Improving the way organizations run through participative planning and management.
The Right of Quality

What would happen if you made a choice to pause for a moment to think about economic, ecological, and human conditions in the world? What thoughts would appear in your mind? What feelings would you be aware of?

When I do that, my thoughts and feelings are fundamentally qualitative. They are thoughts and feelings about the quality of my experience in economic, ecological, and human relationships. In short, it’s about what I experience as quality of life in the world.

It’s also about the quality of life that I think I (and my family, friends, and colleagues) might experience in the future. This quality of life is, of course, created by me, and other human beings on the planet, based on our thought patterns about what we want, about what we think can or can’t be done, and what we think about how to do it.

The idea of quality, therefore, would appear to be a very important one for everyone, so it would probably make sense to be careful about how we think about it and about the language we use. For example, in the 1980s, the language used about quality in organizations was about product quality (or the lack of it) and about management quality.

For a brief period of time we saw programs and consultancies about total quality management (TQM) and continuous quality improvement (CQI). Then it was called a fad by some and discarded, and the word quality became a difficult word to use. So much “baggage” was piled on the word that people either couldn’t or wouldn’t “see it” anymore.

Of course, not seeing or believing in it didn’t change the fact that we were, nevertheless, creating the quality of life that we experienced. The fact that it was not seen may be because our vision of quality was too small. The definition was never big enough to encompass quality of life. Even though the work people were doing (or not doing) did affect everyone’s quality of life, few looked up to see what was happening in the world and then looked back to see what was causing it.

It seems to me that today we all would benefit from a redefinition of quality—one that is related to quality of life—and then develop ways to achieve it.

We might also ask ourselves if we think of quality as a right. On one hand, is creating quality the right thing to do? On the other hand, is quality a human right? Do we value quality? Do people have the right to expect quality? Do people have the right to create quality?

From a political perspective, the framers of the U.S. form of government thought of quality of life as a right, and they crafted a governance structure that gave citizens the “right to life, liberty, and the pursuit of happiness.” In other words, the intention of the creators of the U.S. system of governance was to empower the people with legal rights to create and continuously improve their quality of life. This right is not that of people having a right to a better quality of life being given to them, as in a dependency or parent-child relationship, but rather in having the liberty and freedom to participate in creating their individual and collective quality of life.

A UN publication estimates that the North American population was about two million in 1750, and the world population was about 791 million. In 1999, the North American population had grown to 307 million, and the world’s population had reached six billion.

With something over two million people in North America when the United States of America was created in 1776, the idea of “rugged individualism” was understandable. As the population grew in the mid-to-late 1800s, the modern corporation was created to produce the quantity of material goods that people wanted. Having more material goods enabled a big improvement in one’s quality of life.

Today, with so many more people in the U.S. and the world, the hardness of rugged individualism and the corporate imperative to produce more and maximize profits have to be tempered with new systems that facilitate a sense of community and cooperation in a triumvirate of economic, ecological, and human needs for sustainability and quality of life. Wouldn’t that be the right of quality?
Exceptional quality must always be the goal, writes Lloyd Trotter, President and CEO of GE Consumer & Industrial, in “The Competitive Advantage of Consumer Success.”

And GE has had a lot of success over the years. Created in 1892, GE is the only company listed in the Dow Jones Industrial Index that was also included in the original 1896 Index.

So, we may wonder, by what rite does GE achieve its goal of exceptional quality? Trotter says it’s by setting a focus on customer success, and then emphasizing three practices: speed, simplicity, and Six Sigma reliability.

The quality initiative has become one of the biggest ever embarked upon by a company. Lean manufacturing is one of our key initiatives in creating a customer-focused business. GE is committed to it, and we use Lean principles in the context of a larger, Six Sigma–driven enterprise.

We’re passionate about Six Sigma. We ask every salaried employee to take the training and earn the Green Belt. All of my company’s future leaders will be trained in Six Sigma. Our willingness to engage in this highly disciplined way of working is all about our having enormous passion for learning, and an insatiable thirst for change.

Today we have a culture in which 99% is simply not good enough. And the measure of success is what the customer thinks of it, not just what we think of it.

The HON Company has $1.87 billion in sales and 9,700 employees. Founded in 1947, and still successful in 1992, HON decided that to remain successful in the future required a change in the way they lead and manage the business. The method they selected was Lean. Todd Murphy and Todd Middleton share with us their ten-year journey of organizational improvement using Lean.

Between 1947 and 1992, annual revenue grew from $97,000 to $607 million. Between 1992 and 2000, after we began our lean initiative, it grew three times that, to $2.1 billion. This is despite the fact that the office-furniture industry was entering an unprecedented downturn. Our lean initiative helped us to remain profitable, and we continue to grow and gain market share in spite of the downturn.

After ten years of lean our lead times have been reduced from about fifty-six days in 1991 to about ten days in 2002. For the same time period, complete and on-time deliveries are up by approximately 40%. Our productivity has almost doubled. Overall inventory turns are up by more than 50%. In addition, we held or reduced our prices to customers during this time frame.

Sr. Mary Jean Ryan presides over SSM Health Care, which in 2002 became the first healthcare organization to receive the Malcolm Baldrige National Quality Award. It takes a lot of courage, along with a considerable amount of knowledge, skill, and wisdom, to be an effective leader in health care today. Few other businesses have such an immediate and direct impact on the lives of people. SSM seeks a culture of performance excellence, and Sr. Mary Jean credits the Baldrige process.

I can say—without reservation—that because of Baldrige, we are much closer to achieving our mission today than ever before. And that equates to being a far better organization.

Receiving the award is a wonderful acknowledgment of how much we’ve improved. But, in truth, Baldrige is so much more than an award. First and foremost, it is an excellent tool for organizational assessment. And having a valid assessment, especially in a dynamic and potentially dangerous environment that has so many independent and interdependent professionals working around the clock, is an indispensable leadership tool.

Sr. Mary Jean also speaks about a major need for improvement in health care—patient safety:

In my mind, while it is possible to achieve incremental improvements to make health care safer, achieving a completely safe environment will require a systemic overhaul of the entire healthcare system. That’s the only way we’ll ever get to the underlying elements that will make our patients 100% safe.

How soon do we need systemic reform? We need it now! How soon will we achieve it? I don’t know. I do know that we can’t use the need for systemic change as an excuse to avoid doing whatever we can do to make health care safer right now.

Stoner, Inc., with forty-three full-time and five part-time employees, is the smallest business to win a Baldrige Award. Stoner manufactures specialized cleaners, lubricants, and coatings for both business-to-business and consumer applications.

Stoner’s commitment to pursue business excellence began in 1992. The company’s president, Rob Ecklin, said he selected the Baldrige Criteria to be a model for running the business because he wanted to transition the company from a mom-and-pop organization to a professionally managed business:

I wanted to create a system that would let the business succeed without my day-to-day input. We needed to develop new leadership and expand responsibility in order to grow and prosper.

Since then, Stoner has enjoyed double-digit average annual sales growth and consistent profitability. Stoner routinely receives best-in-class customer satisfaction ratings and enjoys high morale among its employees.
The Competitive Advantage of Customer Success

Lloyd G. Trotter, President & CEO, GE Consumer & Industrial, Louisville, Kentucky

Changes shaping our lives

In the past five years it is rather amazing how the world has changed. Could anyone have foreseen the events that are shaping our lives today? The startling emergence of China as a super-player on the world stage of economics and global business has huge implications for manufacturing platforms all over the world. An incredibly stubborn recession has been depressing your businesses’ capital expenditures and those of your customers. And we’ve experienced horrific changes in the safety and security of the planet, brought about by terrorists who slammed planes into two of the world’s largest buildings. When I think of how fast and how much things have changed in five years, it makes me very humble.

Customer focus is job one

Change notwithstanding, what is job one in my mind, and in the minds of more than 300,000 General Electric employees around the globe, is customer success. I’ll describe how we get people focused on customer success and how we continually reinvent our business to stay focused on it.

Lean principles, differentiation, and learning culture

Many people these days are talking about Lean manufacturing. Lean manufacturing is one of our key initiatives in creating a customer-focused business. GE is committed to it, and we use Lean principles in the context of a larger, Six Sigma–driven enterprise. It’s important to remember that Lean principles can be used everywhere, not just in manufacturing.

But there are other important principles, such as differentiation and creating a learning culture that allows you to run with best practices. I’m talking about differentiation through globalization, leadership development, and real-time digital tools that can provide a line of sight to what is happening in the business, in the supply chain, and in the marketplace.

About General Electric

General Electric develops and services products that distribute, protect, and control electricity, and also manufactures commercial and residential systems. We are one of the world’s oldest, largest, and most profitable enterprises. Even in this awful and stagnant economy, we are growing and investing in new products and in new business platforms. And we could not do it if we were not committed to imagining new solutions to the world’s problems.

We’re committed to:
• Creating new technologies to help solve problems.
• Creating businesses that can commercialize those technologies.
• Combining small businesses and making them big ones.
About General Electric, continued

- Helping our customers be successful. Everything that we do is an attempt to solve customers’ problems in some way.

Revenue growth

Since the early 1980s, General Electric’s revenues have increased threefold, from $27.9 billion in 1984 to $90.8 billion in 1997. Net earnings have jumped from $2.3 billion to $8.2 billion. Today, using the same 1980s benchmark, GE has increased revenues fourfold to $130 billion in 2002, and net earnings have increased to more than $10 billion. And this has been during a tumultuous period of incredibly fast change and global uncertainty. If you were to ask how we achieved these results, I would cite three practices: speed, simplicity, and Six Sigma reliability. Differentiating ourselves with speed, simplicity, and the Six Sigma mindset has had major impacts on the quality of our products and services, and on our ability to compete in an ever-changing, increasingly demanding, global marketplace.

Reaching goals through speed, simplicity, and Six Sigma

If you were to ask how we achieved these results, I would cite three practices: speed, simplicity, and Six Sigma reliability. Differentiating ourselves with speed, simplicity, and the Six Sigma mindset has had major impacts on the quality of our products and services, and on our ability to compete in an ever-changing, increasingly demanding, global marketplace.

Business basics

Thanks to my background—I began my career with GE on the shop floor—I have learned some important things about manufacturing “from the ground up.” I am just like many of you in that I have earned my living making things—making them better, faster, and cheaper.

Like you, from experience and practice, I have learned what works, and more important, what doesn’t work. I have been exposed to some terrific ideas and to some bright people with great technologies for making stuff, but there’s one and only one great truth about what we do: Orders come in the front door, and if we do our job right, great-quality products go out the back door, reaching customers at a competitive cost and on time. If we don’t do that, we don’t have a business. What we do is not a lot more complicated than that.

Simplicity and speed are facilitated by Six Sigma and Lean

My manufacturing associates from around the world try to convince me that what we do is more complicated than that, but I win. We have found that simplicity is one of the underlying values that has helped generate tremendous growth for us over the last two decades. It is simplicity and speed, enabled by Six Sigma and the use of Lean principles, that form the foundation that has strengthened and supported our enterprise as it competes in nearly every vertical market out there.

Work-Out™ process facilitates learning and change

To help create speed and simplicity, we created a process known to the world as Work-Out™, which allows us to accelerate team learning. Work-Out™ teams popped up all over General Electric to root out the bureaucracy that slows down organizations and to discover better ways of doing things from the bottom up. Work-Out™ and the tools we developed for transformation, like our change-acceleration process, deserve as much credit for getting the company and our people ready for the really big changes as anything I can recall.
As the company entered the 1990s, it became apparent that even the speed and simplicity generated from Work-Out™ might not be enough to keep our momentum going. We surveyed employees and found they had some concerns about quality, but that just getting better was not the answer—becoming world-class was.

In 1995, GE found a better way to run the company—using Six Sigma. We’re passionate about Six Sigma. We ask every salaried employee to take the training and earn the Green Belt. All of my company’s future leaders will be trained in Six Sigma.

Now GE didn’t invent Six Sigma, even though you might think that we did because we shaped it to fit our own culture to such a great extent. We saw what the Six Sigma approach to quality did for Motorola over a fifteen-year period, and then we set our sights on achieving even greater results at GE in five years.

This quality initiative has become one of the biggest ever embarked upon by a company, and I’m sure many of you have read about some of the successes. By 2001, Six Sigma had generated $3.5 billion in savings. In addition, to look at the other side of the ledger, there was $1 billion in additional value for delighted customers.

Our willingness to engage in this highly disciplined way of working is all about our having enormous passion for learning, and an insatiable thirst for change.

Today, we have a culture in which 99% is simply not good enough. And the measure of success is what the customer thinks of it, not just what we think of it. Success is no longer being measured on meeting internal metrics, but instead on meeting external metrics. This is not inside-out thinking, but outside-in thinking.

At GE Aircraft Engines, the term “wing-to-wing” was created to define outside-in metrics. The business measured itself on the complete cycle of an aircraft engine repair, from the time the plane landed to when it was in the air again. This business began Lean thinking long before the rest of the company joined in.

A classic example of inside-out vs. outside-in thinking involves how many businesses measure delivery. They measure on promises, as in “We promise to ourselves that we’re going to ship it.” This might not be exactly what the customer wants. And then they measure themselves on whether they made their own deadlines or not, which is not necessarily what the customer wants. If they miss those dates just slightly, they still applaud themselves, which is also not what the customer wants. In other words, they measure themselves on how well they meet a date that is promised to the customer at the time of order entry. And that date could be when the product leaves the factory, or when it is packed for shipping.

We’ve been there. We’ve provided some of these examples once upon a time. But a customer-centric business sees promises as an inside-out metric that does not measure what the customer really wants or needs. A customer-centric business asks the customer at the time of order entry when they want the product. And then it measures when the customer accepts delivery. The time between the date the order is taken and when the order is delivered is the real measure of what the customer feels.
Success requires outside-in thinking ..., continued

This is the true, outside-in, wing-to-wing measurement. Meeting the date that your factory promises is simply not good enough.

Customer simplicity model

We use another tool that we call the customer simplicity model. It looks at all the customer touch-points in the business and measures itself on each of these touch-points from the customer’s perspective. This is outside-in, oftentimes unconventional, thinking.

Example: Destroy Your Business.com

When the dot.com world emerged and the internet exploded, when other companies were wringing their hands about how some scrappy, underfunded, “no-name” start-up web sites could take down their businesses, we did a very unconventional thing. Each of our businesses set up teams to figure out ways to destroy GE on the web. We put bright people to work on this, and we called the exercise “Destroy Your Business.com.” That simple and very different outside-in activity set the tone for the next revolution in my company: the advent of true digitization.

Digitization at GE helps eliminate waste and add customer value

Digitization at GE brings together Work-Out™, Six Sigma, and Lean. Digitization is truly the next step in customer centricity and productivity. At its best, digitization helps eliminate waste and adds value for our customers.

Digitization should begin with value-stream mapping—identifying and eliminating waste throughout the process. Six Sigma tools are then used to identify sources of variation, and then to minimize them in order to create a stable process. Then and only then can you use digitization to automate most business processes.

Fix bad processes before digitizing them

We learned several big lessons from our rush to digitize—and when I say rush, I mean rush. We digitized everything we could, turned it into code, and got it onto the web site. Then we learned, big time, that digitizing bad processes simply transfers the pain. It’s a bad idea. You have to fix bad processes before you digitize them.

While rushing can be bad, going too slowly is bad, too. We learned that if we waited to launch the perfect digitization process, with no flaws, it would not happen. Today we use the launch-and-learn principle, meaning that we launch the good digital process, perhaps before it’s perfect. This is consistent with Lean. You measure and learn along the way, and improve as you go.

Four steps in digitization

We use a four-step process to enable digitization to move us a quantum step forward in a customer-centric culture:

• Step One. Begin by analyzing every customer touch-point using Six Sigma and Lean methodology. This helps us prioritize for the biggest impact to the customer.
• Step Two. Deliver the key functionality and information that our customers want. With value-stream mapping, we can now use the web to collect more of the right information for customers so we can provide the information when, and how, they need it.
LEADERSHIP PERSPECTIVE

The Competitive Advantage of Customer Success

Four steps in digitization, continued

- Step Three. Build repeatable processes. This is where we use the power of Six Sigma. Two key repeatable processes that my business is working on today involve our billing and wholesale services. They touch and expose every function in the business. They can generate a lot of unnecessary frustration for our customers. And when they cause pain for my customers, they get my attention. We’re investing in digitizing repeatable, good processes for improving customer touch-points for billing and wholesale services.

- Step Four. Bring these processes together to deliver an integrated workflow and enhanced customer productivity. In the language of our customers, they want an integrated workflow that allows them to select it, order it, track it, pay for it, and service it. Digitization on the web has helped us think differently about the world.

China a surprise and a challenge

When I think about the world, and the most startling changes, threats, opportunities, and complications we all face, China emerges near the top of the list. For those of you who’ve not been to China, let me tell you, it is nothing like what you may have thought. It’s many people under one banner, organized across a country that crosses eight time zones. Our drive to globalize has taken us all over the world in search of continued growth, lower costs, and better technology for customers. In ways large and small, we have found all of this in China.

By 2005, GE will have more than $5 billion in sales in China. At the same time, we will be buying more than $5 billion in goods and services from China. And not just strategic materials. In the recent past, my business alone spent about $4 million on certain printing types from more than forty-five suppliers. Today we have two suppliers. One is in Canada, and one is in China. And the deflation? How about 60%? Who among you wouldn’t live with a 60% deflation on indirect returns?

Linking the global supply chain

Yesterday all our businesses were just down the street. We knew them by name, and we saw them at the neighborhood coffee shop or at the Kiwanis Club. Today, digital processes allow us to have a line of sight into our suppliers’ shops to monitor their processes no matter where they are. When a process leaps out of control, a pager goes off halfway around the world, and one of our engineers or process-quality people is on the telephone with the Chinese, Hungarian, American, or Canadian supplier who needs help.

Linking the global supply chain to processes and to the customers is absolutely critical today—not just for customer centricity, but for survival. Do it and stay in the fight; don’t do it and somebody will bloody your nose.

Becoming seekers and sharers of knowledge

Believe me, we’re not perfect at General Electric, even with all the great tools that we have. And we didn’t invent all this stuff ourselves. As smart as our people are, we couldn’t be that smart. Here’s where sharing best practices and having rigorous processes for doing so pays off. We have a culture that is always learning. We sent teams of our best people into our customers’ and suppliers’
Becoming seekers and sharers of knowledge, continued

businesses to learn and then to bring back great ideas that we adapt to our culture.

Teams go to our executive development institute for a month at a time. These future leaders don’t spend all their time with books, although they do some of that. Instead, they scour the world’s best companies for great ideas that we can use to help our customers and add value for our shareholders. We turn our best and brightest into seekers and sharers of knowledge—our own army of internal auditors. They consolidate their findings, interpret them for the company, and present them to me and to my peers on GE’s Corporate Executive Council. From there, the processes are quickly adopted and executed across the company. It happens just that fast.

One example I’m especially proud of is something we’ve come to call the Trotter Matrix. It’s a tool that measures existing processes and benchmarks against other internal or external organizations. It was a tool that I used when I was in manufacturing. It was great measuring others—although when the tool spread around the company and I was the one being measured, it wasn’t so great anymore! Seriously, though, we use the Trotter Matrix every day in my company. And things like this don’t happen in a company without the right leadership and commitment.

Foster self-confidence in workers

After customers, my job as one of the top leaders in my company is people development—in particular, leadership development. We are more than rigorous about it; we’re nearly religious about it. The result is that we can tap a strong bench of talent when opportunities present themselves to grow a new business or to invest in a new technology.

Leaders motivate and energize people. The way to get faster, more productive, and more competitive is to unleash the energy, intelligence, and raw self-confidence of your work force. The way to harness the power of people is not to protect them, not to sit on them, but to turn them loose, let them go. Get the management layers off their back, and the functional barriers out of their way. Then just watch them. A culture that values simplicity and speed provides the ultimate respect for empowered and energized people.

Summary

I began this article with a top-line discussion of how far GE has come in recent years. The bottom line is this: There is no place for “just good enough” in any company. Exceptional quality must always be the goal. When a target is reached, raise the bar again. To sum up:

• Understand and focus on what’s critical to quality for your customers. Let their needs shape your targets and actions.
• Exceed expectations again and again.
• Reinvent and reconfigure your aims to be higher and higher.
• Use Six Sigma and Lean practices to do it right the first time.
• Once defects are eliminated from a process, share your findings so the next team can get the same or even better results, faster.
• Digitize only good processes. Fix the bad ones before you digitize them.
Summary, continued

• Link up a global supply chain with the needs of the customer for quality, cost, and reliability by using digital tools. This is one that is not just about taking advantage of opportunity. It is also about the very survival of many businesses on the planet.

• Share best practices. We don’t have a monopoly on the best ideas, and neither do you. We make sharing best practices a legitimate kind of stealing, and in the end, our customers and shareholders win.

• Make it your business to develop the future leaders of your company. They should be nurtured, coached, and stretched to build the confidence that will convince people to follow them into the hellfires of competitive battle. At GE we spend as much time on this one thing as we do on almost anything else.

Chasing change is a formula for success

These are the characteristics that have helped differentiate GE and keep us successful in times of change: chasing change, creating and living in a learning environment, simplicity, speed, Six Sigma, and Lean. What helped us can also help you. We’ve learned that the world is going to be different tomorrow. Right now, forward-thinking organizations are embracing the changes, letting the customer-centric mindset help shape their decisions and constantly learning new ways to reinvent themselves and energize their workforces to ensure that they stay on top of the world changes.

Remember: It’s all about an order that comes in the front door and goes out the back door as a great product. Everything in the middle must be continually challenged. It’s not rocket science, and it’s not exotic math. It is a formula for success that works.

Author information

Lloyd G. Trotter is President and Chief Executive Officer of GE Consumer & Industrial, a $13 billion global business that employs 73,000 people in 150 locations. GE Consumer & Industrial, one of the major businesses of the General Electric Company, is an industry leader in major appliance and lighting products and services, and in integrated industrial equipment, systems, and services used to distribute, protect, and control electrical power and equipment.

Trotter began his career in 1970 as a field service engineer with GE Lighting. He subsequently held production and technology positions of increasing responsibility in GE’s Lighting, Gas Turbine, Appliances, and Electrical Distribution & Control (ED&C) businesses. He was elected to the position of Vice President and General Manager of Manufacturing for ED&C in 1990. In that role, he was responsible for the entire manufacturing process and for the integration of forty production facilities throughout the world. In 1992, he became president and CEO of ED&C. He was named a GE Senior Vice President and the President and CEO of the new Industrial Systems business in 1998 when ED&C merged with GE Industrial Controls Systems. He was appointed to his current position in December 2003. In 1972, Trotter graduated with a BBA from Cleveland State University, from which he received an honorary doctorate in 2001.

About this article

This article was developed from Lloyd G. Trotter’s keynote address at the nineteenth annual conference of the American Manufacturing Engineers (AME) on October 7, 2003, in Toronto, Canada. Editorial assistance was provided by Jenny Donelan.
Patient Safety: A Matter of Integrity

Sr. Mary Jean Ryan, FSM, President/CEO, SSM Health Care, St. Louis, Missouri

At SSM Health Care we seek a culture of performance excellence. I’d like to preface what I will be sharing with you in this article by saying something about why an organization would want to strive to achieve performance excellence, and how a quest for excellence enhances the safety of our patients. I believe the quest for excellence is the means to the right end—that end being the safety of our people and our patients. I believe that we in health care have a moral obligation to keep our patients safe.

When the Institute of Medicine, a part of the National Science Foundation, issued its critical report on the high amount of preventable medical errors in late 1999, SSM Health Care was well prepared to respond in a meaningful way. But before I tell you what we did, I want to say that it was the Baldrige National Quality Award criteria and process that helped us to become so well prepared.

The fact that SSM was the first healthcare recipient of the Malcolm Baldrige National Quality Award, in 2002, was considered to be extraordinary. Pundits had predicted that a large health system would be too complex to receive the Baldrige Award. The prevailing wisdom was that a single hospital, or perhaps a small system, would most likely become the first to receive it. So how did an organization of our size and complexity—23,000 employees and 5,000 physicians at twenty hospitals, three nursing homes, an information center, plus home care, physician offices, and a host of other services in four Midwest states—come to receive a Baldrige Award? A question we are frequently asked is: “How on earth did you do it?”

The short answer is hard work, unwavering focus and, above all, perseverance. But more than anything else, it was the people of SSM Health Care who made it happen: the employees, the physicians, and the volunteers. Every day, no matter how tired or stressed they are, the people of SSM Health Care do whatever is necessary to bring our mission to life. Our mission is this: Through our exceptional health care services, we reveal the healing presence of God.

I can say—without reservation—that because of Baldrige, we are much closer to achieving our mission today than ever before. And that equates to being a far better organization.

Receiving the award is a wonderful acknowledgement of how much we’ve improved. But, in truth, Baldrige is so much more than an award. First and foremost, it is an excellent tool for organizational assessment. And having a valid assessment, especially in a dynamic and potentially dangerous environment that has so many independent and interdependent professionals working around the clock, is an indispensable leadership tool.
The Baldrige process helps us to identify our strengths and our opportunities for improvement. Baldrige doesn't tell us how to run our organization. It's up to us to decide that. But once we have decided, Baldrige helps us to see if we're actually doing what we say we're doing. When we wrote our fifty-page application, for example, we learned more about our organization than we ever thought possible, because the seven categories provided the framework for a comprehensive assessment of every aspect of our organization.

Furthermore, Baldrige is not only an assessment tool; it is also a superb business model. We began to see what we were doing well, what we were not doing well, and what we were not doing that we thought we were doing! It helped us understand our core systems, processes, and the critical linkages that exist across the seven categories. We also began to realize—very quickly—the problems that happen where there is a lack of these core systems, processes and linkages. In our business, these linkages are very important when it comes to ensuring patient safety.

The feedback report

The Baldrige process includes giving the applicant formal feedback. When you get the feedback report—and, if you are very fortunate, from a site visit and not just a study of your fifty-page application—you will learn what you can do to vastly improve your organization.

Frankly, our Baldrige feedback provided us with the least expensive and the best consulting services we've ever received. Over the four years that we applied, we received more than 200 pages of feedback from highly trained, experienced, dedicated, and professional examiners, who spent literally hundreds of hours with our application and on the site visit.

The award shows we're very good, but not perfect

I want to assure you that even as a Baldrige recipient, SSM Health Care is by no means perfect. In fact, a lot of organizations are doing a lot of things a lot better than we are. Our goal is to learn from them as we continue to seek further improvement efforts. Continue we must; and continue we will. To me, the quest for excellence—which includes ensuring the absolute safety of our patients—is a matter of integrity. We can never stop looking for ways to improve!

At SSM Health Care, we are a far better organization today than we were ten years ago; even five years ago. And looking back on our formal quality management journey, which we began in 1990, I can say in all honesty that there were no miracles—just steady progress and a belief in the vision that we could become a great organization. Truly, it's all about perseverance.

Continuous improvement + design a better system for health care

Perseverance is not “trendy” in these days when we've come to expect instant gratification. Well, it certainly takes incredible perseverance—combined with enormous creativity—to make our patients truly as safe as possible. In my mind, while it is possible to achieve incremental improvements to make health care safer, achieving a completely safe environment will require a systemic overhaul of the entire system.
Patient safety is the right focus for health care

For us at SSM Health Care, safety is one of the key components of performance excellence. We have drawn on the strength of our culture to make patient safety one of our top priorities for improvement. And this brings me back to the now-legendary 1999 IOM report. Even before the release of that report, our entities and practitioners were using continuous quality improvement to improve safety. However, at that time, we had no coordinated system effort.

Inventing “clinical collaboratives”

Our continuous quality improvement culture of working in teams, combined with the focused approach that Baldrige helped us achieve, made it possible for us to respond quickly and decisively to the IOM Report by launching what we call a “Clinical Collaborative.” Since 1999, as a system, we’ve maintained eight of these clinical collaboratives that both Baldrige and the Joint Commission on Accreditation have cited as a best practice. A clinical collaborative is where physicians and other clinicians from our hospitals come together to focus on a compelling topic and achieve rapid results.

Safety certainly qualified as a compelling topic, and our Safety Collaborative was up and running within months of the IOM report’s issuance. Interest was significant from our entities, but participation was voluntary, with participants opting to focus on improving the issues they believed to be most pressing in their particular entity.

Now, you may be thinking that this approach was somewhat scattered. And you’d be right. As the national landscape changed in the aftermath of the IOM report, and more data about safety in health care became available, we decided that a focused approach was needed. So in January 2002, we launched our Achieving Exceptional Safety Collaborative. This time, participation was mandatory, and teams from every entity focused on the same thing, which are the sixteen practices that have the greatest potential for improving patient safety. This includes hand washing, surgical site markings, dangerous abbreviations, and reporting near misses. These are all simple-sounding things but they are, at the same time, not so simple to achieve in practice throughout a large and very busy system.

Developing a blame-free culture

Now, simple or not so simple, one of the things that has helped SSM achieve success with these practices is the development of a blame-free culture. The traditional hospital environment punished people who made mistakes. This was not an incentive for people to report the very mistakes that could be helpful in avoiding future mistakes.
I can tell you what it’s like to work in a culture where blaming is the norm. I know of a young nurse who over-medicated a patient. Fortunately, the patient suffered no ill effects. The nurse noted the error on the chart but did not report it to anyone. When the resident made rounds, he circled the note in bright red ink. The nurse was called in by the director of nursing services and reprimanded. Do you think she felt comfortable bringing up questions, or talking about how this error could have been prevented in the first place? I can tell you that she did not—because I was that young nurse.

I made a mistake and yes, I should be accountable for it. But when people are just blamed for mistakes—or fear they will be—we miss a valuable opportunity to collect data to help us improve the process breakdowns that result in errors.

As I mentioned, at SSM Health Care, we are attempting to create a culture that is blame free. And not only do we want people to report their mistakes, we even want to know about mistakes that almost happened, that is, “near misses.”

I want to talk about a near miss program at one of our hospitals, SSM St. Joseph Hospital West in Lake Saint Louis, Missouri. Through its participation in our safety collaborative, St. Joe’s learned about a form for near misses that was being used by one of our other hospitals. But St. Joe’s kicked the whole thing up a notch. They began a monthly drawing for prizes to reward employees who turned in near-miss forms. In other words, employees who reported that they almost made a mistake became eligible for a reward.

In the first year, more than 100 forms were turned in, and forty-five of those led to process improvements. Did those process improvements actually make the hospital safer? Absolutely! In the areas where process improvements were implemented based on the near-miss forms, St. Joe’s has had zero errors.

Following the success of St. Joe’s program, we added the near miss reporting form to our list of sixteen best practices to be replicated across the system. And the folks at St. Joe’s became our champions for near-miss reporting. Spreading best practices like this is an essential part of our collaborative work.

Another very creative safety initiative came from our SSM DePaul Health Center in St. Louis. Every year, DePaul has about 96,000 patient transports. Unlicensed personnel transport approximately 95% of patients (excluding those in the ICU) to ancillary areas. Patients can be away from their unit anywhere from forty-five minutes to four hours.

During that time, how do transporters know the severity of the patient’s condition—whether the patient has a high probability of falling or becoming confused? To ensure good communication among the various individuals involved in transporting—as well as with those doing the procedures—a Continuous Quality Improvement team developed the “Hall Pass.”

The Hall Pass is a form that monitors the patient’s condition during visits to
Hall Pass facilitates communication, continued

ancillary areas. It is filled in by the patient’s nurse, as well as by all the ancillary departments where the patient undergoes testing. The Hall Pass includes contact information for the patient’s nurse, information about the patient’s medical condition, and updates about changes in the patient’s condition that could occur as a result of procedures. It also indicates—very clearly—when patients require a nurse during transport. This ensures that no patient goes to a testing area without proper clinical coverage.

The Hall Pass was the direct result of a sentinel event. It was developed to prevent that kind of thing from happening again. The purpose of the Hall Pass is to foster communication among the various “silos,” if you will, because communication helps us keep our patients safe.

Fortunately, at SSM Health Care, we are willing to see opportunities for improvement in everything—unfortunately, especially in sentinel events. Again, you see, we are empowered to do this because it is part of our mission and moral obligation to do whatever we can to ensure the safety of our patients.

Reducing dangerous abbreviations

Another area we’re focusing on in our Safety Collaborative is reducing dangerous abbreviations. Over a six-month period, we identified four abbreviations and order-writing conventions most likely to cause patient harm. Those are U (units); QD (every day); leading zeros (writing “0” before a decimal), and lagging zeros (writing “0” after the decimal).

QD, the abbreviation for “daily,” can easily be confused with QID, which means four times daily. You can see where a mistake in reading the abbreviation for a pharmaceutical dosage could be harmful, and even fatal.

Similarly, if handwriting is less than perfect, 5.0 milligrams can easily be read as 50 milligrams. You get the point. So once we identified these abbreviations and order writing conventions, we began to focus on eliminating them.

Physicians are trained to use abbreviations like QD or 5.0 in medical school. When we ask them to eliminate those abbreviations and to write out “daily”—or just 5 instead of 5.0—it’s often difficult for them to change established habits.

It takes conscious effort to change what has become unconscious behavior, and our employees have figured out some creative ways to raise consciousness. In one instance, in St. Marys hospital in Madison, Wisconsin, employees placed posters— with reminders about dangerous abbreviations—inside the restrooms utilized by physicians. As a result of this type of effort, we’ve reduced our use of dangerous abbreviations across SSM from 22% when we began in January 2002 to 3% in 2003. Our goal, of course, is zero.

Reducing errors of omission

Reducing errors of medication omission can be just as important for the patient as making sure that we don’t use dangerous abbreviations. And while our Achieving Exceptional Safety Collaborative is devoted exclusively to safety, all of our collaborative work relates to safety in some way. For example, in our collaborative on Improv-
Reducing errors of omission, continued

Now, all of this is great. And I would be less than honest if I didn’t tell you that I’m very pleased with our results to date. But I would also be less than honest if I told you we’ve done all that we can do to make our patients safe.

And here’s where it gets difficult. Because despite all the excellent work that’s been done, I cannot say without a shadow of doubt that our patients are always safe. And I don’t think there’s anyone in any hospital who can say that for sure—despite any exceptional work that has been done.

I would venture to say that the work we’ve done at SSM Health Care is merely the tip of the iceberg; the easy part; the obvious. The hard work that lies ahead is that we must address the root cause issues underlying safety. And we have to find a way to assess the true outcomes of our safety work.

Constant vigilance in an inherently dangerous environment is required

We invest in the discovery of biology and disease therapies a hundredfold more than we invest in how to deliver those therapies to patients. As a result, we have 98,000 people die each year because we have to learn how to deliver care. By far the most cost-effective opportunity to improve care in this country is not from discovering new therapies but in learning how to deliver those therapies that we know work safely and cost-effectively.

I would suggest to you that the lack of integrated and coordinated care—as well as the lack of communication among various caregivers and between caregivers and patients—those are serious threats to the safety of our patients. And I wish I had an answer.

Design a better healthcare delivery system

Fifty years ago, when times were less complex, patients would go to their personal physician, and he—usually it was a “he”—pretty much knew all about them. When they went to the hospital, their personal physician visited them and took care of them.

In 2004, a patient is admitted to the hospital where he or she is treated by a “Dr. A,” a staff doctor, a hospitalist, who is a very competent physician. Dr. A takes excellent care of the patient before and after surgery—during the entire hospital stay, in fact. And Dr. A makes sure the patient leaves the hospital with prescriptions for the appropriate medications. The threat to the patient’s safety occurs if the patient’s regular physician, Dr. B, is not informed that his or her patient is now on coumadin, and requires close monitoring.

The world of health care is much more complex today

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Now, everything might have gone very well during the patient’s stay in the hospital. The surgical site was accurately marked, and there were no dangerous abbreviations on the medical chart. The safety issue arises later, when the patient goes home on coumadin and is not appropriately monitored by Dr. B because a communication didn’t happen between a very busy internal hospital environment and a very busy external physician office. This is now a patient at risk.

Please understand that in no way am I suggesting that hospitalists are not excellent caregivers. In fact, we have many exceptional hospitalists at SSM Health Care. I use this only as an example of the complexities of communication that arise in today’s healthcare environment that may jeopardize the safety of our patients.

You see, as health care has become more and more specialized, and technically advanced, the underpinning—the traditional communication between doctor and patient, as well as among caregivers—is much more complex. Patients today have a variety of tests at a variety of locations and visit a number of specialists. While each and every caregiver is responsible for the patient’s care at any given point in time, who, then, is ultimately responsible to oversee and coordinate the overall care?

This is a basic, structural issue that will not go away. It is extremely complex, and it must be addressed. It is a monumental issue at the heart of patient safety that begs for improvement! As people of integrity, we know this. And, as people of integrity, we must act!

But how often are patients invisible in the health care environment? How often do we create situations in which patients have no voice—despite the fact that they may be the greatest authorities of all about themselves?

At St. Mary’s Hospital, in Jefferson City, we’ve developed some scripting in which we say to the patient: “If something doesn’t feel right during your stay, please let us know!” We want the hospital experience to be a positive one in which the patient is safe, receives the highest quality care, and experiences caring and compassion from everyone with whom they come in contact.

I want to tell you a story about one of the leaders at SSM Health Care. His name is Bill Schoenhard. When Bill was a graduate student in healthcare administration—this was quite a few years ago—he had to have surgery for a tumor that turned out to be benign. He elected to have it at a top-ten best hospital in St. Louis. After his surgery, he was in the hospital for seven or eight days. That will give you some indication of how long ago it was.

One day, while the wife of a classmate was visiting him, a nurse came in with his pill—only this pill, unlike all the others he’d taken, was blue. When Bill asked the nurse about it, she checked her paperwork and, somewhat indignantly, told him it was correct. In so doing, that nurse, in effect, took away Bill’s voice.

Shortly after, Bill passed out. Fortunately, the visitor was in the room and she
A story about listening to a patient, continued
got the nurses. They called a code. The next thing Bill remembers was waking up in a bed surrounded by the code team, hooked up to all sorts of equipment and having a chest x-ray.

As you might imagine, this experience made a strong and lasting impression on Bill. Fortunately, today he is executive vice president and COO of SSM Health Care. And, not surprisingly, he is a champion of patient safety.

Individual caregivers function within a system
In health care, no one intends to do anything that’s not in the best interest of the patient. But, as Donald Berwick, MD, President of the Institute for Healthcare Improvement (IHI) points out, every system is perfectly designed to produce the results it achieves. We can put competent providers into a lousy system, and the system will win every time. Therefore, if we want different levels of performance, we need to design different systems. In short, while we all work in the system, we simultaneously have to work on the system to deliver better health care.

As we work toward achieving safety in health care, we are going to have to think differently and design different systems. As I said earlier, I don’t have answers to some of these really big issues facing us with regard to patient safety. However, at my age I have attained some semblance of wisdom. And I realize that while I alone may not have all the answers, I can help create an environment that cultivates the leadership necessary to eventually find those answers.

A better understanding of what leadership really is
Part of our goal is to help our employees receive the scientific knowledge they need to provide the best care; the safest care. But an equally essential part of the equation is about leadership—in the broadest sense of the word.

When I ask you, “Who are the leaders in your organization?”, do you think immediately of the CEO and others in executive administration?

I happen to believe that the leadership that builds an excellent organization is not the CEO making one pivotal decision. Rather, it’s the minute-by-minute, day-by-day actions of every employee wanting to learn more, wanting to teach more, wanting to improve everything they do.

Real leadership is not about authority, control, or giving orders. It’s not about titles and executive benefits. The leadership I’m talking about does not necessarily concern corporate strategic planning or executive decision-making. Clearly both are vital to organizations, and I don’t deny that there are individuals who must be accountable for the overall success of the enterprise.

My idea of a leader is this: A leader is someone who takes the initiative to do a job in a more efficient way or a better way. A leader is someone who sees a way to improve a process and speaks up without hesitation to change it. A leader is someone who extends herself or himself to others with compassion and thinks of ways to be helpful. A leader is someone who is confident of her or his abilities and freely expresses that confidence—doing it with humility, in a spirit of caring, and not with arrogance.
What I see as real leadership is being responsible for what happens in one’s area of work—whatever that area happens to be. It’s about being accountable and holding others to account. It’s about owning our work and performing our jobs with integrity, as an expression of ourselves, our creativity, and our commitment. Whether leadership ability is an inherited or developed trait, people who are real leaders demonstrate the ability to step out, show their colors, and spread the word.

When a company succeeds or fails, the first place people look is to the CEO. What plans and decisions did she or he approve? What hiring or layoffs took place? What reorganizations occurred? What businesses were acquired or divested? What investments were made?

But underneath that obvious accountability is another accountability that is more critical to an organization’s success: It is the accountability for creating a climate in which leaders at all levels can emerge and thrive.

If I’ve learned anything from our quality journey, it is to give up the illusion that because I am the CEO I am the leader and everyone else is a follower; or that a chosen few people with executive titles are the leaders, ready and able to imbue the entire organization with their infinite wisdom. While some of us do provide executive leadership for the system, or for facilities within the system, we have come to recognize that there is no one at SSM Health Care who is not a leader.

Employees lead when they know their voice is heard. They lead when they know that they are respected members of the team, regardless of their title or salary. They lead when they know that they can have an idea and carry it out. They lead when they know that everything doesn’t have to be spelled out in a formal plan before it can happen. Leaders are ordinary people who do extraordinary things when the need arises.

Earlier in my remarks I suggested that successfully addressing the issue of patient safety would take perseverance and creativity; that the issue is enormously complex. And I admitted that I don’t have the answers. But I do believe that when we commit ourselves to creating opportunities in our organizations for leadership to thrive—360°—the answers will emerge. The German poet Goethe has this to say about commitment:

The moment one definitely commits oneself, then providence moves too. All sorts of things occur to help one that would never otherwise have occurred. Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now.

I know you would not be reading this if you had not already begun. I urge you to continue the quest for safety by creating opportunities in your organization for leadership to thrive. You must do this as a matter of integrity.

And now, as I come to the end of this message, I want to offer you my personal
blessing. May you be blessed with enough challenges to keep life interesting, but not daunting; may you know the infinite goodness that resides within you; may you enjoy peace and happiness; and may you never forget how to bless one another. Thank you and God bless you.

Sr. Mary Jean Ryan, FSM, is President/CEO of SSM Health Care, one of the largest Catholic healthcare systems in the United States with 23,000 employees and 5,000 affiliated physicians serving in twenty hospitals and three nursing homes. During her eighteen-year tenure, she has emphasized three key themes: preservation of the earth's resources, valuing ethnic and gender diversity; and commitment to Continuous Quality Improvement. She is co-author of CQI and the Renovation of an American Health Care System: A Culture Under Construction, published by ASQ Quality Press in 1997.

She has received numerous awards, including being named one of the 100 Most Powerful People in Healthcare by Modern Healthcare magazine; the Brotherhood/Sisterhood Award from the National Conference of Community and Justice; being named one of twenty Distinguished Women/St. Louis area; Governor's Quality Leadership Award (Missouri); being named one of the twenty-five Most Influential Women in Business in St. Louis; and the Corporation That Makes a Difference Award from the International Women's Forum.

Sr. Mary Jean serves on numerous health care and local, state and national boards. In May 2003 Saint Louis University's School of Public Health and SSM Health Care announced a scholarship in Sister Mary Jean's name. The scholarship is awarded annually to a first-year School of Public Health student to be applied to tuition.

She received a Master's Degree in Hospital and Health Administration from Xavier University in Cincinnati. She is a nurse and has been a Franciscan Sister of Mary for more than forty years.

About this article

This article was developed from the closing keynote address by Sr. Mary Jean Ryan at the National Patient Safety Foundation's Sixth Annual Congress, Boston, Massachusetts, May 6, 2004.
Kaizen at The HON Company: A Decade of Lean

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Company background
Our company was founded in the mid-1940s. We are the nation’s largest producer of middle-market office furniture. HNI Corporation is the corporate entity under which The HON Company and its sister companies operate. Our headquarters is in Muscatine, Iowa. We have 9,500 employees (whom we call members) across the country and over $1.87 billion in consolidated net sales. The HON Company is the largest operating company within HNI Corporation. HNI is traded on the NYSE under the ticker symbol HNI.

What lean means to us
For us, lean means a different mentality, a different way of thinking. We do everything differently now than we did before our lean conversion: our thinking, our planning, our strategy, and our execution.

It’s simple, and it involves a lot of common sense, but it’s not easy. The only way to do it is to get out on the shop floor, get your hands dirty, do it repeatedly, and learn as you go along.

Key elements of our lean conversion
One key company belief at The HON Company has always been that all our members are a critical part of everything we do. Our lean conversion, which began in the early 1990s, didn’t change that. Direction and leadership must come from the top, but results come from the bottom up. Training and involving all members from the very beginning is absolutely critical.

Another key element is the idea that you must “manage things, but lead people” through a lean conversion. There are many obstacles, so it takes strong leadership all the way through to provide direction and make the effort successful. One philosophy we have at HON is “shared responsibilities and shared rewards.”

Another key company belief is to involve our members in the decision-making process and in the execution of our strategies and share with them the rewards that are generated. For instance, our company’s profit-sharing program was created in the early days before the company even had any profits. The idea was to share everything with members. This was no different as we implemented our lean transition.

Overcoming a reluctance to change
Our company was successful during our first 45 years, between 1947 and 1992. However, success can sometimes lead to failure. Success automatically breeds...
Overcoming a reluctance to change, continued

pride, as it should, but if you are not careful, pride can lead to arrogance.

In 1992, we were doing things that other office-furniture manufacturers were not doing. We were already performing well, so there were a lot of questions like “Do we need something different, or can we continue as we are?” By industry standards, we had strong financial performance, good quality, and adequate delivery. Some people believed we didn’t need to do anything else because we were working hard and were successful. That is complacency, which breeds inactivity, and ultimately will lead to failure. But our culture is one of what we refer to as “healthy discontent” and never being satisfied with the current state of things.

Customers gave us reasons to change

Our customers also helped us realize the need to change. They now wanted increased product selection, shorter lead times, complete and on-time deliveries, and high-quality products and services—all at the same or lower prices.

Several of the key metrics that we measured before we started our lean initiative showed us many issues that we needed to address. These included member safety; our incident rate was considered good at the time, but it is terrible compared to what we see today. Other key metrics, including lead times and complete and on-time deliveries, showed that we had significant room for improvement (see Figure 1).

But we were afraid that improving delivery times and product quality would ultimately raise costs, which would mean higher prices for our customers.

As our customers demanded change in 1992, however, the need for change became clear and we began our lean conversion. Lean manufacturing brought us the answers and provided us with the framework to achieve positive change.

A new paradigm

We were operating under an old paradigm that said, “Improving delivery and quality will ultimately raise costs, meaning higher costs to our customers.” Our new...
A new paradigm, continued

paradigm states that “better delivery, improved quality, and lower costs are all inter-related.” They are all linked rather than looked at as separate entities. Thus, improved quality and delivery equals lower costs. The key was identifying and eliminating the waste that was present in every aspect of our business. We needed to reduce that waste to continually improve our quality, costs, and delivery times.

Initial steps in the lean transformation

At the beginning of our lean transformation in 1992, we brought in some coaches from the Shingijutsu Global Consulting Group from Japan, one of the leading consultants in the world in lean manufacturing. They taught us how to implement lean and how to establish our Rapid Continuous Improvement (RCI) process. This is our structured approach to the elimination of waste. It is often referred to as kaizen.

In 1993, we developed The HON Production System, which is closely patterned after the well-known Toyota Production System. At its core is the belief that waste exists in every process and that all tools need to be used to continually improve. The system outlined the tools we were going to use to change and become a stronger company through our lean conversion. We introduced the system to members through extensive communication, training, and RCI activities.

Policy deployment

In 1994, after a couple of years of breakthrough RCI activities, we introduced policy deployment, a mechanism for creating, propagating, aligning, and assigning the company’s objectives and goals through all levels of the organization. This was important because it helped us to link our activities.

Policy deployment involves four key elements. First, it formulates, deploys, and reviews policy and strategy and turns them into plans and actions.

Second, it shows management’s commitment to the process. We conduct policy-deployment reviews from the top down, from the Muscatine headquarters to our plants, and from our plant managers to the members working in the factories. This shows our commitment to following up on the measures and objectives we set at the beginning of the year. We try to continually improve the process and make it more valuable over time by using the feedback provided at our monthly reviews. The process we use now is completely different from what we used when we introduced policy deployment in 1994.

Third, policy deployment is based on the principle of RCI. Fourth, our reward strategy is linked to the achievement of goals.

The process follows the PDCA (Plan-Do-Check-Act) cycle. Step 1 is to create the vision. From there we move to step 2, the three-year plan, and then to step 3, the one-year plan. After that we move on to step 4, the actual deployment, and step 5, execution of the plan. Then we move on to multiple progress reviews (step 6), as well as an annual review (step 7). Then we start over again at step 1. It is an ever-changing, ever-growing, continuously improving cycle. (See Figure 2 on the next page.)
Policy deployment, continued

To aid in our policy-deployment tracking, we compile a chart to show how our policy-deployment plans are performing. This chart, which serves as a visual control, is colored in green and red; a green box means that we met the goal, and a red box means that we did not meet it. Usually the chart is half green and half red because policy deployment uses stretch goals. These are goals with big numbers, such as 30% or 40% reductions in cost over a certain number of years, rather than the easy, 1% or 2% improvement goals we plan to make.

Information on the chart includes improvement priorities, improvement target numbers, some past history, monthly performance for the current year, and year-end numbers. We present this chart to upper management along with action plans to improve areas that not meeting the goal.

For every stretch goal that we set, we create a report to show the activities we are performing to gain improvements. For example, one of the supporting measures we use to reduce cost per unit is scrap reduction. We compile a chart to highlight the different areas of activity where we have implemented specific actions to see if we get the expected results. This chart is one way to see if the activities we are performing are actually eliminating scrap and if improvements are being sustained.

An important portion of the chart is the area where we describe future activities that will continue to drive down scrap costs—and, as a result, the total cost per unit. This chart illustrates how the activities in the factory are performing to meet the company’s policy-deployment objectives. Activities can be directly linked back to financial performance.

By 1995, our practice of buying off-the-shelf machinery was no longer working because our machine and equipment vendors weren’t lean. They didn’t
build the small, right-size equipment we needed; they built only large equipment that we would have to conduct RCI processes to improve. In response to that, we developed our internal Machine Build Group.

This group builds right-sized equipment, with standardized components. We use the same parts (cylinders, etc.) for different pieces of equipment to reduce our inventory. This gives us a competitive advantage. We know that when we have a piece of equipment built for us, our supplier could also go to some of our competitors and say, “Here is what we built for The HON Company; we can build it for your company, too.”

Building our own equipment also makes it more ergonomically focused. We can make it application-specific, so we can have a machine built for a particular production process. We can also have members who work on the shop floor involved in the equipment-design process and giving input regarding the machines being built. Having our own people, who know our operation well, build the equipment is superior to purchasing machinery off the shelf.

It also gives us increased empowerment and enables us to fully utilize internal skills. We had many maintenance craftspeople who did only downtime repairs and were under-utilized. So, creating the Machine Build Group gave us the opportunity to explore and take advantage of their creativity and their skills while building a strategic advantage for the company.

The year 1996 was another one of substantial change in our company mindset. It was the first year that we started realizing that perfection was at least possible and was something for which we should strive.

We introduced poka-yokes (mistake-proofing devices or procedures that prevent defects from occurring during the manufacturing process) in 1996. We apply poka-yokes to all our processes, from those dealing with internal production issues to those concerned with customer feedback. One of the most important types of poka-yoke for us from the start was digital die sensing.

An example is a forming die, which has six poka-yoke sensors. Two are location sensors. If the part is not located properly in the die, the press will not cycle. Two others are changeover sensors. They detect whether the part corresponds to the setup of the die. If the wrong-size part is loaded in the die, the press will not cycle. A fifth sensor determines if more than one blank is loaded in the die. If more than one is loaded, a light on the sensor will turn off and the press will not cycle. The sixth sensor detects the location of the shuttle, which ejects the formed drawer front. If the shuttle is not in the right position, the press won’t cycle.

All these sensors enable us to ensure that quality parts come out of our processes. Moreover, if there is a problem, the press can be shut off immediately. Even when a person is dedicated to watching the machine run, he/she cannot physically react fast enough to prevent a bad part’s being made and/or equipment damage.
Product-verification poka-yokes

We asked our machine builders to design all our equipment from the front end with poka-yokes involved. We use an interactive product-verification poka-yoke that prevents our products from going out in the wrong color, size, or style. The operator selects the correct style and color and then scans the production ticket. Everything has to match up. If a wrong color or size is scanned, the machine will alert the operator if there is a mistake and will not issue a label for the product.

Another poka-yoke we have incorporated is a green light on our machines that indicates whether parts, such as a weld assembly, are in the proper location on the equipment. When the part is in the proper location, the light comes on and the operator knows he/she can start that machine. If it doesn’t come on, the operator knows there is a problem. If he/she tries to start that machine before correcting the problem, it won’t do anything.

Physical/mechanical poka-yokes

We also have poka-yokes designed into the products we manufacture. One is a safety device built into our file cabinets that allows only one cabinet drawer to be opened at a time. (If the top two drawers were both opened at once, this might cause the cabinet to tip over.) Another poka-yoke is a device that ensures that two pieces of steel will not enter a machine at the same time, which would cause damage to the machine. We use yet another on our garbage receptacles. We recycle, so we must separate the cans from the trash. There are two round holes on the “cans only” garbage receptacle that prevents someone from putting a plate of food into it by mistake. These examples prove that poka-yokes and lean principles can be applied anywhere and used for any type of application.

Focused-factory management philosophy

In 1997, a key factor that advanced our lean initiative was the introduction of the focused-factory management philosophy. This was a big change—one for which we probably were not quite ready—but we went ahead and made that leap. It took a couple of years to get it working well for us.

This philosophy is to have individual business units within each plant—each one a factory within a factory, so to speak. The average factory is a $20 million unit with 50,000 or more square feet and approximately 100 members. Everyone in a focused factory is integrated under the leadership of a focused-factory manager, who is the ultimate decision maker for that particular factory. This person has his/her own staff, which includes group leaders, assistant group leaders, quality and manufacturing engineers, maintenance engineers (who supervise our maintenance craftspersons), and RCI technicians. Thus, it is a fully functional unit that is also supported by other departments within the plant, such as member and community relations, procurement, accounting, and so forth.

Our use of focused factories enabled us to align all our resources, gave us much more process knowledge, and allowed our engineers to develop an intimate knowledge of our equipment, which helped them to work well with our operators. This resulted in a collective effort that greatly advanced our lean initiative.
We began using the Production Preparation Process (3P) in 1998. This process is used for the design of products, and at the plant level it is also used for processes, such as the design of cells and layouts in our RCI events. For example, we can create a 3-D mockup of a machine or a 3-D layout of an entire line so our operators can see how that new line is going to work. They can physically touch the individual parts and move them around. They can also see if the machines are too close or if they should be moved a little closer together to reduce walking distance. In addition, maintenance personnel can evaluate it to see where the control panels are located and whether they have enough access to work on the machines.

This process is a different way of thinking that allows us to see everything up front before the equipment is actually put in place. A great deal of our training is done with these 3-D layouts; we let operators physically go through their standard work using the new layout. We can then institute changes on the line and see an immediate impact without losing production time or efficiency.

In 1999, we introduced the value-stream-mapping process to drive RCI improvements. We use value-stream maps to illustrate the current and future states of a process. The maps also assist in driving our RCI improvements and in planning for them. Many other companies have told us that this is the first tool they used in their lean initiatives. Although we were well into the lean process before we started making value-stream maps, we still got many benefits out of them.

One of the most important of these benefits is something we call “facing the brutal reality”: You get out on the shop floor and trace the production process all the way through, from order entry to shipment, and see how much waste there actually is. You have to get right in the middle of things and see what is truly there, not what you think is there or what you want to be there. As we already knew, there was a lot of lead time outside of the manufacturing area, but we did not realize how much until we started doing value-stream method exercises.

During 2000, we began doing benchmarking visits to non-competing world-class companies. We would have started doing this earlier if we had known how valuable a tool it would be. The idea surfaced after several managers had the opportunity to go to Japan and see Toyota, a world-class company, firsthand. Others had been to some world-class operations in America.

When we first tried to drive the idea of becoming world-class through our organization, shop-floor group leaders or operators would look at us and ask, “What is world-class? You are telling me we are not there, and you are asking me to help determine what we need to get there, but I don’t know what it looks or feels like. I don’t know anything about it.”

We solved that problem by looking at companies that were well along the lean path—those that we believed were further along than we were. The Shingo
BENCHMARKING, CONTINUED

Prize for Excellence in Manufacturing was a useful way to identify these companies. We looked at past winners and benchmarked them. As we moved through that process, we also looked at some other companies that were applying for the Shingo Prize and benchmarked their best practices.

INCREASING MEMBER INVOLVEMENT

Another key aspect of our lean transformation was increasing member involvement. As with benchmarking, we would have implemented this program much sooner if we had known how valuable it would be. Two of the program’s features are a member suggestion system and more member involvement in our project teams than we had before.

We implement our member suggestion system in all our factories. Each factory has a member suggestion board that explains the suggestion process, shows a list of the monthly winners (in three categories: safety, quality, and productivity), contains blank forms, and has a box in which to deposit completed forms.

The suggestion system is simple. A member tells management about an issue, his/her ideas for improvement, and the projected results of those ideas. We evaluate the suggestion and implement it. In some cases it is not feasible to implement a proposed project, and we provide feedback to the member to explain why. Whenever we implement a suggestion, the member who suggested it gets credit for it.

As mentioned earlier, we have shared responsibility, shared rewards, and accountability throughout the organization. Therefore, when members submit ideas that subsequently get implemented, they get other benefits in addition to improvement within their work area. At our Cedartown location, for instance, we reward members for their valuable ideas with vacation time.

RESULTS OF THE MEMBER SUGGESTION SYSTEM

During the first couple of years that we implemented this system, we received an average of over 700 suggestions per year. We slowly improved and got better over the years. Later, some suggestions developed into quality-corrective-action and safe-workplace-design team projects. Every month, everyone with a technical title—for instance, an engineer at a plant—is responsible for leading a team whose purpose is to improve safety and ergonomics in the workplace or quality corrective action (e.g., customer issues or amounts of scrap generated).

Many of our member suggestions evolved into projects for these teams because the ideas that members submitted got so much better. We started seeing suggestions for how to change our products and how to better engineer our products, so we have gained a lot from this system. We are now up to over 2,000 member suggestions per year from plants that have 700 members.

BUSINESS-SIMPLIFICATION TOOLS

In 2002, we started using a business-simplification process that we call USA, which stands for understand, simplify, and act. First, you must understand what you are working with. In other words, don’t go out and try to change the world without...
Business-simplification tools, continued

first knowing what is happening in that world. This is a key philosophy for us.

Another business-simplification tool that we use is eJIT, which is a method of putting production schedules on the web, where our suppliers can see them and deliver our parts just in time. Before eJIT, we used to have stacks of inventory in the plant. A member would pull parts according to our schedule and then deliver them to the line. This method of transporting parts was very wasteful.

Now, with eJIT, we have those materials delivered to the shop floor according to the schedule in right-sized carts that have all parts arranged neatly. The operators on the shop floor just pull the carts to the line in the order in which the parts they hold are needed.

Yet another advantage of eJIT is that our parts suppliers put their parts directly into our shop. We don’t need to do anything to them until they are here in our grocery store/supermarket and the “water strider” comes to pick up the carts and roll them into place. The carts also have the production schedules displayed on them.

Before eJIT, we didn’t always manage our floor space efficiently. We used to have big stacks of cartons everywhere, and we had housekeeping issues. An excessive amount of floor space was occupied by cartoning material. Since there are no cartons on our floor anymore, we have added square footage to our plant. With the freed-up floor space, we have been able to add two production lines, an internal machine-build area, and an internal RCI area. We also saved $800,000 in inventory costs.

An increased focus on the visual factory

In 2003, we increased our focus on the visual factory, a concept that was first introduced to us in the late 1990s. One example of this is our color-coded pallets. Much of our steel is delivered to the production lines on pallets. We use different colors for each line. For example, green is for the desk line, and red is for the vertical-file line. If anyone sees a green pallet anywhere but on the desk line, it is obvious that parts are out of place. This system helps our managers focus on the exceptions rather than trying to manage every little detail. An exception alerts them that something is wrong, so they can deal with it quickly.

We also have a label on each pallet to show what part number it is holding and how many pieces that pallet holds. If someone sees a label indicating fifty pieces but there is a huge stack on the pallet, he/she knows there is a problem somewhere. In addition, the pallets and their corresponding parts are of similar sizes. If someone sees that the parts on a particular pallet are hanging over the edge of the pallet, this is a visual cue that that pallet is holding the wrong parts.

Production control board

The production control board is used throughout a facility to tell members how they are doing versus their goals and to tell management how the lines are doing versus their goals. It also has a place to write the reasons for any differences and, more important, the corrective action taken. This can be the biggest improvement tool in a plant, but you must get good corrective actions and follow up on all
What did lean deliver for us?

Between 1947 and 1992, HON’s annual revenue grew from $97,000 to $607 million. Between 1992 and 2000, after we began our lean initiative, it grew three times that, to $2.1 billion. This is despite the fact that the office-furniture industry was entering an unprecedented downturn. Our lean initiative helped us to remain profitable, and we continue to grow and gain market share in spite of the downturn.

After ten years of lean (see Figure 3 on the next page), our lead times have been reduced from about fifty-six days in 1991 to about ten days in 2002. For the same time period, complete and on-time deliveries are up by approximately 40%. Our productivity has almost doubled. Overall inventory turns are up by more than 50%. In addition, we held or reduced our prices to customers during this time frame. All these measures are company-wide.

Although lean is a company-wide initiative, some of our plants perform better than others do, which is a common occurrence in lean initiatives. For instance, overall inventory turns company-wide are at 17.3, but at our Cedartown plant, our turns for raw goods are at about 50, and our number for finished goods is a little higher than that. Several other HON plants have results that are similar to ours.
What did lean deliver for us?, continued

<table>
<thead>
<tr>
<th>Key Metric</th>
<th>1991 (Before Lean)</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Goal of 15% CAGR)</td>
<td></td>
<td>9% CAGR (1992–2002)</td>
</tr>
<tr>
<td>Member Safety</td>
<td>Incident Rate = 15.4</td>
<td>Incident Rate = 3.6</td>
</tr>
<tr>
<td></td>
<td>L. T. Rate = 5.9</td>
<td>L. T. Rate = 0.6</td>
</tr>
<tr>
<td>Lead Times</td>
<td>About 56 Days</td>
<td>About 10 Days</td>
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<tr>
<td>Complete and On-Time Deliveries</td>
<td>70%</td>
<td>96.2+%</td>
</tr>
<tr>
<td>Productivity</td>
<td>$108,539/Member</td>
<td>$191,733/Member</td>
</tr>
<tr>
<td>(Net Sales $ /All Members)</td>
<td>and a Flat Trend</td>
<td>(6.2% Annual Improvement)</td>
</tr>
<tr>
<td>Overall Inventory Turns</td>
<td>11.7</td>
<td>17.3</td>
</tr>
<tr>
<td>Customer Complaints</td>
<td>Not Measured</td>
<td>8% year-over-year reduction since 1995</td>
</tr>
<tr>
<td>(Measured in CCPM)</td>
<td></td>
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</tbody>
</table>

Regarding customer complaints, a statistic that we didn’t even measure in 1991, we have seen an 8% year-over-year reduction since 1995. This is obviously an opportunity for even more improvement for us. Therefore, we are measuring it, paying attention to it, and letting it drive a lot of our activities.

What if we had not changed?

If we were still operating at our 1991 productivity level today, to handle the growth that we have seen, we would need to almost double our population and add over 7,000 members. We have 9,500 members today. In addition, we would have $337 million of additional annual costs associated with those members, including building additions, machinery, tools, parking spaces, hiring and training expenses, and costs associated with finding people to hire.

We have experienced only a 25% increase in manufacturing floor space to accommodate our 2002 production levels, which were 2.85 times those that we had in 1991 (see Figure 4 below). Without our lean initiative and RCI, we would have...
What if we had not changed?, continued

needed to add a considerable amount of floor space to be able to obtain our 2002 production levels. We would also have had to pay for the extra machinery, taxes, overhead, and utilities associated with that additional floor space. Most of the extra manufacturing floor space was added through acquisitions that the company has made during the past ten years.

Member safety

You cannot put a price on member safety. Between 1991 and 2003, we saw a 77% improvement in our OSHA recordable incident rate and a 93% improvement in our lost-workday incident rate. Overall, our incident rate is in the range of 3 to 3.5, while the industry average is 12. Improving member safety is one of the best things to come out of our conversion to lean manufacturing.

Awards

We have received numerous awards over the years, including several earned in 2003. HNI Corporation was named the Most Admired Company in the office furniture industry in 2003 by Fortune. The HON Company received the Office Furniture Dealers’ Alliance Manufacturer of the Year Award in 2003. The HON Company’s Cedartown, Georgia, facility was a 2003 recipient of The Shingo Prize for Excellence in Manufacturing.

These awards confirm that we are using the right tools and are on the right track. The Shingo Prize, which is commonly referred to as the “Nobel Prize of manufacturing,” is a validation that our lean conversion and RCI process are working and helping us to achieve world-class performance.

Secrets to success

To help develop a lean culture, we established a dedicated full-time RCI team made up of rotating shop-floor members. Every quarter, six new shop-floor members spend thirteen weeks working only on RCI. They learn the tools associated with RCI and have the opportunity to try new things and visit different work areas. They go back to their regular jobs after the quarter is over.

With this program, members have a direct role in driving change and improvements. Getting members’ buy-in has been a tremendous asset for us and has greatly accelerated our rate of improvement since the late 1990s.

Another aspect of our lean culture is a mentality that we call “sensitivity, passion, and tenacity.” Sensitivity allows us to see problems that exist. We need to have the passion to want to correct those problems, and the tenacity to make sure we get them fixed successfully. Our members exhibit these traits, and that has enabled us to grow and is a big factor in our success.

Focused factories—aligning our resources and getting everyone on the same page—has been another big factor in our success since 1997.

Member empowerment is probably the biggest thing that, if we could go back eight or ten years, we would have handled differently. We would have gotten a lot more people involved earlier in the process. At the beginning, group leaders and
Electrical members were involved, but not to the extent to which they are involved now.

We use policy deployment as a “sanity check” tool to ensure that our activities are focused on the right areas, that we are measuring the right things, and that our activities are paying off and delivering the results we expect.

We have learned many key points that are absolutely critical for sustaining lean improvements. One is to make sure you have management buy-in and participation. Results come from the bottom, but support must come from the top to make a lean initiative effective. In our case, we had a new CEO come in who was well respected with regard to lean and taught us the tools very quickly. He also expected all managers to actively participate in, and learn from, the RCI process.

But it doesn’t stop there. When we appointed our RCI managers for the first time, it was critical to choose the best people we had. When we started doing events, it would have been easy to form a team out of people who were not trained to use the tools and were not the best—and save our best people to do the regular work. It was a tough step to take all the best people to spearhead a new effort, but if we had not done that we would have found ourselves going back and redoing those events years down the road.

Another key point is to understand your value stream as you get started. We used the 80/20 principle to focus on our key products and customers in an effort to zero in on the things that would make the most impact.

In addition, we had to be prepared for a time commitment. Lean is not a program of the month, a program of the year, or even a program of the decade. It is an ongoing process and a philosophy that goes on, and we know we will continue to see new opportunities. It takes twelve events—a year’s worth—just to get a basic, kindergarten-level understanding of lean principles.

Another important point is to be motivated by shop-floor results. This is critical from a financial standpoint. When you first start a lean conversion, you don’t see it on the books; you see it on the shop floor. If you don’t bother to look at the shop floor and concentrate only on the financial statements, there is a tendency to say, “This isn’t working. We need to do something else.”

It’s also important to keep in mind that financial results often lag behind shop-floor results by eighteen to twenty-four months. It takes a while to get established, but when you look at the shop floor, you see the immediate impact and sense the change starting to happen. It is critical to get the financial people involved up front and help them see those shop-floor improvements.

Another key point is to be ready to handle freed-up assets, including equipment and people. We learned early on in our lean initiative—and again when we
Handling freed-up assets, continued

made acquisitions later—to communicate to everyone in the organization to be prepared to deal with lots of additional floor space and excess equipment. We had plans for members who became freed up after we removed waste to work on RCI teams and to focus full-time on improvement.

We planned to put all freed assets back to work. No person should lose his/her job due to lean conversion, but that person’s job may change. We found, however, that this message was hard to get through the organization because it’s difficult when you are not a seasoned lean practitioner to believe that changes occur on the shop floor as fast as they do at the beginning of a lean conversion.

In-house champions and resistors

Another key point is to discover your early adapters, the people who are the most motivated and demonstrate the most passion for the lean initiative. These people usually make up about 3% to 5% of your work force. This is where the concept of sensitivity, passion, and tenacity mentioned earlier comes into play. Challenge them to drive further improvement and continue to do new and better things. Our member suggestion program is one way we do that.

At the same time, you must remember to beware of the resistors, who also generally make up approximately 3% to 5% of the work force. There is always going to be someone who wants to maintain the status quo. But this doesn’t have to be a roadblock. In some cases, some hard decisions have to be made, and individuals’ jobs might change. It’s something for which you have to be prepared, because it will happen no matter what type of business you have.

Find a good teacher

Another important point is to find a good teacher. As mentioned earlier, we used the Shingijutsu Group from the very beginning of our lean initiative. No matter whom you use, we recommend that you use a teacher (a “sensei”) because there is so much to learn. Find someone who has led a lean transformation—not someone who has only read books about it or watched videos about it. Some companies are able to accomplish a lean transformation entirely on their own, but it is a straighter, simpler path when there is some assistance.

Train your people

Another key point is to be sure to train your people all the way through the process. You can never do too much training. Even though we train our members for thirteen weeks during our RCI rotation process, we see even more opportunity to train them further. Many members take the knowledge they gain from RCI rotation back to their regular jobs on the shop floor and make far more improvements than they had been able to make before. They spread knowledge and enthusiasm.

Sustain your results

Finally, it is crucial to sustain your results. This is the single most critical point, because if you don’t sustain the results, you are using valuable time and money for very little payback. Extensive follow-up is the key to sustaining results.
Sustain your results, continued

When you make a big change, for the first couple of weeks, typically things don’t work so smoothly. The natural tendency at that point is to go back to the way it used to be. But if you “hold the hill” and sustain things for two or three weeks, often you find that the improvements have already taken hold.

It is critical to stick it out and make sure you are dedicated to completing the improvement. We get feedback from our shop-floor members about items that need more follow-up, and we measure the results of an improvement thirty days after the improvement was first implemented.

Author information

Todd Murphy joined The HON Company in 1995 as an industrial engineer at the Cedartown, Georgia, facility. He held various engineering, RCI, and manufacturing management positions as HON converted to lean business practices. Todd was mentored by the Shingijutsu Global Consulting Group and has participated in over 100 kaizen breakthrough events. He became operations manager in 2001 and was promoted to vice president and general manager in 2002.

Todd Middleton joined the company’s Cedartown, Georgia, facility in 1991. Hired as an industrial engineer, he held various posts in engineering and manufacturing management as The HON Company converted to lean manufacturing. These include positions in industrial engineering, production supervision, and factory management. He became RCI manager in 2001 and was promoted to operations manager in 2002. He was also mentored by the Shingijutsu Global Consulting Group and participated in the first RCI event held at The HON Company.

Editorial assistance for this article was provided by Cathy Kingery.
Stoner: 2003 Malcolm Baldrige National Quality Award

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Roy Peters, Traffic Manager
Dave Scranton, Inside Sales Manager
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Introduction
Rob Ecklin, President and Owner—Stoner's factory, office, and world headquarters are located in Quarryville in rural Lancaster County, Pennsylvania, which is known for its Amish farms and scenic countryside. We have been told that Stoner is the smallest company ever to have received the Baldrige award.

Stoner makes specialized cleaners, lubricants, car-care products
At Stoner, we help our customers save time, increase productivity, and improve the quality of their work. We do this through our products—very specialized cleaners, lubricants, coatings, and car care products. Some of our specialized cleaners include degreasers, mold cleaners, and car wash detergents. We also manufacture aerosol dusters, electrical contact cleaners, and flux removers.

We specialize in aerosol mold-release agents—products that help molded products flow more easily into molds, and then later release more easily out of the molds. Our coating products are used to protect exposed surfaces from the environment, or to improve the shines and surface finishes of plastics, rubber metals, or painted surfaces. For years we have manufactured products for professional detailers, car dealers, and car wash operators.

Several years ago we identified our most popular car-care products, and packaged them in aerosol containers. Our goal was to sell these directly to consumers and also through nationwide retailers. Today these car care products are our fastest growing product line, and one of these products—Invisible Glass—a no-streak glass cleaner, is now the top-selling glass cleaner in auto specialty retail stores.

History
My grandfather, Paul Stoner, was born in the early 1900s. He lost both his mother and father at a very young age, and was raised by family and friends. He was a hard worker and a bright student, and so was able to attend Franklin and Marshall College in nearby Lancaster, from which he graduated with a degree in chemistry.
Paul had a dream that one day he would have his own company, and this dream eventually came true when he started his business in nearby Quarryville, Pennsylvania. He started out making printing inks, and the company was called the Stoner Ink Company. It turned out that Paul liked to help customers solve problems, and he did this through his products. Several of these, mold release lubricants, were used to release retreaded tires from hot molds. (Tire retreading became popular after World War II.) The hot molded rubber was sticky, and a lubricant was required to speed the process. We continue to manufacture those products today.

Paul Stoner had one child, a daughter, and Paul’s daughter had one son, me. My grandfather allowed me to work in his business during summers from an early age. After my college graduation in 1983, I worked for him full time. Soon thereafter, in 1986, I was able to purchase a majority share of the business, and successfully continue my grandfather’s legacy after forty years of his ownership.

One of my early objectives was to transition the company from a mom-and-pop organization to a professionally managed business. I wanted to create a system that would let the business succeed without my day-to-day input. We needed to develop new leadership and expand responsibility in order to grow and prosper.

In the early days, leadership hadn’t been clearly defined. Instead we used a set of values introduced by my grandfather and refined by me to guide our decision-making process. Among these values were exceeding customer expectations, developing people through training, getting employee buy-in with incentives and variable compensation, a focus on growth, the use of outside experts like an advisory board and consultants, and striving for continuous improvement. Many of these philosophies are with us today, and they work very well.

So we knew that we had to systemize our business model in order for me to move to a more strategic role and turn over day-to-day management to a leadership system. One of the team leaders we hired early on from outside the company was Rob Marchalonis, who, as general manager, was and is responsible for corporate strategy and its execution.

I am proud of our team members and their accomplishments. I think we are a role model for small business leadership.

Leadership

Rob Marchalonis, General Manager—Back in 1990 when Rob Ecklin decided to step away from day-to-day management of the company, it represented a big shift in our leadership, and created a tremendous opportunity for me, as well as for others. I remember my emotions at the time; I was excited, and very eager and committed, but inwardly I had a few other emotions—panic, confusion, and lots of humility.

The big question was: How do we run this business? I was twenty-nine years
CASE STUDY
Stoner: 2003 Malcolm Baldrige National Quality Award

Introduction, continued

old. All of us at Stoner were much younger and much less experienced back then. We really struggled for a few years with deciding how to run the business without Rob there to help us.

Developing a business model

It was about that time that we discovered a business model that fit the vision and values we had for the company. We discovered the Baldrige program through our local Lancaster County Chamber of Commerce. And we began with a simple model; a sort of subset of Baldrige that included leadership, strategy, and process.

You don’t often see day-to-day management by a non-owner leadership team in a small business like Stoner. One of the highlights of our approach is leadership at all levels. That’s a key concept of ours. We believe in having working leaders, so all of our leaders at Stoner have active projects and very active roles in the business.

Stoner Excellence System

As we progressed after having developed this simple leadership strategy process model, we soon faced the question: How do we get better? Once again, we developed a simple, three-part approach:

- Assess
- Improve
- Implement

We continually assess using three primary sources: First, we regularly get input from all of our stakeholders, which include our owner, Rob Ecklin, our customers, team members, suppliers, and more. Recently we’ve expanded our scope to the communities that we serve. Next we assess business results, which are primarily data: financial, accounting, manufacturing and warehouse output numbers, and many other mostly numerical measures of business results. And finally, we assess by benchmarking. The Baldrige program is probably our biggest effort in that regard. We also benchmark through the use of consultants, and by studying our competitors, as well as other world-class companies.

Once we have done these assessments, we determine if changes need to be made to any of our leadership strategy processes. This is the improvement phase. Ultimately, however, results won’t change until we implement these ideas. So I’m continually challenging our team members—we can’t just assess and be critical. We must also come up with improvement ideas, and ideas alone won’t get us over the goal line. We have to get those ideas implemented.

Our leadership strategy process combined with assess, improve, and implement make up what we call our Stoner Excellence System. These practices are all based on Baldrige, with an emphasis on providing stakeholder value.

Baldrige principles have led to sales success

One of the major benefits that Stoner has received since we began applying the Baldrige principles to our business in 1991 has been a fairly dramatic increase in
Baldrige principles have led to sales success, continued sales growth results. Figure 1 demonstrates those results over an eighteen-year period, from 1985 to 2003.

![Figure 1. Eighteen Years of Stoner Sales Growth Results](image)

The key to better business results certainly begins with our team. After winning the Baldrige award, we brought 25% of our team members to the Quest conference where we presented our company information. And we brought all fifty of us to the Baldrige award ceremony, where President Bush chastised us, saying, “Today’s a vacation day at Stoner.” We got a kick out of that.

How did we create this team culture? We knew back in the 1990s that there was a difference in enthusiasm and commitment among our team members, and we wanted this to change. We started to look at different ways we could create a team culture. The first step we took was simple and inexpensive—creating a Team Stoner logo. Other approaches, like establishing team incentives, were more complex. At Stoner, almost all our team members receive from 20% to 50% of their total compensation via incentives.

Creating a team culture means better business

Communication builds team morale

We’ve found that our team members really want to know what’s going on in our business. They want communication, and to be part of an organization where they can understand where everyone is headed, and play a role in both their own as well as the company’s future. Communication really helps morale.

Over the years we’ve significantly built up our communication tools and
meeting. These include regularly scheduled all-company meetings, functional team meetings, and one-on-one meetings. Technology such as email, cell phones, personal digital assistants, and relatively sophisticated phone and computer systems all help us communicate more efficiently.

Ethics and governance are key features of our corporate culture and training at Stoner. Ethical team behavior is outlined in our team handbook. We also train and reinforce ethical behavior through our Stoner University classes, and we regularly survey our team for ethical concerns. For more than ten years, Stoner has used an advisory board of directors. The board helps us by providing strategic input as well as offering external guidance and governance.

One of the benefits of our experience, as well as our business results, has been the ability to give back and to be active in our local community. We sponsor directly or donate our car-care products to numerous organizations. I’m also very proud of our team members, who together donate more than 1,000 hours of their time to local organizations and charities.

We have a very vertically integrated operation, from scientists and technicians and chemists who are developing products, to those mixing and blending the products, to those involved in packaging and warehouse operations, to customer service, accounting, sales and marketing—all in one building. I’m proud as a leader to have all these different people working together. It’s a neat thing.

Strategy is one of the key parts of our business excellence model. It has six key components, which have evolved over the past ten years. We started with a vision, and a mission, and values for the business. We’ve also incorporated key indicators, strategies, and prioritized action items.

Vision is an internal, objective; mission is a public objective.

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**Strategy Planning**

Rob Marchalonis—Strategy is one of the key parts of our business excellence model. It has six key components, which have evolved over the past ten years. We started with a vision, and a mission, and values for the business. We’ve also incorporated key indicators, strategies, and prioritized action items.

Vision: This is where we want to be at some point in the future. I’ve always said vision is our selfish objective—what we want for us. The mission is what must we do or the value we must provide to our customers and shareholders so that we can accomplish the vision. So we tend to keep our vision internal, and not talk about that externally, whereas we communicate our mission to our external customers.

**Stoner's vision is to enjoy exceptional business results and personal fulfillment with a highly effective team that provides high-value solutions to lifetime customers.**

The business results and personal fulfillment are the selfish part of our strategic plan. With regard to the other part, we’re not really interested in any one transaction. We want to be doing business with you for a good, long time.
Vision is an internal, objective; mission is a public objective, continued

Mission: In order to achieve our vision—lifetime customers and great business results—we have to provide solutions. In the early years we focused on how we mixed products and put stuff in containers; then we learned it wasn't really about that. Stoner is in the business of providing solutions to help customers save time, increase productivity, and improve the quality of their work. That's our mission. In almost everything we do, in all of our marketing, you will see this thread. We will make some statement about our product that's directly related to helping our customers in this way. And because it's so simple, I really think our team members have latched onto this and understand this well as they perform their jobs day to day.

Stoner focuses on five main values

Core values: There are actually about 250 things that we value in the business, but we have narrowed it down to five main ones:

- Exceed customer expectations. These three words set a tone in our organization that answers many questions as our team members are wondering what decisions they should make.
- Motivated team. We don't define what motivation means here because it may be something different for me than it is for our other team members. In our corporate strategic planning, we intentionally leave some of these issues more wide open.
- Health, safety, and the environment. As you can imagine, in our business these are issues that are critical to us.
- Innovation. Our simple definition of innovation is that we much prefer to work smarter than harder if we can. We say work as smart as you can or as hard as you have to, to get the job done.
- Continuous improvement. This was one of our core values early on, but it was reinforced and we learned to understand it a lot better as we worked through the Baldrige process.

Key indicators include data and benchmarks

Key indicators: We have many key indicators, close to 400 of them, which may be too many. I have an engineering background and we have a handful of technical people at Stoner, so the more numbers you give us, the happier we are! Some of these indicators are financial data, customer satisfaction, safety, team morale, and sales.

Core strategies provide general guidance

Core strategies: Our core strategies have not changed much over the years. These strategies provide general guidance in how we choose to run the business, how we choose to treat our customers and team members, and how we choose to stay competitive and be profitable. We're nailing some, and still struggling with others.

- Profitable growth
- Hire the best, share the rewards
- Targeted sales strategy
Core strategies provide general guidance, continued

- Keep customers for life
- Factory direct marketing
- Best in class, customer-driven new products
- World-class workplace
- Flexible manufacturing, Lean principles
- Systematic approach to increase output
- Use technology to work smarter

Prioritized action items

Prioritized action items (PAIs): The last item on the list of six core elements of strategic planning are prioritized action items, or PAIs. In the early days of Baldrige, with all the products we were working on and the kind of team we were building, a bazillion projects existed at Stoner. People wanted to do everything. One of the approaches we took to get our arms around this was to say: All ideas are valid. However, we're going to ask you to prioritize your ideas. Remember that idea you brought us last week and the one the week before? How does this new idea fit with the others? Does it go to the top of the list? Often it’s a good idea, but it’s number four on the list. Or maybe it’s number forty on the list.

One example of a project that immediately found its way to the top of the list was the reformulation of a product line. The government established that priority for us by saying we had to redo the chemistry in some of our products. So that became our number one priority action item for last year.

Warehouse expansion, part of our Lean efforts, was another PAI project. We decided to lease space rather than build. This was pretty significant for our business, because as we’ve grown, we’ve been able to do more and more with our team, but we’ve run out of space in some areas. Lean has been one approach toward bringing down our inventories, but we still had to get more space.

Something I like to say about PAI projects is that if we just prioritize and stay focused on the top two or three of them—most of our team members can handle more than one thing at a time, but usually not as many as four or five or six—I believe we’ll get twice as much done in a given amount of time. I say this to encourage people to stick with this PAI approach.

Six functional teams all participate in strategic planning

We have six functional teams—seven, counting senior leaders—at Stoner, and they are all involved in strategic planning.

- Marketing
- Sales
- Inside Sales
- Technology
- Manufacturing & Warehouse
- Accounting, Logistics, IT
Six functional teams all participate in strategic planning, continued

Calendar and Stoner60 spreadsheet are key planning tools

Each of the functional teams has its own PAI lists, and individuals within each of the functional teams have their own PAI list. Imagine everybody in your organization having one, two, or three key projects that they know are top priority. How much we would all get done, just with that simple approach?

We have a couple of important tools that we use for planning. The first is our strategic planning calendar, which lists dates for key activities such as advisory board input, mid-year project reviews, and our all-company meeting.

Stoner60 is our name for a spreadsheet tool that we use to plan for the next five years. It lists sixty key numerical or milestone goals. Why sixty? Because Stoner60 sounds good, and because sixty items are about right! We have six functional teams and they each have about ten key indicators that they can track for the next five years. In any case, sixty was just a starting point. Sometimes I think you just have to make a decision, start someplace and see how it goes. Is sixty too many? I don’t know. At first the spreadsheet seemed a little overwhelming but I think now we’re very comfortable with it. We use a lot of color, for clarity and communication. Life can be so simple when you’re in a fifty-person company!

Meetings, Key1 spreadsheet aid communication

Team communication is a critical part of our strategic planning process. Our team members, as I mentioned, want communication. They want to be part of where we’re headed. They definitely do not want to just show up and get a paycheck. We learned early on that to get the kind of team members we wanted, and to keep them motivated, we had to let them know what’s going on.

Once a year on a Saturday morning in early January, everyone in the company goes off-site for four hours and presents their strategic plans. The formal planning for this all-company meeting begins in fall, as we go through the functional teams and try to build up our input from customers and other sources.

Every quarter we have a two-hour all-company meeting in which we talk about strategic plans. Sometimes leaders will speak, sometimes team members. We mix it up. We’ve had some rotten meetings, but we’ve also had some fantastic ones. The discipline is to get together regularly.

We do not have any performance reviews at Stoner. Instead we schedule time for one-on-ones. Everyone in a functional team meets with a functional team leader. The meeting might be weekly, for a new hire, or it might be a monthly meeting for someone who’s been with us for a long time. The concept of one-on-one is really powerful. Sometimes we’ll sit and talk about how things are going at home. Other times we’ll discuss strategic plans. It gives both parties time when they know they can get together and it has really eliminated a lot of the hallway conversations that used to take place.

Our “Stoner University” classes are another way for us to facilitate communication. We also try to get everybody together once a month for lunches and various
Meetings, Key1 spreadsheet aid communication, continued

celebrations. We’ll just look for just about any excuse. And we also communicate through technology—email, walkie-talkies, PDAs, message boards.

Another way we share information is through spreadsheets such as Stoner60. Functional teams also have their own spreadsheets where they capture data, strategic indicators, and measurements. Each of those six functional team spreadsheets rolls up into one senior leader spreadsheet that we call Key1. We’ve been working with Key1 since 1992. What’s great about this mega spreadsheet is that it gives us an archive of historical data, and a place to capture and roll up weekly data. So this is our weekly data dashboard and the primary agenda for our Monday morning senior leader meetings.

Ongoing assessment

As we put together these strategic plans and assess on an ongoing basis, our assessments sometimes reveal things that force us to come back and alter strategies or make adjustments. Sometimes a competitor will make a move that forces a strategic change. Sometimes business results don’t trend exactly as we had planned, so we have to regroup or redirect resources. Ongoing assessments are how we keep track of making changes to our strategies.

In general, I should note, our strategic plans change very little, even as the data’s coming in and we’re seeing trends. Strategic plans for us are fairly stable.

New retail product has been key to success

One of our top strategic challenges has been figuring out how to grow, and continue growing. We’ve had a nice run since we got involved with Baldrige and it’s really a challenge to figure out how to maintain that strategically, so that it’s positive for all our stakeholders. About six years ago, we selected ten of our retail products to make what we call “retail ready.” This included selecting product names and upgrading packaging, and in some cases, upgrading product formulations.

Our earliest marketing efforts entailed placing small ads in auto magazines. The approach was: 1) Here’s an ad; call our 800 number and 2) we’ll sell you a kit. We described the product benefits, and made some money-back guarantees.

Our first ad was small—1-inch by 1-inch. But we got a few phone calls about it. And we thought, hmm, that’s interesting. So we ran a few more ads and the phone really began to ring. We extended this marketing approach to a consumer web site called Moreshine.com, so we could be available 24/7. The site was in addition to the magazine advertising, but more cost-effective to set up and run. Customers could read about our products there, and place orders.

Of the ten products that we started with, one of them, Invisible Glass, has been extremely successful. I’ve gone so far as to say that the great thing happening at Stoner, along with being a Baldrige winner, has been the success of Invisible Glass.

It has a dedicated web site where we explain that it is more powerful than an ordinary glass cleaner, and doesn’t streak. The web site offers multiple ways for a customer to order on line. You can buy a case, a kit, or a can. So we’re giving
New retail product has been key to success, continued

customers options while strategically experimenting a little, finding out which marketing vehicles get us responses, and what products most interest our customers.

Over the past few years, one of our primary objectives was to get our products placed in national retail stores. This was a big undertaking for our little company in Quarryville, Pennsylvania, and to get there, we had to differentiate strategically. For example, everybody else’s products had trigger sprayers. So we went into aerosols, which are a technology specialty. That was one way we were able to be different. We also differed in that we had the premium price, which has meant top profitability for the retailers.

Now Invisible Glass is the leading glass cleaner in the top five auto retail chains. Admittedly, this is a pretty small category, but for a small company to have the number one position is something. We’ve even gotten it into the auto sections of Wal-Mart and Target. These are major victories for us and it’s a real thrill to be able to walk into these stores and see Stoner products. In some ways the scope of this success is bigger than our company’s size, and we get a kick out of that. It’s the kind of project our team members want to be involved in, so they lock arms with us and say let’s keep moving forward with Baldrige, and let’s keep moving forward with retail products.

Customer and Market Focus

Dave Scranton, Inside Sales Manager—The textbook answer to the question of what we do at Stoner is formulate, manufacture, and market very specialized cleaners, lubricants, coatings, and car care products. But what we really do is provide time- and money-saving solutions to over 10,000 customers from all over the world. We do this while growing sales, increasing profits, and achieving world-class results in customer satisfaction and employee retention, year in and year out, with the Stoner Excellence System.

Exceeding customer expectations is at the top of Stoner’s list of values

As our vision states, we seek to do business with life-time customers. Customers, and more important, satisfied customers, are also at the core of our corporate mission statement. They’re the reason we all come to work every day. Customers are also included in Stoner’s values: Exceed customer expectations. We strive to exceed customer expectations in every transaction, regardless of what the cost may be to Stoner. That’s one reason why it tops our list of values.

We empower our employees to exceed customer expectations. A prime example is what was called our $100 rule about ten years ago. Any employee could spend $100 to take care of a customer problem. Over the years that changed to $1,000. And just a couple years ago, it became the unlimited rule. So any employee who has interaction with a customer can do whatever it takes to fix their situation or take care of them. In fact, ‘whatever it takes’ is something you hear quite often around Stoner. It’s a slogan we’ve adopted.
Customer interactions at Stoner

At Stoner we contact customers and prospects in a variety of different ways. Product managers and inside sales managers are the main conduit between us and our customers. We have seven inside sales reps and five product managers, and two team leaders. Normally our interactions are by phone or email. We do have some in-person, face-to-face customer interaction as well.

Maintaining lifetime customers

As I mentioned earlier, we seek to sell our products to lifetime customers. We work very hard to make sure our customers are happy and satisfied with our products and services. That’s why over 96% of our customers continue to buy from Stoner year in and year out. One of the many reasons they keep purchasing is the service they receive from us. We differentiate ourselves that way with factory-direct customer support, empowered representatives, free samples, same-day shipping, free delivery, volume price discounts, and a no-time-limit money-back guarantee. Even if someone bought a product five years ago and was dissatisfied with it, we would still stand behind that product.

Market- and product-specific web sites increase sales

Some very effective marketing and sales tools we’ve implemented in the last five years or so are market-specific web sites and web marketing. At our Stoner Solutions web site, for example, customers can research our products, find answers to technical questions, learn about Stoner’s history, and place orders directly. And we’ve taken market-specific web sites a step farther, and created some product-specific web sites. From these, customers can get product-specific application tips and read user testimonials, as well as place orders. In addition, customers can send us emails directly from any of our sites, and receive a response from our inside sales team within twenty-four hours. Customers seem to appreciate this approach. Our web sales have more than doubled in the last five years.

Stoner constantly seeks customer feedback

To maintain our competitive edge, and ensure customer contact, we constantly ask customers for their feedback. This assessment process involves taking information obtained directly from customers, and using it to continuously improve our current processes, and to implement process changes when necessary. On average we talk to over 1,000 customers on the phone and by email each week. So you can see there’s no shortage of feedback for us to assess.

Customer assessments are performed, where applicable, by every member of our six functional teams—not just by people in sales. We believe that every team member is responsible for keeping our customers satisfied.

“Below Expectations” log is key assessment tool

One of the important tools we use to maintain customer satisfaction and assess business results is our “Below Expectations” or BE log. It’s an internal, corrective-action database that plays a key role in our continuous improvement and assessment efforts. In the BE log we document all instances in which something did not meet
“Below Expectations” log is key assessment tool, continued

the expectations of a customer, an employee, or even one of our vendors. Examples range from a shipping error in which a customer received the wrong product, an out-of-stock situation, or even unfavorable product feedback.

We then assign a root cause and a team responsible for researching the problem. All team members, including our leadership team, review the BEs from the previous week, every week. We use the assess, improve, and implement model to design preventative action processes, where needed, to ensure that the issue does not arise again.

New employees are trained on BE log usage within their first two weeks of employment, and we provide BE log training to all employees as a refresher course once a year. Also, 100% of our BEs receive a personal response from a representative at Stoner to ensure closure. Incidentally, BE log results over the last couple of years are trending down—that’s the way we like to see them going.

Customer surveys provide yearly benchmarks

Every year we use customer survey results to benchmark ourselves against others in our industry. In the five main customer satisfaction areas, which we’ve determined to be quality, delivery, price, service, and overall value, our customers have rated us well above industry averages in all five areas over the last four years. We use customer recommendations to outline where we need to make future improvements. Where that’s happened, we act within two weeks of receiving feedback.

One example of how we’ve used customer feedback over the years to make continuous improvements to our processes involves the way we do our surveys. We ask our business-to-business customers for feedback on how we can improve the actual feedback survey they fill out. Believe me, they have plenty of suggestions every year. We started with a phone survey in 1998 that lasted over nineteen minutes. Customers got back to us very quickly to say that was way too long. Five years later, we have a much shorter—less than five-minute—survey that is administered via email. It’s a lot less intrusive, and customers told us they like that. They can fill it out in their own time.

Also, based on a Baldrige opportunity for improvement we received in 2002, we’ve designed a quarterly consumer survey. This goes out to individuals who buy our car-care products. We realized that since we see retail sales as a large area of growth, we should find out what those customers—not just our business customers—think of our products.

Information and Analysis

Jon Farrell, Controller and IT Manager—We collect, manage, and analyze information and knowledge at Stoner by utilizing a compact array of integrated systems and spreadsheet links to create dynamic data that can be easily identified as decision drivers. A big part of these processes involves technology.
A small company with “big” technology

We like to say at Stoner that we're a small company with big company technology. We have more than ten networked servers running a variety of software. Everyone in the company uses a computer, especially for communication and work reporting. We have an ERP system that handles the majority of our day-to-day operational data and reporting, and we have a web shopping cart that is seamlessly integrated with the ERP system, providing real-time inventory so that web orders print out and ship untouched by customer service.

Server-based phone systems provide detailed reporting and allow one-click dialing from our ERP customer service screen, or from our email contacts. And, we use wireless-access points to service pocket PCs. Most people at Stoner use these pocket PCs, or PDAs, for productivity, on and off site.

In addition to being the smallest company to win the Baldrige award, we're also probably the smallest company to implement the JD Edwards ERP system, which is now called PeopleSoft. This system should easily handle our expected growth for years to come.

IT helps with leadership at Stoner

All this technology is possible through our framework of leadership, strategy, and process; the continuous cycle of assess, improve, and implement; and the constant awareness of stakeholder value. The IT team demonstrates a leadership role at Stoner in many ways. We keep things lean. We're a very small team in charge of supporting information knowledge management, communication, and productivity for all Stoner team members.

We offer classroom training in our Stoner University setting, and some of that training is outsourced. Process training, however, such as the Below Expectations log entry, is taught by team members, because it applies strictly to Stoner. We also provide one-on-one training as needed. We try to explain not just what button to push, but why an employee is pushing it, and what happens to the data afterward. This creates linkage between teams, and a significant amount of accountability. The IT team is regularly involved in fact-based decision-making, in providing data, and in participating in analysis discussions. Ultimately, we have to marry the people processes with the systems.

IT Team vision and mission

Tammy Gaston, IT Team—Our IT team’s strategy is laid out in its vision and mission. Our vision is to have a reliable technology team infrastructure that supports Stoner goals and helps Stoner teams accomplish more with less effort and less staff, using integrated systems. Our mission is to treat team members as IT customers, and to participate in continuous improvement. Within that framework of leadership, strategy, and process, we also apply the companywide approach of assess, improve, and implement.
IT team tools

The key to linkage and deployment is the use of shared assessment tools. The linked spreadsheets we use at Stoner are a simple but effective approach. The various functional teams enter measurements of both process data, such as cycle time, and results data, like sales figures. These are the spreadsheets reviewed on a weekly basis at functional team meetings that end up as part of the major Key1 spreadsheet that is reviewed by the leadership team each week.

We use the Stoner60 spreadsheet as a tool to plan, and also to connect or link key resource requirements that we’ll need as we grow. Another key feature of the assessment phase involves proactive measurement and planning. Examples of proactive measurement are manufacturing forecasts, or a measure we call RFM, which is a way of categorizing customers, based on their region, frequency, and monetary buying habits.

It’s important for all the teams to involve IT in the planning phase of a new process, because business goals drive IT investments. Our team periodically attends other functional team meetings to learn about upcoming projects and initiatives. Then we can have the necessary systems in place to support new processes. This way, the Stoner IT team is also very familiar with the data, and can validate other teams’ assumptions and do drill-downs. As an example, to help with our Lean manufacturing initiatives, IT pulled item usage and flow information, and we also prepared new processes to handle a remote warehouse.

Balance customer satisfaction with importance to the customer

Finally, as we’re gathering metrics for assessment, we keep in mind the core principle that our customers’ perception is their reality. It’s important to cross-reference levels of customer satisfaction with the level of actual importance that customers place on each criterion. For example, one of our process measurements for the warehouse team is to ship 100% of orders received by 5 p.m. the same day. We’ve been meeting this measurement for five years now. But through surveys, we’ve discovered that same-day shipping is of moderate to low importance for our customers. So it’s enough for us to maintain rather than improve this level of service. On-site service, however, is of higher importance to our customers. Even though this measure has a nearly 90% satisfaction rate, we’re working to improve it by hiring more outside salespersons, and conducting more face-to-face calls with our customers.

In addition to external customer surveys, the IT team surveys all Stoner team members, our internal customers, for their level of satisfaction with the systems they use and the service they receive from the IT team. By comparative standards, for example, we may have had a model ERP installation, but we don’t consider the installation done until the users are satisfied that the system helps them do their job better and more easily.

IT improvement plans

With our assessments in hand, we go on to develop improvement plans. In making these, it’s important to envision the ideal, our perfect scenario or long-range
plan. We make sure each improvement keeps us on a path toward that. Sometimes it’s better to sacrifice bells and whistles for flexibility, so that we can add to systems in the future. We look at what we’ve already accomplished, and build on that. We may have to incorporate existing systems and processes. Sometimes, for example, we put off incremental upgrades, and then make less frequent, larger upgrade jumps because it’s less disruptive to the users, and that’s more efficient for everyone.

Of course we create PAIs, or prioritized action item lists. We need to know what comes first, and what resources are needed. We also publish our PAI list to others on the intranet or on visual boards posted on the wall, so everyone knows what our top projects are. It makes us less likely to get sidetracked.

With our improvement plan laid out, we can go on to implementation. A key to the ease of implementation of big-company technology for us has been integrated systems. Several years ago, we had various best-of-breed applications, and we spent a lot of energy moving data from one to the other. Integrated systems have made everything so much more seamless. SQL Server runs the ERP databases, the materials safety data sheets, the phone system, and the web shopping cart. It’s easy to cross-reference phone sales and web sales, or customer and item sales.

We run everything else on Microsoft Office. Outlook handles email and scheduling and that’s linked to the PDA devices. Excel spreadsheets easily create graphs, which are pulled into PowerPoint for quick presentations. Communication is vital to keep everyone coordinated, especially when processes cross from one team to another, or you’re running parallel projects. We have network access in our conference room, so we can quickly pull up a spreadsheet, a web site, or other data during our discussions. Those on the road have access to email, and also the phone system, which can play our voice mails, of course, but also read our emails to us when we don’t have any computer access.

It’s important not to forget security. Some of our security methods include firewall, uninterruptible power supplies, backups, remote storage, and fireproof safes. We have anti-virus software and spam filters. We also have a disaster recovery notebook, which keeps all the information we need for a quick recovery available at our fingertips. We’ve done tests to make sure that if our phone server were to go down, we’d be able to switch all our incoming lines in less than fifteen minutes. We even had an independent firm conduct a security audit. The firm basically tried to hack us, to test our security measures. When it comes to redundant equipment, and servers, we have to balance costs with what we’re willing to do without, for a period of time. We envision the worst-case scenario, and then how we would deal with it.

Jon Farrell—Through the joint efforts of marketing and IT, the content web site is linked to the integrated shopping cart, which links to backend processes. It
wasn’t always like this. When customers got onto our web site, they basically sent us emails, and we had to reenter all that information each day. Data validation wasn’t performed. Inventory wasn’t updated for availability, and credit card authorization was strictly manual. It was really a nightmare. Today, since everything is automated, we can promote via email, and handle the subsequent increased volume easily.

By automating web orders, costs were reduced by more than 60%, which effectively replaced one full-time employee. At the same time, web sales have more than doubled. As an additional cycle of refinement on the web, our integrated systems, along with communication between marketing, IT, and customer service, allowed us to develop dynamic pages that offer a variety of items and enable customers to create their own product kits. This request came from our customer base itself. Sales of these flexible kits now contribute about 8% to 10% of our total web sales.

The cycle doesn’t stop with implementation. We measure our success, define further areas for improvement, and continue the cycle. We assess, improve, and implement continuously. This has placed us in the position that we are in today. By integrating data, determining measures, linking key information, and regularly reviewing and assessing its value, we’re able to provide dynamic analysis. It’s extremely important to use this data to eliminate obstacles and to propel growth. That’s what makes information valuable.

Human Resources

Jon Farrell—We’re unique at Stoner in that we don’t have an HR manager. We don’t even have a formal HR staff. As a small business we can’t afford to build or support a bureaucratic, isolated special-purpose workforce. We currently have forty-seven full-time and five part-time teammates. Our turnover is very low, and our typical employee is a nine-year veteran.

At Stoner we believe in teams. We designed our organization around two levels: team members and team leaders. Each functional team leader is in effect the team HR leader—this is an important concept for us. Team members are empowered to make decisions, yet strengthened by the backing of a group sharing success.

The company vision shows a direct link to human resources. We believe in being fair and equitable, and team members have immediate access to all leaders within the company. Our openness promotes communication, and the goal of personal fulfillment synergizes and is reflected in a highly effective team.

I like to think that our company values are guidelines for team members to use in making decisions competently, either in new or confusing situations or perhaps when no teammate or team leader is around to provide help or guidance. We use personal and group incentives to motivate team members, yet these incentives tie
Corporate vision and values link to HR, continued

One example of our initiatives is a daily stretching program we’ve created for employees. We think it helps provide a safe and healthy environment throughout the plant and office teams. You’ve probably seen this initiative in a manufacturing or warehouse setting, but we have emphasized it throughout Stoner. The benefits are less fatigue, improved safety, an effective workplace break, and most important, fun.

HR processes at Stoner

Roy Peters, Traffic Manager—Processes play a very important role at Team Stoner. You win by process, not by random action. Our process has created a winning team at Stoner, and we’re proud of that. Our hiring process includes not just hiring, but developing a team culture, as well as team communication, compensation and benefits, training, recognition, and surveys.

New hires go through extensive orientation

Figure 2 shows the new member orientation process at Stoner. For new hires, we conduct team interviews that are multi-day, and include many people in the organization. Senior leaders discuss the corporate strategy with the candidate. The candidate then has a two-week orientation of job shadowing, which exposes him or her to all facets of the company, including manufacturing, shipping, and the office. Through this process, the new employee meets all team members.

Team house, clothing, and logo build spirit

People sometimes ask us, do you have a secret weapon? We do. It’s our team. We wanted our organization to possess a feeling of commitment and enthusiasm. So we started simply, with the team logo. We now give out team clothing twice a year. We’ve all got closets full of team clothing! One of the most unique features at Stoner is our team house, an eighteenth-century stone house that we’ve dedicated as an employee center. It’s our lunch room, meeting place, and video hangout spot.

Helping stakeholders is integral to continuous improvement

We want our employees to share Stoner’s success and to be motivated for improvement. We believe in continuous improvement through helping others. And by others we mean the stakeholders, from employees, to customers, and beyond. We
Helping stakeholders is integral to continuous improvement, continued

wanted employees to understand that a stakeholder isn’t only the person sitting next to you, or the person you work with, but whomever your work might be affecting. That’s the culture we’ve sought to develop at Stoner.

Someone once said me, ‘I’ve talked to every one of your people at Stoner, and you’re like a bunch of little clones. How do you do that?’ I answered that it was our culture. And the Baldrige principles helped develop that culture—not winning the Baldrige award, but starting out eleven years ago with these principles.

Multi-level meetings aid communication

Regular meetings and communication keep people up to date and included in decisions. Ultimately, they reduce employee problems. What do our team members want, and what do they appreciate? Communication. Here are some ways in which we provide it. As you know, we hold an annual all-company meeting off-site. We also hold all-company meetings in-house on a quarterly basis. Each functional team talks about their accomplishments for the quarter, and what they plan to accomplish in the upcoming months. Everybody’s there, and everyone hears the same information. It’s important that we’re all on the same page going forward.

We have senior leader meetings every Monday at 11 a.m., and in those we talk about what each functional team is doing, and match those activities strategically with what the company is doing. At that time we also go through the Key1 spreadsheet (the one with all the most important data from each of the teams). We take that information to our functional team meetings, which are held weekly, and explain to our teammates exactly what we have discussed as functional team leaders. In this way, we disseminate that information through the functional teams. As functional team leaders, we also get information from our team members, and we take that back to our discussions with our fellow functional leaders. And we tie everything into the strategic direction of the company.

One-on-ones replace performance reviews

A very important meeting that functional team leaders have with our teammates is the one-on-one. We do not have performance reviews at Stoner. We don’t have a form for rating an employee’s performance at the one through five level. The way we’ve gotten around that is through these one-on-one meetings. As team leaders, we sit down with an employee, typically every two weeks, and talk with him or her. The first thing I ask is what are your top projects, your top prioritized action items? What are you doing to advance the company? We discuss all this, and the team members might also talk about any obstacles they’re encountering. As team leader, it’s my job to help them overcome those obstacles. Or, if I find out they’re not working on the correct priorities, I have to change that around a little bit, and move their direction to where we need it to be.

Also, regular one-on-one meetings help you learn about the employee. They give you an inner view of someone. And it becomes easier to say to that person, if need be, ‘Look, I’m having a little issue with the way you’re handling a particular
One-on-ones replace performance reviews, continued

project or an individual. It becomes a conversation, which is an easier way to handle personnel problems. So you have to do your one-on-one meetings on a regular basis, and they actually turn out to be a lot of fun. Plus, they save you time. People might think that's a lot of one-on-one meetings. But when you have them, you don't get bothered during the day with team members coming in asking what they're supposed to do. You've already discussed it in the one-on-one meetings.

Visual boards help team members stay in touch

Visual boards are a very important concept that we picked up while attending Quest conferences. These basically lay out all the goals and results for a particular functional team and are posted publicly on a wall so that anybody can walk by and read them, and see what's going on within a department.

Every functional team has a visual board. Not only in manufacturing, but in accounting, sales, and so on. It's a great method of communicating information. We'll get guys from the warehouse coming up to look at the visual board for inside sales, for example, to see how sales are going, and it really clues them into performance within the company. It also gives them a background for asking questions, which is what you want—people communicating back and forth.

Employees have forty hours of training per year

Training is very important for us. At Stoner we stress personal development. First we identify the skills required to complete a job. We then apply a foundation of skills and then enhance that and apply it through development. Each employee is expected to complete forty hours of training each year. Examples of training are the Stephen Covey seminars, first aid and CPR, and ethics training—it's all very important. All this is planned and monitored in what we call a personal development plan—each employee has one.

Compensation and benefits

Incentives play a huge role in motivating our team at Stoner, and in keeping us on track with priorities. Incentives are tied to those tasks we've deemed extremely important to success for our organization. Examples might be sales increases in specific markets year over year. Yet these must be balanced against profitability. It's easy to sell stuff at cost, isn't it?

And of course benefits provide enhancements to our employees' personal lives. Besides salary, 401K, flexible hours, profit sharing, insurance, etc, we also offer employee assistance programs, wellness programs, health and nutrition classes, and financial planning programs.

Celebrations at Stoner

We celebrate everything at Stoner. We have fun, including family outings. The family is an integral part of each person's machine, and we recognize that. We like to joke at Stoner that we celebrate through food. We love food in Lancaster County. (That's why we have a wellness program, too!) Every other week we have a catered team lunch for everyone. We celebrate as many milestones as possible, such as safety
Celebrations at Stoner, continued

We also have team gatherings—lots of them. We have fun events such as bowling, baseball games, things that promote esprit de corps. Typically most team members are present at these events. More are there than not, that’s for sure.

Surveys play an important role in taking a pulse on how employees feel about our business. Employees are very ready to tell companies what they think. At Stoner, we do this annually with a written, anonymous survey with open and closed questions. We then compare the results to those of other benchmarked companies. The results are reviewed with each team, and action items are determined from the top issues. Uncovered items are prioritized and acted upon, based on appropriateness, need, finances, and corporate impact in accordance with our assess, improve, and implement philosophy.

We measure our team culture and satisfaction with a team morale feedback survey twice a year. We look at our ranking among seventy companies who also participate. We’ve been blown away by how our team members have rated their morale relative to other companies in the survey. In 2001, team morale results put us pretty close to the top 10% of all the companies surveyed. In 2002 it was even better, as we were in the top 10%. In 2003, we had the same results. Most recently, our team morale is at the very top. That’s among more than fifty companies who were surveyed at this particular point, several of whom we know are Baldrige applicants and winners. It was a really big day for us when we got that feedback.

Obviously we’re very proud of our organization. Without a formal HR department and without formal performance reviews, we rely heavily on our functional team leaders to remain in close contact with our functional team members. And we rely on outside agencies to partner with us in reporting requirements, accurate communication, and training. As we grow, we’ll obviously evolve in this area, and possibly even rethink our strategy. Nonetheless, our team concept has carried the day so far, and according to employee surveys, is effectively producing results.

Process Management

Bob Sweger, Senior R&D Scientist—All our processes are rooted in the Stoner Excellence System of leadership, strategy, and process. Our leaders need great processes to be able to implement and sustain our strategies. The process system begins at the corporate level, and is deployed through all six of our functional teams.

Our understanding of the importance of process management helps us to fulfill our mission of providing solutions to help customers save time, increase productivity, and improve the quality of their work. In fact, it’s process management that enables the success of our organization.
Stoner design process

Value creation processes are defined as those that support our core business—that is, the delivery of Stoner solutions. This delivery requires flow and interactions between all Stoner teams.

Most new product and service ideas at Stoner are driven by one of three things: direct customer contacts with Team Stoner members, research practices from our benchmark companies, or suggestions from Stoner team members. Suggestions from team members have produced many valuable products—we strive to promote innovation and initiative within the company.

The Stoner design process focuses on enabling Stoner people to capture customer and market requirements, then maintain focus on these requirements throughout the design, production, and delivery process.

The technology team, which includes R&D and engineering, is an integral part of the Stoner design process. We continuously examine new technologies to uncover ways to improve productivity, cycle time, speed, profitability, and revenue generation. The R&D function designs new production approaches, especially where products and production can be made more environmentally safe. The technology team members coordinate the engineering of new manufacturing processes, packaging equipment, warehousing modifications, and product delivery.

Product design requires analysis

Our product design process takes into account customer requirements, new product concepts, and supplier capabilities. These all must be aligned before product feasibility is tested against our strategic plans. Our design teams review all customer requirements, data, and feedback during this process. An analysis of supplier capability is done to assure suppliers can deliver the products that are key and the services that we need in a timely fashion. Manufacturing procedures and resources are reviewed by the design team as well. At the same time, the leadership team reviews the product concept and life cycle to determine if these are consistent with our strategic plans.

Overall, our goal is to formulate and manufacture best-in-class products. We work hard to avoid competing with commodity products. Currently we manufacture more than 300 different varieties, which we package in aerosol cans, as well as in 5- to 400-gallon containers. In several of the niche markets where we compete, we’ve been fortunate enough to gain a leading market position, and this is due to what we believe are best-in-class products.

Cost reductions

We’ve implemented a number of cost improvements recently that were critical to help us maintain or reduce our chemical and packaging expenditures. We also have a number of new ideas for future cost reductions, and these ideas are usually generated by cross-functional teams. We’ve made use of Lean manufacturing tools to reduce unnecessary costs and improve efficiency. For example, a Lean team helped identify alternatives to a costly warehouse expansion. We continually seek ways to automate our production process to improve efficiency and quality.
New products are key to Stoner success

Sales of new and improved products accounted for 47% of Stoner’s total sales in 2003. The development and introduction of new products continues to be a key objective for Stoner. Sales of new and improved products are determined by those sales that occur within a three-year timeframe after their introduction, which is a fairly aggressive timeframe. Many benchmark companies use a five-year timeframe. While we’ve been above these benchmarks in both 2001 and 2002, we have far exceeded them in 2003.

Key factory operations are mixing, packaging, and warehousing

Harry Zechman, Technology Manager—After completing the product and manufacturing processes design, we plan and schedule, then mix and package our products, which involve coating, lubricant, and cleaning chemistry. To make all these products, we’ve adopted Lean and flexible manufacturing practices, with an emphasis on safety, quality, and productivity. We have three key factory operations: product mixing; product packaging; and warehouse operations, which is where we pick, pack, and ship orders for our products.

Safety, quality and productivity are focuses

We choose to automate our operations when it is appropriate economically, and where it fits our Lean future state map. Many years ago, we adopted a focus on safety, quality, and productivity. This has helped us manage our activities in a simple, prioritized fashion.

Figure 3 highlights some of our safety, quality, and productivity results. Our safety results are excellent, and we are now focusing more of our safety processes on wellness. An example of our quality results is our finished goods order picking accuracy. We continue to run above 99%. And productivity continues to improve. Productivity improvements are critical in order for us to reach our Stoner60 goals.

Our warehouse team is responsible for receiving raw materials and shipping finished goods to our customers. Orders for stocked products received today will ship today. Our information systems help our warehouse team to effectively and efficiently pick orders. Picking errors occur when we do not pick, pack, and ship an order correctly. Mistakes in the order picking process have followed a positive (that is, downward) trend in recent years. Our process improvements have led to an improvement of our overall results.
CASE STUDY

Stoner: 2003 Malcolm Baldrige National Quality Award

Customer processes include product samples

With regard to customers, we've made improvements in quality, delivery, service, and overall value. In every area, we exceed the industry average, including satisfaction with price. Our results are also above, or similar to, a best-in-class benchmark.

One of the processes we use to introduce existing or prototype products to our customers or prospective customers is to send them samples of our products. Our promise is to ship sample products by the end of the following business day—we have found that quick shipment of samples decreases our sales process cycle time.

A process is also required to improve processes

We are also conscious of our operating costs; and the costs to maintain and repair our manufacturing equipment have shown a positive (downward) trend over the past five years. This is especially notable because we are at record levels of output.

One of the many things we learned through Baldrige feedback was that we needed a process to improve our processes. At first, when we read this in one of our feedback reports, we thought this phrase was either Baldrige humor or “Baldrige speak.” You see, in Amish country, “We don’t speak no Baldrige!” In true Stoner fashion, however, we recovered and then realized that this concept was important to our success. We developed a simple process that helped us look at our current processes, and decide whether we needed to a) better adhere to the current processes or b) improve the current processes.

Journey to Performance Excellence

Harry Zechman—First and foremost, when a company sets out on the performance excellence journey, its company leaders must buy into the process. While clearly beneficial, the journey has its ups and downs, and leaders must keep everyone on course during the dark moments. Use of the Baldrige Criteria pushed us to make Stoner better, faster. It was important for us to be comfortable with the concept that what we have now is good, yet there’s always the better way.

The process of producing a Baldrige application at the local, state, and national level is one that reveals performance gaps and opportunities for improvement. We believed that a site visit would produce rich feedback. Our three certainly did. This is not some quality project that is done independently of operating your business. This is the way you do business, and it produces world-class results in every area of your organization. Our efforts became more sustainable as we engaged more and more team members in the application and feedback process.

Vital roles of leadership and continuous improvement

Learning lessons on the Baldrige journey

Our company’s journey was started many years ago by our founder, Paul Stoner. Paul passed away in 1986. One of his final dreams was to see the company he founded continue to grow and prosper in the capable hands of his grandson, Rob Ecklin. Rob’s entry into the business resulted in new energy, ideas, and vision for our
Learning lessons on the Baldrige journey, continued

company. Rob also introduced a new leadership paradigm at Stoner, empowering a leadership team to usher us into the future. We struggled for a few years without Rob there day to day. At the time the team was much younger and inexperienced. ‘How do we run this business?’ we asked ourselves.

It was around this time that we discovered the Baldrige Performance Excellence Principles, primarily through our local Lancaster Chamber of Commerce. We learned from Baldrige that there are three important aspects of a successful organization: leadership, strategy, and process. And we built a simple model based on these aspects to help communicate this important relationship to our team. After we adopted this simplified leadership-strategy-process, Baldrige-based model, we soon faced the question: How do we get better?

Once again, we learned from Baldrige that cycles of refinement are an important part of a successful business. Our continuous improvement model, became, of course: assess, improve, and implement.

Stoner today

So, how do we run our business today? Leadership, strategy, and process, plus assess, improve, and implement have combined to form our Stoner Excellence System, which is based on Baldrige principles. This system places an emphasis on providing stakeholder value. In addition, our Stoner Excellence System, which began at the corporate level, is now deployed to each of our six functional teams within our business. Each year, we have made improvements to our excellence system, and to our business, in large part through our ongoing participation in the Baldrige program.

We began our Baldrige journey eleven years ago and have progressed from the local, to the state, and on to the national level. In 1995, Stoner was the first company in Lancaster to achieve the Business Excellence Award, the highest offered by the Lancaster Chamber. In 2003, Stoner became the smallest business ever to win a Baldrige award, one of just four businesses ever to win from Pennsylvania, and the only small business ever to win from Pennsylvania.

Baldrige journey has reaped rewards

Our results are a testament to our journey. Overall, we have consistently maintained a high level of customer satisfaction in a very competitive marketplace. Stoner has had a long history of strong and consistent financial performance, especially since the early 1990s, when we began to adopt the Baldrige principles. In fact, we have had many record results after three years of a down economy. Listening to our customers has helped us develop many time-saving solutions.

Our team is at the heart of this journey to performance excellence, and I’m here representing our team members today. People drive performance excellence. Leaders are people; strategy is implemented by people, not computers or machines; and processes are run and improved by people.
Applying for the Baldrige Award

Rob Marchalonis—We submitted our first Baldrige-based application in 1992. The local Lancaster Chamber of Commerce had kicked off a Baldrige-based quality award, and little did we know or even imagine just where that first application would take us. It took us not only to being a Baldrige recipient, but more important, to where we have been able to create a framework to improve our business in amazing ways.

I confess that in the middle of every one of these applications, it has seemed grueling at times. We started with just one or two people doing a lot of the ground-breaking with the Baldrige applications. Then over the years we'd get more and more people involved. It was one extra person the next year, and then another person. In the final stages, nearly the entire company had to be involved in the application in order to bring us to the point where we are now.

There were many times when we felt that we were more survivors than beneficiaries of our first Baldrige application. But sure enough, we did survive. The key aspect of this was that that first application gave us a start and through it we were able to understand the application criteria a little better. And we had a document that was started on the computer that we were able to build from. Persistence has been such a key part of our company, right back to Paul Stoner being an orphan and starting his own business, and that persistence component of our culture paid off for us in the Baldrige process. In subsequent years, as we submitted each application, the process gave us some discipline, and also motivated us to make each a little better than the last.

As we've mentioned, at the time of our applications, we were going through this transition process from owner and entrepreneur Paul Stoner to his grandson Rob Ecklin, and then over to a Stoner leadership team. Along the way, we used Baldrige principles and the applications as a mechanism for us to make the necessary changes. Something else the application process did was give our new leadership team some credibility. The things we were talking about and putting into place weren't coming out of thin air.

With each application, of course, you get a feedback report, and each year we would sort through the feedback and take three or four key opportunities for improvement. We wouldn't take twenty, and we wouldn't take just one. Instead we'd pick three or four items that we thought made sense at the time and that would give us the most bang for improving the process. Those three or four improvements a year since 1992 have really added up, and implementing those is what's taken us to where we are today.

One aspect that surfaced in the early feedback reports was the big question of how do you get better? You're doing so many things but what's your improvement
Respond selectively to feedback, continued

process? We wanted to structure this, and that’s what we did with our assess, improve, and implement continuous improvement model. A key step through all this was also our commitment to increased communication throughout.

In addition to communication, we also began to view the company as six distinct functional teams. Instead of looking at one big company with one big strategic plan, we said: Aren’t needs and expectations and vision and goals a bit different in manufacturing than they are in sales, and in customer service? We benchmarked this concept from Ritz-Carlton at one of the Quest conferences. Housekeeping, for example, would have its own strategic plan. And the front desk would have its own strategic plan, and the restaurant would have its own. We thought this was a really neat model, and that it applied especially to us. It was one of those “aha” moments that helped us solve the key problem of making our structure appropriate for the different parts of the company.

Harry Zechman—One question I’m sure many people ask themselves is why apply for the Malcolm Baldrige National Quality Award? We asked ourselves that too at times, but as we continued with the Baldrige application process into the mid-’90s, we began to see better deployment of our continuous improvement. Our next target was maximizing our performance potential. For example, during the late 1990s through 2000 we targeted some big new strategic challenges, like taking some of our products to the retail market.

It wasn’t until one or two years ago that we began to think about the possibility of actually winning the award. We’d been coming to Quest for many years. Each year we would come and watch, get inspired, dream, and get new ideas. Of course, we did hope that one day we’d be on the stage. We also thought that the entire Baldrige program would mean a significant morale boost and benefit for the business and that certainly has been true. Each year we’ve made improvements to the excellence system, and to the business overall; in large part, through our ongoing participation in the Baldrige program.

Reasons for applying

Site visits and feedback

Our first site visit back in 2001 was a great milestone for us. We knew that this would make the Baldrige journey much more personal to all of our team members, and that we would also get better feedback from the examiner team, and both these things were true.

For those of you who are now in the Baldrige process, you certainly have to ask yourself, what the heck do I do with all this feedback? You get a lot of it. Certainly we had to sort through it because we had limited resources. And one of the things we looked at were the opportunities for improvement—the OFIs—which we sorted based on those that were the most relevant to us. Then we used Stoner University to teach and communicate the OFIs to our team members. And we used our strategic planning process to implement the most important OFIs.
To anyone considering submitting a Baldrige application—take the plunge. Consider it a starting point and don’t set your expectations too high in the beginning. Our first application was thirty-five pages long. We bound it ourselves in our conference room. We thought it was really great—but we’ve come such a long way since then.

You definitely will come to understand Baldrige a lot better when you engage your company in the journey. In the years that follow your first application, you’ll see better ways to describe your approach, deployment, and results. And each year you’ll get very thorough, competent, cost-effective feedback to improve your organization and move it a few steps closer to performance excellence.

Rob Ecklin, grandson of company founder Paul Stoner, joined Stoner in 1983 after graduating with a BS in chemistry from Penn State University. He purchased the company from his grandfather prior to Paul Stoner’s death in 1986. Today, as president of Stoner, Ecklin provides visionary guidance to the company’s senior leaders and is also active with business and real estate investments outside Stoner.

Jon Farrell is controller and information technology manager of Stoner. He has a BS in accounting from Villanova University and has also received secondary education certification from Shippensburg University. Farrell has been a member of Team Stoner since 2002, joining after an extensive career in ERP system consulting and after serving as controller of a nationwide construction firm.

Tammy Gaston is an information technology team member with Stoner. She holds a Bachelor’s degree in psychology from Penn State University and is a member of the Phi Beta Kappa Honor Society. Gaston has been a member of Team Stoner since 1989, and has overseen the growth of technology from a single computer running DOS to the current 10+ server LAN/WAN and full-fledged ERP system.

Rob Marchalonis, general manager of Stoner, joined the company in 1985 after employment with General Electric. He has a BS in electrical engineering from Penn State University. During his eighteen years with Stoner, he has held roles in sales, sales management, and marketing management. Today, his responsibilities are equally divided between serving Stoner’s team members as general manager and leading the company’s marketing efforts.

Roy Peters, traffic manager, acts as a liaison between Team Stoner and its freight partners. He also assists in human resources and accounting. His career at Stoner began in 1968.

Dave Scranton is Stoner’s inside sales manager. He has a BA in English and education from Bucknell University. Scranton joined Stoner in 1999 after a brief professional baseball career followed by employment in customer service and sales in the insurance/investment industry.

Bob Sweger is a senior R&D scientist for Stoner. He earned a BA in chemistry from Susquehanna University in 1985 and a PhD in organic chemistry from The Ohio State University in 1991. After beginning his career as a project supervisor with the National Starch and Chemical Corporation, he joined Stoner in 1996. His current primary responsibility is the research and development of new or improved products at Stoner.

Harry Zechman is technology manager of Stoner. He earned a BS in chemical engineering from Penn State University and an MS in agricultural engineering from Michigan State University. Zechman joined Stoner in 1996 after employment with M&M/Mars and Kraft Foods. His responsibilities are divided between serving Stoner’s technology team members as technology manager and leading Stoner’s technology and operations efforts.