

## *Creating the Process for Winning Together At*



Even the most successful teams continue to improve and strengthen their competitiveness. Successful organizations know that they need to continually take actions to make themselves more competitive and attractive to customers. One of the most important elements of continuous improvement is the alignment between the strategy of an organization and the actions of its people. By getting people to understand and feel a vested interest in the success of the organization, one can create a more competitive and successful organization. Without this connection, it is difficult for success to endure.

AlliedSignal's Engineering Materials businesses created such an alignment. They developed a program called "Winning Together" to build a process of goal alignment, communication, and rewards that would impact every employee in the organization. It has become an important support to the corporation's continuing efforts to drive growth and productivity.

### *Company Background*

AlliedSignal is a \$15 billion worldwide company that develops and manufactures components and systems for the aerospace, automotive, chemical, fibers, and plastics industries. It is a highly diversified manufacturer with more than 70,000 people in 300 facilities around the world. It has maintained an intense commitment to total quality, with a particular emphasis on customer satisfaction, product and process quality, and time to market.

The commitment to quality resulted in an analysis of the company's manufacturing processes and recognition that there were substantial opportunities in moving these to world-class levels. As part of the efforts to improve manufacturing, AlliedSignal developed and trained people in process improvement then implemented a wide variety of total quality management tools in measurement and process analysis. In addition, management realized that for the high-performance orientation to endure, people in the company needed to have a personal stake in the success. They needed to understand key goals, receive training and support to address opportunities, and answer the burning question: "What's in it for me?"

In 1995, AlliedSignal formally launched an operational excellence effort to focus on accelerating the implementation of improvements including yield, costs, lead-time to manufacture products, and customer satisfaction. The goals were quite aggressive, and businesses within AlliedSignal needed to implement their own approach to achieve planned results.

A number of specialty chemical businesses within AlliedSignal developed a unique and powerful supporting process to operational excellence. The businesses represented more than \$3 billion in sales through the production of an array of specialty materials with applications in automotive, refrigeration, carpeting, construction, electronics, computers, and utilities. They manufactured products in more than 30 plants worldwide with a workforce of more than 10,000 people. To get this group of people committed to a single purpose was a significant challenge.


Realizing the complexity of this task, Frederic M. Poses, president of this group of specialty chemical businesses, brought together representatives from each facility, including plant managers and other leaders from quality, finance, human resources, and communication to develop a framework to implement operational excellence. To make its operational excellence goals, Engineering Materials believed there were three critical factors:

1. Set clear goals that enable the units to focus on what is important.
2. Help all individuals to see how they can contribute to those plant/business goals.
3. Provide rewards and recognition for achievements.

Challenged with the task of implementing this process quickly, the businesses set up design teams to address each critical factor: metrics, communication, and recognition. Each team included six to eight representatives from across the businesses. A core leadership team coordinated these efforts. From this process they developed the Winning Together approach.

### ***Winning Together -- How It Works***

Winning Together became an organizing framework for the operational improvements that would ultimately touch every person in the businesses. The framework was implemented in each plant as a standalone unit and tailored to the requirements of each setting within a set of guidelines. The businesses implemented an integrated approach that included the following:

 **Metrics** -- Each plant established priorities and goals in safety, customer satisfaction, operational excellence, and business goals related to revenue and income. Each plant had five goals to focus its improvement efforts. The plants set annual and quarterly targets in each area and implemented or utilized systems to track progress.


 **Communication** -- Each plant created scoreboards to display the goals and track

the progress throughout the performance period. The Winning Together concept needed a theme to reflect speed, continuous improvement, and progress to achieve goals.

The plants developed and incorporated race car and traffic signal images into the description of the program and the feedback mechanism so that everyone could see at a glance the performance in each goal area:

- Green light meant performance was at or above goal.
- Yellow light meant that results were just below goal.
- Red light meant that they missed the target.

However, the colorful feedback charts were only one component; employees were taught what each measurement meant and how the scoring system worked. They translated plant wide goals into each department or area within the plant. And they set monthly meetings to review progress, discuss issues, and give ideas for improvements.

 **Recognition** -- The third element focused on recognizing employees' efforts to achieve the desired results. During monthly meetings, the plant and area leaders recognized individuals and teams who made a particular contribution during the period. In addition, there were numerous informal ways in which people were recognized and appreciated for their contributions. Finally, they developed a system that provided a tangible award to all individuals in the plant.

The recognition component of the Winning Together program was the way in which people received special rewards for their achievements. In developing the program, Frederic Poses wanted employees to receive something they could keep over time, to create a "trophy" rather than provide money, which would quickly be spent. This would then symbolize the success and serve as a reminder to individuals of what they had done.

The goal-setting, performance management, and reward process for each plant was established around the quarterly time frame. The award was determined by the number of "green lights" the plant received for its performance. As stated earlier, the green light indicated the plant was either at or above the goal. For example, if during a quarter the plant achieved or exceeded four of its five goals, each member of the plant would receive four green lights. At year-end, there were also awards for meeting annual goals. After green lights had been awarded, individuals could trade them in for gifts at the end of the quarter or save them to build up green lights and redeem them for an even greater prize later.

### *The Awards for Winning Together*

Employees' choice as to what they received and when they would receive an award was a major feature of the program. The program's prizes were tiered into four levels, with

increasing value from levels one to four. They initially used electronics (e.g., cord-less phones, CD players, VCRs, televisions, camcorders).

Each plant monitored its own redemption records and would work with a corporate vendor who provided the items to employees at a discounted price to the corporation. The administrative system was quite simple and easily integrated into the operations of the plant.

The process of aligning goals was one of the most important aspects of the program. The overall business goals of sales, income, and customer delight were translated into the plant's performance measures. Income could be translated into cost drivers of the plant, such as waste, unit costs, and safety. Sales could be translated into productivity units or revenues associated with production or delivery. Customer delight was reflected in such customer satisfaction indicators as on-time delivery, survey responses, or problem resolution time. Each plant, depending on its business, would translate business goals into those measures on which they had the greatest impact.

The results from this program have been remarkable. The performance yielded major improvements in safety, product costs and quality, and on-time delivery. After the first year, 23 of the 25 sites achieved sufficient goals to provide awards. On average the plants gave out 19 green lights from a possible total of 30. Plants achieved a variety of performance levels, as follows:

- 4 plants achieved between 8 and 11 green lights
- 4 plants achieved between 12 and 16 green lights
- 6 plants achieved between 17 and 21 green lights
- 6 plants achieved between 22 and 25 green lights
- 3 plants achieved greater than 26 green lights

### ***Understanding Why It Was Successful***

Consistent with a total quality approach, AlliedSignal analyzed the activity and approach of the high-performing plants to identify best practices that could be shared and replicated in other sites.

A study team was developed and identified the following differences between the high- and low-performing plants:

1. Leadership was a key determinant in the plants' results. In the plants with a high number of awards, leaders were active in communicating progress and reinforcing actions people took to improve the process.
2. Employee satisfaction was very strong in specific areas for the plants with the most awards. Employee opinion surveys indicated these comments, which were significantly different from the comments of the low-performing plants:

“I receive information on plant performance.”  
“I have the information I need to do my job well.”  
“My manager keeps me informed.”  
“My contribution is often recognized.”  
“I understand my site’s goals.”

3. Education was emphasized. People received significant education on how their activities support or distract from achieving the goals of the plant.
4. Feedback on progress was displayed in many ways. The high award plants went beyond the plant scoreboard and developed visual feedback in all major areas of the plant. Many of these displays were developed and kept up to date by the work team members.
5. Managers and other employees listened and responded frequently to ideas people had to improve the operations. The ideas were not in the form of a suggestion system, but came through dialogue and discussions with people on a real-time basis.

Hence, the plants with the greatest number of awards, as reflected in the highest performance, placed a particular emphasis on goal alignment, communication on the progress, and frequent and meaningful appreciation of the contributions of people. They found the keys to their success through information, education, involvement, and reinforcement.

During the second year of the program, many of the principles and practices of the Winning Together program were communicated and adopted by many of the other businesses of AlliedSignal. Additional items were added to the rewards based on input from employee focus groups. Two additional award levels were established. The award items in these levels included personal computers, large-screen televisions, mountain bikes, fitness equipment, camping gear, and travel packages.

Furthermore, individuals who had accumulated “lights” sufficient for level-four and above awards could select to receive AlliedSignal stock. They could receive 10 or 20 shares, depending on the level. This sent a powerful message of sharing ownership in the company to those who help make AlliedSignal successful. They continued the partnership theme in their awards and the process of the program. These additional award opportunities were developed again through discussions with employees and managers.

The accomplishments of the Winning Together program have created an important linkage between people and the organization. More than 80% of the employees have cashed in “lights” for a total of 5,000 awards. The redemptions at the sites run as high as 95% of the employees.

At more than 20 sites, employees have been eligible for stock awards. Approximately one-third have selected stock over the prizes, for a total of more than 50,000 shares.

This program has been expanded to more plants within the business. The total costs of the program to date have been between \$6 million and \$7 million. The Winning Together program has helped to generate process improvements that have resulted in savings in excess of \$250 million. This is a return of more than 40 times the dollars spent on the program.

### *The Future of Winning Together*

The challenge to AlliedSignal for the future is to continue to set the bar higher and sustain success in productivity and growth. What do managers and other leaders need to do so that more employees can achieve awards and the businesses continue to improve their operations and services to customers? What do employees need to do to achieve these improved results? What is the benefit to the organization of these results, and what return on investment do they provide?

It is quite clear that Winning Together Program has created a truly winning partnership. Employees have clearly benefited from participation in this program and realized a tangible return from their efforts to make their plant more productive, efficient, and competitive. Management and senior leaders have received the benefits of a more successful and competitive company and a workforce that better understands and acts on the strategy of the company. Customers have clearly benefited from working with a company that cares about their satisfaction and has implemented demonstrable programs to meet their needs. Only the competitors have been left behind.