Management

Improving the way organizations run through participative planning and management.
Turning the Vision Into Reality Through Leadership

Anita Roddick, Founder & CEO, The Body Shop International, West Sussex, England

Introduction

Anita Roddick founded The Body Shop in Brighton, England in 1976. It is a different kind of manufacturer and retailer of cosmetics and toiletries. It works to minimize its impact on the environment, promotes fair trading, stands against animal testing in the cosmetics industry, and encourages education, awareness and involvement among its staff and customers. It currently carries over 450 products and in less than 20 years they have grown to over 1,300 branches in 45 countries.

The Body Shop—How We Began

When I opened up my first shop, I would have rather slit my wrists than think I’d be here 19 years later as part of corporate America or England. Work, for me, was always about a livelihood. It was an extension of my home and my kitchen. It was where courtships flourished. And it’s where friendships connected in my first shop in Brighton. It taught me a huge lesson. You can bring your heart to work with you. It taught me that business isn’t about financial science; it’s about trading, buying and selling in that magical arena where the two get together. It taught me about producing a product so good that, thankfully, people paid you a profit for it.

I often wondered what protected my soul in an environment that alienates humanity in every way. Well I think I’ve got the answers. Number one, I didn’t know how to run a conventional business. I’d never been to business school. I’d never read a book on economic theory. And thank God I’d never heard of Milton Friedman. Number two, I valued and respected labor. Now that may sound fuzzy, but I understood and believed that life isn’t any more complicated than love and work. Also we had no money. We behaved as my Mum used to say, “You run your shop just like I ran my house in the Second World War. You recycle everything, you re-use everything, you refill everything.” That shaped our thinking. There was this notion of frugality, which I see as a conspiracy of silence in our society at the moment, because we were bootstrapping and had so little money. Also we had naïveté. We didn’t know that you were allowed to tell lies. That has to be one of the most ironic statements when you think of what platform I’m on, which is the beauty business. We also loved change and still share this extraordinary level of optimism about social changes. And finally, and this I think was the main ingredient, we simply could not take a moisture cream very seriously.

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In our first store, we had five sizes, a ludicrous thing, but we only had about 20 products. At least with the five sizes it looked to some degree that we were more professional and had at least 100 products. Nobody’s ever stupid enough to do that again, but it sets us apart from the competition, where in America, plagiarism is an accepted form of developing a business. We also couldn’t afford to be part of what the cosmetic industry is all about, which is a packaging business, because we had no money. So we had to find the cheapest bottles we could—urine sample bottles. Again, what business school would you be allowed into with that sort of strategy plan? We hand-wrote the labels because we couldn’t afford to have them printed. Nobody knew what they were buying because the ink ran on the labels and they had to develop their sense of smell.

We defined our logo, the pod that encircled the product name on the label, because round labels were much cheaper than square labels. The name we found in America, from those car repair shops, and it fitted nicely into the space on the shopfront. Our second shop was hard for people to find, so I had to get a ladder and paint flowers and bottles where you could see it from the center of town in Chichester. And I used to drip my perfume oils into the street where I parked my van and people would follow the scent with their noses. That was serious guerilla marketing. Nobody told you that in a classroom. Marketing is a science; I keep on thinking it should be more of an art, and then maybe people who are entrepreneurs, the backbone of any company’s economy, will have more of a chance of survival. So for me, imagination, as Albert Einstein said, was far more important than knowledge. The imagination that the only thing that we could do was to make the shops the center of controversy or the center of public information, because we couldn’t afford to advertise. Or make the shop windows at least more controversial, where people could actually shape the image of the company, or regard the image of the company, by our posters.

Controversial Marketing, Creative Development

Once we had a problem in the malls of America. My husband came up with a fabulous slogan for our deodorant called “Turn your armpits into charmpits.” But many malls of America are monuments to non-communication, with a display of mediocrity of goods and services that alienate cities and destroy communities. They’re also homophobic, because they decided that we should not put that poster up because we had
stars coming out of this fellow’s armpits and two other fellows smelling them. They thought it encouraged homosexuality, but needless to say we ignored them. Still, we win lots of awards in marketing.

We’re not always quite sure what we’re doing, and in terms of product development, I think we’re even more erratic and eccentric. Underlying what I’m saying, and this is the serious note, you have to create a culture of creativity and you don’t do it by methodology. You do it by the style of how you interrelate, how you display it, and how you can incubate creativity.

We were looking at a kid’s comic book in England, and this little car’s gearbox got stuck, and there was a bunch of bananas in the back of the car. Peel a banana, squash it into the gearbox, and presto, it goes. Apparently that really does work. So the herbalist who was reading that thought, “Well, if bananas can unclog a big gearbox, it can certainly unclog Anita’s hair.” So as a result of that we have a fabulous range of banana hair conditioner, shampoo and hair putty. That’s the stuff you come up with when you challenge everything.

We now make our own bottles, thank God, and we have our own printed labels. Every day, the statement is that we challenge everything. We sell cosmetics with a minimum of hype and packaging. We promote health rather than glamour, the dubious promise of instant renovation. For me we do not sell our products as if they’re the body and blood of Jesus Christ. They are not. They’re simply emulsions. They have an effect. They shape. They make peoples’ lives a little easier because they do exactly what they say.

In the past, we haven’t advertised in the traditional sense. We provided information. We tried to make everything explicit, from the ingredients to our values, so customers were able to make informed decisions about whether or not they want to do business with us. Customers crave knowledge; they want honest information. They are saying now, “We want to feel sympathy, not only with the product. We want to feel sympathy with the company.” Things have got to be different at our stage and our age. Unless you can educate with humor and be daring, you might as well not be there at all.

Not Just Employees, but People

To most of our staff, work is about a search for daily meaning as well as daily bread, for recognition as well as cash, and they want astonishment rather than torpor. Those in their 30s and 40s see the global stage as defined in power, inherent in tax returns, miles of road and barrels of oil. Younger people define it as the power inherent in dreams, definitely in the power of music, or at least an attempt to reach the human
spirit. They have a secret ingredient, enthusiasm. I find that enthusiasm, created from
the heart, sort of guides the whole system. There's no resistance, everything flows,
everything is possible. It is a way where we can take a subject as dangerous as human
rights into the shopping malls of America where it is not encouraged.

In our Company, we always try to just make it better. Not just the product but
the whole Company, if necessary. Also, constantly look at how you empower your
employees. Empowerment for us is about making each staff member responsible for the
culture of their Company. This is a true adventure. How do you educate people away
from this value system of endlessly increasing affluence to one of core values—the
community, care, personal development, caring for the environment, creating, growing
things? You do it by empowering them. In our case we took 18 months with our staff to
write our Charter. This was not a sexy PR vehicle. It was written by our staff. One of
the things we achieved is a red envelope. Any member of our staff who is upset with
anything the Company does may write that information into the red envelope, I and the
Board Members get it, and within 68 hours we have to respond.

We also use lavatories, which are great ways to get information. Put out messages
into the lavatories, where your staff can answer anonymously, and get them printed up
and have the Board Members respond on the other wall. In 1993 we had three months
where 600-700 members of our staff in groups of 22 told us what we didn't want to
hear, because we thought we'd heard it all. It's not only taking that information, it's
putting it down and making sure it's rooted in action. So my job is to fascinate, to
bewitch, dazzle and delight, and that has to be part of our corporate strategy. Because
the workplace as a community is a place where people are there for a common good,
and the workplace has to inspire creativity, and above all it has to be fun.

We've got this wonderful child development center attached to our headquarters
in the UK. We have it because it's a way of celebrating the role of the staff. It's also
because of something I've never, ever forgotten. We were searching for employees, but
people came instead. Not only are we making business, my business, faster and more
efficient, but we are making it better for our people.

Continuous Education

In our Company we pursue continuous education, which to us is a gentle art of
unfolding human qualities. As I spend some five months a year travelling around the
world, visiting the stores, I've found what really excites people, what provides meaning
and generates enthusiasm. People want a chance to be tested, to make it on their own.
They want a chance to be part of a social experiment. They want a chance to do some-
thing well, a chance to do something good, and they want a chance to change the way
things are.
I found that through our campaigning and our volunteer community work, you don’t wait for extraordinary times. You seize a common occasion and you make it great. We don’t send our staff on Outward Bound courses that cost a fortune and they have to jump a river and climb a tree and then bond by that wet experience. We send them to Romania or Albania, where they work in orphanages and they work with babies with AIDS, and they experience kids who’ve not left their cots for two years. And when you experience these lives in this way, their lives, you care, and that carries an immense amount of power.

Our staff are defining themselves, not by how successful they are within a corporate structure, but by how they are treating the weak and the frail. And maybe if our political institutions measured themselves by that measurement, I think they will find heroes amongst themselves.

Spreading Information, Communicating with Customers

When we allied a product to a cause, we had these little lip balms that became emissaries for social change. Instead of just being lip balm they had “Speak Out, What’s the matter, are your lips stuck together?” written on the side of them. They had telephone numbers for homelessness, or working women’s issues, AIDS, and endangered species. That is the stuff of originality, but it is also how you can make activism, making people feel that they can stand up and make a difference.

We hated our recycled paper bags—nothing more boring. So we decided to use our bags initially to embarrass the British government. One of our first bags listed how many trees were used and how much money was spent by the government when they controlled certain industries, like coal and oil. We said, “Why didn’t you put all your official bills on recycled paper?” Down the spine we had how much money was spent, but on the other spine we had the telephone number of the Ministry of the Environment. Three million of the bags were printed, and they caused a wonderful jolt in England.

We also communicate through our lorries (freight trucks). Nothing is more boring than having “The Body Shop Skin and Hair Care” on them. So we have ones like this: “If you think education is expensive, try ignorance.” We go onto the highways with our messages and we use our trucks as moving billboards. All this does is communicate with passion because passion persuades. We’ve also learned that in this decade to educate and communicate you have to be lively, you have to be different, and you have to be daring. So we had on a truck, “If you think you’re too small to be effective, try going to bed with a mosquito.” Good one, that one. We have about a dozen of these vehicles going up and down the highways of England. It’s an empty space to some, but
we see it as an opportunity to create an atmosphere, deliver a message, make a point.

**Encouraging Public Debate**

The Body Shop has an ongoing, driving dialogue with ourselves, with our customers, with our shareholders, with our suppliers, and I think leaders have to communicate in ways which move people to action. Competence must be blended, if you’re a leader, with compassion if you are to be an effective leader. For me it’s about values and vision. What is the Vision of our Company and how do we walk the talk? We produce statements every year with results of our ethical audits stating what we do, what we believe in, how we’ve achieved that and what we intend to do in the future.

I believe in promoting our products through global culture and linking them with political and social messages. These anecdotes have a hugely dramatic effect, because people feel that they’re part of the planet, and we’re making it easy for them to respond and definitely easier for them to get involved. This doesn’t create sales directly, which is why it’s not replicated by other companies, but what it does is create values that link us with the community.

**Community Action**

Enthusiasm can’t be taught; it’s got to be caught. What I’ve learned is that people get motivated when you guide them to the source of their own power, and anything that changes their values changes their behavior. So in the company we have to share the same thing, the emotional responses that we expect from our staff. It was ironic when we opened up a company shop and a community shop in Harlem because it was 125th street, a wonderful corner shop, and straight over the road was a Ben & Jerry’s community shop. Neither of us are mega-transnational corporations. We’re company shops with a high profile in the local community. But if Ben & Jerry’s can do it, if The Body Shop can do it, why aren’t other shops getting or shaping a community shop, where the profits will go back to the community?

**The Environment**

Ten years ago the notion of environmental audit was the lunatic fringe of the idiots. Now it is essential. Public opinion has shaped businesses so that they have to clean up their own mess. In The Body Shop, in the last four years, we’ve been auditing our own environmental performance, we’ve been cleaning up our own messes and recording mishaps and successes in this audit. It’s independently verified and checked. We thought it was going to be mandatory for the European Union, and of course it wasn’t. It’s our contribution to providing a measure of progress towards a more sustainable operation. It’s a public document, warts and all, about our practices. The Body Shop stores are converted into places where at least you can bring back the rubbish that
we create, bottles, caps, tubes, whatever. We offer to refill many of our products or arrange to recycle them by shredding the plastic in our own warehouses, and sending them off to be turned into funky products with little messages like, “When I’m next recycled I want to be a hairbrush.”

**Create Profits, Build Communities**

Now, do you get a pat on the back for doing these sort of things? No, you don’t. It really challenges you about why you’re doing these things with questions like, “Why aren’t you concerned about the profits you’re taking away from your shareholders?” Well I’m not taking any profits away from shareholders. We make them wealthy, we just don’t make them fabulously wealthy. The difference between wealthy and fabulous is that we choose to mould our Company in the spirit in which it was founded. I don’t give one minute to people who just buy and sell a product on a whim like they’re betting on a horse race. They don’t care for the culture, they don’t care for the ideology, they don’t care for the passion in the creation of a business venturing down the route of social change.

When I travel it’s being part of rituals, marriages, births, and deaths, and I’ve always believed that what gives me and my Company the edge is that I get out of my chair, out of my office, and I move. I often move towards people and events whose vision is clearer than my own. The insights that I gain through these experiences I share by storytelling. Every insight I’ve had is shared. midst the stories I think of the reflection of the human spirit and they remind us of our potential and the divine possibility of our existence. If you consider life, you’ll probably find that you are most fulfilled when you are doing something you love, or when you’re in the company of someone you love. When you somehow see the higher purpose of what you’re doing, even if it’s full of drudgery.

**Today’s Business Leaders: Global Citizens**

Leaders in the world of business are the first true global citizens. We have worldwide capabilities and huge responsibilities, and our domains transcend national borders. Our decisions affect not just economies but societies, not just the direct concerns of business, but world poverty, problems like environmental issues, and of course, security. Business as I see it is now entering a central stage. It’s faster, it’s more creative, it operates more efficiently in change than any other organization or social institution that I’m aware of. And it is capable of almost anything. But if business comes with no moral code of behavior or sympathy, then God help us all.

I have seen and still see corporate crimes in abundance with this globe rapidly becoming a playground. One where we can move our capital and our projects quickly from place to place, roaming from country to country with no restrictions, in search of
the lowest wages, the loosest environmental regulations, and the most docile and passive workforce. There's always some place in the world that is a little worse off, where the living conditions are just a little more wretched, and each country is just another pitstop in the race for fortune. This new nomadic capital never sets down roots, and never builds communities—it leaves behind toxic waste and a very, very embittered workforce.

**Not Just Economic Growth, but Human Growth**

My biggest fear is seeing this planet's business being conducted by a handful of gigantic transnational corporations who perpetuate the myth that the market is the ultimate solution to a nation's problems. Get government out of the way and let the market resolve itself. It's my belief that economic indicators are totally inadequate for measuring real human development or the importance of the environment to our individually collective future. We need to measure ourselves against a different standard. We need each and every one of us to know we, as a group, as individuals, can make a difference. We need businesses that respect and support communities and families. We need businesses that safeguard the environment. We need businesses that encourage countries to educate their children, heal their sick, value the work of women, and respect human rights. We need to measure progress by human development, not necessarily by the gross national product.

There is a growing global acceptance of the belief in achieving productivity and growth through Total Quality Management, and many celebrate its spread. We hear much about the increased rates of growth and production, but little about stronger communities or healthier children. I hear much about the march of progress, but little about people and cultures who are trampled underfoot. I hear little about the totalitarian controls that breed secrecy, stress, and ultimately the breakdown of individuals and organizations, and nothing about productivity of the spirit.

You can open up any management book and find words like leadership and teambuilding, culture, and customer service. However, you'll be lucky to find words like community, social justice, ethics, or (dare I say this word) spirituality. You may ask the question, “love and spirituality in a high performance organization—isn't that a bit like tossing a hot potato into a bowl of cold water? The best you can do is warm things up?” Not true. The best you can do is better than you ever imagined. And it's weird that this compulsive search for connections, for common purpose, a sense of friendship, a sense of neighborhood, finds a special place. It's where the continuous search for a sense of spiritual education can take place, and where the word service includes both the desire to conduct the best practices in the workplace and the desire to contribute selflessly to a greater good. Now if this process is managed from the heart, great things in business can and will happen. All that is stopping us is our imagination.
Business is the place where we have our greatest contact with other human beings. It’s also in business that we expend our most creative energy, and where we form relationships that mostly control and shape our private lives. So my vision is simply this: Many business leaders will come to see the primary role of business settings as incubators for the human spirit rather than factories for the production of more material goods and services. I believe you can only get so much productivity out of reorganizations and systems and policies. But where you get productivity leaps, imagination leaps and managers signing up for revolutionary thinking is when you reach the hearts and the minds of the people you work with.

Words like caring and co-operation and reverence may sound foreign, but I think they will provide the quality of a new economic agenda. Business can and must be a force for positive social change, and the social responsibility movement is growing everywhere. It’s at least looking at ways of doing business in a kinder, gentler way. It’s sharing best practices, it’s networking to find out the qualitative measurements of a business rather than just a quantitative measurement.

I hope I’ve humanized these issues. This is the voice of many unrepresented peoples and their ideas. And I hope I’ve convinced you that there are trading networks that espouse a kinder, gentler way of doing business where community and social justice, openness and awareness of these issues are just second nature. I hope you are at least sympathetic to that. I urge you to keep your spirit independent and fertile, to challenge everything that you’ve been told about business as a fact of life. Far more important than free trade, or total quality, is the freedom we have as business leaders to define and build a healthier and stronger world.

Anita Roddick is CEO of The Body Shop, a leading international cosmetics company with headquarters in Littlehampton, England. She’s won a variety of awards for world vision and environmental management and outstanding development of minority communities. Since 1976 when she opened the first branch of The Body Shop in Brighton, England, her goals have remained the same—to have The Body Shop recognized as a leader in international retailing as a direct result of its commitment to producing and selling innovative, high quality products in a socially and environmentally responsible manner, and to fostering education, awareness, and involvement of its employees and customers. Today with over 1300 branches in 45 countries and 4 continents selling over 450 products and a similar number of accessory items, it’s one of the fastest growing international retailers in the world.
The Road to Total Quality at Bose Corporation

Sherwin Greenblatt, President & COO, Bose Corporation, Framingham, Massachusetts

I want to build a better business, and my interest in Quality is very pragmatic. My only concern is how it will make us a better, more successful, more competitive company. Also, I’m only relating our experiences at Bose®. I’m not going to tell you what to do, or how you should do it. I’m going to tell you how we did it, what our experience was, and perhaps from that you’ll get some ideas that you can apply. If you don’t find anything that’s applicable, then I believe that you’re not really ready to participate in a Quality program. On the other hand, if you say, “this is just right, I’m going to do it the Bose way,” you’re probably not doing what’s most appropriate for your own organization. Everyone’s situation is different. You’ve got to find your own way. I’ll tell you how we found ours.

A brief history of Bose Corporation

Bose Corporation roots lie at the Massachusetts Institute of Technology, where Dr. Amar Bose was and still is a professor in the Electrical Engineering & Computer Science Department. In 1964 he thought about expanding on some of the research that he was conducting in electronics and high fidelity loudspeakers, and starting a company. At that time I was a graduate student of his—I did my thesis work for him, I was a Teaching Assistant, and we worked well together. I also happened to be looking for a job, so when he asked me to come work with him in this new venture, I was very interested. We talked about his idea of forming a company, what it would do, what it would be, and what it would stand for. We talked about taking all the good things that we had learned at MIT and how we could apply that knowledge in a business.

We talked about bringing excellence into every aspect of the company. We wanted a company made up of people who are very conscientious, who are inner driven, who want to be proud of the work that they’re doing. We wanted people who would extend themselves to take a personal interest in the area that they’re responsible for, take a personal pride in it, and set an operating standard that is unparalleled.

Early Quality programs

We started out with some technical ideas, tons of ambition and lots of hard
Early Quality programs, continued

work. As time went on, the company became successful, but we continued to bring in the ideas of excellence. And so in the late ’70s and early ’80s, when we began to hear about the tools and techniques that would bring good Quality to the company, we were naturally very interested in using them. Thus, we began our Quality journey.

Quality Circles

I remember when our journey began. One of our managers had been doing some outside reading and reported that, “The Japanese are doing things called Quality Circles. We should have some, because they will give us much better Quality.” Who could argue with that? The executives thought it was a good idea, so we empowered the individual to learn and bring Quality Circles into the company. He went into our manufacturing area, conducted Quality Circle classes, organized a number of circles, and they were very successful. That went on for a couple of years, and we had maybe five circles going. We said, “Well, this is great. We’ve done Quality Circles and we have all the benefits of them.” We didn’t pay any attention to that effort anymore. Guess what? After another year or so, our Quality Circles withered away.

Crosby techniques

Soon after, another individual said, “I’ve been reading the Quality literature and Crosby is the thing we should be doing.” He made it sound like a good idea, so we empowered him to study the techniques of Crosby and bring them into the company. A small group of people began to work on “doing Crosby,” whatever that was. Sure enough we made some progress. But after a while, it too withered away.

Statistical Process Control

As the Crosby stuff was slowing down, another employee suggested that, “You know we have some machines in manufacturing that don’t run very well. They need Statistical Process Control (SPC).” That also sounded good, so we tasked him to teach us the concepts of SPC. We applied them to some of those machines, and we got those machines under much better control. But then we stopped.

Other programs that withered away

This went on and on. We did Value Analysis, a suggestion program, and Kaizen (Continuous Improvement). We would do these things, see some marginal improvements, and then we would forget about them. I learned that these programs had become known around Bose as the quality program du jour. The attitude of the people who were actually doing the work was like this: “Well, some executive is going to come in with a good idea to improve us (not him, but us), and they will give us books, and send us away to learn more. You have to act like you really care about it, and you have to say we want to do it. Then you go through the motions with a great deal of enthusiasm, but don’t worry, and don’t get too serious. After a couple of months they’ll forget about it, so you can stop and go back to doing business the old way.”
I think of that as our bits and pieces period. We were trying to take bits and pieces of things and make them revolutionize our company—it wasn’t working. As we learned later, you have to promote, recognize, and reinvigorate any program to keep it going. You have to have everyone practicing, especially the people at the top, or any program will wither away. We were not doing these things, and didn’t actually make any progress until our very survival as a company was threatened. In 1988 there was an event at Bose Corporation that really changed our direction. I’ll describe it to you to give you an idea of the power that an outside force can have in changing a company.

In the early ’80s we had started designing and supplying sound systems to automobile manufacturers. If you designed and built a sound system into the car at the factory, you could have a better hi-fi system than if you installed one afterward. Before we established that market segment, if you wanted good quality sound in a new car, you had to take it to another store, not your dealer. They would then cut holes in the interior of your nice new car to install the sound system. It is a hit or miss proposition, and not many people really want to do that, so working with the auto manufacturers was a good opportunity for us.

We were doing very well supplying General Motors, who pioneered with us the concept of a factory supplied premium sound system, and in 1988 we began to do business with a Japanese customer. They asked to do a company audit—a common arrangement with large customers. We welcomed these audits, because we would normally show our visitors an audiovisual presentation, and they would often end up buying some products. However, this one started off a little bit unusually. Instead of just a few people coming, they sent a whole staff. Instead of just touring the manufacturing areas, they wanted to see every part of our company that had anything to do with their product. Instead of just a couple of days, they were going to spend a whole week.

We lined up a schedule, and they visited every one of our facilities that involved their product. We went through the audit and they took notes, asked questions, and things seemed to be going well. After we went through everything, we met with our visitors for our post audit debriefing—a standard procedure. We got together in our conference room on the afternoon of the last day, and I could sense that something was wrong. These gentlemen were not comfortable with the meeting. Their spokesman said, “We’re very impressed with your technology. It’s probably the best acoustic technology for automobiles in the world. The design of this product is such that it will give really good performance. However, we have one problem. We examined the quality of your
Customer audit of Bose shows quality problems, continued

A critical challenge: improve in six months or lose manufacturing to Japanese

Thirty-three deficiencies in the process needed to be corrected

An unprecedented improvement program

manufacturing areas and we find that the quality is below our standards, so we don’t consider you qualified to supply us with this product. We’d like to take this product to a manufacturer who we know is qualified.” (We all knew that he was talking about another Japanese manufacturer.) “We’ll pay you a royalty for your design, but we’ll make the product.”

Well, we were devastated. We believe that making things is important if we want to get better at designing them. We built our company on manufacturing products, and we thought we were pretty good at it. We’re a company that’s used to getting “A’s,” and this group just gave us an “F.” We didn’t know what to say—our spirits were crushed. After a moment, someone recovered and asked if we could talk about this. Fortunately, saving face is very important to the Japanese. It’s not good to say “no” to someone. We conveyed our disappointment to them, and as a face-saving measure, they offered us an option. They gave us six months to improve. If we could not improve sufficiently in that time period, we would agree to allow them to take our design to another manufacturer. We said “OK, we’ll do it, but can you go over your audit and explain to us exactly what’s wrong?” They said they would, and they were very good about it. Looking back on it now, they really pointed us down the road to quality.

They went over each one of the 33 deficiencies in our processes. Being a good engineering-based American company, we proceeded to argue with them that the things they said were wrong were really OK. I’ll give you an example: They said, “We noticed as we go down your production lines that you have assembly materials on the line that aren’t being used in current production. We think that those materials could get incorporated into your present product incorrectly.” We explained to them how we were really getting ahead. We’re putting all the materials out on the floor so that we won’t lose any time tomorrow, and therefore be more efficient. Their answer was, “If you pick up the wrong material and put it in today’s product, you’ll make a defective product and you’ll have poor quality.” Well, the fact of the matter was that that had happened more than once, and indeed it was a problem. Similarly, they went through all the points and explained to us how our practices, even though we may have thought they were OK, would lead to poor quality. We finally accepted all the 33 points, and we began our improvement program.

We conducted this improvement program with an intensity that was unprecedented in our company. Our very future was at stake. If we lost the business to this customer, we would never be able to do business with any other Japanese manufacturer because everybody would know that Bose’s quality was considered too poor. We viewed
An unprecedented improvement program, continued

this as a serious threat to our business. The only way we were going to survive was to comply with the suggestions and recommendations the auditors made. We began to redesign our production areas so that they would have inherently better quality. We began to train our employees, and we retrained them over and over. We redesigned the product because most of the quality issues had to do with the design, and we redesigned it again and again until we got it right.

Change: You have to do it or get left behind

We were changing and improving at an intensity level and pace that not everybody could follow. There was one plant manager who said, “Look, I’ve spent my entire career running my plant in one way. That’s how I know how to manufacture. The things you’re asking me to do are outside of my experiences, and I’m not comfortable with them.” Although it was difficult for us, we had a parting of the ways. We were intent on success. We worked very hard, seven days a week, and some people worked almost every hour that they could stay awake. We knew that we were all going to lose our jobs if we failed so we were fighting for our very existence. I saw a hidden strength in this country emerge—the ability of people under an outside threat to really pull together. We worked together in a way that I have never seen in a large organization. It was really tremendous.

The re-audit after six months of improvement

After six months it was time for a re-audit, so we called them back. Our VP of Manufacturing took a loose-leaf binder and stuck a divider in it for each deficiency. There were 33 dividers, each section organized as follows: It listed the deficiency, the action to be taken, the responsible individual, the program for correction, comments on the item, and a place for our customer to insert comments. At the end of the binder was a sign-off section, so that the auditors could sign-off on the items as they approved the corrective actions. We went about the re-audit, going from place to place, and each time the auditors would use our book as a guide. Sure enough, item by item, they signed off on everything.

Success for Bose, a shock for the customer

After the last inspection and sign-off, we had our final debriefing. We learned that our auditors had a real problem. They had assumed from the first audit that we would fail the second and that they would bring the manufacturing back to a Japanese supplier. They had promised their management that that would be the outcome, and now they couldn’t believe that a company could make so many changes in such a short period of time. Certainly no Japanese company in their experience could make these changes in six months. But now our quality was acceptable. To their credit, the leader of the team said, “Look, this will be a terrible problem for us when we go back. We need to tell our management that Bose is now a qualified supplier and needs to be accepted.”
Success for Bose, a dilemma for the customer, continued

was a very difficult decision for them, because they hadn’t planned for it, but they were all in agreement. Today we are a good supplier to that Japanese company, and we’re one of the best in quality. That experience started us on a path that we can’t abandon—with such a vigorous launch of a total quality program, it would be impossible to let it fade away.

Continued education on Quality

There was another event that occurred after our success with the re-audit that really helped us continue along on the road to total quality. After our customer agreed to let us supply them, they continued to teach us more about quality. If you’re dealing with the Japanese, not only do you have to be very polite, but you’re not supposed to cause your customer a problem—the customer is considered “King.” We had caused our customer an enormous amount of inconvenience. We had to apologize with many letters, and with a problem of such magnitude, we were also expected to perform some sort of a penance to make amends. Our customer gave us the task of going to Japan and visiting their suppliers that they thought were good in quality to learn our lesson. We assembled our top management and went off to Japan.

A visit to a Japanese manufacturing plant

Our customer set our itinerary. The first day we were taken by bus to a manufacturing plant that was far out of the city. We were greeted politely by the senior managers of the plant, sat down in a conference room for coffee, and one of them got up to tell us about the background of his company and the plant we were visiting—how it was formed, what it was supposed to do, what it’s history and significant events were, and what they were doing today. Then their head of Quality told us about their Quality system—the history of the system, what it was like, what they were doing, and what Quality levels they were achieving. We listened to this and thought that the scenario was ideal, but it was so detailed and there were so many aspects to the system and the levels of Quality they talked about, we didn’t think that this was really happening in practice.

Managers were skeptical of results, records

After our briefing, they took us out on the production floor. We asked questions, looked at their defect records, and discovered that they were practicing all those things that they had talked about earlier. We met again in the conference room, and they had good answers for all the questions that we asked. I remember when we got back in the bus we talked about our experiences. I said, “Well, I know what they’re doing. This is their demonstration plant, their model plant. It’s completely clean, everything is organized. This is the one that they show everybody, that’s why they took us to this plant today.”
CASE STUDY: The Road to Total Quality at Bose Corporation

### Realizing that these levels of quality are possible

On our second day we went to another plant. The visit was organized the same. We heard about the history of the plant, what it was doing, and the Quality Manager got up and talked about the system. We realized it was the same lecture we'd had the day before, and he showed us similar results. We went out on the floor, and by golly, their performance looked as good if not better than at the first plant. It was the same on the third day, and the fourth day. By the fifth and last day, our skepticism had melted away. We realized that these people were really doing it.

### Challenging ourselves to achieve even higher levels of quality

It is the custom, when you're leaving a company in Japan, that the senior managers, the staff, the administration, the secretaries, everybody walks out with you. They all stand on the sidewalk as you get in your bus, and wave good-bye. At the end of the fifth day as we were driving away, our VP of manufacturing said, "These factories are achieving levels of quality that we didn't even think were possible. Dammit, we're going to do as well as they're doing, and then we're going to do even better. Someday these people are going to come and visit us and look at our quality system and our factories. And when they're finished with their visit, we're all going to go out on the sidewalk and wave good-bye to them." And guess what? Eventually, it happened.

### Raising the standards

These experiences set us on a real road to quality—seeing is really believing. That high level of performance and quality was no longer a distant, theoretical, unattainable goal. We had seen that it could happen, and that pushed our own standards and expectations to a higher level. We were measuring ourselves against the best in the world, and our attitudes and beliefs would never be the same.

### Quality enhanced our ability to anticipate problems

In our manufacturing area the momentum was so enormous that it rolled over into many of their operations. We saw the reliability and quality levels of our products improve by orders of magnitude over the next few years, and our costs came down, too. But, by and large, it didn't affect some other areas of the company very much. That was a concern to me, because we had real problems brewing in the company as a whole.

### Some background on the high fidelity audio component industry

You need to understand the hi-fi industry to get a sense of the kinds of problems I'm talking about. We're in a business that on the surface is doing very well. In the early '90s, our sales were increasing, our margins were strong, our name and our quality were obviously very good. Most of our employees would say everything's fine, everything's going along as it should be, so why make any changes? However, if you think about it, the business that Bose is in is a bizarre one and not very stable. Let me use an analogy to explain what I mean.
A refrigerator analogy

Imagine buying a refrigerator the way you buy a hi-fi system. You go into an appliance store, walk up to a salesperson and say, “I want to buy a refrigerator.” He’d take you over to one part of the sales area, and he’d show you an ice chest say by Westinghouse, one by GE, and one that comes from Japan and you’d pick one out. Then he’d show you a compressor made by Westinghouse, one by Panasonic, and one from Europe. He’d quote all the specifications on the refrigerator compressors, and you’d select one of those based on the PSI and CFM specs. Then he’d take you to another part of the sales area and show you ice trays, some automatic, some manual, some that make big cubes, some that make small cubes. And you would choose the ice trays that you’d like for your refrigerator. When you were done, you’d pay, go to the pickup area, they’d put a bunch of boxes in your car and you would take them all home. When you got home you’d take the boxes out, unpack all the parts, and assemble the refrigerator in your house. Hopefully you’d put it together right, and hopefully it would work.

Changing times, consumer trends

That’s crazy! Who would ever want to buy a refrigerator that way? And yet hi-fi has grown up as just such an industry. That’s no longer the way people want to purchase their hi-fi sets. More and more people purchase things that are all in one. You buy the entire system and it plays when you unpack it. But we only made the loudspeakers. People who bought a compete system wouldn’t even have the opportunity to purchase our products. As I saw it, we were faced with a terrible crisis. My job was to figure out how I could get people to realize we were in a crisis situation and needed to make changes in our basic business structure.

Solution: a total, self-sustaining quality system

What we needed was a system to drive change, a total system of quality, not bits and pieces. We needed a system that would be self sustaining, one that would benefit the whole company, not just one area of the company. As we drove that change, the techniques of Total Quality became quite valuable for us. We undertook a Total Quality program on a company-wide basis (see Figure 1). And we did change the company. We’re learning to make and sell a large volume of high quality, high reliability electronic systems as opposed to only acoustic products. We’re successfully applying the techniques of Total Quality across the whole company.

Some successes

Let me tell you about some of the things that have happened to our company that have been beneficial. These are what I call “the Big Wins” so far:

- **Better communications.** When using these Total Quality tools, people don’t talk at each other, with their minds already made up. They communicate through the application of Total Quality tools, and form opinions and create solutions based on
**Solution: a total, self-sustaining quality system, continued**

Some successes, continued

open discussion. I see people actually talking and listening to each other, whereas before they might not have.

- **Better processes.** We’re not making the same mistake again and again. When we make a mistake, most people in the company now know to ask “why?” not just once, but they ask the question five times and get to the root cause of the problem. And little by little our processes are getting better. We’re discovering how few processes we actually have, or at least how few we understand. We’re documenting how our company actually works— that’s the first step to continuous improvement.

- **Management by Fact** is becoming a way of life. Anecdotes and unjustified opinions don’t really go very far any more in the company. In the past they could’ve triggered a whole line of ineffective activity. Now, in our company, if someone says, “John Doe is a total idiot,” someone is likely to reply, “Well, what factual information do you have that suggests John Doe is a total idiot?” It’s amazing how “the junk” disappears when someone asks for the facts. When one begins to gather the facts on and analyze why a problem exists, the answers can be very surprising.

- We’re taking a weakness-based approach. Before we really studied Total Quality techniques, if you asked, “How are things going in your area?” the answer automatically was “Fine,” and you got a recitation of any good things that had happened. We only focused on the positives, and didn’t even acknowledge the negatives. No wonder things didn’t improve much. Today if you ask that question, people are likely to say, “Well, here are the principal weaknesses that we feel we have, and here’s how we’re addressing those weaknesses.” And guess what? When you take
Some successes, continued

A weakness-based approach you do make progress. You find problems, address them, and solve them.

Bose Improvement Teams

We have an active quality improvement team program. We call them BITS, Bose Improvement Teams, where empowered groups of employees make real improvements in their areas. We just finished our first annual BIT fest. Sixty teams from all of our factories competed—first locally, and then one team from each of our factories competed for the best improvement effort. The interesting thing to me wasn't so much that we saved some money, but that we had people working together for the better good of themselves and for the company. That to me is a triumph. Let me share an example from another area.

Example of a BIT success

In our finance area, we had a problem in processing credit card charges. At the end of each month, we would get a statement from the credit card company, and we found discrepancies between our records and the statements. One or two people would work on reconciling the numbers, which took a couple of days each month because there were always lots of errors.

The group formed a BIT to work on reducing those errors. They followed the improvement process—analyzed data, discussed the results, and found that for each of the error causing problems they could find a solution. They documented their set of solutions in a series of check sheets and began to apply those to the process. They made real improvements. Somebody observed as they looked at their data that almost all of the errors were caused by the credit card clearing company. The BIT arranged to visit with their counterparts.

They went to discuss the data and solutions, and the management at the processing company was absolutely amazed. It turns out that the errors we were having were errors that all their customers were having. With our permission, the credit card processing company actually adopted the team's methodology. The goal of the original team was to just reduce the error rate. With the credit card company using our methodology, there were no errors at all, so there was no need to have error correction or even check it. This triumph made everybody feel great and it was really time saving.

Investing in future improvement

Let me mention a little bit about some future improvement activities that I think will emerge. We now have improvement activities widespread across the company. They may be small, and they may not have any impact on the whole company operation, but I have to believe that when you’re numbering improvement activities in the hundreds they’re all going to add up. Each little improvement will make the company better in some small way, and ultimately the entire company will improve. I’m banking on that. I’m not worried about whether I can quantify or justify the effort that we’re
Investing in future improvement, continued

Benefits of having a shared vision, efficient processes and customer focus

We have a shared vision now that's driving the more integrated planning systems. By getting together we're becoming a more efficient company. There's less waste taking place. We have important company processes that are really working. We don't have the "official" process and the "real" process. They've become one and the same. That makes employees feel good about their work. They're doing things the right way.

We're applying Total Quality concepts to our product development processes through concept engineering, and I have to believe that we're developing better products because of it. We're more attuned with things that our customers want, not just things we think our customers want.

Concluding remarks: difficulties, opportunities and a look to the future

Let me finish now with a candid summary:

- Part of a quality program is sharing, and sharing is difficult. In our society it's hard to admit that you're not already doing high quality work. Sharing weaknesses within our company is difficult, sharing between companies is even more difficult. And yet some of the best ideas that we've developed have been joint ideas with our counterparts at other companies. So you have to get over the idea that "we don't share, we don't tell." Ten years ago I wouldn't have even considered telling you about the problems my company might have been having. Today I know that those problems are opportunities to be better and more competitive in the future. So why not talk about them?

- Executive buy-in is difficult. Even today I can't tell you that all our executives have uniformly accepted Total Quality as a way of running the company. We all go through the motions, and say, "yes, yes, yes." But as I look into their heart of hearts, I know that in some cases the buy-in is more cosmetic than real. I hope in time that will change. But it will take time for that to happen.

- Support is tough. It is really hard to support a Quality program when everybody else has so much to do. But if you don't make your investments for the future, you never get that good future.

- Training is difficult. It's hard to get everybody trained in what they need to know at the right time. Just training a group for training's sake doesn't work. We have to supply "Just-In-Time" training. When people are ready for training, that's when it's most effective, and that's when you need to be prepared to provide it. It's always a struggle.

- The scope of a Total Quality program that really works is corporate-wide: Every department, every facility, every area of the company. Frankly, we're not there yet. There are parts of our corporation that are virtually untouched and unmoved.

Spring 1996
Concluding remarks: difficulties, opportunities and a look to the future, continued

And lastly, it seems like there is an infinite amount of work to be done, and that we'll never get there. This is truly a journey. It is absolutely imperative that our corporation take this journey, but it's one that will never really end. In our business, Total Quality isn't an option anymore. It's a qualification to play. The only way to be better than your competitors is to have a truly outstanding program.

Author information

Sherwin Greenblatt is President and COO of Bose Corporation. He is responsible for company operations worldwide, and has been instrumental in bringing a total quality approach to Bose.

Mr. Greenblatt became the first employee to work for Dr. Amar Bose, his former MIT professor who started the company in 1964. Initially he worked as a project engineer, and then held positions of Chief Engineer, Director of Engineering, and Executive Vice President. With locations in 16 countries and a home base in Framingham, Massachusetts, Bose is the world's largest manufacturer of component quality, high-fidelity loudspeakers.
Strategic Planning and Customer Focus

Author

Brian Jones, President, Nypro Clinton, a division of Nypro Inc., Clinton, Massachusetts

The following article is taken from Brian Jones' presentation, “Quiet Riot: Pathway to a Higher Plane,” made at the GOAL/QPC 12th Annual Conference held in Boston, Massachusetts on October 30, 1995.

Nypro Clinton is a custom injection molder of high precision plastic components. It is the largest operations unit of Nypro, Inc., and the home of the corporate headquarters. Nypro's total sales, including joint ventures, increased by nearly $50 million (24%) in fiscal year 1995 to a record level of $246,804,000. Fiscal year 1996 is projected at $305 million. Consolidated sales were $196,732,000, up 18%. Net income after taxes was up 22% to $13,306,000.

Nypro has precision injection molding companies in 18 locations—11 in the United States and seven in strategic locations around the globe. The company continues to grow worldwide, providing customers with a local source for custom injection molding. Nypro now has over 40 customer partnerships that make at least a million dollars.

For most of its 40 years, Nypro has fostered a management style we call “Team Member Empowerment.” Several groups are currently studying this “flat” organization which utilizes team member Boards of Directors to oversee each of Nypro's operations. These team member boards choose their own chairmen and provide support and direction for each General Manager. In essence, each Nypro plant operates independently with its own team member board operating within broad corporate guidelines. Nypro CEO Gordon Lankton credits his 3,000 team members for the company's tenth consecutive year of increasing sales and profits.

Nypro doesn't have a TQM “Program.” You can look through all the literature that we have and you won't find mention of a TQM program anywhere in our materials. We are trying to do something very different in our company—we're trying to radically change the way we do business in every aspect.

I believe that the original intent of TQM was not so much the idea of statistical capability and statistical control, but a total social change within companies. I'm convinced that this is the key to operating a business: Management is still the basic challenge.
Introduction, continued

Nypro is a plastics company with operations throughout Asia, Europe, the United States and the Caribbean. We're competing worldwide on a daily basis with some great companies. The cost of assets and the cost of capital in our business is very intense (there's a lot of machinery, a lot of robotics) but that capital price does not vary much in markets around the world. The price of equipment is consistent whether we are buying in China, Mexico, or Costa Rica. Some people will pursue a lower labor cost in order to find some competitive advantage. We do not agree with that approach. We want to take the entire operation of business to a higher plane, one that our competitors simply cannot compete at.

There are still many managers who think that a return on investment analysis is the only way to operate a business, but they are losing the potential return on the capability of their employees. There are still many people who absolutely don't want to share information, because they view information as a method of control. We try to focus on open book management. There are no secrets, and we propagate that as much as we possibly can. I believe you cannot get everybody involved in improving things if they don't have the pertinent information. We're a privately held company, yet we publish an Annual Report. This is a method of propagating a system of openness.

Too often, managers focus on something I call underpreneurship. They say that they're interested in entrepreneurship, but their mechanisms of control and approval stultify creativity. Many managers operate by intimidation and fear. Dr. Deming argued for a radical change, to open up the whole system of the company, and we try to follow his principles. We know that we have to radically change the management of the company. I will now explain some basic elements that describe our business and have made Nypro successful. These areas of focus constitute the daily management process at Nypro.

Market segmentation

We focus on market segmentation. It's a very simple concept. Ten years ago we had 800 customers. We were trying to be everything to all people, but we were not being a very good supplier to any of them. So we developed an intentional strategy to reduce the number of our customers so we could serve them better. We cannot service everybody, so we worked to figure out who our real customers were and to align our business. Ultimately, that meant finding a way to relocate about 750 of our accounts. We now have 50 customers with which we do $1 million or more in business. We try to be very close to those 50 accounts, and we don't try to cater to 750 others. Business focus is a very important thing for us.
Nypro concentrates on worldwide manufacturing. In one benchmarking exercise, we took all the managers in our company to the McDonald’s corporation. What does making hamburgers have to do with making things like medical plastic parts and shaving razors? It has a lot to do with it, because our focus has been to create a franchise system in plastic, where we can go any place in the world, just like McDonald’s has done, and use a standard business system that we can reproduce over and over.

If you visit the last three plants we built (Corvallis, Oregon; Chicago, Illinois; and Asheville, North Carolina), you wouldn’t be able to tell the difference between the three: The color on the floor is the same, the color of the machines, the type of machines, the type of automation, the layout/size of the plant, the quality support systems, the information systems, the way the people manage—everything works the same. That way, when somebody like Abbott Labs calls us, they call one place, and we coordinate supply in multiple locations at the same time around the world. We try to make their business very simple, and a simple system is one that builds business.

Most of our competition are very good companies, but they have a regional focus. For twenty years we have been out and about in places like China, Moscow, and India. We’ve been building a global enterprise with all the success and failures that that implies. This plan has enabled us to give one look and one feel to the customer.

There are 30,000 molders in the world that we compete directly against. In the U.S., there are approximately 5,000 molders. The competition is extremely vigorous. Jobs will move on 2-3 cents per part, and customers will literally come to the plant, pack up the molds that they own, and move them down the street.

Everybody in our business and in our company has a little bit of paranoia, and doing demand forecasting is very difficult. It takes a different mentality. We have tried to build something that’s at a different level, a higher plane. We have a cleanroom injection molding facility in just about every plant that we build, and the new ones are state of the art injection molding plants. They are equivalent to an operating room in a hospital. The people wear booties, gowns and hair nets in these operations. High standards of cleanliness promote a high standard of quality, safety and pride.

Once a molding machine is programmed at the beginning of the job, we can set up certain controllable variables that we discover by experimental design in an off-line R&D area, and we set very tight control limits on the process. The machine monitors itself, adjusting every 20 milliseconds to hold the part in control.

Every machine has a robot on it. If the process varies out of statistical control, the robot gets a message from the machine, it removes the part, and it throws the part away. It sends an alarm to the management in the plant. All the support areas have windows and alarm systems, so that everybody can see by the minute what’s going on in the plant.

This global uniformity and world class technology has been very capital intense,
but it creates a whole different mood in the plant. The people who come into the plant realize that we have the best possible equipment to do the job. Cleanliness is an absolute. Our CEO will actually walk through the plant with a Polaroid camera, and if he doesn't like what he sees from a housekeeping/maintenance standpoint, he'll assemble a photo album and send it to the plant manager.

One of our customer/partners—Vistakon—makes disposable contact lenses, for which Nypro makes the molds. They happen to control 85% of the worldwide market in disposable contact lenses. This is a business that in 1983 was studied by Harvard Business School in a case called Soft Optics. The question was whether one should invest in capital intensive plastic injection molding of contact lenses, or whether one should not invest and use conventional technology, which was spincasting, basically machining the lenses. Their conclusion was that one should not invest in this technology.

Fortunately we made a decision to invest in it anyway, and it took five years of work to develop. We control the process, total ±3 sigma capability, to a three-micron level. That's three millionths of a millimeter. The part cannot be touched in order to do the measurement, so it's measured by a laser system. That's not the point, because exacting technology exists all over the place. The beauty here is that we set up a continuous improvement team on a Deming model in 1987, which I had the pleasure to work on for three years. We have a documented savings in excess of $50 million from that continuous improvement team.

When we talk about quality as a business philosophy, and integrating it throughout the business, those are the numbers that we look at. I have never seen another methodology in any of the management literature to enable this level of achievement. Over $50 million in profit generation to our customer in that span of time by a group of 10 people—five people from Nypro, five people from the customer's organization. Not only did the team come up with all the savings, but they introduced a technology that a lot of learned people said we shouldn't invest in.

How eager would a customer be to argue with you about the price of a particular commodity that you're selling to them, if you're able to generate that kind of profit gain? We don't spend a lot of time in negotiations on price, we don't have a hard time getting a contract, and we have probably the most fun at these meetings of any business that I've been involved in. We focus on system cost, and that means reducing our customer's cost so they can grow. That's the right mentality.

The idea of very satisfied customers is probably used by every company, but you would have to spend some time in our company, and go through a few experiences, to realize what that means in a tangible sense. It means that if a customer comes in and says that they don't like a machine (no real reason except that they just don't feel good about
Leading our customers and letting them lead us, continued...it) we listen. A customer did just that recently. The owner of the company said, “I don't want to be in that plant—I want to be in that plant over there.” Our CEO asked, “Is there anything else you want?” “Yes, I want a new machine. I don't like the look of that machine. I don't feel good about that system. And I'd like to have an individual to just watch out for that system.” The lead-time for a new molding machine right now is about 10 months with the type of machines that we buy. We had a new machine on the floor, running parts, in three days.

When the customer wants us to do something, almost anything, we don't try to figure out our business formula and then survey the customers and see if they were made happy. The customers design our business. They tell us where to be, how big to be, what they think we should look like, and who should be involved. We built a plant in Chicago for Abbott Labs. We took it on faith that they would take care of us. It's not just a focus on the customer—it's customers designing our business. Abbott followed up by awarding their two latest diagnostic systems projects to Nypro.

Our strategy is not to follow our customers expectations, or even to exceed them a little bit. Our job is to lead our customers and help them grow. We cannot possibly do that unless we are intimate enough with their business so that we know their problems as well as, if not better than, they know them themselves. All of our projects have teams whose job is not only quality improvement and introducing new technology, but intimately understanding the customer's business. Our people on that team have to know what's involved in that business.

We have a project for Norton Healthcare, U.K., called a breath-activated inhaler, which involves a breakthrough product design. We have to get to know as much about inhalation therapy as they do. In the last rollout of their product, they asked us to put together the package on promotion and advertising for the doctors. That's the kind of full-service relationship we strive to develop.

Managing in a chaotic environment

We encourage entrepreneurial management development—what this means is that it looks like we have a crazy, chaotic, loosely controlled network of half-lunatics. We do not have rules that say “this is how it should be done.” We don't have organizational charts, which drives our own people crazy. This is a beautiful thing. If you know where all the people who work for you are and what they're doing, you're not doing the right job of management. You should not be able to know that. Now that's a little different way of looking at the world, isn't it? We don't try to even figure out what path they're on. We want to create this system of energy and confusion with some central values which everybody in the company understands and reinforces. Everybody in the company knows what we're trying to do. They know the mission (see Figure 1), and they know exactly where we're going. In the plant that I run, we have seven different incorporated businesses all buying and selling from each other. We don't have to figure out how to do entrepreneurship. We have to maintain sanity in an entrepreneurial situation.
Building relationships

We have focused for the last ten years on building alliances with key companies. As a company, you’re measured not by who you are, but who you are affiliated with, who you work with, who your suppliers are, who your customers are, and who your partners are. But there are typically management differences in the way companies treat vendors; as opposed to customers; and employees. This inconsistency has to go away. Let me tell you why.

Example: Our alliance with Mitsui

We’ve had an alliance with a wonderful Japanese company called Mitsui for 15 years. We operate three P&L ventures with them, as partners, 50-50. The only way the CEO of our company will start a venture is 50-50. That’s great. As a partner they share in the profits. We can figure out how to do that. That’s just a joint venture, right? But they’re also the largest supplier of resin in the world. So we buy material from them—they’re not only a partner, they’re also a supplier. That makes it a little more difficult. But they also have one of the biggest brokerage businesses for Japanese business, and they help us acquire Japanese business. It’s not easy to get Japanese business. As a matter of fact, it’s very difficult. Trust is a long-term issue. Mitsui helps Nypro get the business and we pay them a commission. At this point, they’re our customer. So when we sit at the table, which management philosophy are we going to use? We have to have consistency throughout, so we have to have an open outlook.

Example: Designing injection molding machines

Another partner of ours is a company in Switzerland, Netstal, that produces one of the best injection molding machines in the world. We buy these machines. For 15 years we have operated injection molding facilities around the world with them and collaborated with them. I talked to their people in Switzerland recently, and I said, “How did you come up with this wonderful design for this new machine?” He said, “We just took all of Nypro’s comments and complaints and made a machine around them.” Imagine equipment suppliers saying, “We just took your checklist and we designed it.” The result is a world class molding technology called Synergy, the aggregation of many breakthrough ideas.
Building strategic alliances with customers

Strategic alliances have been very important to us. We do manufacturing next door to the customers. If the customer likes us to be within 100 miles, then they'd probably like it better if we were five miles away. Lately they have taken to putting our operation in their facility, or their operation in ours. We built a plant for Abbott Labs in Chicago, and they integrated their technology, new product design, into our plant. It's getting harder and harder to figure out what next door really means.

Continually looking at how work is organized

We also try to integrate molding and assembly work cells, and this is a very Japanese mentality of just concentrating, and empowering, and sort of redesigning the workload, but it can create some exciting things. We have 30 machines that make 3 1/2" floppy diskette shells around the world. We make more than anybody else in the U.S. Those systems are extremely fast. They run in stack molds, 4-ups, 4-downs, and they drop out eight parts every 4.5 seconds, just like that. The cells turn out millions and millions of parts per day. So these integrated molding and assembly work cells are critically important. It's just a concentration of controllable activities at the point of operation.

Reducing defects: benchmarking Motorola

In 1988 the CEO of our company went on a benchmarking journey to Motorola and five or six other companies. He became enamored with the 6-Sigma mentality. At Nypro, we created our own program, CPK2. Nobody in our industry at the time had even been thinking of something like this, but he thought that we could create a simple and powerful system, and get everybody in the company excited about it. We focused on creating a change in thinking throughout the whole management of the company. Nothing less was required. Let's say the tolerance for the part was plus or minus 0.002. The mold builder cannot use all the 0.002 variation on building the mold. They have to use less than half of that. This means that when the drawing comes out, which the mold builder uses, and it says plus or minus 0.002, we have to say, “Wait a minute. You can't use all of that. You need to work down to less than half of that, because you've got materials variability, environmental variability, human variability, time variability, it's going to add up.

Now if somebody says that 0.002 tolerance is going to become less than half of that to the supplier, that causes them to have to rethink who they're doing business with and how they're going to go about building these molds, because it means the molds have to be made to gauge tight tolerances, a capability that was not well developed in the marketplace. It also meant that from a mentality standpoint, our engineers, instead of getting the thing off and running, had to make sure all of the jobs were capable at a level of performance to parts per million, from the beginning.

This had never been done. Such an objective is not typically set for the design of a new process. How do you spend the time to make sure that you will get less than three
Reducing defects: benchmarking Motorola, continued

defects per million through that program? It obviously is possible. We made it happen in this injection molding business. But the problem is that even today our customers don't always require the molds to be capable at a CPK level of 2 or 6-Sigma. Most of them say 1.33 is fine, but what they really want is greater production. There is still a burning need for boldness in setting quality standards.

People rise to the challenge of aggressive standards. In our company that's what we focus on. We try to create a smart and simple system. The easier it looks to run, the more that there is behind it, and the more effective it is. In the last seven years, we have supplied two billion contact lens parts without a defect. Harvard Business School did a case study entitled Molding the Impossible, on this topic. Well, we've proven that it is possible. That's the kind of standard we have to set for ourselves, and that requires a radically different approach for management.

Quality has to be multifaceted

It is said now that Quality is a given. Every management conference I've spoken at or been at in the last year, I've heard at least three speakers get up and say “Quality is a given. It's an entry for the marketplace. If you don't have it, you aren't there.” So you focus on things like time, service levels, positioning, and automation. This has to be rejected. Quality will always be the thing that determines your performance, but not just in the quality of the part. Maybe there's another quality that has to be enhanced. Maybe it's the quality of our relationships. Maybe it's the quality of our character. Maybe it's the quality of the work life inside the operation that you run.

What quality are you optimizing? You cannot take a narrow view of quality that is product based, specification based, or just looks at the manufacturing side. Most companies don't know what the quality is that they're optimizing.

Quality and costs

At Nypro we have pursued reducing our costs even beyond the equilibrium point. I was taught in an MBA program that there's an equilibrium point regarding quality. In financial education, the quality/cost equilibrium model is still propagated: As quality improves, cost will decline until it reaches a point where higher quality costs more. This mentality is so ingrained in some people that they want to refocus assets when they get to a point of improvement. They preach continuous improvement, but their concentration shifts right before the improvement can really take effect. You will never have two billion parts without a reject by following that management philosophy.

A different approach is to look at the equation of how the company's costs are allocated. For example, 80% of the manufacturing costs for quality are established in design, usually because the development process isn't focused on hitting the target. But TQM is really about integrating the principles of Improvement and Humanity throughout everything that the company does. So when we look at the reduction of variability about some target value, it's great—but it's really about things like the decrease in our lost-time accidents, or the increase in design capability.
Quality and safety

The average in the industry is seven days lost-time accidents, and we have tried to reduce this. We focus intensely on safety, because we believe that safety is just the other side of the coin of quality. It is a heresy to say that you're interested in the people, that you want to empower them, that you want to give them self-direction, and then not focus on their safety with all the vigor that you have; not just safety in the plant, but safety in their homes. We run home safety programs now, because the continuity of their existence does not stop at the ringing of the bell. This is a different mindset, and it is improvement in every area of the company. That's what quality improvement is all about.

The importance of training

Training is a very important priority for us. For the last five years, I have been involved in the training and development activities worldwide for Nypro. Training and developing our people is a strategic focus. We're talking about winning in a highly competitive business. Our objective is to drive our competitiveness through this topic. Now it's not going to happen unless every person in the company, including the CEO, makes a personal investment in leadership, in learning, and in development. We think this is the central concept around building quality of work life. It is the central concept around getting the best people to come to work for you, and it is the central concept around hitting this higher plane. It can't be overemphasized.

I have never seen a company that over invested in their human assets. The reason that's a problem for some companies is because they can't see it on the balance sheet— they almost view it as a liability. Maybe they should put it in that bottom section of the balance sheet.

I've never seen a company that over invested in training and development. We want to have the disgustingly popular accounting criticism that we spent too much on training and development. I hope I get accused of that sometime in my management career.

The Nypro Institute

We created a worldwide learning center, the Nypro Institute. It offers a plastics technology degree without leaving the building, free to all the employees. If you want to learn about our business, you get a two-year plastics degree. We do that with a partner. Every training program is established with an outside partner. Nypro offers an Associates degree in Management from Mount Wachusett Community College and a Certificate in Plastics Technology in connection with Fitchburg State College. Employees can earn a Master's degree in Plastics Engineering from the University of Massachusetts-Lowell. We have a Master's degree in Business Administration from Worcester Polytechnic. We do all of this, and we spend over 40 hours of training per year on every employee, with an amazing staff of only two people.

We will partner as aggressively as we can with as many partners as we can find around the world who excel at something and then deliver it to all of our employees with
enthusiasm. The only caveat is we have to entertain the rest of our competitors when we do that. Sixty percent of our learning classes are attended by competitors in our market. We seek not only a higher plane for ourselves, but for the whole industry. The competition buys all of our books so that we can help them learn. This is what we euphemistically call the leverage of learning. Two people, 3,000 people, all crazy about learning and doing things. That's what builds companies and keeps people interested. I'm talking about somebody who's an industrial engineer studying Middle Eastern Philosophy, and saying that that's good for the company. We don't care whether it's tied or connected. We want to reinforce learning. At Nypro, an internal competitive benchmark between plants is Training Hours per Employee. Each of our plants is trying to surpass the other at investing in education.

In order to do all these things, you can't view management in the conventional manner. Managers don't have enough time to do control or approval. There's not enough time to keep track of what the people are working on. There's not enough time for you to be the catch person in every decision of importance in the company. It means that you have to change the way you operate.

We could not do all this training and change with management unless we taught them new skills. They need a new style, characterized by a system of openness. The one thing I really want to focus on here is that information is power. Management controls the information. If they don't give up the information, they never empower a soul. There is no self direction without total information. So we've created a reporting system that we call the Daily Report. It supports a new management system called open book management. A direct relationship exists between the level of information sharing and the levels of rapid change.

We offer a Profit Sharing Program that everybody has participated in for the last 30 years. That profit sharing is driven by a daily P&L report that goes to the floor. It gives every person in the company the daily P&L for every job and every machine and every person by shift. If you were in a hospital, you would know the profit for every person that you serve. Think about that. First of all you have to open up the books and show them what the profit is, which most companies won't do. Secondly, you have to prepare a mechanism to generate that report. Third, you have to train the people so they know what to do with that report. They control costs and they make it happen on the floor on a daily basis. That fuels profit sharing. At the bottom of the report is a segment that says, “If you continue to do this the way that you did today, by the end of the month you will earn this much money in profit sharing.” To date we have handed out over $23 million in profit sharing. Last year, I had the pleasure of handing out $700,000 on one day to our team members.

Share all the information! If you ever err, err on the side of giving away too much information!
A target vision

In the area of leadership, we created a World Management Forum where every senior manager of the company comes together and they share moments in time. We believe this creates what's called a Target Vision. We have a very decentralized entrepreneurial company, and as a result we can’t have rules and guidelines. They’re out there making their way in the world. They’re in China, they’re in Singapore, they’re all over Europe and the US. They’re doing their own thing and they’re all centered on their plan. They’re highly entrepreneurial. We created a mechanism to bring them together, and we spend one week where customers come in and present. They tell us how they feel, what they think we should do better, and where they’re headed. Then we have academic partners. We work with Harvard Business School, Duke University, Dartmouth College and Worcester Polytechnic Institute to stay at the front. Key company-wide improvement initiatives are worked out and plans developed to drive whole company optimization of organizational thinking.

Example: making printer cartridges for Hewlett Packard

One of the key customers is Hewlett Packard, an aggressive, innovative company. Nypro has been supplying them for about three years. We manufacture ink jet printer cartridges that go into all the printers. We have a global supply partnership with them. That means, as I described earlier, we want to service them from around the world in different locations.

These cartridges, fortunately for us, are disposable, and they are not only high in capability, but they are low in cost. As Hewlett Packard zeroes in on enhanced design performance, Nypro in a joint effort delivers PPM quality levels and JIT service worldwide. They’ve been very vigorous in this business. In fact the market has shifted from 30% ink jet printers two years ago, to about 60% today, and in two years it will be 85% ink jet technology over dot matrix and even laser.

We have followed Hewlett Packard around the world. They are locating and designing our business. We built a spectacular plant that even our own employees call “The Palace in Corvallis.” We put it next door to them in Corvallis, Oregon. We originally picked a site 10 miles away, but they said “Not close enough—we want you less than three miles away.” Then they said, “Now that you’re going to be building this wonderful plant, why don’t we take our plastics design center for new products and put it inside your plant. If the employees want to work for Hewlett Packard, they can. If they want to work for Nypro, they can stay. We’ll have a big field day explaining the benefits of both companies, and let them choose.” Crazy? Yes. But it works. So we’re involved in all the new design of new technology for them. We are now supplying them from Oregon, Chicago, Ireland, China, Puerto Rico and Massachusetts, all in only about 2.5 to 3 years. If you don’t think global business is the way people are thinking today, now you’ve seen a good example.

The job of managers

The most powerful, competitive weapon is our ability to change, innovate, and
The job of managers: letting go to liberate their employees and themselves, continued

Our job in management is to optimize the system within which all employees create value for our customers, employees, and communities. That’s what we try to do. That’s management’s job. Not to overcontrol, not to be in the approval cycle, not to get involved in every little decision, but to give the people the freedom to do their best work. That’s exactly what our people do. Some 3,000 of them around the world, now, are all trying to figure out how to add value and compete. It’s a much freer system.

I have found in the last three years that I personally have been liberated. A lot of people think that the empowerment of employees is giving up management control, and that’s the liberation of the employee. It is not, although it may have that feel. It’s the liberation of you in a management capacity. You are the one who is free to pursue your creativity. You are the one who has the time to actually think ahead and do something creative. You are the one who can pursue your dream which you will never do tied into a downsized, overexerted, overcontrolled, overapproval-based management system. It will never, ever happen. You have to let go. That’s what I learned four years ago, and I have all these wonderful people at Nypro who make me look very intelligent at times, and it’s a much better system of management.

Some results

What has that meant to our company? From 1980-1986 we went from about $40 million up to $60 million in net sales (see Figure 2). Then for a couple of years it went up and down. With regard to our profits in that period of time, we had some good years and some bad years, but they didn’t add up to a lot of gain. From 1988-1995, on consolidated and unconsolidated sales, we grew to about $240 million. If you know the injection molding business, that’s one huge operation. However, the real key here is that during this time period our profit was growing at an even faster rate than our rate of growth in sales. So the message is, TQM pays.

Figure 2a. Nypro’s Worldwide Sales, 1986-1995
Some results, continued

Concluding remarks

The last thought I want to leave with you is this one: It is in your hands to make this change happen. If you want to make your organization the most successful company or organization it can be, it is in your entire hands to make that happen. If you don’t think so, find another job where you can get excited about it enough to believe that that’s possible.

Author information

Brian Jones is President of Nypro Clinton, a $70 million division of Nypro Inc. He is also responsible for Nypro global training and development initiatives, including the Nypro Institute, serves as a member of five Nypro companies’ Boards of Directors. Mr. Jones’ background includes 20 years in diverse manufacturing operations which included military, nuclear, GMP/FDA, automotive and process industry experience. He holds a B.S. in Education, a B.S. in Engineering and an M.B.A. from Nichols College.
Reengineering and Quality Improvement in Higher Education

**Authors**

Dr. Susan Hillenmeyer, Vice President, Administration and Planning, Martha Kelley, Director of Quality Systems, Susan Terry, Coordinator, and Audra van der Vlugt, Coordinator, all from Belmont University, Nashville, Tennessee

This article was developed from Belmont University’s presentation at GOAL/QPC’s 12th Annual Conference on November 1, 1995.

**A brief profile of Belmont University**

Belmont University is a small, private four-year school located in Nashville, Tennessee. With six schools offering degrees in 50 major areas of study, enrollment has grown to over 3,000 undergraduate and graduate students. The goal of maintaining and improving student-centered service has become increasingly challenging.

Customer focus and quality are not entirely new to Belmont, however. The university piloted higher education criteria for the Malcolm Baldrige National Quality Award. The school was also one of 25 Profiles of Campuses Implementing Continuous Quality Improvement, published by the American Association of Higher Education. Most recently, Belmont University won the “Innovative Management Achievement Award” of the National Association of College and University Business Officers in 1994. In the autumn of that year, Belmont began to look at ways of consolidating student services and restructuring business offices. This process yielded the concept of Belmont Central, a “one stop shopping” office for the business students do with the school.

**Introduction and background by Dr. Hillenmeyer**

Dr. Susan Hillenmeyer:

In the fall of 1994, Dr. William E. Troutt, president of the university, commissioned an improvement team consisting of those individuals who deal directly with the students. The team included people from the front-line staffs of the offices of Admissions, Student Affairs, Financial Aid and Student Accounts.

An advisory council of managers of those offices provided guidance and input. The implementation initiative fundamentally changed the way people who serve students do their business at Belmont. We are acting on student information, streamlining our processes, and transforming both the physical and conceptual way we work.
The purpose of this article

This article will attempt to show you: (1) the fundamental way that we are changing higher education student systems, and (2) how the business process of reengineering can be applied in higher education. There are synonyms for reengineering, and those are rebuilding, redesigning, or reinventing. Start with a clean sheet of paper and an open mind—those are the two tools you need to reengineer processes.

TQM at Belmont: Not just jargon

Belmont University has been working in quality improvement for about six years. But if you came to our campus you would not hear about “TQM.” You would not hear much of the jargon that you hear in many places. You would hear us talking about improvement and improvement knowledge.

Teams formed from work groups

A great deal of our initiative has been around the work of teams, and most of the teamwork was within work groups. We have about 50 active teams working on process improvement, everything from improving a classroom with a student quality team, to how we actually do our work in several of the offices. Most of our teams look like Figure 1. We also have some teams that were cross functional. These cross functional teams pulled people from various areas.

It was time to change how students were served by the university

We were saying that the fundamental way that we served students was wrong. You’ve heard some pretty sad horror stories about the way students are treated at many of our universities, I’m sure. However, we are called upon to do things differently for many reasons, including increasing tuition costs, increasing student expectations, larger classes, and calls for accountability. We began to say, and our students began to say, we must do our work in an entirely different way.
Listening to students to find out what was wrong with the system

We've been collecting student data for eight semesters. We ask students in their preregistration process four standard questions, plus we vary some questions. We ask them to tell us about how we're serving them. They couldn't tell us that we need to reengineer our student services process, but they gave us all the symptoms of a very sick system. They said things like, “You send me all over the place. I can't do my business with you because it's so tough to get in touch with people. It's hard for me to find people. You require that I get signatures on things, and then people are not there.” Our business process was sick. (Now we also have an effort that is reengineering our core curriculum. That's yet to be done.)

Three levels of reengineering

Students began telling us over and over again how we could improve our business. When you think about reengineering there are three levels (Figure 2). The easiest is a streamlining initiative, in which you tackle a process and you make it very smooth. Reengineering has been maligned a bit, but for us it's an important factor because we could have improved each of these processes over and over again, and still not achieved the kind of breakthrough that we're talking about. We could have integrated systems, and that would have been an even greater change. We chose instead to transform, and the effort required for transformational change is much more difficult.

The four basic steps to the reengineering process

Now within a reengineering process there are four steps (Figure 3). The first step says we need to activate. We need to create and energize a team, and we need to stimulate and encourage people to look at and examine things. Then we need to make a careful analysis of what we're doing. One doesn't attempt to reengineer a process that has not been improved. If we could have achieved the kind of gains that we needed through
continuous improvement, we would have done that. But we’re not solving students’ problems by making a smooth work flow in the Records Office. We’re still having them do the kinds of things that make them very irritated with us. So then you have to annihilate what’s going on. That means everything goes and you start with a blank sheet of paper and a creative mind, saying, “All right now, if we can fundamentally change the nature of our work, what would it look like?” And then of course you have to assimilate those things and make it a usable system.

Figure 3. Steps to Reengineering

Starting the process by forming a team

Susan Terry:

Our university president decided to look at ways to improve student services at Belmont. In the past, many of the quality teams consisted of people meeting once a month. That leads to a very lengthy cycle time because the team members have to spend too much time at each meeting reviewing what was accomplished the previous month.
Our team was different from the beginning for several reasons:

- Our team was assembled from representatives from each of the five different student service areas—Admissions, Records, Student Accounts, Financial Aid, and Student Affairs. This was very significant because we were looking at how to improve our front-line service.

- We had our first meeting in September of '94 and learned then that the president wanted our recommendation by the end of October. We were going to have to do something to reduce cycle time. We decided to meet twice a week for two hours. This caused some minor problems in the home offices because there were front-line staff members on this team.

- Feedback to our home offices was going to be critical because with words like streamlining, reengineering, and restructuring floating around, there were feelings of uncertainty and great reservation with the staff. People were wondering what the changes would look like, how everything would affect them and their jobs, and if their jobs would still exist. We didn't want to keep any secrets, and we knew that to ease these feelings of uncertainty we had to give constant feedback.

Our next step in the process was to develop a mission statement. Our team had been activated and it was now time to start analyzing current processes at Belmont and how we could improve on those. We resolved that our mission would be to determine how we could move to a more streamlined customer-centered service function for Belmont.

At this point we were a little overwhelmed. We thought, “Wow, we have this great goal, and when we get there this is probably going to look really good, but where do we start and how do we get there?” We knew that we had to change our whole way of thinking. If we were confined by thoughts like “this will never happen at Belmont because nothing’s ever been done like this,” or “Belmont couldn’t do this, it would cost too much,” then we were going to be ineffective. This was a new era and we had to come up with a new way of doing things. We even adopted a mascot. We thought a loud obnoxious rooster said it best. He’s the wake-up call for a new way of working. “Time to rise and shine!” We had the rooster at every meeting, in one form or another, because it really helped to stimulate our thinking and keep us creative in our thought processes.

Next our team decided that we needed to determine what our key processes were (see Figure 4). What were the processes that we really needed to look at and what were the key indicators that would show us what these processes had in common? We used matrix tools to help determine that, and it was a very functional and important part of what we did. Some of the key processes that we identified included things such as applying for financial aid, paying on a student account, making schedule changes, and the like. Some of our key indicators included questions such as: “Is a paper application
The next step was to benchmark some institutions that had a reputation for doing things differently. This was very helpful and continued to stimulate our thinking of new ideas. After gathering all the data however, the real fun began. This is when we practiced being creative and tried to come up with a brand new idea of how we could serve our students.

After we had a basic idea formulated we conducted a student focus group of

**Figure 4. List of processes and indicators for Student Services Matrix**

<table>
<thead>
<tr>
<th>Key processes that were identified:</th>
<th>Graduation Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advising</td>
<td>Guest Housing Appointment</td>
</tr>
<tr>
<td>Applications for Admission</td>
<td>Guest Housing Check In</td>
</tr>
<tr>
<td>Applications for Loans</td>
<td>Health Insurance</td>
</tr>
<tr>
<td>Apply for Belmont Financial Aid</td>
<td>Health Services</td>
</tr>
<tr>
<td>Apply for Federal Financial Aid</td>
<td>Housing Maintenance</td>
</tr>
<tr>
<td>Barcodes</td>
<td>Information for Off-Campus Jobs</td>
</tr>
<tr>
<td>Bookstore Charges</td>
<td>International Student Applications</td>
</tr>
<tr>
<td>Campus Visits</td>
<td>Intramural Sports</td>
</tr>
<tr>
<td>Change of Major, Personal Information</td>
<td>Long Distance Phone Service</td>
</tr>
<tr>
<td>Convocation Information</td>
<td>Lost and Found</td>
</tr>
<tr>
<td>Drop/Add Courses</td>
<td>Making Appointments</td>
</tr>
<tr>
<td>Early Registration</td>
<td>Medical Referrals</td>
</tr>
<tr>
<td>Enrollment Deposit</td>
<td>Outside Schooling</td>
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<tr>
<td>Financial Planning Worksheet</td>
<td>Off Campus Information</td>
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<tr>
<td>General Information Inquiry</td>
<td>Organized Student Activities</td>
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<tr>
<td>Housing Applications</td>
<td>Paying Phone Bills</td>
</tr>
<tr>
<td>Inquiry about Student Accounts</td>
<td>Paying Fines</td>
</tr>
<tr>
<td>Mail Delivery</td>
<td>Payroll - To Get Check</td>
</tr>
<tr>
<td>Meal Plans</td>
<td>Payroll - To Get On</td>
</tr>
<tr>
<td>Notification of Admission Status</td>
<td>Personal Computer Access</td>
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<tr>
<td>Orientation</td>
<td>Personal Counseling</td>
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<tr>
<td>P.O. Assignment</td>
<td>Placement Test Scoring Inquiry</td>
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<tr>
<td>Parking</td>
<td>Security</td>
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<tr>
<td>Pay Student Accounts</td>
<td>Shuttle Service</td>
</tr>
<tr>
<td>Placement Test Taking</td>
<td>Sign Loan Checks</td>
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<tr>
<td>Refund Requests</td>
<td>Special Event Tickets</td>
</tr>
<tr>
<td>Schedule Input</td>
<td>Transcripts - Academic</td>
</tr>
<tr>
<td>Submission of Financial Aid Material</td>
<td>Transfer Evaluations</td>
</tr>
<tr>
<td>10 Payment Plan</td>
<td>Use of Wellness Center</td>
</tr>
<tr>
<td>Apply for VA Benefits</td>
<td><strong>Indicators—questions asked of process:</strong></td>
</tr>
<tr>
<td>Appointment with Faculty</td>
<td>Paper Application Required?</td>
</tr>
<tr>
<td>Book Check Out</td>
<td>Place Dependent?</td>
</tr>
<tr>
<td>Campus Tour</td>
<td>Signature Required?</td>
</tr>
<tr>
<td>Cash Checks</td>
<td>Appointment Required?</td>
</tr>
<tr>
<td>Clear Holds</td>
<td>Human Contact Needed?</td>
</tr>
<tr>
<td>Complete Withdrawals</td>
<td>Multi-locations?</td>
</tr>
<tr>
<td>Computer Labs</td>
<td>Logical?</td>
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<tr>
<td>Deferments</td>
<td>Convenient?</td>
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<tr>
<td>Exit Interviews</td>
<td>Technology Required?</td>
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<tr>
<td>Financial Aid Counseling</td>
<td>Outside Influence?</td>
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<tr>
<td>Financial Aid Transcript</td>
<td>Core Process?</td>
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<tr>
<td>Getting On-Campus Job</td>
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**Benchmarking and being creative with possible solutions and ideas**
randomly selected students to see what improvements needed to be made. Upon hearing their suggestions and comments we shared the plan we were thinking of, and it seemed to address the suggestions that students had made. We needed to check with some of our internal customers before writing our recommendation and turning it into the president. Many of the improvements that we were going to recommend required technological improvements, so we consulted with our Information Systems personnel. We were very pleased to emerge from that consultation knowing that what we were suggesting was possible, and we had their support to make it happen.

**Recommendation:**
Belmont Central, a focal point of service for students

Now it was time to introduce our plan. We wrote our recommendation, submitted it to our president, and he asked us to present it to Belmont's internal planning group. At the heart of our recommendation was a concept that we termed Belmont Central. Belmont Central was to be a point of service for students; a place they could go to accomplish a variety of administrative tasks that previously had to be completed in a variety of different offices. This included things like applying for financial aid, requesting a transcript, paying a phone or tuition bill. Belmont Central would offer flexible hours, feature multiple ways to access information, and allow student participation where they would be able to view their own account, their own financial aid, their own schedule or transcript. We believed that the greatest benefit of this centralization would be time saved for everyone involved. We also asserted that Belmont Central should be staffed by cross-trained professionals who had a service mentality. We didn't want the staff at Belmont Central to put aside their work to help students. We wanted helping students to be their work.

**Factors that contributed to success**

Martha Kelley:

There were several factors essential to our success. Dr. Susan Hillenmeyer assumed the role of the Recommendation Team facilitator, and met with the manager of each home office—Registration, Student Accounts, Admissions and Financial Aid. She asked questions like “What do you think about this?” or “Who do you think would be good at that?” This was critical because it ensured that there would be no surprises. Susan let everyone know that changes were coming down the road, and got everyone thinking about them.

**The Advisory Council helped in transition phase**

Data from the students were analyzed by the people who were participating in and who would be affected by the change. These managers formed an Advisory Council, and were instrumental in shaping this entire process.

The first Advisory Council meeting was a day long retreat. Most of the participants were concerned about what was going to happen and how it was going to play out.
Some people were frightened, some were questioning. There were a variety of emotions, but mostly people were nervous. I think the major question everyone had was “How in the world am I going to manage with one fewer person? I don’t want to come off looking like a bad sport about this. I don’t want to be unsupportive.”

Many concerns were aired, and we talked through them. The Provost promised to provide whatever was needed to work through this transition phase. This turned out to be an important factor in alleviating some people’s anxieties. He also stated, at the outset, that our goal for this day long retreat would be to arrive at consensus. We were going to use the Saturn car company’s definition of consensus: that you’re 70% comfortable with, but 100% committed to, a decision.

At the retreat we also talked about the decision matrices. There were about three pages of matrix processes. The home offices wanted to have input into what Belmont Central should consist of, and they began to look at how they could restructure. We also agreed that the fundamental purpose of Belmont Central would be front-line customer service. This is important, because people had different perceptions of what would go on there. We decided that since we serve many people by phone, phone calls would be accepted. However, the primary function would be that person-to-person, face-to-face, front-line customer service.

The retreat was a real milestone. We held it away from campus in a comfortable setting. Managers were supportive, although I think there was still a general feeling of anxiety about what was going to happen. We were annihilating a process that basically had been intact since the 1960’s. That’s a scary thing. Also, some of the offices had only four or five people in them, so eliminating one person became a huge structural change.

As part of the retreat we also went into the selection process. We chose from each office the person with the best customer service skills. That worked out well because in general the people with the best customer service skills wanted to participate.

We made a decision on what would be discussed with potential Belmont Central employees. That’s important too, because they needed to know up front what they were getting into. We stressed the emphasis on front-line customer service, and the matrix processes. We knew that for this to work for the home offices, certain processes would have to “roll out” to Belmont Central, and we wanted to give them a good general idea of what was going to happen in this concept before they accepted the positions.
Adding value to new positions

The Provost made the offers for these professional level positions. Many managers will stress how important front-line service is, but most of the time those positions are filled by the lowest paid, newest people in an organization. That doesn't make sense. I've always felt you should move up to that position, because you should know everything in the office before you're on the front line. These were professional positions, and it would be a step up for every person involved. These would be highly respected jobs, with pay commensurate because it showed our commitment to front-line service.

Selecting new staff for the new office

In this transition and selection time several things went well. At first, we were largely in the analyze and annihilate phases of this project. We had a tremendous amount of prework that the Recommendation Team had done. Those matrices were all laid out before us. There wasn't much hashing out of details at that point. All the communication was done—we told people everything we thought they might need to know. We told them every detail of what went on, because we didn't want there to be any communication gaps about what was coming in the future. The Provost assured that personnel needs would be met, and this was a big turning point in the retreat.

Things that did not go smoothly

What could have gone better? We took a hands-off approach to how managers were going to restructure their departments. We probably should have force-fed a bit of that, because while some folks did it really well, others needed more help. We also could have prompted people to think about how losing a staff member would affect their processes. Also, we screened solely on customer service abilities, nothing else. If we had it to do over again, we probably should screen for other skills, like the ability to be multi-tasking. These folks not only have to be friendly, but they are involved in a number of different processes and need to complete tasks quickly and accurately.

The staff is ready, the old offices are supportive and the administration is committed

We now have four eager, smiling faces who are ready to become Belmont Central. We have home offices who are supportive, even if they are not doing cartwheels. I am the Facilitator who was wrestled into this under duress, but I was committed to seeing it work. And we had the blessing of the administration.

The next step: making it really happen

Audra van der Vlugt:

In February of 1995, it was evident that the Belmont Central idea was really going to happen. Four staff members had been offered and accepted the positions. They'd been given a budget to work with, and they'd also been given a Facilitator who was going to help them make the transition as smoothly as possible.
There was excitement on campus, but with that there were healthy doses of skepticism, confusion, worry and fear. The home offices were worried about how this was going to affect their processes and their people. We had just annihilated the way that we do student services at Belmont, and now we were going to have to put it back together. There wasn’t going to be a map, or many directions; just some degree of trial and error and good common sense.

I think our creation story of Belmont Central is a study not only in Student Service Reengineering, but in human reaction to change. Even when we know that change is good, it’s scary. We knew that we not only needed to learn how to work together to provide the best student services on the planet, but we had to help the home offices overcome some of these fears and worries.

The work as a team began immediately after we accepted the job offer. First we had to get to know each other. The Belmont Central staff had worked together in big functions, like registration, but we never spent much time together, day after day, in the same office. We used personality inventories to help us with this. We were spending time trying to iron out processes and personnel problems. We needed to know who we were dealing with.

Another part of team building for us was trying to figure out what direction we wanted to go in. We knew that we wanted to provide the best student service that we could, but we needed to know how to get there. Our first few meetings were spent brainstorming. We came up with lists of characteristics we thought would be very important. These became some of our values. We used the Interrelationship Digraph, taught by GOAL/QPC, to list our top 10 values and figure out which ones drove others (see Figure 5). For example, value and respect for the individual drove trust, honesty, and patience. That was the basis for everything else we valued. So that became a large part of our mission statement, based on our belief in the value of the individual.

We also formed the customer commitment based on values that we felt were important (Figure 6). Along with the values we also thought it would be important to keep an eye on concerns as they came up, and we kept a list of things we needed to pay attention to. Some of these things had to do with a lack of communication. That happens everywhere, whether it’s at home, at the office, among friends.
Other concerns were ones that were identified after an experience with someone, or from a conversation. One example of that was what we called “the hot shot mentality.” Our Administration was going to spend time, energy and money on us. There were offices all across campus who did not get such special treatment. Maybe they had been wanting a new computer for awhile, or a new staff person, or a new desk, and they hadn’t received it as immediately as we seemed to. So we knew that we needed to downplay ourselves, because we didn’t want to come across like “the hot shots.”

Another concern was home office negativity. These offices had just lost one whole person, which meant reassignment of work, transitioning, figuring out what the next step was. We knew that we had to be as helpful as possible with them.
By using our list of concerns, along with our values, we put together ground rules (see Figure 7). When we're not sure of what direction we're going in, how we need to respond to a certain situation, we think about these ground rules, and they're very helpful. We also used the operational matrix (Figure 8), which is a fabulous tool. You don't use it only if you're reengineering, but any time you want to make sure things don't slip through the cracks.

This operational guideline was formed during our first few meetings. First, we thought about everything that needed to be done to keep the office running once we got it going. Then our staff members expressed a definite interest or disinterest in these processes. From that we found primary and secondary responsibility and support roles.

**Figure 7. Ground Rules**

1. Don't be bound by the handbook.
2. Don't take conflict personally.
3. Take problems directly to the source.
4. Be on time.
5. Customers in person come first, then phone customers.
6. All customers are important, but external customers come first.
7. Be flexible, but don't take advantage of coworkers.
8. Don't assume the worst or look for reasons to be upset.
9. Keep current with our work.
10. Overcommunicate.
11. Actively participate in the Belmont community.
12. Be proactive.
13. Just do it!

Deciding a direction to go in, learning to work as a team, getting organized, were all very important. Another crucial part of putting back together the pieces that we just blew apart was learning how to do the job. We had all come from at least one student service area, so we had one area of expertise. Now we needed at least four others. This meant much time spent submerged in processes that we were totally unfamiliar with, or mostly unfamiliar with. It was a time when we felt a little overwhelmed and confused, but also challenged. The average Belmont Central staff person spent about 80 hours in training, and this happened all at once.
We had all of our home offices put together a matrix of processes they definitely wanted to move to Belmont Central. We studied this to make sure we could do everything, and then we started the training. It went well for the most part, except for the fact that we were still feeling pulled in two directions. In the home offices work was piling up on our desks, and we needed to help with that. We also needed to train, to learn how to do the new job. For the most part, the home offices had planned for this.

Susan Terry:
Belmont has used the steps of activating, analyzing, annihilating, and assimilating to come up with an innovative way to provide students service. When students walk through the door at Belmont Central, they’re going to walk into an atmosphere that is

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**Figure 8. The operational guideline matrix, showing tasks, priorities and ownership by staff members**

<table>
<thead>
<tr>
<th>TASKS</th>
<th>Staff Member</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S.B.</td>
</tr>
<tr>
<td>Equipment/Supplies</td>
<td>△</td>
</tr>
<tr>
<td>Social/Interpersonal</td>
<td>×</td>
</tr>
<tr>
<td>Publicity/Communication</td>
<td>○</td>
</tr>
<tr>
<td>Student Input</td>
<td>○</td>
</tr>
<tr>
<td>Operating Budget</td>
<td>△</td>
</tr>
<tr>
<td>Scheduling</td>
<td>△</td>
</tr>
<tr>
<td>Staff Meetings</td>
<td>×</td>
</tr>
<tr>
<td>Student Workers</td>
<td>△</td>
</tr>
<tr>
<td>Professional Development</td>
<td>○</td>
</tr>
</tbody>
</table>

- × Primary responsibility
- ○ Secondary responsibility
- △ Support role
modern and convenient, yet warm and inviting. That student will be greeted by professional staff whose goal is to provide that student with unparalleled service. It was interesting the first couple of weeks that Belmont Central was open to see the reactions on the students faces as they came in the door. Their comments ranged from “Wow! Look what you have done in a few weeks!” to “Excuse me, but is this still the records office?” because we are located in what used to be part of the records office. However, once students became more familiar with the services that we offer, we found that they were amazed and pleased at the convenience we were providing. After all, with one stop at Belmont Central, a student can apply for financial aid, pay on an account, request a transcript, or maybe just get some general information or have some questions answered. Students also like having the flexibility to access their own account information.

I’ll give you a real life scenario of past versus present using Belmont’s withdrawal policy. Let’s say that Mary Jones was a student at Belmont a year ago and one afternoon she received a call from her mother: “Mary, I’m sorry, I know that you’re having a wonderful experience at Belmont and enjoying your classes, but I’m very sorry, your grandfather is very ill and you’re going to have to come home, we need you here.”

Obviously Mary is going to be very upset at the news she has just received, and knows that she will need to withdraw from Belmont for the semester. The following morning she would make a trip to the records office, explain her situation and her need for withdrawing. She would then be handed a form and told to explain at the top of the form her reason for needing to withdraw. Then she’d be instructed to trek across campus to obtain a series of signatures that are required for her withdrawal to be complete. Obviously this doesn’t sit well with Mary. She’s already quite upset about the situation in her family. All she wants to do is get in her car and be on her way home. But she needs to withdraw. She goes about obtaining these signatures, returns to the records office with the form completed a couple of hours later. She has been withdrawn from her classes and sent on her way.

However, Mary feels that she has been hassled and inconvenienced, and she’s probably pretty upset about this atrocious process. So chances of Mary returning to Belmont when her family situation has been resolved are going to be lowered, because her last impression of Belmont is not a favorable one. She doesn’t feel like she has been cared for.

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Let’s now consider how a similar situation would be handled a year later. Suppose Suzy Smith walks up to the Belmont Central counter, and she has received a similar call from her mother, and it is necessary for Suzy to withdraw. She comes into Belmont Central, perhaps she’s in tears, and she’s met by a caring professional who is very willing to take the time to listen to Suzy’s situation if she wants to talk about it. She
is then advised how the withdrawal will affect her financial status, and withdrawn from her classes. Suzy's experience is quite a bit different from Mary's because it only takes about 15 minutes, she has been able to express her situation and has been heard by a sympathetic ear. She's sent on her way much happier with Belmont and the experience that she's had, because she feels that she has been cared for, she has been listened to, and her needs have been met. The chances of Suzy returning to Belmont when her family situation is resolved are much greater.

We also keep track of our customers daily, because as with any reengineering project, it's always important to collect data to be able to continue to improve on the changes that you've made. Any time you restructure or go through any radical new process like this, there will always be a handful of skeptics who will want you to prove your effectiveness before they're ready to buy into your concept completely. We believe in the value of the individual, and because of that, we're going to provide students with unparalleled student service. It is therefore very important to us that Belmont Central should continue to get student input and feedback as to how we're doing. We conducted a random telephone survey of resident students about a month after registration was completed. We asked the students to rate us on accuracy, friendliness, and efficiency, and how well they felt we were living up to our mission statement. The scale we asked them to use was 1 to 5, 1 being poor, and 5 being excellent. We were very pleased with the results of the survey because the students gave us a rating of 4.5 or better on each of the categories. While we know that we're not perfect yet, and still have improvements to make, this was encouraging because we know we are achieving our goal.

When an organization undergoes any reengineering process, there will be barriers to encounter (see Figure 9). A major one will be communication problems, which could possibly arise from another barrier of expectations. Regardless of how well you inform everyone in your university or your company about the new concept being implemented, everyone will have their own ideas about what that's going to look like and how it's going to affect them. Another barrier that you will probably encounter will be that of control issues. Everyone adjusts to change at his or her own pace. Some people

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**Example of how things are done now, continued**

Continuous feedback and improvement

Some barriers to success that were overcome

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**Figure 9. Barriers to Success**

- Expectations
- Communication challenges
- Home office possessiveness
- Lack of integrated database
- Technological barriers
Some barriers to success that were overcome, continued

like change and adapt to it quickly, while others resist it and are fearful of what those changes will bring. I must urge you not to become discouraged, because it is worth it. The successes that you will encounter along the way, as well as achieving your ultimate goal of increased customer satisfaction, make the entire project worthwhile.

Author information

Dr. Susan Hillenmeyer is the Vice President of Administration and Planning at Belmont University. She is very involved in adult learning and has taught and co-authored material in that field. She is an active consultant and speaker, and was named as a Malcolm Baldrige National Quality Award Examiner. She is also vice-chair of the Governor’s Tennessee Quality Award Board of Directors.

Martha Kelley is Director of Quality Systems at Belmont. She is involved in developing the university’s emphasis on stakeholder relationship management, and maintains the quality research function. She has presented numerous sessions on creating feedback systems in colleges and universities, and serves as a consultant to facilitators and team leaders on campus. She also develops and teaches teamwork and process improvement courses to staff members.

Susan Terry serves as a liaison with Belmont Central and the home office Advisory Board. She is a member of the student services streamlining team and a contributor to the university recommendation manual. She has created and presented sessions on adapting corporate customer service principles to university enrollment services.

Audra van der Vlugt is active in many cross-functional campus teams and is president of the Belmont staff affairs team. She is also a member of the student services streamlining team and a contributor to the university recommendation manual. She has created and presented sessions on adapting corporate customer service principles to university enrollment services.
Introduction

In January 1992, the Board of Directors and Senior Management Staff of Trinity Regional Hospital announced the beginning of a major new project called Patient Focused Care. This was a restructuring and Reengineering project with a purpose to: (1) examine the ways in which service was provided to patients, and (2) make recommendations on improving the organizational and functional relationships between departments and services within the organization, in order to provide patient care that is ultimately viewed as seamless by the patient.

Trinity Hospital: An overview

The hospital itself consists of a 200 bed campus with 75 active staff positions, and 1200 employees within the entire corporate system. It is a secondary level hospital, so things like open heart surgery or neurosurgery are not performed. This facility serves a very rural part of the country, with a population base of about 250,000 people in the service area. There is no other hospital in the area, so we have something of a monopoly in Fort Dodge.

Reasons for reengineering

At the time we first considered reorganizing, it seemed that just about every business and industry, including the health care sector, was looking to reengineer in some way. Even though there was not a lot of experience with reengineering in the industry, we made a decision to get out in front of that curve because we believed it offered great possibilities. It turns out we were right.

Patient Focused Care: Establishing a new organization

We began the process of instituting Patient Focused Care (see Figure 1) by establishing a Steering Committee (consisting of administrative staff) and a Design Team (middle management staff from all disciplines). Our organization also began to work with an Atlanta consulting group, the Patient Focused Care Association, in completing an Applicability Assessment. The purpose of this assessment was to determine the appropriateness of applying all the concepts of Patient Focused Care to our...
hospital (Figure 2). In addition, the consulting group assisted us in visioning and operationalizing those concepts, resulting in dramatic differences in how we are organized as caregivers, how relationships between departments have changed, and how we have improved patient care processes hospital-wide.
Figure 2. The Applicability Assessment: Determining the Appropriateness of Five Concepts of Patient Focused Care

The Applicability Assessment consisted of studying five components that would be influenced by the Patient Focused Care concepts (see Figure 2). Compartmentalization refers to how much structure existed that kept people from communicating with each other. Process Intensity refers to our analysis of various processes and our potential to integrate or streamline them. Caregiver Value-Added refers to how much time our caregivers were actually spending on direct patient care, as opposed to doing paperwork, for example. Patient’s Perspective refers to a very important component: How many faces a patient would see, how long an average visit would last, and their overall satisfaction with the care provided. Lastly, the Physician’s Perspective refers specifically to the ability of a physician to get their work done while dealing with pharmacists, radiology labs and nursing staff.

The process of restructuring and reengineering the organization began when the Applicability Assessment was completed. The findings of this study were as follows:

- Communications between departments and caregivers revealed a highly compartmentalized organization.
- The simplest, most routine patient care processes contained multiple steps, but few steps actually related to the medical, technical or clinical care of the patient. The remaining steps were related to scheduling, coordinating and transporting the patient to finish the process.
- Less than half of the caregiver’s time was being spent in direct patient care. A significant amount of time was being spent in documentation, scheduling, coordinat-
Figure 3. Findings from the Applicability Assessment

**Seasonality of Inpatient Days**

- **Patient Days Thousands**
- **X-axis**: July to June

**Nursing Unit Volatility**

- ALL NURSING UNITS
- **Y-axis**: Frequency of occurrence (%)
- **X-axis**: Average Daily Census

**Weekend Changes in Patient/Service**

<table>
<thead>
<tr>
<th>DEMAND</th>
<th>EMERGENCY ROOM VISITS</th>
<th>INPATIENT CENSUS</th>
<th>ANCILLARY PROCEDURE VOLUME*</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEEKDAY</td>
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<td>98</td>
<td>?</td>
</tr>
<tr>
<td>WEEKEND</td>
<td>48</td>
<td>95</td>
<td>?</td>
</tr>
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<td>% CHANGE</td>
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<td>-3%</td>
<td>?</td>
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</table>

<table>
<thead>
<tr>
<th>SUPPLY**</th>
<th>EMERGENCY ROOM STAFF</th>
<th>INPATIENT STAFF</th>
<th>ANCILLARY STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEEKDAY</td>
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<td>112</td>
<td>51</td>
</tr>
<tr>
<td>WEEKEND</td>
<td>9</td>
<td>104</td>
<td>20</td>
</tr>
<tr>
<td>% CHANGE</td>
<td>0%</td>
<td>-7%</td>
<td>-61%</td>
</tr>
</tbody>
</table>

*ANCILLARY INCLUDES LAB, PHYSICAL THERAPY, RADIOLOGY, AND PHARMACY
**STAFFING DOES NOT INCLUDE MANAGEMENT OR CLERICAL RESPONSIBILITIES
Results of the Applicability Assessment

ing and completing system-imposed tasks associated with accessing supplies and care for patients not provided within the department.

- Continuity of caregiver assignment was not given priority in daily operations. In a study sample, a patient with an average length of stay of three days saw 48 caregivers.
- Physicians perceived many opportunities to improve turnaround times for Laboratory, Radiology, and Pharmacy services, and most commonly, were concerned about the lack of availability of a caregiver who was familiar with their patient when the physician was making rounds.

Figure 3, on the previous page, shows some of the assessment findings in a graphic format.

More findings from the Applicability Assessment

Highlights of the findings from the Applicability Assessment in Figure 3 are:

- In studying the seasonality of inpatient days, we observed very flat census lines when aggregating the hospital-wide census over the course of three years.
- Within the nursing units, we noted extreme volatility and recognized the challenge placed before each and every caregiver unit in managing staffing and census volatility.
- When studying weekend changes in patient service and the subsequent matching of supply with demand, we found many opportunities. Most significantly we noted the drop in supply of ancillary staffing by Laboratory, Physical Therapy, Radiology and Pharmacy on weekends during the same time that Emergency Room (E.R.) visits increased 35 percent and inpatient census was relatively stable.

Creating a Vision, aligning services

After analyzing the Applicability Assessment, the Design Team created a Vision for improving the provision of patient care. We wanted to align departments and services organizationally with caregivers and patients in need of the respective service. As each patient type was studied, five “operating levers” were determined: schedulability, predictability, length of stay, nursing care needs, and ancillary service consumption (Figure 4). Therefore, the Design Team recommended we align services by consumption patterns with patient types, in order to improve the organizational and functional relations within the hospital.

Creating the three Care Centers

As the process of creating Care Centers began to evolve, Care Center Administrators were selected. The Steering Committee established organizational goals and indicators in the areas of economics, service, quality, and environment. Three Care Centers (see Figure 5) were created based on an analysis of patient types cared for at Trinity and their common “operating levers.” They are:

- **Care Center 1: The Family Care Center**
  - **Patient type:** Obstetrics, pediatrics, psychiatric.
Creating the three Care Centers, continued

- Operating levers: Low schedulability, low predictability, low ancillary consumption.

- Care Center 2: The Surgery Center
  Patient type: Surgery, recovery room, anesthesia, radiology, laboratory, physical and occupational therapy.
  Operating levers: High schedulability, high predictability, high consumption of routine ancillary services.

- Care Center 3: The Medicine Center
  Patient type: Emergency department, inpatient medicine care, pharmacy.
  Operating levers: Low schedulability, moderate predictability, high consumption of routine and non-routine ancillary services, high need for information turnaround.

Figure 4. The Patient Focused Care Design Process
Figure 5. Two Organizational Charts: Before and After Reengineering

(A) Old Organizational Chart

<table>
<thead>
<tr>
<th>Function</th>
<th>Old Organization</th>
<th>New Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Admitting</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Business Office</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Data Processing</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Medical Records</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Personnel</td>
<td>Centralized</td>
<td>Centralized</td>
</tr>
<tr>
<td>Chaplaincy</td>
<td>Centralized</td>
<td>Centralized</td>
</tr>
<tr>
<td>Laundry</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Grounds</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>BioMed</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Safety/Security</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Communications</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Quality Systems</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Staff Development</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Nutritional Services</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Social Services</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Volunteers</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Community Relations</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>Wellness</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
<tr>
<td>60+</td>
<td>Centralized</td>
<td>Integrated</td>
</tr>
</tbody>
</table>
The Steering Committee also recommended a care delivery system that utilizes a multidisciplinary care team. The goals of a multidisciplinary care team include:

- Reducing compartmentalization, thereby improving the communication and cooperation between traditionally specialized caregivers.
- Improving the continuity of caregiver assignment to each patient.
- Improving the utilization of all staff.
- Reducing the lengths of patients’ stays and general costs.

With the decentralization of nursing in our Care Center environment, the Chief Nurse Executive assumed an even more important and significant role. The Professional Nursing Governance Model was established to assure that nursing care and practice would remain consistent across all areas within the organization. The model included a committee that addresses Nursing Education, Nursing Standards, Nursing Quality and External Regulatory issues. The Chief Nurse Executive is accountable for the administration of the Nursing Governance Model. Since professional services are decentralized into the Care Centers and Care Teams, a similar model for governance has been established.

While the process of organizational restructuring and reengineering is an evolving one, it is clear that traditional departmental walls are being taken down and
Reengineering: an overview of the ongoing process, continued

new lines of communication are being established between ancillary service and nursing personnel. As a result, there have been significant changes and improvements in the processes of patient care.

We realized that although ancillary services are aligned with a respective Care Center (i.e., Laboratory with Surgery Care Center) the services may be consumed by patients from another Care Center. Therefore, we believe that if processes can be improved where the majority of the service is consumed, the benefits will rollover into the other two Care Centers. Regularly scheduled Care Center meetings include that particular center’s administrator, their respective department managers, and representatives of all the ancillary services, in order to improve and clarify functional relations. This cross representation at the Care Center meetings is an important component in our efforts to improve the provision of care at Trinity.

As each Care Center meets to identify opportunities for improving patient care processes, some method is needed for determining the prioritization of and allocation of hospital resources to these activities. The Steering Committee agreed on criteria that would serve organization-wide goals. In the event of conflict between Care Centers regarding resource requests, the Patient Focused Care Steering Committee serves as the forum for resolving those issues.

Ultimate benefits of restructuring and reengineering

The process of restructuring and reengineering our hospital through Patient Focused Care has improved Trinity’s ability to provide a more efficient, patient-centered type of care. A pharmacist has been moved out to each Care Center, supporting the work of physicians and nurses, and attending to patients’ needs. Staffing of the emergency room has been adjusted to meet our patients’ demand for care, which is particularly high on weekends. Continuity of care has been improved dramatically, especially in Care Center 3, so that the number of caregivers per patient has been greatly reduced. The patients are no longer seeing a dizzying number of faces when they come in. Preadmission testing and registration has been decentralized, so that patients are served by one or two caregivers, instead of five or six, prior to surgery. Departments have been consolidated and responsibilities have been combined. Each Care Center has a Quality leader, to put those ideas at the forefront of everyone’s minds. A case manager model has been implemented, and we have seen better quality and a stronger team concept.

Evaluation and some results

There have been some significant, positive results in patient satisfaction, physician satisfaction and saving money at the same time. Evaluation of this process for providing care is conducted on an ongoing basis by the Steering Committee, with quarterly updates given to the Board of Directors to assess the appropriateness of this strategy. Relative to before the restructuring began, patient satisfaction has not changed significantly. There have been high marks in some areas, but since so much has changed,
and the process is still ongoing, it is difficult to assess their responses. Physician satisfac-
tion has improved dramatically, since their access to information, services and assistance
is much better. Financially, we are seeing some savings, but more importantly, there has
been a real cultural change that will benefit everyone in the future.

Lessons learned

We have learned many lessons during this process.
• Resistance to change is alive and well. The solution to that is communication. We
have tried to communicate with our employees as much as possible so that they know
what we are doing and where we are headed.
• You must have everyone involved, and you must make things relevant to your staff.
For example, our physicians did not get fully involved until they realized that the
changes would affect how they dealt with patients and the rest of the staff. Then they
decided to make it work.
• Teams are powerful. You need to listen to what your employees have to say.
• Leadership skills are critical. They are also everywhere; in various meetings and
situations, different people emerged as leaders. That has been one of the great
rewards of this process.
• Executive buy-in is essential. You must have the CEO directly involved with every
aspect of a reengineering effort for it to work.

Author information

Tom Tibbitts and Susan Thompson are both from Trinity Regional Medical Center
in Fort Dodge, Iowa.

Tom Tibbitts is president and CEO of Trinity Health Systems, within which there
are seven subsidiary corporations including Trinity Regional Hospital. His positions at
Trinity Regional have included Associate Director, Executive Vice President, and President.
He's very active in his community serving on many boards of directors in a variety of profes-
sional and community organizations and activities.

Susan Thompson coordinates all the hospital-wide activities that are related to
patient focus care at Trinity Regional Hospital. She's also responsible for administration
direction to the Quality Systems and Staff Development Departments. She's involved in
several associations whose membership include Quality Assurance and Nurse Professionals.
Susan received her B.S.N. degree from Bishop Clarkson College of Nursing in 1991 and
became a certified professional in Health Care Quality.
Leadership for the Development of Company-wide Creativity
A theoretical and practical framework

Dr. Helmut Schlicksupp, Innovationsberatung, Heidelberg, Germany

Experience shows that innovation and creativity does not develop by itself in organizations. It has to be nurtured with suitable methods and attitudes. To facilitate this is a major obligation of leaders, especially at the middle levels where there is direct contact with those professionals whose creative minds should bring forth new and improved concepts for products, processes and procedures.

Managers typically have reached their positions by demonstrating excellent professional or technical knowledge. They may be distinguished planners, organizers and controllers. But in a modern organization, those attributes represent a hidden deficiency, a fatal flaw: They are not able to lead.

The ability to lead, in this context, centers around what it takes to make an organization innovative, fresh and alive. In today's world, an effective organization needs people in the middle and upper management ranks who are an exchanging, interrelating catalyst, a mentor, a process-helper, who brings out the often latent creativity in people in a way that results in spirited and enthusiastic service. Unfortunately, the art of leadership that is practiced in too many cases, produces results that are contrary to what is really desired. Studies regularly show that employees' lack of engagement is essentially a result of inappropriate leadership behavior, probably motivated by good intentions, but which nevertheless, sours or aggravates more than it delights.

A few years ago, I conducted a study within three large companies in Germany (chemicals, vehicle parts, and energy supply) to investigate the influence of leaders upon the development of creativity. The target group had been highly qualified professionals, most of them university graduates, engaged with tasks of basic importance for innovation—research, development, process-engineering, and marketing. The findings give little cause for optimism: Only 10% of the workers said their superiors were supportive of their creativity, whereas nearly half (about 45%) felt that there was a significant blocking of creativity by their leaders (see Figures 1 and 2).

The recurrent reference to this kind of behavior suggests the following conclusion: The contemporary mechanisms of corporate advancement place people in leadership positions who are more robust at holding their own against others. On the other hand, people with more attuned sensitivity, empathy for creative individuals and processes, and with a higher ability to integrate—attributes that are absolutely essential for innovation and creativity development—appear to be placed in management positions infrequently.
Management paradigms block creativity and innovation, continued

It makes a considerable difference if you want people to perform physical or mental activities. To succeed in influencing an employee to perform some physical activity only requires a power over by the superior, and a dependency of the subordinate. But creativity, like the phenomenon of love, cannot be evoked by force. So, if one intends to lead people to perform highly expressed creativity, a commitment to productive attitudes and insights is needed. Here are seven:

- A position of leadership must be understood as an expanded responsibility to serve other people, values and goals, and not as a platform for self-glorification.

Figure 1.
Effects of Leadership Behavior on the Creativity of Employees

<table>
<thead>
<tr>
<th>Leaders foster creativity?</th>
<th>Poorly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellently</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>20</td>
<td>34</td>
</tr>
<tr>
<td>1.3%</td>
<td>8.9%</td>
</tr>
<tr>
<td>25.3%</td>
<td>43%</td>
</tr>
<tr>
<td>21.5%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

(79 answers)

Figure 2.
Leadership Behavior that Effectively De-motivates Creativity at Work

- The expression of power and authority
- Self-glorification, arrogance and ego-insistence
- Know-it-all, better-than-you manner, and patronizing
- Predetermination of results
- Unbalanced criticism (more rebuffs than approvals)
- Coolness, distance and impersonal relationships
- Disinterest to and unconcern about persons and their ideas
- Want to do important, interesting and pleasant things themselves.
Needed attitudes and insights, continued

\[ \sum \] Creativity emerges from the spiritual interior of the individual, and this interior can only be unlocked by openness, trust, and an honest readiness to help and to respond to feelings. We have to like those people with whom we cooperate as well as ourselves.

\[ \Pi \] Acknowledge and always be conscious of the paramount importance of thinking. Thinking is by far the most productive kind of all potential doing. Nowhere is the correlation between yield and spending of comparable value.

\[ \pi \] Keep in mind that innovation and creativity are never-ending challenges that we should meet daily, on all fields, no matter how big or small they are.

\[ \int \] Be open-minded towards the new, independent from its contents or moments.

\[ \Theta \] Be ready to let go and to forgo. Like the old Asian wisdom says, those who would lead others should learn to walk behind them. One should keep in mind all of the symbolic meanings of this proverb.

\[ \omicron \] There is a need for profound knowledge and understanding about creativity—about the specifics and peculiarities of creative thinking and problem solving processes. In order to venture successfully into programs for fostering and developing creativity, one has to possess a clear awareness about the multitude of influencing factors, and especially about those operations and mechanisms that the creative mind applies to its conscious and subconscious levels.

Core topics in development of company-wide creativity

To encompass, at least roughly, the extraordinary complexity of all the affects upon creative achievements, we have found the following characteristics to be valid:

\[ \alpha \] The successful performance of any mental or physical work depends on the following three elementary prerequisites:

a. **Desire** to reach the goal set forth.

b. **Freedom** to act.

c. **Capability** to cope with the respective material.

Desire, freedom and capability are dimensions of performance. As soon as even one of these dimensions is impaired, reaching the goal is in danger.

\[ \sum \] Factors influencing creativity in people have their origins:

a. **Internally**, e.g., one's paradigms, attitudes, abilities, etc.

b. **Externally**, e.g., laws, culture, customs, availability of resources, etc.

\[ \Pi \] Some influencing factors are blocking factors and have a negative effect, analogous to the brakes on a car. These influences have to be completely avoided or diminished.

\[ \pi \] Other factors are enhancing factors, which directly encourage the generation of good results. For creativity to develop, these power factors have to be strengthened, or brought into the situation if absent.
In summary, out of the dimensions of performance (desire, freedom, and capability), the two types of influencing factors (inside and outside) and their direction of influence (blocking or enforcing), we can now build a matrix (Figure 3) which, in principle, comprises all potential fields available for company measures to foster creativity. In fact, each field contains such a multiform complexity, that any thorough investigation of the matrix could easily fill a voluminous book. For reasons of time and space, however, I will confine further descriptions to the core topics of the matrix (Figure 3) cells. These represent the probably most important tasks and problems in the context of leadership and other organizational measures aimed at creativity development. It is important to understand, however, that these core topics can only be crudely outlined here: All organizations are unique and it is not possible to present a single detailed prescriptive method for the development of creativity that is applicable to each and every organization.

![Figure 3. Twelve Core Topics of Company-wide Creativity Development](image)

<table>
<thead>
<tr>
<th>Dimensions of Performance</th>
<th>Influencing factors from Outside</th>
<th>Influencing factors from Inside</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Remove Blockages</td>
<td>Enhance Capabilities</td>
</tr>
<tr>
<td>Desire</td>
<td>&quot;1&quot; Avoid rejections and refusals</td>
<td>&quot;2&quot; Provide incentives</td>
</tr>
<tr>
<td>Freedom</td>
<td>&quot;5&quot; Change structures and processes</td>
<td>&quot;6&quot; Enforce and enlarge competence</td>
</tr>
<tr>
<td>Capability</td>
<td>&quot;9&quot; Eliminate disruptions and stress factors</td>
<td>&quot;10&quot; Expand availabilities</td>
</tr>
</tbody>
</table>

First dimension of performance: The desire to do

This dimension includes all matters of motivation to creativity, determining the level of engagement and extent of participation in creative efforts that a person is willing to engage in. The special importance of desire to do for the initiation and power of creative processes is self-evident and has no need of further justification.

Core-topic 1: Avoid rejections and refusals

People tend to withdraw from situations in which they feel themselves to be in disharmony with their personal needs, values or beliefs. Such disharmonies, for example,
Exist in inadequate social manners, personal antipathies, in feeling underestimated as an individual, in being criticized, in social isolation, in a climate of coolness, or when demands are carried too far.

**Core-topic 2: Provide incentives**

The issues and questions here are about our longing for harmony—what are the preferences and options for environments and opportunities. Answers are likely to include an open, easy, relaxed and trustful togetherness; humor; mutual appreciation; a broad range of choices for one's own activities; recognition; opportunities to promote; and an income appropriate to one's efforts. In regards to this last point, it is important to note that an attempt to kindle creativity with money alone illustrates a leader's lack of imagination, or an insufficient understanding about the deeper drives of creativity.

**Core-topic 3: Stimulate interest**

Many people give up a considerable part of their creativity because they are satisfied with their results, their predilections are outside the job, they believe they are a small and unimportant part of a big organization, or because they are afraid of personal loss when making mistakes. Such people tend to build a rather pessimistic view of the world and miss the fascination that life and its challenges can offer.

**Core-topic 4: Build ideas and values**

The principle of resonance response—the law of harmony teaches us that we tend to address those things which are comfortable (as kinds of patterns or structures) within ourselves. And the higher those internal structures are valued, the more powerfully they strive for fulfillment. The creative fire is fed from those ideals, beliefs and values we hold most highly. Although people create their accepted ideals and values internally, the process of building values can be influenced through dialogue.

“\( \text{“I am free to do it!” is an essential belief needed to bring desire into action.} \)

Freedom comprises those inner and outer spaces a person feels allowed to enter, and within which one permits one's creativity to develop and emerge.

**Core-topic 5: Change structures and processes**

Creative activities in companies are predominantly rather restrictive, determined through limited scopes of tasks, rules for cooperation, prescriptions on how to do work, standards for results to be achieved, fixed target dates, as well as formal and informal etiquette, conventions and codices. On one hand, orders secure stability and continuity, but on the other hand they inevitably restrain flexibility and change. The challenge...
Second dimension of performance: Freedom to do, continued

Core-topic 6: Enforce and enlarge competence

The need is to widen the spaces of freedom, meaning the delegation of competencies and responsibilities in such a way that a maximum of creative performance can develop. This has to be done carefully, so that necessary coordination is not impaired or that overall company goals get lost, or the work becomes invisible to the more autonomous units. The dilemma of designing organizational structures consists in autonomy versus togetherness, and can only be resolved through a highly developed consciousness of the need for mutual cooperation.

Core-topic 7: Elucidate opportunities and possibilities

Sometimes we may confine creativity through negative views and attitudes. Often it is judgment and prejudice which lets us assume that things are impossible or unreachable, and makes us blind to an abundance of solutions open to us. In such cases we need help to become aware of the rich diversity of potential solutions available, and to overcome one-sided perceptions. We must get out of personal insecurities, get free from fears of making errors or being refused and, sometimes, we must be encouraged to give up self-effacing behavior.

Core-topic 8: Strengthen self-confidence

Self-confidence grows out of a conviction that one is able to perform well and produce good results. It is the recognition of one’s own power (without being overbearing or arrogant) to cope with the adventures and adversities of life. Experience shows that people who believe that they can influence a situation, if only they try hard, will hold out longer than others and won’t give up easily when confronted with obstacles. Self-confidence is nurtured when we appreciate the benefits of small steps and results, and if we stay relaxed, even if a situation presents pressures in terms of time and quality.

Third dimension of performance: Capability to do

This dimension contains all expertise, methodologies, means, and abilities required for the solving of problems and the generation of creative results. Whereas in our companies most of the efforts to support creative efficiency are based on technical devices and all other kinds of equipment, the mental operations of creative processes themselves are still widely neglected.

Core-topic 9: Eliminate disruptions and stress factors

Obviously, physical conditions can be detrimental to creativity: noise, tempora-
tire, closedness, overstraining and poor health. Psychological factors may do the same: grieving, interpersonal conflicts, or immoderate pressure of time and prescribed results. Furthermore, our creative capability will be diminished by the pre-designation of unsuitable tools and methods, by cutting off knowledge and information, or by the simple fact that the wrong person was placed in the wrong position.

Core-topic 10: Expand availability

Although our own mind is the most important tool for generating creative results, the availability of certain resources—materials, tools, time, access to knowledge and other people—is invaluable. Therefore this core-topic suggests the need to be able to access different kinds of resources: networks of information and communication, teamwork, relationships within and outside the company, and to further education.

Core-topic 11: Remove restricting beliefs

Any confined beliefs about our own abilities will hamper creativity. Unfortunately such confinements are typical and over time they become the hardened paradigms through which we view ourselves and the world. This may be the result, for example, of general theories and doctrines learned during our education, or through conditioning that led us to consider ourselves as someone of minor capability and discourages us to think about problems outside our own fields. In a most unfortunate way many people are ready to accept a muzzling belief that they are intellectually restricted to their own small fields, and possess only moderate means whenever other matters are raised.

Core-topic 12: Develop creative thinking

The world’s technological progress has been largely based on “natural laws” and the “scientific method,” which has favored a highly mechanistic manner of thinking. While this does have a certain practical logic, it is sometimes unjustly equated with intelligence. Success in technological progress has narrowed thinking and we have developed certain tendencies to grasp preferably “ready-made” patterns of thinking, which we then use kind of stereotypically. The operations that our original creative mind applies, in a seemingly playful “cooking” process, have been largely unlearned.

Because we prefer to look for ready-made solutions that can be applied in any situation, our introspective abilities, our skills in the procedures of creative thinking, has atrophied; we have effectively covered-up the doorway into the source of our own intuition and inspiration. There, where the root system of our creativity is, we do the least investigation and development.

There are, of course, methods to foster creativity (the most efficient probably being the Synectics approach popularized by William J. J. Gordon) that work to restimulate the natural dynamics of our creative mind, but they generally have not found high
Capability to do, continued

practical application. Most of the techniques currently in use, regrettably, provide limited help in developing the mental skills needed for fruitful and productive creativity.

Focus on leadership behavior

The twelve core-topics presented in this article represent a brief but fairly complete treatment of the problem areas related to corporate development of creativity. And, of course, the answers to any how do we do it questions you might have will be forthcoming only as a result of one's own thorough investigation. Many goals and objectives that evolve from such investigations will inevitably consist of organizational structures and institutions but others essentially must also address leadership behavior, including all of the problems that any intention to bring about behavioral change causes.

A healthy motivational factor is this: Gaining new insights is the most promising factor in leading people to want to change themselves. In a corporation, this requires a sense of urgency among leaders, that they must deepen their understanding about creative processes in order to recognize more clearly how their interactions and personality styles affect the creativity and productivity of themselves and their staff members. In this regard, I suggest a high priority be given to the core topics: 1, 4, 11 and 12.

Conclusion

The strengths of any company-wide development of creativity generally consists of those things that can be bought, equipped, provided or organized. Normally there is no lack of research devices, electronic networks, established teams, or processes of any kind. But the weaknesses are mental and spiritual quality. More precisely, they concern our readiness for devotion, for unselfish help, for setting back our egos; they concern friendliness and affection, conveyance of sincere values and convincing ideals, self-sacrificing support and stimulation, living as an example and not trying to gain one's own advantage at the expense of others.

As long as leaders are only focused on figures, results and status, they will be always in danger of retarding creativity rather than kindling it. As paradoxical as it may sound, a one-sided, narrow-minded and ambitious fixation on financial and commercial success will ultimately prevent the very success that is being pursued.

Author information

Dr. Helmut Schlicksupp, from Heidelberg, Germany, has been teaching and consulting in creative thinking, problem solving, innovation, and diversification since 1970, when he pioneered efforts in research, development and application of creativity and innovation technologies at the Frankfurt Battelle Institute. Since 1976, he has been an independent consultant and advisor in creative problem solving and the discovery of innovative products and services. His creativity workshops span all industries and levels of organizations.

Dr. Schlicksupp is the author of numerous publications, including The Creativity Workshop: Idea Generation, Problem Solving, and Innovation. He is also the co-developer of the innovation software, MORPHOS. Awards include “Paper of the Year Award” from R&D Management Journal, and German Marketing Association award.
Turning the Vision Into Reality Through Leadership

Anita Roddick, Founder & CEO, The Body Shop International, West Sussex, England

The Body Shop, a manufacturer and retailer of cosmetics and toiletries, began with a small store in Brighton, England in 1976, with 20 products in five different sizes. It now has 1,300 stores in 45 countries with over 450 products. Founder Anita Roddick tells her views about being in business:

To most of our staff, work is about a search for daily meaning as well as daily bread, for recognition as well as cash; and they want astonishment rather than torpor. Those in their 30s and 40s see the global stage as defined in power inherent in tax returns, miles of road, and barrels of oil. Younger people define it as the power inherent in dreams, definitely in the power of music, or at least an attempt to reach the human spirit. They have a secret ingredient, enthusiasm. Enthusiasm, created from the heart, sort of guides the whole system. There’s no resistance, everything flows, everything is possible.

Leaders in the world of business are the first true global citizens. Our decisions affect not just economies but societies, not just the direct concerns of business, but world poverty, problems like environmental issues, and of course, security. Business as I see it is now entering a central stage. It’s faster, it’s more creative, it operates more efficiently in change than any other organization or social institution that I’m aware of. And it is capable of almost anything. But if business comes with no moral code of behavior or sympathy, then God help us all.

Current economic indicators are totally inadequate for measuring real human development or the importance of the environment to our individually collective future. We need to measure ourselves against a different standard. We need to measure progress by human development, not necessarily by the Gross National Product.

There is a growing global acceptance of the belief in achieving productivity and growth through Total Quality Management, and many celebrate its spread. We hear much about the increased rates of growth and production, but little about stronger communities or healthier children. I hear much about the march of progress, but little about people and cultures who are trampled underfoot. I hear little about the totalitarian controls that breed secrecy, stress, and ultimately the breakdown of individuals and organizations, and nothing about productivity of the spirit.

Business is the place where we have our greatest contact with other human beings. It’s also in business that we expend our most creative energy, and where we form relationships that mostly control and shape our private lives. So my vision is simply this: Many business leaders will come to see the primary role of business settings as incubators for the human spirit rather than factories for the production of more material goods and services. I believe you can only get so much productivity out of reorganizations and systems and policies. But where you get productivity leaps, imagination leaps, and managers signing up for revolutionary thinking is when you reach the hearts and the minds of the people you work with.

Words like caring, cooperation and reverence may sound foreign, but I think they will provide the quality of a new economic agenda. Business can and must be a force for positive social change, and the social responsibility movement is growing everywhere. It’s at least looking at ways of doing business in a kinder, gentler way. It’s sharing best practices, it’s networking to find out the qualitative measurements of a business rather than just a quantitative measurement. Far more important than free trade, or total quality, is the freedom we have as business leaders to define and build a healthier and stronger world.
Bose Corporation, like other progressive manufacturers, had an open mind in 1980 when they heard Dr. Deming speak about managing for quality. Bose was no stranger to the world of quality products— their high fidelity speakers were selected by people who wanted the best. So their reaction to the stunning (and seemingly sudden) emergence of high quality high technology products was to investigate, learn and try out new programs that might help them improve their quality and competitiveness. They began to explore and dabble in a number of the elements that they learned about. This went on and on for several years. They would do things, see some marginal improvements, and then forget about them.

Mr. Greenblatt learned that these programs had become known within the company as the quality program du jour. The attitude of the workers was that every so often some executive was going to come in with a good idea to improve their work (but not management's), they will give us education materials and training. The workers would act enthusiastic and go along, but not get too serious about it because management will forget about it in a few months and everyone will go back to doing things the old way, until the next good idea was brought in. Mr. Greenblatt refers to this time as their bits and pieces period, when they would take bits and pieces of things in the hope that they would revolutionize the company. It wasn't working.

Then something happened that sent a shock wave through management— when a potential Japanese customer audited them and found 33 problems with their operations, they wanted Bose to license someone else manufacture the product. After discussion a consensus was reached: Bose would have six months to improve or they would let the product be made by a manufacturer of the customer's choosing. Bose went to work on the improvements the customer wanted. Mr. Greenblatt said, "We conducted this improvement program with an intensity that was unprecedented in our company. Our very future was at stake. We began to redesign our production areas so that they would have inherently better quality. We began to train our employees, and we retrained them over and over. We redesigned the product because most of the quality issues had to do with design, and we redesigned it again and again until we got it right." Six months later, much to the surprise of the Japanese customer, they achieved the levels of quality required and became a supplier.

But that wasn't the end of the quality journey. Bose managers visited Japan and toured several companies, only to be shocked again. Their vice president of manufacturing was astonished: "These factories are achieving levels of quality that we didn't even think were possible."

Mr. Greenblatt said that those experiences set them on a real and continuous road to quality. Then they experienced the revolutionary improvements they were hoping for in their bits and pieces period— reliability and quality levels of their products improved substantially, and costs came down, too.

Bose now has improvement activities widespread across the company. They are becoming a more efficient company and they are more attuned with things that their customers want. But it is hard work: Executive buy-in is difficult, support is tough to maintain, training is difficult to deliver at the right place and time, and it seems like there's an infinite amount of work to be done.

"This is truly a journey," Mr. Greenblatt concludes: "It is absolutely imperative that our corporation take this journey, but it's one that will never end. In our business, Total Quality isn't an option any more. It's a qualification to play."
EXECUTIVE SUMMARY

Strategic Planning and Customer Focus

Brian Jones, President, Nypro Clinton, a division of Nypro, Inc., Clinton, Massachusetts

Nypro Clinton, a custom injection molder of high precision plastic components, is the largest unit of Nypro, Inc., and the home of the corporate headquarters. Nypro’s total sales increased by nearly $50 million (24%) in FY1995 to a record level of $246,804,000. Consolidated sales were up 18%. Net income after taxes was up 22%. Fiscal year 1996 is projected at $305 million. Nypro has companies in 18 locations in the United States in strategic locations around the globe.

Mr. Jones says management is still the basic challenge of industrial success, and this article details the philosophy and practices used at Nypro. Here are some highlights:

- Many managers think that a return on investment analysis is the only way to operate a business. They are losing the potential return on the capability of their employees.
- Too often managers focus on entrepreneurship. They say that they’re interested in entrepreneurship, but their mechanisms of control and approval stultify creativity.
- In financial education, the quality/cost equilibrium model is still propagated: As quality improves, cost will decline until it reaches a point where higher quality costs more. This mentality is so ingrained in some people that they want to refocus assets when they get to a point of improvement. They preach continuous improvement, but their concentration shifts right before the improvement can really take effect. You will never have two billion parts without a reject with that management. A different approach is to look at the equation of how the company’s costs are allocated. For example, 80% of the manufacturing costs for quality are established in design, usually because the development process isn’t focused on hitting the target.
- I’ve never seen a company that over invested in training and development. It’s a problem for some companies because they can’t see it on the balance sheet—they almost view it as a liability. Maybe they should put it in that bottom section of the balance sheet. We want to have the disgusting popular accounting criticism that we spent too much on training and development. I hope I get accused of that sometime in my management career. We created the Nypro Institute. It offers a plastics technology degree without leaving the building, free to all the employees. Nypro offers an Associates degree in Management, a Certificate in Plastics Technology, a Masters degree in Plastics Engineering, and a Masters degree in Business Administration.
- Information is power, management controls the information, and managers don’t have enough time to do control or approval. If managers don’t give up information, they never empower a soul, and there is no self direction without total information. We created a reporting system called the Daily Report. It supports a new management system called open book management. A direct relationship exists between the level of information sharing and the levels of rapid change.
- Profit sharing is driven by a daily P&L report that goes to the floor. It gives every person in the company the daily P&L for every job and every machine and every person by shift. They control costs and they make it happen on the floor on a daily basis. That fuels profit sharing. To date we have handed out over $23 million in profit sharing.
- We created a World Management Forum where every senior manager of the company comes together and they share moments in time. We have a very decentralized entrepreneurial company, and as a result we can’t have rules and guidelines.
- I have found that in the last three years that I personally have been liberated. It’s a much better system of management.
Reengineering and Quality Improvement in Higher Education
Belmont University, Nashville, Tennessee

Dr. Susan Hillenmeyer, Vice President, Administration and Planning
Martha Kelley, Director of Quality Systems
Susan Terry, Coordinator
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Belmont University is a small, private institution, with six schools offering degrees in 50 major areas of study. Enrollment has grown to over 3,000 undergraduate and graduate students. The goal of maintaining and improving student-centered service has become increasingly challenging. Belmont University won the “Innovative Management Achievement” Award of the National Association of College and University Business Officers in 1994.

In the fall of 1994, Dr. William E. Troutt, president of the university, commissioned an improvement team consisting of those individuals who deal directly with the students. The team included people from the front-line staffs of the offices of Admissions, Student Affairs, Financial Aid and Student Accounts. An advisory council of managers of those offices was also created to provide guidance and input.

As they went about the task, they were acting on student information, streamlining their processes, and transforming both the physical and conceptual way they work. They looked at ways to consolidate student services and the structure of business offices. The initiative fundamentally changed the way people who serve students do their business at Belmont. The process yielded Belmont Central, a “one stop shopping” office for the business students do with the school.

Belmont University had been working in quality improvement for about six years. But if you came to the campus you would not hear about “TQM.” You would hear them talking about improvement and improvement knowledge.

A great deal of their initiatives have been around the work of teams, and most of the teamwork was within work groups. There are about 50 active teams working on process improvement, examining everything from improving a classroom with a student quality team, to how they actually do work in several of the offices.

They determined that the fundamental way that they served students was wrong. They wanted to do things differently for many reasons: Increasing tuition costs. Increasing student expectations. Larger and larger classes. Calls for accountability. They began to say, and their students began to say, “we must do our work in an entirely different way.”

A four step process was used in the Reengineering:

º Create and energize a team and stimulate people to look at and examine things.
º Make a careful analysis of what they’re doing. Try improvement ideas before attempting to reengineer a process.
º Annihilate what’s going on. Start with a blank sheet of paper and a creative mindset to fundamentally change the nature of the work in order to meet current needs.
º Assimilate the new processes and make it a usable system.

After it was done, they wanted to see how the the new Belmont Central was working. A random telephone survey of resident students was conducted about a month after registration was completed. The students rated them on accuracy, friendliness, efficiency, and how well they felt the administration was living up to their mission statement. The scale was 1 to 5, with 1 being poor, and 5 being excellent. Students gave them a rating of 4.5 or better on each of the categories. They know that they’re not perfect yet, and still have improvements to make, but this was encouraging because they know they are achieving their goal.
In January 1992, the Board of Directors and Senior Management Staff of Trinity Regional Hospital announced the beginning of a major new project called Patient Focused Care. This was a restructuring and Reengineering project with a purpose to: (1) examine the ways in which service was provided to patients, and (2) make recommendations on improving the organizational and functional relationships between departments and services within the organization, in order to provide patient care that is ultimately viewed as seamless by the patient.

The hospital consists of a 200 bed campus with 75 active staff positions, and 1200 employees within the entire corporate system. It is a secondary level hospital. This facility serves a very rural part of the country, with a population base of about 250,000 in the service area.

The process was begun by establishing two groups, a Steering Committee (consisting of administrative staff) and a Design Team (consisting of middle management from all disciplines), and conducting an organization assessment. After analyzing the assessment results, the Design Team created a Vision for improving the provision of patient care. They wanted to align departments and services organizationally with caregivers and patients in need of the respective service. As each patient type was studied, five “operating levers” were determined: schedulability, predictability, length of stay, nursing care needs, and ancillary service consumption. The Design Team recommended alignment of services by consumption patterns with patient types, in order to improve the organizational and functional relations within the hospital.

As the process of creating Care Centers began to evolve, Care Center Administrators were selected. The Steering Committee established organizational goals and indicators in the areas of economics, service, quality, and environment. Three Care Centers were created based on an analysis of patient types cared for at Trinity and their common “operating levers.” They are:

- **Care Center 1: The Family Care Center**
  - Operating levers: Low schedulability, low predictability, low ancillary consumption.

- **Care Center 2: The Surgery Center**
  - Operating levers: High schedulability, high predictability, high consumption of routine ancillary services.

- **Care Center 3: The Medicine Center**
  - Operating levers: Low schedulability, moderate predictability, high consumption of routine and non-routine ancillary services, high need for information turnaround.

The Steering Committee also recommended a care delivery system that utilizes a multidisciplinary care team. The goals of a multidisciplinary care team include:

- Reducing compartmentalization.
- Improving the continuity of caregiver assignment.
- Improving the utilization of all staff.
- Reducing the length of patients’ stays and general costs.

The Professional Nursing Governance Model was established to assure that nursing care and practice would remain consistent across all areas within the organization.

While the process of organizational restructuring and reengineering is an evolving one, it is clear that traditional departmental walls are being taken down and new lines of communication are being established between ancillary service and nursing personnel. As a result, there have been significant changes and improvements in the processes of patient care.
Leadership for the Development of Company-wide Creativity

Dr. Helmut Schlicksupp, Innovationsberatung, Heidelberg, Germany

Managers typically have reached their positions by demonstrating excellent professional or technical knowledge. They may be distinguished planners, organizers, and controllers. But in a modern organization, those attributes represent a hidden deficiency, a fatal flaw: They are not able to lead.

The ability to lead, in this context, centers around what it takes to make an organization innovative, fresh, and alive. An effective organization needs people in the middle and upper management ranks who are an exchanging, interrelating catalyst, a mentor, a process-helper, who brings out the often latent creativity in people in a way that results in spirited and enthusiastic service. Unfortunately, the art of leadership that is practiced in too many cases, produces results that are contrary to what is really desired. Studies regularly show that employees’ lack of engagement is essentially a result of inappropriate leadership behavior, probably motivated by good intentions, but which nevertheless, sours or aggravates more than it delights.

The author relates a study he conducted in three large companies in Germany (chemicals, vehicle parts, and energy supply) to investigate the influence of leaders upon the development of creativity. The target group was highly qualified professionals, most of them university graduates, engaged with tasks of basic importance for innovation—research, development, process-engineering, and marketing. The findings: Only 10% of the workers said their superiors were supportive of their creativity, whereas nearly half (about 45%) felt that there was a significant blocking of creativity by their leaders. He lists eight behaviors that undermine employee motivation, and seven attitudes that promote motivation.

Dr. Schlicksupp goes on to create a matrix of 12 core topics of company-wide creativity that center around three performance dimensions (desire, freedom, and capability) on one axis, with internal and external influence factors on the other axis. The author says the core-topics presented in this article represent a brief but fairly complete treatment of the problem areas related to corporate development of creativity. The topics include: avoid rejections and refusals, provide incentives, stimulate interest, build on ideas and values, change structures and processes, enforce and enlarge competencies, elucidate opportunities and possibilities, strengthen self-confidence, eliminate disruptions and stress factors, expand available resources, remove restricting beliefs, and develop creative thinking.

The strengths of any company-wide development of creativity generally consists of those things that can be bought, equipped, provided, or organized. Normally there is no lack of research devices, electronic networks, established teams, or processes of any kind. But the weaknesses are mental and spiritual quality. More precisely, they concern our readiness for devotion, for unselfish help, for setting back our egos; they concern friendliness and affection, conveyance of sincere values and convincing ideals, self-sacrificing support and stimulation, living as an example and not trying to gain one’s own advantage at the expense of others.

Getting to the bottom line, as long as leaders are only focused on figures, results and status, they will be always in danger of retarding creativity rather than kindling it. As paradoxical as it may sound, a one-sided, narrow-minded and ambitious fixation on financial and commercial success will ultimately prevent the very success that is being pursued.