

Embracing Excellence 2022 Canadian Manufacturers & Exporters

Strategy + CI = Engagement
June 7th, 2022



Strategy + CI = Engagement

1. The will to change begins with leaders.
2. The ability to change lies with the team.
3. Success is the product of engagement.
4. Engagement is a function of planning, measuring, execution, and persistence.



Innovair's journey begins

Culture Audit

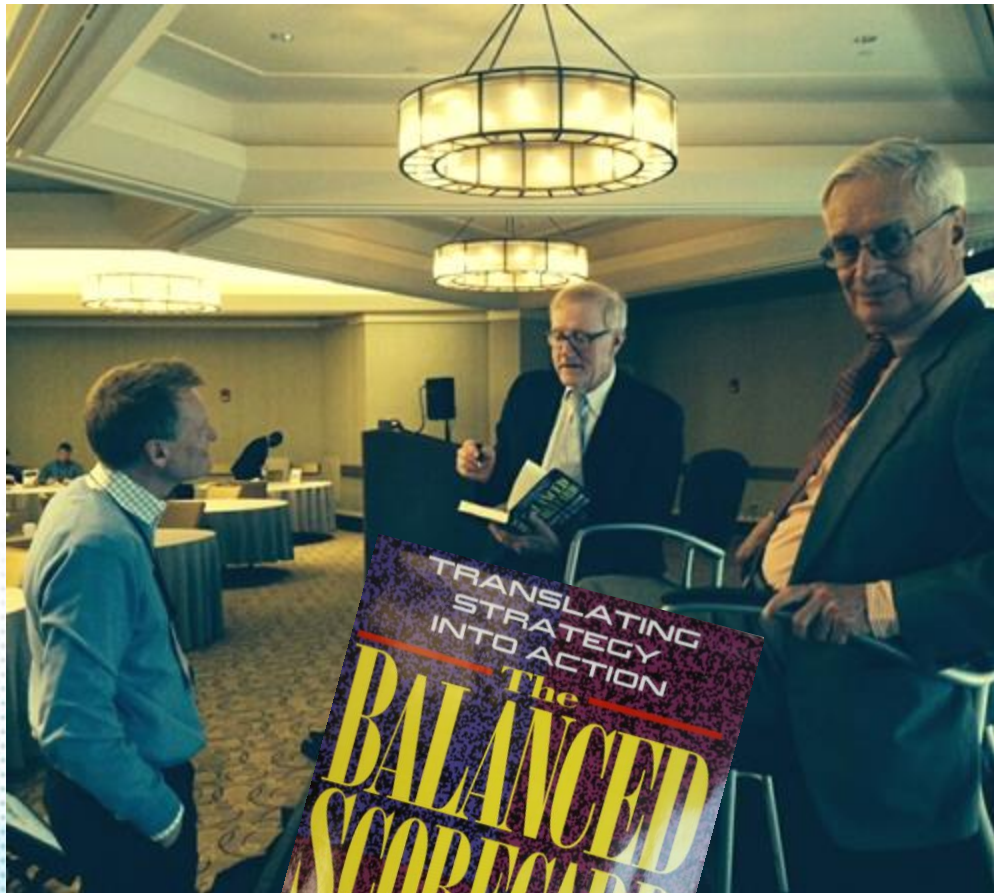
Letting Go

Build a Leadership Team

Go Away

Get Educated, Get Help, Get Going





TRANSLATING
STRATEGY
INTO ACTION

**The
BALANCED
SCORECARD**

Robert S. Kaplan
David P. Norton

"A LANDMARK ACHIEVEMENT!"

GPS



WHY THE BALANCED SCORECARD?

The Innovair Group has to keep getting better in order to have staying power and be competitive. The **Innovair Group Performance System (iGPS)** is going to help us do that by analyzing four perspectives.

They are:

1) **Financial performance:** Our financial performance has been declining since the late 1990s (view graph to right). How do we measure this? By using the **Return On Assets (ROA)** formula – how effective the equipment, buildings, inventory and sales of the Group are at generating income. It's this income that provides us with career opportunities, work stability, training, and resources to satisfy our customers. Our top level objective is to reach an ROA of **16 per cent** by Dec. 31, 2017.



- 2) **Customer satisfaction:** How effective are we at meeting our customers' needs? We exist for our customers, so you may be surprised to learn that we haven't been doing a great job at forecasting what our customers' needs are now or in the future. It's true that our customers have acknowledged us for providing great customer service, and we are proud of our excellent customer-service track record – it forms one of our core values. Our challenge is to put our customers at the centre of everything we do, and make their satisfaction a stronger part of our Group's culture by understanding exactly what they need even before they do.
- 3) **Internal process effectiveness:** The way we deliver value is by using an **effective internal process** that does an outstanding job of figuring out what our customers (internal and external) value the most and building a system that provides it. The key to our success in competing with multi-billion-dollar international competitors is to do this better. Our competitors have a vast array of resources, and we do not. We need to do a better job of running our internal processes with the resources that we have, so that we can compete and surpass the competition. Our continued survival depends upon it.
- 4) **Capacity to do your job:** Understanding your career, as a team member, in the Group is the most important perspective. We call it learning and development. It's only through your creative energy, hard work, and dedication to our customers and each other that we survive and grow in a competitive industry. In this changing landscape, you need to be willing to change and grow with the business, and continually learn and develop new skills to get the job done. The Success Strategy Planner (SSP) is your personal diary of your progress. As an organization, this means providing an environment that supports individual and team success. We will provide leadership at all levels of the organization, show commitment to ethical conduct and community support, and give you the training and resources you need.

In order to improve these four perspectives, we've adopted the balanced scorecard system to help us plan and measure our progress – and this is why we are incorporating the Innovair Group Performance System (iGPS).

Grant Cockshott, President
October 2014

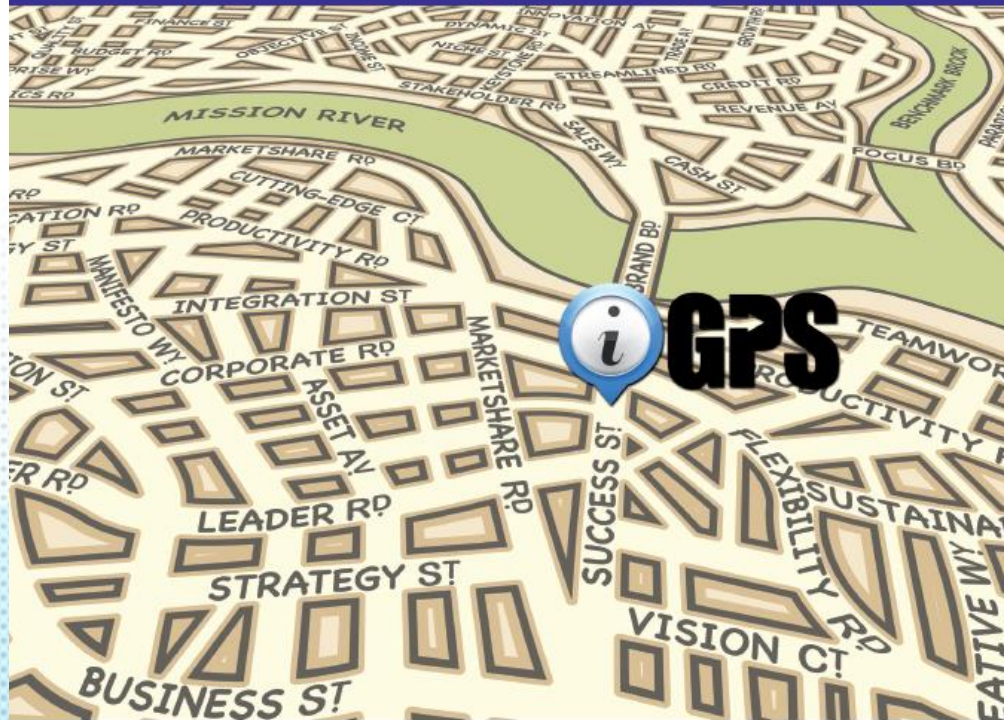


INNOVAIR GROUP **iGPS** TEAM PLAYBOOK

A guide to understand your role and the expectations required while working with an iGPS team

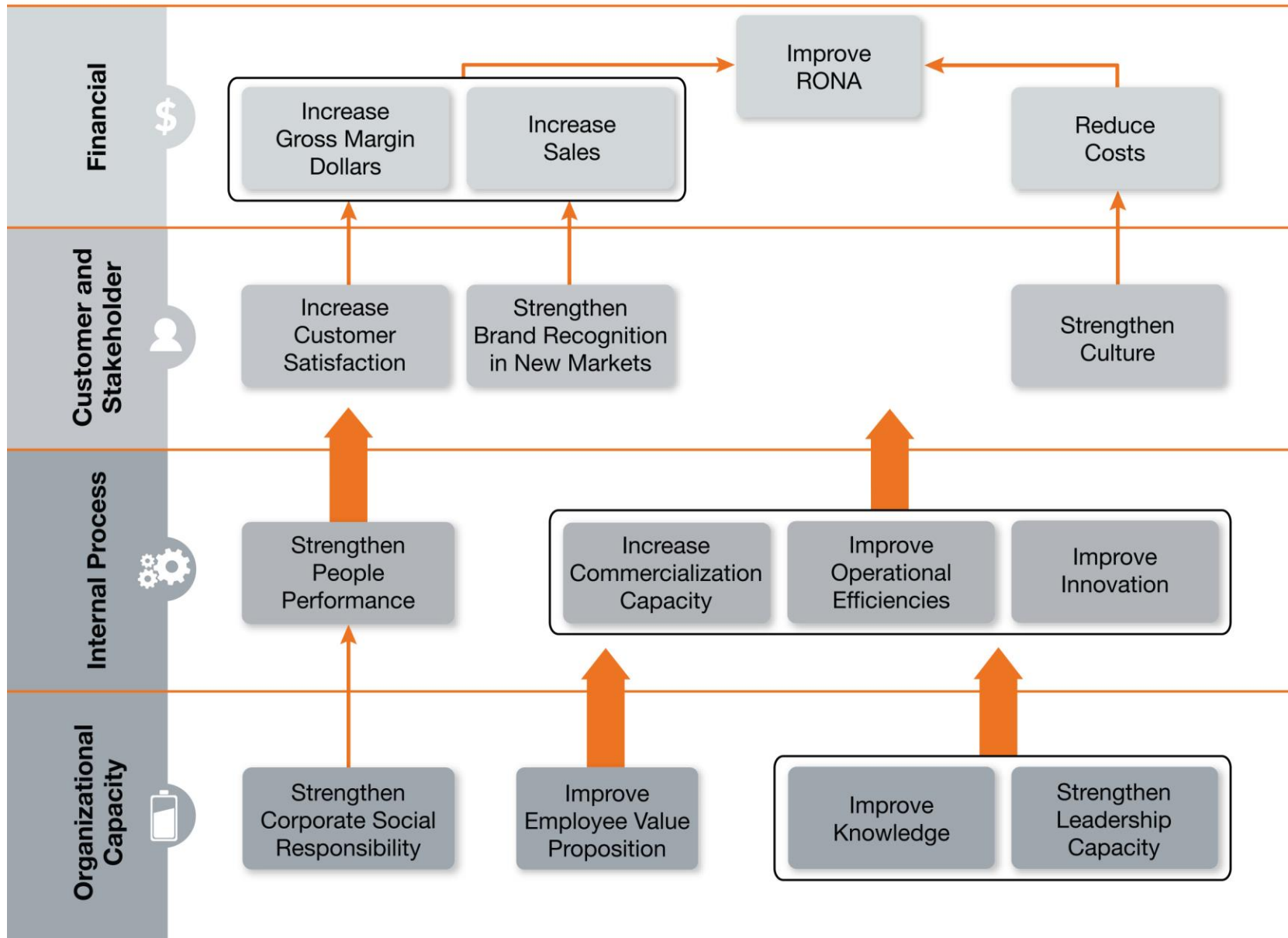
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Group Strategy Map V.2

A Great Place to Work, Customer Intimacy, Operational Excellence, Grow the Business





About Success Strategies:

Success in your job does not happen on its own: it takes training, commitment, coaching, and planning. The purpose of this planner is to detail what is expected of you, the Company's objectives, and how you can plan a strategy for success. Having a success strategy helps create a culture of clarity, accountability, engagement, and integrity. There are three parts to this planner: **My Success Factors**, **My Job Performance**, and **My Growth and Development**.

Our Mission: We are committed to relentlessly pursue the best results for our partners in our community through innovative solutions.

Our Vision: To be the best performing distributor within our markets by 2017.

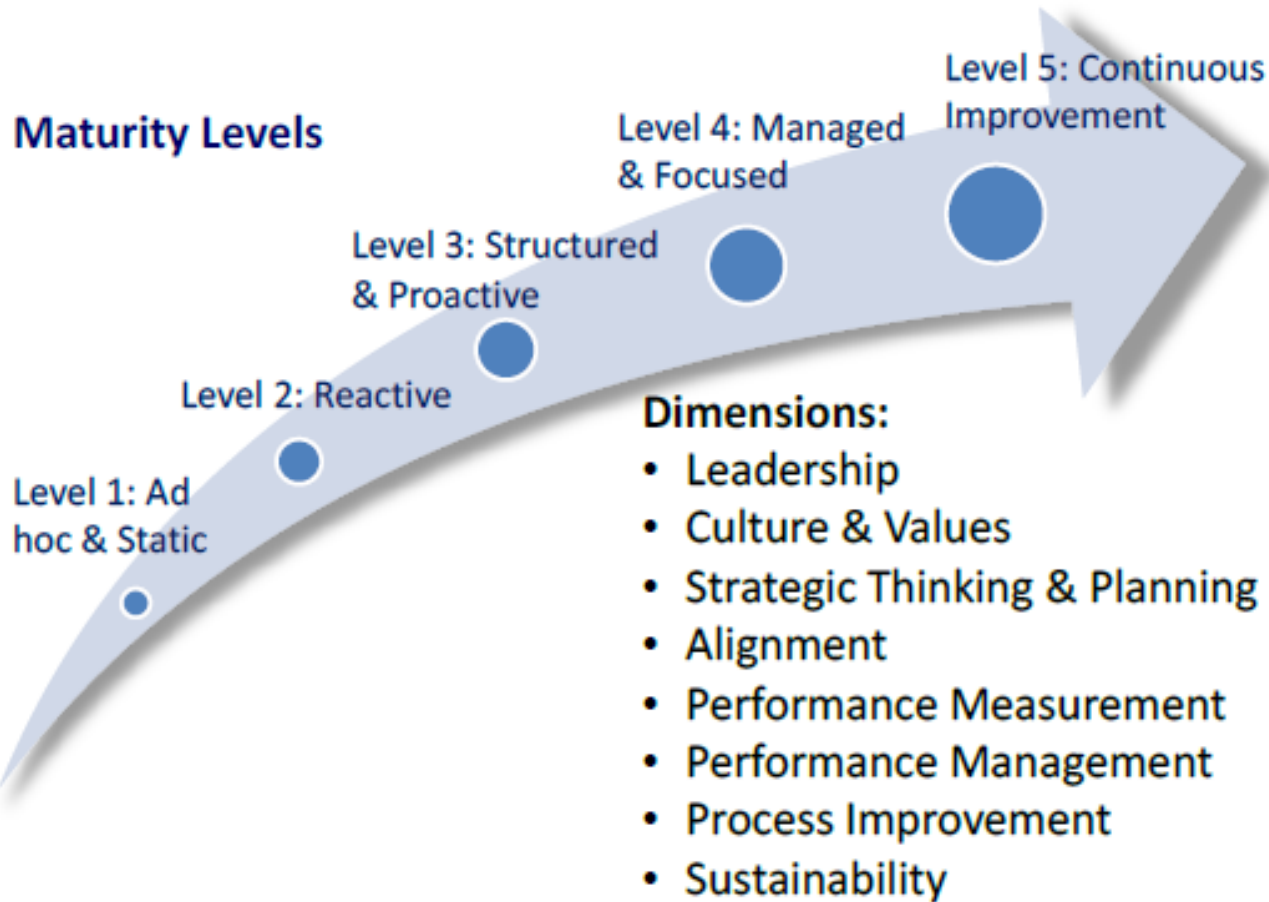
Our Values: Integrity and Honesty, Innovation, Technical Leadership, and Excellent Customer Service.

Review period:	<input type="text"/>	Name:	<input type="text"/>
Reviewed by:	Grant Cockshott, President	Position Title:	<input type="text"/>

Part 1: My Success Factors

Step 1	Success Factors and Expectations. This planning takes place in November/December for the upcoming year's plan.	Your manager will identify the success factors necessary for your job and rank each factor on a scale of one to 100 points. The rating depends on the impact of each factor on achieving the Company's top-level goals. From year to year, these factors may change depending on the nature of your job, or changes in the Company's strategy. The expectations listed under each success factor describe behaviours, competencies, skills, and tasks that are essential for you to be successful in achieving it. Each factor describes what the outcomes look like when you are successful. In the comments section, you'll enter specific goals or actions you'll take to continuously improve in each success factor.
Step 2	Mid-Year Check-in. This discussion takes place in July/August during the current year.	You'll meet with your manager for a one-on-one discussion about your progress and successes. This meeting ensures that everything is going well, you're on track to achieving the success factor goals you identified in part 1, you have an opportunity to ask questions, and to help you reflect and prepare for the annual check-in meeting. Prior to the mid-year check-in, you'll provide specific examples of what you've done toward achieving success in that factor to date, with a score toward that achievement. For example, if the factor is worth 20 out of 100, and at mid-year you feel you're <u>half way</u> to achieving success in that factor, your score is 10 out of 20.
Step 3	Annual Check-in. This discussion takes place in March/April for the prior year.	You'll meet with your manager for a one-on-one annual review in which you and your manager rate your performance for the prior year. You'll provide further, specific examples of what you've done to be successful in that factor, and provide a score overall, as you had done at mid-year. Finally, you'll rate how you're doing toward achieving each success factor using this rating system: exceptional, strong, growing, and does not meet.

RATINGS			
Exceptional (E)	Strong (S)	Growing (G)	Does not meet (D)
Your behaviours, competencies, and skills consistently exceed expectations and requirements.	Your behaviours, competencies, and skills consistently meet expectations and requirements	Your behaviours, competencies, and skills do not consistently meet expectations and requirements. You're learning the behaviours, competencies, and skills necessary to achieve a stronger level.	Your behaviours, competencies, and skills do not meet expectations and requirements. You'll have a detailed performance improvement plan outlined to help you achieve these requirements.



Level 1 is likely most organizations: a tendency to have leaders **running around putting out fires**.

Level 2 is the organization which believes it has a plan in place, but its inconsistent, lacks results measurement, and **tends to be reactive to so many situations that leadership isn't taken seriously** or is viewed as filling in a policy need.

Level 3 is **the organization with a formal process to plan and execute** and has a management competence that is fairly consistent, as it relates to accountability.

Level 4 organizations tend to align their plans and decision making consistently. Across the organization, **there are standards and methods to measure change against goals**.

Level 5 organizations have embedded the process of planning, managing, and measuring goal attainment to such a high level that **a pervasive culture exists that supports continuous improvement**; adapting and changing as results dictate.

Strategic Management Maturity Model™

	Level 1: Ad hoc & Static	Level 2: Reactive	Level 3: Structured & Proactive	Level 4: Managed & Focused	Level 5: Continuous Improvement
Leadership	Leaders dictate / command & control; otherwise disengaged	Leaders dictate but gather feedback sporadically	Leaders model desired behaviors and values but engage with direct reports only	Leaders empower many employees through on going engagement	Leaders & employees fully engage in a continuous dialog based on a team-based culture
Culture & Values	Vision & values undefined or not shared	Vision & Values published, but not lived	Vision & Values communicated & understood	Vision & Values collaboratively developed	Vision & Values fully integrated into organization culture
Strategic Thinking & Planning	No strategic planning occurs within the organization; no goals defined	Strategic planning is the responsibility of a small team and dictated to the organization	A structured and open planning process involves people throughout the organization every couple of years	Plans are developed and revised regularly by trained, cross-functional planning teams	Strategy drives critical organizational decisions and a continuous improvement planning process is maintained
Alignment	Work is narrowly focused based on organization structure, with little customer input	Customer needs and feedback start to influence more aligned decision making	Employees know their customers and align strategy to those needs	Vision, Customer Needs, Strategy, and employee reward and recognition systems are cascaded and aligned	All structures and systems are aligned with strategy, and organizational alignment is continuously improved
Performance Measurement	No data, or only ad hoc performance measures are collected	Performance data collected routinely, but are mostly operationally focused	Strategic performance measures are collected, covering most strategic objectives	Strategic measures are broadly used to improve focus & performance and inform budget decisions	Measurements comprehensively used and routinely revised based on continuous improvement
Performance Management	No emphasis on using performance as a criterion to manage the organization	Performance reviews required but not taken seriously; no accountability for performance exists	Measures are assigned owners and performance is managed at the organizational and employee level	Measurement owners are held accountable and performance is managed at all levels	Organizational culture is measurement and accountability focused; decisions are evidence-based
Process Improvement	Processes are undocumented and ad hoc with evident duplication and delays	A few key processes documented, and process improvement models (TQM, Lean Six Sigma, etc) introduced	All key processes are identified and documented, and strategy guides successful process improvement initiative and improvements	All key processes are tracked and improved on a continuous basis and new process improvement ideas are accepted	Employees are empowered and trained, and a formal process exists for improving process management
Sustainability	Lack of structure and champions lead to short-term focus on tasks	Strategy “champions” identified	Formal organization structure in place to maintain focus on strategy	Organization has an “Office of Strategy Management” or equivalent	Strategic thinking and management are embedded in the culture of the organization

Group Strategy Map V.2

A Great Place to Work, Customer Intimacy, Operational Excellence, Grow the Business



Build our own cylinder filling plant

Launch e-commerce for both B2C and B2B markets

*Hire Marketing Manager
Launch new sleep brand
Remologie*

Develop our own cylinder gas branding

Develop social media capacity

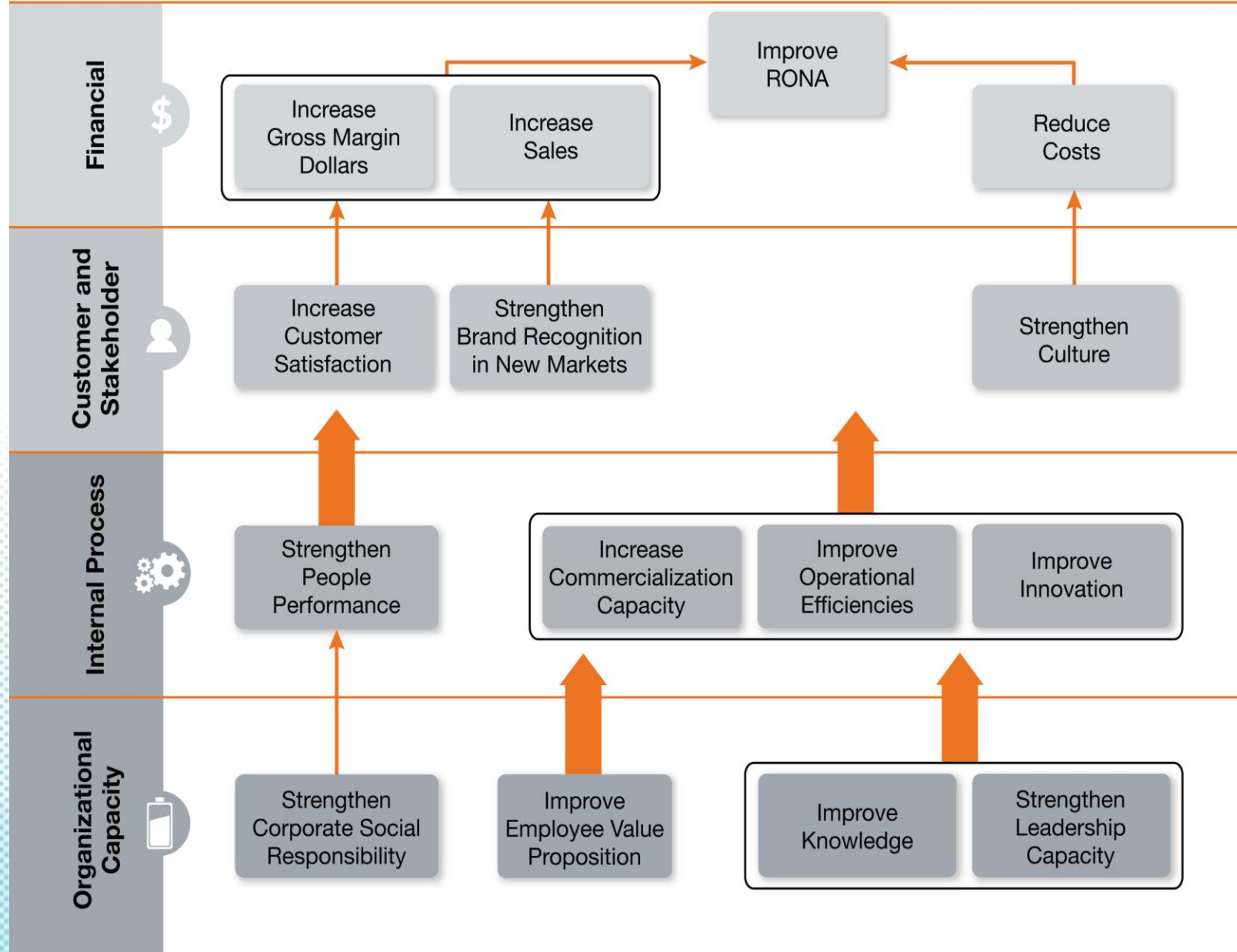
Launch on-line resume and recruitment contact system

Achieve S2 Safe Work Certified status

Increase training in Coaching & Leadership

Provide Staff training in physical and mental wellness & financial literacy

Expand HR capacity to provide better benefits programming



Improve cash management through AR and AP performance upgrades

Expand geographically to SK

Deploy assets which reduce inbound bulk gas cost

Launch Innovair Operating System to track both financial & non-financial metrics

Launch Staff communication platforms (Town Halls, BCT)

Launch Reward & Recognition Program

Continuous Improvement Projects, FWBY, Belt Training

Improve inventory control, price management & contracts administration

Build on-line project gallery in Automation offering

Build Business Continuity Team to share best practices during pandemic

Join industry producers program in USA to learn techniques and processes for fill plant



More like a beating heart, than a marathon or a sprint

Commitment to change had to start with me.

I had to learn to trust others to do the right thing.

I had to disclose the sense of urgency with facts, and the message had to come from me.

We needed to hire and promote change agents & remove change obstructors.

We prioritized investment in people, over machinery and buildings.

Senior Strategy Team needed help developing our strategic plan.

We had to get comfortable with the fact it's not a perfect journey and has many obstacles.

We're only just beginning, and we need a permanent oversight role to measure & sustain.



Resources

- Balanced Scorecard Institute,
balancedscorecard.org
- Denise Zaporzan
Asteria Global
asteriaglobal.com
- Michelle Painchaud
Painchaud Performance Group
ppghr.com
- Grant Cockshott
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