

# The People of Milliken

*The 1989 Malcolm Baldrige winner excels in customer service by building their 4Es on the 3Rs*

M. Scott Myers

**W**hen Tom Peters called Milliken "the best managed company in America," it was no surprise to the textile manufacturer's customers. They have long thought highly of this privately-held firm in the heart of South Carolina peach country. Product quality, on-time delivery, product development, technical support—you name it—customers rate Milliken number one. Winning the Malcolm Baldrige Award was icing on the cake.

Publicity from the award increased the clamor to learn from Milliken. The company now shares its methods with others through regular Pursuit of Excellence seminars. However, for several years previously, top companies made benchmark visits to see Milliken's development of people, considered by many as the linchpin of the company's success.

Attention to people begins in "Milliken Park," the grounds of the Spartanburg, SC headquarters. Inspirational red banners proclaim "TEN-FOUR"—tenfold improvement in four years. The only reserved parking spaces are for "associates of the period." With company permission, any citizen of the community may use the beautifully-kept grounds as a park.

## **3Rs Lead to the 4Es**

Four words summarize

Milliken's approach to people:

1. Educate
2. Equip
3. Entrust
4. Empower.

Education comes first.

"Milliken University" consists of ten large classrooms and numerous breakout rooms. Three classrooms are patterned after Harvard management learning rooms, with sloping floors and rear projection booths. All associates—everyone at Milliken is an associate—participate in job-related training. Each year, production associates receive at least 20 hours of training, middle managers about 30 hours, and upper-level executives at least 40 hours. The core of the Milliken curriculum is quality monitoring and control of processes, rapid changeovers, housekeeping, and teamwork. A new receiving dish will soon beam in National Technological University (NTU) programs.

Cross-training of production associates has been stimulated by collapsing 25 job classifications into four: operator, advanced operator, senior operator, and master operator. Advancement to the next higher classification depends on acquiring the versatility to perform the work of other associates around them and in other departments. The education process reinforces the organization of associates into self-directed work teams.

All managers are expected to complete the Dale Carnegie training program to polish their communication and leadership skills.

Instructors at Milliken University are hired from outside the company. This practice is less expensive than maintaining a professional education staff. Milliken recruits the best instructors for the training needs of the moment. However, outside instructors develop line people to conduct most day-to-day training, much of it on the job or near the job.

Statistical Process Control is mandatory training for all associates. Chairman Roger Milliken and President Tom Malone both completed a one-week SPC course. All other managers are expected to complete the same course.

The average educational status of production associates is eighth-grade equivalent, so general education is an important foundation for other training. Literacy and educational upgrade programs are offered at the ends of shifts. In 1989, more than 100 associates earned high-school equivalency certificates. In addition, Milliken refunds the first \$50 plus 75 percent of the remaining tuition for job-related courses taken off-site.

## **Listening to the Customer**

Sensitivity to customer needs

## Employee Recognition at Milliken

No act or practice, large or small, common or uncommon, is overlooked in Milliken's quest to "unleash the minds and hearts of associates." Were comparisons formally made, observers concede that Milliken would surely be at the top of all American companies in non-monetary recognition of associates:

- No private offices. "Open doors" of management offices are replaced by "no doors."
- No time clocks; general supervisors record attendance.
- No reserved parking except for "associates of the period" from each department. A period is four weeks.
- The terms, "employee, hand, hourly, worker, non-exempt, labor, or management" are not used. It's "associate, team, support, and leadership."
- First-name relationships in flat, open-network organizations.
- An annual performance recognition banquet fetes the top five percent of all associates. Winners arrive by limousine to popping flashbulbs, interviews by reporters, and the general atmosphere of the academy awards.
- Suggestions receive an initial response from supervisors within 24 hours and final disposition within 72 hours.
- Personal letters of recognition have gone to the homes of about 75 percent of all associates on some occasion.
- Sharing rallies at headquarters each quarter bring innovative associates from all sites to present their improvement achievements. Roger Milliken and Tom Malone take personal, active roles in these rallies.
- Bulletin boards and *The Torch* (monthly newsletter) publicize high achievers and award winners.
- Cookouts celebrate departmental and team achievements.
- Organization charts, displaying pictures and titles of *all* managers, show by color code which ones have completed leadership courses.
- Certificates honor the completion by each associate of each Milliken course or each tuition-refund course.
- TV screens at each site daily scroll the names of all associates having birthdays that day.
- During Secretary's Week every secretary has a flower arrangement delivered to the desk, and all secretaries are invited out to a group luncheon.

Recognition abounds in a myriad of small ways. Buildings are tastefully decorated in areas that most companies leave stark and functional. Thank you notes are common; handshakes, pats-on-the-back, hellos, and smiles impart positive reinforcement in every corner of Milliken.

is the foundation of "Pursuit of Excellence," Milliken's label for their overall process of improvement. Some time ago, Milliken commissioned an independent analysis of customers revealing that *listening* is the key to getting close to them. A subsequent 1989 survey showed that customer satisfaction was most strongly related to five fac-

tors: Product quality, supplier attitude, leadtimes, on-time delivery, and the handling of late deliveries.

The same survey analyzed why customers abandoned suppliers. By far the majority, 68 percent, blamed an attitude of indifference by the supplier. Only 14 percent were dissatisfied with the product, and 9 percent more cited competitive reasons.

Indifference seems several times more important than other issues associated with customer satisfaction. Milliken wants to eliminate indifference to its customers.

Customer Partnership Teams now work with customers, cutting across organizational boundaries to solve problems and uncover opportunities. The guidelines for

## Milliken's View of Quality: Past and Present

Quality Factor	Past Tradition	Milliken Today
Quality definition	Product-based	Customer-based
Priorities	Cost, schedule, volume	Quality first
Decision basis	Short-term	Long-term
Quality basis	Detection of errors	Prevention of errors
Cost perception	Quality increases cost	Quality decreases cost
Causes of error	Workers	Systems/practices
Responsibility for quality	Inspectors/specialists	Everyone
Organizational structure	Bureaucratic hierarchy	Flat, integrated, fluid
Problem solvers	Managers	Teams, all associates

Fig. 1.

these teams sound as if they were straight from Tom Peters: Spend time with customers. Listen and *understand*. Focus on needs. Keep every promise. Respond quickly to concerns. Because product returns not only lose customers, but cost big money, Milliken specially recognizes Customer Partnership Teams with zero return records, and the company is both extensive and imaginative recognizing people. (See accompanying box copy.)

### The Turning Point

Ten years ago, autocratic management was the norm at Milliken. Plants ran full tilt, seven-days-a-week, four-shifts-a-day. The textile business was a tough business. Managers went for the marginal dollar and argued for longer lead-times, catering to large orders and neglecting small ones. Only the large customers commanded attention from the sales department. Relationships were adversarial with customers, workers, and suppliers. If a plant threatened to unionize, it was closed. Suppliers received similar treatment.

The awakening began in 1980 when Roger Milliken, on a skiing trip in Colorado, read Phil Crosby's book, *Quality is Free*. It became clear why Japanese textile manufacturers using older equipment outperformed Americans while the American industry was closing a plant a week.

Roger Milliken met with his top management team and acknowledged that management, not the

workers, was the problem. By 1982 Milliken had his management team raise their hands and declare, "I will listen — I won't shoot the messenger."

Over time, the Milliken model of leadership began to pattern after the philosophy described by Warren Bennis in *On Becoming a Leader*. As Bennis sees it; leaders master the context of their mission, and managers surrender to it; leaders inspire trust while managers rely on control. Today, hallways at Milliken abound with such aphorisms as, "The future belongs to those who practice adhocracy, not bureaucracy."

In changing the Milliken culture, the top management knew that their new paradigm had to embrace two revolutions: 1) quality improvement and 2) customer responsiveness. The second revolution could not be achieved without the first. The spirit of the change is captured by a plaque in the headquarters lobby stating Milliken's goal, "To provide the best quality of products, customer response, and service in the world through constant improvement and innovation with a bias for action."

The model for Milliken's improvement process incorporated now-common prescriptions: flatter organization, flexibility, shorter leadtimes, and so forth. Milliken abolished all piecework incentive pay, still common in much of the industry, and reduced the number of production managers by 62 percent, dispersing them to other positions. The new multi-skill training

approach began, parallel machines reduced bottlenecks, and the associates established Corrective Action Teams. Many notable accomplishments followed, and the company is far different than it was ten years ago. In 1989 the Milliken organization completed 2,525 process improvement projects.

### We Are Not Perfect Yet

Textiles remain a highly competitive business, and occasionally a combative one. Throughout the industry, pay and benefits remain low, and work hours long. Many workers are nearly transient in status.

At Milliken, associates still work rotating shifts which cumulate to 48 hours in five days, receiving overtime pay for eight of the hours. Pay for each of the shifts is the same, but associates earn a seven percent bonus for each week of perfect attendance. Last year, attendance was 99.2 percent.

Milliken's pay and benefits are above average for the textile business, but below par for most industry. Annual turnover averages between 20 and 30 percent for production associates and about 12 percent for management associates — obviously not great, but good for a textile company. Building a strategy on high-turnover people is a daunting challenge. Empowering associates for process control and process improvement is a genuine accomplishment.

However, in interviews, Milliken associates still seem unsure that

the new culture is permanent. Many are newcomers. Production associates at outlying plants who did not participate in building the new vision may not be fully committed. Most believe in Roger Milliken himself, but fear that his vision of Milliken will fade when he is no longer there.

Furthermore, *everything* in the company is not open. Like most privately held companies, Milliken declines to publish financial statements.

Unfortunately, several current and former associates interviewed harbored residual skepticism. Some suspect that the published summaries of employee surveys stop short of full disclosure because all associates do not see the original forms. (In fact, associates do not hand completed forms directly to supervisors in order to encourage honest responses, but all supervisors of units having more than ten people are fed back the full data, including comments.) Some associates complain that the benefit package falls far short of national norms. Some thought that the rotation of shift work needed improvement. Sometimes their quality and productivity charts, supposedly updated every day, had been neglected until time for an important visit. Even associates enthusiastic about the changes remain suspicious of the company's underlying motives.

Because they regard low pay

### Milliken at a Glance

Headquartered in Spartanburg, SC, the 126-year-old-private company employs 14,300 associates in 28 businesses producing 48,000 different textile and chemical products — ranging from apparel fabrics and automotive fabrics to specialty chemicals and floor coverings — for more than 8500 customers worldwide. Annual sales are well over \$1 billion. The majority of Milliken's 47 plants and other operations are concentrated in three states: South Carolina, North Carolina, and Georgia, but Milliken has also long operated in a number of international locations.

Adapted from the 1989 Malcolm Baldrige National Quality Award Summary.

and difficult conditions as simply part of life in textile firms, many associates still find it hard to see how in the long run Milliken can be different. It is a tough transformation from a tough legacy.

### Milliken Keeps Changing

Without question, the top management, beginning with Roger Milliken, is committed to "walk their talk," and progress continues. Last year, the top management formed an education committee to better focus on developing Milliken associates. Milliken is unabashed at "stealing" that idea from Motorola, and is eager to adopt other useful ideas from any source.

An expectation of the judges of the Malcolm Baldrige National Quality Award is that a winner's best performance is yet to be seen. Recently, a Milliken operation in each of four European countries has been the first textile company, and perhaps the first company of any kind in each country, to qualify for the European "9001 Quality

Award." Milliken is accelerating further quality improvement by instituting an internal "Baldrige Award" in 1989. All locations and functions participate.

Virtually everyone who has tried the same path of excellence as Milliken agrees that the hardest challenge is changing ourselves, not once, but many times. "The hard stuff is easy, but the soft stuff is hard." In Milliken's case, there is little doubt that the gap between the vision at the top and actual implementation will continue to diminish.

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