

You Can't Win Indy in an Edsel!

How to Develop a High Performance Work Culture

Kevin McManus
The Systems Guy, Great Systems!
www.greatsystems.com



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How Fast Can You Go?

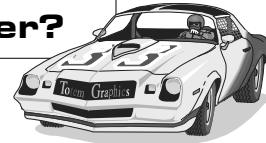
- Can you run a five minute mile?
- Can you reduce your daily commute time by 10% each year?
- Can you make 100% of your free throws?
- Can you earn \$1 million next year?
- Can you achieve a zero defects goal?

**A system can only
give you what it is
designed to give you**



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Why Can't We Go Faster?



If we want to go faster (higher levels of performance), we have to take the plates off.



We ask our people to drive faster, but we leave the restrictor plates on at the same time.



Faulty work systems are similar to restrictor plates on NASCAR vehicles

We have to change our work systems in order to sustain higher levels of performance



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Can We Stop the Destruction?

The prevailing system of management has destroyed our people ...

People are born with intrinsic motivation, self-esteem, dignity, a curiosity to learn, joy in learning ...



The forces of destruction begin with toddlers - a prize for the best Halloween costume, grades in school, gold stars - and so on up through the university.

- W. Edwards Deming

Five Key Concepts

- All work is a process
- All processes produce results
- Systems shape culture
- Systems give you what they are designed to give you
- People make the difference



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Work Processes We Ignore

- Meetings
- Leadership Development
- Annual and Strategic Planning
- Internal and External Customer Recognition
- Internal and External Customer Satisfaction
- Performance Review
- Performance Measurement
- E-mail
- Project Development
- Job Design and Time Utilization

Work = People spending time and money to make money



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The Key to High Performance

Every process owner should be responsible for tracking and trending process performance and process waste on a regular basis, and for using that information to improve those processes.

Who are your process owners?

How do they spend their time and money each day?



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Key Cultural Challenges

Measuring leaders only by the results their people get for them

Reactive approaches to process management and improvement

Paying people more based on the title they hold

Using negative feedback as our main reason for communicating

Failing to appreciate the resource limitations that hinder project throughput

Trying to use measures to control people instead of improve systems

Relying on lecture as our primary means of teaching people

Failing to appreciate the power of thinking and acting digitally

Failing to recognize the importance and value of internal customers

Accepting certain forms of process waste as just the way things work around here



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A poor leadership development process results in a lost organization



The Terrible Twins

Cultural Challenge	Measuring leaders only by the results their people get for them
First Step	Install a process for gauging leadership behavior effectiveness
Leverage Point	Getting front line supervisors to work and act as effective leaders
Key Tools	Leadership Index, expectations list, leadership development process



Comparing Leadership Approaches



The Terrible Twins

Cultural Challenge Measuring leaders only by the results their people get for them

Traditional Approaches

- Leaders are measured only by the results their people get for them
- Leaders are 'trained', but they rarely have to demonstrate competence
- Leaders rarely have to prove the value of the decisions they make

High Performance Approaches

- Leadership behavior effectiveness is measured
- Leaders are measured on the processes they own (i.e. meetings)
- The leadership development process is reviewed and improved annually – leaders have to demonstrate personal growth



How Do Your Leaders Behave?

My manager or supervisor ...

1. Works with me to define the expectations of my job
2. Helps us find ways to do our jobs better
3. Is willing to spend time listening to my concerns
4. Lets me know when I have done a good job
5. Asks for my ideas about things affecting our work
6. Treats me with respect and dignity
7. Keeps me informed about things I need to know
8. Lets me do my job without interfering
9. Makes an effort to understand my point of view
10. Keeps favoritism from being a problem in our workgroup
11. Makes sure that continuous improvement is part of my daily job

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LI = 45%

- Which leaders should be measured with an index?
- What minimum score should be considered acceptable?
- How long should we tolerate 'poor performance'?



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Do You Have HP Leaders?

What percentage of your leaders have these skills?

- Knowledge of basic communication principles
- Project management
- Spreadsheet analysis and charting
- Team facilitation / presentation skills
- E-mail and Word software basics
- Coaching and personal skill development
- Process improvement skills / lean tools / trend analysis
- Basic web page design and posting
- Using databases and Pareto charts to analyze waste incidents
- Knowledge of ethical practices, regulatory compliance rules



How proficient are they in each skill area?



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Poor job designs limit time for project development and learning



The Firestarter

Cultural Challenge

Reactive approaches to process management and improvement

First Step

Define process and project time use expectations for all management

Leverage Point

Measure how managers and supervisors use their time each day

Key Tools

HP job description, time summary matrix, team infrastructure



Comparing Job Design Approaches

Cultural Challenge

Reactive approaches to process management and improvement



The Firestarter

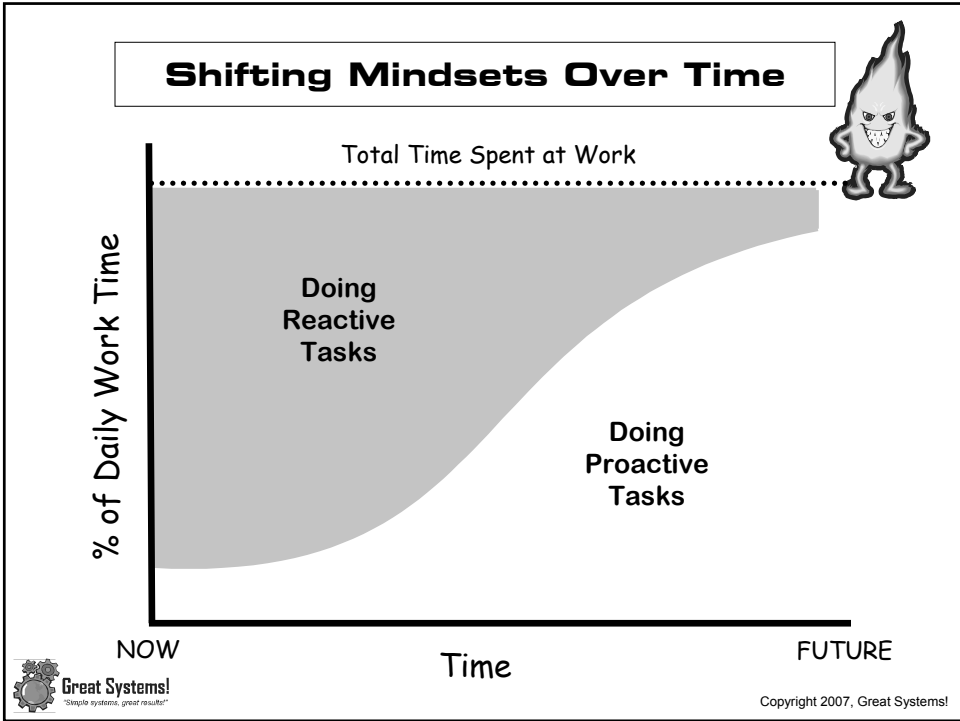
Traditional Approaches

- Majority of personal time is spent working alone and fighting fires
- Limited time is budgeted for project development and learning
- Process improvement and project time investments are waste laden

High Performance Approaches

- Majority of time is spent working in teams and on projects
- Personal time is spent in a process-focused manner
- Job designs are regularly reviewed and adjusted – realignment occurs





How Do You Spend Your Time?

Position / Function	Headcount	Avg. Wage / Hour	% of Time			Hours / Year			Cost / Year		
			Projects	Processes	Planning	Projects	Processes	Planning	Projects	Processes	Planning
Director / VP / CEO	7	\$50	40%	20%	40%	5,628	2,814	5,628	\$281,400	\$140,700	\$281,400
Manager	5	35	40%	30%	30%	4,020	3,015	3,015	140,700	105,525	105,525
Supervisor	7	24	30%	50%	20%	4,221	7,035	2,814	101,304	168,840	67,536
Lead Person	6	18	10%	70%	20%	1,206	8,442	2,412	21,708	151,956	43,416
Sales / Marketing	14	25	20%	60%	20%	5,628	16,884	5,628	140,700	422,100	140,700
R & D	2	20	60%	20%	20%	2,412	804	804	48,240	16,080	16,080
Production	35	12	10%	90%	0%	7,035	63,315	0	84,420	759,780	0
Warehouse	6	13	10%	90%	0%	1,206	10,854	0	15,678	141,102	0
Quality Assurance	3	19	40%	50%	10%	2,412	3,015	603	45,828	57,285	11,457
Human Resources	2	23	40%	50%	10%	1,608	2,010	402	36,984	46,230	9,246
Accounting / IT	5	23	30%	50%	20%	3,015	5,025	2,010	69,345	115,575	46,230
Purchasing	1	28	40%	40%	20%	804	804	402	22,512	22,512	11,256
Maintenance	3	18	20%	70%	10%	1,206	4,221	603	21,708	75,978	10,854
Sanitation	4	10	10%	90%	0%	804	7,236	0	8,040	72,360	0
Totals / Avg.	100	\$20	29%	56%	16%	41,205	135,474	24,321	\$1,038,567	\$2,296,023	\$743,700

- What should your project – process – planning mix be?
- How should this mix between different work groups?
- To what degree should this mix change over time?

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A misaligned compensation system leads to low ownership in improvement



Cultural Challenge

Paying people more based on the title they hold

First Step

Install a recognition process that includes all individuals and teams

Leverage Point

Link each person's pay to team and organizational performance

Key Tools

Incentive / at risk pay plans, recognition process, compensation plan



Comparing Compensation Approaches

Cultural Challenge

Paying people more based on the title they hold



Traditional Approaches

- **Work environment quality and effect is rarely considered**
- **Compensation increases are based mainly on cost of living adjustments**
- **The need to prove personal value decreases with rank**

High Performance Approaches

- **Work culture is considered to be a key compensation component**
- **Each employee has a tangible stake in the success of the organization**
- **A short line of sight exists between personal and organizational success**



Show Me More Than the Money!

	Traditional Workplace	High Performance Workplace
Wages	<ul style="list-style-type: none"> Hourly rates mirror local averages Overtime is main form of 'extra pay' Increases are primarily COLA driven Piece rate incentives used in some cases 	<ul style="list-style-type: none"> Hourly rates are above average Monthly or quarterly profit sharing payouts Pay for skill process drives wage increases Profit sharing available for all employees
Benefits	<ul style="list-style-type: none"> Same basic package for all groups Management typically gets added features Packages limited to medical, dental, and life 	<ul style="list-style-type: none"> Cafeteria style benefits program All employees on same program Wide range of benefit options
Extras	<ul style="list-style-type: none"> Giveaways used to motivate at times Bonuses limited to upper management Little community support involvement 	<ul style="list-style-type: none"> Multi-level recognition process Site-wide bonus program High% of workforce supports community
Environment	<ul style="list-style-type: none"> Limited involvement in decision making Job rotation is limited Few workplace improvements are made 	<ul style="list-style-type: none"> High levels of employee involvement Job rotation is linked to training plans Workplace improvements are expected



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Communication Challenge

Performance feedback is one way, often negative, and infrequent



One Way Man

Cultural Challenge	Using negative performance feedback as our main reason for communicating
First Step	Measure and trend the effectiveness of your key communication events
Leverage Point	Effectively use your mix of meetings and your intranet site
Key Tools	Intranet use worksheet, event management process, vehicle matrix



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Comparing Communication Approaches

Cultural Challenge

Using negative performance feedback as our main reason for communicating



One Way Man

Traditional Approaches

- People normally hear from their leaders only when they mess up
- Cost and other performance information is shared on a limited basis
- Communication vehicles and approaches are rarely managed

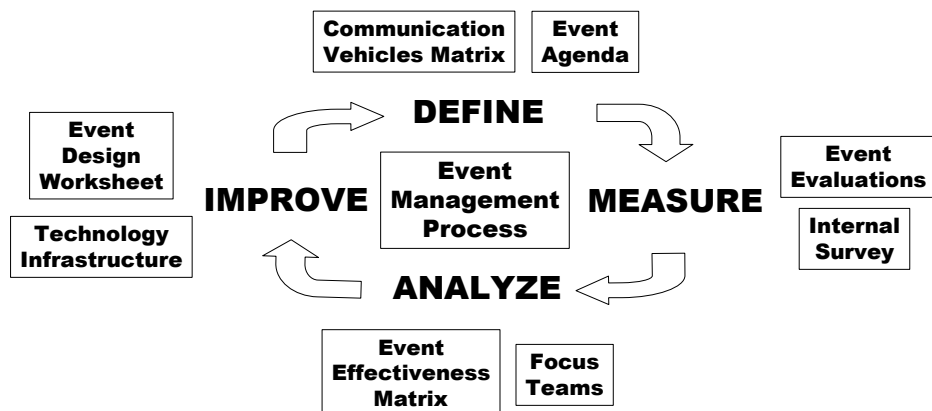
High Performance Approaches

- Intranets are used to a high degree for info sharing and collection
- Communication events are coordinated, measured, and improved
- All process owners are expected to hold regular process team meetings with their people



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The Event Management Process



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Lack of project time and skills reduces the company's idea flow and conversion rates



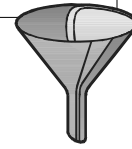
The Clog

Cultural Challenge	Failing to appreciate the resource limitations that hinder project throughput
First Step	Improve the approaches that are used to prioritize and select projects
Leverage Point	Give each employee the time and skills to help implement projects
Key Tools	Annual planning process, decision matrix, project database



Comparing Planning Approaches

Cultural Challenge Failing to appreciate the resource limitations that hinder project throughput



The Clog

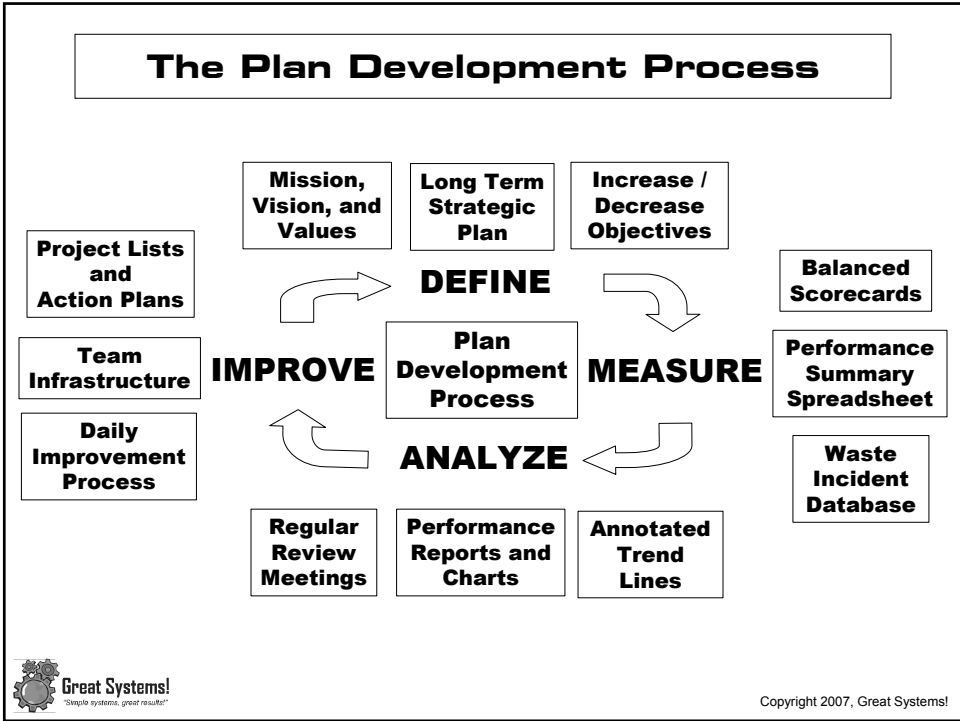
Traditional Approaches

- Leader position and influence are the primary project selection factors
- Limited project development is wasted – wrong projects, poor skill use
- Projects are kept in 'silo' databases, creating resource battles

High Performance Approaches


- Projects are selected based on their potential for objective impact
- All employees can submit projects to a central organizational database
- Resource constraints are considered as cascading plans are created





PI Overview

Key processes contain too much waste!



The Waste Maker

Cultural Challenge	Accepting certain forms of waste as just the way things work around here
First Step	Require all process owners to measure and improve their processes
Leverage Point	Identify and minimize waste streams for each key process
Key Tools	Process definition matrix, waste incident database, daily improvement process

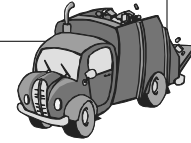
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Comparing Process Improvement Approaches

Cultural Challenge

Accepting certain forms of waste as just the way things work around here



The Waste Maker

Traditional Approaches

- Process improvement are project team driven, not owner driven
- Certain waste streams are unrecognized, and others are accepted
- Corrective actions are poorly designed and implemented

High Performance Approaches

- All key processes have been defined per customer requirements
- Work teams support project teams via daily continuous improvement
- All leaders possess process improvement skills and hone them over time



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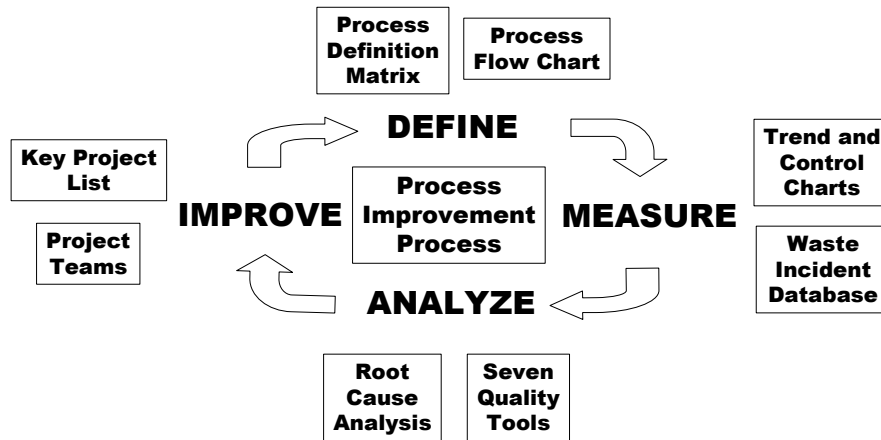
How Defined are Your Processes?

Value Creation Process Area	Key Customer Requirements	Key Processes and Tools	Key Process Measure(s)
New Product Development	Improve product features Develop new products Reduce production costs	Development process Customer listening posts Performance review process	Development cycle time Development cycle cost New product success %
Sales and Marketing	Retain current customers Attract new customers Maintain account accuracy	Account development process Customer targeting process Account updating	Customer retention % Revenue growth % Customer satisfaction index
Customer Service	Prompt response to calls Accurate information Timely information	Order entry process Information retrieval process Complaint resolution process	Call abandonment rate External survey score % calls answered in 10 sec.
Purchasing and Receiving	On time material delivery Cost effective raw materials Performance to specs	Receiving process Material ordering process Supplier management	Material cost per pound Avg. \$ in inventory On time delivery %
Production	On time schedule completion Quality product Minimal waste	Preparation Assembly Packaging	Process cost per pound Rework / waste % % production to schedule
Shipping	On time shipments Accurate shipments Prompt order fulfillment	Order assembly Shipment scheduling Order labeling	On time % Order cycle time Shipping accuracy score



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Are Your Processes Improving?



What % of your processes consistently go around the loop?



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Measurement Challenge

Measures and trending are not used to understand and improve systems



The Hammer

Cultural Challenge	We try to use measures to control people instead of improve systems
First Step	Use balanced scorecards and trending to understand all key processes
Leverage Point	Teach all employees to read behavior curves and identify system impacts
Key Tools	Scorecards and dashboards, trend lines and limits, performance summary spreadsheet



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Comparing Measurement Approaches

Cultural Challenge

We try to use measures to control people instead of improve systems



The Hammer

Traditional Approaches

- Performance is only trended at the organizational level
- Process throughput, and cost, are the two primary measures used
- Opinions are used to diagnose trends instead of other quality tools

High Performance Approaches

- Balanced scorecards have been defined for all work teams
- All key metrics are trended over time by each process owner
- Projected system improvements are used to set process goals



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How Balanced are Your Measures?

Team	Key Performance Areas and Measures			
	SAFETY	PEOPLE	QUALITY	COST
Plant	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover % Survey Score	Waste % Rework % Back Order Rate	Cost per Pound Cost per Manhour
Production	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover %	Waste % Rework % Monthly Inspection Score	Cost per Pound Cost per Manhour Efficiency %
Maintenance	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover %	Repeat Repairs rate Monthly Inspection Score Internal Customer Sat	Cost per Pound Cost per Manhour Downtime %
Warehouse	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover %	Back Order Rate Monthly Inspection Score Order Accuracy %	Cost per Pound Cost per Manhour Orders per Manhour
Sanitation	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover %	Pre-Op Score - average Monthly Inspection Score Internal Customer Sat	Cost per Pound Cost per Manhour
Quality Assurance	# of LT Accidents OSHA Incident Rate	Absenteeism % Turnover %	Internal Customer Sat Complaint Rate	Cost per Pound Cost per Manhour



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Training events are mostly lecture – minimal time is used for skill practice!



Lecturama

Cultural Challenge

Relying on lecture as our primary means of teaching people

First Step

Redesign all training to focus primarily on skill practice

Leverage Point

Linking training event design to the system changes that are desired

Key Tools

Personal development plan, certification process, curriculum matrix



Comparing Training Approaches

Cultural Challenge

Relying on lecture as our primary means of teaching people



Lecturama

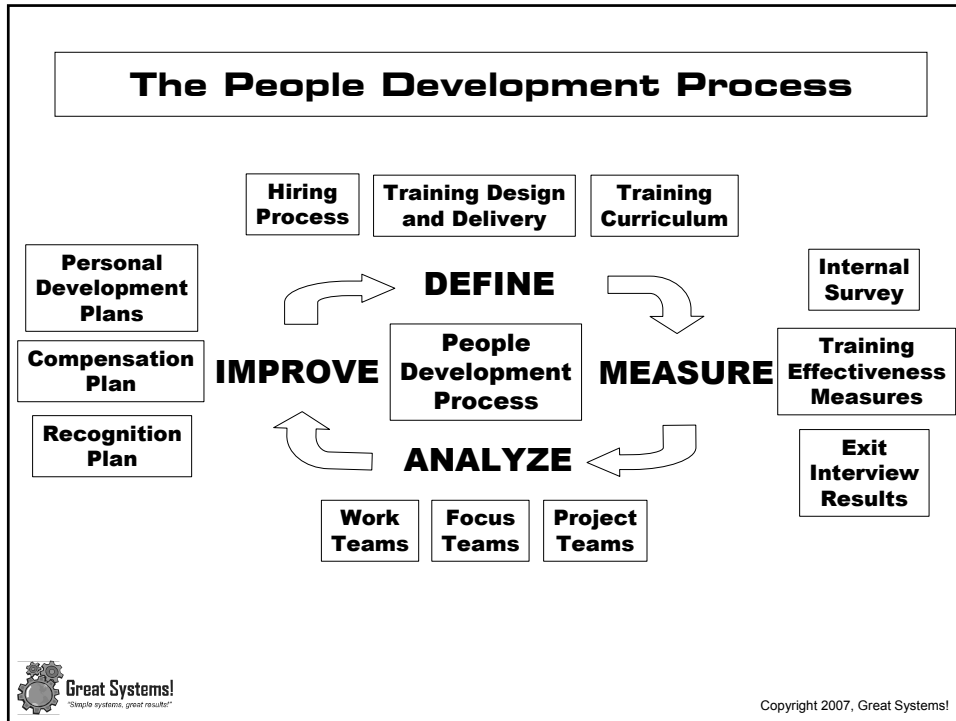
Traditional Approaches

- Very low percentage of training time is actually spent on skill practice
- Training effectiveness is rarely measured, so training waste is unknown
- Training is provided mainly for compliance purposes, as opposed to true skill use

High Performance Approaches


- Training content and delivery value is evaluated and improved
- Multi-faceted certification processes are used for all key job roles
- Training and personal development plans are created annually for all people





Tech Challenge

'Low tech' processes are slowing down the organization and creating waste



Mr. Analog

Cultural Challenge	Failing to appreciate the power of thinking and acting digitally
First Step	Create a well-rounded technology utilization plan
Leverage Point	Optimizing the use of paper-based processes
Key Tools	Utilization plan, performance review matrix, technology literacy index

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Comparing Technology Approaches



Mr. Analog

Cultural Challenge

Failing to appreciate the power of thinking and acting digitally

Traditional Approaches

- Most leaders have low levels of technology literacy
- Multi-year, multi-faceted technology plans have not been developed
- Databases and trending are used on a limited basis

High Performance Approaches

- Technology is used to increase value in all key work processes
- Technology is used to share and collect information with customers
- Performance review processes are coordinated and streamlined



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Technology Literacy Index

To what degree can your people...

	No Knowledge	Some Experience	Skilled At		
	1	2	3	4	5
● Use a web-based search engine?	1	2	3	4	5
● Create an Excel spreadsheet w/ formulas?	1	2	3	4	5
● Create graphs in Excel or PowerPoint?	1	2	3	4	5
● Create a database query?	1	2	3	4	5
● Set up basic PowerPoint slides?	1	2	3	4	5
● Add video clips into PowerPoint?	1	2	3	4	5
● Create and post basic web pages?	1	2	3	4	5
● Create a Word document?	1	2	3	4	5
● Add tables and graphics to a Word document?	1	2	3	4	5
● Set up folders for file storage?	1	2	3	4	5
● Open and save data from portable media?	1	2	3	4	5



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We don't listen to our customers as often as we should



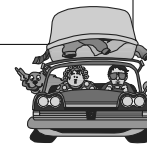
The Expectatias

Cultural Challenge	Failing to recognize the importance and value of internal customers
First Step	Improve your internal customer survey process
Leverage Point	Consistently obtain feedback about how well customer needs are being met
Key Tools	Requirements matrix, satisfaction scorecard, listening posts summary



Comparing Customer Satisfaction Approaches

Cultural Challenge Failing to recognize the importance and value of internal customers



The Expectatias

Traditional Approaches

- Internal customer satisfaction is not measured / taken for granted
- External customer satisfaction is limited to surveys and focus groups
- Customer listening posts are not managed, optimized, or improved

High Performance Approaches

- Customer requirements are the foundation of all process designs
- Internal satisfaction is considered to be the driver of external delight
- Customer satisfaction is measured and improved across several dimensions



How Satisfied are Your Customers?

Customer Group	Loss	Loyalty	Defects	Satisfaction
Internal	Turnover Rate	Absenteeism	Grievance Frequency	Survey Index
External	Lost Customer Rate	% Repeat Sales	Customer Complaints	Survey Index

Internal Survey Index

Work Environment %
Wages %
Benefits %
Leadership %

External Survey Index

Service %
Price %
Features %
Relationships %



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High Performance Building Codes

- Leadership behavior must be measured
- Key data should be captured daily
- All measures have trend lines (process behavior)
- Each process owner should keep a spreadsheet
- Balanced dashboards should exist for all processes
- Safety, quality, cost, and people 'gauges' should be on all dashboards
- Work teams should be involved in process analysis and improvement daily
- Waste streams should be known and tracked daily
- All organizations should have cross-functional project teams



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Ten Great Actions to Take

- Begin using a leadership index to improve behavior consistency
- Create a balanced scorecard each of your key processes
- Define a multi-year technology utilization plan
- Add time percentages to all of your job descriptions
- Install an improved recognition process
- Conduct an internal customer satisfaction survey each quarter
- Redesign key training packages to include at least 50% practice
- Begin using a decision matrix to select projects
- Require all process owners to trend their key metrics by cycle
- Begin measuring and trending meeting effectiveness



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Contact Info

E-mail: Kevin@greatsystems.com

Snail mail: 70460 Walker Road
Rainier, OR 97048

Phone: 206.226.8913

Website: www.greatsystems.com

Root Cause and Incident Analysis: www.taproot.com

Baldrige National Quality Award: www.quality.nist.gov



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