CHAPTER **26**

Empowering the Workforce to Tackle the "Useful Many" Processes

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About This Chapter

When Dr. Juran provided a critique of the fifth edition of the handbook to the authors for this edition, he expressed concern that organization leaders did not do enough to involve the workforce to improve performance. As the creator of the Pareto principle, Dr. Juran often reminded management that they were responsible for most of the organization's problems so they should fix them. If 80 percent of the problems belong to management (the vital few problems), that leaves only 20 percent to be caused by the workforce. We feel that in the era of perfection someone needs to work on these "useful many" problems. Once again to honor Dr. Juran, this chapter focuses on the need to empower the workforce to gain this involvement and tackle the useful many. The purpose of this chapter is to present the core values, concepts, and models that have helped organizations effectively engage the workforce, thus improving performance and quality and enabling organizational sustainability. A capable and engaged workforce is the foundation for fostering a culture of customer focus and high-quality products and services.

High Points of This Chapter

1. The workforce is the second most important resource available to management. The first is the customer. The workforce is needed to deliver high-quality products and services. They need to be in a state of self-control to do this. Getting to this state requires their participation to define and carry out effective and efficient processes.

2. Gaining workforce engagement is often difficult for management. There are many reasons, such as lack of trust and the "here comes another one" mentality of managers.

3. Empowering the workforce will lead to a culture of high performance or what is often called a *quality culture*.

4. Participation happens through participation on teams, designing new departmental processes, education, communication, and workforce empowerment.

5. Workforce empowerment, the state of self-control, is a condition in which the workforce has the knowledge, skills, authority, and desire to decide and act within prescribed limits.

6. Promoting performance excellence across all processes in the organization is essential to employee empowerment. The role of management in leading change is a critical success factor to empower the workforce.

7. Management must become the champions of change and provide resources in difficult economic times; this is a great challenge that must be effectively met to succeed.

What Are Empowerment and Engagement?

The World Bank defines *empowerment* as the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions that both build individual and collective assets and improve the efficiency and fairness of the organizational and institutional context that governs the use of these assets.

In 2007 to 2008 Towers Perrin conducted the Global Workforce Study on employee engagement and its implications for organizations. They defined employee *engagement* as the level of connection employees feel with their employer, as demonstrated by their willingness and ability to help the organization succeed, largely by providing discretionary effort on a sustained basis. The study showed that barely one in five employees (21 percent) is fully engaged on the job. And 8 percent are fully disengaged. This means that an overwhelming 71 percent of employees fall into what we have termed the *massive middle.*

The symptoms of a disempowering and disengaged culture are best described by David Gershon in his article "Changing Behaviors in Organizations: The Practice of Empowerment" (Gershon 2007). The symptoms include

- Blame the victim mentality
- Fear of making decisions
- Lack of participation in decision making
- New ideas not taken seriously
- Leaders' versus employees' mind set
- Distrust and cynicism

- Apathy and burnout
- Thoughts or feelings not freely expressed for fear of repercussion
- Learning and growth opportunities not being actively pursued
- Gossip and backbiting poisonous work environment
- People feeling unappreciated
- Lack of recognition for contributions
- Top talent leaving for better opportunities or work environment

As the Baby Boomers depart the workforce and a new breed of employees begins entering the workforce in the next decade, more and more organizations will have to remove these barriers to employee engagement. We feel confident that empowerment and engagement will be a requirement for the next generation in their selection of employers.

The *workforce* refers to all nonmanagerial employees actively involved in accomplishing the work of the organization. It includes the collection of all employees and all associated networks and structures within which they work together to make a collective contribution to performance excellence. The workforce carries out the organization's policies and procedures established as a means to ensure compliance with strategic and tactical plans. Whenever the workforce is asked to do more, leaders are hit with skepticism from all areas of the workforce. This skepticism is often the result of an organization that does not believe, trust, or want to support the leader's direction. Effectively managing for quality and, ultimately performance excellence, will create needed changes in policies, procedures, and processes that must be carried out by the workforce. Management must work with the workforce to implement those changes. But first managers must get the buy-in from workers. A lack of buy-in makes it difficult to apply the technical methods needed to improve performance. An organization needs the participation of the workforce to participate on teams, provide theories about the causes of problems, recommend changes to the processes, and then carryout the changes. The best way to gain buy-in is by demonstrating that involvement is worthwhile. As management rewards and recognizes the workforce for the participation and new processes, the workforce participates more and more. This cycle is important, and it must begin with management allowing time to work on project teams, learn new skills, and be placed in the state of self-control. The role of management is therefore to create a capable, empowered, and engaged workforce.

Workforce empowerment or, as Dr. Juran called it, the state of self-control is a condition in which the workforce has the knowledge, skills, authority, and desire to decide and act within prescribed limits. The workforce takes responsibility for the consequences of the actions and for contribution to the success of the organization.

In an empowered organization, the workforce takes action to respond to the needs and opportunities they face every day regarding customer satisfaction; safe operations; the quality of their service and products; safe environmental practices; business results; and continuous improvement of process, product, and people. The full potential of workforce empowerment is realized when the workers align their goals with organizational goals; have the opportunity and authority to maximize their contribution to the organization; are willing and able to take appropriate action; are committed to the organization's purpose; and have the means to achieve the overall mission and vision of the organization. An empowered workforce benefits from trusting relationships, good communication and information sharing, and performance accountability. Key factors contributing to empowerment are lifelong learning, recognition and reward systems, equal opportunities, and involvement in business decisions. Thus empowerment may be shown by the verbal equation

Empowerment = Alignment + Opportunity + Capability + Commitment

Alignment

Alignment refers to the consistency of plans, processes, information, resource decisions, actions, results, and analyses to support key organizational goals. Effective alignment requires a common understanding of purposes and goals combined with knowledge of customer and other stakeholder needs. Alignment also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: organizational, key process, and the department or work unit.

Opportunity and Authority

For workers to have the opportunity to maximize their contribution, the organization must arrange affairs so that

- Individual authority, responsibility, and capability are consistent with having self-control.
- Barriers to successful exercise of authority have been removed.
- The necessary tools and support are in place.

The Ritz-Carlton Hotel Organization authorizes every employee to spend up to $2000 on the spot to resolve a customer problem so as to satisfy the customer. (This example of empowerment is most frequently invoked by employees working at the front desk.) At Walt Disney World and other Disney operations, cast members (Disney-talk for "employees") are authorized to replace lost tickets, spilled food, and damaged souvenirs, even if the damage was caused by the guest. In the Ritz-Carlton and Disney organizations, such empowerment is seen as a direct means to satisfy a customer and to strengthen the identification of the employee with the vision, mission, and values of the organization. In this sense, when workers have the authority and ability to directly solve customer problems of this sort, they acquire a sense of ownership of the organization.

Capability

Without capability, it can prove dangerous for the workforce to take some actions. Experiences have shown that peer feedback from fellow workers who have not been properly trained in giving feedback can be construed as harsh and not constructive. The organizational goals cannot be fulfilled if the workforce does not know what actions to take or how to take them. Therefore, the workforce must have the capability to achieve appropriate goals. An empowered workforce knows how to do what needs doing and has the skills and information to do it.

Training is a significant means of developing workforce capability. At Sunny Fresh Foods, employee training is central to every business function that the organization employs. A mandatory program aptly titled "Sunny Fresh University" is a prerequisite for all employees to ensure that all education and training is aligned with long-term organization goals. This program, retooled annually, facilitates cross-functional teams and standardizes processes through eight different courses, for the overall benefit of the firm and its employees. At another organization, Ritz-Carlton, all new employees undergo 48 hours of orientation training before they visit their workplace to begin work with customers face to face. After 21 days on the job, there is a 4-hour follow-up orientation, during which the first 21 days of experiences are reviewed and discussed in light of the organization's vision: "Ladies and gentlemen serving ladies and gentlemen."

Commitment

Workforce commitment is a key ingredient to performance and quality excellence. It is a state of mind that is evident when the workforce assumes responsibility for creating success and takes action to achieve that success.

There are two kinds of behavior that imply workforce commitment. The first behavior is evident when workers appear to be very single-minded in doing their work. The second behavior is the willingness of the workforce to make personal sacrifices for the achievement of team or organizational goals.

A committed workforce has a focus. Sometimes this focus is so intense that it seems as though the workforce has blinders on. Consider for a moment a group of project managers. Project managers typically work in a matrix organization. They have resources assigned to them across functional departments. Project managers are constantly competing for people, time, funding, and technology. For project managers to be successful, each one must believe that what she or he is doing is the most important task in the organization, and they cannot lose their commitment to achieve their project goals. If they do, they will not be successful and projects often fail.

Workers, like project managers, are naturally inclined to be committed to quality. Workers can and do produce quality despite poorly designed systems and processes. Workers can produce it without supervision, and they can produce it despite poor management. When workers feel they are valued members of the organization and they are appropriately recognized and rewarded, the organization will know that it has earned the commitment of the workforce.

One measure of commitment is the willingness of the workforce to make personal sacrifices to meet the commitment. Every worker has a limit, but it is impossible to predict what this limit is. Personal sacrifice must have meaning. People will not invest themselves in a task or project if it does not fit with their values and if it does not provide them with a sense of fulfillment. Workers will make sacrifices for whatever contributes to their sense of personal achievement.

The key message here is that if the organization wants workers to share the same commitment to the goals and objectives, then the organization must communicate those goals and objectives. Commitment follows meaning. A job is only a job until the worker identifies with it and shares in its meaning; then it becomes a commitment. Workers will not sacrifice unless their work has meaning and they feel that the work they are doing is connected to the larger whole. Workers need to know how they contribute to their organization's success and achievement of goals.

Workforce Capability and Engagement

The term "workforce capability" refers to the extent to which the workforce has the necessary knowledge, abilities, skills, and competencies to accomplish work processes. Capability may include the ability to build and sustain relationships with customers; to innovate and transition to new services, work processes, and technologies; and to meet changing business, market, and regulatory demands.

The term "workforce engagement" refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization. Organizations with high levels of workforce engagement are characterized by high-performing work environments in which people are motivated to do their utmost for the benefit of customers and for the success of the organization. Workforce engagement is also contingent upon building and sustaining relationships between senior executives, operational leaders, and customer groups.

Workers feel engaged when they find personal meaning and motivation in their work and when they receive positive workplace feedback and interpersonal support. Removing obstacles preventing an employee from "doing good work" is a form of feedback and support. An engaged workforce benefits from trusting relationships, good communication, a safe work environment, empowerment, and performance accountability. Key contributing

factors to workforce engagement include continuous process excellence, research and innovation, outcomes management, and accountability models.

There is evidence that business success and attaining superior quality go hand in hand. The Malcolm Baldrige Criteria for Performance Excellence as well as other national awards for excellence include in their comprehensive framework the role of the workforce. Major elements of performance excellence are also embodied in other major state, regional, and national quality awards that relate directly to the workforce. Most national quality awards, like the U.S. Malcolm Baldrige Award, assign points associated with the workforce and include

5.1 Workforce engagements	45 points
5.2 Workforce environments	40 points
7.4 Workforce outcomes	70 points

All other criteria in the Malcolm Baldrige assessment rely heavily upon how well the organization has created and maintained an engaged, committed, and productive work environment for all members of the workforce. Total workforce involvement and commitment is necessary to create an ongoing culture of continuous performance and quality excellence.

Employee engagement is not new. There were many attempts to gain involvement to improve the workplace:

1970s: Quality circles

1980s: Employee involvement teams

1990s: Self-directed work teams

2000s: Departmental work flow teams

As organizations move into the second decade of this new millennium, the workforce is still the second most important resource an organization has. The first is the customers. The workforce in today's competitive landscape is more important than natural resources especially to service organizations. It is people that make a difference. Getting them motivated, educated, participating, and loyal is the task required of management.

Empowering the workforce will become more necessary as the next generation of workers—today's students—will need to gain more from their jobs than their parents. They are smarter. They want more time for themselves. They want to do a great job at work. They expect their employers to partner with them so both can succeed.

Building Blocks for Workforce Empowerment and Engagement

Core Values, Mission, and Vision

Organization values refer to the guiding principles and behaviors that are defined by an organization and that set the foundation for how the organization and the workforce are expected to operate. Values reflect and reinforce the desired culture of an organization. Values guide the decision making of every member of the workforce, help an organization accomplish its mission and attain its vision, and provide the foundation for integrating key performance requirements within a results-oriented organizational framework. Examples of values include visionary leadership, organizational and personal learning, valuing staff and partners, agility, focus on the future, managing for innovation, management by fact, focus on results and creating value, and systems perspective.

Strategic planning is a common activity in most organizations and the responsibility of the executive team. The strategic plan provides the workforce two things:

1. The organization's vision, goals, and strategies
2. The organization's core values

For commitment to the job to exist, the workforce must have a focus, and this is created by communicating the strategic vision, goals, and core values of the organization. At each level within the organization, these goals and values must be translated into the work and decisions made by each worker. One common method of communicating the strategic vision, goals, and values to the workforce is through town hall meetings where members of the executive team share this information. Many organizations display their core values on wall plaques scattered throughout the establishment.

Open Communication

The workforce must have unobstructed access to pertinent information. Premier Inc., a 2006 Baldrige Award winner, holds quarterly conference calls that are attended by all employees in which the current state of affairs and goals of the organization are discussed. In addition Premier provides its organization with "Monday Minutes," a weekly e-mail publication; holds consistent meetings with management; and promotes its comprehensive website, all geared toward keeping employees informed about pertinent issues, results, and changes at the organization.

Communications must be clear, timely, believable, and supported by data and facts. Workers must have information that once was thought not relevant to their jobs—"there is not a need to know." This includes information about the cost of product, cost of energy, time cost of money, waste levels, cost of waste, levels of customer satisfaction/dissatisfaction, cost per employee, earnings pressures, etc. In a performance and quality excellence system, workers are expected to be process managers, problem solvers, and decision makers. Open communications are needed because workers need information to make the day-to-day decisions. Without the information they cannot fulfill their roles.

The organization's vision, mission, and objectives should be clearly defined by senior management, and then clearly communicated throughout the organization. Pertinent issues should also be communicated, such as what will happen to future employment if a job becomes unnecessary due to improvements. Open communications are developed as the managers take steps to achieve freedom from fear, establish data-oriented decision processes, and create the habit of sharing business goals and results.

Cargill Corn Milling, a 2008 Baldrige Award winner for manufacturing, implements what they term a "two-way communication flow." This practice ensures that there are systematic processes in place that cater to open communication between the workforce and management at all times. Programs such as town hall–style quarterly meeting, conference calls, and department/functional area meetings promote active participation and knowledge by all. In addition annual tours of all plants are conducted during which people on the floor interact with upper management, share their own successes, and are briefed on how Cargill Corn Milling is performing overall.

Drive Out Fear

Ideas and feedback from the workforce are essential. These come only when workers feel they can give their comments without exposure to blame, reprisals, or other consequences administered by a capricious management. Whether well founded or not, fear that management will view any negative comment as adverse is a powerful disincentive for workers to

provide suggestions, challenge the status quo, or offer accurate and honest feedback. This sort of fear in the organization inhibits workers from making improvement suggestions, as they fear that such suggestions will be viewed by management as criticism of managerial practices. Fear can also inhibit workers from striving for improved efficiency; they may believe that such improvements will result in elimination of their jobs. Of course, fear of reprisal to a worker who makes a mistake could result in the worker covering up a mistake and, e.g., shipping off-quality product to the customer.

Dr. Deming often spoke of the importance of driving out fear so that all people "could put in their best performance," unafraid of consequences (Deming 1986). Some organizations promote a proactive approach whereby the worker is requested to talk back to the system to challenge old procedures and to question results and management practices.

Dr. Juran estimated that upward of 80 percent of organizational problems are owned by management action and the remaining 20 percent attributable to the workforce. The implication is that the search for root causes of problems will, in upward of 80 percent of problems, lead to the management systems, procedures, policies, equipment, etc., under managerial control. For many traditional managers, this probing of problems may come too close to home. The potential embarrassment may prove too great and the departure from conditions of the past intolerable. The manager's reaction may be, consciously or not, to resist the activities of the problem-solving teams to the point of causing the teams to fear going further. Thus, it requires substantial effort and cultural change to replace this fear with open communication.

Scorecards and Data Orientation

Workers can best participate and work toward customer satisfaction and continuous improvement when they have knowledge of facts and data. Workers must know the facts and data regarding parameters such as costs, defect rates, and production and service capabilities, to be able to contribute to determining root causes, evaluating possible problem solutions, and making process improvements. Data orientation makes decisions objective and impersonal. Workers need easy access to these data. They also need training and coaching to help them understand the meaning of the data. To make proper interpretations and decisions, workers need to understand and apply statistical concepts, such as the theory of variation.

The concepts of variation, common causes, special causes, and root causes are at the very heart of performance and quality excellence systems. Many organizations work hard and unsuccessfully at solving problems because they do not understand these concepts. Recognizing this, U.S. organizations have accelerated training on statistical analysis skills and problem-solving skills.

Within well-developed performance and quality excellence efforts, workforce teams methodically and continuously improve their processes. Their work requires asking questions of the process and gathering and analyzing data to answer the questions and eliminate defects. The teams require training in how to ask the questions, gather the data, and analyze them to answer the questions. Trained and otherwise empowered, such teams are able to produce quality that is the best in their industry. Whether in manufacturing industries, service industries, health care industries, or government, the reliance on data is the same in all successful organizations.

Poudre Valley Health System (PVHS) utilizes its customers to obtain important data—feedback from their patients. PVHS conducts Avatar patient satisfaction surveys and community health surveys that accumulate data from two different factions of people, patients and the community. The Avatar survey focuses on the rankings of selected survey items escalating in importance to the customer. The survey also includes complaints and compliments given by current and former patients along with essential market data such as community health needs, health care service utilization, and consumer loyalties and preferences.

Transparency

Discretionary effort exerted toward improvement is an example of ownership behavior. To truly feel and behave as owners, workers need to know the goals of the business and how their work can contribute to the accomplishment of these goals. Furthermore, workers need to know how the organization is performing regarding these goals—they need to know the results of the business if they are to sustain their focus on the goals. Transparency has led organizations to post their performance results internally and externally on public websites for workers and consumers to access.

In the health care industry, the ultimate goal is to enable the public to access basic information about the health care they consume so that they become more informed purchasers. As a pool of price and quality information becomes available, we will see a day when consumers planning a hip replacement will be able to go online to a website provided by their insurers and review data on which hospitals in their plan perform hip replacements, what quality rating each hospital has received, how many surgeries have been performed in the last year, what the average total price range is in that facility, and what consumers could expect to pay out of pocket given their health plans.

Develop Trust

Trust is multidirectional within the organization. Management cannot expect to trust the message from the workforce unless the workforce trusts management not to punish the messenger. Managerial behaviors that encourage trust include

- Open and consistent communications—saying the same message to all listeners
- Honesty—telling the truth, even when it is awkward to do so
- Fairness—maintaining the same policy for everyone, especially in regard to pay scale, vacation, promotions, advancement opportunities, and the like
- Respect for the opinion of others—listening to people to understand their needs, ideas, and concerns; being open to feedback, such as from employee satisfaction surveys
- Participation—seeking active participation of those who will be affected, in both the planning and the execution of the change
- Integrity—being guided by a clear, consistent set of principles; saying what will be done; doing what was promised
- Social climate—creating a climate that fosters new habits and makes it easy for workers to change their points of view

Promises and agreement are demonstrated through actions. Aristotle said we are what we repeatedly do. Building trust takes a lot of consistent actions over a long time. Managerial behaviors that impede trust include

- Dishonesty—telling untruths or half-truths
- Fostering rumors—generating rumors, allowing rumors to persist, failing to provide information
- Isolating people—separating them physically, without adequate communication; separating them socially and psychologically by providing too little communication
- Breaking promises and agreements

Workers must respect and rely on one another. Fair treatment, honesty in relationships, and confidence in one another create trust.

Employee Stability

Employment stability is a worthwhile objective in a performance and quality excellence organization for many reasons. Principal among these is the protection of the organization's considerable training investment and preservation of the carefully developed atmosphere of trust on which performance and quality excellence is built. Further, as employment stability becomes more rarely available in the job marketplace, its promise becomes the more attractive for many job seekers. Thus, as employment stability is a worthy strategic element, it is worth examining ways to address two issues that affect it: the threat to individual jobs posed by improvement activity and cyclical employment fluctuation.

The Threat of "Improving" Jobs Away

As workers continuously strive to improve their work processes, some jobs will become unnecessary. Assurance of employment stability is essential before workers can be expected to work wholeheartedly toward continuous improvement. Management must make it very clear to workers that employment will not be terminated by the organization if their jobs are made unnecessary due to improvements. Retraining for other jobs will be provided as necessary.

Cyclical Employment Fluctuation

In many industries, the fluctuations in business activity imposed by the business cycle create a need to plan for employment stability of the permanent workforce. To cover peak activity and needs that cannot be met by the basic workforce, alternative employment programs can be used to supplement the permanent workforce. These alternatives include

- Use of overtime
- Use of temporary workers
- Use of contract workers
- A coordinated plan to make this all work together

Think of the business case for providing employment stability. It is common for an organization to spend thousands of dollars to train the workforce, then lose that training and experience when an improvement occurs that makes people redundant. Planning is needed to achieve employment stability. Achieving it is not easy. Not every organization can, but it is highly desirable for successful long-term performance and quality excellence.

Workforce Resistance

When these building blocks are not in place, it is difficult, if not impossible, for organizations to be successful in creating a culture of performance and quality excellence. As workers are pushed out of their comfort zones and daily rituals and expectations change, they tend to exhibit resistance through negative behaviors. This is especially true if workers are not committed and see no value to change. Resistance to change can occur for a wide variety of reasons, ranging from intellectual differences over ideas to deep-rooted psychological beliefs or biases.

Dealing with the Resistance

Change does not have to be a burdensome task for workers. It does, however, require motivation. The key is to recognize the level of workforce development and apply the appropriate strategy for dealing with their behaviors. Workers who are successful change agents have mastered the art of dealing with negative behaviors and have learned how to adjust their attitudes or turn negative behaviors into positive behaviors.

Change management models have become available to assist workforce leaders and change agents in successfully implementing a change program. As an example, the Situational Leadership Model characterizes "leadership style in terms of the amount of direction and of support that the leader gives to the workforce" (Blanchard, et al 1985). The premise of the model is that by adopting the right leadership style to the level of workforce development, work gets done, relationships develop, and workers gain a certain level of competence and commitment before they progress to the next level of development. At each level of development, a new system of practices is overlaid on those implemented at earlier levels. Each overlay of practices raises the level of workforce development. Within each level, workers experience a greater opportunity to develop their professional capabilities and are more motivated to align their performance with the goals of the organization and engage in the quality process.

Workforce Involvement with Performance Excellence

Many organizations are just beginning to ask their workers to achieve a new level of performance excellence. This change process requires leadership, teamwork, and clear expectations and goals. Organizations must confront the violations of the past and focus on those actions that will create a higher performance standard. For example, if the organization said yes to every urgent demand in the past, this behavior has contributed to poor quality and excess costs. It is important for the organization to communicate to workers the vision of how things are going to be in the future with specific, identifiable, and replicable actions.

Having the right people involved on teams that have an interest in the change process or the outcome of the proposed change is critical for the overall program to succeed. Once change management stakeholders are identified, key messages need to be communicated to each group. The most important message to deliver is, "What's in it for me?" Before change becomes effective, a reason is required and the workforce must be aligned with the organization's higher purpose.

Organizations experiencing a high return on their investments are matching the right team to the right situation. These organizations have found that teamwork has increased productivity, increased revenues, decreased absenteeism, decreased turnover, increased customer satisfaction, and increased organizational performance outcomes.

So, in a performance excellence organization, the workforce, structure, tasks, information, decision making, teamwork, and rewards must be carefully integrated into a total system. To be successful, the workforce leaders and change agents must receive lifelong training in management, technical, and social skills. A balance among these skills must exist.

Building Teamwork at the Top

In a complacent organization, teamwork at the top is not essential. In an organization driving toward performance excellence, teamwork is an essential core competency. Imagine the future when high-performing organizations recruit a core team of top executives, not just the CEO. Traditional succession planning will be replaced with extensive research to hire the right team to do the right job.

In his book *Good to Great,* Jim Collins states that executives who ignite transformation from good to great get the right people on the bus, the right people in the right seats, and the wrong people off the bus, and they build a superior executive team. Then they figure out how to take it someplace great (Collins 2001).

Developing Workforce Leaders

Best-performing organizations will become more skilled at building leaders—leaders who can create and communicate vision and strategies. Without enough leaders, the vision,

communication, and empowerment that are at the heart of transformation will simply not happen well enough or fast enough to satisfy customer needs and expectations. The development of complex leadership skills emerges over decades, which is what we refer to as lifelong learning. Most leadership development takes place on the job. Best-performing organizations build consistent systems in which leaders are given the freedom and responsibility to work within the system. Leaders are self-disciplined people who do not need to be managed.

Transforming the Culture

"Cultures can facilitate adaption if they value performing well for an organization, if they really support competent leadership and management, if they encourage teamwork at the top, and if they demand a minimum of layers, bureaucracy, and interdependencies" (Kotter 1996). Organizations with adaptive cultures are very competitive and produce top-decile results. The environment is transparent, candid, more risk-tolerant, quick to respond, and constantly focused on process improvement. It requires workers who can withstand the pace and the constant force of change.

Sunny Fresh Foods, a U.S. Baldrige Award winner, drives its culture by clearly defining what they term their "core ideology." Broken down into two categories, core purpose and core values, their ideology aims to continually remind the employees of the organization why they are working and what they are working for. The core purpose deals directly with what the goal of the firm is—to be the supplier of choice to customers worldwide. The core values focus on more microlevel goals and tenets such as safety, ethics, customer service, and quality. Regardless of market conditions this ideology does not change or waver. The core ideology sets the organization culture at Sunny Fresh Food and inevitably makes it a better run, more productive organization.

Managing Organizational Behavior

Best-performing organizations will invest in training workforce leaders in managing organizational behavior through adaptive leadership styles and the use of organizational problem-solving techniques. Understanding resistance to change and managing individuals to become more than their individual selves will become a core competency of high-performance organizations.

Building Technical Skills

The technical system is concerned with the production and service requirements of the work process. The system includes such elements as process operations, equipment, methods, instrumentation, procedures, knowledge, tools, and techniques, and it provides for multi-skilled operators.

Integrating Information Systems

Information systems will be integrated into day-to-day operations of high-performing organizations. The tradition of distributing retrospective financial or quality data to a small number of staff on a monthly or quarterly basis will become a thing of the past. Transparency of information will be the norm, and all members of the organization will need data on customers, competitors, quality, finance, and operating performance. New performance feedback systems will replace legacy systems. The combination of accurate data from a number of internal and external sources, systemwide dissemination of information, and a willingness to deal honestly with performance feedback will drive the organization to move from complacency to a sense of urgency. A higher rate of urgency will create a culture in which the workforce is looking for problems and opportunities, thus further developing a culture of performance and quality excellence.

Identifying Key Performance Measures

Process and outcome measures will be routinely monitored and used to improve daily operations to meet customer demand for quality. Measures of performance should meet the following criteria:

- Workforce action significantly influences the key measure. Trends and changes in the data are traceable to worker behaviors.

- The measures are important to the customer and workers. Workers should be proud to tell their customers what they are measuring.

- The data that support the measure are simple to capture, analyze, and understand. Indexes that combine various measures into a single number are often too complicated to understand and thus not useful. The worker loses sight of how it influences a composite measure.

- The data are timely. The measure gives the worker adequate warning of impending trouble.

- There are ample data to make the measure statistically significant.

At Park Place Lexus, customer satisfaction exceeds the highest of standards. Lexus employs an Owner Satisfaction Index (OSI) that combines both sales and service performance with loyalty satisfaction ratings. Using this index, Park Place Lexus earned an Elite of Lexus Award for OSI rating along with receiving an Elite of Lexus standing for its performance in preowned department client satisfaction levels. Lexus standards denote this rank for any dealership that maintains a customer satisfaction level of 90 percent or higher. Park Place Lexus meets this benchmark and surpasses it. Internal benchmarks for Park Place Lexus reach an even higher rate of 95.1 percent satisfaction, a level that has been reached by Park Place Lexus for eight years running.

Implementing Controls

In a high-performance organization, controls will be in place to stay on course, adhere to standards, and prevent a change from planned performance. Workers will be trained on the tools of control to ensure improvement programs achieve or maintain desired results. Training in statistical control tools and methods will become critical to the mission and the interpretation of data common language among workers.

Results Commonly Achieved

- Improved quality and operations (fewer harm events, fewer defects and errors, increased productivity per employee, increased compliance with regulatory measures)

- Cost reduction (reduced operating, maintenance, and labor costs)

- Increased employee satisfaction (positive self-esteem, career path known, increased job satisfaction, increased teamwork)

- Increased customer satisfaction

Consistency in Performance Management

Performance management focuses on achieving the desired motivation and behaviors. Daniels and Rosen (1982) define performance management as "a systematic, data oriented approach to managing people at work that relies on positive reinforcement as the major way to maximize performance." The approach is based on the work of B. F. Skinner, whose

studies revealed that behavior is a function of its consequences. The goal of performance management is to shift workers toward self-management so they can eventually assume responsibility for motivating their own behavior. It is essential to use positive reinforcement on workers when they are first learning new behaviors and performance areas is. Workers who are allowed to be more and more on their own will turn out to be self-motivated and committed to the achievement of organizational goals. A high-performing workforce is difficult to build but capable of sustaining a long-term competitive advantage.

The Role of Management Empowering the Workforce

The role of the manager is critical to the success of any organization's drive to empower the workforce and no less important to create an initiative to drive improved performance. All managers must do more than encourage others in the organization to achieve high levels of performance; they must lead the charge and serve as "champions of change" to be successful.

Become a Champion of Change

First, let's understand what is meant by the term "champion of change." Kaufman et al. (2003) define a change agent as "the individual or group with responsibility for leading and implementing an organizational change." This definition implies that the change agent is empowered by someone else or some entity within the organization.

For purposes of the discussion here, a broader definition will be used; i.e., a champion of change is anyone within the organization, at any level, who has the desire and accepts the responsibility for leading the change effort. The most effective change agents have proved to be those at the highest organizational levels because they have not only the desire but also the authority and power to promote beneficial change. Executive leaders do not need to be empowered or prompted as implied in the definition above—they are empowered through their organizational position—but will take on the role of Champion voluntarily to support the vision they have set for the organization.

The simple desire to promote change is insufficient in itself to be effective. The Champion must approach the achievement of organizational transformation carefully and methodically. This methodical approach is often referred to as *leading change*.

For many organizations managing for quality is a new concept, something that is not ingrained in the corporate culture. Therefore, cultural change is required to move from the old paradigm, in which the organization may have focused only on product or service quality, to a paradigm that focuses on organizationwide performance. The latter includes not only product and service creation processes, but also processes that have no direct impact on product or service quality. These processes are often referred to as *business processes*, e.g., accounts payable, forecasting, and price-setting processes.

If we accept the concept above that organizational change is often required to move the cultural paradigm to one of managing for quality, then the role of the Champion naturally follows as key to the success of this effort. As stated earlier, the most effective Champions come from all levels of management, the change leaders.

There are several elements of effectively leading change.

The Change Agent Must Lead from the Front

In the 1980s, J. M. Juran started the popular videotape series called "Juran on Quality Leadership." He said management "must be a leader, not a cheerleader." This speaks to the difference between leaders who are out front, leading the transformation of an organization trying to attain a quality-driven vision, and those who stay in the background, encouraging
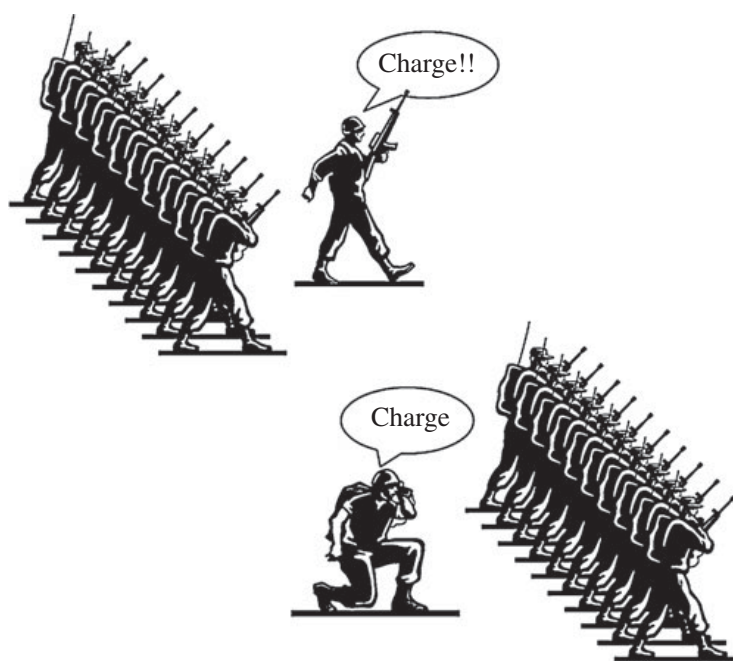
FIGURE 26.1 Leading versus encouraging.

the operating forces to "go forth and improve" (see Figure 26.1). Without the leaders' visible, out-front participation in the change effort, it will be doomed to failure.

The Change Leader Must Establish a Clear Vision for the Change

Vision implies that the leader understands what the future should look like. Notice, however, that the opening statement of this paragraph couples the word "clear" with "vision." A vague idea of where the organization needs to go is inadequate and most likely will lead to failure. The vision must be clearly, concisely, and forcefully stated by the leader if the organization's transformation is to be successful. As stated by John Kotter, "Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all."

The Vision for Change Must Be Clearly and Broadly Communicated to the Organization

If those who will ultimately be charged with carrying out the vision are unclear about what the vision is or, even worse, don't know it exists, the operational changes needed to achieve the vision will be poorly targeted. The leaders must communicate the vision to all levels from senior staff to shop and office floor workers and enlist their support in achieving the vision. This is sometimes referred to as change that takes place simultaneously top-down and bottom-up.

Achievement of the Vision Must Take Place Methodically

This means that the vision must be broken down into key strategies, strategic goals, annual goals, and projects, each leading to the attainment of the higher level, as shown in Figure 26.2. The change leader should chair the steering committee that will choose the specific projects that the organization plans to execute supporting the annual goals. He or she must also be the primary driver of the vision, strategy, and goals that the projects support.
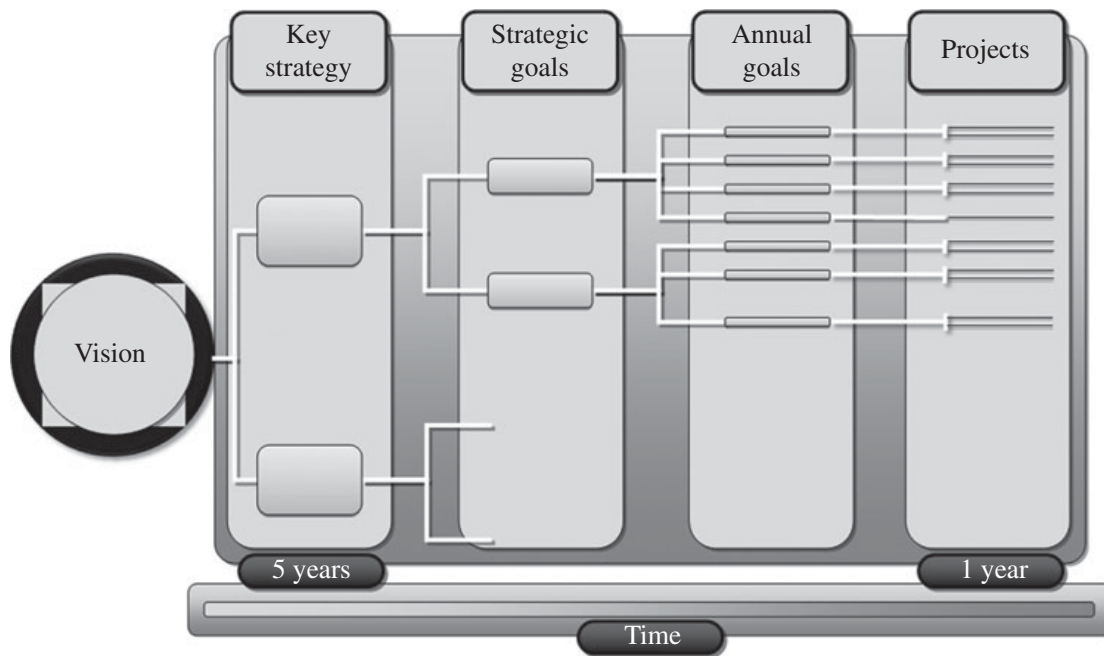
Figure 26.2 Deployment of the vision for change.

Change Agents Must Understand the Difference between Control and Breakthrough

Control, on one hand, is maintenance or restoration of the status quo. Breakthrough, on the other hand, implies changing the current reality to a new and significantly better one. "Control activity . . . will lead to static process performance at best, never getting better than it has been in the past. This might be a good thing if the past performance is at an acceptable level, but what if . . . it is not? This is where the idea of Breakthrough comes in. Breakthrough means change, a dynamic, decisive movement to new, higher levels of performance" (Juran 1995).

Providing Scarce Resources in Difficult Times

At the time of this writing, the United States and the world as a whole are suffering from the greatest economic downturn since the 1930s. This has led to many organizations trimming workforces to cut costs, and this has resulted in scarcity of resources to continue producing products and services in required amounts, let alone at high levels of quality. The scarcity has extended to resources other than human—scarcity of cash, capital improvement funds, credit, and so on. To continue operating effectively in the face of these constraints, leaders must look at creative ways to continue beneficial change and discontinue activities that are not making a positive difference in the organization's performance. Several approaches are suggested.

Cross-Train Employees

Cross-training of the employees producing the products and delivering the services will result in lower costs and greater efficiency by reducing idle time in operations. The more different skills an employee has, the more fully these skills can be utilized; therefore, the organization can operate efficiently and effectively with fewer resources.

Make Performance Excellence Everyone's Job

Many organizations, even today, still try to achieve superior results by employing armies of inspectors to search for, find, and eliminate errors. The problem is that even with these large numbers of inspectors, defects inevitably reach the customer. It is a well-known maxim that inspection is only about 70 percent effective at finding and removing defective product. By involving everyone in the improvement of the process, a favorable result can be achieved while enabling a substantial reduction in the number of inspectors.

Plan for and Respond to Changes in Customer Demand

Partly through use of cross-training as noted above and by utilizing part-time and temporary employees, organizations can optimize staffing levels to more closely track customer demand and better utilize limited resources. Particularly when demand is seasonal, staffing levels can be optimized by calculating the required number of employees to meet each season's demand. Temporary or part-time employees can then be used to fill the gap above the lowest seasonal staffing level. This also applies when orders drop due to economic hard times. Having multi-skilled workers who can perform a variety of functions allows management to shift personnel from task to task more easily and leads to better utilization of scarce resources.

Develop Effective Reporting Relationships to Optimize Resource Utilization

By utilizing the recommendations above, an organization can keep staff levels to a minimum and more effectively use the limited resources available in hard times. Particularly cross-training of the organization will lead to more effective reporting relationships. If, as suggested above, the leader of change within the organization is at the highest levels, direct (or at least easy) access to that leader will result in a more effective deployment of change even with limited available resources.

Avoid Ineffective Structures for Change

The first example refers to a major organization in the travel and tourism industry. The vice president for continuous improvement (CI) had several continuous improvement managers working for him and decided that they needed additional skills to be more effective in their jobs. A deployment of Lean Six Sigma was chosen as the approach to drive change.

An initial wave of Lean Six Sigma training was scheduled and delivered, and projects were executed to help the CI managers learn the application of the tools. People from outside the CI department were recruited for the project teams, as many of the projects focused on processes that others owned. During execution of the projects, however, some early problems with team members not being fully brought into the process began to arise. Particularly when the team was identifying causes of their problems during the analyze phase, some team members wanted to ignore the data because they "knew" the causes of the problems already.

As the teams reached the improve phase, the problems continued, now in the form of preconceived solutions. As with the a priori notions about causes of the problems, the process owners felt they knew from the beginning what needed to be done to correct the problem. It is worth noting that many of the project Champions and process owners were peers of the vice president who was leading the change effort.

The teams did finally struggle through and complete their projects and were eventually certified as Lean Six Sigma Black Belts. The savings from the projects were in the millions of dollars, so the return on the training and consulting investment was good. The organization even did additional training in Design for Six Sigma to further enhance the skills of the Black Belts.

However, dark clouds were on the horizon for this organization, which is highly affected by the price of fuel. When gasoline and diesel prices began their steady climb in early 2008 from over \$3 to over \$4 per gallon, the organization felt a lot of pressure on its bottom line. How did they respond? By doing what most organizations do when there is a need to reduce

costs quickly—they reduced the head count including two of the CI managers they had invested so much money in training. In other words, they got rid of some of the people who could have helped reduce costs in more lasting and meaningful ways to help the organization weather the storm. Eventually the whole Lean Six Sigma deployment collapsed.

What factors can be cited that led to the lack of success of this change initiative? These were some of the more important organizational factors:

- The Lean Six Sigma deployment was not directly and firmly linked to the corporate vision. The executive suite knew little about the deployment and its benefits, and when tough times came, they saw the initiative as expendable.

- The change initiative was not broadly communicated. Little to no training of team members and process owners was done, and as a result, they did not see the value in the methodology.

- Certainly the vice president of CI had his vision of the change that needed to take place, but there was no clear, methodical plan for achieving that vision. Without such a plan, the deployment was attempted in a random fashion, contributing to its ultimate failure.

Create Effective Structures for Change

The second example refers to a multibillion-dollar manufacturer and supplier of components to the consumer electronics industry. This organization operates worldwide and employs tens of thousands of people.

Several years ago, after somewhat rapid growth, the organization managers decided that they needed to implement change to help harmonize disparate cultures among the global divisions and sites. They chose Lean Six Sigma as the methodology to drive this change. From the start, the change leader (the COO) developed a unifying vision and organizational structure to facilitate and drive the deployment. See Figure 26.3 for a description of that organization.

The deployment itself was rolled out in phases, or waves, and the organization judiciously employed outside resources to provide expertise that was not present within. Each wave was begun with a site-by-site kickoff to communicate the corporate vision for the Lean
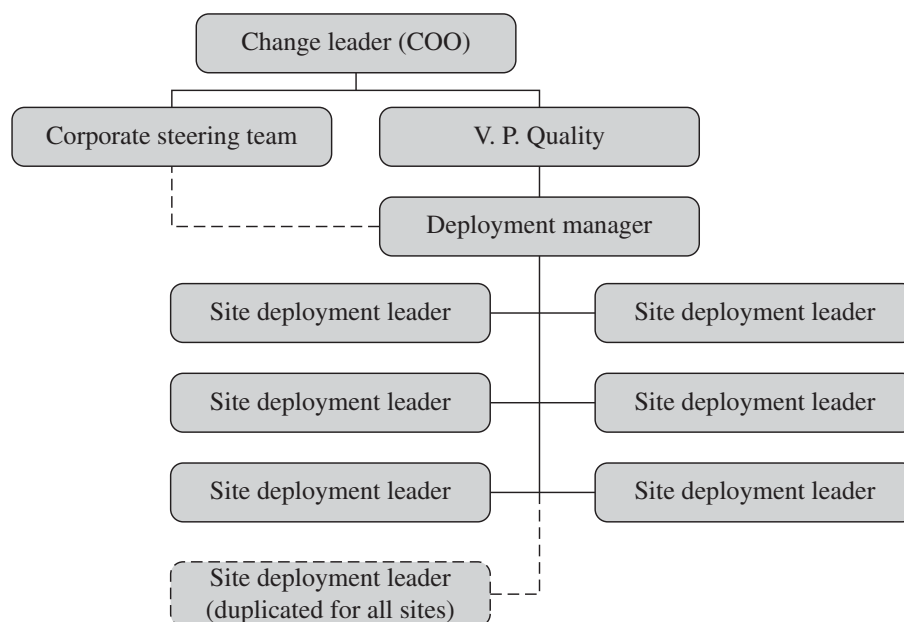

Figure 26.3 Effective change structure. (*Juran Institute, Inc.*)

Six Sigma deployment. Clear objectives were set, and the sites involved in each wave were challenged to meet aggressive goals.

But during the third implementation wave this organization, as did almost all organizations, hit a big bump in the road: the global economic downturn that began in late 2008. However, the organization responded in an entirely different way from the organization discussed in the first example above. The COO reemphasized the organization's commitment to the Lean Six Sigma deployment and highlighted the importance of the savings generated as a sustaining force during economic hard times.

What was the result? In spite of almost a one-third drop in revenue, the organization achieved its very aggressive savings goals from the Lean Six Sigma projects, amounting to tens of millions of dollars in cost reduction. It is quite likely this contributed mightily to the organization weathering the economic storm. The organization is now in preparation to launch the fourth wave.

What is the reason for this remarkable difference in sustainability of the change initiative between this case and the first? Likely it had much to do with the change management organization and deployment approach. Specifically:

- The leadership of the change came from the top of the organization. By placing the responsibility for the success or failure of the deployment with the COO, the organization was well positioned for success.

- The change leader had a clear vision. He knew what he wanted to achieve and how he planned to achieve it, using specific tools, methodologies, and structure.

- The vision was clearly and broadly communicated. The global deployment was sold, advertised, cheered, and explained to every site and division throughout the corporation.

- The deployment structure permeated all levels of the organization. By using a tiered organization to drive the change and cascading steering teams as shown in Figure 26.4, the organization ensured that the deployment would permeate the organization.

Careful consideration of these factors and thoughtful structuring of the initiative clearly can be credited with a large part of the organization's ability to withstand difficult economic circumstances.

Job function	How to make quality everyone's job
Workforce	• Improve workplace and work flows • Apply self-control
Technical & engineering	• Utilize mistake proofing • Design the process for self-control and zero defects
Supervision	• Enable workers by providing the right tools, product and process standards, ergonomics, etc.
Upper management	• Provide adequate, targeted training in applying performance excellence tools

FIGURE 26.4 Making quality everyone's job.

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Material in this section relies heavily on Juran and Godfrey, pp. 8.16–8.19.

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