experience on the work floor, and as a result did not gain the support of the workers. Instead, the workers supported the production manager, whom they knew and trusted. As a result, the resistance to the change was collective instead of individual (Acosta et al., 2004).

After two and a half years, the management recognized that the attempts to implement change in the Mexican plant had failed. A new approach was attempted. The company made the salaries dependent on the employee's participation and support for the new policies and procedures. Metrics were put in place to measure the employees' participation in the new procedures. Specific periods of time were set aside for training. Special recognition and small prizes for team success were given to achievers. The production supervisor was relocated to an area that he could still be relied upon for his technical expertise. A new production manager who was committed to the change process was appointed (Acosta et al., 2004).

### Prescriptions

A new leader in a consumer goods manufacturing operation has a big job. There is some initial groundwork that would benefit the new leader, such as learning and understanding the organization's vision and mission statements and conducting an audit to find out the current state of the operation. After becoming familiar with the current state of the operation, the new leader must carefully implement change in a way that results in the success of ongoing change adaptation.

The new leader should review the operations philosophies and technologies such as lean manufacturing, JIT (Just In Time), TQC (Total Quality Control), BPR (Business Process Reengineering), Six Sigma, Supply Chain Management, e-commerce, and SSME (Service Science Management and Engineering). The new leader should seek out subject matter experts within the operation, such as the Quality Manager, Materials Manager, Distribution Manager, and Production Manager. A strong working relationship can be developed by simply seeking to learn what other managers do. A vast amount of literature is available on these basic subjects and the new leader would benefit greatly to brush up on these principles.

As the new leader tours the facility for the first time, safety should be first on the list of concerns. The new leader should determine if the work environment is clean, well maintained, well lit, free of hazards, and safe to be in. Machine guarding should be in place, aisle ways clear of trip hazards and debris, chemicals properly stored and labeled, and employees should be using safe lifting methods. Employees should understand the safety programs and be able to answer basic questions about safety terms and the training they have participated in.

Beyond the tour, the new leader should sit down with supervisors, employees, and managers to conduct a safety risk assessment. The new leader should find out what types of

injuries have occurred in the workplace and determine the frequency and severity of the injuries. A good indicator of whether the operation is focused on safety is that the policies and procedures are in place, documented well, and the employees know about them and observe them. An active safety committee is a good indicator of a safe operation.

By becoming familiar with the principles of organizational behavior, strategic leadership, operations management, ethics, and organizational crisis management, the new leader can learn how people act and react in organizations. This knowledge prepares the leader with the tools needed to run the operation and think strategically. By making a game plan, the new leader can make a solid transition and increase the chance for success in the new role.

### **Summary and Conclusion**

The purpose of this qualitative research utilizing a case study approach was to learn what steps new leaders take to assess the health of the organization at the beginning of a leadership role in the management of a consumer goods manufacturing operation. This research study attempted to uncover information to help new leaders succeed and organizations to maximize the effectiveness of new leaders during and after transitions. To shed light on this problem, the following research question was addressed: What steps do new leaders take to assess the health of a consumer goods manufacturing operation?

#### **Summary**

The manufacturing sector would benefit if new leaders were ready to expediently assess the health of the operation and successfully implement change. There is not a large amount of research in this area. New leaders in operations management in the consumer goods manufacturing sector can benefit from understanding leadership transition, operational health assessment, and implementing change.

When assessing the health of a consumer goods manufacturing operation, new leaders should conduct a plant safety evaluation, learn about the level of employee engagement and customer orientation, assess the effectiveness of the leadership team, establish or become familiar with operational performance metrics, and learn about the supply chain. After the assessment is conducted, the new leader needs to evaluate what needs to change in order to improve the organization. Change implementation is a complex process and should be conducted with caution.

By applying the lessons learned, the new leader may begin the leadership transition with a strong base of knowledge about organizational leadership. This research demonstrated how to

apply the concepts learned to a case study, similar to how the new leader would apply these principles to the new organization. More research could be conducted in the area of new leader transition in the consumer goods manufacturing sector. Further knowledge of this subject matter could help emerging leaders to be successful, leading to more successful manufacturing organizations.

### **Conclusion**

In conclusion, this qualitative study was conducted with the intent of identifying the steps new leaders take to assess the health of a consumer goods manufacturing operation, how new leaders strategize change, and how the strategy is implemented successfully. In answer to the question, the data analysis indicated clear direction for new leaders in the evaluation of the health of the consumer goods manufacturing organization. Though there is more research to be done in this area, new leaders can begin by assessing the operation and learn about the culture of the existing operation in order to decide how to implement improvements.

This research offered several contributions to the field of professional operations leadership. Perhaps most significant is the point that organizations cannot afford to leave leadership transitions to chance. New leaders need to have a plan and guide to follow when assessing the health of the operation and strategizing a plan for positive change. In the fast-paced business environment of the 21<sup>st</sup> century and in the current economic times, companies battle every day to stay competitive and effective leadership is an essential piece of the equation.

This research also provided a workable research design for additional research. The research design and sample contributed significantly to the outcomes. The qualitative nature of the study using a case study design (Stake, 1995; Yin, 2003) not only led to the ability to quantify responses and arrive at the answer to the question, it also allowed this researcher to

obtain valuable information from reliable sources. The case study design provided a framework to arrive at multiple answers to a complex question.

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