

## **Transforming the Work Culture for Breakthrough Performance**

*Douglas W. Snetsinger, PhD., Institute of Market-Driven Quality*

### **EXECUTIVE SUMMARY**

Employee survey data at Augusta was much higher than at the other mills and had been consistently improving in recent years. In contrast, the other mills in the company had either more stable, lower, or declining results. Also, productivity at Augusta was improving and higher than at most other locations.

The primary task of this project was to report on the experiences of the Augusta Newsprint Company between 1994-1997. The purpose for undertaking this review is to identify transferable learning that can be used by other Abitibi-Consolidated operations.

In the assessment of the mill, it became apparent that the improvement in employee survey ratings for supervisory relations was not simply the result of conscientious attention to supervisory development. While there was considerable attention to the development of supervisors at Augusta, the enhancement in supervisory relations was part of a mill-wide initiative to improve all aspects of workplace relations and communications.

The results achieved at Augusta have been impressive. Over the 1995-1997 period, the percentage increase in absolute efficiency has been 4.5%. The average for the ten other newsprint operations was 0.5% over the same period and no other one newsprint mill improved as much as Augusta. With respect to costs, Augusta reduced cost/ton by 9.7% over the 1995-1997 period. The average for the other ten mills was an increase in cost/ton of 3%. Finally, the employee survey results at Augusta improved +41% while the average for the company was -5%. Safety lost time and absenteeism has also declined significantly.

### **In reviewing the activities at Augusta, we discovered the following:**

- Breakthrough performance can occur across a wide set of goals.
- The success was a result of workplace innovation and creativity.
- Change was built on strong visionary leadership.
- A comprehensive management model was created for a new way of working.
- A performance ethic fueled interest for change.
- Employee participation emerged from disclosure of information and close union relations.
- An intense training and development effort existed.
- Roundstone International provided an independent assessment on progress and was a catalyst for change.
- It takes time to produce results and only if preconditions are satisfied.

## SELECT EXCERPTS FROM THE FULL REPORT

### *Vision - Articulating the Desired State*

At the outset of the change process, Augusta had achieved leadership consensus that they would **achieve technical and business breakthroughs through enhanced people performance**. While the vision of 'success through people' was empathetic to employees, it was not a bottom-up process. The direction setting was made at the senior leadership level and under the strong influence of the mill manager.

The new direction was packaged with the label "Workplace of the Future" and it was a vision to become the best organization in the world. It was a flexible vision that provided room to be shaped as they continued their 'conversations for possibilities' and became more certain of what the desired state would look like. In some respects this was **a vision to remove the constraints to innovation created by the current supervisors employee-dynamic and to find or learn a new approach to replace it**.

### *Strategy*

Strategies were developed to achieve the objectives and make progress towards the vision. However, this was not a conventional strategy-driven process. **The strategy was a crafting process to cultivate alignment and find a workable course of action**. Not all of the senior management team were completely in agreement or fully understood the new course of action. The mill's leadership did not express a clear pathway of how to achieve the transformation that they envisioned. They knew it required hourly **employees to take greater responsibility for their work and to invest more of their ideas and innovations into work practices**. They also knew it meant redefining roles and helping supervisory personnel to communicate more effectively.

Because of the uncertainty surrounding action planning, the **strategies that were prepared were relatively short term in duration (one year or less) and initiated with a trial-and-error mentality**. This meant that initiatives that were started would be brought to completion. However, they had an **experimentation mind-set that gave them flexibility to adapt and reinforce efforts that were producing the desired results**.

### *Objectives*

Stretch objectives were set to achieve breakthrough performance. Objective setting seemed to provide more goal-directed purpose than usual in organizations. The initiation of the new management model created considerable activity and new energy in the mills. However, the strategy and vision were somewhat ambiguous and did not provide sufficient clarity to direct this new energy. Consequently, having ambitious and concrete operating and financial goals, such as 90% efficiency, provided employees with the heightened performance expectation and clarity on what success was going to look like. Mill-wide meetings and communications reinforced these goals and explained why they were important. Employees were told that achieving better productivity relative to competitors or other mills in the company provided security for work and improved opportunity for investment in the mill.

### *Delegation of Decision-Making/Responsibility for Daily Operations*

The new management model pushed responsibility down at least one layer in the organization and required new definitions of the roles for all employees. The role of supervisory personnel was to coach direct reports and invite participation in improvement efforts. Hourly employees were invited to take on more responsibility for the work including day-to-day tasks, participation in scheduling, problem solving, and improvement efforts. Role ambiguity and conflict emerged early and continues to be at issue for the mills. For some supervisors, there was a reluctance to give up responsibility over some decision areas. Some hourly employees were reluctant to take on responsibility for aspects of the work or conversely wanted to take responsibility for issues beyond the scope of their work. One improvement group used their newfound responsibility to give each other a raise. Management stepped in to provide more boundaries around improvement team mandates.

**The method of communicating the new role definitions was through employee meetings the meetings were employee-wide and were facilitated by Leslie Tucker and Mel Austen from Roundstone. These sessions had multiple purposes, including declaring management intent on the vision, and allowing employees to provide input on challenges and concerns. The Roundstone consultative model was as an interventionist to support the new vision. These meetings produced a long list of issues to be addressed. These were prioritized and action plans were developed.**

### *Supervisory Training and Development*

There seemed to be more emphasis placed on training at Augusta than most other locations. The training ratings on the employee survey were twenty points higher than the average and more than ten points higher than the next closest mill. Training efforts at Augusta in 1997 and 1998 represented 7.3% and 6.1% of the total hours worked. Training and improving the human dynamic in the mill represented approximately half of these efforts. Training costs, as a percentage of payroll would be higher than 7.3% and 6.1% in 1997 and 1998 respectively because of the incremental costs of consultants, facilities and materials.

**With respect to supervisory training, they did not engage in traditional supervisory skill development through classroom instruction, at least at the outset. Learning new supervisory skills was largely experientially driven with selective coaching as issues arose. Roundstone delivered its Coaching program to half of the employees. The training consisted of four two-day sessions (8 days in total) of relationship building and people skills. The material is described as 'hands on' exercises, fun, and personally challenging.**

While Roundstone initially facilitated this program, mill personnel have more recently delivered it. In 1997-1998, a program was designed to train all mill Managers, Superintendents, and Supervisors in a consistent set of practices to create, manage and maintain a high performance environment at Augusta. The training consisted of five two-day sessions (10 days total).

**Roundstone also worked with a variety of departments to facilitate improved work group communications and relations. These were often intensive interpersonal sessions with the facilitator acting as a catalyst for consensus around effective change. These sessions provided the mill with a new workplace language that reinforces cultural change or socialization process. For example, part of the everyday language today at Augusta are phrases such as 'conversations for possibilities,' meaning a dialogue around improvement opportunities and 'background conversation' meaning the unexpressed resistance or barriers to effective communication. It should be noted that supervisors were not isolated in these efforts, but rather were involved only as a member of the work group. The specific needs of supervisors were not addressed in these sessions, at least not at the outset.**

#### *Mill-Wide Communications*

There is a risk in describing the role of communications as a separate component of the events at Augusta. Most of what has been described in this report could be referred to, as 'communications' and it should not be viewed as just one more element to add to the equation. However, the scope and distinct way in which mill-level communications were managed requires description; there was a concerted effort to open the books and share as much mill information as was available. Augusta's experience was that as more information was made available to employees, the more the employees become interested in receiving it. In addition, the frequency and variety of vehicles used to communicate the vision and change initiative enhanced the receptivity of the message. When the same message comes from several different sources and means, there is a greater chance to have it heard, remembered, and accepted.

At Augusta, 'communications' is a standing agenda item on every Senior Management Team meeting. It is there to remind them that they must look at the communication aspect of everything that they do as a leadership group. There is a daily newsletter that provides production information and mill activities. There is a calendar of events posted on a monthly basis that provides all future planned events at the mill, including the shutdown schedule. Mill-wide employee updates are undertaken on a quarterly schedule and were the vehicle to identify and launch the vision for Workplace of the Future. Shift meetings are required and used to get employee input, co-ordinate activities and ensure that all employees are kept informed on job-level and mill-level events. There are both quarterly and annual employee meetings to communicate initiatives and provide a social environment for mill personnel to interact.

**In 1995, one quarter of the employees were invited to one of four 8-hour off-site meetings. Facilitated by Roundstone, these meetings focused on developing human relations practices in the mill. Initiative Forum '96 featured senior production managers in self-deprecating parodies to both describe initiatives and have fun in the process. The sessions were done three times with a third of the mill attending each. Employees and a guest were invited for an evening meal.**

### *Key Lessons in the Transformation at Augusta*

The following points summarize the primary lessons observed in the transformation efforts at Augusta.

*1. Breakthrough performance can occur across a wide set of goals.*

The examination of performance from 1995-1997 indicates that **it is possible to achieve superior performance on a wide set of diverse goals - productivity, costs, and human relations**. It was the mill leadership's observation that it was **only through focused efforts on human relations that it was possible to achieve superior results on productivity and cost reduction**.

*2. The success was a result of workplace innovation and creativity.*

It was only through workplace innovation, or finding new ways of doing old tasks, that success was achieved. That required a capacity and interest to learning from both outside and inside the mill, and a willingness to try bold new approaches and pursue relatively unknown and untried possibilities. It was essential that the senior leadership was confident that innovation was critical to the achievement of significant improvement at the mill.

*3. Change was built on strong visionary leadership.*

Strong visionary leadership was in place to break the stranglehold of the status quo and to motivate people to pursue a direction contrary to the short-term interests of some managers and employees. The leadership was able to develop a coherent and simply stated vision of the future. Confidence and trust in the leadership was key to achieving alignment to the transformation effort.

*4. A comprehensive management model was created for a new way of working*

There was a firm belief by the leadership that breakthrough business performance would only happen through people. To achieve this end, there was a sustained effort of progressive and adaptive efforts that were mill-wide. It was not an additive aspect of the current management model but was a new way of working. The systemic (mill-wide and at all levels of supervision and work) character of the change initiative was required to affect the work culture at the mill.

*5. A performance ethic fuelled interest for change.*

A bias to get things done and the rigorous follow-up on initiatives provided a strong signal that the leadership actions were as strong as their intentions. Cynics can effectively block change by pointing at the various efforts in the company history that were started and abandoned. However, the arguments of resisters were diminished by short-term wins produced by successful completion of initiatives. Leadership continued to raise the bar on the possibilities by setting increasingly higher expectations of accomplishment. Higher standards and increased accountability for results forced management to consider and seek self-improvement.

*6. Employee participation emerged from disclosure of information and close union relations*

All initiatives were based on close working relationships efforts between union and management. They worked jointly on most efforts that affected working life at the mill. Operational and other information on the mill was provided to unions and to all employees. The leadership was motivated by the belief that informed employees will be more effective and self-motivated to pursue common goals. Extensive use of forums of all kinds helped describe the change process and articulate the new vision for the business. There was a conscientious effort to involve all employees affected by a decision and to solicit their input. Through this process it was found that innovation naturally occurred by opening dialogue where work got done.

*7. An intense training and development effort existed.*

There was extensive use of training to acquire the new skills required by the transformation initiative. People skills training, in particular, were given focus to help people change habits that had been acquired over decades of work. There was intensive training and coaching to help supervisory and hourly employees take on new responsibilities and authority. Soft skills training was almost 4% of hours worked in 1997.

*8. Roundstone provided an independent assessment on progress and was a catalyst for change.*

**External consultants played an important role in the transformation by challenging the status quo, providing external insight on new direction, and by being a catalyst for change. Roundstone focused on empowerment, creating dialogue, possibility thinking, and acting on employee input. Because Roundstone had extensive involvement in the mills, they acquired a deep understanding of the people and operations.**

*9. It takes time to produce results and only if preconditions are satisfied.*

There was no instant or easy fix. It required from one to two years of comprehensive efforts to see measurable change in workplace attitudes. It took longer to see the largest impact on productivity. Statistical analysis provided evidence that employee attitudes were a leading indicator of productivity improvements in the next year. When Augusta started its transformation efforts, there was trust in management, relatively cooperative union-management relations and ready acceptance of the need to improve. It is unlikely that other operations can achieve similar success without these preconditions for success.

**FOR THE FULL REPORT, CONTACT**

Leslie Tucker

leslie@roundstoneintl.com

(802) 238-4310