

Building Engaged Team Performance: How to Align your Processes and People to Achieve Game-Changing Business Results

Dodd Starbird and Roland R. Cavanagh PE (co-author of *The Six Sigma Way*) have written a new book that will be published in October 2010 by McGraw-Hill.

Building Engaged Team Performance (ETP) is focused on a tactical implementation process for radically improving the effectiveness and efficiency of “production” teams, describing a method for driving great results for teams of people who deliver a product or service. The book builds upon Lean and Six Sigma process improvement tools but focuses more deeply on the people who do the work, the processes that directly deliver value for the customer, and the managers who lead those teams. The new book includes success stories, some object lessons, and a roadmap to deploy the ETP approach.



This book is all about forming the appropriate combination of the technical and human sides of work. As you’ll see, each side holds a key part of the opportunity. Both sides are critical and have to be considered together.

Synopsis:

Engaged Team Performance is the right approach for optimizing “production” teams – groups of people that share responsibility for delivering some kind of item to some kind of customer, whether in a manufacturing or a transactional/service environment. Production teams can create tangible products, like a checkbook from a printing line or a can of beer from a packaging line, but they can also produce softer yet just as critical deliverables such as processing a claim, serving food at a restaurant, designing a marketing campaign, or scoring points in a basketball game. When you think about it, teams produce almost everything. With such a wide definition, most groups of people in most organizations fall within this description, but there are certainly some “individual contributor” roles that don’t fit the approach as well as others. You’ll have to decide how well the description fits for your particular business or organization.

So while a professional golfer may not be the best team example, do you remember the US Olympic Men’s Basketball Team of 2004? The team of young NBA all-stars probably had the five most talented players out of the ten men out on the floor for almost every minute of each game that they played in the tournament. Every team they played against was hopelessly outclassed. And there were some fantastic dunks, blocks, and other individual performances as Team USA lost to Puerto Rico, Lithuania, and Argentina on their run to the bronze medal. Ouch.

Wikipedia’s analysis:

Determined to put an end to these recent failures, USA Basketball has changed its philosophy and has looked to field complete teams instead of piecing together rosters of NBA All-Stars at the last minute... USA won gold... at the 2008 Summer Olympics with a dominant performance. (http://en.wikipedia.org/wiki/United_States_men's_national_basketball_team)

Basketball teams may need ETP. Work teams at companies certainly need ETP, in manufacturing as well as service industries. Hey, maybe even a golfer and her caddy count as a team too? *All* teams can benefit from Engaged Team Performance!

A Little History

Like many of the methods such as Lean Six Sigma that came before it, Engaged Team Performance (ETP) is not all new. The approach draws heavily from other theories, methods, and tools. But it drives breakthrough gains in results that none of those prior methods can claim to have consistently attained. The secret is that ETP is a *combination* of great work from W. Edwards Deming’s Quality movement, Motorola’s Six Sigma, and Taiichi Ohno’s Toyota Production System (the precursor to Lean Enterprise), with key ideas added from pioneers in employee engagement like Peter Drucker (*Managing in the*

Next Society), Jack Stack (*The Great Game of Business*), James Belasco, and Ralph Stayer (*Flight of the Buffalo*).

In many ways, Peter Drucker predicted the advent of the ETP approach, emphasizing the critical role that “knowledge workers” will play in the future economy. While he envisioned many of the important differences and future trends, Drucker was more effective in strategically presenting the challenges in managing the work of the future than he was in tactically identifying specific solutions. Nevertheless, his work was foundational and inspirational for the consulting industry that he developed, and many of us owe more to him than we know.

The past helps explain the gaps in the current state of the business and consulting thought process. In short, people have studied the technical side of work and process improvement for more than a hundred years, and we’ve glossed over equally important work about the psychology of the human worker. With “knowledge workers” now forming the majority of the economy, the combination of technical analysis methods with human teamwork and motivation approaches has been haphazard at best, and counter-productive at worst.

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Voice of the Customer

Regardless of the methods used, a firm connection to the customer is essential for properly identifying and implementing just about any kind of improvement. As a component of process improvement methodologies, Voice of the Customer has often become simply a one-time activity within each project. Today companies are creating formal, proactive programs to listen to the customer and act on the information they hear.

In the last few years, greater emphasis has been placed on listening to this VOC through surveys and trend analysis, initially highlighting product and process shortcomings, customer support team (help desk) performance, and health of the relationship. Gradually recognition of the importance of understanding the overall customer experience has evolved from the discovery that a great product or service or an awesome sales team is probably not enough foundation for a long-term relationship.

Engaged Teams have to be focused on performing to meet customer expectations. Processes, activities, measures, goals, and accountabilities that don’t support or align with key customer needs are a waste of time and energy. Teams and team members need to care about the customer’s needs and experience because customer loyalty is the only real source of long-term job security.

Measuring Activity Drives More Activity

Call centers are the prime example of an operation with a computer system that allows management a false sense of security by tracking the call center associate's every move. Other new technologies such as global positioning satellite (GPS) transponders in delivery trucks have the same effect: they give great information to management about where employees are. Unfortunately, they don't tell anyone what they are doing or, more importantly, *what they should be doing*; if you measure and reward the wrong behaviors, you get more of them!

Individual goals aren't all bad, but they sometimes cause more problems than they solve.

As we proceed, we'll discuss ways to hold team members individually accountable for their individual performance while driving improved overall results by setting team goals. We'll dedicate a future chapter to measuring individual work standards, which are different from goals because they're based on *actual* current performance capability instead of *desired* performance. Another chapter will discuss the appropriate formation of team goals that are customer-oriented, similar to the example in the previous Installation story.

The bottom line is that Engaged Team Performance is all about setting and attaining team goals. Otherwise, we'd have called it "Engaged Individual Performance" and marketed it to golfers.

Is it Process or Performance?

The main point of this book is that *we think current productivity gains are only the tip of the iceberg.*

There's a lot more opportunity left out there to harvest. As we've already discussed, we encounter vast productivity potential even in companies who have already studied and improved some processes. And some of the opportunities are still process issues, disconnects between the work and the customer, or simply "the way we've always done it" that hasn't kept up with advances in technology or theory.

But just as many of the opportunities are in *performance* instead of process, and that's where we'd encourage everyone to do some self-examination. When we study a department at a client company, we often find that people are delivering 2 to 3 hours of "productive work" in an 8-hour day.

If you don't believe that, time yourself someday. You'll notice some of the typical process waste in your day, for example answering phone calls about status of your work, waiting at the printer, and double-checking your (or others') work. And then between chatting, breaks, lunch, and a little surfing of the internet, you'll find that you can fritter away much of the rest of the day. Ask yourself: what did I actually produce today, and how much work time did that really consume?

We're not saying that people should keep their noses to the grindstone for eight full hours every day, but perhaps five would be reasonable? Seriously, we're happy with five.

So, here's an editorial with a challenge for everyone: if you believe in positive change and are willing to answer the call to sacrifice for the common good, let's all start with putting in a full day's work every day. Then use technology and process improvement to work even smarter tomorrow than you did yesterday. And don't put too much of your excess energy into complaining, fighting your employer's priorities, worrying about labor rates paid by foreign competition, or sticking to your "work rules" to protect jobs. Unions everywhere from the airlines to the auto manufacturers have recently learned that protecting some jobs yesterday can sometimes mean losing all the jobs today. So bargain with your employer all you want, but when you're at work, just do your job as well as you can for your customer, your employer, and your own self-respect.

More Key Mindset Changes

Many leaders are forced to consider opportunities to cut costs by decreasing their departments' service levels. For example, they may try to save money by promising a 10-day turnaround time instead of a 5-day commitment to customers. When we're asked to help with that kind of thing, it can be a tough conversation for us.

The point seems intuitive, but it's dead wrong. *Faster is cheaper*, and slower is more expensive.

Think of it this way: if you extend the deadline from five to ten days to do a 30-minute task, people will just wait nine days instead of four to start doing the work! The task still takes just as much work time if you do it on day 9 as it did on day 4. It's like gravity — what goes up must come down. Work that comes in must go out. Waiting longer to do a task won't make it easier to do when it actually comes time to do it.

Actually, leaving a customer request sitting for an extra five days just allows people to sort the work a few more times, lets facts and information change, and generates a few "Where's my _____?" phone calls from the customer that have to be answered. All of that actually takes *extra* time. It's actually *less* efficient to increase the service time!

While leading a technical support team at SAP, Eric Wansong described this same concept quite aptly for his customer support technicians: "We're not making wine here. Support cases do not get better with age; they tend to turn to vinegar."

The best time to do a 30-minute task is in the 30 minutes immediately after it arrives. The best time to work on a quote that arrives today is... today! Lean theorists call this concept *Just in Time (JIT)*. Waiting time is always bad.

GPS Results

Central to this book is the GPS Story. The Group Proposal Services (GPS) department at the Principal Financial Group® creates quotes for group health, dental, life, and disability products. They receive approximately 300 requests for quotes daily from their partners in the field sales force. In 2006, the expected turnaround time (TAT) for producing a quote was 48 hours, and in normal situations the team was able to meet that goal 80-95% of the time, depending on volumes.

In the prior year's "busy season" of 2005 (September-November), however, the team had experienced a drop in their service levels, missing the TAT goal consistently, which was attributed by leaders at the time to the fact that volumes had exceeded their capacity. They wanted to ensure that 2006 turned out better.

The combination of process changes and Engaged Team Performance techniques quickly got the teams to reliably deliver 24-hour turnaround times, and eventually they even started measuring those times in hours instead of days. Customer satisfaction, which had sometimes been a sore spot for the team in the past, dramatically increased.

As time went by, the teams' performance and efficiency kept slowly improving, and as the regular attrition of people moving out of the department for various reasons occurred, those people didn't need to be replaced. A few years later, the process was operating at the same original volume of work, but with 38 people instead of 65, which was a 41% reduction in total labor! And that number was eerily similar to the number we had written on the napkin in the restaurant back in 2006 before the project started.

Process streamlining initially drove 17% improvement in labor efficiency, but they gained another 24% from aligning the team performance with the process and the customer. Lean Six Sigma tools were essential to getting almost halfway there, but ETP took the process to the next level. Their team eventually reduced overhead (leadership and support infrastructure) in addition to variable labor costs as they made the transition to a more streamlined organization.

Engaged Team Performance is all about:

- Capable processes with efficient flow
- Focus to deliver consistently on critical customer requirements
- Visual and available data for immediate decision-making
- The right staffing and resources for sustainable capacity
- Deep personal skills and knowledge, supported by a long-term development plan
- Standards and accountabilities for both team and individual performance
- Fluid Form Organization with norms to support collaboration and flexibility
- Strong, yet engaging leadership that lets the team own the execution
- Team goals (not individual!), and incentives for team success

Integrated in a mutually supporting way, the above attributes help organizations to vastly improve their results, both in effectiveness of performance for customers and efficiency in use of resources. The approach draws upon a core understanding of customers' needs and requires strong, proactive leadership.

We briefly discuss the history of process and performance improvement and illustrate some of the challenges in typical organizations. We then demonstrate the steps to achieving Engaged Team Performance using the Group Proposal Services (GPS) example, as well as some other stories from companies who have actually done it.

The 8-step ETP deployment process is:

1. ***Commit to Change:*** find a burning platform for change
2. ***Measure and Analyze the Process:*** investigate the current process and customer requirements, and measure outcomes and work standards
3. ***Streamline the Work:*** improve the flow of the process to deliver value efficiently
4. ***Make the Work and Data Visible:*** make the new work processes, collaborative norms, and control measures visually obvious in the workplace
5. ***Organize the Team:*** reorganize and right-size the team for the work
6. ***Set Team Goals:*** assess team performance and establish team goals
7. ***Lead the Transition:*** make a rational plan, and develop the skills, tools, systems, and knowledge to move the team to the envisioned future state
8. ***Sustain Engaged Team Performance:*** demonstrate performance over time!

We conclude with guidance for senior leaders in how to enable (and not unintentionally disable!) the efforts of the engaged teams that work in their divisions.

The key to completing the transformation to Engaged Team Performance lies in completely integrating processes, measures, team goals, visual work, collaborative norms, and organization.

In short, Engaged Team Performance is all about combining the concepts of a Lean Six Sigma process with an aligned, flexible organization, applying those principles down to the most critical level of a departmental working team, and sustaining that team to work efficiently and effectively for the customer and the business.



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