

Mid-Atlantic Region

Work Team Innovation

Pay issues, employee development, and lessons learned.

Gerald W. Bapst, CFPIM

Companies are finding new ways to innovate and improve through self-directed work teams (SDWT). Experiences shared by representatives of a rubber company, a government agency, an electronics firm, and a golf ball manufacturer provided an interesting comparison of SDWT techniques in a diversity of manufacturing settings at a recent AME seminar.

Recognition and Reward

Acushnet Company, manufacturer of Titleist golf balls, is pioneering new approaches in employee compensation and recognition in its team-based operations. Pay for performance (production performance factors compared to a base period) is carefully combined with pay for skills acceptably demonstrated in their new pay plan in Titleist's Ball Production Plant Number Two. Its gainsharing plan requires demonstrated capability and a skills payback period to ensure that both the employee and the company benefit from an expanded repertoire of job skills, reported an employee team.

Employees are encouraged to participate in cost reduction efforts. They have direct access to members of the accounting department for information about current production costs. Team members receive a flat salary with additional payouts based on the total amount of performance improvement (using traditional standard cost-based performance measurements). Total team days worked, the number of employees, and their attendance are factored into these payouts. They are experimenting with the possible addition of quality and innovation consideration to their pay system; they are not sure exactly how it will work yet.

The company commissioned videotapes of its employees at work, set to popular music. These tapes feature *all* levels of employees together; they are used for internal motivation and external advertising.

The company's already eliminated 12 pay levels and several levels of management. Training requirements are 40 hours for every employee per year and twice that much for remaining managers. Their goal is that 50-60 percent of the total employee workhorse will be able to do all jobs in their plant.

Teams Make Their Mark in the Federal Government

The Federal Industrial Supply Agency strains at the seams to reshape its traditional hierarchical organizational structure. Self-

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managing teams challenge fundamental ways of managing, such as the process of annual reviews and merit increases, said Linda Friedrich, deputy director, Office of Planning and Resource Management, Defense Industrial Supply Center. Team participation is encouraged for 11 months of the year and then individual performance reviews based on traditional, top-down organizational and measurement systems, break it down in the twelfth month. Cultural changes are difficult because of deeply embedded bureaucratic policies and procedures.

Employee teams fund their recognition and reward programs through their cost improvement efforts, within a shrinking budget. Despite the traditional impediments, teams at the agency's Philadelphia location reduced backlogs by ten percent and decreased average process response time by 25 percent. They are turning to local colleges for additional training

in total quality, facilitation, and world-class methods.

More Freedom to "Do Their Own Thing"

Burt Hoefs, plant manager at Gates Rubber Company's Siloam Springs, AR plant, kept trying to keep employees happy. He even gave qualifying employees keys to the front door. Yet employees felt they were treated like children. They wanted more freedom to "do their own thing," run their own job, and have real responsibility instead of direction. The whole organizational process has changed within the past few years. Now, every worker is responsible for their results and their contribution to team-work performance.

The Gates plant rapidly got into the education business, from basic math and reading to material resources planning, JIT, etc. Donnie Clark, industrial relations manager, explained that Gates had to transform workers from fear, frustration, and worry, to acceptance, opportunity seeking, and looking forward to the challenges of each new work day. Cross-training the existing work force began. Now each new employee must learn three different jobs in their first year of employment. Employees must become certified in their jobs. The process changed from reactive to proactive when employees took personal responsibility for results. When customers come to the Gates plant these days, they do not come to talk with management. They want to talk directly with employees.

Gates Rubber produced an innovative videotape, using fish as analogy for employees and a dam made up of supervision and staff. The fish want to explore what is beyond the lake, but are blocked by the dam of middle management. Employee comments on the tape describe the journey as they overcome the resistance of the dam.

As the transition to work cells continued at Gates Rubber, there was an initial drop-off in results for several months. Then "lift-off" occurred including an increase to 142 WIP inventory turns and zero defects quality.

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The plant's transition to teams was not easy. Hoefs pointed out, "It is not a democratic, flattened organization. Teams have commitments that they must meet, but they have the freedom to make decisions and succeed against known goals and objectives. The team can do practically anything as long as it does not negatively impact on cost, quality, leadtime, or governmental regulation compliance."

Guaranteeing Continuous Improvement in GE Work Teams

A 12-member team from General Electric (GE) Government Electronic System Division described what it is like when all managerial titles are removed and work teams replace a highly-bureaucratic organizational structure. Managers and engineers adjusted to becoming resources for employees who may lead improvement efforts. Key elements in the success of these teams are full-time facilitators who assist team development and then are assigned permanently to the teams. GE is writing a new chapter in employee involvement by making the "Hawthorne Effect" (an earlier study of workhorse activity associated with management variables) a continuous process of improvement, said Bob Baczenas, senior administrator of continuous process improvement programs (CPI). The teams self-fund their efforts, including assigned facilitator resources, and provide significant cost improvements to the company. "We intend to shove bureaucracy aside, while developing a boundary-less organization," said Jack Reece, manager for organizational productivity.

Workshop Participants' Comments

Participants in this self-directed work team seminar were vocal about this experience and its meaning to them:

Daniel Donovan, operations supervisor at U.S. Surgical, said, "I found myself writing everything down, because it is relevant to what we need, very relevant."

Chris Hallett, vice president of operations for Long Operations, commented, "I get rejuvenated by the real experiences and successes of other companies who are also making the transition from traditional manufacturing."

Northern Telecom's Steve Howell said, "I was particularly impressed with the Titleist team. Each member told their own story in their own words. They answered our questions in a very genuine and informal way."

Ted Howes, a Texas Instruments production control manager, said, "You have to be sure your employees understand there is an absolutely fundamental cultural change required, in order to survive."

Motorola Insures Team Success Through a Commitment to Education

An absolute must to achieve the company's "Six Sigma" quality goals is education, said Chuck Kenyon, a Motorola Inc. personnel manager in Elma, NY. Every employee is required to complete an average of 52 hours' training each year. The training approval policy is liberal, as long as the training relates to possible better performance. At weekly "vision meetings," plant management reviews corporate and customer service objectives, and plans any needed course corrections. Teams are rated on the their training goal achievement; the lowest-achieving team member determines the whole team's standing.

Summary Panel Recommendations

A panel of team members provided some excellent final points:

- *Do an assessment up front to determine what type of teams would best fit your company's competitive goals.¹
- *Staff and support people are key elements of team success; they can be tremendously helpful or your greatest stumbling block.
- *Resist firing long-term employees who at first resist change; they are persuasive leaders of other employees in the right direction, if they can be patiently convinced.
- *Avoid the differences and concentrate on what we can agree upon to forge a new level of teamwork.

¹ For more commentary on types of teams and teamwork, see the column by Peter F. Drucker, "There's More Than One Kind of Team" and the column, "I Believe in Teamwork" by Verna Moran, in this issue.

Jerry Bapst is an educator and consultant in Pennsylvania. He is a member of the AME Mid-Atlantic board of directors and a Fellow in the American Production & Inventory Control Society. He has more than 17 years' manufacturing experience, beginning at the Hawthorne Works.

Editor's note: Ron Recardo of Wm. A. Schiemann & Associates, Inc. also was a speaker in this event.

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Association for Manufacturing Excellence
380 West Palatine Road
Wheeling, IL 60090
708/520-3282

