Achieving Performance Breakthroughs

How a few core principles – first highlighted by Schaffer Consulting -- have proved themselves over fifty years --and work even better today

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Introduction: A personal Note

In this age of speed, innovation and rampant obsolescence it may appear odd for a management consultant who works with the most modern sophisticated client organizations in the world to advertise that the key to our success has been the honing and repeated use over 50+ years of the same set of powerful principles. But that's what we do in this paper.

The story begins when, as a young student, I ventured into Teachers College (Columbia University) searching for career training in some sort of helping profession. In one of my first courses an innovative professor, Ken Herrold (one of the first professors to dare to come to class without a necktie!) exposed me to the early experiments in organization productivity. I was hooked, and joined the field when there were only a handful of practitioners – at the Harvard Business School, Case Western Reserve, a few other universities and a small number of consulting firms.

Starting with this handful of pioneers, the field of organization performance management burgeoned. Academic social scientists, industrial engineers, management authors and a sprinkling of other specialists all got into the act. The large management consulting firms followed. What had hardly been a subject of study a few years before gave rise to major corporate, university and consulting firm programs.

A sense of what happened can be gleaned from these few statistics: A recent dip into Google to find out about just one element of organization effectiveness – a subject referred to as "the management of change" – yielded well over *a billion* references – and that's just to one sub-genre of the field. And there are many more millions for its other dimensions.

While all this fervent creativity was taking place, my colleagues and I developed an approach to helping organizations make major advances that employs a very small number of fundamental principles that we have used continuously for over 50 years. This article will describe those powerful principles, how they work, why others have adopted them and why we've stuck with them.

After graduating, I went into management consulting and I might well have been an architect of some of those hundreds of millions of Google-listed performance improvement techniques except for a highly remarkable experience I had in one of my first years of consulting.

I was doing some work at Bayway, a petro-chemical refinery in New Jersey owned by Exxon (then called Esso). As an efficiency move, its staff had been downsized to 2700 employees from almost 1,000 more. The plant's employees argued vehemently that 2700 was too few. The place would blow up or fall apart. Most of their supervisors agreed – just not very openly. And it surely looked that way to me as an outsider (though no one was too interested in my views at that time.)

While this argument was at its height, one morning the refinery's employees suddenly walked off the job, abandoning their operating equipment, on a spontaneous strike to emphasize their point of view. It was urgent that supervisors and engineers step in immediately to keep the plant's machinery running in order to avoid equipment damage, a fire or even worse.

When things came under control a few hours later the plant was running properly. And it kept running all day while management attempted to get the employees in from the street. But because of the hostile attitudes all around, this spontaneous strike could not be settled quickly and, in fact, dragged on for four long months. During those four months, however, it was amazing to look around and observe a few hundred managers, supervisors and engineers doing the bulk of what 2700 people "couldn't possibly do." It was, you can imagine, a life-changing experience for a newly minted management consultant.

And it was the catalyst for the creation of our unique approach to helping organizations become more effective, as described in the following article – an approach having its roots in the learning concepts promulgated by TC for many years. Schaffer Consulting has applied this approach with hundreds of organizations over 50+ years. These included Corporations such as General Electric, Boeing, Bell Canada, and Merck; government agencies such as the California Public Employees Retirement System and the State of Washington Department of Labor and Industries. The World Bank used the Schaffer Consulting Rapid Results approach as a central strategy in its work to accelerate economic, health and other advances in a number of developing countries.

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Launching a Unique Consulting Practice

When we launched our new management consulting firm those many years ago and were pondering how to shape the practice, my colleagues and I were still mesmerized by the "magic" of the Bayway Refinery performance. With our own eyes we had seen a conflict-laden environment suddenly pull off a performance improvement stunt of staggering proportions. We determined that we had to see what there was about that Bayway "magic" that we could capture and use in our practice.

For management consultants indoctrinated in the belief that change had to be a slow, difficult process, it was shocking to see how the Bayway people were able to produce immediate results. It was a stark contrast with the traditional consulting routine which dictates a long slow process to make anything significant happen: First diagnose the client's weaknesses. Then decide on the cures for those weaknesses. Convince the decision-makers to go that way. Then create the programs that will overcome the weaknesses. Then implement those programs. Then wait for the results to occur -- some day. The bulk of consulting programs seemed to focus on **preparing, preparing, preparing** forever for improvement which is scheduled to come only in the future. But the Bayway folks just did it, at once.

Another eye-opener: The improvements at Bayway employed no new technology, personnel training or engineered methods improvement. The bulk of capability needed for improving the operation already existed in the people who made it happen. Those capabilities were enough to achieve the result, a finding that lined up with our own experience. Our years of consulting had convinced us that in most organizations most employees – at every level – had plenty of ability that was never fully used, And they also had valuable insights about how their organizations could run more effectively. Few of the companies where we had encountered these insights, however, had the mechanisms to exploit that potential. But facing its crisis, Bayway was forced to put theirs to work immediately.

We determined to focus our practice on trying to help client managers capture some of the hidden capacity that had propelled the Bayway "miracle" and that, we were convinced, was buried in every organization. The outcome was a practice that parallels the philosophy of education I absorbed at Teachers College. Despite its name, Teachers College focuses mainly on student learning rather than on teacher teaching. Similarly, instead of acting as experts spoon-feeding answers to our clients, we decided to function more as catalysts helping client people to develop and implement solutions themselves – and to learn from the experience.

THE ESSENCE OF THE NEW PRACTICE:
"**BEGIN WITH RESULTS**"
A SIMPLE IDEA…YET SO REVOLUTIONARY

Once the magic spell was broken at Bayway and performance reached new heights there was a different attitude about performance issues. Success in dealing with the urgent crisis and then sustaining the new level of performance for a number of months provided a new sense of confidence in the people and a readiness to try new approaches. Less than a year after the end of the wildcat strike, moreover, the Refinery was operating quite well with fewer than half of the 2700 “impossibly too few” level.

Success was the result of fate forcing Bayway management to reverse the typical order of events of performance improvement. Most improvement efforts begin by trying to improve the various human and technical components that influence performance -- then waiting for performance to improve. Bayway was forced to work the reverse pattern – they achieved the improved performance first and what was learned by that experience laid the ground work for more fundamental improvements.

So from its beginning our practice was based on the notion of creating some urgency, making some immediate progress in response, learning from that progress and building an ongoing developmental process based on such a beginning. Far from pursuing any of the millions and millions of improvement schemes that have been spawned in the last 50 or 60 years – even the best of them -- we have held fast to those few critical principles, and many hundreds of organizations around the world have benefitted.

So what were these principles that were so sturdy that they have generated so much progress on such different problems in so many different places over such a long time?

1. **Exploit the hidden reserve** Every organization in the world (unless it has carried out <u>extremely</u> successful performance improvement) has huge potential capacity to improve performance quickly and significantly -- no matter how busy everyone might look at the moment. Use this underexploited ability to achieve improvement – although there will undoubtedly be technical and systems improvements that can also make big contributions.

2. **Create real sense of urgency** If the organization is not facing a real-life current crisis to impel improvement, a senior manager must create urgency with some very tough, sharp performance requirements.

3. **Experiment with rapid success** Begin the effort with one group (or several) doing some pilot experiments **to achieve measurable results and the reinforcement of success very quickly** (a few weeks or months) rather than undertaking big preparations such as new systems, employee training, reorganization, etc.

4. **Build these ingredients into an expanding strategy** As soon as success is achieved (and after some self-congratulatory celebrating), integrate the innovations that worked into the organization’s routines and immediately launch some next-step innovations. At the same time begin to sketch out an overall improvement architecture. In this way an ongoing process is created rather than just a one-shot thrill. And the big technical and systems changes can come along too as part of the larger plan.

Principle #3 – beginning with results very rapidly -- is the toughest. Everyone wants to begin performance improvement by modifying methods, changing procedures, reorganizing, introducing new equipment.—or any of other innumerable **preparatory steps.** And they call such progress "results." But the key is to produce a real r**esult,** not to gear up for one. So if the challenge is quality, the goal must be some actual quality improvement; if it is increased sales, it must be achieving additional sales; if it is new product development the goal must be some tangible progress on a new product.

We might add here that the approach doesn't provide the specific solution to the problems — rather it is a sturdy framework that enables people to solve the problem and, as a by-product, to develop their own capability at the same time.

Also, it is a bit of an oversimplification to say that all senior management needs to do is to make some tough demands. Doing that well is one of the key learnings of the approach – how to negotiate with team members to set a goal that represents a significant advance and have it accepted by colleagues. It requires a careful assessment of the readiness of the people to take a major step up, on the one hand, and the sense of how far to nudge people beyond their comfort zone and still have them participate enthusiastically in the work. (see "Demand Better Results and Get Them," Robert Schaffer, Harvard Business Review, March-April, 1991)

Launching a firm based on these unique ideas was not easy. Convincing corporate leaders that this approach would work took some strenuous effort. It was difficult getting client managers and (rather important for a new consulting firm) potential client managers comfortable with a focus on achieving results from the very beginning. The managerial culture was so frozen into the First Study, Then Diagnose, Then Improve, Then Wait for results pattern that it was -- and still is --taken for granted that improvement efforts must begin by introducing new systems, training people, buying new equipment, reorganizing, and so forth. Our emphasis on short term learning experiments to achieve rapid results conflicted with the management literature at the time which dictated that any hint of short term focus was on a par with original sin.

Some faculty at The Harvard Business School, particularly Prof. Arthur Turner, took note of the practice. They felt our ideas were creative enough to be worth some attention, and they had several disguised teaching cases describing the practice done , first by Chares Hampton-Turner in 1964 (9-413-146, 147,148,and 149) and a later one by Amatai Niv in 1975 (9-475-095.)

Luckily even in those early days some senior managers were taken by the action-oriented results focus of the practice. One of these was Robert Scrivener who was Executive Vice President of Operations for Bell Canada – with his colleague Walter Light, head of corporate engineering.

The first major project with Bell Canada will help to convey the power of our simple set of principles.

TELEPHONE COMPANY MEETS A PEAK LOAD PROBLEM

For many decades in Quebec about one third of all household moves are carried out each year during a compressed 6 week period – a custom which traces its history to the Napoleonic code. In the 1950's and 60's relocating a family's telephone service was still a big deal that required extensive Bell Canada labor both at the disconnecting end and at the reconnecting end.

Known as the "May Move" it was an annual nightmare for Bell Canada people. The company tried its best to avoid the inconvenience to customers and the ill-will toward the company caused by May Move delays. Employees would be borrowed from other areas. Lots of overtime would be worked. But, despite their best efforts some customers had to wait as long as 15 weeks--- till September -- for complete telephone service after they moved in May.

To make matters worse, in 1967, the time of the following story, by an ill-fated coincidence the historic Montreal world's fair "Expo 67" was scheduled to open at the height of the May Move. It required the installation of extensive telephone systems for all the exhibitors and many hundreds of coin operated telephones in those pre-cell phone days.

Robert Scrivener who had just launched a company-wide improvement program called BIG ("Best in Industry Goals") recruited us to help. In December, long before attention was usually paid to the May Move, the area vice president, Maurice d'Amours made a clear demand to his Montreal team: "Next spring every customer in Montreal is to have full telephone service by May 24."

His operations manager Keith Boyce got his people to begin experimenting immediately with organized improvement thrusts. They also laid out some benchmark goals for the months ahead. And, as they succeeded with each pilot project, they kept attacking additional improvements so that by May 19 – five days ahead of d'Amours' deadline -- the May Move was completed. Moreover in the process they had made progress toward the Company's BIG goals. And Expo 67 opened with full telephone service.

(See "How Goal-setting Plus Discipline Licked a Plant Peak Load Dilemma", TELEPHONE ENGINEER & MANAGEMENT, August, 1969)

And, following that dramatic project, this is precisely the approach, based on the four key principles, that have been used with hundreds of organizations around the world. Of course we introduced many innovations into the process. Ron Ashkenas, for example, worked with General Electric to develop their Workout methodology aimed at performance improvement across-the-board. He and other colleagues also pioneered methods of making acquisitions and mergers more successful. (See "Making the Deal Real", Harvard Business Review, January-February 1998). The World Bank adapted the method to accelerate development, first in countries in Africa and then other parts of the world.

But the four principles were always the essential drivers of progress of these and many other applications.

Almost fifty years after the May Move drama, the Investment Office of the California Public Employees Retirement System had a challenge as tough to them as the May Move had been to Bell Canada. In order to safely and profitably invest California's $250+ billion of retirement funds required the help of a number of outside professional investment managers supplementing the 150 or so staff of the Investment Office. These outside services, though very valuable, were also very costly.

THE COST MUST BE REDUCED

Joe Dear, Chief Investment Officer for CALPERS, impatient after much talk but little achievement by his people on this front, told them that the cost of investment management, which at that time was about one billion dollars a year, must be significantly reduced –quickly and without diminishing fund investment performance.

In a management workshop, where a variety of other improvement projects were being launched as well, a small team of Investment Office people, after much deliberation, took a deep breath and set themselves the ambitious goal of reducing fees by $50 million a year within a few months. Using an approach based on the same principles Bell Canada employed in attacking the May Move almost 50 years earlier, the team innovated, experimented and succeeded. Four months after this launch, on May 20, 2010, the Sacramento Bee reported, "CALPERS has extracted more fee concessions from its investment partners – a total of $99.6 millions in savings per year." Double the goal they had reluctantly set.

Again, the approach had not provided the detailed road map to reduce the investment management fees; it framed the effort in a way that enabled the CALPERS investment team to create and implement a sure-fire solution themselves.

In the CALPERS case as in the Bell Canada case this approach was employed only after much unrewarded energy had been invested in trying. But the powerful four principles did the trick:

1. In both cases senior management was confident that their people could do better.
2. To ensure action senior management conveyed some tough, short term must-achieve demands –in results terms—getting all the phones in by a deadline and cutting a large chunk of investment manager fees.
3. The people on the job were given full responsibility rapidly to create solutions themselves, and test and implement them. (Naturally expert help was available if needed).
4. And, in both cases, by building the successful innovations into the routines of the organizations, a continuing and expanding process was created.

While in both these cases – 50 years apart – the approach yielded spectacular immediate results, of far greater value was the foundation those two adventures in achievement created for sustained improvement. Because the people themselves had to figure out the solutions and implement them, everyone associated with the projects developed new insights, new skills and new confidence from success.

And so it has gone for 50-plus years. The combination of the four principles are so powerful that it <u>always</u> works and the tangible results provide a very good (sometimes excellent) return on the investment – with the dividend being the development of new skill and confidence by everyone involved in the process.

While the two cases cited are among the more dramatic, the approach has been used in hundreds of organizations of every kind throughout the world – sophisticated and naïve, large and small. It keeps proving to be virtually 100% successful.

Here's another example: A consultant well-versed in the approach but knowing nothing about railroad operations found himself in northwestern Australia, about 800 miles from Perth, the nearest city. He was helping a number of managers to make improvements at the Hamersley Iron Mines -- owned by Rio Tinto. One challenge: To unload huge iron ore trains at the port required the uncoupling of all the cars of mile-long ore trains with hundreds of cars. But the 90 minutes required after the dumping, to safely couple each collection of separated cars back into a single train was the key impediment to expanded ore shipments from the five mines served by the railroad. Speeding up the job safely was proving a challenge – especially since it involved crew members who had to work in between moving rail cars that were being pushed by engines that could be a half-mile or more away.

A team was assembled, received some briefing on the method, and was turned loose on the project. Some months later the world-wide Rio Tinto Reports newsletter (May, 2001) described the effort and said, "The goal set by the team was to reduce the time by 30 minutes per train. However the team was able to beat this target twice over…" That is, they safely reduced the re-coupling time for each ore train from 90 minutes to 30 and sustained it. The newsletter reported a number of similar improvements in other mine operations using the same approach.

The Rapid Results Institute (RRI), the non-profit organization spun out of Schaffer Consulting to serve social causes in developing countries, partnered with non-profit organizations and government agencies around the world to help them tackle complex issues ranging from HIV/AIDS prevention in sub-Saharan Africa to workplace safety and health in Brazil and Turkey.

A New York Times article (September 29, 2011) cited the impact of Rapid Results work in a number of African countries. The results achieved by 100-Day Teams using the Approach – tripling the rate of voluntary testing for HIV/AIDS in some of the largest companies in Ethiopia, increasing five-fold the use of family planning services in a number of districts in Madagascar – stand in sharp contrast to many development projects that lumber on for years with paltry results.

It is this same New York Times article about RRI's work in Africa that caught the attention of policy makers in the US. In May 2012, RRI started working with the Veteran's Administration and the Department of Housing and Urban Development to empower and support communities to address the issue of veterans experiencing homelessness. In mid-2016, the acting director of the Veteran's Administration Homelessness Services, Keith Harris, reported that the number of homeless veterans in the 25 largest cities that went through repeated cycles of RRIs 100-Day Challenges declined by 47%, compared to a 27% decrease in rest of the nation, over the three year period between 2012 and 2015. RRI is now working on a national campaign to end youth homelessness in the US.

Other consulting firms also have tried the approach and had similar successes: McKinsey & Company principals Jonathan Harris and Warren Strickland, reported in the firm's insurance annual of 1994 on applying the approach in a major oil company that improved its operating costs "from fourth quartile to industry-leading performance," a reduction of $250 million. The article also described a similar project by an insurance company that needed to carry out some major changes. "…management saw that four or five implementation teams could not create the required changes… across hundreds of underwriters." To get started a few teams were launched in 12 offices – and more than 200 teams were commissioned during the first year. As a result this carrier captured $60 million of an $80 million potential…" and, further, the process "…led to organization changes that reinforce continuous performance improvement." As the authors conclude, the process "…is a unique and extremely powerful tool to improve frontline execution because it focuses on achieving results quickly …not planning for weeks to achieve results later." And because of its success, it "…creates greater overall change readiness and starts a longer-term cycle of success."

The simplicity and consistency of the approach makes the requirements for success much easier. Imagine if you had a debilitating illness and your doctor told you not to worry because there is a cure. Hundreds of cures, in fact. Just pick the right one – or a number of the right ones--and take them. You could be forgiven for having a few doubts. But that is the situation managers face when they want insights into the most challenging task they face – how to make their organizations more productive and more competitive. No wonder many managers and consultants find this "Rapid Results" approach such a relief.

Hundreds of companies throughout the world have enjoyed similar gains – as reflected in the Korean, Chinese, Japanese, French, Dutch and other translations of our books. While not many projects yielded the huge gains cited earlier, most were quite significant, and the firm thrived with its unique (and for many years not often emulated) model for effective consulting:

One of the important reinforcements to the development of the approach has been the various credible people, who, probably unfamiliar with our earlier publications, have announced "discovering" the power of short term successes. Professor Karl E.Weick of Cornell and Michigan, is noteworthy: His 1984 article in American Psychologist, "Small Wins" based on his extensive research, makes the point that "To recast larger problems into smaller, less arousing problems, people can identify a series of controllable opportunities of modest size that produce visible results…" He adds that large scale change then becomes possible because, "Once a small win has been accomplished, forces are set in motion that favor another small win." And the process can continue and grow.

In 2011 Teresa Amabile and Steve Kramer in their Harvard Business Review article, "The Power of Small Wins" (May 2011) describe a key conclusion of their research that "…big wins are great – but they are relatively rare. The good news is that even small wins can boost inner work life tremendously…." And "…small but consistent steps forward , shared by many people, can accumulate into excellent execution; progress events that often go unnoticed are critical to the overall performance of organizations."

Leonard Schlesinger, President of Babson College at the time, wrote a book with two colleagues in 2012 called "Just Start" whose main admonition was, "Take Action; Embrace Uncertainty; Create The Future." They are especially strong on the point that we have been making forever: "If you act, you will find out what works…As you act you can find ways to do things faster, cheaper, better." And they share our view about the trap of perpetual preparations, "If all you ever do is think about stuff, you can gain tons of theoretical knowledge, but none from the real world."

While we have sometimes felt a bit overlooked by these well-accredited academics, at least they re-validated the approach while in pursuit of their own research goals. This revalidation, plus the hundreds of demonstrations of our own over 50 plus years certainly attests to the validity of this "new" approach to organization effectiveness.

And all that is the good news.

The widespread reinforcement – by both practitioners and academics – might seem rather impressive. But when you add it up, gratifying though it all might be, it represents a very tiny fraction of its potential. And it is not as though we have kept the approach under wraps.. The first published article on this idea of beginning with rapid results instead of preparations was called "Mastering Change: Breakthrough Projects and Beyond." And it was published in 1968. And since then we have published about 200 articles, 8 books and a huge number of blogs laying it all out for the taking.

We sometimes wonder whether there is something about the approach that makes management people a bit uncomfortable, no matter what the statistics may show. It may seem too good to be valid. We hear cynical reactions from some doubters who react to stories of success: "Well if they were able to make that much progress they probably weren't doing very well before the effort" or "We couldn't possibly have that much slack in our company."

My colleague Jonathan Stearn and I (in the Spring 2015 Leader to Leader) speculated about some other challenges that senior managers face in employing this results-oriented approach..

1. They must accept the idea that their organization is really capable of achieving much more than it is presently achieving – and state that publicly.
2. They must be willing to start action immediately by launching some experimental steps – rather than engage in the typical preparations – like training, new systems, process redesign.
3. They must be willing to demand much better results even when their people assert they are already doing the best that is possible.
4. They must allow the people carrying out the projects to use their creativity in designing and implementing the improvements.

Each of these can feel a bit risky to senior managers – and the four together even more so -- which explains why many of them are not enthusiastic to try it.

Also, the approach asks managers to put themselves on the line by making a strong, public commitment to significant performance improvement before they have a detailed blueprint for success or a plan for how their people can achieve it. That's too risky for many.

By contrast, for the managers who have tried and benefitted from the approach these risks are inconsequential. They do not do not merely accept the need to work in this new way. They actually like working this way – and of course they like the benefits that accrue to them as a result. Managers who have succeeded with the approach have a much different attitude than those trying for first time. After one or two successes most managers simply assume that if they have an issue and use the approach they will get the results.

Gary Kaplan, president of XL Catlin's North American Construction insurance – a division of its property/casualty business -- got his division started by formulating some strategic plans. Then he immediately launched a series of short term "results-seeking projects," each aimed at achieving some aspect of those strategic goals. Then he repeated the process. Each year he sets in motion about 50 such results-seeking projects. He uses the projects to get things done, to have his people experiment with innovation and to learn how to keep it all going. As they succeed and learn, they build the new ways of working into the fabric of the organization. The developmental aspect of the process is demonstrated by the fact that after hitting the one-billion-dollar level in 2015 after only five years, they then doubled it to two billion dollars in a little over 18 months. Seraina Maag, CEO of XL North America's property/casualty insurance was asked in an interview with Carrier Management whether XL had had any Rapid Results Projects where the teams did not meet their goals. Her response: "It won't fail. Success is not just an option. We would take corrective action."

That spirit ensures that no matter how long the approach has been used it is always self-renewing. Its experimental flavor means that participants at every level are called upon to invent fresh approaches not only to their immediate goals, but even to the approach itself.