

Management Ideas



FOR STILL BETTER

RESULTS

RELATIONS

REPUTATION

a monthly newsletter to key executive-leaders
on practices, possibilities and ideas generally
for stepped up performance

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on problem-solving and creative ideas

OUR BEST WISHES

FOR A HAPPY, HEALTHY, PROSPEROUS 1995

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3518
MAN OF
THE
YEAR:

THE WEEK, a popular periodical, scours the country once a year and discovers an unsung visionary social reformer as the Man or the Woman of the Year. This year, this 12th Anniversary year, it celebrates the saga of a revolutionary freedom fighter, Harivallabh Parikh, who has pioneered the concept of Lok Adalats (People's Courts) and built up a new river civilisation on the upper reaches of the Narmada in Gujarat.

Harivallabh Parikh has transformed the lives of 20,00,000 people of 3300 villages, who would have been the refugees of development. When he set foot on this area of darkness 45 years ago, the people there were virtual savages with murderous bows and arrows. The way he has reformed them, and led them on the path of progress is a fascinating story detailed in **THE WEEK** issue of December 26, 1994.

If not as a country - and ours is a vast country, if not as a region - even that is vast, atleast in a city or a locality or an industry, when we apply a worthwhile practice, the resulting benefit becomes spectacular and heart-warming. Here is how Denmark took a lesson from Japan and practised it throughout industry - not in just one or two stray spots - and got handsome returns.

3519
JAPAN TO
DENMARK:

"Continuous improvement" - productivity-improving techniques based on the Japanese Kaizen principle - is increasingly popular in Danish industry.

"In other countries, continuous improvement is practised by some of the large and well-known companies. What is exceptional about Denmark is that it is being practised throughout industry," said Mr. Per Bronsholt Nielsen, consultant at the Federation of Danish Industries, where he has helped to introduce continuous improvement techniques to a network of 150 Jutland companies, which is one of four regional groups working with the techniques.

The starting point was a study-tour to Japan by a group of Danish industrialists in 1987. They visited a selection of the best Japanese companies, to examine some of the factors which made them masters of productivity development. The tour resulted in a book, and in the successful adoption of some of the techniques which had been learned at a handful of companies, but only in the past two years has the movement caught on.

"We think we have developed something unique by combining the culture of the Danish firm with organisational development and management tools," said Mr. Nielsen. "We have concluded that you cannot make the tools (Just-in-time or quality circles, for example) work without taking the culture of the company into account."

Kaizen, as adapted to Danish requirements, is called "employee activated production development". The basic aim is to involve everyone in the firm, from the management down to the shop floor, in a process of improving productivity by making things work more smoothly and efficiently.

The results have been generally good, in some cases spectacular. One company achieved a 50 per cent productivity improvement over a period of 18 months. Many companies report productivity increases of 10 to 20 per cent.

"What has surprised me and many others is that the improvements in productivity in firms which have been using the technique for several years are achieved year after year," said Mr. Nielsen.

Using common sense to eliminate errors or inefficiencies in the production system is one way of describing the intentions of the programme. It works when everyone in the company contributes, both by pointing to the problems and by suggesting solutions.

It has caught on so spectacularly in Denmark, Mr. Nielsen thinks, because of an existing culture of co-operation between the management and the workforce in Danish industry, at both industry and company level. Danish labour relations are regulated by law, but legislation is rarely imposed unless with the joint agreement of the employers and the trade unions; and almost everyone - the companies and their employees - is a member of either an employer association or a trade union.

"At company level, it is part of the culture that we talk things over. Labour conflicts are rare," said Mr. Nielsen. "We also have a generally high level of education among the employees, and they are not afraid of raising questions about the way things are done, especially not the younger generation."

When the idea of employee activated production development is being launched by a company, it is common for a consultant from the Federation of Danish Industries to join a consultant from the Metal Workers' Union in explaining to employees what the idea is all about.

"If we can convince the workforce that this process helps to improve working conditions for employees as well as productivity, that jobs become more interesting and the employee's influence is increased, then everyone is happy," said Mr. Nielsen.

The movement had spread fast through networking - another process which works well in Denmark, because companies listen and pass on their own experiences, so that colleagues, and even competitors, can learn, he added.

The Federation of Industries started the process by bringing together a small group of companies, whose managements met to discuss their experiences several times a year. When the news is good, it spreads rapidly and more companies want to hear how they can benefit from the process.

3520
WHEN
TRAGEDY
STRIKES:

A workplace is a family. Tragedies strike a family member. The affected bring their grief to work and often need comforting. A bereavement specialist (Elaine Schwartz) gives the following guidelines.

* **Provide counseling.** "It was a stunning blow to people to realize their fellow workers were dead overnight," says Jonathan Williams, spokesman for PNC Bank in Pittsburgh, which lost six employees in the USAir disaster. The morning after the crash, PNC made therapists available to the victims' families and to the surviving employees on a continuing basis. In addition to formal counseling, Schermitzler suggests that department managers "bring employees together to work through the tragedy as a community."

* **Use discretion.** In the aftermath of a loss, you might think it's appropriate to clear off the deceased's desk. Not so fast. "I've seen people run over and pack everything up immediately so people wouldn't have to deal with the death," Schermitzler says.

"But people have to deal with it. You let them get used to the reality that Sally or Joe won't be back. After hours, at the end of the week, the person's manager should remove the belongings."

* **Express your condolences.** Even if you are uncertain what to say, don't be silent. When a bereaved colleague returns to work, offer a few brief yet sincere words. "Just say that you're sorry," Schwartz advises. "Or, 'This is such a shock. I'm deeply saddened for you.' Don't invoke cliches or platitudes, such as 'At least he's out of his pain' or 'She lived a long life.'" Another option: Send a handwritten note. It gives you time to compose your thoughts. Also, be true to the relationship. If you maintain close ties with a colleague, you should attend her mother's funeral. If your relationship is more distant, you aren't obligated to go.

* **Don't avoid the grieving person.** "Include your colleague in your normal routine, whether it's going to lunch or taking coffee breaks," Schwartz says. "She may seem subdued or distracted, but she'll still appreciate being with the group."

* **Be flexible.** If an employee suffers the loss of an immediate family member, it's likely she'll need more than the standard three days bereavement to settle matters. "Without being overbearing, managers should ask them how much time they'll need and then give the employee the flexibility to come and go," Schermitzler says. "It's also crucial to allow some leeway in work performance." Schwartz says: "There is no timetable for grief. In about six months people start return to normal. But for others, it could take longer. Supervisors should watch for mood changes, irritability, tardiness--all overlooked signs of grief."

All good things cost. So does quality. Only you have a surplus at the end. Arizona Business Gazette asked a number of Key Executives the following question: In your experience, what has been the greatest cost of implementing quality and what has been the greatest benefit?

3521
COST OF
QUALITY:

Here are the answers:

Company: US WEST Communications. **Type of business:** Telecommunications. **Number of employees:** 7,800 in Arizona. **Years company has been involved in quality:** Two to three years.

Some of US WEST Communications' most aggressive work on quality improvement has been in addressing our residential customer needs, because, although US WEST serves many types of accounts, all of them are also residential customers. We have over 30 teams examining various ways we can improve our customer service delivery process, cut expenses and reallocate those resources to areas that will mean lasting improvement in quality.

What we have found, through our customer research, is that greatest cost involved is in not instilling quality throughout an organization. How much, for example, does it cost when a job is not done right the first time? Probably the greatest cost is losing a customer's loyalty and confidence.

Still, quality does not happen overnight; we see quality as a continuous improvement process. We're listening to the "voices" of our customers and our employees as we review service and quality "report cards" from both. To act on the concerns raised, we've involved our customer contact employees, our unionists and managers in interdepartmental teams addressing specific issues to make long-term improvements in our business.

After implementing these teams' recommendations, we've already reduced our uncollectable debt rate in some states by half and instituted a method of prequalifying our new customers. Reducing these costs means we can reallocate our resources to improving customer service. We've also improved the way our customer bill looks to make it more understandable.

If we've learned one thing from this process, it's that listening to your customers and employees makes good business sense.

Company: McDonnell Douglas Helicopter Co. **Type of Business:** Helicopter manufacturing. **Number of employees in Arizona:** 3,400. **Years company has been involved in quality:** Five.

There are essentially two rules of life in a large manufacturing corporation like ours: One is that change is inevitable. The second is that everybody resists change. Implementing total quality management with its philosophy of "continuous improvement" requires change -- continuous change for the better.

Aerospace manufacturing standards are driven by the government through very exacting contract specifications for our military customer and by Federal Aviation Administration rules and regulations for our commercial products.

To continuously improve, we have established numerous cross functional teams that examined ways to improve our company processes, and the ways to support and account for our products. In most cases it did not require more people or equipment but required changing our attitude in the way we do business. Instilling this change has been our greatest cost.

Implementing the philosophies and practices of total quality management, we have moved toward a process-based quality assurance system that builds quality into the product as opposed to a surveillance-based system where quality was assured by culling out bad parts.

Likewise, one of the greatest benefits has been reducing the cost of quality failures (rework, scrap and lost profits).

For example, in the particularly troublesome area of composite manufacturing, quality improvements were able to reduce discrepancies 95 per cent. The same center has reduced its scrap costs by 49 percent, and the salvage cost is down 50 percent.

Quality improvements are paying off in a wide variety of other areas, from meeting our schedules to better customer service.

As one service center customer recently wrote, "I feel like I have someone from my company working at McDonnell Douglas. Your responsive service is making me look good in my customers' eyes!

Company: Arizona State university West, Business Programs. **Type of business:** University. **Number of employees:** 127 faculty, 4,950 students. **Years company has been involved in quality:** Eight.

The cost of achieving quality is the cost of continuously assessing customers' expectations and re-engineering business processes and products to meet those expectations. Training, designing and administering customer feedback surveys; monitoring internal performance; and conducting problem-solving sessions all add to the cost of achieving quality. Consider obtaining an application for the Malcolm Baldrige National Quality Award if you desire a means of comprehensively assessing your organization's quality, including your ability to track quality costs.

The flip side of this cost of achieving quality is the cost of poor quality, those costs incurred when a product or service fails to meet a customer's expectations. Product and service rework, warranty expense, financial concessions, time spent to correct problems and customer defections all result from poor quality and should be measured as poor quality costs. For most companies, the cost of poor quality far outweighs the cost of achieving quality, often referred to as prevention cost.

Customer loyalty is the major benefit of quality.

Quality-conscious firms understand the impact each step in the value chain of business processes has on customer satisfaction. This becomes a knowledge-based competitive advantage that cannot be readily duplicated by competitors. Such quality management is not limited to Fortune 100 companies with huge training budgets. For example, I have recently conducted workshops with the Scottsdale Hilton Resort and Spa, the Registry Resort and the Hospitality Suites Resort in which managers and employees successfully mapped key business processes to customer satisfaction criteria and related quality costs.

(Continued from December issue No.3516)

+ The trend in early discharge and a light-speed postpartum recovery sometimes seems like a backlash to the days a generation ago when new mothers spent five to seven days in the hospital and came home to supportive extended family and a

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RESEARCH
ON / FOR
NEW MOMS:

neighborhood full of casserole-bearing, stay-at-home moms. "In the old days, the mother was in bed and everyone said, 'Oh, that's ridiculous-this isn't an illness,'" notes Susan, a Los Angeles woman who asked that her full name not be used. "Then it became a thing of who can get out the door the quickest."

But those women racing out the door, new baby in tow, may find the world an inhospitable place.

"Women who have babies don't get a lot of support from society or their families," says Lola Clark Tirre, a herbalist and mother of three who lives in San Clemente. "I think women are expected to be back to normal in less than six weeks. If they have other children, they are expected to hold down the fort, to car pool, to get everyone to their activities. You see a lot of women out with newborn babies. You never used to see that it's shocking."

Not many women have the luxury of staying home and cocooning, says Linda Juergens, director of the New York-based National Association of Mothers' Centers, a network of nonprofit discussion groups.

"Certain societies have ways of relieving new mothers of duties as she recovers and having a mentoring period with other mothers. In our society, we have nothing built in to support a new mother. The extended family is gone."

Coinciding with this decline of a support system, she notes, is an increase in expectations.

"It has gotten to a point where people think the mothers can do everything," Juergens says. "They can take care of the newborn. They can physically recuperate and can get back to all the things they did before the baby. But no one is asking, 'Are you ready for this?'"

Least of all employers, say new mothers. Although the Family Leave Act provides for four months of maternity leave while guaranteeing job security, few employers provide paid maternity leave to supplement disability payment. And most women can't afford to stay home without a regular paycheck.

+ Part of the solution to the cultural crisis facing today's new moms may be a return to old customs.

For example, new moms are increasingly joining breast-feeding or parenting organizations, says Friedman, the owner of two stores that carry lactation equipment and clothing.

Women are not only helped individually, but a forum is created for them to air their concerns, says Juergens, of the National Association of Mothers' Centers.

"As a national organization, our hope is to raise the consciousness among people about these issues," she says. "We want to expand the maternal voice and get women to feel entitled to make their needs and wants known."

Another trend reflecting the needs of new mothers is the surge in for-profit postpartum care services-organizations that dispatch trained workers to do light housekeeping, cooking, baby care, grocery shopping and answering the telephone.

About 90 such businesses operate nationwide, charging from \$15 to \$25 per hour, according to the National Association of Postpartum Care Services. Insurance providers rarely cover these services, and only a fraction of women can afford it, Juergens says.

But, she adds: "The recognition that is valuable and needed is a step toward saying that everyone needs it."

+ Old hands at motherhood say the best advice for new parents is to relax their own expectations about what their lives should be like after having a baby and focus on enjoying the baby.

Friedman says that when she imparts this wisdom, new mothers often burst into tears--of relief.

"I think the best advice to moms is to take it day by day-to be realistic about what you can do, and that you can't be an incredible mother, lose all this weight and be perky and happy. What your baby needs the most is your love, not your being thin or organized."

Source: Los Angeles Times.

The scene is a seaside hotel breakfast room.

3523
LAUGHING
MATTER?

Enter a resident. He summons the headwaiter and, to that gentleman's growing consternation, says, "I want two boiled eggs, one of them so undercooked it's runny, and the other so overcooked it's about as easy to eat as rubber; grilled bacon that has been left on the plate to get cold; burnt toast that crumbles away as soon as you touch it with a knife; butter straight from the deep freeze so that it is impossible to spread; and a pot of very weak coffee, lukewarm."

The headwaiter rallied slightly and said, "That's a complicated order, sir. It might be a bit difficult."

"Oh?" said the guest, "you didn't find it difficult yesterday."

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