Team Performance and Rewards: Building Responsibility for Results

It's more than a doughnuts-versus-dollars strategy; people want to know how their contributions make a difference in overall company performance.

Lea A.P. Tonkin and Christian M. Ellis

When teamwork is good, it can be very, very good for your company. You can savor the joys of improvements in quality, productivity, inventory turns, safety — the works. Then again, it can take years to build top-performing teams — or to discover that this collaborative venture flops or slackens. Looking for the latest word on ways to encourage and sustain top team performance in manufacturing, we sent surveys to companies in the United States, Canada, and other countries and asked them to share experiences in teamwork. We received 120 responses, a 25 percent response rate.

What we found:

- *Teams help to improve company performance, according to 95 percent of the responding companies*
- *Team performance climbs as the teams become more self-managing*
- *Building strong teams means healthy portions of shared commitment, effective communications, and understanding about metrics and goals*
- *Visible, frequent, and timely sharing of performance results is critical in improving team performance*
- *Rewards continue to play an important role in motivating and driving team performance*
- *Team and group incentives and skill/competency-based pay, along with enthusiastic recognition programs also nurture teams — but there's still no universally-accepted formula for success.*

Survey findings are shown in more detail in the boxes on pages 8 and 9. Comments from several survey participants about their experiences in encouraging successful teamwork and team rewards follow.

Oshkosh Truck Corporation: "Communication is a Big Deal"

Emphasizing mutual expectations for continuous improvement and teamwork works well at Oshkosh Truck Corporation, Oshkosh, WI, according to Ellen Bestor, recently the company's continuous improvement manager, now manager of aftermarket purchasing. The ISO 9001-certified company manufactures severe-duty trucks for the construction, airport rescue and firefighting vehicles, and military markets.

"Communication is a big deal," Bestor said. "Sometimes it's the little things you do to recognize an employee that count — bringing in doughnuts or saying, 'The coffee's on me,' or as simple as saying, 'Thank you.'" Reviewing key measures and operation goals in meetings open to all employees (including business managers, union officials, and others) at the union hall

Key Measures — Oshkosh Truck Corporation

A. Safety (such as incidents, medical claims)
B. Quality (parts shortages, defects)
C. Cost and productivity (inventory, reprocessing, scrap)

Figure 1. *Employees/teams frequently review key measures at Oshkosh Truck Corporation.*

each week, work team reviews of these metrics broken down by business units (military, construction, and air rescue/fire) give teams and individual employees information they need to focus on specific, day-to-day improvements that will secure the company's competitiveness and their jobs for the future, she added. (Key measures are shown in Figure 1.) Improved safety, decreased scrap and rework, and higher inventory turns are among the performance indicators that have taken a turn for the better, thanks to teamwork at Oshkosh, Bestor said.

Needed: Buy-In From All Employees

Things weren't always this rosy in the teaming area. The 1300-employee, UAW facility had a bitter strike in 1974, and teams launched in the 1980s had problems. For one thing, management hand-picked team members for team slots, and the union didn't buy in.

"The company realized it wasn't working," Bestor said. In 1990, the company hired a consultant and involved the union in a make-over of its teaming

approach."We needed buy-in from *all* employees to make it work."

Blending the ideas of union members and management with a focus on customer satisfaction, Oshkosh Truck people developed an operations group plan — a road map toward the next level of improvement in manufacturing excellence. Their thoughts are reflected in an employee handbook called the *Employee Involvement Continuous Improvement Plan* ("our living document," Bestor said). The small booklet spells out the company mission, strategic direction, team and operations structure, team responsibilities, team meeting guidelines, business unit structure, key measures, employee and leadership expectations, policies for handling non-disruptive performance, and other areas.

Among the agreed-upon team responsibilities are: *continuous improvement* (support and promote the use of a continuous improvement plan, track project accom-

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Participating Companies

Advanced Machine Programming	Custom Pak	Howmet LaPorte Casting	Patco Products
AM Equipment Inc.	Cyberonics	Hyde Tools	Pharmacia & Upjohn
American Saw & Manufacturing	Dade International	Indexx Laboratories	Philips CEC (Five Rivers Mfg., LLC)
ANA Tech	Dana	International Jensen	Philips Broadband
Astro Valcour Inc.	Dickson Company	Iomed	Polycon Industries
AT&T Wireless Services	Dukane Corporation	ITT McDonnell & Miller	P.L. Porter
AVX Corporation	DuPont	KCI	Purolator Products
Basic American Foods	Dura Bar	Kennametal	Quantum
Behr Industries Corporation	Dynalab	Lear Corporation	Reliance Electric
Benjamin Obdyke Inc.	Eaglemotive	Lennox Industries	Remmele Engineering
Bicron Electronics	FEI	Eli Lilly	Reynolds & Reynolds
Bodine Electric	Firestone Textiles	Lube Devices	Seitz
Bosch	Flexco	Lucas Varity	Senco Products
Brake Parts/Echlin	Fluid Management	Lucent Technologies	Siemens Furnace
Bristol-Myers Squibb	Furon	Mar-Tek	SPX
Case Corporation	Gates Rubber	Mitsubishi Silicon America	Superior Cable
CCL Custom Manufacturing	GE Multilin	Monogram Aerospace Fasteners	Tektronix
-Islington Plant	Geneva Pharmaceuticals	Monsanto	Texace
Central Soya Company	Gilbarco	Narda Microwave	Thermo King
Cerberus Pyrotronics	Grand Transformers	National Manufacturing	Toro
Chicago Gear Works	Greene Rubber	Navistar	Trident Precision
Cimco Refrigeration	Hammond	Neuens Lumber Company	Unit Instruments
Climax Portable Machine Tools	Manufacturing	New Venture Gear	Universal Instruments Corporation
Coleman Powermate Compressors, Inc.	Hardie/Toro Irrigation	Nortel	Wesson Peter Pan
Coleman Spas	Harley-Davidson	Northwest Spring	West Bend Company
Columbia Industries	Harmac Medical	Oliver Products	White Cap
Computype	Products	Oshkosh Truck	Wiremold
Continental Hose	Honeywell	Owens Corning	Xynox Technologies
Cummins Engine	Hostess/Frito-Lay	Parker Hannifin Corporation RAC Division	*Additional participating companies were anonymous.*

Research Study: Team Performance and Rewards Findings

Key Findings

- Ninety-five percent of the respondents believe that as teams become more self-managing, team performance improves.
- More than any other factor, companies reported that visible, frequent, and timely sharing of results worked well in measuring and managing team performance.
- Ninety-six percent of the participants said teams improved the performance of their business.
- Reward programs that were reported to be effective included team incentives, group incentives, and skill/competency-based pay.
- A mutual sense of commitment and a clear understanding of metrics/goals were ranked as important in enabling teams to be high-performing.

More Survey Results

- The typical team hasn't been around long; 78 percent existed four years or less.
- Forty-seven percent of the teams have three to seven members; 43 percent have eight to 15 members.
- Responses showed that 78 percent of the teams included non-exempt hourly production employees; other common classifications were exempt professional/technical (30 percent), non-exempt hourly maintenance (23 percent), and supervisors (23 percent).
- Only 23 percent reported that a typical team represented production only. Production/quality/test /maintenance was the most common representation (33 percent), followed by production/shipping/receiving (16 percent).
- Fifty-seven percent of the teams were described as having supervisory responsibilities split between the team and a coach; 30 percent noted that a supervisor was responsible for job assignments, discipline, work scheduling, etc.
- Self-managing teams were reported by only 13 percent of the respondents. They indicated primary challenges to becoming self-managed as 1) lack of skills/competence, 2) coping with change, 3) conflicts among team members, and 4) lack of clear decision rights.

For teams that were reported as self-managing, primary challenges to remaining self-managed were reported as 1) training/education, 2) flexibility as new members were added, 3) maintaining focus and emphasis on continuous improvement, and 4) establishing an appropriate level of management support as teams evolve. The most common approaches to overcoming these challenges were 1) ongoing training of both management and team members on managing change, 2) improving the team's performance process, and 3) ensuring open and honest communications. Forty-eight percent of the respondents believed it takes two to four years for a team to become self-managing. Yet the majority (53 percent) of those reporting self-managed teams said it takes a shorter time (zero to two years).

- Seventy-five percent of the participants *strongly* believed that as teams become more self-managing, team performance improves. Another 20 percent indicated some relationship between self-management and performance improvement. Eighty-one percent of those reporting self-managed teams believe that as teams become more self-managing, team performance improves.
- The most common activities for which the team is responsible included producing a complete product (84 percent), assigning work to team members (74 percent), conducting preventive maintenance (59 percent), scheduling work hours (48 percent), and collecting performance data (43 percent). The following table shows reported percentages for the top six activities of self-managing teams compared to the percentages reported for supervisor-managed teams.

Activity	% Self-Managing Team	% Supervisor-Managed Team
Assigning work to team members	94 percent	46 percent
Producing a complete product	88 percent	86 percent
Communicating with customers and suppliers	81 percent	37 percent
Scheduling work hours	56 percent	17 percent
Hiring team members	56 percent	14 percent
Evaluating team member performance	56 percent	6 percent

- In 43 percent of typical teams, team members collect performance data on an ongoing basis to measure/track performance compared to 56 percent of self-managing teams. The majority (69 percent) of smaller teams (three to seven members) report that administrative staff collect performance data. Fifty-six percent of teams with eight to 15 members report that both the team and the supervisor collect such data.
- Sixty-eight percent of teams reported receiving information about performance and goals from a "scorecard," however, this figure may be exaggerated because of a lack of understanding about the definition of "scorecard." Thirty-seven percent receive updates from the supervisor.
- Nearly half the respondents said teams meet at least once a week to discuss performance, and almost 30 percent report they meet at least once a month.
- Sixty-six percent of the participants said team goals are set through a joint management and team effort.

plishments, and others); *quality* (follow set procedures and update them as needed, take ownership of material, use SPC effectively and follow through with corrective action, etc.); *safety* (use all safety practices and equipment at all times, promote safety awareness, keep work area neat and clean), *maintenance* (report problems to the maintenance department for repairs, pre-run inspec- tion after repair, recommend new equipment); *productivity* (understand and support the schedule, be aware of cost per job, chart production level/goals, report discrepancies in bills of materials, routes, and component codes, etc.); *inventory* (complete required data transactions, contact suppliers directly through Kanban systems); *supplier* (be a part of the certification process for suppliers

- The most commonly-reported types of team measures/metrics included quality (95 percent), on-time delivery (79 percent), and productivity/labor efficiency (76 percent).
- Answers were widely distributed about what worked well in measuring/managing team performance; 41 percent of the respondents noted the theme of visible and frequent sharing of results with the team.
- Again, answers were widely distributed about what has not worked well in measuring/managing team performance. The most common responses were 1) a lack of clear measures and goals and 2) a lack of clear guidelines and discipline for managing performance.
- Factors enabling the most successful teams to be high-performing included a mutual sense of commitment/collaboration (77 percent), a clear understanding of metrics/goals (75 percent), training (65 percent), multi-skilling/flexibility (60 percent), ability to resolve conflict (54 percent), and constructive feedback between team members (49 percent); troubleshooting and management trust also were reported.
- The biggest challenges facing high-performing teams included maintaining ongoing motivation/enthusiasm, developing new and effective approaches for continuous improvement, and managing changes in team membership, leadership, and performance expectations.
- For low-performing teams, the biggest challenges were reported as developing motivation/enthusiasm and establishing team discipline and ownership for results.
- Ninety-six percent of the survey participants reported that teams improved the performance of their business (100 percent for self-managed teams). Among the indicators were efficiency/decreased cycle time/on-time delivery (44 percent), increased productivity (39 percent), improved quality (36 percent), and improved cost (26 percent).
- Rewards play an important role in motivating and driving team performance according to 53 percent of the respondents, although it is only a part of the motivation equation; 46 percent of the respondents believe rewards do not play an important role, however.
- Asked to evaluate the effectiveness of monetary and non-monetary reward programs, respondents indicated:

Evaluate the effectiveness of each monetary reward program below that applies to your teams (not effective, somewhat effective, very effective).

	Applicable (% of companies)	Not Effective	Somewhat Effective	Very Effective
a) Individual piece rate	9 percent	45 percent	45 percent	10 percent
b) Annual cost of living	50 percent	54 percent	41 percent	5 percent
c) Time-based pay	38 percent	55 percent	43 percent	2 percent
d) Salaried pay	47 percent	24 percent	62 percent	14 percent
e) Skill/competency-based pay	54 percent	13 percent	63 percent	24 percent
f) Individual merit pay	71 percent	16 percent	68 percent	16 percent
g) Team incentives	51 percent	3 percent	61 percent	36 percent
h) Group incentives (goal/gainsharing)	55 percent	6 percent	58 percent	36 percent

Evaluate the effectiveness of each nonmonetary rewards program below that applies to your teams (not effective, somewhat effective, very effective).

	Applicable (% of companies)	Not Effective	Somewhat Effective	Very Effective
a) Recognition programs (top performing teams)	73 percent	6 percent	60 percent	34 percent
b) Recognition programs (individual team members)	79 percent	16 percent	61 percent	23 percent
c) Changes in work content	76 percent	8 percent	70 percent	22 percent
d) Promotions	79 percent	8 percent	62 percent	30 percent
e) Training and development	94 percent	5 percent	50 percent	45 percent
f) Job security	90 percent	12 percent	55 percent	33 percent
g) Time off	41 percent	19 percent	60 percent	21 percent
h) Paid time off	45 percent	21 percent	47 percent	32 percent

- Reported methods of balancing individual and team rewards/recognition included focus on either the team or the individual, a gainsharing plan for the team, and pay for skills for the individual; many believed this was not an issue, and many others are still working on it.
- Eighty-eight percent of the respondents reported paying team members in the 50th percentile or better, relative to the market in which the company compares itself; 50 percent pay team members in the 75th percentile or better.
- Plans for team reward systems for the next 12-24 months included gainsharing (mentioned most often), pay for skills, variable pay in general, pay for performance, goalsharing, and stock options.

Source AME/Target-Sibson & Company Team Performance and Rewards Survey 1997.

affecting your area, provide information for business unit on problem parts, measure on-time delivery from suppliers; *communication* (request resources from the business unit, set up and use daily visual message boards in areas, communication between all plants/departments); *training* (monitor team members' abilities and seek training where necessary, schedule and attend required training); *human resources* (coordinate vacation schedules within contract provisions to ensure no loss of coverage, prepare for weekly business meetings); and *process control* (establish goals and measure results, improve the process).

"What's important about this approach is that it goes back to basics," Bestor said. "There has to be

respect, and treat people the way you want to be treated. It's a two-way street." Referencing a quote from Stephen Covey, she added, "Always treat your employees exactly as you want to treat your best customers."

Getting Involved Business Decisions; Team Incentives and Gainsharing

The more teams know about the status of the company against its performance targets, the greater the opportunities for reaching those goals, reasoned Oshkosh Truck management. So teams get a look at corporate financial reports, and they're encouraged to call on engineering and accounting people to explain these numbers at team meetings. In turn, teams get more involved in making better business decisions. "They're more choosy about making recommendations for capital expenditures, for example," Bestor said.

"A year ago a group wanted to buy fabricating

equipment. Not only did they show the equipment was ergonomically better, but it had a return on investment of 18 months," she continued. "They got it ($110,000) approved, because the operators understood the issues."

A team incentive is job security, Bestor believes. "Through customer satisfaction and being competitive, employees will have job security," she said. "We also recognize teams upon reaching their team goals. When the team reaches a goal, they celebrate (pizza, hats, T-shirts, etc.) and set a new continuous improvement goal."

A modified gainsharing plan also was designed to build employee involvement. All employees share equally in the gainsharing payouts, when they come along. There were payouts in 1992 and 1993; people question it when there aren't payouts, Bestor said. Although progress has been made on many fronts, including teamwork, "We have a long way to go," she said. Oshkosh Truck

Bosch Anderson Phase I Assessment

1. Conflict Resolution and Problem Solving: Give examples of the team providing honest feedback to peers and resolving conflicts within the teams. What did you find?

2. Dealing with Change: Give examples of the team adapting to change (process, expectation, TOP) and accepting new ways. Describe how the Group Leader is providing guidance to make changes more comfortable and effective.

3. Team Process and Decision-making: Show evidence of the team using data in decision making. How are they focusing on the process, not just the result? What evidence is there that the team is accepting the need to satisfy both internal and external customers?

4. Training Assignments: Is all pre-phase and phase 1 training completed? What is not? Has phase 2 training been identified? Have resources assisted in training identification?

5. Measuring Multi-skilled: Is there cross training in critical areas? Is 100% of the team certified in at least two stations? Are the PQI's (product/process quality instruction) being utilized properly?

6. Point Leader Transfer of Knowledge: Are there at least two trained point leaders for each function? Can each team member describe the role of the point leaders? Do the point leaders understand and perform their task?

7. Use of Resources: Did the team members identify and use their resources? Did the team demonstrate a mutual understanding of expectations between support groups and the teams? Has the team held meetings with internal suppliers and customers? Have they established expectations of one another?

8. Goal Setting: Did the team describe the process used in goal setting? Does

the team understand Policy Deployment? Has the team set some goals per Policy Deployment? Is the team starting to show evidence of accountability for these goals?

9. Making Progress and Action Oriented: Did the team proactively seek improvements to achieve their goals? Is the team reacting to and correcting negative trends? Does the team demonstrate use of the PDCA cycle?

10. Measuring Performance and Total System Performance: Is the team tracking each goal? Is the tracking system visually managed? Is the team tracking negative trends?

11. Improvement projects: Has the team selected projects to improve in every point? Do the teams utilize agendas? Are team goals related to business results? (Policy Deployment) Do the teams have a system to document and communicate team successes? Are the teams utilizing basic problem-solving tools? Do the teams understand and utilize the storyboard process?

12. Business Results: Can each team member describe each Key Measure and state the goal? Has the team implemented the Anderson Plant Visual Management system for tracking and displaying their "Vital Few" goals, results, and improvement plans? Can the team explain the impact it has on each measure? Is the team pro-actively seeking improvements to achieve business measures?

13. Additional Comments:

Figure 2. Teaming expectations are outlined in assessment tools for each of three team phases at Bosch.

received the 1996 Excellence Award from the Association for Quality and Participation (AQP).

Bosch: Team-Oriented Production Assessment Tool and Process

Filling in the details for employees about what's expected in a teamwork environment and giving them ways to gauge their own performance against these goals proved an effective way to nourish teaming at Bosch operations in Anderson, SC. Various automotive-related products are turned out by employees here — everything from anti-lock brake system components to fuel delivery systems, oxygen sensors, fuel pump kits, and electronic relays.

Mark Warner, manager of continuous improvement at Anderson, said approximately 50-55 percent of the 800-employee hourly work force will be in a team environment by the end of this year. The balance will move to teams (they call it team-oriented production, or TOP) in 1998. To make the transition easier, teams receive coaching in three phases of teaming; as they advance to the higher levels, their contributions to overall performance of the operation increase.

In each phase they deal with conflict resolution, problem solving, team processes and decision-making, and other basics. (See Figure 2.) An assessment tool provides feedback and guidance at each phase on the team's progress toward empowerment.

Once a team is assessed as complete through the first phase of teaming, each team member receives a bonus. "That's created a lot of interest," Warner said. "And it puts a little pressure on their management."

Visual Management

Visual systems communicating plant goals — including team targets — are essential in creating and sustaining performance gains, he believes. "For each production workshop, we have an array of charts that includes a trend (historical data) chart, a Pareto chart, and an improvement plan (for unfavorable trends — what actions will be taken, who is responsible, and a forecast of favorable trends)," Warner said. "We track defect cost, zero mileage (in the automotive industry, that's any defect the customer finds before the product goes to the end customer), how we're performing to the master production schedule, productivity, accident frequency, and department expenses (that are under control of the team). Information on the trend charts can be a month old before they get to the shop floor. Therefore, the teams involved in TOP track their information daily or weekly using this data to manage their work.

"Visual management goes hand-in-hand with what we're asking teams to do. We're looking for improvements that affect the bottom line," Warner added. Offering clear direction on expected performance results in higher team productivity.

Three-Part Compensation Strategy

Continuing attention to Bosch's compensation strategy is another key to encouraging top performance in a team environment at Anderson. Their long-term, three-part strategy addresses team performance, individual performance, and a portion reflecting overall company performance. Work has begun on the individual component.

Finding the best way to deal with the need for multi-skilling and flexibility in the work force is a challenge, according to Debbie Croft, human resources director. Career bands for operators and technicians allow workers to progress to higher pay levels as they demonstrate additional skills and competencies. There's a need to focus on pay for *contribution*, not simply on an individual's acquisition of knowledge and skills.

Recognition is part of the performance improvement and teaming process here, too. When Bosch employees see another worker's above-the-call-of-duty effort, they can put the worker's name on a thank-you card and send it to personnel. Notes, pizza parties, doughnuts, etc. are informal ways of letting people know they've contributed to the success of the company. "If you think about it, money or a bonus is nice but it's not going to last long," Warner said. "Sometimes you walk through the plant and you see cards an associate gets on their machines or tool boxes; they like this kind of feedback."

Eli Lilly & Company: Authority, Freedom, and Responsibility

Offering employees in a team environment a combination of individual performance-based (40 percent of total compensation) and team-based (60 percent) brings "moderate success" at Eli Lilly & Company, Lafayette, IN, according to Kevin Carnes, former productivity project associate and now a process engineer at the pharmaceutical company. "The highest motivators of team performance are non-financial — authority, freedom, and responsibility for decision-making and solving problems," he said.

An assessment tool provides feedback and guidance at each phase on the team's progress toward empowerment.

"The highest motivators of team performance are non-financial — authority, freedom, and responsibility for decision-making and solving problems."

Kevin Carnes,
Eli Lilly & Company

Team #:_____ Team Name: _____ Dept/Shift:_____					
Please check the appropriate box: ☐ Team member ☐ Facilitator ☐ Other					
Please circle the number that best describes your response to the statement.	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
All the starpoint positions are filled.	1	2	3	4	5
The starpoints give understandable, informative business reports to the team.	1	2	3	4	5
The starpoints involve and motivate other team members.	1	2	3	4	5
My team is tracking measurable business goals (for example: scrap, tooling, or FTC).	1	2	3	4	5
My team is consistently covering the agenda and managing time well.	1	2	3	4	5
All team members are participating.	1	2	3	4	5
My team uses problem-solving when necessary.	1	2	3	4	5
My team can run an effective and productive meeting without SMART Partnership facilitation.	1	2	3	4	5

Figure 3. *"How am I doing?" is a natural question for teams; this form is used every six months by teams at New Venture Gear to measure progress.*

Public or private recognition also encourages excellent performance. "Spontaneous awards," given immediately after a team performs exceptionally well against a particular objective, also keep the momentum going. Departments have budgets of $100 per person annually for such recognition. "When teams decide for themselves how to dispense these awards, it's a pretty good indicator of self-management," Carnes said. Teams also can give these awards for technical support from maintenance and other functions. "It's motivating for the person receiving it and for the team giving it," Carnes added.

Another way Lilly motivates associates is to share business unit objectives and involve teams in setting their own production, inventory, safety, etc. goals to meet the overall targets. "Teams in many instances are tracking their own performance," Carnes said. "For example, they look at material and manpower usage, cycle time, etc. for production of several bulk pharmaceutical products including Prozac. They have immediate feedback, and they post results in their work area."

Hyde Tools: Team Scorecards and Customer Feedback

Dick Ayers, director of human resources at Hyde Tools in Southbridge, MA agreed that responsibility for results motivates higher team performance. Work teams there keep their own scorecards, tracking quality, safety, and other metrics against their goals; the company sets overall objectives, and teams devise specific improvement targets for their work areas.

Hyde Tools has two divisions: a Professional Products Division producing putty knives, scrapers, and other products; and its Engineered Products unit, where made-to-order products include items such as knives for the meat-cutting industry. Measures such as leadtimes differ for the two business units. "What gets measured gets done," Ayers said. "If people have control over their own measurements, that goes a long way."

Ayers also cited "customer feedback from the area they feed to" as a team motivator. People want to know how their work makes a difference, he said. A "Quest for Excellence" plaque recognizing superior performance is awarded to teams nominated by other teams they feed or which feed their work area.

Through an Opportunity for Improvement (suggestion system) program, employees write their solutions to work place problems in quality and other areas, then turn in their ideas to their facilitator (a majority of these ideas are implemented at this level). They earn points for ideas, and then redeem the points for a round of golf at a local course, dinner at a nearby restaurant, and other rewards. Employees (300) turned in approximately 3500 suggestions during the past three years.

Gainsharing's Just Started

Although team-level financial rewards and pay-for-skills are rated as only somewhat effective at Hyde Tools, the company hopes to create greater interest in overall performance through its new gainsharing program. Quarterly payouts, when they are given, are based on savings in producing orders for the quarter; the greater the savings, the greater the payout.

Hefty performance gains during the period 1989 through 1996, thanks to teaming, are reported by Ayers. For example, leadtimes dropped 80 percent, setup times decreased 95 percent, overtime hours decreased from 69,800 hours to 18,948 hours, unplanned maintenance dropped sharply, and OSHA-reportable cases fell from 160 to 32.

"How do you keep the momentum going? That's where we are now," Ayers said. "We'll continue to improve our training in team processes." Management also plans to adjust schedules to better fit a continuous flow process based on sales and marketing demands.

New Venture Gear: Teams Know How They Affect Company Competitiveness, Profits

"A long way to go, but a lot of progress made" in the teaming and performance improvement areas also is

reported by June Haley, SMART (Specific, Measurable, Agreed-upon, Realistic, and Timely business goals) Partnership coordinator at the New Venture Gear (NVG) operation in East Syracuse, NY. The SMART concept is NVG's approach to focusing teams on business improvement, launched in 1994. Approximately 800 of the 3300 union and non-union workers here will be in natural area work teams by the end of this year, with other teams planned for 1998 and beyond. Employees at the East Syracuse plant manufacture driveline components for parent companies Chrysler and General Motors and other customers.

NVG realized that, to compete for business, a strong union-management focus on quality and cost (through a Products and Quality Improvement Process — PQIP) was needed. The SMART teams have measurables in schedule, scrap, and all other business areas. All 46 teams are trained to develop a hit list of problems, seek possible solutions, and take action where it's needed. "For example, machining may generate scrap because a fixture is broken," Haley said. "They track scrap before and after the fixture is fixed, and attach a cost figure to it. They are learning how they directly affect profit." Star point team members focus on cost, production schedules, quality, housekeeping/safety, and conducting team meetings.

"We have cost justification for every dollar spent," she continued. "For every dollar spent this quarter including the cost of team meetings, nine dollars was returned to the company. Seeing that they can make a difference, that they can bring down the cost of our unit, is tremendous recognition."

Recognition for Performance, Team Maturity Evaluation

Recognition and communications activities also include employee newsletters, bulletin board postings, meetings, and other communications at NVG. Recent QS 9000 certification, team/unit performance in improving cost, and other achievements are shared.

Helping teams to evaluate their own teaming skills is another way to build momentum for high performance. Every six months, teams evaluate their progress in participation, problem-solving, and other criteria (see Figure 3). If they come up short in some areas, training or union-management coaching may be on their agenda.

Individuals and teams can nominate others for PQIP Awards for outstanding work attitudes, quality,

cost savings, etc. — another way to recognize and motivate people, Haley said. Awards range from items such as a pen and a certificate up to shirts, jackets, watches, and savings bonds. A nomination form is shown in Figure 4.

Financial Rewards: Piloting a 50/50 Split

NVG's still working with an individual piece rate system. Management and the union (UAW) are discussing ways to tie pay to team performance.

They've recently started a pilot in three teams (one team per shift) to provide a 50/50 split on cost improvements (cost per unit). Stay tuned for results.

Employee Special Recognition Award Program

United Auto Workers Local 624 & 2149
New Process Gear, Inc. (Division of New Venture Gear)
6600 Chrysler Drive, East Syracuse, New York 13057

☐ *Check here if you wish to remain anonymous.*
PLEASE PRINT OR TYPE AND RETURN TO YOUR SUPERVISOR.

Name of person submitting: Dept: S.S.#:
Office phone: Shift: Date:

If more than one person is being nominated, please use the back of this form.
Name of nominee: _____ Dept: _____ S.S.#: _____
Supervisor: _____ Shift:_____

This person is deserving of special recognition in the following area(s).
(Please circle those areas that apply.)   Describe the accomplishments of the candidate(s) that deserve special recognition. Be specific.

Outstanding In: *Data is needed to substantiate all improvements or savings.*
A. Quality Improvement
B. Safety
C. Cost Savings
D. Community Service
E. Heroic Effort
F. Work Attitude
G. Technical Achievements
H. Personal Achievements
I. Job Promotions/Retirements

Management Representative	Union Representative	Date
Level 1:		
Level 2:		
Level 3:		
Level 4:		
Level 5:		

Figure 4. *High achievers at New Venture Gear may receive awards ranging from pens and certificates to shirts, jackets, and savings bond; a nomination form is shown.*

Thermo King Corporation: Teams Set Their Own Improvement Goals

At Thermo King Corporation in Hastings, NE, manufacturers of transport temperature control equipment, team members can earn a bonus of up to 4.5 percent of their base pay. Paid quarterly, the bonus is based on their performance against goals in productivity, quality, safety, on-time delivery, and training, said Ray Tomjack, plant teams coordinator and a former supervisor.

Fourteen of the 33 teams at the 300+ employee, non-union plant are "qualified" to receive the extra team bonus. Thermo-King's qualification process requires teams to satisfy a total of 20 criteria, such as training; completion of a budgeting course taught by a materials/purchasing manager ("so people can understand how they're doing and how they spend money affects the business," according to Tomjack); setting and following team ground rules (calling for mutual respect at meetings and other basics important to the team); rotating team leadership and functional roles; tracking and displaying performance measurements (quality, etc.) in the work area; assuming responsibility for assigning day-to-day tasks, vacation and flex-time scheduling; helping team members broaden their skills through cross-training; working with engineers as needed on engineering change requests (previously a supervisor's role); assuming responsibility for ordering shop supplies; using purchase requisitions when appropriate; and other specifics.

Once teams are qualified, there's no formal recertification process. "The assumption is that they're ready to perform. They develop their team goals for improvement, and if they don't perform, they don't get a team bonus," Tomjack said.

What They've Learned About Teaming, Rewards, and a Leap of Faith

Tomjack believes that intrinsic rewards and recognition for excellence are essential in the quest for better teaming and overall company competitiveness. "I'd like to think that compensation is not the driver, but being realistic, some people do more for money," he said.

"In retrospect, I wish that we had known more about the complexities of team compensation. It's a complicated process, and many improvements are not quantifiable," Tomjack said.

He added that Thermo King got off to a slow start with two pilot teams in late 1992. More than a year passed before additional teams were launched. "In looking back, we were almost too cautious," he said. "Sometimes you have to take a leap of faith. The whole process of developing teams has been a real learning process."

Work in Progress at ITT McDonnell & Miller

Learning from others and from experience has helped ITT McDonnell & Miller , Chicago, IL progress in efforts to build and motivate teams, according to Chet Ernst, manager of manufacturing operations. The union operation has 20-25 cells in four "Focused Factories;" of the 259 employees, 170 are hourly (including 145 direct). Workers manufacture boiler controls; production is a mixture of build-to-order and build-to-forecast.

Encouraging strong team leaders, patterning quality improvement processes on Motorola's Six Sigma concepts, and focusing on specific metrics such as customer delivery, productivity, quality, and internal schedule adherence provided a strong boost to the company's overall improvement, Ernst said. While on-time delivery rose, leadtimes shrank nearly in half and inventories dropped 20-30 percent.

On the other hand, they're struggling with empowerment issues ("The big question is, 'What's in it for me?'" Ernst said). A pay-for-skills program rankled some workers when it was started in 1992-1993; it was negotiated to be revenue-neutral overall, but some employees found their pay temporarily frozen while others moved up a notch. There's no skills recertification process.

"We made a formal attempt to design a gainsharing program, and the basics of gainsharing were explained to all," he continued. "It was voted down. We'll be working to improve communications."

Tektronix: Communicate Often and Keep Results Visible to All

Sharing objectives and results with operators on a regular basis and effective day-to-day communications contribute to higher team performance at Tektronix Inc., Wilsonville, OR, according to Robin Burnham, strategic planning manager, Measurement Business Division. She advocated "using team participation to establish clear goals and objectives and communicating often and keeping results visible to everyone." Improved quality and reduced scrap, higher productivity, decreased cycle times, and successful implementation of state-of-the-art pro-

cesses are among the performance indicators improved thanks to teaming, she said.

Balancing individual and team rewards can be challenging if team members become resentful about individual rewards, Burnham noted. She suggested giving ample public recognition to teams and ensuring that individuals are recognized over time (giving individual rewards privately when appropriate). "Balancing team and individual rewards is challenging," she said, "But we've learned that recognizing outstanding individual performance and team accomplishments builds a successful organization."

Team Rewards: Challenge, Risk, Potential for Success or Failure

Accepting the challenge, risk, and potential for success or failure in team performance management is a continual balancing act. It means dialog and change. It tests the mettle and patience of all concerned. As our survey respondents have indicated, there may be no perfect formula for rewards and recognition in a teaming environment.

Yet they've also reflected how building strong teams through shared commitment, goal-setting, metrics, rewards, and recognition — accompanied by effective communications and simply treating others with mutual respect — gives companies much-needed competitive strength. There's no turning back. The quest continues for teams' increasing self-management and high performance.

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