

Excellence According to Plan

By Robert M. Frame and Warren R. Nielsen

For almost two decades organization training and development specialists have viewed themselves as operating in a segmented continuum. At one end are trainers in management and technical skills; at the other end are organization development (OD) practitioners. In a few cases these two development processes have been merged. More often than not, however, the professionals in the two processes find themselves in separate camps.

During the eighties a new segment has entered this training, development, and change continuum. Referred to as organization transformation, this process is a transition from a present structure to a new one, from older related systems to those for a new vision dictated by forecasted environmental and market conditions. The process constitutes a genuine "willed future" for a growing number of companies.

This extension of the development continuum enables managers, executives, and change agents to assess more accurately the development needs of their organizations and clients. It also helps to differentiate the various development process tools available to respond to these needs. The continuum may be represented as follows: Management/Employee Development—Organization Development—Organization Transformation. Or simply: MD-OD-OT.

This article describes the concept behind this continuum and then shows how it has been applied to a project in a large newspaper. The project results to date include a 25 percent increase in productivity and an overall improvement in reliability of 15 percent.

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The three processes

The three major development areas in the continuum are not necessarily sequential phases in a development process. Indeed, in many organizations, the three processes occur simultaneously and without synchronization. The point here is that the further one moves on the continuum toward organization transformation, the more the effectiveness of each development process relies on its careful integration with the previous processes.

OD versus OT

OD	OT
Goal Clarity	Purpose
Process	Results
Consensus	Alignment
External/Internal Forces	Personal Empowerment
Individual Group Behavior	Mission
Problem-Solving Cause & Effect	Vision
Feelings	Values
Group Analysis	Intuition

Any organization launching a workplace transformation effort will find that the requirement to shift its culture from past and present states to an envisioned future state is facilitated by—and indeed can scarcely begin to succeed without—both effective management training and organization development. But, in spite of the compelling logic and increasing evidence to support the MD-OD-OT linkages along the continuum, these linkages occur far too seldom in organizations that otherwise are committed to improving skills, unit effectiveness, culture, and bottom-line performance.

In organizational transformation a major assumption is that employees

naturally seek results consistent with humanistic values, provided that they are allowed to experiment in creating processes to achieve those results. This leads to the OD-OT differentiation outlined in the accompanying figure.

Organizations recognized as top performers increasingly use processes that focus on both. Successful organizations place primary emphasis on results. Their secondary emphasis is on proven processes for achieving results (OD) and related training (MD) in new approaches, methods, and values required to support related changes in behavior, operations, and culture (OT).

When a growth plan for an old or new organization requires a new strategy, the strategy often conflicts with the existing culture, norms, values, belief system, and underlying behavior. Executives face a critical decision: either to pursue an innovative strategy and to change the culture to match it, or to look for a strategy that more closely matches the existing culture. Making this choice requires both vision and patience. While vision helps one keep an eye on both strategy and culture, patience prevents short-term, opportunistic decisions that may destroy the culture-strategy alloy. Further, when an external or internal crisis dictates decisive action to ensure a turnaround, the tough question is this: what components of existing strategy and culture need change, and to what degree? The excellence studies of the eighties demonstrate that the wrong answer to this question can lead away from lasting excellence and toward mediocrity, even failure. Once the question is answered, though, the cornerstone for transformation has been laid, with significant implications for both OD and MD process applications.

We have found at least six leadership skills that underlie successful use of the entire development continuum:

■ Visioning the future—creating a

mental image of a future organizational state out of a collage of facts, images, hopes, dreams, threats, and opportunities; and building scenarios that can transfer this image to followers.

■ **Creative insight**—asking questions that strike at the heart of problems and opportunities, which enables the design of successful solutions and strategies.

■ **Versatility**—anticipating change by pursuing knowledge outside one's field; enabling leaders to adapt comfortably to the change implicit in creating the future.

■ **Sensitivity**—doing unto others as they would have you do unto them, rather than always assuming that most people value what their leaders value; thus binding people together in a culture where they feel truly energized to achieve high goals.

■ **Focus**—eliminating activity that does not add value and investing available resources toward implementing successful and lasting change.

■ **Patience**—developing the ability to control one's desire for instant, short-term results; committing oneself to long-term perspectives for the organization that bring future visions into reality with care and high involvement.

First, the case study results

During 1986 and 1987 we had the opportunity to work with a state-of-the-art printing plant at a prominent American newspaper. We observed and analyzed the impact of an integrated change strategy employing the MD-OD-OT continuum interventions.

Through September 1987, the plant has been setting new and significant company records in such people-dependent areas as productivity, reliability, and waste control.

In the press room, productivity improvement is measured in terms of thousands of eight-page papers per hour. Productivity improved from 8.0 in October 1986, to 11.5 in September 1987—an increase of 43 percent in less than one year. Currently, there is no indication that improvement will not continue. It should also be noted that the actual productivity improvement has far surpassed, by as much as 80 percent, the established objectives for the period.

In addition to improved pressroom productivity, there has also been a major change in reliability. Pressroom reliability is measured in terms of half-

hour production targets met to satisfy circulation department delivery schedules. At various times the measure was both above and below the stated objectives. There was, however, an overall improvement of 15 percent over the beginning level in 1986. This improvement is even more significant in that the increase in reliability is above a particularly high goal level—90 percent—established near the beginning of the change effort. The improvements in productivity and reliability become even more impressive in that they were achieved by a workforce which had less than two years' experience.

The MD-OD-OT interventions were used in other units of the plant with similar results. The plant's composing unit, while maintaining union contract rules, achieved nearly a 25 percent increase in pages-per-hour productivity in the first five months of 1987. Such an improvement had never occurred in the one-hundred-year history of this newspaper.

Reduction of waste can have a significant impact on the profitability of a newspaper. In this critical area the printing plant has saved \$40 more per ton than the established goal and thereby surpassed the budgeted plan, considered quite an aggressive one. The annual average metric tons of newspaper consumption is 200,000, and so the annualized cost savings achieved through the reduction is projected to be \$8 million, equivalent to four to six times the amount of annualized advertising revenue needed to cover material costs.

The interventions

The plant's management team attributes these results to a specifically designed and implemented shift in their management process toward a management-by-measured-results approach, and the utilization of a planned change strategy oriented to the organizational culture. The change strategy, of course, included elements and methodology from management development and training, organization development, and organization transformation.

For several years, the newspaper management had been considering changes in strategic plans to capitalize on a significant investment in its modern printing plant. They accelerated their plans to improve management after an unforeseen labor strike

involving three of its five production union locals.

Facing the implications of temporarily replacing approximately 1,000 employees (including a significant number of supervisors involved in a walkout over control of the hiring process and related issues), management initially hired a consultant to develop and implement a top-down training program in leadership and supervision. A custom-designed management training program—12 subject areas in 10 eight-hour modules, covered one at a time over twenty weeks—was developed and implemented. The training was provided to all managerial and supervisory personnel. The modules included

- overview of management;
- interpersonal skills;
- leadership;
- teambuilding and team-oriented leadership;
- situational leadership;
- problem solving;
- time management and delegation;
- coaching;
- summary and integration.

Parallel to the training program the consulting team used another very effective management development intervention: a tailor-made assessment center. The assessment center helped to screen and select 19 new supervisory personnel from among 130 internal candidates. It assisted in the selection of individuals whose skills and values were the most consistent with the needs and vision of the new printing plant.

Soon after the training program began, the top management group began to participate directly in a series of organizational transformation interventions. These activities resulted in the development of

- a new long-range vision of the plant's future desired culture and performance;
- an updated mission statement;
- a new operating philosophy outlining specific values and norms for all plant personnel.

Key result areas—as opposed to activities or processes—were then identified for the plant as a whole and for each of its production and support units. These areas were analyzed and defined until they could be expressed in terms of measurable end-results or desired conditions over time. Finally, a measure for each area was defined to monitor and control performance.

The documents relating to key results areas and the defined measures provided the foundation for a new management process. This process is based on principles articulated and introduced by Charles A. Coonradt in his book *The Game of Work* and on related training materials developed by Yager Associates. The concepts used in the process contained sports-oriented metaphors, such as "goal line," "out of bounds," "field of play," and "end-zone pay dirt." The process is based on principles that respond in practical ways to the question, "Why, in sports and recreation, will people pay for the privilege of working harder than they will work when they are paid?" The answers to this question provided guidelines around which the plant's management and employees developed a new performance system. The system emphasized the following elements:

- clearly defined goals;
- unchanging rules;
- effective, accurate scorekeeping;
- freedom and choice in methods;
- immediate and ongoing feedback;
- self-administered results measurement.

As the top-down training program progressed, the idea of self-directing management began to take hold. It was encouraged in natural workgroups, and these groups began to make specific decisions relative to desired performance and performance management. An important element of self-directing management was the design and use of performance charts, which the groups placed on bulletin boards and other conspicuous places in their working areas. These charts typically reflected three elements:

- a performance "goal line" related to a defined measure for that unit's key result areas;
- actual daily performance measured against that goal;
- and a cumulative rolling average performance trend line, to discourage overreaction to typical peaks and valleys in production, reliability, quality, and waste reduction performance.

Management, with assistance from the consultants, tested the principle that when performance is measured, performance improves; and when the results are fed back to employees, the rate of improvement accelerates. Measurable results to date appear to support this principle clearly, and numerous testimonials regarding improvement abound from individuals at

various levels within the plant.

At the same time, management has worked to overcome what often can be a critical defect in the application of traditional management-by-objectives programs: failure to link them to the organization's reward system. Management's work has been two-pronged: it is expanding and developing non-monetary reward options to recognize performance at individual and work-group levels; and also developing self-funded monetary incentive systems for non-management personnel, while

linking management bonuses directly to unit key result area performance.

The first unit incentive system was implemented in the pressroom. The incentive plan recognizes that both waste and quality control must be tied together, lest one be improved at the expense of the other. Specific goals were set for the initial three years of the incentive plan for controllable newsprint waste, with all hourly employees and their immediate supervisors sharing in the resulting savings. At the same time, a related newspaper quality

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component was factored into the incentive equation. The component consisted of a quality scoring system, administered by both the pressroom's production process customer (the inserting and packaging unit) as well as by pressroom management. Incentive payouts for the first quarter of 1987—the initial measurement period—came to a 10 percent bonus; and current projections are that employees will realize cumulative payouts by year-end amounting to a 15 percent bonus.

Further evidence of the effectiveness of an MD-OD-OT change strategy has come from outside the printing plant. In the first quarter of 1987, the plant's pressroom won one of the most prestigious newspaper industry annual awards for color printing; it took top honors among forty-four entries from the U.S. and Canada in its category.

Though the results to date are impressive, the management of the printing plant expects even greater improvement in the future. To ensure further gains, it is implementing plans to develop and maintain support systems which will sustain the basic performance management process. The plans include

- tying results even more closely to both monetary and non-monetary rewards at all levels;
- creating communication processes to monitor and support the new operating philosophy as it affects interpersonal and cross-functional expectations and relationships throughout the plant;
- utilizing organization development teambuilding interventions within and between natural workgroups throughout the plant and with other company functional areas;
- expanding efforts to identify and improve internal and external customer product and service quality and reliability;
- participating in an evolving company-wide strategy that eventually will ensure integration of similar management processes on a company-wide scale.

Summary and conclusions

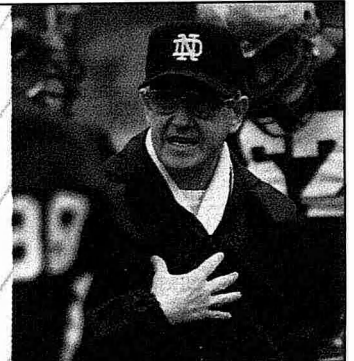
The results from the case study provide significant evidence that a comprehensive, integrated change strategy can be of particular help to consultants and managers attempting to move or-

ganizations toward improved performance and excellence.

In this specific case, the management-by-measured-results process—in combination with parallel training and selection (MD), teambuilding and other participative approaches (OD), and involvement of all employees in a long-range effort to change their company culture, values, and management processes (OT)—has generated impressive payoffs for both the employees and the organization. Improvement in such areas as productivity, quality, reliability, and waste was evident early and has continued as of this time. The management of the printing plant sees only further improvements, with win-win results for all involved.

Hopefully, these results will provide the impetus for those involved in management development and training, organization development, and organizational transformation to examine the relationships in the MD-OD-OT continuum more closely. Integration of the disciplines can produce measurable improvements in organizational performance and will assist managers in moving organizations toward planned excellence.

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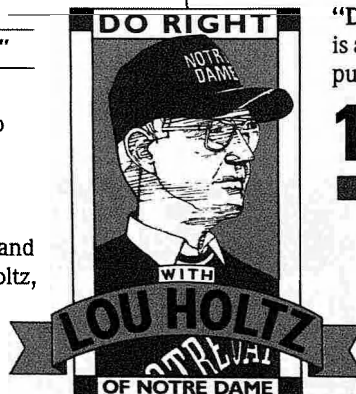


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