



*Derek Hopkins is president, U.S. Business Unit, Keurig Green Mountain, a leader in specialty coffee and innovative single-serve brewing. Keurig Green Mountain brewers and single-serve beverages are in more than 20 million homes throughout North America*

## What's Keurig Green Mountain's competitive advantage?

We deliver a total system. We've created a disruptive and quality product that allows consumers to enjoy a wide variety of their favorite coffee brands within a simple and convenient brewing system. In fact, fifty leading global coffee, tea, and cocoa brands have partnered with and entrusted us to offer consumers personal choice from more than 500 great-tasting varieties.

Why has Keurig Green Mountain become such a dominant—and disruptive—force in the coffee industry? Derek Hopkins, president, U.S. Business Unit, Keurig Green Mountain reveals his company's secret brew. Howard M. Guttman demystifies the gauzy concept of "OD," and GDS's Jay Redman describes an action-learning approach to leadership development that yielded big results.

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## Leader's Corner: The Keurig High-Performance Blend

### How do you cut through the clutter to gain share of mind and wallet?

We recently revamped our brand positioning and are focused on a new message for Keurig: "Brew the love." We're about to roll out new coffeehouse-inspired brewer packaging, as well as multi-sensory, in-store display experiences. We have a comprehensive media plan that aims for national exposure, with the help of an exciting celebrity ambassador: James Corden. We've also started a direct response T.V. campaign to address whatever barriers might exist to getting people into the Keurig system.

### Coffee has evolved from being just a "cup of Joe" to a differentiated drinking and even social experience. What's your take on the trend?

Consumers today have a much more personal relationship with their products and brands, and certainly this is true in the coffee industry. The needs for coffee have shifted, along with the demographics. It's no longer just about a "help-me-wake-up" energy boost: Coffee is now viewed as a treat, a reward, and fun to drink. It's also about bringing joy to your day and helping connect with others. It's become a feel-good, fit-my-lifestyle statement, and the industry has responded by offering a range of traditional and specialty coffees. This reflects the larger macro trend toward personalization, customization, health and wellness, and immediate gratification.

### You mentioned demographics. How have they affected the coffee industry?

Different ethnic and age groups are helping drive trends relating to personalizing coffee consumption: new flavors and additives, specialty coffees, ready-to-drink options, and even "coffee occasions." For example, afternoon consumption of coffee has increased.

### Keurig Green Mountain's Executive Leadership Team, which is relatively new, has embarked on the horizontal high-performance journey. What difference has it made?

It's made a fundamental difference in how we work together. We've been through team alignment sessions and ongoing leadership development, which have been essential for giving us the skills to operate in a high-performance environment on a day-to-day basis. We have a common language; we deal with conflict much more quickly; and there is a tight level of team alignment on goals and ways of working. This allows us to execute much faster.

### Hurry-up decision making is a sought-after goal today. What's been the impact on decision speed?

We now identify more quickly key issues, who needs to be involved in resolving them, and the roles and responsibilities of team members. It's allowed us to identify the fewest number of people that need to be involved in the decision process. There is also a process in place to inform people of outcomes, so that everyone has the needed information. We're much more efficient.

### **What has the horizontal, high-performing process done for you personally?**

It's driven a new level of personal accountability that goes beyond me and my function to include teams, team leaders, and the organization. It's also helped with the tough issue of how to hold others—both leaders and peers—accountable without rupturing relationships. Handling conflict is a key skill that has allowed me to, in effect, pick the important battles and have meaningful conversations to sort things out. It's cut out the drama!

### **What have you and your colleagues on the Executive Leadership Team learned about having those difficult conversations?**

We've committed to having those conversations within 48 hours after an issue surfaces. We hold up a mirror so the individual can see how his or her actions or behaviors affect either themselves or the team. It's done from a "having your back" and "helping your colleagues" improve standpoint. Where once there was hesitancy to have a conversation about conflict or performance, there's now greater openness and receptivity. We've learned to depersonalize and accept feedback.

### **You are also the leader of the U.S. Commercial Team, which has also moved to the horizontal, high-performance process model. How has your leadership behavior changed as a result of taking that team through the process?**

Practicing what I preach. What does "great" look like? It's become what I expect of my team—and myself. It starts with me receiving and delivering feedback, holding myself and others accountable, and being authentic. I find myself calling out behaviors that deviate from HPT [high-performing teams], instilling HPT into the ongoing operational process, and dedicating time and energy to having the team self-assess.

### **As a member of your U.S. Commercial Team, why should I feel comfortable giving you feedback?**

You have to show signs of being vulnerable and authentic to the team, which I strive to do. I openly admit to making mistakes and demonstrate a willingness to listen to the team's advice. The alignment sessions have been very useful in this area. They have made it easier for me to express vulnerability as a leader in areas where I might not be doing the best job, accept the hard feedback from my team, and then depersonalize it. I found that as I depersonalize feedback, team members are much more willing to speak up.

### **How do you deal with outliers?**

My goal is not to deal with those who choose not to play in a high-performance environment. I prefer that team members deal with it. I expect them to self-assess and to hold peers to high-performance norms. If this doesn't happen, then I have to intervene.

### **Does your performance management system on the U.S. Commercial Team reinforce high-performance behavior?**

First, we have built-in behavioral and performance measures that support the high-performance approach. In addition, it's really important to have ongoing conversations about where people are doing well, where they need to step up their game, how to reinforce HPT expectations, and how to recontract, if necessary. We set aside time as a team each month to recap how we're living HPT principles, where there are signs of progress, and where we need to push harder. We do an alignment session three times each year. And there are ongoing conversations. Our rule is, "If there's an issue, discuss and resolve it immediately."

### **How do you know that your team members "get it" about high-performance?**

Ultimately, you'll see it in performance. It's about setting a level of expectation for the team, what good behavior and performance look like, letting people play the game, and observing. You can see where people are or are not performing. If you set the expectations, gain agreement on the rules of the game, and stay close to what's happening, it becomes apparent when someone isn't on board.

### **How would you rate your and your organization's progress on the high-performance journey?**

It's an evolution. The goal is to make HPT second nature. You need to continually build skills to help drive progress. The Executive Leadership Team and my team have been through alignment sessions, along with leadership-skill development. And we've introduced HPT to the top 50 leaders in the company. We've only begun the journey!

### **What's your biggest take-away to date?**

The HPT process begins with the leader. He or she needs to be fully committed. HPT pushes you to think differently and take a new level of personal accountability that goes well beyond your function. You have to continually hold up a mirror to yourself and others. HPT also has a significant impact on whom you bring into an organization. It changes your approach to hiring. It gives you a new lens to assess the capabilities of job candidates and their willingness to play by a different set of rules, such as dealing with hard issues, not playing underground games or being political, giving feedback, taking an enterprise view, and the like. ●



## The Dynamic of Organization Development

by Howard M. Guttman

*“The same thing is true for ships. They are very big and are driven by strong winds. Yet, by using small rudders, pilots steer ships wherever they want them to go”*

—(James 3:4)

Here is the first principle of organization development and change, succinctly put in the Bible. You want to fundamentally improve and renew an organization? The “pilots,” or top executives, have to lead the charge. To the extent that they work together as a horizontal, high-performance team—the “rudder” in St. James’s metaphor—and then engage the next two tiers down, there will be a powerful, sustained momentum to change business as usual. The change becomes contagious and, properly guided, will course through an organization and affect everyone, from the front office to the plant floor, from customer-facing sales and service associates to the back office.

I have written extensively on how organization development is an unfolding process throughout the organization, driven by leadership-team alignment, coaching, and development. There’s no need to revisit the process, except to say that it is a dynamic one.

Bob Gamgort, formerly CEO of Pinnacle Foods and now CEO of Keurig Green Mountain, once put the point this way: “You have to apply constant effort to remain a high-performance organization. It’s not something you learn once and you’re cured....Every time an organization says, “We’re now beyond that,” they are headed for a fall. It’s a sign that they just don’t get it.”

One key way to “apply constant effort” in the pursuit of becoming a high-performance organization is to fundamentally change traditional ways of working. When you shuck away the niceties of OD theory, the question becomes, how well does an organization resolve the issues that confront it?

Issue resolution is the moment of truth for organizations, however they are constituted. In our own work, we have devoted considerable thought and client research to bringing high-performance, horizontal thinking to these moments of truth, so speed and agility of issue resolution increase and the logic of high-performance is present and reinforced day to day.

Take decision making as a case in point. Surely, the acid test of organizational effectiveness is how well leaders at every level of an organization make critical choices. The horizontal, high-performance approach to decision making is distinct in these three ways:

*First*, it treats decision making not as a function of positional power, but as an answer to the question: How much decision-making “space” does a team require to perform? Old hierarchies become irrelevant. Decision-making responsibility gets “distributed” to high-performance teams accountable for achieving standout results.

*Second*, involvement becomes not an empowerment free-for-all, but a deliberative process to manage information, involvement, commitment, and implementation. Many of our readers have adopted the GDS protocol for issue resolution. It provides a clear path from issue identification and priority setting, to determining who should be involved, to gaining agreement on whether the decision best be made unilaterally, consultatively or by consensus, to communicating results.

“Issue resolution is the moment of truth for organizations.”

## The Dynamic of Organization Development

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*Third*, it treats decision making as a deliberate, step-by-step—and shared—process for gathering and assessing information about a decision: What outcomes do we want? What are the different ways to achieve them? What are the risks? This shared process both improves decision quality and facilitates communication of the “what and why” of decisions, keeping everyone on the same page, and enabling those touched by the decisions to contribute to them.

In horizontal, high-performance organizations, decision moments of truth become a way for teams to work together collaboratively and across functions to harness the brainpower and energy of the organization to accomplish one of its most critical tasks. High-performance norms get reinforced as organizations work day to day to deliver results. That’s OD at its most granular level!

**For other GDS OD Consulting Solutions** aimed at bringing the horizontal, high-performance approach to the ongoing resolution of business issues, [click here](#). 



## From a Consultant's Notebook

### Jay Redman

*Here are the field notes from an intervention led by Guttman Associate Senior Consultant Jay Redman.*

#### Presenting Situation

The COO of a global manufacturer reviewed company-wide talent needs and identified a critical talent gap....No internal candidates were ready to step up to assume role of presidents of key subsidiaries....No internal leadership development infrastructure....No leadership pipeline, no development programs....Previous attempts to recruit from the outside were unsuccessful, leading to culture clashes and high turnover.... Complex, multi-division, and high-pressure environment required strong internal networks from Day One.

#### Charter for Guttman

COO sought a solid leadership development program to build bench strength of internal candidates to fill future division positions as presidents of the subsidiaries, and, eventually, to replace him....Aimed to improve overall performance of those currently leading subsidiaries, reduce the 6-9 month lag time to fill vacancies in these positions, and promote from within....Also wanted a flexible framework that could be used to fill all key roles in the organization.

#### Process

First, interviews conducted with the COO, subsidiary presidents, and corporate SVPs to build success profile for future presidents of subsidiaries and the VPs who reported to them. Four questions asked: What does success look like today? What derails leaders today? What will the company need in five years that it doesn't have today? What would an effective leadership program need to include? Responses were processed and a leadership model developed that included a high-potential framework that pinpointed criteria related to performance, potential, and readiness.... corporate leadership signed off.

Three modules included in the program, focusing on key behaviors relating to influencing across the company, managing conflict, working effectively cross-functionally, leading change, and high-performance leadership....A key component: participants received feedback from peers and above.... Action learning built in, along with ongoing coaching....First leadership development program held....Included subsidiary presidents and high-potential VPs from across the subsidiaries.

#### Results

First leadership program nearing completion. Team's action-learning project involved generating \$1,000,000 in revenue from an underperforming subsidiary. Project plan presented to the CEO, COO, other subsidiary presidents on his team, and corporate leaders. Project approved and is being implemented, with a review in 6 months....Slight modifications to the core leadership program underway, based on feedback from the initial program....Team became a champion of the cross-functional way of working.... CEO was so impressed that he asked team to I.D. other areas ripe for cross-functional problem solving and decision making.... Leadership framework now in place for subsidiaries to operate cross-functionally.... Two participants promoted....Post-session 360-degree feedback indicated positive changes in behavior. Next level of leaders slated to go through a second program.... Senior leaders now possess a leadership assessment and development framework in place, supported by hard, quantitative data, to grow the capabilities of current and future leaders.

#### Key Insights

Test-pilot what you develop—and don't assume....Perception of talent and skills often diverges from reality....Example: Decision making and "stakeholdering" surfaced as needs only as the first program progressed....Let the team speak for itself and assume ownership for the outcomes....Mine the insights from the leadership team and customize, customize, customize! 🍷