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## Freed by front-line supervisors

With front-line personnel handling operations, you can find new markets

Written by Ray Attiyah, Founder and Chief  
Innovation Officer at Definity Partners

Industrial Management magazine asked Ray Attiyah to write about his proven approach to creating more time in a leaders day by developing a culture of confidence in front-line led improvements.





*"We have found there is one thing that is critical to the long term success of any organization. Sustainable change happens when a leader develops confidence in the front-line supervisors and can allow them to manage the daily run. That change, more than anything, frees the leader to focus on moving the business forward."*

Ray Attiyah, Founder & Chief Innovation Officer

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For just a moment, remove preconceived obstacles and envision your front-line leaders, who spend their working lives managing daily operations, investing more than half of their time initiating improvements. From 9 a.m. to 2 p.m., they focus on removing problems that cause waste and poor results. They review on-time delivery results and productivity metrics and take immediate actions.

Imagine that the scheduler, the customer service manager and the sales team view these energetic front-line leaders as progressive leaders who exhibit exceptional improvement skills and high expectations of themselves. Now, think what your daily life would be like if your department managers had that type of confidence in those front-line leaders.

In the past 15 years, in survey after survey, leaders have responded that

spending more time with customers and developing their team would be their top two priorities if they could eliminate daily obstacles. If they could move from run-improve-grow to grow-improve-run (Figure 1), they could expand their operation dramatically.

#### Collaborating with customers

The top method for innovation, based on a recent survey of manufacturing executives, is collaborating with customers. Understanding customers' businesses, challenges and future allows organizations to design better and higher-profit products and services.

Leaders said their organizations face new and more challenging problems that staff is not experienced enough to handle. Freeing a leader to focus on growth and proactive improvements is critical to sustain growth. If organizations believe that "people are our

most valuable asset," then why have your "valuable asset" work on not-so-valuable activities?

**Freeing a leader to focus on growth and proactive improvements is critical to sustain growth.**

For an example, examine the case of a senior vice president of operations for a service firm. This man had implemented most, if not all, of the improvement systems for his organization. This client asked "What do you see? How much improvement do you think there is?" After all, he was working on the right things and his team was a top-performing group.

But he continually used the word "I" to describe who led the various improvements. "I'm involved in this, and I'm working with the self-directed work teams, and I'm developing this new process and technology, and I'm meeting with this person." He didn't execute all these activities, but he was involved personally in many of the improvements. That left him little time to spend with customers.

Implementing a robust front-line system allowed the team leads to run the daily business without management involvement. This required simplifying complex processes and developing a standard routine. His front-line leaders took ownership for their daily performance, metrics and improvements. Instead of keeping extra people standing by in case of a last-minute surge, the front-line leaders worked with other departments to move people around to meet productivity metrics. They independently developed daily takt time levels to determine manpower and standard work.

## The TRANSFORMATION



Figure 1. Top-level executives should spend most of their time growing their business, not running it.

Once the front-line leaders started driving daily improvements, managers reduced their “run” activities to focus on “grow” activities. Productivity improved 33 percent, quality improved 52 percent, customer satisfaction improved 60 percent and delivery performance improved 25 percent. Managers focused on long-range improvements to implement new technologies, better integrate new customers and upgrade the skills of the teams.

Finally, the senior vice president focused on priorities from his strategic plan. The company sought new customers by developing new services and products. He spent most of his time with customers, collaborating on new systems. This helped them feel comfortable with making a transition to a leading-edge solution and new supplier. The conversion time for new customers and new technologies shrank considerably compared to prior benchmarks.

Much of this was due to his time with the customers and confidence in management to absorb these new processes. In the past, new processes layered over the daily challenges, causing chaos and service issues. Managers unconsciously would push timelines out to ensure they could manage the chaos. With the newfound confidence, they quickly and easily brought in a number of customers and new processes.

In the end, the senior vice president started spending 80 percent of his time on growth activities, up from just 15 percent. The organization grew 500 percent in six years. With the improvements being led by the front line and management, productivity soared 250 percent as the company only hired 165 percent more people to handle 500 percent more work. Finally, management capacity increased as the ratio of hourly to front-line leaders improved by 45 percent. Their simpler work systems and new skills allowed them to lead with less overhead.

Freeing up top talent to focus on

## Run-improve-grow BY DEFINITION

- **Reactive improvements:** Reactive improvements are continuous improvements to make the day-to-day operations run smoother. Reactive improvements are initiated following some problem or business situation calling for higher performance. For example, we are losing business to competition due to quality or delivery performance. Improvement team focuses on reducing lead time by 50 percent and eliminating 80 percent of quality problems.
- **Proactive improvements:** Support growth into new products and services and new geographies. These improvements help organizations achieve their highest level of market penetration and success. Proactive improvements are initiated by leadership and raise the standard of performance or support new growth initiatives. For example, we want to sell our products in the medical industry, where we have no foothold. Improvement team focuses to upgrade the quality systems to meet higher reliability levels, develop lot tracking capabilities and train the organization on FDA requirements for product, process and equipment validation before any customer requires this training.
- **Continuous improvement:** Improving an existing process by eliminating the waste in the existing system
- **Transformational improvements:** Designing a new process and system starting with a blank sheet of paper and not assuming any of our existing obstacles will exist in the future
- **Run:** The day-to-day operations necessary to produce your products or deliver your service, which include securing orders from existing customers in existing markets and in existing geographies
- **Improve:** Initiating improvements to support growth and ensure reliable day-to-day performance
- **Grow:** Designing the business for sustainable growth and proactively outperforming competitors
- **Innovation:** Breakthrough in process, product and management approach not achieved through incremental improvements
- **Front-line supervisors:** Management level that hourly or front-line employees report to on a daily basis

growing the business is the most effective way to bring positive change and put businesses on a path to future success.

In most industries, customers and markets have reached a plateau, and leaders see few opportunities for growth within their current markets. Odds are the same major players in your market are vying harder than ever to retain and grow their market share, all while the market only grows at half the rate of previous years or, worse, shrinks. Meanwhile, new companies from other industries and markets are trying to penetrate your bread and butter. These companies set growth

goals of around 10 percent to 15 percent, but their markets are growing at a rate of 2 percent to 3 percent, leaving them no choice but to pursue other potentially lucrative markets.

**The senior vice president started spending 80 percent of his time on growth activities.**

So here you are, with countless other business leaders staring down at reports telling you the market is slowing while there are substantial increases in competitive threats. To continue growing revenues, you have to decide if you are going to become a “lean operation” and pursue cost leadership or grow the business.

The organizations that don't grow tend to continue to cut costs. Often their most talented people reach

the point where they want a greater challenge and seek other opportunities. As this happens, often businesses that were loaded with some A team members, a solid core of B's and a few C-caliber members become an organization with no A's and a lot of B's and more C's. That makes it hard to recruit other A's. The organization can spiral into mediocrity because top performers want to be around other A's.

But if you grow, you attract new top talent, you invest in new technologies and you learn. Then you bring in more A players, and you raise the organizational performance. For instance, years ago, IBM began making the "machine." Now the bulk of its revenue comes from services. Procter and Gamble started out by making soap; now it sells the Swiffer. Procter and Gamble has expanded its footprint from Cincinnati to become a global business. Look at FedEx; that company does a lot more than shipping these days. These organizations show how critical innovation is. They have their "run" part of the business going well. They have the confidence in their operations that enables their top talent to pursue new and more complex initiatives.

To grow, you have to get into new industries. So it's important for your leadership team and most talented people to focus on new initiatives. That could mean a new product, new service, opening a new facility in another country or expanding by exporting sales into new countries. All these can increase complexity. That makes it more critical that you simplify your core business so it doesn't require much management oversight and attention.

People tend to gravitate to where they feel comfortable. When little children get into a fearful situation, they might retreat to their blankie or their bear-bear because that's where they feel comfortable. Supervisors are no different; it's just what they know, and that's natural. After all, the "grow" part is harder and more uncomfortable and sometimes has a higher chance of failure. Many front-line leaders think that by fighting fires they add value to the organization. But for the organization to grow, it must get its supervisors away from their blankies and out of their comfort zone a little bit.

The challenges facing supervisors who try to focus on improvements are numerous, including:

1. Their managers want improvements, but start every day by asking "How's everything running today?"
2. Their performance metrics are tied to daily operations.
3. They lack confidence to make decisions independently.
4. The organization makes it difficult to make improvements.
5. Others that are needed to support their efforts do not share the same level of urgency.
6. Their managers don't know what they would do if the supervisor would, in fact, be successful.
7. Their systems are not robust enough for incremental change — wholesale improvements are needed, yet they do not have the ability to influence major change. One key point here is that systemic improvement makes sustainability easier because you are working in a new environment, making it almost impossible to operate the "old way."

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Managers who succeed in reactive improvements now will be free to focus on proactive improvements. Many organizations have little experience in fully realizing the benefits of proactive improvements, improvements that are the nice-to-haves rather than the must-haves. Therefore, when the organization required major change, the easy route was to maintain the status quo. Proactive improvements (or transformational improvements) help us grow more effectively. This can mean more effectively introducing new products or services or changing the sales model or distribution channels. Due to the lack of past success, it's hard for managers to feel confident in making it their full-time focus.

In the end, managers have little confidence, less experience and no system to implement proactive improvements. So they gravitate to what's comfortable and proven.

Now imagine again that your department managers can hone in on important projects that receive little

## Segmented PRIORITIES



Figure 2. The day-to-day firefighting of running operations should primarily be handled by front-line supervisors, not upper management.

focus due to lack of time because of a lack of confidence in daily operational performance. But department managers who have complete confidence in front-line leaders to execute daily operations can set higher performance standards because they know the front-line leaders will activate improvements, not argue that “we don’t have time” or “that won’t work.”

If these department managers were upgrading the standards of their roles and the operation, management could focus on beneficial new activities such as developing new products, preparing for new and upcoming markets or growing the business (Figure 2).

One client had amazing things happen once the team had confidence that the production supervisor was effective every day in his management process, takt time, metrics and communications with his team. His manager, the production scheduler, the sales team, quality engineer, the buyer and the manufacturing engineer for this production line now invested less than one-third of the time they used to in reactive mode. The manager began focusing on the new product that was being designed. Product engineering was now able to gain the support of the operational team to focus on the new product. Before long, the product was launched with few manufacturing glitches, quality issues or supplier delays. This success provided the organization with greater confidence in launching new products. Product launch time was reduced to one-fourth of what it used to be.

More importantly, product stabilization time — or the time from launch to resolving all problems — was even better. Before, sales wouldn’t discuss new products until after the problems were fixed. This lack of confidence caused orders for new products to start slow, creating more challenges in justifying new product development. But sales now had the confidence that launch dates would be met and the quality would be great the first time.

Before long, the sales force

promoted products that still were in development, and the organization grew from \$50 million in sales to \$1.5 billion in about 10 years. At one point, a customer considered adding a second source supplier for a large-scale ramp-up in requirements. But confidence in execution was so strong that the company promised to transfer ownership of a product’s design to the customer if any delivery was late. The growth of this business was realized by having a great operational system — operational process and daily management systems — that allowed its most talented and customer-facing team members to look outside the walls of their plant to innovate new products and systems. While their competitors struggled with meeting daily requirements, this team widened the gap in the marketplace.

### Less “run,” more “improve”

The root cause of managers’ wasted time is the lack of confidence they have in their people and processes. The natural tendency for managers is to get involved to ensure customer requirements are met, performance metrics are achieved and their work force is not upset. But why do managers need to spend as much time as they do when there is a management group, the front-line leaders, positioned to handle these responsibilities?

It’s a challenge for many department managers to envision their front-line leaders independently running their operation. Having to be responsible for the performance and depend on their current front-line leaders may cause anxiety or seem inconceivable, but it’s done every day. The concept of self-directed work teams is nothing new.

For many organizations, the expectations set for their front-line leaders have dramatically increased over the years, yet not enough simplification has occurred in their work process.

More and more expectations are added as staffs are reduced, customers become more demanding and the work

content increases in complexity. Even the best front-line leaders struggle to meet daily execution without quality, delivery or safety failures — let alone drive improvements, communicate effectively with their team, collaborate with other departments, learn new skills, analyze performance metrics and conduct performance reviews.

Improving the daily behaviors of front-line leaders is a proven method to beginning the process of increasing confidence in your operation while improving the culture of your organization. Remember this: In a typical 120-person company with 30 managers, five of whom are front-line leaders, a mere 4.2 percent of your employees lead 75 percent of your work force. These front-line leaders are seen by three-fourths of associates in most organizations as “management.” The saying “people join companies and quit bosses” validates this point. To ensure a long-term and sustainable cultural improvement process, it’s vital to implement thorough improvements that help your front-line leaders.

Culture is defined as the most dominant and visible behavior of a group of people. This is true for an organization or a country. The behaviors of front-line leaders need to be clearly defined and well-scripted. Just like a work process to assemble a product, enter an order or pay an invoice, daily work processes need to be defined and developed for front-line leaders.

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Often our systems are based on low performance standards. Too frequently we assume that the people running the process will fail. Imagine if you took the top 10 percent of your team and built your system around them. Picture a system built around your best vendors, your best salespeople, your best customers. How simple of a system would it be? How reliable? How easy of a system would it be to manage? At the same time, how would your top performers feel about that? Likely, they

# World-class TIME ALLOCATION

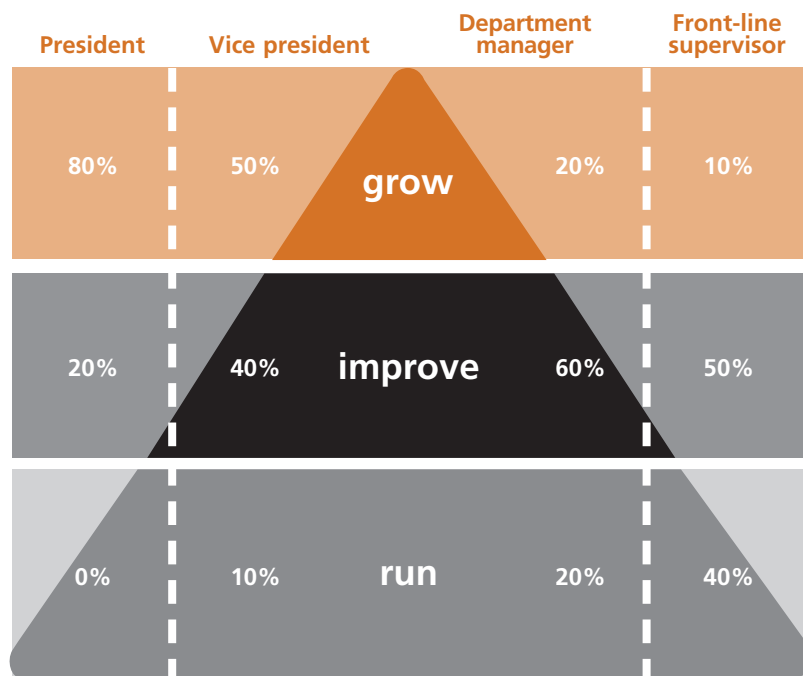


Figure 3. Presidents and vice presidents should make sure front-line supervisors are well-trained, freeing the executives to grow, not run, the business.

are jumping through hoops every day because we have all these speed bumps all over the place right now.

What is the purpose of speed bumps? To slow people down, right? So they create more wear and tear on your car and slow everyone down, even though most people aren't speeding. You put extra cost into the mechanism. There is something else to maintain; there is wear and tear on the car; you've added fatigue for people who are jogging — and all because a small percentage of people speed. You know what? Those people who speed are most likely going to speed between the speed bumps anyway. So your lack of confidence in some people leads to systems being built around that group as opposed to being built around your top performers.

So many improvement projects focus on value stream mapping the work processes. They identify what adds value and what is non-value-added. Processes are simplified, and work that doesn't make sense is

eliminated. New operating processes are developed, and standard work is created. Employees then are trained on how to execute those new processes. However, this approach is rarely taken to the next level and used for your front-line leaders. Standard work is developed for each work process. Why stop there if this is a best practice? Too often the answer is that there are too many variables in the daily work of a front-line leader. That answer is correct. Our job is to understand and eliminate as many of these variables as possible.

Creating a solid front-line leader system realizes visible and rapid results, and they cascade across the organization. Since the majority of the work force already reports to these leaders, this is the most effective way to bring the team on board as well. As the behavior of your front-line leaders begins to change, it will be noticed by the employees on the shop floor. Just imagine if your shop-level employees were inspired by their front-line leaders and the management

team had complete confidence in these front-line leaders. How would business be different?

If your front-line leaders spent half of their day working on improving your operation, what problems would they solve? What value and new ideas is the organization missing out on today due to their lack of focus and effectiveness?

Sit down with your best front-line leaders and ask them to spell out their daily activities. Even try to shadow them for a day or a week. See if you can do what they do based on their authority level. Now try to do those same activities and drive the improvements you've felt they should be able to accomplish. Each individual task appears simple and straightforward. Now combine them all together.

Today's top leaders are living the adage that "people are our most valued asset" by breeding a new wave of empowered employees, not only valuing their improvement ideas but capitalizing on them. Those who gain this complete confidence in their front-line leaders and have no doubts about their operation gained tremendous freedom. They freed the leader inside of themselves and their team to turn their organizations into true leaders in their industry. They now have the time, ability and confidence to win every time. In a world-class organization, the president spends 80 percent of her time growing the organization, 20 percent improving it and zero percent running it (Figure 3).

**As the behavior of your front-line leaders begins to change, it will be noticed by the employees on the shop floor.**

So what will it take for your front-line leaders to run the business? It takes courageous leaders to increase the standard of what an organization considers "good," especially when the team thinks it is doing all it can. Those who took this step saw an increase in morale, reduced stress and increased organizational confidence to focus on the important rather than the urgent. ❖