Transformation of Company and Culture

By Tony Petrucciani, CEO of Single Source Systems, Inc.

The results of a successful performance management system are far-reaching. With proper deployment of strategies and tactics, the entire organization can be transformed.

Data can drive all critical decisions. Facts can provide the powerful ammunition to allow the company to make well-calculated strategic moves. Confidence in decision-making abilities will allow chief officers to be aggressive and bold in capturing new opportunities. New target markets can be identified for sales growth, and managers can also look internally for new techniques for streamlining operations and conserving resources.

Performance management systems fuel a new attitude, one that is not willing to settle for ho-hum performance when it is now possible to maximize productivity, optimize the use of the workforce, and be keenly attuned to customer needs and customer expectations.

Daily actions are transformed, from adding adrenaline meetings to the schedule to incorporating workbenches and the ongoing review of critical numbers as part of the routine. Company-wide collaboration is made possible by integrated real-time enterprise systems with full system visibility.

Monthly and quarterly activities are also transformed as the review of data impacts monthly reconciliation of account balances and new efficiencies of processes speed cash flow.

Finally, annual goal-setting becomes fact-based and tied to realistic abilities. Gone are the vague generalities that were more hope and dream than policy. Now, a step-by-step battle plan for improvement can lead the troops forward.

Access to Data Enables Cooperation

One of the most subtle, but significant areas of transformation is the change of attitude that is seen in a company that embraces the open use of performance management data.

Access to shared, integrated data reinforces a company culture of cooperation and common objectives. It empowers individuals, no matter their role, to see beyond a singular workstation or primary job description. Each person plays a role in the big-picture profitability of the company.

Additionally, with fully integrated business solutions, the entire team, top to bottom, operates from a common database of customers, accounts, service history, and work order status. Valuable time is no longer wasted determining the reason behind conflicting data or researching how various departments can compare apples-to-oranges for projects which require a consensus agreement.

A totally integrated performance management system adds to the ability of personnel to see the larger picture of the company-wide effect of an individual's performance. It becomes statistically clear that mediocre productivity, no matter where it occurs in the organization, shows up in the bottom line analysis of profitability.

Part of the transformation process includes the acceptance of KPI tracking systems as welcomed tools, rather than imposed must-meet dictates. The highly engaged team sees the tools as helpful job aids. They are valued for their ability to provide real-time feedback that enable improvements, not place blame or judgment.

Relevant critical numbers and performance status are monitored with vested interest. Employees WANT to improve and achieve goals. Employees know where they stand, and customers, because the data can be monitored continually. Most importantly, data can be monitored by the people who have the most potential to take hands-on corrective steps AND preemptive actions. The data is actually used, rather than sitting in reports collecting dust on the corner of desk.

Giving personnel access to performance management tools also conveys an expectation that they use them, and the responsibility of using them wisely. A trust factor is implied. It also enables personnel to act independently, thoroughly researching cause-and-effect data and making fact-based decisions. There is no longer an excuse for guessing at historical data, relying on memory, or rounding-off statistics to surface-level generalities. Accuracy, company-wide, improves.

For most companies today, every opportunity for increasing profits -- no matter how seemingly slight -- is essential. This message comes through loud and clear when

personnel are trained to analyze multiple layers of data, sort it by multiple conditions, and determine critical factors which can be monitored continuously -- weekly, daily, or even hourly.

Changing the Company Culture

Several steps can be taken early in the implementation process to help foster a smooth transition to a performance-based mind-set. With positive top-down policy-setting communication, minimal resistance is likely to be encountered.

First, standardize procedures and document policy. Make sure the entire company knows what KPIs, including performance and productivity, are being tracked. There should be no secrets, no guessing, no speculation about the use of data, and ramifications. If you are going to use productivity as a factor in compensation or promotion, inform personnel and be as thorough in your explanation as possible.

If you are going to equip your service vehicles with GPS devices so you can track the fleet usage, be sure to provide your field techs with guidelines if route detours are ever acceptable. Is it a problem to detour 20 miles from an assigned job site in order to avoid a rush hour bottleneck in traffic? Is it OK to go 20 miles out of the way in order to drive through a favorite fast food restaurant for an afternoon snack before heading to the next job? Let personnel know what you are expecting, why it is important, and how you plan to respond to exceptions.

Eliminating secrecy goes a long way in building trust. An open-door policy is considered by many metrics advocates as the best way to engage employees and motivate performance improvement.

Satisfying Customers

This is what it is all about. The customer experience is one of the main products a company, including manufacturers, has to offer, promote, and leverage into sales. A positive customer relationship is essential. But, it is no longer enough. Today the overall customer experience has to be memorable, distinctive -- and compelling.

The effective performance management system enables the manufacturer to concentrate on improving the customer relationship at multiple levels, from micro details of order shipments to the customer's overall perception of the worth of the relationship. Sharing information elevates the relationship to a new level, one built on truly relevant topics -- not price alone.

What is important to the customer? The on-time arrival of the order? The availability of a replacement part? Or the fact that the technician can explain why the part failed, recommend a unit that will have a better performance, and provide historical service data to prove that the unit is past its prime, output has been steadily degrading at a rate of 3 percent per month, replacing the unit with an upgraded model will yield a 17 percent higher through-put, and that the savings in maintenance costs will pay for the investment within 12 months!

The ideal customer understands value of such information, and such relationships. Admittedly, though, there are still some markets and sales that are purely price-driven. That reality is likely to never change. However, some target groups may simply require some education and a steady dose of account management courtship to see the value of an informed, transformed relationship.

In many cases, the data that is collected during the service performance management process is so compelling that the customer is quickly converted to a loyal follower. The customer experience is not only positive, but it actually compels the customer into further action. The customer can see new opportunities and new growth potential.

This is the ultimate victory in the quest for a strategic performance management system. It's a win-win situation for the customer and the company which provides a valuable, efficient service.

Building Customer Relationships

Managing the customer experience has been elevated in priority for many manufacturers who are facing aggressive competition from rivals attacking this vulnerable underside.

Strong customer relationships are certainly an effective defense against marauding competitors who are ready to swoop in the first time an order is late or a part is out of stock. Therefore, understanding the customer's mind-set, at multiple levels, is just as important as understanding unit specifications and performance history. Performance management tools can be used to build long-term, intimate relationships with customers that are positive for both parties, and profitable.

Remember, performance data isn't just for identifying if the customer is satisfied. It isn't even just for keeping the customer satisfied. Hardly!

Predictive use of performance management data helps identify sales opportunities. It allows the service company to anticipate when a customer is ready to buy, or should be ready to buy. It allows the service company to be in the right place at the right time with the right product.

Intimate knowledge of the customer's satisfaction level helps judge renewal tendencies. More importantly, though, intimate knowledge of the customer's vision for his company and the long-term growth plans helps the service organization become a partner in reaching those goals, including expanding equipment purchases, upgrading equipment, increasing maintenance contracts, and entering new markets.

The transformation is seen in the bottom-line: Repeat sales and renewals increase. Identifying up-sell and cross-sell opportunities become a routine part of forecasting.

What's Next?

Where are we going? As our aptitude for analytics and ability to smoke out the most insightful performance details builds, where is this quest for greater understanding of performance metrics taking us? What awaits us around the next bend in software functionality and innovative uses for transforming statistics to strategies?

Growing consistencies in best practices among service organizations is certainly a very real destination on the not-so-distant horizon. As benchmark data is shared in open forums and communities of like-minded managers become more willing to share their success tactics, the gap between laggard companies and best-in-class will condense. The low achievers will learn to keep up, or drop out of the picture entirely.

Forward-thinking manufacturers will continue to push the boundaries of analytics, applying more and more predictive applications based on statistical probability. Companies will routinely monitor the satisfaction level of their customers and use the data to forecast contract renewals, sales volume, maintenance requirements, open work orders, and new purchases.

Not only will satisfaction levels be determined from direct customer inquiries, but companies will increasingly employ predictive models which will base assumptions about customer satisfaction on performance statistics from their recent service incidents. For example, if 90 percent or more of the customer's orders in the past year have been shipped on-time, the customer may be ranked as "likely satisfied" with high renewal probability.

On the other hand, certain disruptive events, such as a maintenance technician being late to a scheduled appointment, will add to a negative score for the customer, indicating that customer is at risk of being lost. Predictive modeling can be used to help customer service representatives and sales agents take preemptive actions to regain the trust of slightly disgruntled customers. Events can also trigger communications, such as apology letters or special discount offers.

Advanced performance management tools will continue to make it easier for customer-focused manufacturers to concentrate on relationship-building, rather than manual hunting for answers to questions. Lower-level decision making will be able to be automated, freeing managers to spend more time on the creative brainstorming required for continued growth in new markets, new products, and new services.

Final Mission

Through the course of this series, key principles for building a sound performance management infrastructure have been presented, along with the driving pressures that make this the right time for taking action.

Like an intensive boot camp training exercise, all of the critical fundamentals have been presented in a crash course that runs the risk of being overly simplistic for some readers and too detailed for others.

It's our hope that there were some insights which could be applied to any situation and would be helpful launching points for further research, brainstorming and examination of current processes and potential.

The final marching orders, now, are to get moving! Go!

Take steps in the right direction. Take small steps and take time to celebrate victories along the way.

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