

Practicing High Performance

How The Rodin Consulting Group Helps Businesses Reach Their Full Potential

Business Strategy White Paper

While many training and consulting companies across the United States concentrate on improving employees' technical skills and daily processes, the Rodin Consulting Group has a vision different from the rest. Our goal is to prove that no amount of technical training and benefits can motivate and empower employees like human developmental training. Essentially, the distinction is our emphasis on the model for the high performance business, rather than the traditional model that has dominated the business world for so many years.

Consider these facts:

- υ A Sherwin Williams auto paint plant boasts of 30 percent higher productivity, 45 percent lower costs and 25 percent fewer employees for equivalent volume over a sister plant.
- υ A Digital Enfield plant yields equal volume to sister plants with half the people and half the space, while realizing a 2.5 times higher rate of first-time-perfect modules.
- υ A Corning mold machine shop realized 100% improvements in quality and delivery while reducing costs from 15% above to 15% below the competition.
- υ Rocky Mountain Labs reduced turnaround time from 28 to 14 days, reduced internal handoffs by 500%, thereby improving productivity by 50% and profits by 25%
- υ Tektronix Portables Division reduced inventory from \$40 million to \$15 million and reduced cycle time from 12 weeks to four weeks.
- υ Shenandoah Life Insurance Company reduced the employee-to-supervisor ratio from 7:1 to 37:1, yet service improved and complaints and errors declined.
- υ American Transtech decreased head count by 56 percent, increased sales volume by 46 percent, increased customer satisfaction and had an average of 158 percent improvement in shareowner services.

These are just a few of literally hundreds of businesses that are achieving outstanding results in the

United States. They are doing so by changing the way work is organized and empowering the people who do that work. This is known as **high performance** work systems! But before looking ahead lets look at where we have come.

The Traditional Paradigm

The model that has dominated most modern businesses has been based on a set of principles and practices formally defined by Frederick Taylor in 1903 and known as "scientific management". The principles of scientific management were very useful a century ago when this country was moving from a rural society in which people were self employed, produced their own food, made their own clothes, and educated themselves to an urban society based on mass production and interdependence. With these changes in the structure of society and the way in which work was organized, it was necessary to create bureaucratic organizations to manage and control masses of untrained people. Taylor believed that work could best be accomplished by breaking it down into simple and repetitive tasks for workers and that management's job was to control the means and speed of production. Some major features of job design that came out of the industrial revolution are the following:

- ◆ Simple, narrowly defined jobs.
- ◆ Division of labor that keeps different functions separate.
- ◆ One best way to do a job.
- ◆ Uniform and strictly enforced policies.
- ◆ Management's role to control the means and speed of work.

Although this paradigm may have been useful in moving us to an industrial society, it does not fit with the complex and changing nature of the economy, market place, technologies and people today. It is seriously flawed in two primary ways.

First, traditional organizations are structured around functions, e.g. engineering, manufacturing, sales, etc. in a manufacturing company or customer service, accounting, billing, etc. in a service company. The problem this creates is that work is fragmented in such a way that people do not see or feel responsibility for a "whole process". They over identify with their own jobs and fail to understand or care about the overall good of the company or customers they serve. This leads to poor communication, redundancies of effort, turf battles, delays in decision-making, and general inefficiency. It is most

noticeable when a piece of work is completed and "thrown over the wall" to another department to be forgotten. Or, when an urgent decision that directly impacts a customer is delayed for a couple of days because it needs someone else's signature. Or, when work is inspected after it has been built. The former Soviet Union was the paragon of inefficiency and bureaucracy. It took five years for the government to approve construction of the first McDonald's restaurant. And to change a single ingredient in ketchup took numerous levels of government approval.

A second flaw of the traditional paradigm is the assumption that it is management's job to control the work of employees. Management sets goals, makes decisions, measures progress, evaluates performance, etc. Managers are the thinkers and planners, and employees are the doers. These organizations fail to tap the tremendous intelligence and creativity of their people. Power exists at the top and people on the "front lines" and closest to the core process of the business have less authority to make decisions, solve problems or significantly contribute to the mission or goals of the organization. Most people do routine, repetitive and somewhat unchallenging jobs without much sense that they really make a difference in the overall direction or success of the business. This results in organizations that are bureaucratic, rigid, unconcerned about quality, lacking innovation, unresponsive to customer needs and generally unsatisfying places of employment. Unfortunately, in spite of such limitations, the traditional paradigm continues to dominate the practices of most businesses throughout this country today.

The High Performance Paradigm

There has emerged in recent years an exciting new paradigm known as **high performance** work systems that is changing the way we think about people and how work is organized. A high performance organization could be defined as *an organization in which each person is a contributing partner to the business*. High performance work environments require a deep respect and trust in people. People are not viewed as extensions of machines, objects to be manipulated nor costs to be controlled but rather as thinking and feeling human beings who bring enormous energy, creativity and talent to their work. Most people want jobs that are meaningful and allow them autonomy to make decisions and contribute to the company in significant ways. Effective organizations are those moving beyond attempting to control people to trusting and empowering them with the resources, information, tools, skills and support to manage their work processes and create products and services of unprecedented quality.

Of course, lots of companies espouse a philosophy that values people and yet are not experiencing the kinds of performance described at the start of this article. That is because they are not designed to do so. Only a holistic and systemic view of the organization in which all aspects of the organization are aligned behind that philosophy will realize the true value of their people.

In high performance organizations people understand the business, are committed to getting results and are organized into self-contained, multi-functional and customer-focused business units or teams that take full responsibility for making decisions, solving problems and continuously improving the quality of their work. Everyone involved with a particular core process are members of the same team and are empowered with full authority for the success of a whole product, service or major segment of work. Roles and responsibilities are much broader and more meaningful in scope than in a traditional organization. The team is responsible for setting goals, coordinating and scheduling their work, interfacing with the customer, training, making decisions and problem solving, monitoring quality, and even measuring performance and making hiring and selection decisions. The role of management changes from that of controlling workers and solving day-to-day problems to being facilitators and coaches. They define outcomes, manage boundaries, interface with other departments and, in general, insure that the team has the resources, training, information and support they need to carry out the job. Perhaps this movement could be summarized by four basic principles:

1. People are the organizations greatest resource and need to be trusted and empowered.
2. Work must be designed so that people are allowed to do "whole and meaningful" tasks that integrate all work aspects into a singular and total system.
3. Cross-functional teams are the natural work units of high performance companies and are responsible for managing all of the tasks and processes to accomplish business goals.
4. The role of management must change from controlling workers to providing resources and training as well as managing the environment so teams of workers can be most effective.

The chart on page 7 contrasts the major features of traditional and high performance work environments.

If you keep doing what you've been doing...

Research and experience indicate that companies organized by principles of high performance consistently outperform their more traditional counterparts. In fact, a recent review of 100 companies that have recently redesigned their work environments consistent with these principles showed an average improvement in productivity of 37%. Pretty remarkable!

There is an old truism that "If you keep doing what you've been doing you'll keep getting what you've been getting". Most leaders, owners or managers have not yet tapped the full potential of their workforce, and yet they won't do so by doing more or even better of what they've done in the past. Only through a redesign of work and the structure of the organization can outstanding improvements in productivity and quality be realized.

The good news is that over the last several years a proven methodology has evolved to assist businesses in making the transition from a traditional to high performance paradigm. It is known as "socio-technical systems theory" and can be used in all types of organizations – manufacturing and service, large and small, whole companies or sub-units. The mission of the Rodin Consulting Group is to introduce businesses to the high performance model and therefore dramatically improve their productivity, profits, employee performance and employee morale.

How to make it happen

We have created several programs and consulting interventions to assist businesses in making the transition to high performance. Our desire at the Rodin Consulting Group is to introduce businesses to principles of high performance and, thereby dramatically improve their performance, by metrics that are meaningful to them: for example, ROCE, margins, employee turn-over. All types of organizations can benefit from becoming high performing.

The High Performance Model (page 8) shows the programs we use to create a high performance organization. As you can see, there are four distinct but interrelated paths to get there: organizational assessment and design, strategy development, leadership and personal development training, and implementation of teams. We provide eight different programs, related to the four paths, to help companies become high performing. Some companies elect to implement all eight programs within their organizations. Others choose to focus on one, two, or three programs to help them make the transition. A company's leaders can choose, based upon their needs and resources, the pathway and programs they will take to move them towards high performance.

We can help you today, reach your potential and achieve the results you desire through a process of becoming high performing. We are eager to embark on this exciting and productive endeavor with you.....Ready for Rodin?

High Performance vs. Traditional Organizations

HIGH PERFORMANCE ORGANIZATION	TRADITIONAL ORGANIZATION
Customer focused.	Internally focused.
Decentralized structure with autonomous, self-regulating work units.	Centralized and bureaucratic structure.
Planning and coordination done by work teams.	Planning and coordination done by management.
Jobs are broadly defined and employees possess multiple skills.	Specialization and narrowly defined jobs.
There may be many ways to achieve same level of performance.	Standardization of performance. There is one single best way to do a job,
Minimum of rules. Values and common sense govern behavior.	Uniform and strictly enforced policies. Do things by the book,
Department boundaries determined by task inter-relationship (product or process focused).	Department boundaries determined by similarity of function (e.g. Engineering, Manufacturing, etc.)
Training focuses on total employee development (e.g. business understanding, teamwork, etc.)	Training focuses on technical skills.
Rewards based on contributions to effectiveness of team.	Rewards based on individual performance,
Employees viewed as partners.	Employee viewed as tools of management.
Quality of life of employees is imperative to company.	Alienated and unhappy employees accepted as given of industrial life.

The High Performance Model

