



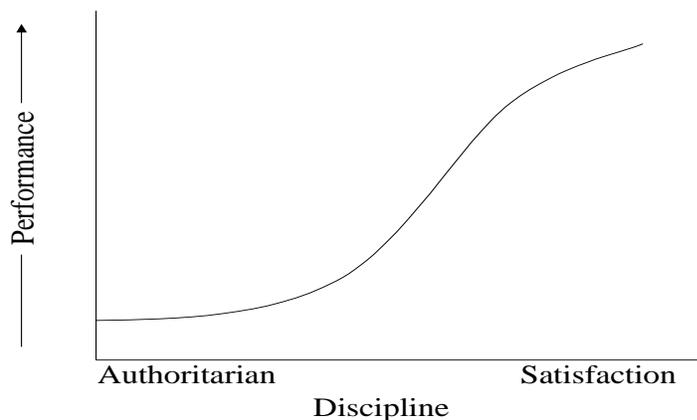
Too Much of a Good Thing

May 2000

When the Monroe plant's performance was in a downward spiral last year, one of the reasons that it had such a hard time pulling out of it was because accountability and discipline had broken down. One reason that has already been discussed elsewhere was the excessive churning within the management ranks. Another key factor was the plant's labor relations policies.

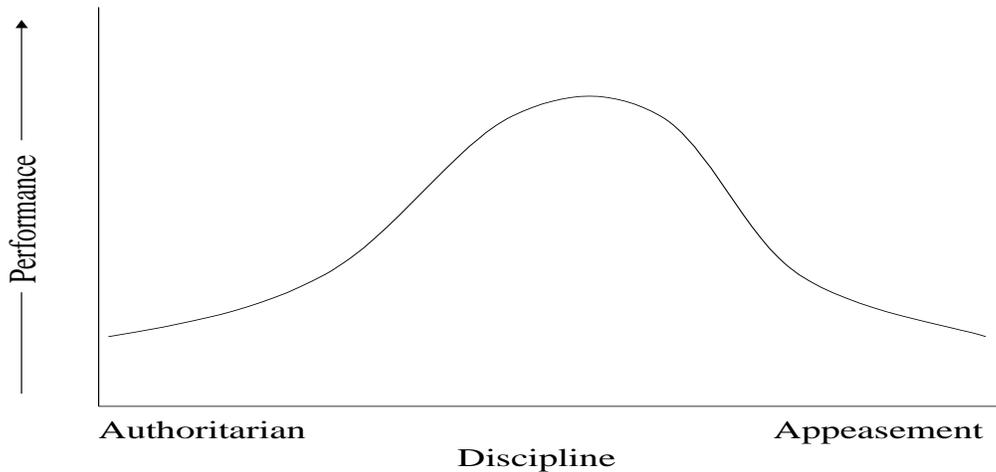
In short, the plant tried to do too much of a good thing. Well-intended policies that had improved performance in the past began having the opposite effect. Why?

For over a decade now, it's been accepted that organizations can improve their performance if they abandon an authoritarian approach to discipline in favor of an approach that enhances employee satisfaction. The conventional wisdom looks something like this.

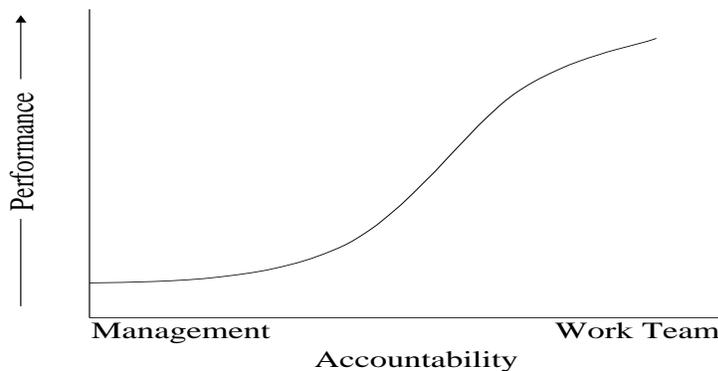


The underlying assumption is that the more satisfied employees are, the more performance will improve. If performance is suffering, it's because the managers haven't let go of their authoritarian habits and need additional behavior modification.

However, there's another explanation for poor performance. At some point, continued efforts to improve employee satisfaction lead to appeasement, and employees become complacent. Beyond that point, further attempts to increase employee satisfaction actually drive down performance as fundamental disciplines begin to erode, cutting deals becomes the order of the day, and work processes begin to break down.

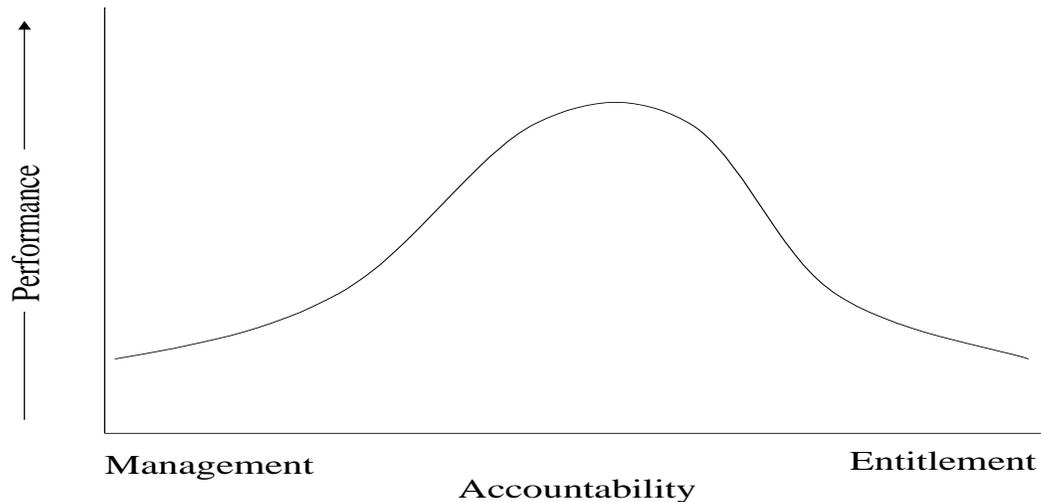


A very similar dynamic occurs with accountability. It's been accepted for some time now that if managers share responsibility and authority with the workforce, particularly through work teams, then performance will improve. The conventional wisdom looks something like this.



The underlying assumption is that the more responsibility and authority that management yields to the work teams, the more performance will improve. If performance is suffering, it's because the managers have been unwilling to give up their power or aren't fully supporting the work teams.

However, there's another explanation. At some point, the work teams develop a sense of entitlement, and managers abdicate responsibility for providing clear direction. Beyond that point, giving more responsibility to the work teams only makes things worse as management systems begin to break down, work teams become cynical, and the organization begins to drift.



The challenge is to develop a balanced approach to both discipline and accountability that allows the organization to achieve and sustain peak performance. Unfortunately, the most common reaction managers have when they feel performance slipping is to flip back into old patterns of authoritarianism and total management control. This flip-flopping back and forth between one mode of low performance and another only leads to confusion and demoralization.

Achieving peak performance requires both respecting the fundamental needs of employees and maintaining the fundamental disciplines of manufacturing. People need to feel that they are valued and respected, that their work is meaningful, and that their contributions are recognized. The production

process needs people who come to work, make good parts, and make the schedule, every day. These basic needs are not mutually exclusive. Both must be met for the organization to achieve a high level of performance.

The same is true for accountability. Achieving peak performance requires both clear management direction and individual or team autonomy. Unless everyone moves in the same general direction, and plans are executed in a timely manner, it's impossible to make any forward progress. Similarly, unless some people are experimenting with new ways of doing things that improve performance, it's also impossible to make much forward progress. Both are vital.

Finding the right balance among these seemingly conflicting fundamentals is the art of management. The key is to resist the temptation to choose one over the other.

A final note. When organizations become mired in appeasement and entitlement, the only path back to high performance is to restore a healthy measure of discipline and accountability. That may cause some heartache for the few people who are inclined to take advantage of the slack in the system, but most people appreciate having a clear sense of direction and knowing what is expected of them.

This is where Monroe's success has come from in reversing its downward spiral in performance over the past six months. There has been a relentless focus on the fundamentals of safety, quality, cost, and delivery -- assessing performance at start-up meetings several times a day and responding quickly to early warning signs of trouble. Meanwhile, accountability for results has been shifting back to the managers, who are in the best position to address the systemic issues that underlie many of the performance problems that keep popping up. The plant is working its way back toward peak performance.