

REPRINTED FROM

Workforce

#3048

Change Management

Still on A Winning Streak

By Paul D. Tolchinsky

Four years after receiving an Optimas Award for managing change, Philadelphia Electric Co. (now PECO Energy) is still creating sparks. This time, HR is restructuring to lower costs and to be more responsive to its employees. A consultant explains how.

W

hen PECO Energy decided to redesign its human resources unit, it wasn't the company's first attempt to transform. A former *Personnel Journal* Optimas Award (now WORKFORCE Magazine Optimas Award) winner for managing change (see *Personnel Journal*, March 1993), Philadelphia-based PECO had already moved from being a fat, complacent public entity to a leaner learning organization with increased partnership between managers and employees. The

culture change, however, took approximately six years— triggered by a plant shutdown ordered by the Nuclear Regulatory Commission (NRC) in 1987 and subsequent industry criticism. HR then began to steer PECO toward a new vision for change. Since the companywide restructuring, HR decided to employ a "whole-scale interactive methodology" to its own department. It seemed like the right way to go.

As PECO'S consultant, we at Ann Arbor, Michigan-based Dannemiller Tyson Associates knew that all 7,200 employees would be affected. After all, they're HR's customers. They're the ones who use HR's processes. Naturally, their involvement was essential to its restructuring. Bill Kaschub, vice president of human resources at PECO, told us that his unit needed a redesign that would streamline HR processes, lower costs and make HR more responsive to employees, managers and PECO'S business units. He also felt that the knowledge and know-how to make these changes already existed because of its earlier restructuring efforts.

Dannemiller Tyson consultants, therefore, recommended the *whole-scale interactive methodology* to bring together, in a series of meetings, from 200 to 300 employees from every level, function and perspective of corporate hierarchy. The gatherings were structured so participants could pool information, exchange ideas and discuss the actions required.

Using the knowledge and experience, the minds and hearts of the entire employee population was key in helping guide PECO's HR to fashion a new department that would operate in sync with the needs of the entire organization.

Facing the challenges. The past five years of deregulation in the electrical power industry already had driven PECO Energy's other divisions into broad restructuring. They had to adapt to survive the transition from being a protected monopoly to a competitive industry player. By the end of 1995, PECO'S human resources units--corporate and field--were among the very last to be redesigned. Kaschub was confronted not only with the challenge of aligning HR with those divisions that already had undergone cultural, structural and process redesign, but with other issues as well.

First, the department was overstaffed—one HR person per 35 employees – at a cost that already was staggering and still rising. It was now HR's turn to cut costs. After a series of benchmarking visits, it was clear that a healthier ratio would be 80 to 100 employees per HR professional. Then, there was the problem of continuity. There were two human resources divisions – a corporate group based in mid-town Philadelphia and a business group headquartered downtown – which weren't working together. Kaschub needed to get these two units going in the same direction to get them focused and aligned functionally.

HR also faced a problem with PECO employees' dependence on human resources staff to perform transactional tasks. Staff members were buried in paperwork that was purely clerical in nature. They were forever updating information that no one ever looked at or answering procedural and policy questions when their duties should have been strategic and consultative. A simple query about benefits often required numerous steps and personnel to generate an answer: An employee first had to go to his or her supervisor who would ask the same question of someone in HR who would then research the answer.

Kaschub also told us that HR needed to make the grievance process more consistent. "We no longer thought it appropriate that supervisors come to HR for permission to discipline employees

when HR's function should've been to provide guidelines and coaching," he says.

Other changes were necessary. For example, PECO'S hiring processes were slow, often taking 90 to 120 days. It also was necessary to discard the last vestiges of PECO'S tradition of lifetime employment a practice that was spawning excessive salaries based on progressive raises. It was especially important to change the systems and culture to enable employees to rely less upon supervisors and managers for information and direction, a shift requiring a change in everyone's role. That transformation could only come about by retraining and reengineering the way people worked.

Forging change. In wanting real, substantive change, Kaschub and his core team were determined to avoid the traditional way of doing things: teams of *experts* descending upon the company with answers and solutions, leaving behind a legacy of mega million-dollar bills and analyses that don't translate into implementation. Nor did anyone believe it would work to have a small coterie of senior managers formulate a strategy and assume a "this is the way it is" posture. That's where the whole-scale methodology came in.

To get the ball rolling, in November 1995, a team of 20 core HR professionals and line managers set about investigating consulting firms, traveling nationwide to compare different reengineering processes. The team also benchmarked HR departments in other companies such as DuPont, Houston Light and Power and IBM, confining that PECO'S HR department was incredibly overstaffed. In addition, these visits led the team to discover that many of HR's processes were antiquated, and that the department had failed to make use of cost-saving technologies for doing human resources work.

For Kaschub and his core team to evaluate whether the whole-scale methodology was appropriate, I invited them to California. They were able to participate as members of a logistics team in sessions we were facilitating for The Bank of America at its headquarter offices in San Francisco as part of the company's reengineering efforts. As members of the logistics team, they could experience the whole-scale approach from within and get a gut feeling for the way it works. The PECO team observed 220 individuals from all parts of The Bank of America grapple with their problems and understandably found the process a little overwhelming at first.

By watching The Bank of America whole-scale sessions, PECO team members were able to see that no one would know better than they what would – or wouldn't – work for them.

Selling whole-scale methods to PECO executives. The PECO core team returned to Philadelphia feeling confident it had found the right approach for its company. However, the team still had to get management's buy-in. It wasn't a slam-dunk. The managers were concerned about what might happen if they effectively gave everyone – every last employee – a voice in the HR reorganization. "You can't close the barn door once you let all the horses out," was one manager's response. The managers' also wanted to be sure they had a process that would engage people in productive work.

"The very last thing we wanted was to have employees walk away from a session thinking it was a waste of time. Certainly, we didn't want to sacrifice our integrity by merely giving lip service to this more democratic way of restructuring our HR unit," says Kaschub. "Once we gave our people a voice, we knew we would have to follow through and not let them down."

So the core team members had a lot of persuading to do, usually in one-on-one meetings with senior managers and division leaders. Even PECO'S CEO, Corbin McNeil, had his doubts, agreeing to support HR's choice of whole-scale methodology only after extensive discussion. He agreed to support the whole-scale approach in the end, but not until he had put his doubts to rest by grilling the event facilitators for several hours on its key aspects. In the end, McNeil became a staunch supporter. His enthusiasm inspired the entire company.

Implementing a four-phased approach. After some preliminary work to determine what issues had to be addressed, all of PECO'S executives were brought into the picture and educated about why they had to be involved. The executives, in turn, selected a cross section of employees from their departments to participate in the first of four meetings held in February 1996 – referred to as a *visioning event*

The four stages included:

A visioning event (dm days)

A process design/redesign event (two days)

An organizational design event (two days)

An implementation/planning event (one day).

The four meetings were held over a five-month period. Rotating groups of employees – about 220 in each-gathered in a single room for brainstorming, question-and-answer and problem-solving sessions. Sometimes they formed smaller groups to focus on components of the problem that had been identified in earlier sessions. At the end of the cycle of four meetings, the employees had 1) set guidelines for overhauling HR, and 2) reinvented the mission-critical processes, restructuring HR work and redistributing HR tasks more effectively. They also created an implementation plan that would guide the transition over the next six to 12 months. Meeting in various hotel ballrooms in downtown Philadelphia, the employees often sat at round tables of eight individuals, 20 to 30 tables at a time.

These were rare moments in the company's history: 220 PECO employees, representing every level and perspective, thronged together in united purpose. Even employees who weren't present in body were able to follow the action from session to session and to contribute their ideas via videotapes, newsletters, memos and faxes. Employees also got a chance to offer their input at smaller meetings interspersed between the keynote events. All 7,200 PECO employees were, therefore, involved in shaping the future of HR's processes and services. (See "Whole-scale Methodology, Step by Step.")

PECO employees tell it like it is. To encourage honest dialogue at the first event, employees were asked to see themselves as customers of HR with a right to express their opinions and feelings openly and frankly. "No one's better than anyone else, so speak up. Remember, whatever you want HR to be, it can be," Kaschub urged. His assurances broke the ice and elevated the mood and energy level of everyone at the event.

Attendees were seated in a way that facilitated involvement. "Max-mix" groups of eight people sat at round tables, each table representing a microcosm of the company. In other words, people were divided up so each table had a representative sample of the company's departments and included hourly and salaried employees, and a mix of both line managers and human resources managers. The proceedings at each table were animated, to say the least. CEO

McNeil, senior level officers and supervisors also were present, ready and willing to hear about HR "straight from the horse's mouth." Many of the questions put to them were tough ones and, sometimes, the frankness of the input was startling. Participants asked the leadership directly, "What are you doing to ensure that the various efforts throughout the company are being coordinated and integrated?" They also were to define specifically what they believed was and wasn't working with how HR was operating. Staff members directed questions to other leaders that questioned their roles in supporting human resources practices. There were a lot of things wrong with HR, and only the truth would help PECO employees arrive at a redesign they could all live with.

As consultants, we tried to keep a low profile, facilitating but not steering. We helped the core team understand the whole-scale process and encouraged them to run the show themselves. We provided broad guidance on how they could engage PECO employees and helped out with specific advice on how they could enhance their contributions to the process. But as facilitators, we tried to keep our expertise in the background – always accessible but never obtrusive. That made it possible for the collective knowledge that already existed in the organization to emerge.

How HR was redefined. Essentially, HR was redefined around its processes rather than around its former roles as gatekeeper and regulator. This redefinition transformed the department from a transactions-oriented organization to a team of strategic senior consultants who are there not to manage, but to provide coaching and guidance. HR's vision was that all employees should be regarded as individuals who are accountable to themselves. That is, no one should be the responsibility of supervisors or HR professionals. Rather, each should be responsible for himself or herself, for the company and for making the company successful. This is why the restructuring meant actually transferring some routine functions of HR, such as answering basic inquiries about employees' pension plan status, from HR to the employees. This was achieved by installing a new information system that all could tap into as needed. The technology for the information system is to be put in place this year, and will be a key element in moving the company's HR professionals out of their transactional mode. The key element in this system, from HR's point of view, is a computerized call center, which will allow employees direct access to the information they need to answer approximately 80 percent of their questions regarding such things as their pension accounts and more. Moreover, this will allow the company to cut the HR staff – many of whom will be absorbed elsewhere in the company-and enable the department to respond quickly and efficiently to the special needs of PECO'S other divisions.

What else has resulted from the redesign? Policies of automatic salary increases based on seniority and annual cost-of-living increases have been replaced by practices that reflect market pricing, productivity and the specific needs of PECO's business units. The PeopleSoft HR technology is now in the process of being integrated with HR's reference system. And, new career planning processes are in the works, even as changes are still going on in HR's infrastructure.

Defining Big HR and little hr. During the whole-scale sessions, PECO'S employees were able to define a crucial distinction for themselves, between what they called "Big HR" and "little hr." Once the HR department is restructured, HR professionals will apply their know-how to

strategic, high-order Big HR problem-solving, while the routine little hr tasks will be assumed by everybody via his or her computer and the call center. Ultimately, human resources will speed up its processes and by doing so, reduce costs, generate greater flexibility in career planning, hiring, policy development and promotion practices that will result in attracting the very best job applicants.

Whole-scale Methodology, Step by Step

T

he HR redesign process at Philadelphia-based PECO Energy began with the *visioning event*. The purpose of this three-day meeting was to develop the vision and mission for human resources and to determine the principles that should guide the redesign activities over the next five months. It was critical at the outset to make sure all key stakeholders in the effort were aligned and in agreement as to the direction HR needed to take. After agreeing on the mission, vision and principles to guide change, participants nominated the five "mission critical" processes to be created or recreated, to support the new vision. Mission critical meant that if HR didn't change or create these, it never would achieve this new direction.

The second whole-scale meeting, a *process design/redesign event*, was conducted one month later. Prior to this meeting, the core team held "town hall", meetings with all employees, communicating the new vision, mission and principles and receiving feedback that could be incorporated into the second session. During these two days, the five mission-critical HR processes identified at the first session were reinvented or created. Among the processes identified were selection and placement, policy development and deployment, workforce planning and job pricing. The second session participants also determined that employees take more responsibility for their career planning. This is the stage in which the HR experts from other benchmarked companies were offered ideas and PECO'S own computer and communications experts laid out the possibilities for technological solutions.

Having redesigned the way in which work could be accomplished, it was time to rethink the HR hierarchy and job distribution. During the third session, the *organizational design event*, PECO employees set about determining where the work of HR would be done and how work groups would organize themselves. During these two days, much of HR's routine work was transferred to line employees and managers, and the call center was created to answer participants' concerns about the ability to get speedy access to information.

The final whole-scale event, the *implementation event* was designed to review the implementation plan, validate the steps necessary to make the transition and ensure the continued sponsorship and alignment of employees and managers companywide. This session introduced the new leadership team of human resources for PECO and built momentum to sustain the effort over the next four to six months.

Paul D. Tolchinsky is a partner in the Ann Arbor, Michigan-based consulting firm Dannemiller Tyson Associates. E-mail anfusod@workforcemag.com to forward comments to the editor.

*Reprinted with permission from Workforce. Copyright September 1997, Workforce
245 Fischer Avenue B-2, Costa Mesa, California 92626, 714-751-1883*

Flying Solo: Consultants' Process Has Become a Way of Life at United

Paul Tolchinsky

United Airlines has found a better way to bring about organizational change.

The airline brings together large groups of employees – up to 500 at a time, typically for two days – in interactive meetings that get everyone's input and commitment toward achieving goals. These large-scale events have been held about every two months, as business needs and problems dictated, for over two years.

The approach has been used extensively with employees of Shuttle by United, on the West Coast, who have been brought together from more than 30 service centers around the country for large, interactive problem-solving sessions. The approach also is used by the airline's cargo division, United Cargo.

The company learned the approach, called Real Time Strategic Change, in 1992. At the time, United was gearing up to build a maintenance facility, the Indianapolis Maintenance center, for which is needed to create a new work process design that all employees would help develop and commit to. Kathleen D. Dannemiller and Paul Tolchinsky of Dannemiller Tyson Associates, an Ann Arbor, Michigan consulting firm, helped implement the approach for this purpose.

Since then, United has been regularly using large-scale interactive events, modeled closely on the consultants' techniques used for the maintenance base startup, independently. The company has found that the approach lends itself well to effecting rapid change in its varied operations around the country.

“Dannemiller Tyson's philosophy and techniques have become our toolkit for our daily business,” said Dr. Bill Byrne, a director of people services at United. “We use the same framework and the same technology for orientation of new employees, for solving a variety of business problems, and to educate, update and get input from employees. The process is a way to continue to develop ownership.”

United has used the Dannemiller Tyson model, on its own, with groups of 80 to 300 people, Byrne said. In addition to bringing large groups of new hires to a fast understanding of the work systems and philosophy, the company has used large scale meetings to solve problems of baggage handling, carry-on luggage and methods of stacking planes, among others.

“The way Paul and Kathie do their work, it's easy to understand and to participate,” Byrne said. “You become an owner of their process.”

United initially turned to Dannemiller Tyson Associates for help with starting up a

maintenance facility that was designed to be more efficient and productive than its other operations, through the creation of multi-skilled teams.

The people who would start up United Airlines' maintenance facility in Indianapolis came from the airline's operations centers all over the country. They had different, and conflicting, ideas about how things should be done. An adversarial view of the management/union relationship was part of the baggage most of them carried. The challenge was to get this group of people thinking and working together in a way they hadn't worked before, in empowered self-managing, multi-skilled teams.

The company's maintenance bases were strained to capacity and its fleet of aircraft had been increased, making the construction of a new facility for repairs and overhauls imperative. United's management viewed the startup as an opportunity to build more efficiency and productivity into the maintenance function.

"What was needed was a revolution of sorts," said Byrne. The existing maintenance bases were heavily bureaucratic and inefficiency had become institutionalized, he said. A team of employees was asked to study the existing processes and make recommendations for a better work design at the new facility. That group decided that a team-based approach would get the job done.

"The question then became, how do you get there?" Byrne said. The facility itself was designed to maximize productivity, but the employees who would man it were still union members with ingrained ideas about what their responsibilities were and weren't. The company needed to find a way of quickly getting the whole group to think differently and to contribute more.

United turned to Dannemiller Tyson Associates, which had an excellent track record in getting whole organizations aligned behind a common vision. For Kathie Dannemiller and Paul Tolchinsky, the situation at United was unusual. A new work system had to be designed in a way that involved everyone at every level of the organization before anyone was actually assigned to work at the new facility. Furthermore, the first group of employees in Indianapolis would have to be the models and champions for large groups of employees that would be brought in over a period of years as more projects were added to bring the base up to its full capacity.

After the Indianapolis site was chosen from an initial field of about 100 locations, the company began taking applications from its people in other parts of the country. United wanted to begin its Indianapolis operation with some of its most experienced workers, and the company recognized that it would be a challenge not only to get them to pioneer a different way of working, but also to persuade them to relocate to a city that was no more than a dot on a map to most of them.

The process which Dannemiller Tyson Associates helped orchestrate then brought together 300 United Airlines staffers who had bid on jobs in the new facility together for one big meeting in Indianapolis. To enable them to realistically choose for themselves whether they wanted to be part of the new venture, the consultants lead them mechanics, managers, team coordinators and shop stewards through a path that started with dissatisfaction (the reason most of them were looking for a change), proceeded to a vision of what the new facility would be like, and ended with a consideration of the first steps needed to make the vision a reality.

The process involved the employees even before the first bidders arrived for an initial enculturation. Using a process developed by Dannemiller and Tolchinsky, the designers of Indianapolis met in large group sessions over the course of four months to actually design the Indianapolis organization. Beginning with the basic organization structure, the consultants assisted cross functional groups (often 100 or 200) in designing the team structure, roles and responsibilities of teams, hierarchy (there are three levels, from mechanics to vice president), and roles and responsibilities of leaders. Span of control is now one team coordinator to 50-80 mechanics, in contrast with the typical United ratio of 1:12.

The process the consultants used built understanding, enthusiasm, and ownership of the new work culture, Byrne said. The participants in the large group were dissatisfied with the systems they had been part of, and were ready to look at better ways of communicating, cooperating and managing the workload. In addition to presenting clear and accurate information about the goals for the Indianapolis base and the values and attitudes that would be necessary to achieving them, the large group interactive processes took participants through exercises and simulations that enabled them to understand viscerally the differences between the old bureaucratic way of getting a job done and the collaborative, team-centered approach that was envisioned.

Those who could embrace the vision and see themselves as fully-responsible team members, no longer divided along union and management lines, became the group that opened the Indianapolis facility and set the pace and tone for the hundreds who would be hired later. Twenty percent of them had been with United for more than 20 years; the person with the shortest service with the company had seven years of experience.

No matter how much experience they had, getting the Indianapolis base up and running was a new experience. Nobody punched a timeclock. Everybody was expected to make decisions, instead of leaving them up to management. Everyone had to learn that mistakes were expected and accepted. Everyone had to learn that shifting responsibility and blame was no longer standard operating procedure.

At Indianapolis there are few support resources. The facility is designed so that teams have and take responsibility for everything from scheduling their own work, overtime and production to maintaining and acquiring tools, parts, customer feedback, vendors and training plans to eventually maintaining their own budgets and goals.

Teams select individuals (often volunteers) to assure that the team has everything it needs to get the planes out.

(At the Shuttle by United it is much the same. Teams at each station break down traditional barriers to assure passengers a new experience. United has used the DTA approach to design, rapidly start up and actually run the Shuttle operations. At the Shuttle and in Indianapolis, people are experiencing real ownership of the processes, their daily work and ultimately their survival, in part due to the process developed at United by Dannemiller and Tolchinsky.)

In Indianapolis, the biggest change for many was the new relationship between union and management. Shop steward Bill Austin, who came to Indianapolis from California, described the relationship as he had known it for 28 years as “mortal combat.”

“You’d have an idea, and it would get shoved to the side,” he said. At the San Francisco base where he had worked, the culture was “command-and-control,” he said, even after management introduced a suggestion program in an attempt to use employees’ heads as well as their hands. Austin submitted a suggestion which saved the company \$33 million in two years, he said, but it took five years to get the suggestion even considered.

“For 25 years we were told what to do,” Austin continued, “and getting people out of that is what the real problem is.” For most of their work life, employees have asked “now what do you want me to do?” he said. In Indianapolis, “it’s not like that anymore. Now it’s what do we want to do,” he said. “We’ve had excellent results.”

“This is totally different than anything I’ve ever encountered,” said Joe Sanderlin, who came to the Indianapolis facility from Florida. “We’re invited to all the staff meetings, and our input is invited on decisions. That would have been unthinkable before.”

“We have a group here that is diverse in backgrounds and attitudes and we have all pulled together,” Sanderlin said. “We’re making decisions ourselves, and not only are we producing a higher quality product, we’re doing it in less time.”

Two years after the Indianapolis base opened, Bill Byrne describes the creation of a new culture as a journey. People have to learn that empowerment does not mean that each individual gets exactly what he wants, all the time. Employees complain that some managers can’t walk the talk. Old tactics, like “shift-bashing” and slowing down the work to protest a decision, sometimes die hard.

But the commitment to the vision, and the enthusiasm for making it a reality which the consultants instilled is firmly entrenched, Byrne said.

As Bill Wallace, a lead mechanic with more than 30 years with United expresses it, “I’m excited as hell. I’ve never enjoyed my job as much.”

That excitement and ownership is what United continues to build on a regular basis, with many groups of employees in many locations, through the use of the same techniques that were proved so dramatically in the startup of the Indianapolis facility.

VISION 2000: STAYING AHEAD OF THE COMPETITION

Employee involvement in corporate vision pays off

by Tricia McCallum

“In my 35 years of working, I’ve never seen a process that causes people to come together the way this one does.”

K

irk Lawrie, President and CEO of Richmond Savings in B.C., is describing a strategy his company used in 1994 to put its 400 employees in step behind a common strategy and purpose, and, to stay ahead of the competition snapping at its heels. How did they pull it off? They involved employees at all levels in planning a future for the company. With the help of a consulting firm and some simple logistics, they staged an interactive, highly-structured six-day meeting of every employee in the company, from part-time office workers, to board members. During this meeting, they worked together to create a vision for Richmond Savings, Canada’s third largest credit union.

“A corporate vision statement might be written out somewhere in wonderful language and handed around, but employees read it and wonder what it has to do with them,” says Kirk Lawrie. This process shows employees exactly how what they do at work every day meshes with and contributes to the company’s long-term strategy, he reports. What resulted from that effort was a five-year vision that every employee felt a part of, and a more cohesive, committed

and happier workforce.

Lawrie had dreamed of having a long-term planning system which was an amalgam of employees' ideas so that each of them would be committed to carrying out the company's vision. Describing the traditional strategic planning process, he says: "You get copy number 23 of the document which you are warned not to lose upon peril of death! You put it in your bottom drawer and there it sits until next year." It wasn't just a personal quest for Lawrie, who knows that the traditional top-down planning process had to change if his company was to thrive in an increasingly fierce financial services environment.

Richmond Savings had started down that road in 1990 when a cross-section of 30 employees pooled their energies to come up with a mission statement called, "Vision 2001." As Lawrie recalls, "It was close to what I wanted but not quite," and he remained skeptical that plans made by so few could genuinely speak for so many. Still searching, he hooked up with Dannemiller Tyson Associates (DTA), an Ann Arbor, Michigan, organizational consulting firm known for bringing multi-divisional companies on to the same page. DTA had developed a breakthrough process of effecting rapid change called Real Time Interactive Strategy, a type of intervention that Dannemiller and her associates had pioneered in the American auto industry when foreign competition threatened to destroy it.

In the autumn of 1994, employees gathered for the meeting dubbed, "The Next Generation." In order to keep their operations going, of vital importance in their industry, Richmond Savings employees were divided into two groups for the first part of the exercise. Half of the staff took part on Tuesday and Wednesday, the other half, on Wednesday and Thursday. Executives participated on Saturday and everyone else on Sunday. Employees were grouped at round tables of eight in what DTA refers to as a "max-mix" of employees representing the greatest diversity of life in terms of branch, title, gender and ethnic background, each team, in essence, a microcosm of the organization. Crucial to success here, is that managers and their subordinates weren't seated together, which neatly dispatched fear of reprisals. "The general absence of fear is one of the greatest strengths of the process," Lawrie emphasizes.

Before they began thrashing out the organization's goals and objectives, employees needed to be working with the same set of information. Via presentations from industry experts, the assembly was fully briefed on the banking business. Employees learned about trends in financial services and gained insights into the world economy. They heard from both the credit union's customers and suppliers about the kind of service they wanted, and what service they were actually getting. The advertising agency talked about Richmond Savings' reputation and competitors (in this instance role-played by staff), and discussed what they felt were the credit union's strengths and weaknesses. These weren't simply one-hour lectures, stresses Lawrie, but an information exchange. Following each presentation, employees discussed what they'd heard, reached consensus and compared it with their own experiences. A rep from each table relayed the group's questions and comments, enabling even the most timid to contribute.

Once goals and objectives were defined, the next step was to collectively determine action plans for each one. This was carried out by a process DTA calls, "Introverted Brainstorming," again, a way for shy participants to have a voice. Post-it notes and felt pens were provided for recording purposes. The notes were posted on the walls and grouped into like categories. "The room became a sea of post-it notes...literally thousands of them," Lawrie recalls, noting, "Some

people won't talk in public but they will write their thoughts down. It's completely non-threatening." Everyone voted on those ideas considered the best of the bunch, to arrive at the final strategy.

On Sunday, when all 400 employees assembled for an all-day session, executives reported back on their re-write of the strategy, detailing what would remain unchanged, what had changed and why. Lawrie and his crew wanted to make sure that every part of the plan accurately reflected the wisdom of the group, so after reading it he asked the group one question: "Did we get it?"

"You got it," they responded, and stood for a prolonged ovation. "It was a tremendous experience," he comments. "Something you remember for a very long time."

Employees were surveyed soon after the meeting. One hundred percent of those polled understood the company's goals, as compared to 51 percent prior. Most encouraging of all, employees emerged with a clear knowledge of how their contributions would help make the strategic plans a reality. The increase here was from 32 to 90 percent. Every eight months since the event, focus groups, made up of a cross-section of employees and customers revisit the vision to fine-tune it. Notably, it has remained fundamentally the same, a testament to the value of the original, which emphasized something fairly obvious, reports Lawrie, "that we exist because of the customer, not the other way around. And that new customer emphasis was the thread running through the strategy."

Although the blueprint of the meeting is DTA's, the customization comes from the organizations involved. A cross-section of Richmond Savings employees formed the design team, among them, Gail Pickard, Manager of Corporate Communications, who says things have changed as a result of the event. Now that there is a template, she says their corporate efforts are much more focused and executive decisions are made easier. Previously, inventive ideas were carried forth without knowledge of how they fit in with the overall picture. That process is much more formal now, says Pickard. Anyone with an idea must determine how it fits into the overall strategy before it is ever tabled.

Interaction among employees is generally more successful now, Pickard adds, singling out a recent example of twenty employees who assembled to redesign the credit union's performance management system. Prior to the event it would have been harder to gain cohesion and have the individuals trust that their input would have an effect, she reports.

Dannemiller and her associates have worked with many organizations to effect rapid change. Following the shelving of Star Wars, the American defense industry sought DTA's guidance in creating an entirely new vision for itself. The health care and electrical power industries are the ones most recently interested in DTA's change process. Ford sought out the firm during the auto industry's darkest days, when bumper stickers asked: "Would the last one to leave Detroit please turn out the lights?"

Dannemiller, who admits clients come to them when their industries are failing, recalls her early work with Ford. "The best and brightest had died because of the command and control, salute and obey, style of leadership." She says her organization brought Ford workers together in the same room for three days and let them listen to one another, something that had never happened before. Dannemiller remembers looking out at a sea of faces in one of the plants: "Their eyes were dead. And, senior executives were just as damaged as the hourly workers." In

the first few hours of their meeting, there was a lot of foot-shuffling, but by the end of the second day the transformation in the room was palpable, she says, noting how often it happens just this way at these meetings. To wit, Richmond Savings' Pickard says the same thing happened at their meeting. There was cynicism at first, and then a turnaround, she recalls, "the moment when the light goes on," the one CEO Lawrie calls the big "ah-ha."

Given Detroit's rebirth, does Dannemiller feel like a saviour? After all, she admits to having a desire to "save the auto industry" back in the 70s when she was teaching organizational theory at the University of Michigan. "Our processes helped Ford save itself," she says self-effacingly. "We helped them to discover how smart they were. There's an untapped wisdom in working people out there – this simply harnesses it." Dannemiller tells a favourite story about a manager at Ford whose autocratic style did not brook employee intervention. Confronted with a thorny problem on the line, five female hourly workers volunteered their solution to the manager– that the problem lay with Ford's new supplier of electrical wire. It was a shoddy product, they said, advising him to revert to the original supplier. It was one option the manager hadn't considered. As it turned out, the workers were right. "He had forgotten that he didn't have all of the answers."

Says Dannemiller, "It's magical what happens – these are robust processes. Ordinary people working together can do extraordinary things."

Tricia McCallum is a Toronto-based freelance writer.

Reprinted with permission from Human Resources Professional. "Vision 2000: Staying Ahead of the Competition: Employee Involvement in Corporate Vision Pays Off." Copyright 1997 by LRP Publications, 747 Dresher Road, P.O. Box 980, Horsham, PA 19044-0980. All rights reserved. For more information on this or other products published by LRP Publications, please call (800) 341-7874, ext. 274.

Launching a Team-based Renewal Effort Using Whole-Scale Methodology The Ferranti-Packard Story

Business Situation: Ferranti-Packard Transformers, Ltd.

Ferranti-Packard Transformers, Ltd. manufactures power transformers for public utilities and industrial clients in three plants located in Ontario, Quebec and Mexico. It is a division of Rolls Royce of Canada, Ltd. which, in turn, is part of Rolls Royce of the United Kingdom.

In the fall of 1995, the outlook for the Ferranti-Packard plant at St. Catharines, Ontario was bleak. With sales revenues of approximately \$40 million, the plant had lost money for several years and was on track to lose \$4.5 million in 1995. Plagued by a flat market, tough competition, high quality costs (rework), delivery problems and an adversarial labor-management climate, the St. Catharines plant was in trouble with its customers, its workers and its owners in Toronto and London. New leadership was clearly needed.

In August 1995, Pierre Racine became the head of all Ferranti-Packard operations. He took personal charge of the operations at St. Catharines. He was the fourth CEO in three years. Racine's job was to turn the plant around "soon" or it would be closed or sold.

Racine found a management "team" that wasn't a team at all. There was no shared business plan and no functional strategy for any of the operating functions such as engineering, operations or sales & marketing. There was a surprising lack of knowledge of the marketplace. Pierre met with his direct reports on almost a weekly basis. They developed a draft strategy to turn the business around. By early 1996 they had identified six key result areas that were to be the focus of the strategy.

Relations with the three locals of the United Steel Workers were not good. Previous management had left an atmosphere of mistrust, cynicism and downright hostility. A way had to be found to unite management, the unions and workers in developing and implementing the new strategy.

Whole System Intervention

It was decided to close the plant and take all staff off site for a two-day meeting that would bring about the rapid, plant-wide change needed. The event would be designed and facilitated using Dannemiller Tyson *Whole-Scale* methodology.

The event was planned with a 23 person "Event Planning Team". The Event Planning Team's job is to figure out both *what* needs to be discussed at the *Whole-Scale* meeting and *how* it should be discussed. Dannemiller Tyson consultants facilitated the meeting as process experts; while the Event Planning Team members are the content experts. By using similar processes and the same underlying principles during the planning as are used during the large-scale event, the Event Planning Team's reactions help determine what will and will not work. Their experience is a constant reality check on the developing design.

The team decided on what needed to happen and in what order things needed to happen. The team decided to invite an industry expert and a panel of current and former customers to give their input to the planning process. They wanted to see Pierre and his entire leadership team present the draft plan for input to show that they were all behind this process. They decided to invite the plant's suppliers to be participants at the tables. And, they decided to invite all of the workers then on indefinite layoff to come, believing that they also had a stake in the outcome and should have a voice in making decisions.

Event Outcomes

The first and perhaps most important outcome of this meeting was that the people of Ferranti-Packard saw the world in a different way when it was over. They had heard an industry expert tell them that their market was not growing and their competitors were producing better quality faster and at lower cost. They heard from their customers. One ex-customer (which had taken Ferranti-Packard off their bid list because of poor quality) told the 280 people in the room, "We're not trying to put you folks out of business. You are doing that job yourselves." But, then another major customer, Westinghouse, told them; "I am building power plants around the world that will pay a premium for fast installation. If you can shorten your delivery times from 28 weeks nearer the industry standard of 20 weeks, I can fill your plant." If there was a single turning point in the event, it was at that moment.

You could almost feel the atmosphere change as each person wondered how to get eight weeks out of the order-to-delivery cycle. They realized almost immediately that there were many places they could speed things up if they improved the way in which the various departments worked together to process orders. Orders from the sales department might sit for days or weeks in engineering before drawing were ready for the shop floor. Similar delays were found in the hand-offs between engineering and purchasing, purchasing and manufacturing, etc. In short, nearly everyone in the room suddenly discovered there was something they could do; but only if they could improve interdepartmental cooperation.

The tangible "deliverable" of the event was a working strategy for the plant that everyone understood and had a hand in creating. There were nearly 100 specific public commitments for action from the 24 functional groups, including the suppliers group and the Leadership Team. People began acting out of the new strategy even before they left the meeting. This was demonstrated by conversations that were happening around the room and in the halls during breaks. Workers from different departments were talking about how to work better together. Suppliers were in conversations with workers from the shop floor about how to serve their needs better.

The intangible outcome was just as important. As the Event Planning Team had wanted, the participants had worked "together as a Ferranti-Packard team" taking responsibility for shaping and moving toward their shared vision of the future.

Results After One Year

By June 1997, the future of Ferranti-Packard at St. Catharines looked very different:

Cycle times for product delivery had been reduced from 27-28 weeks to 18-19 weeks making the plant “world class” in that category.

The cost of quality (scrap, rework) had been reduced from 8.6% in 1995 of sales to 3.4% in 1996. The new goal is to reduce that figure to 1.5% of sales.

Sales were up from \$40M in 1995 to a projected \$50M in 1996 and \$60M in 1997.

A new program to involve shop floor employees to lead plant tours received rave reviews from prospective customers and actually resulted into orders in several cases.

Cross-functional problem solving teams were formed to involve shop floor employees in addressing long-standing process problems in the plant.

In the Spring of 1997, all three locals of the United Steel Workers agreed to new three year contracts that included more flexibility in job classifications (which management wanted) and an early retirement option for senior workers (which the union wanted).

Union grievances have dropped significantly in the plant.

After losing \$5.5 million in 1995, the plant trimmed that to \$1.5 million in 1996 and expects to break even or be in the black for 1997.

All laid off workers have been called back and the plant has increased its total workforce by 20% in the past year, accepting applications for new employees for the first time in this decade.

25% of all workers in the plant are currently training for new jobs or responsibilities.

And finally, Rolls Royce has approved investment in major new plant equipment based on the improvement in financial performance.

The reason the *Whole-Scale* event described here “worked” is that it allowed the leaders and the people of Ferranti-Packard to uncover and combine their common longing for an organization of their own choosing.