



School of Management

BLEKINGE INSTITUTE OF TECHNOLOGY

TITLE

**Assessment of Leadership Aspects that Contribute to Operational Excellence: A
case Study of two large Companies in Sweden**

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Abstract

Operational excellence has become a popular strategy within many large companies and it aims to raise the competitiveness by increasing the organizational efficiency in areas such as faster time-to-market, reduced costs, improved quality and reduced supply lead time, which can have a major positive impact on company profits. By understanding how leadership at each level in the company can have a positive impact on an organizations success when implementing an operational excellence strategy, the organization can take actions accordingly.

This thesis studies and compares three different units from two large Swedish organizations in order to find leadership aspects that have an affect on leader's ability to drive operational excellence in the organization.

Two of the studied cases show a mix of transformational and transactional leadership while the third case only uses transformational leadership. The study shows that a transformational leadership style is more efficient for driving operational excellence.

It is also clear that different leadership abilities are needed depending on the leaders' position as well as the complexity of the organization. For senior leaders that need to act through other leaders it is more important to be assertive and self-confidence, while first level line managers need to have a higher level of emotional intelligence, warmth and authenticity due to their close relationship with the employees.

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1. Introduction

1.1. Background to the problem

Operational excellence has become a popular strategy within many large companies and it aims to raise the competitiveness by increasing the organizational efficiency in areas such as faster time-to-market, reduced costs, improved quality and reduced supply lead time, which can have a major positive impact on company profits.

Successful implementation of any organizational strategy requires the right leadership at each management level in the organization. By assuming that the leadership aspects contributing to operational excellence can differ depending on the position and level of influence of the leader, it can be concluded that the leadership skills that a top level manager should apply may be different from mid and first level manager, in order to have a positive contribution to operational excellence. Other factors that may be impacting the leader's ability to drive operational excellence are the company's culture, level of empowerment among the employees and level of trust between leaders and employees. This makes it important to include the context in which the leader operates in order to fully understand which leadership is the most effective.

By understanding how leadership at each level in the company can have a positive impact on an organization's success when implementing an operational excellence strategy, the organization can take actions accordingly. With the right leadership at each level in the organization, companies can use operational excellence to create a competitive advantage and thus improve company profits. Furthermore, the study will also help to understand the impact of the "wrong" leadership and how it can lead to a negative impact in the company's performance when failing to implement operational excellence.

1.2. Problem statement

In order to continuously improve operational performance in any corporations, it is important to set clear corporate goals and supporting strategies. Therefore, the "right" approach of leadership and ways of working are keys to successfully implementing operational excellence. To optimize the performance and reach higher output from the operational excellence strategy it is important to match the operational strategy with the correct leadership strategy at each level in the company. In other words, operational efficiency is reached through employee involvement, empowerment, motivation, trust and excellent communication from the leaders in the organization which are all necessary elements for solid foundation to success. In the ideal scenario with the right leadership in place the employees and operational processes will transform into a self-tuning engine that continuously push them for higher efficiency.

It is common for large organization to develop their own models for operational excellence as well as copy and adopt concepts from other successful companies such as Toyota's lean concept. Previous studies on the topic of operational excellence have mainly focused on operational excellence itself and not on the role of the leaders in the organization. In particular, the link between leadership strategies and operational efficiency has not been studied enough in large Swedish companies.

Furthermore, companies' measure and monitor the progress of the operational performance by Key Performance Indicator (KPI) however it is not often discussed what kind of leadership approach is required to reach the desired performance.

Without a clear understanding of the role that leadership plays when implementing operational excellence in large Swedish organizations it is not possible to take full advantage of the strategy. It will be difficult to know what to look for when recruiting new leaders and managers or training existing ones. Further more, if leadership is applied incorrectly it can even have a negative effect on the company's performance when implementing operational excellence strategy. Examples of negative effects include; failure to implement the strategy, distrust between managers and employees due to unclear communication, reduced employee motivation, and short-term solutions that decrease performance over time, such as removing competence training programs or decrease budget for team-building activities. These negative effects are intrinsically linked which can result in a downward spiral towards even more decrease in performance. E.g. failing in implementing the strategy and at the same time not communicating this clearly will lead to distrust among employees due to misalignment between what is said and what is actually being done. Distrust can then lead to lower motivation and commitment, which makes it more difficult to implement next change. Without fully understanding the situation and applying the right leadership it is not possible to break the negative spiral.

1.3. Research objective

1.3.1. Overall objective

The overall objectives of this study are to assess different leadership aspects and their positive and negative impact on company performance in relation to operational strategy in two large Swedish organizations.

1.3.2. Specific objectives

1. Assess companies' ways of implementing leadership that drive to operational excellence.
2. Examine companies' leadership skills that are driving forces to operational efficiency in the selected companies.
3. Assess aspects that lead to operational excellence in selected large companies in Sweden.
4. Identify management ways that companies adopt to motivate and empower employees that contribute to the companies' operational excellence.
5. Describe companies' ways of involving employees that contribute to operational excellence in the selected companies.

1.4. Research question

What are the different leadership aspects that contribute most to operational excellence in the context of large Swedish organizations?

1.5. Significance of study

1.5.1. Policy implications

The study can provide data that can either confirm or question currently popular leadership paradigms and styles as well as organizational processes, methods and tools. It can also provide insight if there is any significant differences in Swedish organizations compared previous studies done in other countries in relation to general practices when implementation of operational excellence.

1.5.2. Study applicability in research area (knowledge)

The study will benefit research in fields such as leaders in organizations as it gives a correlation between operational excellence in large organizations and the leadership aspects. Operational excellence together with good leadership is the key factors for improving a company's processes and as a result of this improving the company's profits. As this particular study will focus on leadership in large Swedish organizations, the result can provide input data to studies of larger contexts such as investigating the cultural differences and similarities in relation to operational excellence by comparing companies in other countries.

1.5.3. Immediate user

The study is conducted by researching the fields of operational excellence and comparing it to findings in two large organizations in Sweden. By understanding the correlation between leadership and operational excellence strategy, organizations will be able to recruit, promote and train leaders to create an efficient and high performing organization. Further more, a lack of understanding of the correlation between leadership and operational excellence can result in a contra-productive leadership strategy which has a negative effect in the company's performance.

1.6. Key definitions

Lean (also called Toyota Production System): A philosophy on how to use your resources in the most effective way, (Shahram & Lismar, 2012).

Operational Excellence: Re-engineering the operation towards a more efficient, productive and profitable ways of working.

Transformational Leadership: The leader attempts to stimulate and satisfy the follower's higher-level needs by engaging the whole person. Followers are asked to transcend their own self-interest for the sake of the organization, which is accomplished by raising follower awareness of the importance and value of goals, (Dubrin 2010).

1.7. Thesis' Structure

The thesis will have the following structure

- Definition of research area and scope
- Definition of the theoretical framework
- Data collection from studied organizations
 - Interviews with key individuals
 - Documentation and models used
- Analyze of collected data and information
- Conclusions based on collected data

2. Literature Review

The study focused on the topics of Operational Excellence Theory and Leadership. Within the concept of Operational Excellence the investigated organizations used different well known methods and processes to drive improvements, such as Lean and Agile development, which was included in the literature review. Within the concept of leadership, the study focused on literature related to leadership style and traits that may have an impact on the organizations performance.

2.1. Operational Excellence Theory

The concept of operational excellence is discussed within enterprises to continuously improve operational performance by setting clear corporate goals and supporting strategies. It is a way of leadership, teamwork and solving problems by focusing on customer's need, empowering employees, creating stronger team work atmosphere and optimizing existing assets and activities in the company. From a company's point of view driving operational excellence is about re-engineering the operation towards an efficient, productive and profitable ways of working. Once the process has reached operational excellence then every employee should be able to see the end-to-end flow to the customer and solve the problem when it occurs without management involvement. Total transparency and customized methods and tools support the employees and provide the necessary solid foundation to success.

The objective of operational excellence is not about working faster but smarter. The progress of the performance is normally measured against a series of standards designed to continuously improve the performance which is monitored and followed up by Key Performance Indicator (KPI) which will be explained in the coming chapter.

2.1.1. Balance Score Cards and KPI

The balance score card is a strategic performance management tool that enables the organization to monitor and measure the overall (organizational and managerial) performance (Merchant & Van de Stede, 2007). The Key Performance Indicator (KPI) measurement helps the organization to evaluate the progress in certain activities that are aligned with the organizational goal and business strategy. The selection of KPIs normally indicates what focus areas are important for the organization and demonstrates performance against expected results. By translating the organization's business strategy to specific and quantifiable goals the performance is measured in terms of achieving these targets. In addition, the balance score cards are also used to define proper actions taken to create the desired future.

2.1.2. Lean and Kaizen

2.1.2.1. Lean

Lean or the Toyota Production System is a philosophy on how to use your resources. The aim is to exclude all factors "muda" in the production system that dose not create any value, they are also

called waste, simply “more value with less work”. The key terms used in the lean philosophy is Just-in-Time, Jidoka and Kaizen. (Shahram & Lismar, 2012) Just-in-Time means that the correct quantity is delivered to the right place at the correct time; this to eliminate waiting time since waiting does not create any value to the product. Jidoka is automation with a human touch; the focus is on supervisory automation instead of production automation. Jidoka involves automatic detection of defects in the production system, the earlier the defects are found in the production line the better. The philosophy is not to wait until the end of the production line to find defects but to find them at their source and not let them to be pushed forward in the production system. Jidoka also includes the process of detecting the defect and to resolve the problem so that the same type of defect may not occur again. (Shahram & Lismar, 2012)

There are seven mudas/wastes in the Toyota manufacturing system:

- Transportation of products.
- Inventory, products that are not processed.
- Motion, the motion of people, for ex. walking around.
- Waiting, products waiting for the next production step.
- Overproduction, production of products that are not needed now.
- Over-processing, for example tools that are not correct gives extra work.
- Defects, inspecting and solving quality problems.

The Toyota Production System is copied with alterations in many production plants around the world today, many of the international corporations is using their own variants of lean.

2.1.2.2. Kaizen

The management literature has often credited “kaizen” and the participation of the workforce in process improvement and refinement as being a key element in Japanese manufacturing success. (Brunet & New, 2003)

Kaizen is the Japanese word for improvement, carrying the connotation in industry of all the un-contracted and partially contracted activities which take place in the Japanese workplace to enhance the operations and the environment. Kaizen optimizes the mobilization of the workforce, providing the main channel for employees to contribute to their company’s development. key features, but many focus on three key notions: (1) that kaizen is continuous – which is used to signify both the embedded nature of the practice and also its place in a never-ending journey towards quality and efficiency; (2) that it is usually incremental in nature, in contrast to major management initiated reorganizations or technological innovation (e.g. the installation of new technology or machinery); and Kaizen in Japan: an empirical study 1427 (3) it is participative, entailing the involvement and intelligence of the work force, generating intrinsic psychological and quality of work-life benefits for employees. (Brunet & New, 2003)

2.1.3. Agile Software Development

Agile Software Development is a group of software development methodologies that adhere to the agile manifesto, published by Beck, et al (2001). There is a wide range of Agile Development methods such as Scrum, RUP, Kanban Development, Feature Driven Development and Extreme Programming. Even if the different agile methods come in a wide range of flavors they are centered on self-organizing, self-governed and cross-functional teams that perform their work in short iterations. Another important aspect of the methods is to minimize waste and “at regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly”, Beck, et al (2001). This focus on reducing waste and continuous improvement is closely aligned with a long term focus on operational excellence.

Agile Software Development has been widely adopted in across the software industry. According to a survey in 2008; “69% of respondents indicated that their organizations are doing one or more agile projects”, Ambler, S.W (2008). The survey also shows that a 77% of the organizations have experienced an increased quality and 82% has seen an increased productivity. An interesting result of the survey was that only 33.5% of the organizations came from the Software Development sector which indicates that Agile Development is used across a wide range of industries.

Many large organizations have experienced difficulties when scaling Agile Software Development to their organizational size. They common challenges relate to e.g. team size, geographic distribution, legacy software and the system complexity (Ambler, scaling agile...2008). However, according the Ambler there are proven solutions such as Agile Model Driven Development (AMDD) address the scaling problems. “AMDD helps to scale agile software development when the team is large and/or distributed and when “the team” is the entire IT effort at the enterprise level” (Ambler 2008). The key behind AMDD is to create extensive models of the software prior to writing the source code. The models build an end-to-end skeleton and include the high-risk requirements. This allows the teams to solve the most critical issues first and also use the models as an efficient communication and coordination tool. AMDD is just one example of solving the scaling issues, many large enterprises customizes an Agile Development process to fit their own organizational needs and requirements.

2.1.3.1. Agile Software Development method SCRUM

SCRUM is a popular Agile Software Development method with a strict terminology. Some common characteristics of SCRUM is the use of fixed time boxes iterations (fixed length of time) called Sprints and three key roles Development team, SCRUM master and product owner (Schwaber & Beedle 2008). A sprint is a fixed time period of commonly 2-4 weeks in which the team executes their work. The Development team is a self-governed, self-organizing and preferably cross-functional team which consists of 3-9 team members. The role of the SCRUM master is to enforce that rules are followed, facilitate meetings and support the team by removing obstacles. However, the SCRUM master should not be viewed as a leader of the team because that would contradict the idea of a self-governed team and reduce the empowerment of the team members. The role of the Product Owner is not a part of the team but rather a representative of the customers’ interest. Among other things the Product Owner is responsible for setting the priority of the requirements to ensure that the team is always focusing on the items with most customer value.

The sprint is initiated with a Sprint planning workshop in which the team agrees with the product owner on what should be delivered during the sprint. When an agreement is reached and the work is

broken down into smaller items, the team will start executing the work items. To ensure frequent face-to-face communication, the team meets every day for a 15 minutes SCRUM meeting. During the SCRUM meeting each team member will report what they have done since last meeting, what they will be doing until next meeting and if they had any problems they need help with. The frequent meetings will improve efficiency on two major points. First, frequent communication will ensure that every team member is aware what the others are doing and that everyone is focused on the most prioritized items. Secondly the team members will quickly see if a team member is lagging behind and is in the need for help. This will reduce the risk that a team member becomes a bottleneck for their delivery. At the end of the sprint, the team will deliver a working piece of software and as well of performing a demonstration of their delivery to the product owner and/or customer. This offers an opportunity for the product owner and customer to give early feedback on the product which will ensure that the team is on the right track. The last activity that is performed in a sprint is a sprint retrospective. During the retrospective, the team will reflect on their work during the sprint and identify what went good and what can be improved. Improvement items can e.g. be integrated in the sprint planning of the coming sprint or raised to the product owner for support (Kniberg & Skarin 2009).

2.2. Leadership Theory

How an individual leader behaves and what effect it has on the organization can be investigated by looking at the personal traits and leadership style. Leadership traits describes the individually distinguishing features of a leaders personal nature and leadership styles can be seen as a model of how the leader applies his or her behavior in the organization.

In addition to a leader's individual traits and style, it is also relevant to explore the leadership tactics and organizational culture that can be implemented in a large organization and how these affect the use of operational excellence.

2.2.1. Traits of effective leaders

DuBrin (2010) examines personality traits of effective leaders and concludes that "Leaders' personality traits can be divided into two groups: general personality traits such as self-confidence and trustworthiness, and task-related traits, such as an internal locus of control". The general personality traits are visible at a professional level and personal level outside work. DuBrin (2010) lists the general personality traits of effective leaders as Self-confidence, sense of humor, humility, Trustworthiness, Authenticity, Enthusiasm, Optimism, Warmth, Assertiveness and Extraversion. Task-related traits are more commonly associated with a professional level such as passion to the work and the people, Courage, Internal locus of control, flexibility and Emotional Intelligence.

2.2.2. Leadership styles

According to Boleman, et. al. (2008), there is two main types of leaders; Transactional and Transformational.

"Transactional leadership builds important influence components between the leader and follower. The transactional leader's behavior represents an exchange (a transaction) between the leader and

follower. The exchange pursues an economic exchange strategy, whereby the leader exchanges rewards for performance, effort, and participation from the follower”.

“In contrast, the transformational leader attempts to stimulate and satisfy the follower's higher-level needs by engaging the whole person. Basically, followers are asked to transcend their own self-interest for the sake of the organization, which is accomplished by raising follower awareness of the importance and value of goals”.

Conclusion can be drawn that although the transactional leader is able to accomplish the required goals, the followers will not perform beyond the level of expectation. On the other hand, followers of a transformational leader are more likely to make a harder effort and perform above expectations. The extra effort can be derived from a sense of organizational citizenship that Boleman, et. al. (2008) explains as a collection of sportsmanship (willingness to tolerate less-than-ideal situations), courtesy (in dealing with all others), conscientiousness (going well beyond the organization's role requirements), civic virtue (responsible participation in the political life of the organization), and altruism (willingness to help another individual perform a specific task or overcome a specific problem).

2.2.3. The charismatic leader

Charisma can be defined in two ways:

- compelling attractiveness or charm that can inspire devotion in others
- A divinely conferred power or talent.

In the beginning of the 20th century until the 1940s charisma was thought about as an inborn quality. Scientist tried to prove collaboration between different traits and success with no luck. In recent years a leader-centric perspective has grown that says leadership are more in the eyes of the beholder (Popper, 2000). To be a good leader you have to inspire others to follow you. The key dimension (DuBrin, 2010) is the relationship between the leader and the people being led. To be able to do that charisma is one of the most important characteristics. If you look at business life through the last couple of years you will remember charismatic leaders like Steve Jobs and Richard Branson. Charisma facilitates the leader to carry out his role (DuBrin, 2010) and to carry out their vision. But to have a vision is also an aspect to be a charismatic leader. The leader also needs to have the willpower and a talent to lead. Compare to a musician if he or she does not have talent for music but have the willpower will not be a good musician, and if you have the talent but not the willpower you will also not succeed to be a good musician. You can say that a leader is a product of his/her own potential and motivation. (Popper, 2000)

DuBrin, 2010 defines three dimensions that are important for charismatic leadership:

- Referent power is the ability by using desirable traits and characteristics influence others.
- Expert powers, a specialized skill or knowledge that makes it possible to influence others.
- Job involvement, to motivate and excite the group members about their work.

DuBrin (2010) also defines five different types of charismatic leaders:

- Socialized charismatic, this type of leader constrains the power in order to benefit others. Group values incline with the leaders values.
- Personalized charismatics, these leaders serve their own interest, followers of this type of leaders often obedient and submissive.
- Office-holder charismatics, the leadership is connected to a office and the status comes with a valuable role at work,
- Personal charismatics, gets high self-esteem through others

The most common types are socialized and personalized charisma, the social leaders use their power to serve others. They share the vision and align it with their followers needs and have an integrated communication between them and the followers. The personalized charismatic persons use their charisma to create opportunities to benefit their own causes and rely on convenient external standards. Their strong personal power needs are fulfilled with authoritarian and with a strong a self-serving behavior.

Are charismatic leaders born or made? The charismatic leader uses impression management to get a good relationship with group members. Impression management can give the leader tools to make a successful impression and you can say it is a way of acting (DuBrin, 2010), but a truly charismatic leader has attributes that goes beyond acting. According to DuBrin (2010) a truly charismatic leader will work hard to create positive visions for group members.

2.2.4. Leadership strategies, tactics and organizational culture

According to DuBrin (2010) there are a number of tactical elements that a leader can use to influence an organization. Among the commonly used tactics that are considered to be the most effective down-wards in the organization are rational persuasion, inspirational appeal and consultation. In addition integration, exchange and personal appeal is considered to have a moderate effectiveness. The least effective tactics are pressure, coalition, and appealing to legitimate authority. However, these tactics will in a particular situation also depends on the level of trust between the leader and his or her followers. E.g. inspirational appeal requires that the followers feel trust towards the leader to be effective. In a scenario with distrust between manager and employees, the manager often applies the use of higher authority, assertiveness, coalition building, and sanctions as influential tactics. DuBrin (2010) suggest that a leader can try a sequence of tactics, from weak to strong until he or she finds which one is effective in the current situation.

It is not only the level of trust that will have an impact on the effectiveness on the leadership tactics, but also the company's organizational culture in general. One important aspect of an organizational culture is the level of employee empowerment. Many methods used in relation to operational excellence suggest that it is more efficient to allow employees and teams to have a larger mandate to take decisions. An intuitive line of thought is that all decisions escalations to management will introduce latency until the decision is taken and the following actions are executed.

3. Method

3.1. Research Design

This study has approached the topic of operational excellence from the leadership perspective and shows the differences and similarities between two of Sweden's largest organizations and their operational excellence strategy. The study has been conducted as a qualitative holistic multiple case study and limited to assess two large Swedish companies. With a descriptive research approach it attempts to measure the current relations between leadership performance and operational excellence with the goal of identifying the key contributing factors to a leaders' performance in relation to operational excellence. This will be done by using literature and previous research on the topic. By identifying the high potential factors and discarding other parameters, it will effectively help to focus on collecting and analyzing relevant data. The selected high potential factors will then be used as a foundation when creating the questionnaire and preparing the interviews.

The method involves observing current leadership styles and describing their impacts on operational excellence without making any changes in the studied organizations. Furthermore, a combination of three types of descriptive method observational, case study and survey has been used to carry out this study.

3.2. Study area

3.2.1. Sweden

Sweden is the 5th largest country in Europe based on land area and it has a population of around 9.4 million people. The Swedish economy is dominated by a large, knowledge-intensive and export-oriented manufacturing sector.

As with all countries, the Swedish culture is unique in many aspects, which also has an impact on the local business culture. The relative difference between cultures has been studied by Hofstede and visualized in five cultural dimensions. The dimensions are Power Distance, Individualism, Masculinity, Uncertainty Avoidance and Long Term Orientation.

Sweden rates lowest in the world in the Masculinity Index and among the lowest on Power Distance Index (6th place from the bottom), which can be interpreted as a modest and caring culture, with a low social distance between the less powerful and the powerful in the society, compared to other cultures. Further more, Sweden also rates low on uncertainty avoidance, meaning that the people can be comfortable in unstructured situations and tolerate a high level uncertainty. At the same time Sweden score relatively high on Individual Index. This indicates that ties between individuals are loose and everyone is expected to look after him/herself.

3.2.2. Company A

Company A is a world leading technology company with more than 100,000 employees and a global presence. Around 20% of the employees are working within R&D. The company's CEO has an outspoken strategy to secure operational excellence across the organization.

3.2.3. Company B

Company B is a world leader in power and automation technologies and targets the utility and industry customers. Company B operates in around 100 countries and its headquarter is located in Zurich. The company employs 135,000 people world wide. Among the employees there are 6000 researchers and developers. Company B has 9000 employees in Sweden distributed at 35 sites.

3.2.4. Case Study 1

Case 1 is a Stockholm based sub unit within supply organization in Company A. The supply organization consists of 720 people in 10 different regions whereas the Swedish sub units consist of 400 employees with supply and customer logistics background. The unit is responsible for the logistics of customer's orders (planning, production and transport) from contract signed date until the material and product is delivered to the customer.

3.2.5. Case Study 2

Case 2 is the Stockholm based sub unit within a Product Development unit in Company A's R&D organization. The Product Development Unit consists of 2000 people in 5 different countries. The Swedish sub unit has 500 employees, of which the main part has an engineering background. The unit develops advanced technical solutions which consist of both hardware and software.

3.2.6. Case Study 3

Case 3 is a Nyköping based production unit in Company B within a division with 6 production units all together. The unit employs 120 employees in total divided into two business units. The production is both injection molding and automatic assembly and by hand. The warehouse for Sweden for these products and other imported products is based in Nyköping.

3.3. Questionnaire design

The purpose of the questionnaire is to research the theories that have been studied in the literature review and compare them with the leadership styles and effectiveness in two of Sweden's largest companies. The questionnaire includes two areas; personal leadership traits and task-related leadership traits. Both of these focused areas are according to DuBrin (2010) important for a successful leadership style. The questions are developed to find out what leadership traits that is most suitable for a leader in operational excellence. Furthermore, having motivated employees are also one of the most important aspects for bringing an organization forward; the questionnaire includes three questions about how the leaders today motivate employees in their daily work. The questionnaire will also give an indication of the effectiveness of the companies' overall leadership strategy and framework in the companies.

3.3.1. Measurement of personal leadership traits

The first three questions in the questionnaire cover the different traits that distinguish a good leader. We conclude that a good leader will also be a good leader for operational excellence implementation. DuBrin (2010) states that the focus on a good leader is often on the result instead for the leader's personality traits. The personal perspective also concludes that the situation often influences on what traits to emphasize. Observations by managers, HR-specialists and researcher studies (DuBrin, 2010) indicate that leaders have certain traits; these contribute to the leadership effectiveness as long as

the leadership style fits to the situation reasonably well. The questions let managers and personnel rank what traits are the most important for an effective leadership style in their company environment. The purpose for this is to distinguish if there is a common trait that is more effective and important than the others.

3.3.2. Measurement of task-related leadership traits

Some personality traits are often associated with task-related results. With task-related leadership DuBrin (2010) explains that the trait often goes beyond the personality traits. For example the passion for the work are more than just enthusiasm, it can be an obsession for reaching company goals. According to DuBrin, (2010) research has shown that the most effective leaders have a high degree of emotional intelligence. Passion for work and emotional intelligence is examples of two task-related leadership traits. The questions used in the questionnaire are set to emphasize on the ranking between these task-related leadership traits, to find out the denominator for effective leadership.

3.3.3. Measurement of leadership performance

The ability to lead with effectiveness and move the organization forward are of most importance. The questionnaire includes two questions that rate the existing manager's ability to implement and drive operational excellence. The questions will show if there is a need for coaching to get leadership effectiveness. There are a variety of ways to coach a leader to more effective leadership; DuBrin (2010) mentions for example counseling, to have a trusted confidant and the balance between work and family life.

3.3.4. Measurement of motivation

A motivational leader will help to move an organization forward. Effective leaders are outstanding motivators and coaches. (DuBrin, 2010) These statements show how important motivations are for effective leadership. The questionnaire includes three questions on the subject motivation. The questions are formed as open questions and aim to find out the different personal leadership styles that are used today.

3.3.5. Measurement of leadership styles

Boseman, et. al. (2008), categorize leaders in two main types, transactional and transformational. The transactional leader builds the leadership on influence components, for example economic exchange and rewards performance. The transformational leader uses according Boseman, et. al. (2008) stimulation and engages the whole person. The questionnaire includes a question with focus on the contrast between transactional and transformational leadership styles and brings focus on the leadership styles used in the companies today.

3.4. Sampling and data collection

The sample size of the study is visualized in Table 1, which illustrates a total sample size of 79 interviews. The group is divided in convenience sampling group and purposive sampling group. The convenience sampling consists of first level managers and senior managers to which we have close access to via our professional network. In the second group we have selected employees that are reporting to the managers in the first group. In addition, the second group also contains operational

excellence experts and senior managers which have been included in the study due to their deep knowledge in the area.

Table 1: The Table visualizes the desired selection of interview candidates in relation to their position in the company.

	Case 1	Case 2	Case 3
Senior Manager	5 (Convenience Sampling)	5 (Convenience Sampling)	1 (Convenience Sampling)
Operational Excellence Experts or equivalent	3 (Purposive sampling)	3 (Purposive sampling)	-
First level Manager	5 (Convenience Sampling)	5 (Convenience Sampling)	4 (Convenience Sampling)
Employee	20 (Purposive sampling)	20 (Purposive sampling)	8 (Purposive sampling)
Total per Case	33	33	13
Grand Total	79		

The selection of units in this study will be based on non-probability convenience sampling. The authors' professional network enabled access to information and individuals in these organizations which was considered valuable to the study. Thus the access to information and individuals was prioritized over the benefits over using other sampling methods. However, due to the random selection of authors for this study, the organizations can still be considered a semi-random selection. This can also be verified by the diversity of the selected units which has limited or no correlation to each other.

The selection of interview respondents within each unit will be based on non-probability purposive sampling, meaning that key individuals in each organization will be identified and included in the sampling. The key individuals will be identified by asking managers and employees who they consider to have valuable information on the topic.

Although, the employees are not the main target for this study, their input are important to measure the validity of the managers' perception of effectiveness. If a manager perceives his or her actions and behavior as effective but the employees are of a different opinion, it can be concluded that the

data has a higher level of uncertainty. There for it is important to measure and store the correlation between the measured data together with the data.

The study will collect data from documentation, interviews, questionnaire and direct observations. The interviews will be targeting managers and employees at different levels of the organizations according to table 1.

3.4.1. Documentation

Corporate internal documentation covering internal processes, operational excellence and leadership will be retrieved from each of the studied organization. The corporate internal documentation consists mainly of presentation slides, text documents and web documentation. This documentation is already available to the authors, but there can be some restrictions of what can be used directly in this report.

3.4.2. Interviews

Table 1, shows the targeted number of interviews and interviewees. The interviews will be based on two parts; the first part is the questionnaire, see chapter 3.3, which will serve as the base for the interviews. It provides a common structure for all interviews which will enable comparison of data between the organizations. The second part of the interview is open to allow more freedom for the interviewer. The open part will ensure that we have not missed any important aspect that we failed to see when preparing the questionnaire.

To avoid any risk of a biased view, due to the authors' relationship with the studied units, the author is not allowed to perform interviews in his or her own "home" organization.

3.4.3. Direct observations

The authors of this study are professionally active in the studied organizations and can therefore directly observe the leaders and employees to confirm or question their responses in the

Any substantial observations during this study will be included in the sampling, which will allow for a deeper analysis of the collected data.

3.5. Unit and level of analysis

When doing a case study the unit of analysis is important because it is critical for understanding how the case study relates to any broader body of knowledge (Yin, 2009). Information about leadership styles in the two companies will be gathered, which will make this study a multiple-case study. The research questions and objectives will help to collect the relevant information about the leadership styles that are being used.

The unit of analysis is defined as the two large Swedish companies that are considered in this study. Three different organizations within the two companies will be compared as follows: a supply organization of company A, a supply organization of Company B and an R&D organization in company B. One contributing factor for the selection of organizations was the accessibility to information and individuals. Within the considered organizations the study will mainly focus on the role of managers and leaders and their effectiveness in relation to operational excellence.

3.6. Validity, reliability and generalizability

Validity is ensured by comparing organizations inside the same company as well as different companies. Multiple sources of evidence from each investigated organization will be compared to ensure unbiased results. The sources of information have been academic literature, internal company documentation provided by the companies, interviews and direct observations. After collecting the data from the studied organizations, it will be compared with existing models and theory. The analysis method that has been used is relying on theoretical propositions and the technique used is explanation building to answer the defined research question and the propositions (Yin, 2009).

Internal validity will be achieved by performing multiple manager and employee interviews per organization. A second level of internal validity will also be achieved by collecting data from two organizations within the same company as well as collecting data from similar organizations within two different companies. In addition, by comparing the two companies with each other and academic literature the study will also ensure external validity.

Validity will also be reached by collecting data from multiple sources, such as documentation, interviews, questionnaire and direct observations. The reliability of the targeted interviews can be compared and verified by the questionnaire results which will be targeting a larger group.

4. Analysis

4.1. Case study 1

Interviews in case study 1 shows how the supply organization uses several different leadership approaches to drive operational excellence. Customized leadership training packages such as LCC (Leadership Core Curriculum) are offered to managers and senior managers to ensure the existence of high level leadership skills and emotional intelligence as well as personal development of the leaders in the company. "Reliability Excellence" is for example one of the trainings offered to increase the knowledge of tools and processes required to develop, implement and sustain reliability based performance with a culture of continuous improvement. Furthermore employees are encouraged and expected to participate in seminars and operational excellence discipline trainings such as Lean, Kaizen principles, Six Sigma and Lean Six Sigma programs to learn about management systems that help to understand how to integrate the tools into the operation and ensure sustainability.

Additionally, balanced score card and KPIs is stressed as another important performance tool to drive operational excellence in the organization. The KPIs are selected by the management together with supply developers based on focus areas identified as contributors to long-term wanted position of the supply organization. The organization also has dedicated employees that work with operational excellence and performance management on daily basis. Their role focuses on supporting the organization towards continuous improvement and optimizing existing activities in the process considering the end-to-end process from suppliers to customers.

From the employees perspective it seems that the management is very convinced that having KPI drivers from the teams with cross-functional purposes is the biggest contributor to operational excellence. They believe highly engaged, involved and motivated employees contribute to strong team work atmosphere which is one of the key factors for operational excellence. In few cases clear and firm communication combined with simply understood targets has been pointed out as success factor to strive for operational excellence.

4.1.1. First Level Managers

As seen in Figure 1 managers rank passion for their work and employees as well as emotional intelligence the most effective task-related leadership traits for driving operational excellence in their position. The result is very well aligned with the open questions in the questionnaire asked from the first level managers which validates the authenticity of the data (see chapter 4.1). This clearly shows that the first level managers see themselves as leaders who need to have the competence and skills to understand, integrate and manage their employees on daily basis to empower and motivate them to contribute to operational excellence. This is clearly not achievable if they would not be interested to interact with people and have not have passion for their work and organization.

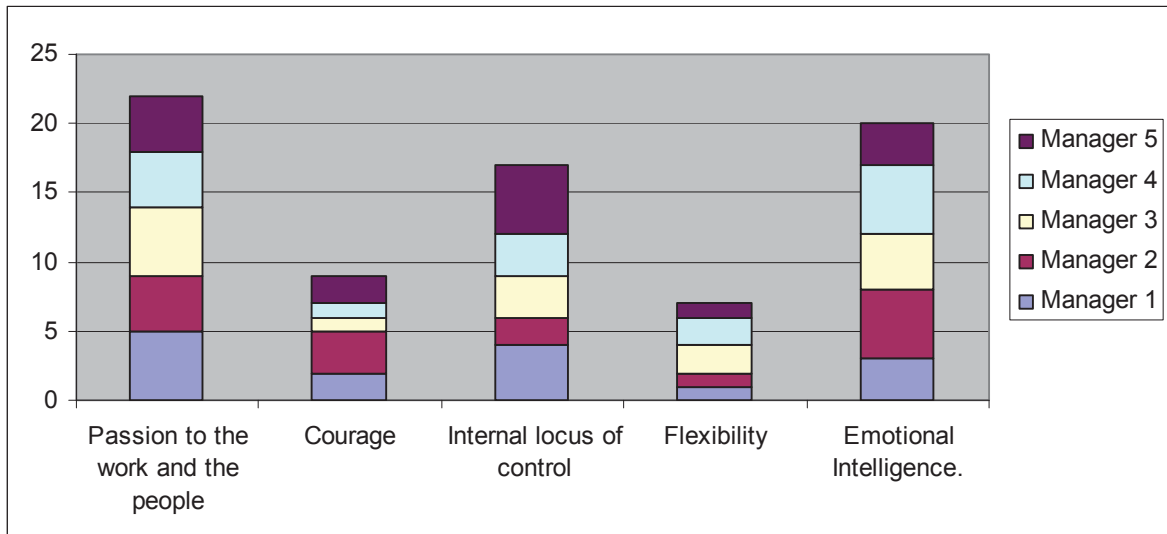


Figure 1: First level supply managers in case 1 rank the most effective task-related leadership traits for driving operational excellence in their position.

When first level managers are asked which task-related leadership traits are most effective for driving operational excellence in their senior manager’s role the outcome is surprisingly different from what they consider being important for their role. “Courage” is the trait that is ranked as the highest and most important. Second in the graph comes “Internal locus of control” which has also been stressed as an important characteristic in their senior managers (see figure 2). According to DuBrin 2010 there is a conceptual difference in definition of functions in management and leadership. A leader sets the vision, goal and direction for the company whereas the key function of management is to implement the vision by planning, organizing and controlling the organization. Since leadership involves most often drastic changes, transformation and risk taking initiatives for the company courage is one of the characteristics being necessary for the leaders. This is very well aligned with the perception and expectation existing among the first level managers towards their senior managers.

Internal locus of control has also been ranked as one of the most important traits for senior managers. Having control over the circumstances and self-confidence, being able to change unfavorable conditions which are often included in senior manager’s roles and responsibility are all related to strong internal locus of control and expected from senior managers.

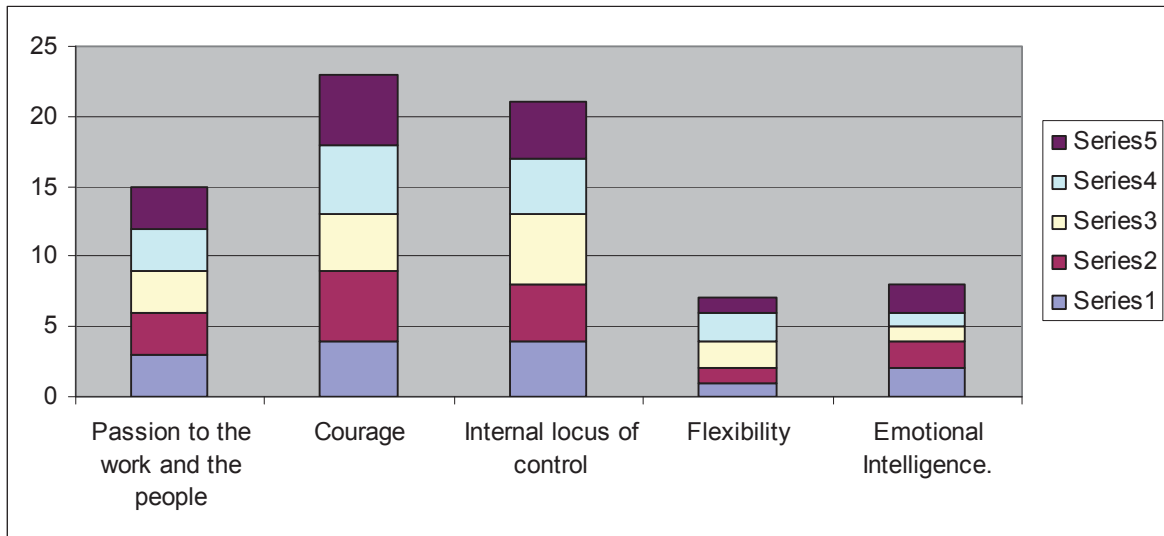


Figure 2: First level supply managers in Case 1 rank the most effective task-related leadership traits for driving operational excellence in their Senior Managers' position.

4.1.2. Senior Managers

The analysis of senior manager's view for their own role shows a slightly different ranking compared to what first level managers considered important as leadership characteristics in their senior managers. As illustrated in Figure 3 "Courage" and "Flexibility" are equally ranked as the most important traits to drive operational excellence in their position.

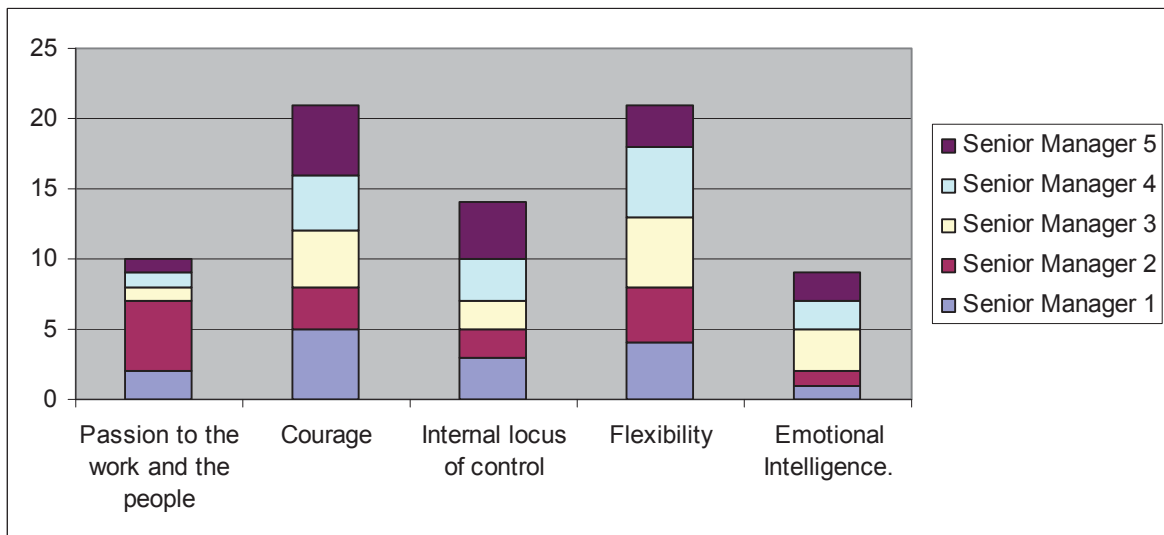


Figure 3: Senior supply managers in Case 1 rank the most effective task-related leadership traits for driving operational excellence in their position.

As mentioned in chapter 4.1.1 courage is one the leadership characteristic that is needed on senior level. As a leader in a senior position most often tough decisions needs to be taken based on market and customer's need which could have impact on company's direction thus employees work. Facing the consequences when right decision is not made or is not made fast enough as well as taking responsibility for the company's faith is required from the leaders in senior position. Now compared to what first level managers see as the most important trait for senior managers, senior managers rate flexibility more important than internal locus of control. This can be explained by the fact that leaders have to be able to adjust to different situations, changing demands and conditions when needed. In a constantly changing market with new demands and needs from the end user, flexibility is a crucial trait that needs to be encouraged among senior leaders to keep the market position. According to Dubrin,

"The most effective leaders appear to exhibit a degree of versatility and flexibility that enables them to adapt their behavior to the changing and contradictory demands made on them."

4.1.3. *The relation between managers and employees*

The analysis of data gathered from the interviews with all the employees in case 1 shows both employees and first level managers have the similar view on the most important task-related leadership traits for operational excellence.

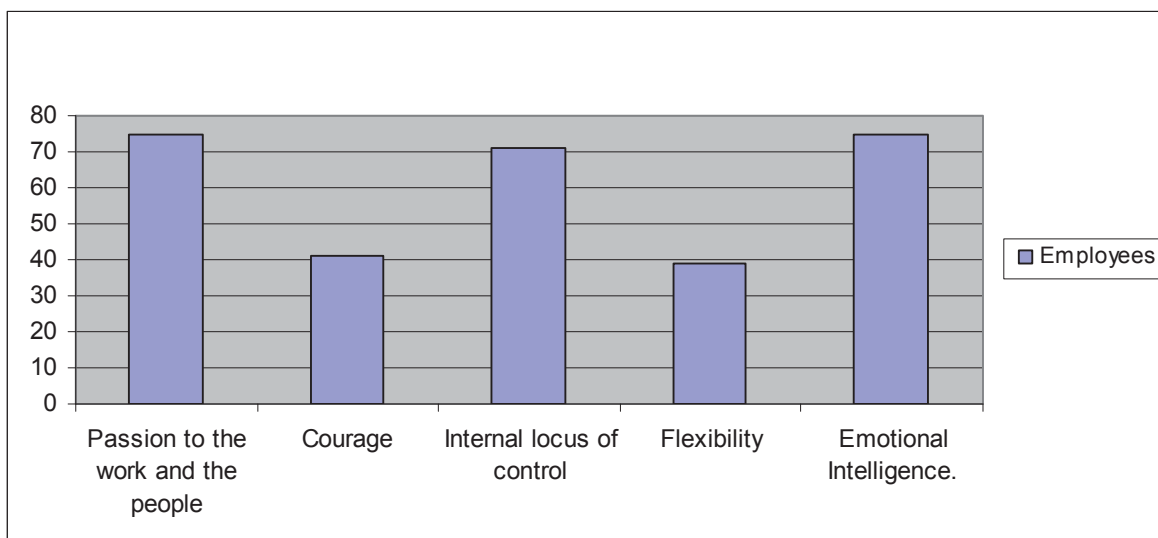


Figure 4: Employees to first level supply managers in Case 1 rank the most effective task-related leadership traits for driving operational excellence in their Managers' position.

From employee's perspective both emotional intelligence and passion to the work and people are equally important as dominant characteristics for effective leadership. Employees strongly believe in it is important for the managers to be interested in their work and have passion for what they do because it essentially leads to inspiration and motivation of employees to get more involved and improve their performance. As a manager and leader working with and for people is very much related to the basic definition and foundation of leader's role and responsibility therefore interest for working and interact with is a necessity to manage and lead an organization. It should of course be

noted that passion for work and people is a leadership trait that is difficult to develop therefore it is crucial for a manager and leader to already possess this characteristic once taking on the responsibility (DuBrin 2012). The analysis also reveals emotional intelligence plays an increasingly important role in management positions. This can be explained by the fact that employees see the necessity of having the ability to connect with the employees as well understand their emotions as a leader.

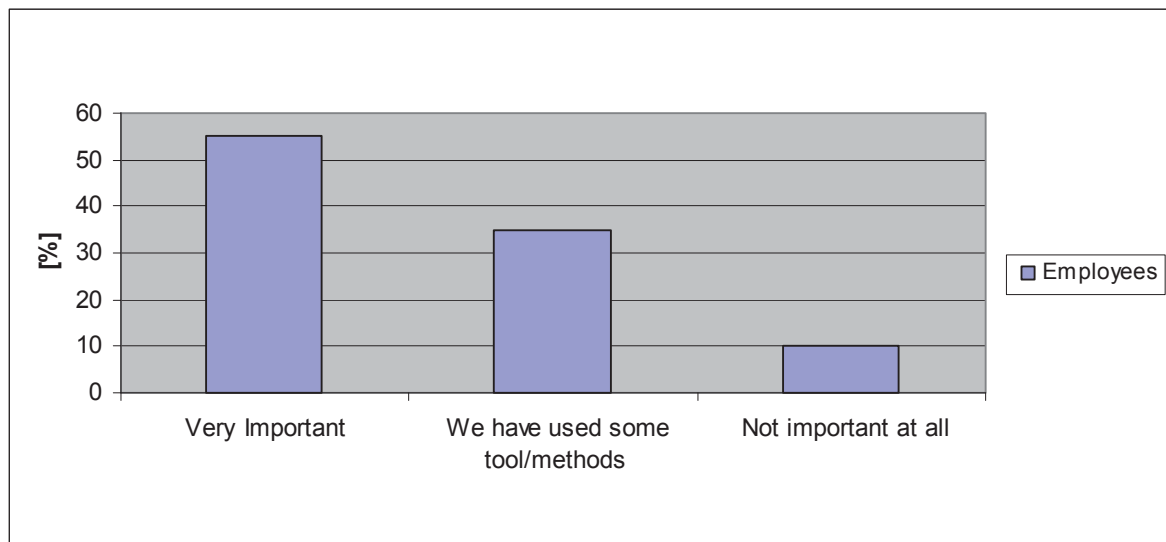


Figure 5: Employees in Case 1 rank the importance of lean concept to the company's operational excellence work.

The analysis of figure 5 shows that 55% of employees rank the lean concept for the company's operational excellence as very important whereas 35% say they have used some tools/methods and the remaining group of 10% consider the lean concept not being important at all for operational excellence. Compared to the 60% of first level managers who have rated the lean concept very important for the operational excellence in the company, this shows fairly an aligned picture between first level managers and employees in terms of the impact of lean concept in operational excellence. This result confirms the existence of a good and transparent leadership existing in the organization who communicates the goals, roles and responsibilities and expectations in a way that is understood among the employees.

4.2. Case study 2

In Case 2, the organization uses different approaches to implement leadership to drive operational excellence. The initiatives stretch from long term transformation programs to small self-governed teams. The transformation programs can run over multiple years and often include training for managers and leaders in how to relate to employees. The transformation programs have a dedicated driver and program manager and depending on its scale and complexity, it can also have process experts allocated on full-time or part-time. These process experts can be employed within the organization, on loan from another organization or an external consultant.

On the team level, operational excellence is implemented in self-organized and cross-functional teams with frequent team retrospectives to continuously improve. In the software development discipline, the teams are often using a customized method inspired by scrum, in which a scrum master facilitates the team and supports them in areas such as operational excellence. If the scrum master is a junior employee, the team also has senior team coaches that can help the team to improve their efficiency. By allowing the teams to be self-organized and have the mandate to adapt their work process if they need, the employees have a high degree of involvement in improving their work environment at the local level. However, it does also put a lot of requirement on competence and responsibility in each team, which is viewed as both positive and negative for employees. According to Dubrin, 2010, “Encouraging team members to lead themselves is the heart of empowerment”.

As mentioned the organization uses a higher level of responsibility and involvement to increase the motivation among employees. This is also confirmed by DuBrin, 2010. Managers also use individual coach and team coaching to better support and motivate their personnel.

At all levels in the organization, both among managers and employees, it greatest challenge for operational excellence is communication and alignment across organizational and national borders. Due to the scale of the company and complexity of their product there is need for a high degree of coordination between different units when moving from development, to production and finally to delivery to customer.

4.2.1. First level managers

As seen in Figure 6, managers rate “Passion to the work and the people” as well as “Courage” as the most important leadership traits when driving operational excellence. Being passionate about the products and the people helps them to put in the extra effort when needed and transmit positive energy to their surroundings. During the interviews managers mentioned that the “courage” aspect is viewed as important in order to challenge established beliefs and to dare to standing-up for new ideas.

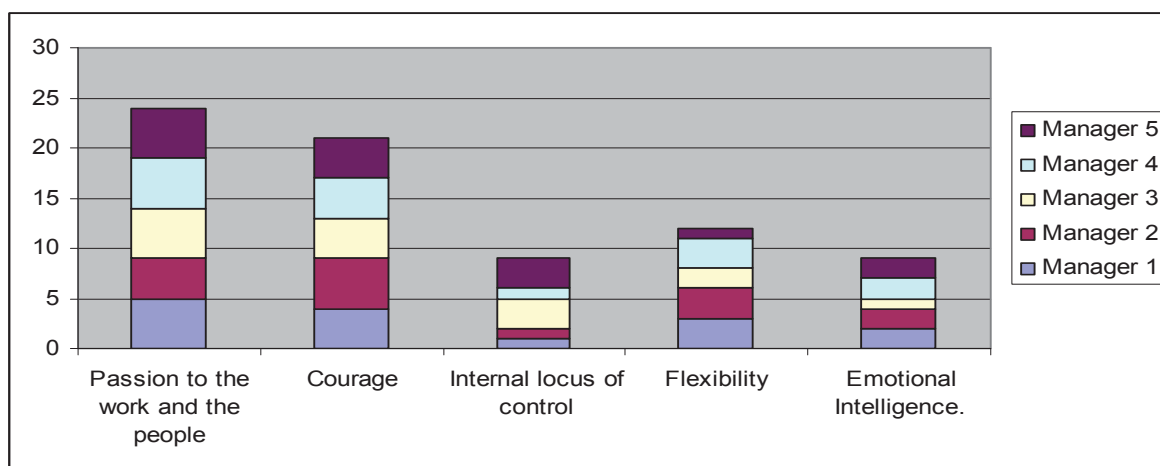


Figure 6: First level R&D managers in Case 2 rank the most effective task-related leadership traits for driving operational excellence in their position.

When managers are asked which traits are more important among their Senior Managers when they drive operational excellence, the pattern is similar as shown in Figure 7. There is an interesting difference as compared to Figure 6 “Courage” is rated highest in this graph. This can be explained by a tougher political and international climate at higher levels in the organization in which the senior managers are more challenged by their pairs and managers. According to DuBrin 2010,

“The very shape of large organizations is the most fundamental reason why organizational members are motivated toward political behavior. A pyramid concentrates power at the top. Only so much power is therefore available to distribute among the many people who would like more of it. Each successive layer on the organization chart has less power than the layer above... Since most organizations today have fewer layers than they previously had, the competition for power has become more intense.”

Another perspective of the need for “Courage” is related to the larger influence possessed by senior managers. If a senior manager hesitates in making a tough decision in a crisis situation, it can have large consequences for the company and employees.

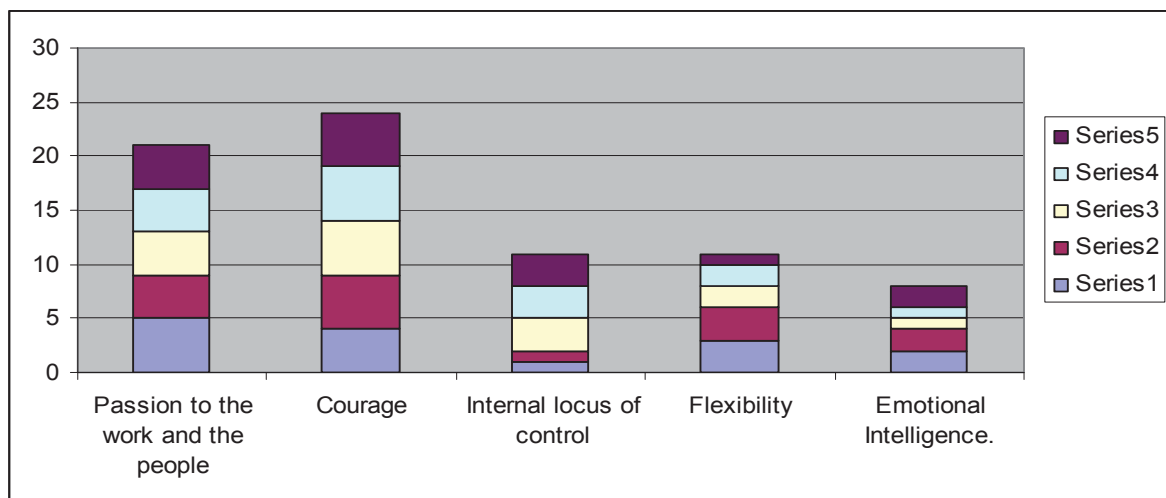


Figure 7: First level R&D managers in Case 2 rank the most effective task-related leadership traits for driving operational excellence in their Senior Managers’ position.

All managers also highlight that there are training packages directed to both managers and employees. There are both general training in Agile and Lean at different levels, from entry level to advanced, as well as training courses in internal processes. The organization uses Agile methods such as Scrum (Kniberg and Skarin, 2009) in software development and Lean methodology is used in hardware development.

4.2.2. Senior Managers

The view of the senior managers is different from the first level managers. For them the “Courage” and “Flexibility” is rated highest. The aspect of courage has been explained in Chapter 4.2.1. Flexibility becomes important due to the senior managers proximity to customers in this organization. In order to ensure a profitable business it is crucial for senior managers to quickly adjust priorities according to the market needs and specific key customer’s demands.

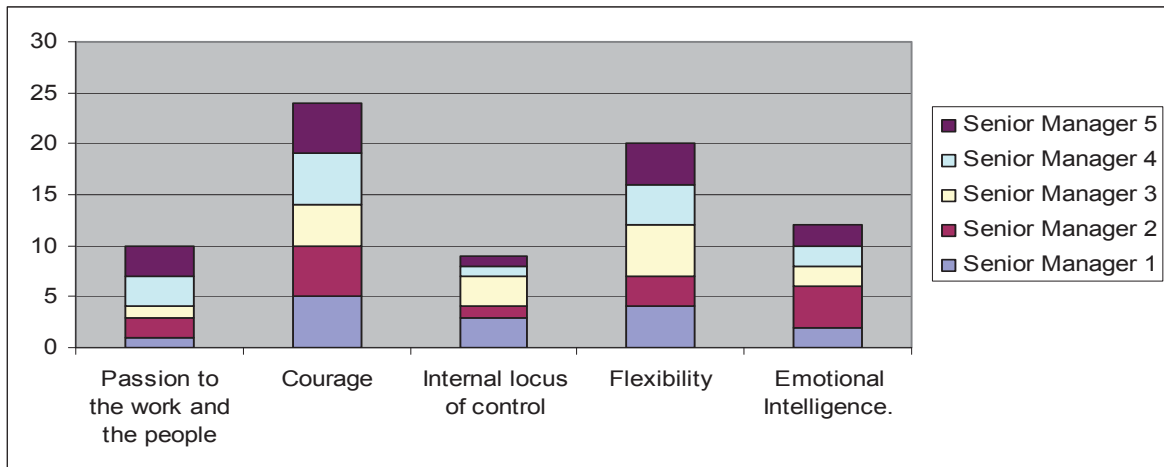


Figure 8 Senior R&D managers in Case 2 rank the most effective task-related leadership traits for driving operational excellence in their position.

4.2.3. The relation between managers and employees

As shown in Figure 9, employees are not very different from the first level managers on the role of an efficient manager. One difference that stands out compared to the managers’ view is that the “emotional intelligence” trait. This can be explained by the fact that employees have a need to be understood and listen to in order to feel motivated.

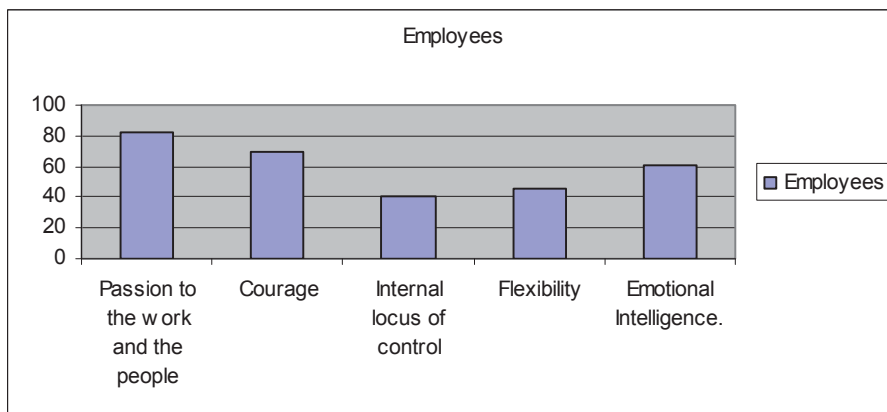


Figure 9: Employees reporting to first level R&D managers in Case 2 rank the most effective task-related leadership traits for driving operational excellence in their Managers' position.

On the question "How important has the lean concept been to your company's operational excellence work?" 25% rate the operational excellence work as very important, 50% confirm that they are using some tools and/or methods and 25% of the employees consider that operational excellence is not important at all. This is considerably lower compared to the managers rating in which 60% of the manager's rate operational excellence as very important. A probable cause can most likely be that managers have a higher awareness off operational excellence as their performance in this area are measured in KPI and balance score cards DuBrin, 2010.

4.3. Case study 3

In case 3 there are models used to form the leadership for implementing operational excellence. Some are more hands-on, how to drive operational excellence in small steps in meetings with employees every week to leadership training for new managers. There are also training for driving operational excellence in long-term and project form. Operational excellence has focus from headquarters with resources allocated to make progress all the time. The leadership training focuses on the how to bring the companies vision to the employees and how to develop a good environment for the operational excellence process.

All employees are involved in the operational excellence also called VU, this is conducted by weekly meetings were the company's vision is broken down to find the contact point for each and every group. These groups and meetings are held together by the manager. There are also some groups that are cross-functional to achieve the best result. Frequent communication between the different groups in topics that relates to them both are common.

Some of the employees and managers are also formed in operational excellence projects. These projects are monitored at division level and the savings done by the project are collected in a database. The method used in these projects is called 4Q, it means that there are 4 phases in the project, measure, analyze, improve and sustain.

The management in case 3 drives operational excellence from the top management to include all the employees within the global organization. This is done by following up of the meeting frequency in the VU. To give directions for the operational excellence work there are meetings two days in a year , one in the spring and one in the autumn the division manager communicate the division strategy to all the employees. Best practices from the groups are also presented by one of the group members. The purpose for this is to energize the other groups to see that small-step improvements can make a difference.

To learn from each other there are also global networks for operational excellence, there is meetings on-sight all over the world with the aim of spreading best practices. The participants in these networks are managers that are project leaders in a operational excellence project.

All new managers have to participate in a manager development program. This program divided into three parts, strategy, communication and innovation. The purpose is to educate the managers to make the most of their role as a manager and to be a manager in a way that the company find useful.

4.3.1. First level managers

Researching the result of the interview questions show that managers find it more important with internal locus of control for their own success with operational excellence, see Figure 10. They also find it important that their own senior manager have emotional intelligence, see Figure 11. This shows that they feel that they prioritize control their own organization and find it important that their managers supports them by showing emotional intelligence. They believe in their own ability to drive operational excellence, but Figure 10 shows that they feel that they have to control their own organization and the work with operational excellence. This deviation can be explained by transaction and transformational leadership styles. The transformational leader tries to reach operational excellence by stimulate and satisfy the follower and to do this, needs to show emotional intelligence. The organization uses as Figure 10 shows transformational leadership styles according to the organizations managers.

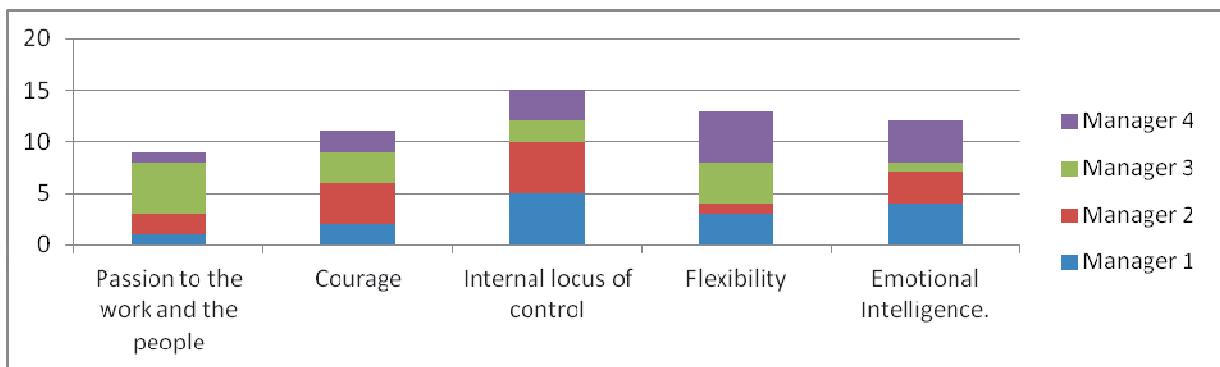


Figure 10, Case 3, Managers rank what task-related leadership traits are most effective for driving operational excellence in their position.

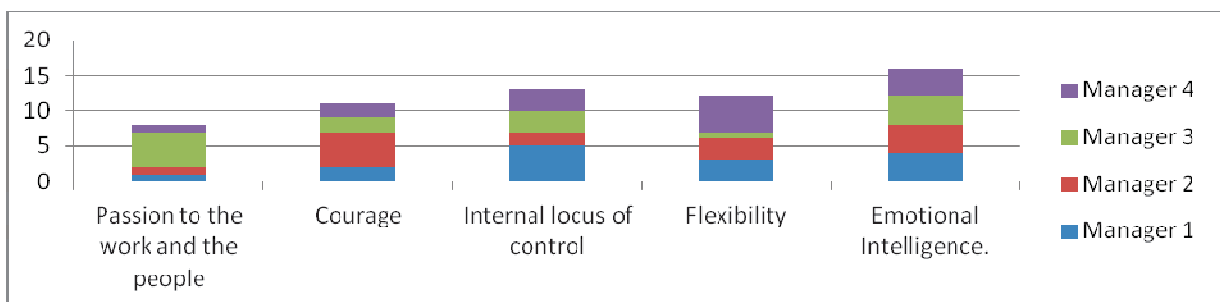


Figure 11, Case 3, Managers rank what task-related leadership traits are most effective for driving operational excellence in their manager's position.



Figure 12, Case 3, Managers rank how they define the leadership styles in their company.

4.3.2. Senior manager

When ranking the senior manager has ranked internal locus of control highest. When comparing to the first level managers we find they also had internal locus of control highest. This shows that the focus in the organization is internal control and that the senior manager spreads his strategy to his first level managers that are reporting to him.

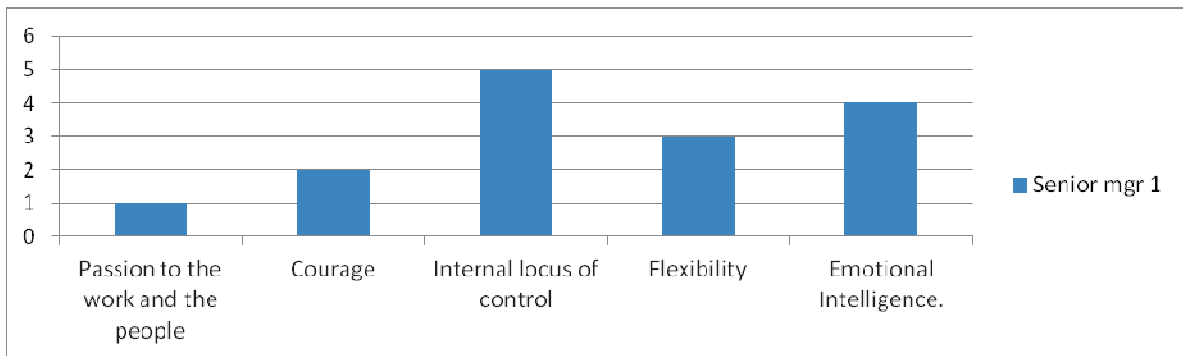


Figure 13, Case 3, A senior manager rank what personal leadership traits are most effective for driving operational excellence in his position.

4.3.3. The relation between managers and employees

The questionnaire asks questions in two angles, “What personal traits are most effective for driving operational excellence in your position?” and “What personal leadership traits are most effective for driving operational excellence in your manager’s position?” if you compare these two questions and use the relation between a managers and the employees we find following result. Both parts rank sense of humor and charismatic high. The biggest deviations are enthusiasm, optimism, warmth, self-confidence. The questionnaire shows that both rank charismatic as a leadership trait that are important, charismatic according to DuBrin (2010) a positive and compelling quality that makes others want to be lead by you. This positivism can be translated to spreading enthusiasm and optimism as these are traits that are compelling and positive. The gap between the managers might not be as big as it looks at the first glance.

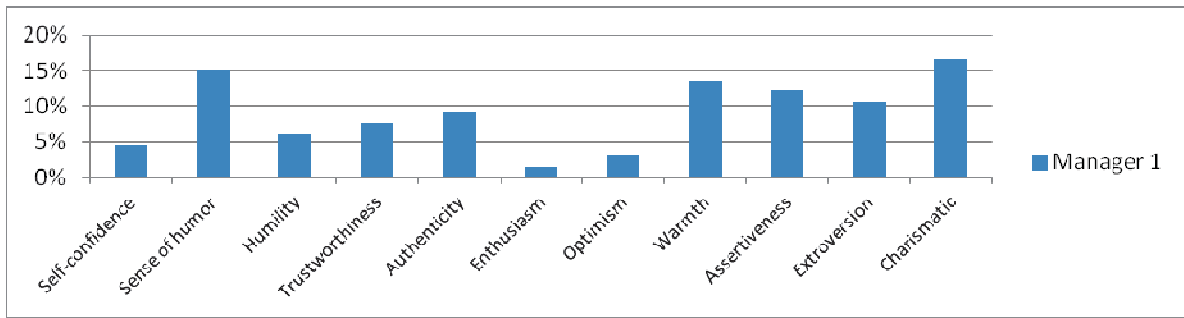


Figure 14, Case 3, Managers rank what personal leadership traits are most effective for driving operational excellence in their position.

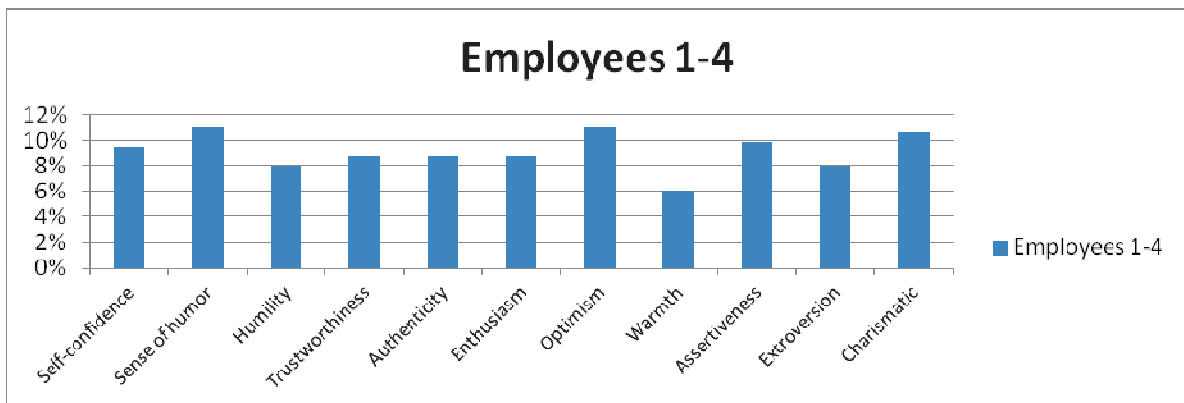


Figure 15, Case 3, Employees rank what personal leadership traits are most effective for driving operational excellence in their manager's position.

4.4. Comparison of Case studies 1, 2 & 3

In order to answer the research question; “What are the different leadership aspects that contribute most to operational excellence in the context of large Swedish organizations?”, there is a need to compare the three case studies and identify similarities as well as differences between the organizations.

Figure 16 shows how employees rate the most important leadership traits for their manager to drive operational excellence in their organization. The data illustrates that there are both similarities and differences between the three cases. “Charismatic”, “Authenticity” and “Extroversion” receives the highest average rating and shows consistency between all organizations. Other abilities such as “self-confidence”, warmth” and “Enthusiasm”, show a larger difference between the organizations. These differences could be related to company culture and organizational size.

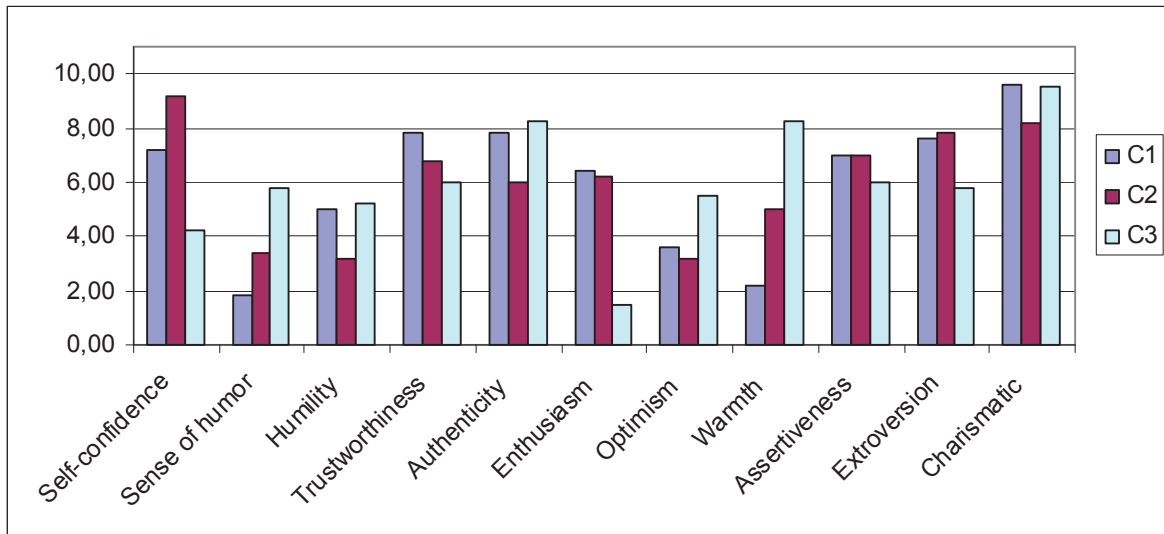


Figure 16: Employees reporting to first level managers in Case 1, 2 & 3 rank the most effective task-related leadership traits for driving operational excellence in their Managers' position.

The pattern is similar for first level managers, as illustrated in Figure 17. "Charismatic" receives on average the highest average rating by first level managers among contributing factor for operational excellence.

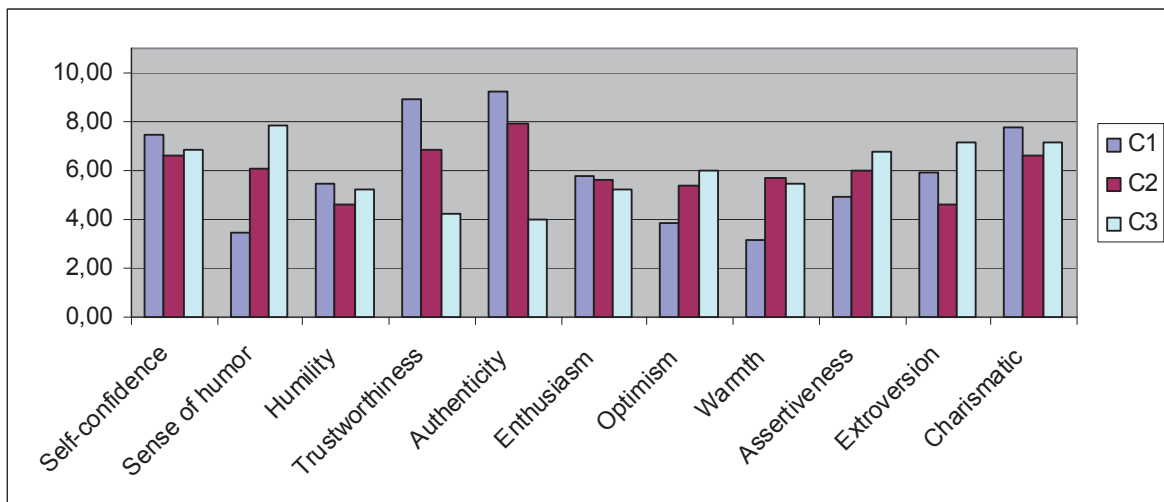


Figure 17: First level Managers in Case 1, 2 & 3 rank the most effective task-related leadership traits for driving operational excellence in their position.

Among senior managers and experts, it shows that abilities such as "Self-confidence" and "Assertiveness" become more important. This can be explained by a tougher work climate at higher corporate levels within the company. "We can conclude that a person is a self-confident leader when he or she maintains composure when dealing with a crisis, such as while managing a large product

recall” (Dubrin, 2010). Due to the larger influence and more pressure in their senior leadership role, it is not improbable that these two attributes would rate higher for them.

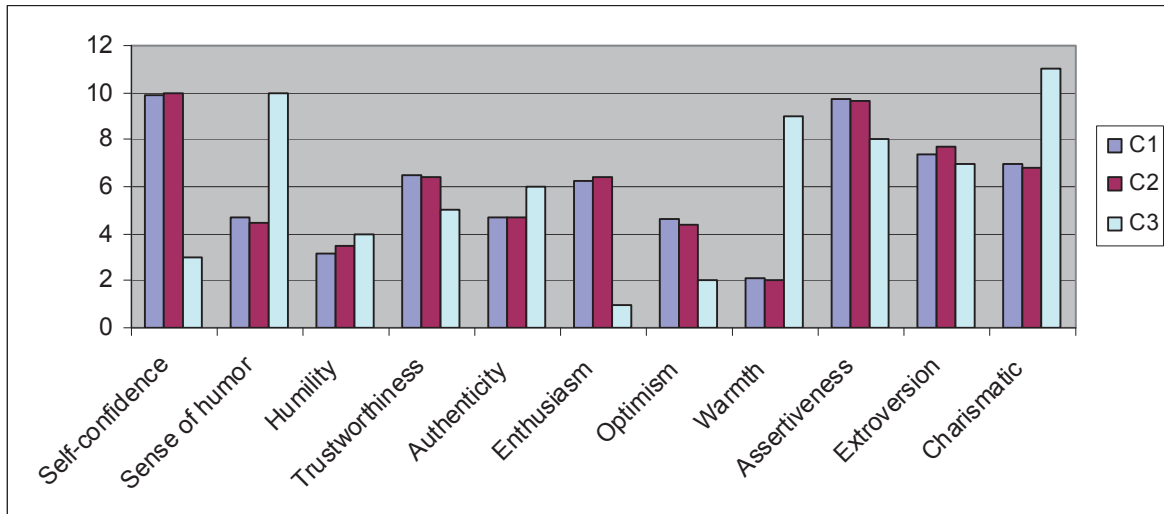


Figure 18: Senior Managers and Experts in Case 1, 2 & 3 rank the most effective task-related leadership traits for driving operational excellence in their position.

Case 2 rate lower on their manager’s performance in regards of operational excellence, see Figure 19. This can be due to the large organization causes many employees to feel distant from the top management and communication becomes more difficult. Both managers and employees raised concerns in the interviews over the challenge to communicate and coordinate work with other units and countries.

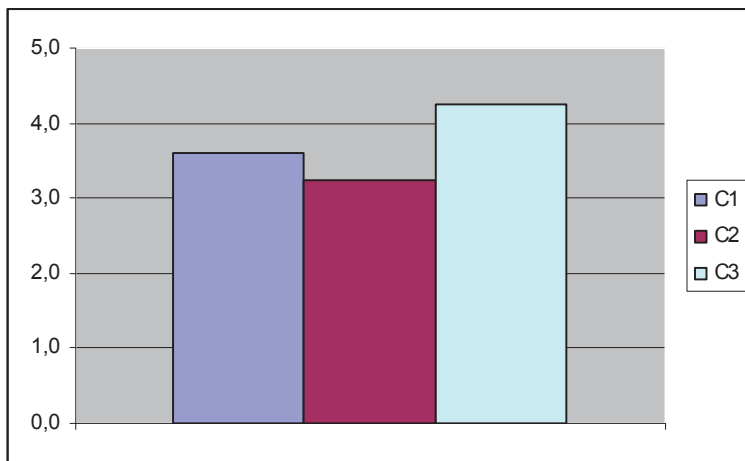


Figure 19: Employees reporting to first level managers in Case 1, 2 & 3 rate of effective their manager’s performance and ability to implement and drive operational excellence.

There is an interesting relation between the use of “Transformational leadership” in an organization, see Figure 20, and managers’ performance in regards of operation excellence. Case 3 scores highest in

both the use of transformational leadership and the leaders perceived performance. According to DuBrin 2010, in Transformational leadership, “The leader attempts to stimulate and satisfy the follower’s higher-level needs by engaging the whole person. Followers are asked to transcend their own self-interest for the sake of the organization, which is accomplished by raising follower awareness of the importance and value of goals”. Transformational leadership leads to a high performing organization.

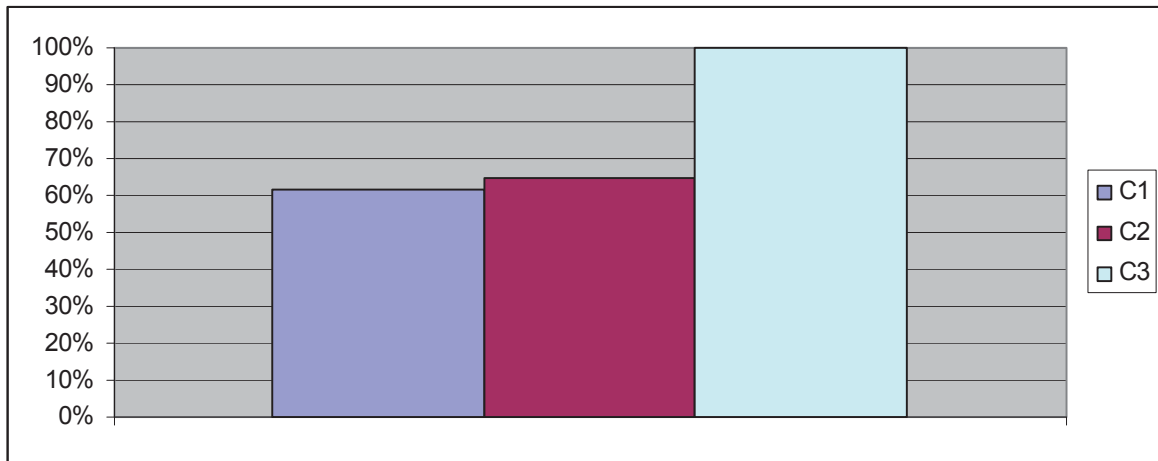


Figure 20: Employees reporting to first level managers rate the use of transformational leadership style in their company in relation to the use of a transactional leadership style.

5. Discussion

The questioner responses have indicated that there is a relationship between and managers' effectiveness in driving operational excellence and the transformational leadership style. However, the study has only investigated organizations with a clear strategy of driving operational excellence. For a deeper analysis it would therefore be relevant to evaluate and compare with organization without experience of driving operational excellence. With the similar reasoning, it is also relevant to study leadership traits that would have a negative impact on implementing operational excellence.

As shown in Chapter 4.4, there is a large difference between how the employees have rated abilities such as "self-confidence", warmth" and "Enthusiasm". The study can not conclude that these differences are due to effective leadership or other aspects. Some of these aspects can have been rated differently due to aspects of the organizations differences in size and complexity. It is not implausible to assume that leaders operating in a larger and more complex international organization would be exposed to more political struggles when driving operational excellence initiatives.

Furthermore, the study has only measured the employees and managers subjective view on the managers' performance. This does not consider the fact that an employee could rate his or her manager higher or lower depending on their personal relationship towards the manager in question. If we consider managers that are scoring high on traits such as "warmth" and "charisma" would be more likely to be well-liked among their employees and pairs, it could also affect the general view on their performance. In other words, a well-liked manager with good social skills could be perceived as more efficient in driving operational excellence. In order to reach an objective conclusion in this matter, it would be necessary to measure how the organizations output or performance changes over time in relation to the leaders involvement and ability to drive changes.

Conclusions and recommendations

The study has concluded that the leadership aspects that contribute to operational excellence in large Swedish organizations can be different depending on the leader's position. For leaders working close to the employees, traits such as "Charismatic", "Authenticity" and "Extroversion" becomes more important. The relationship between an employee and his or hers closest managers is often more personal, intimate and frequent than compared to the employees relationship towards senior managers. Senior managers, on the other hand, work through other leaders to achieve their goals, which require them to endure a tougher political climate compared to first level managers. In their position it is more important to be assertive and self-confident in order to drive to achieve their goals towards operational excellence.

All three cases use leadership training to implement a leadership style that drive operational training. The training is in all cases a long term commitment and the aim is high level of leadership and emotional intelligence. The provided training shows that the companies see the profit in having leaders that provide an environment for operational excellence. This also shows that a good leadership is based both on inherent traits combined with the right leadership training. According to DuBrin (2010), even a charismatic leadership can be taught with the right training.

Case 1 and 2 has a mixed leadership style with both transformational and transactional leadership, while case 3 has only transformational leadership. Case 3 receives a higher rating for the leader's ability to drive operational excellence work. Looking at personal leadership skills charismatic is one denominator that all cases rank high, case 1 and 2 also ranks self-confidence high but not case 3 which have warmth ranked high. The charismatic leader inspires others to follow Popper (2000), and this is shown in this questionnaire. Employees want to have a socialized charismatic leader that uses the power to benefit others. Another aspect that could affect the results is the size and complexity of the organizations in Case 1 and 2 is compared to Case 3 which could contribute to the individual leader's ability to drive operational excellence. The need to coordinate, communicate across country and organizational borders increases the difficulty of changing processes and tools.

For a leader to be effective when driving operational excellence, it is crucial for him or her to involve employees in the process. In the cases discussed in this thesis there are mainly two methods of involving employees to contribute to operational excellence. Major organizational and process changes are often driven as a separate project or programs with project members from different parts of the involved units. These projects can be e.g. a processes transformation program, where a unit radically changes its processes, or a large cost reduction project targeting a specific product line. The projects or programs are most often tied to organizational targets and KPI:s at a higher level in the organization. The large change programs often have attention and involvement from senior management, which enables the program more power to influence managers and change processes across organizational borders. The drawback is that the program and its target can subject to game play if they are not monitored and followed up properly. Another common downside is that employees experience this approach as a top down steering which reduces their level of influence.

The other method used of involving employees is to integrate operational excellence in their daily work. This is most often done by a team or group based setup. It is important that the team is cross-functional and includes members or representatives from all (or as many as possible) areas their task

relates to. In all three cases in this study, the team meets on a regular bases, daily or weekly, to discuss their current status and make short term plans. This way of working with operational excellence is also usually suggested by Lean and Agile practitioners as a good way to drive continuous improvements. This allows for high involvement of employees and enables them to be in control of their own work process. The result is increased motivation and higher commitment. The downside of this method is the lack of ability to influence outside of the team and receive senior management attention in solving problems. One strategy that is used to increase the team influence is to setup virtual groups from members from multiple teams.

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Appendix 1 - Questionnaire

Dear respondent,

Kindly, may we ask you a few questions to know your views regarding **Assessment of Leadership Aspects that Contribute to Operational Excellence: A case Study of two large Companies in Sweden.**

In the space provided below, we would like to know your address for possible contact in the future, however, feel free to leave it empty if you wish not to mention it. We promise full and complete confidentiality, as this study is solely for academic purpose, there is no “right” and “wrong” answer. Thank you for your cooperation

Address.....

1. What personal leadership traits are most effective for driving operational excellence in your position? Rank the traits in decreasing order of importance.
 - a) Self-confidence
 - b) Sense of humor
 - c) Humility
 - d) Trustworthiness
 - e) Authenticity
 - f) Enthusiasm
 - g) Optimism
 - h) Warmth
 - i) Assertiveness
 - j) Extroversion
 - k) Charismatic

2. What personal leadership traits are most effective for driving operational excellence in your manager’s position? Rank the traits in decreasing order of importance.
 - a) Self-confidence
 - b) Sense of humor
 - c) Humility
 - d) Trustworthiness
 - e) Authenticity
 - f) Enthusiasm
 - g) Optimism
 - h) Warmth
 - i) Assertiveness
 - j) Extroversion
 - k) Charismatic

3. What personal leadership traits are most effective for driving operational excellence in your senior manager’s position? Rank the traits in decreasing order of importance.

- a) Self-confidence
- b) Sense of humor
- c) Humility
- d) Trustworthiness
- e) Authenticity
- f) Enthusiasm
- g) Optimism
- h) Warmth
- i) Assertiveness
- j) Extroversion
- k) Charismatic

4. What task-related leadership traits are most effective for driving operational excellence in your position? Rank the traits in decreasing order of importance.
- a) Passion to the work and the people
 - b) Courage
 - c) Internal locus of control
 - d) Flexibility
 - e) Emotional Intelligence.
5. What task-related leadership traits are most effective for driving operational excellence in your manager's position? Rank the traits in decreasing order of importance.
- a) Passion to the work and the people
 - b) Courage
 - c) Internal locus of control
 - d) Flexibility
 - e) Emotional Intelligence.
6. What task-related leadership traits are most effective for driving operational excellence in your senior manager's position? Rank the traits in decreasing order of importance.
- a) Passion to the work and the people
 - b) Courage
 - c) Internal locus of control
 - d) Flexibility
 - e) Emotional Intelligence.
7. What is most difficult when driving operational excellence in large organizations in your position?
Open question
8. How effective would you rate your manager's performance and ability to implement and drive operational excellence?
- a) Excellent Performance in improving the organization (improvements are progressing very fast and smoothly)
 - b) Good Performance in improving the organization

- c) Poor Performance in improving the organization (improvements are progressing very slow)
 - d) Lack of progress or no improvements
 - e) Contribution lead to degraded performance
9. How effective would you rate your senior manager's performance and ability to implement and drive operational excellence?
- a) Excellent Performance in improving the organization (improvements are progressing very fast and smoothly)
 - b) Good Performance in improving the organization
 - c) Poor Performance in improving the organization (improvements are progressing very slow)
 - d) Lack of progress or no improvements
 - e) Contribution lead to degraded performance
10. How would you define the leadership style in your company?
- a) The leader attempts to stimulate and satisfy the follower's higher-level needs by engaging the whole person. Followers are asked to transcend their own self-interest for the sake of the organization, which is accomplished by raising follower awareness of the importance and value of goals
 - b) The leadership builds important influence components between the leader and follower. The leader exchanges rewards for performance, effort, and participation from the follower.
11. How do you motivate and try to empower employees to contribute to operational excellence?
Open question
12. How does your manager motivate and try to empower you and your employees to contribute to operational excellence?
Open question
13. How does your senior manager motivate and try to empower you and your employees to contribute to operational excellence?
Open question
14. Do you use any tools/models to involve employees to operational excellence work?
Open question
15. What leadership principles are most commonly used in relation to operational excellence?
- a) rational persuasion
 - b) inspirational appeal
 - c) consultation
16. How important has the lean concept been to your company's operational excellence work?

- a) Very Important
- b) We have used some tool/methods
- c) Not important at all

17. What makes your company unique in driving operational excellence?

Open question

18. Compare to other companies how advanced would you define your companies work with operational excellence?

Open question

19. Does your company use any leadership training regarding operational excellence?

Open question

Appendix 2 - Company B

Organizational development - VU

The aim with VU is to provide clear operational improvements based on the business situation and strategic direction and to create a structure that allows for continuity in leadership shifts.

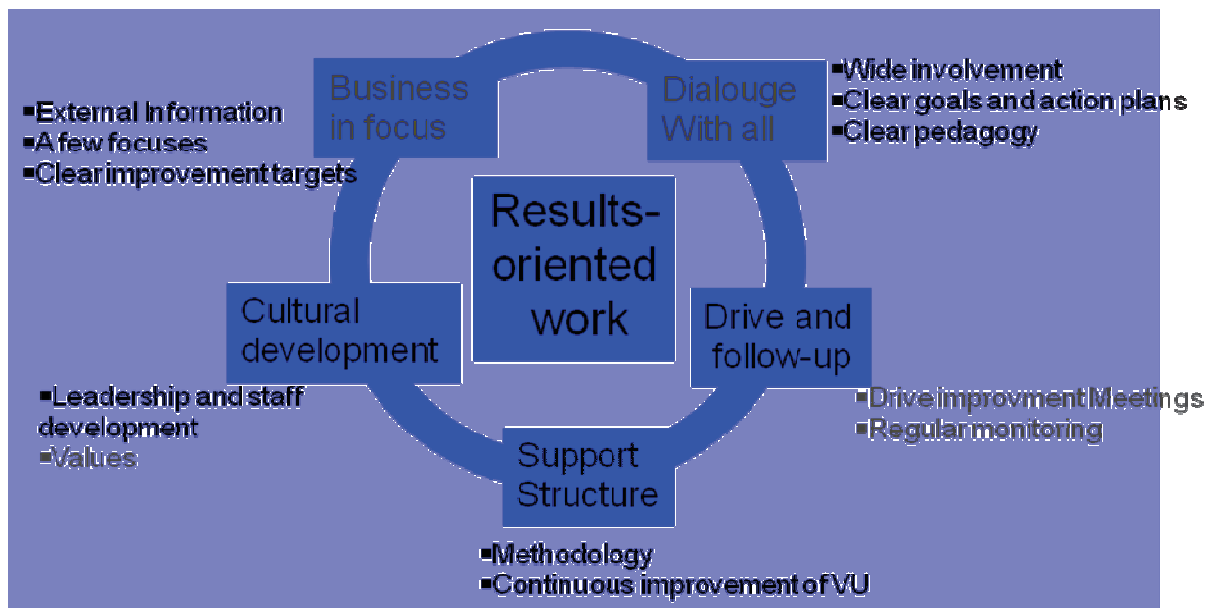
The aim

Why VU:

- ♣ Create result in short-to long-term
- ♣ Realize the company's vision and strategic objectives
- ♣ Involve all employees
- ♣ Get a better communication
- ♣ Build a common corporate

In the VU the company's vision and strategy gives the VU leaders the prerequisites for a functional improvement in operations.

The VU wheel:



Business in focus: Management's preparation for pointing out the strategic direction and overall objectives for the unit. Without the "business focus" is not the feeling of serenity and mobilization. We could also focus on the wrong things

Cultural development: We improve and develop our leadership and colleagues and our values. With attitudes and values that pull in another direction, we can never lift us to a new level of performance.

Support structure: We analyze together the way we operate VU in all parts of the device, both for hard parts like structure and methods and soft aspects such as leadership, culture, attitudes and values in order to improve. Without a robust support structure becomes VU nothing more than a passing gimmick

Drive and follow-up: Driving and monitoring of improvement activities to achieve results. Without monitoring, visibility and drive ground VU work down by the daily operational pressures

Dialogue with all: Consolidation of the strategic focus of the rings and the overall goals and degradation to the respective group-owned goals and action plans. Without "dialogue with everyone", we are not up to the full. Employees are not sufficiently involved and we get no more specific definition of our focus areas in Groups

Result-oriented work: Through a good job in all parts of the VU-wheel so provide, we will have better results in both the short and long term. With a vision that does not provide inspiration and a strategy that lacks quality, we risk manage the business in the wrong direction

Components

External Information

Employees have regular access to the line drawn world information so they can live with the deal, know what is at stake and know how it goes for us.

A few focus

A few focus has been to force the improvement work. To get the power it should not be more than three focus and also they should not be too wide.

Clear improvement targets

A few measurements have been developed (or selected) to drive the development of the selected focus areas

Wide involvement

All employees are involved in a VU-work of any group, either the functional group and/ or a cross-functional group.

Clear goals and action plans

Each working group, including the management team, has broken down the company's strategic focus to their own metrics, goals and action plans

Clear pedagogy

Management has a pedagogical worked through "Strategic reasoning" that summarizes what you want help with, without explaining why this is so important in business and environment terms. It is a dialogue with all employees where everyone has the chance to ask questions and comment on the strategic reasoning.

Drive Meetings

Each working group, including the management, follow up the results and revise plans of action in regular meetings. Propulsion Meeting is the engine of improvement and perceived energy creation and development.

Regular monitoring.

The improvement program in different groups is monitored by management on a regular and systematic basis.

Methodology.

The process and the approach we have to engage in VU is well thought out and documented.

Continuous improvement of VU

There is an established forum, a support group, where we regularly meet to discuss, evaluate and support the business development progressing in both groups, as well as a whole unit.

Leadership and staff development

Leaders are trained and supported systematically in order to coordinate all ongoing operational requirements with the need for ongoing business development and the development of their own group. Employees are trained and supported also systematically in VU-work.

Values

The management works consciously to develop desirable values and are themselves role models.

Vision

A inspiring vision that describes how it looks when we have reached the strategic objectives. The vision can be broken down into different perspectives and be summarized in one sentence.

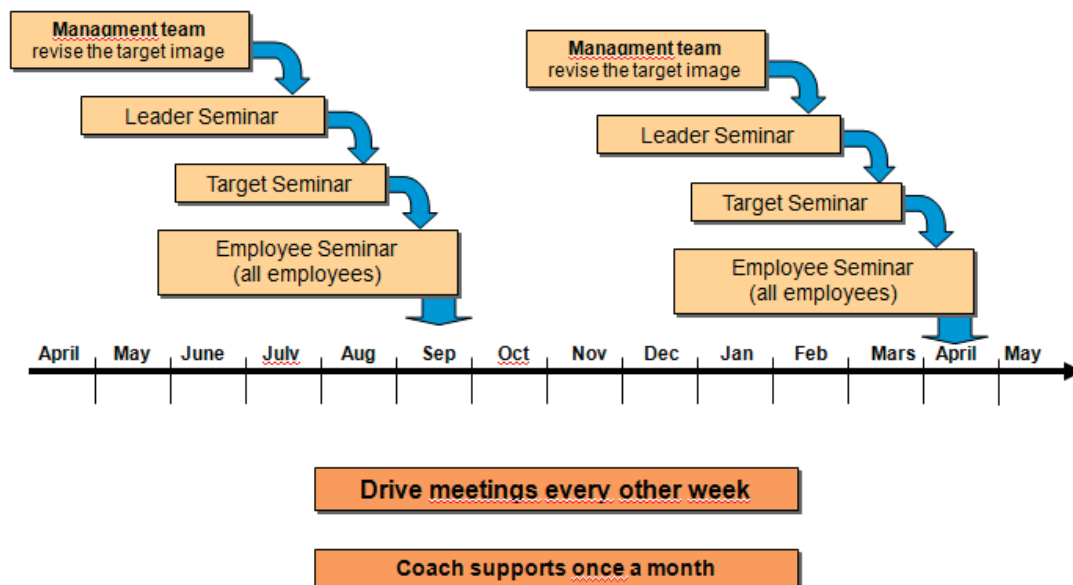
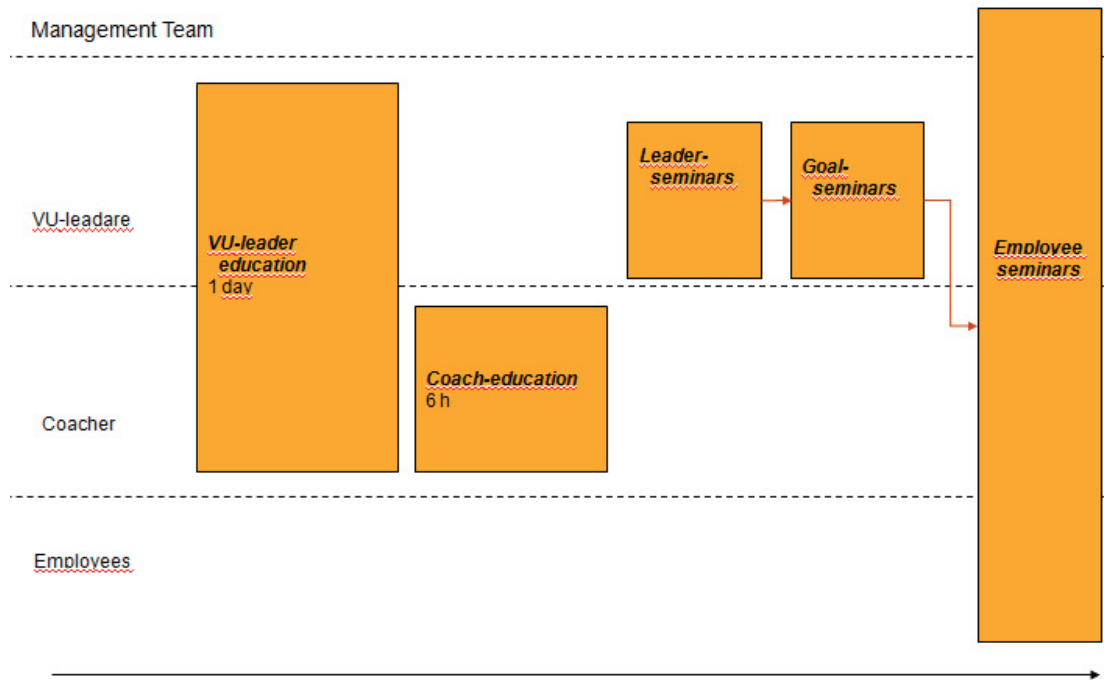
Strategy

Management have jointly developed a strategic plan which includes describes the way to the strategic objectives.

The strategy forms the basis of the strategic reasoning

How it works in reality

Visualization of the VU-structure



The leader

The leader has translated the company's strategic focus areas for their own local business. Has a will-focus that backs up its own strategic focus. Has a particular scenario that describes how it looks when finished. A vivid image that becomes a constant source of inspiration in the work. Have expressed them in writing to see if their thinking is when it is questioned. Is thus mentally prepared to "sell" his vision of the future and their thinking to others

The strategist

Provides direction to the inflow of the group.

The journalist

Awakens The energy in group

The pilot:

Nourishes communication and samples

The auditor

Guarantor for the visible outflow of earnings

The trainer

Ensures feedback, learning and maturation

Operational excellence

Operational excellence, in short OPEX are run with the 4Q method.

The objective of the OPEX is the same as for our VU: to stimulate and support the pursuit of flawless execution across the value chain, Manufacturer – The company - Customer, through continuous improvement of our processes with key business objectives to:

- Deliver products and services that meet customer expectations.
- Maintain profitable growth.
- Wear long-term competitiveness in the market.
- We stimulate improvements across the Company B to eliminate waste, reduce unnecessary variation and enable our employees to work safely and effectively.

Operating Model

Core Teams

- Relays in Divisions / BU's
- Relays in Regions / Countries

Leadership through;

- Quality & OPEX Council
- Supply Chain Mgt Board
- Project Mgt Council
- Global footprint Core Team
- Country Quality & OPEX Teams

4Q

4Q systematic problem solving methodology drives root cause analysis rather than just seeing the symptoms and jumping to conclusions. 4Q tools and techniques come from the best of Lean, Six Sigma, Theory of Constraints and other Quality and Operational Excellence sources education means materials, training and coaching

4Q Program – Objective

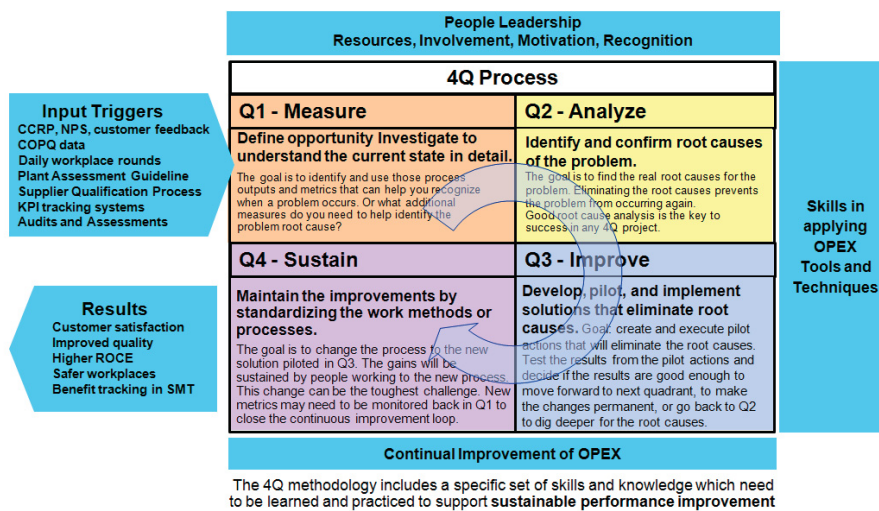
To support businesses in improving customer satisfaction, profitability and health & safety by:

- Promoting the use of the 4Q systematic problem solving methodology for business improvement
- Educating people to use the 4Q tools & techniques to complete business improvement projects
- To stimulate a continual improvement culture so that systematic problem solving is automatic in Company B people

Why use 4Q

- There are no quick-fix magic pills to solve problems
- Solving problems without a methodology is not efficient
- Good improvement methodologies cover the same basic sequence of steps
- Other continuous improvement methodologies can be mapped into 4Q

4Q – A unique improvement methodology



Management Development Program

Company B has three steps in developing managers.

The strategic leader

The purpose of this leadership training is to explore how the Company B manager can achieve Company B's vision in a rapidly changing world. Company B provide the knowledge and skills needed to succeed in reaching personal and team, goals by means of feedback, appreciation and support. The training will improve the ability to combine management and leadership skills to create a creative work that is characterized by good performance and high job satisfaction.

The communicative leader

The purpose of this leadership training is to provide the skills and knowledge the manager needs to create an open environment in which employees actively participate in problem solving and decision making. The manager will improve their ability to communicate with their employees and thus cause them to become active.

The innovative leader

The training's purpose is to learn the manager about the concept of innovation, defined as anything from a big break for incremental improvements, while identifying past successes and current conditions for innovation at Company B. The training shows four different approaches that people use when they want to convert strategy into action. A profile helps the managers to identify their own innovation styles. The training also includes learning about different innovation tools how the different innovation styles go about developing new ideas. Also learn how to transform strategy into action by using a planning template to help you evaluate a situation and develop an action plan that takes into account the critical success factors.