



# Management Ideas



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

edited by

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on problem-solving and creative ideas

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**3649 DISNEY UNIVERSITY MANAGEMENT PROGRAMMES:** *Some of us who wish to take short-term programmes in universities like the Harvard, the UCLA and the NORTHWESTERN have an interesting option: Disney University! The following story appeared in Los Angeles Times.*

No one is surprised when an entrepreneur heads to Harvard; New York University or USC for a management training program, but eyebrows raise when they sign up for a course at Walt Disney World in Orlando.

More than 60,000 people a year attend classes offering a behind the scenes look at the Disney management philosophy, which boils down to "making every moment magical" for the customer. In the last three years, small-business owners with fewer than 50 employees represented 44% of attendees, according to Disney officials.

"Walt Disney was probably one of the premier entrepreneurs of all time ... when you think of him starting in his uncle's garage with barely two nickels," said Valerie Oberle, vice president of Disney University Professional Development Programs. Oberle said Disney began sharing its management philosophy 10 years ago, after the company was profiled in Tom Peters' "In Search of Excellence."

From that point on, she said business owners and managers were eager to find out how Disney managed 40,000 people in its Florida parks alone. Participants pay about \$2500 to attend a 3½-day course in leadership, people management and quality service. The program emphasizes the importance of how important it is to set expectations about job performance and to make clear to employees what the company's goals are.

"Before the Disney course, we hired people if they were breathing," said Michael Collands, chief executive of Perfect Response, a customer service company based in Willoughby, Ohio. "Now, we screen thoroughly." Collands, who also has an office in San Diego County, has taken three Disney courses so far. His company, which helps auto dealers improve customer service, once had a tough time recruiting and retaining good employees.

Based on what he learned at Disney, Collands now requires all job candidates to read a company newsletter before they're handed a job application. After reading about company policies and requirements, Collands said 15% leave without applying. Those who are eventually hired go through an intense day-and-a-half orientation.

"Our morale is up 2,000%," Collands said. "Everyone has pulled together. Before, employees took my ideas and executed them if I stood over them. Now they take my great ideas and make them 10 times better." Collands, who has 30 employees and annual sales of about \$3 million, said he registered for the Disney program instead of a university course because the Disney employees he's met seem happy.

"Most people will tell you what their job is when you ask them, but when you ask a Disney employee, there's a twinkle in their eyes," he said.

Lamar Berry, chairman of New Orleans-based International Marketing Systems, said he sends hundreds of clients a year to Disney University. Berry also works with Disney U. Personnel to develop special programs for his clients. "There is a tremendous benefit to go to an icon and see how that culture is maintained," Berry said. He said it's easy for his clients to adapt Disney's culture to their businesses in other industries, including hospitals and oil companies. Bob van Dyk, chief executive of Van Dyk Health Care Inc. in Ridgewood, N.J., said he first attended a Disney program when he was working for a large, nonprofit health care company. Since then, he's gone out on his own and operates two nursing homes with 220 employees and sales of \$9 million.

"After hearing about Disney's approach to management, I realized how applicable it was to my own business," said Van Dyk, who has attended three Disney programs. (The success of Disney University has spawned a new Disney Institute that offers 60 more relaxed classes for managers and their families, including rock climbing and animation.)

Disney University can be reached by calling (407) 828-4411.

**3650 WITHIN REACH:** *The prestigious Malcolm Baldrige National Quality Award has been won recently by Trident Precision Manufacturing Co. Inc. Webster, USA, a company that began its operations in 1979 with three employees in a garage. It is not the small beginning that matters as the direction, tempo and stamina of the company's leadership. Here is a brief story from Democrat and Chronicle.*

Trident Precision Manufacturing Inc. of Webster has won the 1996 Malcolm Baldrige National Quality Award, the nation's top business honor.

The award represents something of a Horatio Alger story for Trident. The company began with three employees working in a garage in 1979. Trident, which makes precision sheet metal components and other products, was one of four companies to receive this year's award -- and one of two small businesses to be honored.

The other winners were: ADAC Laboratories of Milpitas, California, a maker of sophisticated medical equipment; Dana Commercial Credit

Corporation of Toledo, Ohio, a marketing research company; and Custom Custom Research Inc. of Minneapolis. The awards were announced recently.

"The Baldrige is the top of the quality mountain," said Arthur Aspengren, president of the Industrial Management Council, who attended Trident's lunch celebration yesterday. Trident has shown its commitment to quality through the long, tedious award process, and shared its expertise with community groups and educational organizations," said Thomas Mooney, president of the Greater Rochester Chamber of Commerce.

"They're taking what they've learned and they're sharing it with other institutions and passing along excellence," he said. Trident started its quality program in 1988 after Nicholas Juskiw, owner and chief executive officer, attended a seminar sponsored by Xerox Corp. a 1989 Baldrige Award winner. "We put our soul into it in March of 1988," when company started its Excellence in Motion program, said Juskiw. Two years later, he said, the company began applying for the Baldrige Award.

"Every time we've applied, the feedback was so important it rose our company up to a higher level." And it has paid off. Company officials said sales have quadrupled since 1988, and the company has never lost a customer to one of its competitors. Trident's commitment included initiatives in training, hiring, employee participation, and quality improvement, said Joseph Concelos, vice president of quality.

Some of the major changes:

- \* Revamping the hiring process to focus on "not just somebody who could run a machine, but somebody who could help us improve," Concelos said. "It was more than just hiring a pair of hands. We were hiring people." The change reduced employee turnover from 41 percent in 1988 to 50 percent in 1995.

- \* Commitment to training, including a promise to spend 4.7 percent of its \$5 million payroll to improve its workforce. The programs

include English-as-a-Second Language for the company's European and Asian workers.

\* Employee participation, including 40 teams working on various issues to improve procedures and products; profits sharing; award programs, and a 401(k) retirement plan.

Manufacturing Manager John Plenen, who started at Trident when it began in 1979, said there has been a "cultural change." Juskiw walks through the plant every day, and was "the one driving all this and we made it work," Plenen said. "It's a trickle-down affair."

Trident is based in an 87,0000-square-foot facility at 734 Salt Road. It has 167 employees and projected 1996 sales of \$19.55 million. It is planning a \$1 million addition to its plant next spring which will add another 35,000 square feet, said Juskiw.

The Malcolm Baldrige National Quality Award, established by Congress in 1987 and first given in 1988, is designed to promote competitiveness and quality in U.S. companies. Competitors undergo a rigorous process that includes submitting documents on procedures in seven categories. Trident, for example, sent in an application that was 70 pages long. A seven-member panel of judges visits all finalists for the award.

The U.S. Commerce Department, which administers the award, cited these major achievements by Trident:

- On-time deliveries rose from 87 percent in 1990 to 99.94 percent in 1995.
- The company's custom products have had "zero" defects for the last two years and the company guarantees against defects.
- Sales per employee rose from \$67,000 in 1988 to \$116,000 in 1995, and total sales rose from \$4.4 million to \$14.3 million.

**3651 ONE WAY TO ENERGIZE OUR PEOPLE:** *There are Indian Organizations like Mafatlals who encourage their personnel to spend a few days a year "holidaying" with a civic or a community cause. This seems more common in the West. They have found it worthwhile. Here is a story from The New York Times.*

RICHARD SCHACK has had a lot of turmoil - mishegoss, as he puts it - in his life. His companion of nine years died of AIDS IN 1992, and

since then so have a number of close friends. He desperately longed for a break from his job. So after talking to his boss and going through a long application process, Mr. Schack, who has worked at American Express for 18 years, was able to take advantage of a company program that allows employees to take a paid sabbatical if they spend that time working for a charity.

Mr. Schack, 43, chose the Gay Men's Health Crisis, the AIDS outreach organization based in Manhattan, and spent six months last year creating a computer data base for the group. "I needed to do something different," Mr. Schack said. "I needed to feel that the work I was doing had a social impact as opposed to a shareholder impact." According to a study by the Conference Board, the management and economic research organization in New York, about 20 percent of the companies in the Fortune 500 offer sabbaticals, giving employees time off, usually paid, to pursue other interests. But social-service leaves, like the one offered to Mr. Schack, are less widespread. The Trends Research Institute in Rhinebeck, N.Y., estimates that they are offered by fewer than 5 percent of large companies, including American Express, I.B.M., Time Inc. Wells Fargo and Xerox.

"Some companies are saying, 'Here's something to offer our very best people as a way to keep them,'" said John A. Challenger of Challenger, Gray & Christmas, an outplacement firm based in Chicago. "So an employee may go do something good in the world and that makes both the employee and the company look good."

Gail Gavey, 54, of McLean, Va., who is on a six-month leave from Xerox, does volunteer work with Sexual Assault Victims Advocacy Inc. "Every place I go, I make sure I tell people I work for Xerox," she said. "I pass out fliers and brochures with the company logo. People say, 'Oh, wow.' They're really impressed because they've never heard of corporations allowing their employees time off to do this."

Terms and conditions of social-service leaves vary greatly. At Xerox, which has offered such leaves for 26 years, an employee must be full time and have been with the company for at least three years. Employees receive full salaries and can be gone for up to a year.

At American Express employees must also be full time and have at least 1 years' tenure. They also must have good performance reviews for at least three years. Paid leaves can be up to one year. The company said it received about 35 applications for sabbaticals last year and accepted 15. "People who apply for this kind of leave are taking a risk, going out into the unknown," said Joseph M. Cahalan, vice president of the Xerox Foundation, which sponsors the company's social-service sabbaticals. "They tend to be pretty confident people and good performers in the first place."

Corporate sabbaticals generally began during the 1970's, when smaller, primarily high-technology companies offered them to employees to gain a recruiting edge against larger corporations and to retain talent, according to the Conference Board study. Social-service sabbaticals became popular after the stock-market crash in 1987, "when people began to re-evaluate their lives," said Gerald Celente, director of the Trends Research Institute.

"People started looking at measurements of success in other ways than just financial gain," Mr. Celente said. He added that baby boomers had changed the workplace attitude. "They have a different set of social values because they fought for civil rights, women's rights and against the Vietnam War," he said. "They're reaching a point in their age where they've raised families and built professions, so now they want to do more of what they believe in terms of accomplishing social goals."

Sabbaticals may sound tempting, but what happens afterward? Can employees really expect to step right back into their old jobs, with their careers still on track? Many companies guarantee employees their jobs back or similar positions at the same level. Mr. Schack of American Express returned to his old job as a director in the travel service division after his leave. He has since been named director of diversity at the company, a job he said he had always wanted. Ms. Gavey of Xerox, who repairs copiers, will resume her job when she returns to the company next month, but she has a new, more intriguing territory: the Pentagon.

Others may not be as fortunate. "I've talked to people who felt they may have missed a promotion," said Hope Dlugozima, author of "Six

Months Off" (Henry Holt, 1996, \$12.9, a book on sabbaticals. "But I've got to tell you, there was no one who cared, because they'd had such life changing experiences." One way for employees to minimize disruptions at work during a leave, Ms.Dlugoziema said, is to plan ahead. Employees should help line up a temporary replacement or begin to delegate tasks to other workers before they leave. Duties should be transferred to these replacements at least a month before the sabbatical begins.

Sabbaticals should also be taken during slow periods for clients, who should be told that an employee is leaving, when he will be back and who will be filling in. Even while employees are on sabbatical, it is best for them to stay in touch with the office. Ms.Dlugoziema recommended calling the office at least once every two weeks during the last two months of a leave to smooth the return to work.

James Nelson, an assistant secretary of state in Mississippi, had a three-month sabbatical in 1993 in Hungary, where he assisted the country in privatizing Government owned property. He started preparing his replacement about one month before his sabbatical, reviewing "all the pressing issues, hot spots, pitfalls, traps, and how to handle certain personalities."

"Two weeks prior to my departure," Mr.Nelson said, "I included him in the weekly senior level staff meetings with my boss, so he would get an idea of what was going on in the agency as a whole." Mr.Nelson said the sabbatical had changed the way he was viewed in his current job. "Before going of and doing this," he said, "I was considered just one of the guys. But after my experience, people considered me more of an expert in economic and government affairs."

The sabbaticals also keep employees happy. "If companies want to attract and keep good people," said Mr. Cahalan of the Xerox Foundation, "they have to adapt their culture and business in order to attract a work orce that is changing."

**3652. CUSTOMER IS NO.2:** *Customer is No.1, we have been told for many years now. Therefore, we have been asked to go in for customer service, customer satisfaction, and customer delight. To warn us that we better see things in perspective, a CEO (Chips Klein)wrote the following piece in **Globe and Mail**. Your editor emphasised this point in his book (now in its fifth edition), **What makes People Give Their Best.***



Believe it or not, the customer is not No.1.

When entrepreneurs begin to develop customer service policies, they often assume their clients are the most important people to the business. They're wrong. Customers make it possible to earn a living and pay salaries, but the most important people are the staff. Knowledgeable, motivated staff will automatically provide good service.

In fact, small business should view customer service as a three-tier system. First is the business owner, one of whose prime concerns should be the welfare of staff. In turn, the staff's prime concern should be the customers. In the final analysis, employees are the true service providers. But to provide good service, they have to possess product knowledge, a good attitude and a sense of their importance to the organization. If you are in a product-based business, as soon as one unit of any item is sold, you become a service business. You are in the position of having to service the customer - and product knowledge is acutely important to providing this service. Unfortunately, not enough attention is usually paid to it.

Product knowledge, in this case, means understanding any and every service the business supplies. It means having knowledge of the goods and inventory that the business carries. This could mean simple things such as sizes, colours and styles, or the identity of suppliers so that they can be contacted for emergency orders.

It should also mean knowing some history of the business, the benefits of its services to clients, and the policies for quickly and pleasantly rectifying mistakes or mishaps. The owner has to take time to be sure all employees -- especially new ones -- are well-versed in this knowledge. Mastering this information adds to people's confidence and makes them feel like crucial parts of the business. Hopefully, that will be reflected in their attitude to customers. A positive, upbeat attitude goes a long way to satisfying and retaining clients. When customers are served by confident, knowledgeable people, they feel far more at ease and are more likely to spend money.

A satisfied customer will probably tell at least five others about their positive experience, but a dissatisfied customer will tell at least 10. All of these people are potential clients and should not be disregarded. The attitude of each person connected to the business, no matter how junior, is projected to the customers and viewed as the company's philosophy. It is vital to make sure that this is the true reflection of the organization.

It's easy to pay lip-service to customer service by saying clients should be treated with courtesy or that they are the company's lifeblood. It is much harder to put this into practice. For companies that take this approach, the results are reflected on the bottom line and in a much happier workplace. Customer service means going that extra step when things go wrong, which you hope doesn't happen too often. But when it does, it's an opportunity to show the customer how quickly, efficiently and sincerely you can correct the problem. The last thing you want is for that customer to be unhappy and to go elsewhere. The easiest customer to do business with is one that you already have, followed by the competition's customer. The toughest is the person who doesn't do business with either of you. It makes sense to hang on to customers and make them feel as though they're important to the business.

**3653 LAUGHING MATTER:**



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