

## **2003 Excellence in Practice Citation**

Performance Improvement



### **Society of Manufacturing Engineers**

Dearborn, Michigan

## ***Adding Customer Value Through a Multi-Disciplinary Performance Improvement Approach***

### **SUMMARY**

For any business to succeed, customers must find value in its products, quality in its service, and meaning in its messages. New products fail, revenues decline and customers' value diminishes when these are out alignment. Our organization was facing declining revenues, diminished customer loyalty and an image and product line that was out of alignment with our important customer segments. These declines were exacerbated by economic recession.

We identified the problems facing our value stream that limited our ability to meet customers' needs and expectations, and we designed, and executed blended intervention strategies that touched all aspects of the organization. The results today are a more stabilized organization that evaluates every operation and product in terms of customer value.

The performance improvement project, using the HPT model, resulted in identification of root causes affecting customer value. Blended interventions were developed targeting four distinct areas: product development, technology networks, customer service, marketing and communication. Product development interventions included new systems and processes aligned with organizational goals and customer needs identified through new technology networks. These technology networks were established in response to gaps between what our customers needed and what we provided, and resulted in improved product development and service. Customer service training, customized to align with our corporate values, was followed by specific service objectives on individual and business unit performance reviews. Communication improved through branding, a new look and functionality to our internet and intranet web sites, and a state of the art telephone system linking customers to internal staff quickly and efficiently.

## BACKGROUND

The original purpose of the performance improvement project was to re-design the organizational infrastructure to improve our ability to identify, design, and deliver products to our customers using customer service practices that would build customer loyalty. To do this, we used a structured performance improvement approach. The Human Performance Technology (HPT) model (Van Tiem, Moseley, Dessinger, 2001) provided the framework to ensure our interventions successfully eliminated gaps by targeting specific root causes discovered through a thorough analysis. Goals were put in place to increase new product development, improve customer retention and satisfaction, increase learning opportunities for internal and external customers through technology networks and increase brand image and visibility. The goals have not changed since inception though the need for change has increased in response to the slowing of the economy. From analysis through execution, results and goals were consistently reviewed and evaluated to ensure the strategies remained on target.

The performance improvement project is in the implementation phase. All analyses and intervention selection have been completed. Evaluation mechanisms, change management and communication strategies are being developed in tandem with implementing the interventions. The interventions are at different phases of execution. The readiness of the organization, capacity of the staff, and maintenance of the customer relationships requires a multi-phased approach but all remain true to the core objective of adding value to customers. Phase one of the intervention implementation was completed in the fourth quarter of 2002; phase two was completed in the first two quarters of 2003. Development and implementation of smaller department level interventions were completed in the third quarter. On-going rollouts will continue until full implementation of all blended interventions is completed by the end of the fourth quarter of 2004.

The initiatives are organization-wide in one location, developed and led internally affecting 190 employees, 40,000 direct customers and 350,000 potential customers.

The employees collectively represent the internal customer segment of the project with diverse backgrounds, levels of education, and positions. The tenure of the staff ranges from 36 years to 1 month and from executive to machine operator and administrative positions. The average age is 44.5 years old with 10 years of service. Positions in the organization are generally specialized and require specific technical skills or education. Every employee at all levels within the organization is affected by the changes in business and service practices both in how they perform their jobs as well as how they receive service as an employee of the organization. All executives have shared goals, actively participating through coaching, development, decision-making and revising strategies to fit changing business conditions. All executives, managers and supervisors have been involved in the analysis phase by assessing the value of their business units, determining root causes, and recommending interventions and solutions to address the performance gaps. Managers, supervisors and staff have participated in product development process and program training. All employees have all been trained and

have had new metrics added to their annual performance appraisals related to customer service.

Leading the performance improvement process is one full-time exempt level employee operating as an internal consultant and one senior level executive. The internal consultant is dedicated 100% of her time to this project and the executive oversees all strategies and work. Together they guide the process, perform the analyses, identify the gaps, recommend and design interventions, develop evaluation plans, and manage the change process. There are also four full-time executive level employees dedicated to implementation of each initiative, born out of blended interventions, working jointly to ensure goals are in alignment and the customer remains the true focus of the efforts.

Resources allocated for this endeavor have been extensive. Five members of the executive team led early development of the intervention strategies at the organizational level. These business unit directors performed the organizational level analysis to determine the four key organizational interventions necessary that became known as the “keystone initiatives”. Once that was completed, twenty-two full time employees and managers representative of key business units, including a research specialist to provide statistical data and market assessments, performed a front-end analysis. Intervention design involved the same number of staff, although employee turnover affected some individual roles. Four business unit directors are leading the implementation phase with four full-time employees charged with leading cross-functional teams dedicated to particular intervention strategies. Approximately ¼ of the organization (50 employees) participates in a cross-functional team. The internal consultant and director design the evaluation strategies but data is collected and maintained by the implementation teams. A joint team consisting of two human resources professionals, the internal consultant, six business unit directors and the executive director lead the change management implementation.

**Costs for Performance Improvement Project**

	Expenditure Description	Cost
<b>Analysis -Performance &amp; Cause</b>	Staff time 5500 staff hrs x 25/hr=\$137,500 1000 exec hrs x \$62/hr=\$62,000	\$199,500
	Research	\$285,310
	<b>Intervention Selection and Design</b>	
	Staff time 1000 staff hrs x \$25/hr=\$25,000 250 exec hrs x \$62/hr=\$15,500	\$40,500
	Learning Management Software	\$5000
	Reports (telephone system, training, and financials)	\$38,152

	Communications for internal and external customers	\$250,000
<b>Intervention Implementation and Change</b>	Staff time	\$34,300
	1000 staff hrs x \$25/hr=\$25,000	
	150 exec hrs x \$62/hr=\$9300	
	Training programs (2) for all staff	\$77,000
	Communications for internal and external customers	\$250,000
<b>Evaluation</b>	Staff time for development of strategy	\$8420
	250 staff hrs x \$25/hr=\$6250	
	35 exec hrs x \$62/hr=\$2170	
	Staff time for data collection and analysis on-going	Unknown at this time
	Resources for data collection and analysis (IT support included)	Unknown at this time
<b>Total</b>		<b>\$1,188,182.00</b>

The systematic approach that the performance improvement process brings for addressing the problem of demonstrating customer value has enabled us to institute sustainable change at every level of the organization. The systemic method of analysis enabled us to reveal opportunities for improvement that were not readily apparent to individual business units. The shared learning that resulted in establishing blended interventions focused on the same outcomes. The value that has resulted is process improvements and efficiencies across business units and areas of practice that historically have not been integrated. Changes affected every aspect of the organization. Improvements to the infrastructure of the organization resulted in elimination of fragmented practices, standardization and increased product development capabilities and practices used across the organization. This added more value to customers and distinguished from our competitors as an organization through advanced customer service practices and products developed in collaboration with our customers. The outcome was an integrated organization adding value to customers through blended interventions focused on customer service, product development, customer inclusion and engagement and targeted communication. By choosing this approach, we have applied principles of performance technology to the human performance, training, work processes, work systems, work environment, and business needs of the organization.

## DOCUMENTATION

### Needs Identification

- 1. Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

Customers increasingly require a higher ROI and value for their money. The link between the customer and the organization needs to be highly visible through a well-defined value stream. This link is essential to profitability, organizational effectiveness and the ability of an organization to engage its customer base. In 2000, our organization recognized disconnects on several different levels within the organization. Product development was not linked to market demand and new product ideas were no longer being generated from customer needs and expectations. Customer service was fragmented across the organization and service philosophies and strategies differed between business units. The brand image and communications varied between business units and coordination of messages did not exist. Profit margins were shrinking, as was the engaged customer base.

The problems were identified using data obtained in the performance analysis phase; divided into an operational analysis and an environmental analysis. The operational analysis examined the current vision, mission, and strategies revealing that there was a gap between the business practices and the vision of being the best resource of information in the world for our specific customer base. The environmental analysis examined the human performance, training needs, work processes, work systems, work environment and business needs/market forces facing the organization. Broad and varied data sources were collected and analyzed throughout the performance analysis phase using sound and ethical business practices validated through key customer segments and senior leadership.

Externally, initial market assessments, competitive scans and research were completed to determine what value the organization is bringing today, what it should be bringing today and what will be needed in the future. Customer focus groups and satisfaction surveys provided data necessary to determine the gaps in the ideal state against the actual state. Benchmarking operations of other organizations against our own gave us a baseline for determining the value of operations against the vision of the organization. Internally data from employee focus groups, satisfaction surveys, employee performance documentation, organizational culture surveys, and interviews was used to determine gaps. Internal data sources: employee and customer retention, sales, revenue, and customer engagement provided a baseline to develop evaluation strategies.

The desired performance is distinguishable customer value apparent to the employees, customers and potential customers through product offerings targeted to meet their needs and exceptional service practices and policies. The actual state of performance is

diminished value of the organization's products and services as perceived by our customers and employees. Decreases in customer retention and increases in employee turnover clearly reflected dissatisfaction by both groups. The lack of shared vision, strategies and value across the staff organization as well as with our customers required areas of opportunities be quickly defined.

The gap analysis revealed significant opportunities for improvements in the areas of customer service practices, product development processes, engagement methods and communication streams and networks. The cause analysis sought to uncover the root causes for the gaps in performance. The original causes were thought to be gaps in skills and knowledge but ultimately the analysis revealed gaps were more significant in work processes and work systems than in training. Use of Rummler's model of performance to examine performance at three levels (organization, process, performer) helped to isolate causes of the gap from all facets of human performance, training issues, work systems, work processes, work environment, and emerging business needs/market forces. The analysis involved executives, key managers and staff from all business units of the company.

On the organizational level, customer service standards had not been defined beyond 'provide good customer service'. The expectation for quality service has always existed, but has never been clarified. The organizational structure prohibited shared learning, integrated product development, and cross-functional communication. Customer relationship management services did not exist because the IT systems were not linked to the telephone system. The IT systems did not support real-time web based ordering, no linkage existed of product by customer or technology and the web site navigation was difficult. Thirteen different non-integrated IT system applications existed that made it impossible for staff to provide customers with targeted solutions representative of our different product offerings and organizational business units. The separate applications also made it virtually impossible to produce reports to determine current reality and satisfaction levels across product lines and customers bases. It was impossible to achieve targeted communication, marketing and product development to adequately meet the needs of our employees or customers. We could not clearly link our customer to our organization.

Internally, morale was suffering. Employees expressed frustration with an inability to easily get the best job done due to lack of communication and integrated systems between business units. This lack of communication also resulted in the same customer receiving multiple contacts from different staff on the same day. Business units were competing for revenue from the same customers and a coordinated approach was non-existent. Business units were developing new product that competed with products in other business units. This absence of a team approach and clear, consistent communication and strategy created chaos among staff. Commitment to the organization waned because staff felt that the organization lacked focus, a sense of team and poor service and attention to their problems. Turnover increased. Declining revenues also resulted in diminished bonus potential and eventually a 12-month pay freeze. Resources became scarcer and downsizing occurred. The causes

and effects became harder and harder to distinguish but the reality was the same. Based on these findings, the majority of intervention strategies became non-training based initiatives for the entire organization.

The process level assessment revealed disjointed systems and non-value-added processes. Processes were not designed to maximize customer value, many were found to be wasteful and conflicting with our core mission. Many processes required considerable manual work and redundant processes were plentiful. The telephone system was antiquated and could not provide customized reports for proper staffing and measurement of service to our customer base based on when and where calls were coming from, staff was not accessible through direct dial, and voice mail services were limited.

The assessment conducted at the performer level in the performance indicated that many did not understand the essential behaviors that are necessary to provide quality customer service. Knowledge and skill gaps were evident in product development methods and interpersonal communication techniques.

The utilization of the HPT process was determined to be the most appropriate response because it approaches problem solving from a systematic and systemic approach. The process requires engagement of employees, stakeholders, and customers to connect and find holistic solutions that encourage continuous improvement, creative thinking, and ownership. The process enabled us to identify what would be necessary to achieve the desired performance improvement outcome of adding more customer value through improved product development, signature customer service, employee and customer engagement, and integrated communication.

## Design Values

- 2. Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

The intervention selection, design and implementation occurred in three phases once the performance analysis and problem identification were completed. The improvement of performance at the organizational and individual level was the driver as interventions were built to add customer value to business units. The first phase consisted of development of interventions at the organizational level to support the umbrella intervention strategies. The second phase consisted of intervention development at the business unit and department level to support the umbrella strategies targeting root causes, and the design and development of individual performer interventions.

The process for designing and developing the interventions used a systematic approach following the HPT model in phase one. Each business unit was asked to identify their ideal state and then the current state. The differences (gaps) were identified and business unit managers and employees used the concept of the “Five Why’s” to drill down to the root causes. Once completed, executives validated the responses.

Potential interventions were identified and, together, the executives developed a shared vision, prioritization and a plan to eliminate gaps based on the cost, impact, and difficulty of implementation. The list came together and the interventions advanced into the development phase.

Phase one interventions focused on organizational realignment and strategic planning to make interventions possible. Integration of departments and business unit goals based on a shared vision resulted in the development of “keystone initiatives”. The “keystone initiatives” is the blended intervention strategy at the organizational level that encompasses increasing customer service, targeted product development, integrated communication and marketing, and engagement through technology networks organized around learning and networking. All are designed to increase customer value and progress is regularly reported out to the Board of Directors, Executive leadership and staff. The framework was designed to engage staff by providing a clear direction and decision-making standards to determine if projects were value-added. Staff were asked to examine their own work and activities and if they did not provide specific value to one of the four keystone initiatives, empowered to re-evaluate with their manager whether it was an activity, process, or project that they should continue to do. Evaluation strategies were identified to ensure individual, department, and business unit level metrics were designed to track progress and measure success.

Organizational infrastructure changes occurred causing integration of departments and centralization of the reporting structure. Departments previously managed independently now reported to a one individual responsible for coordinating all activities. Business unit goals were developed based on a shared vision and with clear tactics. Executive level of management was reduced to improve strategy and communication. An executive was designated as champion of each keystone initiative.

Phase two included changing the core systems and processes within the organization. Employees and technical experts in telephone systems, IT systems, work processes, training, and human performance were brought together to provide potential ways to solve the problems. Research began on a new telephone system. The Telecommunications Analyst identified specific user needs, sourced telephone systems, and prepared the RFP. A final recommendation to the Executive team came after careful review and involvement of all key stakeholders. Design began on an IT application which fully integrated the thirteen existing applications resulting in the beginnings of customer relationship management services, real-time web site processing, and common source and technology coding of products. A cross-functional team of non-executive employees were empowered to look across the organization to identify system and process improvements and empowered to deploy staff to implement them. This method of development occurred for all interventions. The result was both improved information at the fingertips of all staff and further, more substantial and sustainable work process streamlining and efficiencies.

Phase three concentrated on business unit interventions by optimization of experiences, capitalization on the value stream and maximization of our messages to distinct groups.

Key behaviors to implementing the vision were identified. A new telephone system was installed, a redesigned website launched, a product development council formed, a branding and integrated marketing team came together, training programs (personal effectiveness, customer service and product development) were launched, two technology networks were formed and the strategic plan redefined.

A change leadership strategy was deployed to manage the increasing amount of changes occurring through the performance improvement project. Changes were rapidly being implemented as processes were streamlined and priorities determined. Urgency was established early on when the organization reported a financial loss and downsizing occurred for the first time in several decades. The Executive Director laid the groundwork and prepared staff for the need to improve customer value, internal work processes and communication. The guiding coalition was teams empowered to implement changes, make recommendations, and lead specific interventions. Visions, strategies and process improvements were done concurrently. The cultural assessment conducted at the start of the changes to benchmark the organization is again planned for fourth quarter 2003 to assess progress.

Communication plans were created to ensure on-going communication occurred with staff at every level, quarterly face-to-face all staff meetings were held to update staff on the progress and review the goals, and external customers received new, better-targeted communications designed for their specific needs. Quarterly company financials and business plan progress reports, previously kept confidential at the highest level of the organization, are posted on the Intranet at the same time as they are reported to the Board of Directors.

The interests of both the customers and employees are intertwined in every element within the performance improvement project. Employees were considered as a core “customer” segment through the analysis, design, development and implementation phases. It is a multi-faceted approach that set new strategies, created new processes and developed better systems focused on our core customers, both internal and external. The implementation is at different points in the life cycle but employees have already found value in this endeavor because it is making their jobs easier, more satisfying, and less stressful. Employee turnover is down, satisfaction is up, and customer engagement is increasing. More unified selling strategies mean one call to a customer saving time and money for both the organization and the customer. One message is consistently communicated, products and solutions to meet customer needs more readily identified, up selling is plausible, and delivery more seamless.

**Interventions Matrix** (a sample of the key interventions that were put into place in the organization)

Type of Intervention	Categories	Specific Interventions	Timing-Phase to be launched	Partners with the Performance Team (internal consultant and Director)
<b>Training</b>	Classroom Training	Signature Service (customer service)	Phase 3	Outside vendor to certify, lead Executive session All employees at all levels within the organization to participate
		Telephone use training (new phone system use and functionality training)	Phase 2	Telecommunications Specialist to lead, all staff to participate
		Product development launch sessions (introduce new process, expectations, and skills)	Phase 3	Product development team, Product development process leader
		IPE training (personal effectiveness and interpersonal communication course)	Phase 1	All employees at all levels of the organization to participate
	Job Aids	Distribution of customer experience statement and standards	Phase 3	Director team, Customer Service Team
<b>Consultative</b>	Performance Management	New performance management system to recognize performance attributed	Phase 2	HR, Line Managers
	Informal and Formal coaching	Managers will be trained on reinforcement of the knowledge and skills taught in Signature Service	Phase 1	Managers, Director team
	Recognition Plan	Employee communications on “best practices” of customer service	Phase 3	Communications Division
	Recognition Plan/Communication Networks	Web-based customer feedback forum that allows customers to record their feelings about the service that they received including contest for “best service” for employees	Phase 3	Interactive Council team, IT department

<b>Techno-Structural</b>	Equipment upgrades	New telephone system	Phase 1	Telecommunications Specialist, IT Department, Call Center Manager
	Policies and procedures	Add the customer service competency to current performance appraisal system	Phase 2	HR
	Organizational design and development	Business units restructured and realigned	Phase 1	Executive team, Board of Directors, HR
	Communication Networks	Technology networks and portals	Phase 2	IT, Customers, and key staff
<b>Process</b>	Quality systems	Website navigation improved	Phase 2	Interactive Council Team, IT
	Team interventions	Continuous improvement teams empowered to make infrastructure changes related to the interventions.	Phase 1-3	Cross-functional teams, , Executive Team
	Communication networks	Quarterly all-staff communications, financial updates to staff and Board of Directors	Phase 1	Executive Director, Executive Team, all staff
	Team interventions	Customer Service sponsor team established	Phase 2	Designated representatives from each division
	Communication networks	Integrated communication to external customers (branding)	Phases 1-3	Communications business unit

## Alignment

3. *How is this practice in alignment with the performance identified, as described in your answer to question 1?*
4. *Please describe how this practice integrates other training, learning, and performance improvement practices, and aligns itself with organizational goals to achieve the desired outcomes.*
5. *What evidence is there of partnerships within and outside the organization (e.g. with senior management, frontline supervisors, unions, external training suppliers, consortia)?*

The practice is aligned with the identified organizational performance gap of improving customer value because it takes into account the best interests of the organization and

its employees. By blending the intervention strategies we touch upon both internal and external customers. This practice integrates customer service training, the establishment of technology networks, and teams dedicated to continuous improvement and links employee goals and incentives with success.

The organization's vision to be the best resource of information requires that the infrastructure be aligned in such a way that product and process are seamless and continuously evaluated against known measures of customer needs and interests. Alignment of product and process also ensures that employee needs for improved communication and ability to their job is addressed at the same time as product is developed and processes changed or implemented. New product development processes include evaluating internal system and work process needs before a product is approved for launch. Cross-functional launch teams ensure that integrated marketing and communication occurs at every stage in the development and launch processes. Cross-functional teams also ensure that external customer needs mirror new product development building stronger, more viable, long-term revenue streams. In turn, commission, incentive, bonus and reward programs have more direct connection to measurable results and achievements of these integrated staff groups. Employees directly benefit from the needs of the customers being met and working together effectively as a team.

Programs previously supported throughout the organization were evaluated against the new strategies and either supported based on eliminated based on their ability to meet the new needs. A performance management system is being designed to capture the known knowledge, skills and abilities the organization needs today and in the future based on the gap analysis. Employee development is linked to the initiatives so that we develop employees skills in the areas that will enable them to best succeed in the areas the company plans to grow. Financial support is designated to programs that are linked to developing employees in the key areas of product development, communication, technical expertise and customer service. The product development process requires that all new products be linked to the technology networks.

Evidence of partnerships exists externally and internally. We have built a solid partnership with an external vendor for the staff-training component. We certified four internal instructors to facilitate the customer service training throughout the company. Management works with employee teams to build stronger employee programs. Executives formally champion specific employee work teams. The technology networks, comprised of all external customers, are working directly with staff on new product development ideas, providing expertise and feedback throughout the process. Through performance improvement, employees were engaged to develop proactive solutions and generate product development ideas. These partnerships with our external customers ensure that products developed represent their needs and interests.

## Evaluation Strategy

6. *How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost telephone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*

The evaluation strategies for the overall initiative have been designed using specific metrics tied to organizational results. The training evaluation follows Kirkpatrick's Four Levels of Evaluation. We are collecting and compiling data for levels 1-3 on training interventions and team strategies. Employees anonymously complete reaction sheets after every training session; data is compiled and averaged for each dimension and for an overall score. Managers complete pre and post behavioral surveys for every employee that attends training two weeks prior to attendance and eight months after session is complete. Performance appraisals have been updated to include a customer service, product development, team, or engagement metric, assessing the level of performance for the employee during a specified time frame. Level four results are difficult to attribute to specific interventions due to the blended strategies that multiple initiatives require.

The development of evaluation strategies, measurements and tools is planned for non-training interventions to benchmark and measure our progress regularly. The phase runs concurrently throughout the program development and as each intervention is defined and implemented. Measuring results is considered a necessity in this new continuous improvement culture.

Overall organizational metrics are tied to increased revenue, increased customer engagement, repeat business, and employee retention. Tracking measurables attributed to the blended learning strategies has been collected at various intervals before the launch, during the implementations, and at quarterly points throughout the project lifecycle. Milestones of the initiative are reported at the onset of each project phase and approximately bi-monthly. Performance of intervention metrics is now part of the quarterly report to the Board of Directors and staff. The purpose of these reports is to document the successes and implementation of the interventions as well as to demonstrate accountability through maintaining continuous status reports on objectives, evaluation procedures, and upcoming expectations. Reports are made available to all members of the executive team. Executives are evaluated against these shared goals on annual performance reviews and quarterly progress reports.

Isolation of the variable for determining ROI and anticipated benefits is challenging because of the integrated set of interventions. Careful analysis and data management for the events, activities, and results for each initiative will help provide the data to determine ROI on specific activities.

### Specific measurables tied to intervention strategy

- The customer value activities are evaluated to be successful or not based on trend studies, customer satisfaction surveys, growth, improved retention and revenue streams.
- Employee retention is measured quarterly by evaluating HR data on turnover and retention.
- Customer retention and new customers are also measured quarterly.
- Financial metrics, both savings and increased revenue, are used where appropriate to the specific intervention.
- “Talk time” and “abandoned” calls is measured and reported on for call center staff. Reports from the system enable staffing schedule changes to mirror call volume. Call volume reports also enable staffing head count to be regularly evaluated. Improvements achieved by the combination of the new telephone system and the new IT integrated application resulted in a 40% head count reduction in the call center.

### **Results**

7. *What specific participant behaviors are observed as a result of this practice, and how do these behaviors contribute to the goals of the practice? Are the impacts of these behaviors short-term or long-term? How do these behaviors differ from the results of previous practices?*
8. *What was the impact of the practice on your organization? Are the impacts of these behaviors short-term or long-term? Wherever possible please include actual figures related to the practice.*

There have been several noticeable changes in behaviors as the project progresses. Most noticeable is the change from one of isolated business units to an integrated, team environment. Today it is more difficult to get something done without including others from other business units than it is to do it independently. Behaviorally, employees are now intolerant of and critical of those who try to “get around” the team. Employees can articulate the shared goals of the organization and refer to the keystone initiatives as they relate to their job and business unit. Business unit success is increasingly evaluated using shared objectives. Most employees are involved in one or more cross-functional team. Employees across business units are familiar with one another and can converse comfortably on organization-wide issues. Collaboration and communication have replaced conflict resolution, once critical staff deficiencies. Employees recognize the more they engage with each other, the more they develop skills necessary to advance within the organization bringing a stronger commitment to doing so and building new loyalty to the organization.

Customers are increasingly becoming engaged or re-engaging with the organization. They are an integral part of helping us rebuild revenue streams. They are invited

guests to the product development process and demonstrate a passion for helping to get it right the first time.

### Organizational Impact

Measurement	Data Type	2000	2002	Change	What it tells us
Formal performance actions in HR	Number of formal performance improvement plans	0	10	+10	Increased attention to performance by increased leadership capabilities
Employee turn-over	HRIS records	19.2%	2%	-17.2%	Increased retention
Customer retention	Customer retention numbers	63%	64.2%	+1.2%	Greater retention and repeat business by customers
Abandoned calls by customers into organization	Telephone reports that show disconnected call before intended staff person picks up	15.03%	5.32%	+9.71%	Reduction in calls that were not attended to by staff before the caller abandons the call.
Talk time in the call center	Time customer service representatives are on the telephones with customers	1.58 minutes	2.18 minutes	+.6 minutes	Call center representatives are spending more time servicing customers than ever.
Number of cross-functional teams	Teams that have been created to accomplish specific objectives tied to the keystone initiatives.	0	6	6	More employees are engaged in collaborative activities involving strategic initiatives and continuous improvement.
Technology network engagement	Number of customers signed up to participate in technology networks	N/A	6 new groups, 129 people engaged	42% increase in engaged customers	Customers are finding value in the new technology networks by participating.

Measurement	Data Type	2000	2002	Change	What it tells us
Satisfaction ratings for training programs	Level One satisfaction form confidentially completed by participants at the end of all training sessions.	N/A	3.7	-	Participants are reporting that they are satisfied with training, find value in course offerings, see relevance to their job and feel confident in their ability to apply it to their jobs.
New launched products	Number of products that have been launched	0	2	2	Since the inception of the new process, new products have been developed and launched according to documented customer needs.
New product development (in process)	Number of products that are in development	0	2	2	Since the inception of the new process, new products have been developed according to documented customer needs.
Operating expenses	Income statement results	\$4.3 million	\$3.9 million	-\$340,000	Operating expenses have been reduced due to integrated processes, systems, and business unit performance.

## Shared Learning

9. *What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and external to your organization.*

Specific lessons learned from using the performance improvement approach to improve the value of the organization to its customers and employees are: the need for thoroughness in the process, the need for documentation, the necessity of a multi-phased implementation plan, the necessity for significant capital investments, and facing the hard realities of leadership capabilities of the organization is not always easy.

The HPT model provides a systematic approach that helps ensure that the analysis is complete and the interventions are linked to true root cause aligned with the organizational needs and culture. Using the model to define strategies to improve

customer value, all stakeholders could readily identify with the process and outcomes of each phase. Also, it helped to ensure that solutions were not applied to symptoms instead of real problems. It proved that training was not the preeminent solution available to us and more meaningful, sustainable and cost-effective measures could be put in place that will help us reach our core vision. The involvement of all levels of staff at the various phases of the project is helping to secure support for change and success. The new measures of accountability through evaluation practices help to sustain on-going continuous improvement and cooperation among business units.

Tracking of initial efforts was minimal so as the project progresses, a key lesson learned is that tracking and on-going review is necessary to avoid cumbersome data retrieval and delays. We had a wealth of data but it was initially not well managed or maintained leading to disorganization and confusion. A central repository with a skilled administrator is essential for a project of this scope and size. Once we put in a detail-oriented system for data tracking and management, we found that it was easy and convenient to find the information we needed to justify new interventions or unexpected resources.

The multi-phased implementation approach helped to prepare the organization and align strategies with changing customer needs. The limited staff resources available made the implementations of interventions possible that were not sustainable if implemented all at one time. However, the multiple interventions caused some staff to be over-utilized when instrumental to each initiative. In a similar practice, interventions should be more highly scrutinized to determine appropriate levels of staffing and necessary resources. A project manager dedicated to each initiative may have helped to alleviate confusion on what the milestones were and how to stay aligned from design through implementation.

Integration of systems and development of an overall structure that brings additional value requires significant investment and capital expenditures. Any organization serious about updating its infrastructure, IT, telephone, or work processes must be aware of the possible for major capital investments. At a time when profits were dwindling and the economy was in a downturn, the need for initial investments to eliminate gaps was evident; however, be ready for what a complete analysis may uncover. It can be costly.

The value stream for customers is not obvious to employees who perform a singular task. Regular, timely and repetitive communication is necessary throughout all stages of the project. Lapses can turn into setbacks. Leadership has the primary responsibility of developing a clear vision, setting achievable goals, motivating employees to reach the goals and communicating progress and challenges. Effective leadership is essential to help employees see the link between their job and the organization's goals and focus their energy on the right projects and activities. A growing pain was evident for us, as some of the leadership staff was not properly prepared to be supportive and in some cases, resisted the changes. Staffing changes at the leadership level were an unanticipated necessary intervention to ensure focus remained targeted.

Replicating this practice would be feasible for an organization. Ensuring that each business unit has adopted the philosophy and is involved with some facet of the project is key to gaining and maintaining momentum. Gaining the involvement and buy-in at all levels, including the Board of Directors, has helped to sustain the efforts. While the senior leadership has been instrumental in the strategic level planning, it was critical to get the staff to embrace the changes at their level. The staff has to feel safe to recommend new solutions, change the way they do their jobs, generate new ideas for improvements and continue to embrace the organization.

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