



High Performance

Business Strategy White Paper

While many training and consulting companies across the United States concentrate on improving employees' technical skills and daily processes, **Professional Development Services** an independent affiliate of 360 Solutions has a different vision.

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:

These are actual results of using the 360 Solutions approach to high performance:

- ◆ 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.
- ◆ 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.
- ◆ A Corning mold machine shop **realized 100% improvements in quality and delivery while reducing costs from 15% above to 15% below the competition.**
- ◆ 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%
- ◆ Tektronix Portables Division **reduced inventory from \$40 million to \$15 million** and reduced cycle time from 12 weeks to four weeks.
- ◆ Shenandoah Life Insurance Company **reduced the employee-to-supervisor ratio from 7:1 to 37:1**, yet service improved and complaints and errors declined.
- ◆ 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 from 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 our current economy, market place, technologies and people today. It is seriously flawed in two primary ways:

1. Traditional organizations are structured around functions, i.e. engineering, manufacturing, and 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 often leads to poor communication, redundancies of effort, turf battles, delays in decision-making and general inefficiency.

This is most noticeable when a piece of work is completed and "passed" to another department; their part is done and often forgotten unless returned for more input/information.

We also see this when an urgent decision that directly impacts a customer is delayed for a

couple of days because it needs someone else's signature, or because it was not the responsibility of the person/department that received the initial call; 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.

2. 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. The result can be: 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, many 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. These teams 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.

In a true high performance organization, 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 following chart contrasts the major features of traditional and high performance work environments.

High Performance and Traditional Organization Comparison

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.

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 many won't do so because they do not know where to start; so, they continue doing more 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.

Make it happen

The good news is that 360 Solutions has created several programs to assist businesses in making the transition to high performance, and Professional Development Services has been certified to deliver these programs on-site to businesses. The mission of Professional Development Services and 360 Solutions is to introduce businesses to principles of high performance and, thereby dramatically improve their productivity, profits, employee performance and employee morale. All types of organizations – manufacturing and service, large and small, whole companies or sub-units—can use these programs to become high performing.

There are four distinct but interrelated paths to move your organization into high performance. These four paths are the necessary components high performance organizations traditionally evaluate on an ongoing basis to maintain strength in their marketplace:

- ◆ Strategy development
- ◆ Organizational Assessment
- ◆ Leadership and personal development
- ◆ Development or implementation of teams

We offer a variety of programs related to these four components, to help companies become high performing. Professional Development Services will partner with a company's leaders to evaluate their specific needs and resources to choose the direction and programs that will move their organization towards high performance in the most effective and efficient manner possible.

Professional Development Services can help you develop a plan to become high performing.

The first step is to go through a complimentary High Performance Evaluation. The HPE will determine whether or not your organization is operating at a high performance level, and if not, what can be done to correct that. Contact Professional Development Services at 630-293-7071, or e-mail Evelyn Canabal, President and owner directly at ecanabal@professionaldevelopmentservices.com to learn how you can embark on this exciting and productive endeavor.