



PROGRESS AT A PUBLIC AGENCY¹

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▼ SNAPSHOT

COMPANY NAME

Public Agency
Michigan and Wisconsin
U.S.A.

Employees: 1,300

Date of study: 2005–2006

INDUSTRY

Mail and package
delivery

KEY CHALLENGES

Reduce budget overruns
and generate respect for
leadership

SOLUTION STRATEGY

Apply FranklinCovey's 4
Disciplines of Execution
Administer *xQ Survey*
before and after
intervention

STATUS QUO TIME 1

Excessive leadership
turnover and lack of
respect for leaders; over
budget on work hours;
excessive overtime

KEY RESULTS

Saved \$314,084 by
reducing work hours
29.63 hours a week

Operated at 630 hours
under budget without
cuts in service

Produced a culture of
respect for leadership

RECOGNITIONS

District head received
the area Vice-President's
Award

The District received Best
of the Best Awards

KEY WORDS

Public Agency; leadership;
efficiency; U.S.A.; 4
Disciplines of Execution

Public Agency was launched over 200 years ago. Today (2007) Public Agency provides more services to more people than any other such operation in the world. The Agency generates annual operating revenues in the billions and pays salaries to hundreds of thousands of employees.

Public Agency is organized into several geographic regions. Regions are further divided into Districts, and Districts into Customer Service Outlets.

The Problem to Solve

By early 2005, the Saratoga Customer Service Outlet had come to be considered a "problem Outlet." With seven acting Outlet heads over a period of four years, there was no stability or consistency in leadership. As a result, qualified people were turning down leadership opportunities. Furthermore, Saratoga's revenue was down 3 percent, work hours were up 4 percent, and overtime constituted 14.5 percent of total work hours.

"Both supervisors and employees alike were drifting without goals or motivation to achieve," said Mike Jones, head of the Saratoga Outlet. "Overtime premium pay had become an incentive to reward poor performance, and supervisors had virtually given up trying to fix things, as they felt they had no power to effect any real change."

Another Outlet, the Tankham Customer Service Outlet, had exceeded its work-hour budget by 1,299 hours in the first 20 weeks of fiscal year 2006. This overage produced a cost overrun of \$45,465.

Also, the Walker Customer Service Outlet was plagued with conflict around its leader. A former Saratoga Outlet head had requested a transfer to the position at Walker and needed to build new and better communication and relationship skills necessary for more effective leadership. There was constant turnover in positions that reported directly to the Outlet head, and employees needed to build their respect for the current head who had arrived with an unimpressive reputation. At Walker, as with the other two Outlets, because supervisors were inexperienced and required consistent guidance and support from management in conflict resolution, employees took cases to the labor union and won nearly every issue.

On top of these local problems, Public Agency as a whole was struggling. The sluggish economy had reduced Public Agency revenues. Just before FranklinCovey training was launched, the Agency had suffered several quarters of net income loss. Cost-cutting measures were underway, including the elimination of thousands of positions, a circumstance that negatively impacted morale.

"The focus was just not there. I was responsible for measuring our achievements against 150 indicators; and normally a pretty organized person, even I was struggling to stay organized," said José Vargas, District head. "There was too much information coming from too many different directions. I knew that if I was struggling with this, then other members of my team were probably struggling as well."

"If you apply even half of this, you will absolutely become more effective."

José Vargas, District Head

The Intervention

Fortunately, even before FranklinCovey intervention, the Agency CEO had been in favor of creating a goal-directed culture at the Agency. In 2002, for example, he had drafted a revitalization plan aimed at correcting the very problems that were plaguing the District under study. Among the goals was one to create "a well-managed organization with high productivity levels..." Another goal was to make the Agency "one of the best places to work with a fully engaged workforce..."

To accomplish these goals, selected leaders had been sent to various training programs, including FranklinCovey's *Principle-Centered Leadership* (PCL) program. One of those who attended PCL was José Vargas of the District under study. In 2005, after studying the various training programs available from FranklinCovey, Vargas selected *The 4 Disciplines of Execution* program to help solve the problems in his territory, which consisted of 106 Customer Service Outlets. He anticipated that *The 4 Disciplines of Execution* process would enable him and the other District leaders to identify and align all levels of the organization with those goals that were most important to the District's success. He expected that the training program would improve execution by helping District leaders (1) focus on the most important goals; (2) select a few activities that would most directly help achieve the goals; (3) establish a way to keep track of progress; and (4) create a cadence of accountability around the goals.

Vargas and his team identified the performance factors that most affected their District. This list included the CEO's revitalization plan, which outlined the elements he felt were most important to achieve long-term success; the corporate employee-performance indicators, which determined promotions and raises; and the 150 indicators by which their District was measured. The team then determined the four areas on which they would focus by asking the question, "Which three or four items, if executed very well, would have a profound impact on the majority of the other factors?"

Figure 1

Summary of Results

- District achieved 2nd in Agency for most improved, with 76% of performance clusters showing an increase
- Saratoga Customer Service Outlet reduced overtime hours 25% and saved \$314,084 in wages
- 100% of Saratoga employees performed at or better than standard
- Tankham Customer Service Outlet operated at 630 hours under budget, saving \$22,000
- Walker Customer Service Outlet head received Vice-President's Award for best overall performance
- Walker Customer Service Outlet received the Unit Best of the Best Award

The four key areas they identified were employee satisfaction, product operations, retail operations, and customer service. Improvement in these target areas were identified as the Vargas team's "Wildly Important Goals," or "WIGs," and were then associated with measures by which progress could be tracked.

In order to hold one another accountable for achieving these WIGs, Vargas became certified as a FranklinCovey process facilitator and appointed four of the Outlet heads who had attended *The 4 Disciplines of Execution* workshop to be execution team leaders for each of the WIGs. They were given the duty of translating the WIG for which they were responsible into specific actions and tracking the team's progress toward it.

The Results: Districtwide

One year after the District implemented the 4 *Disciplines* process Districtwide, 61 out of 80 (76.3%) performance clusters showed an increase from the previous quarter, compared to only 27 of 80 (33.8%) the previous year. Overall, 42.5 percent more performance clusters showed an increase from the previous quarter year over year. The District ranked second in the nation for the most improved Agency performance score with an increase of +2.9 points. This was important because, as a result of it, the execution team leader for Vargas' employee-satisfaction team was selected as the coordinator to lead the entire District in improving employee-satisfaction performance.

The Results: Local Customer Service Outlet

The Saratoga Customer Service Outlet started to implement the 4 *Disciplines* in June 2005 when a new Outlet head was appointed. Ten months later, in-house inspectors found the operation running smoothly, efficiently, and within standard accuracy. "There aren't enough 'o's' in the word 'smooth' to describe this office," exclaimed the team leader who was overseeing the District inspections.

Because of the increase in efficiency, the Saratoga Outlet was able to reduce overtime hours 25 percent and total work hours 1 percent. By eliminating 29.63 work hours a day from their budget, the Outlet generated an approximate savings of \$314,084 annually. The Saratoga Customer Service Outlet was also recognized for being the only Outlet in the District where 100 percent of the inspected employees were performing at or better than standard.

The Tankham Customer Service Outlet, which had earlier experienced large work-hour overages, received help from the execution team leaders to create a "Contract for Success," which helped them to implement *The 4 Disciplines of Execution* process. In the 13 weeks following implementation, the Outlet operated at 630 hours under budget and saved approximately \$22,050.

The Walker Customer Service Outlet, which had been plagued with interdepartmental conflict and needed stronger leadership, worked together with Vargas and his team to apply the *4 Disciplines* in that Outlet. Two years later, the Walker Outlet head received the area Vice-President's Award for overall performance, and the Outlet received the Unit Best of the Best Award.

"The *4 Disciplines* process works!" said Vargas. "You have to formulate a plan, get the right people in the right positions, give them the support they need, set clear expectations of the results to be produced, and get out of their way to allow them do it."

Obstacles to Implementation

High turnover in management was a difficult obstacle to overcome. Promotions and reassignments took away leaders who had been trained in the *4 Disciplines*, yet some of those leaders were able to start the *4 Disciplines* process in their new assignments. Still, Vargas realized that for the process to work, he had to periodically enroll his managers in new or refresher courses.

Another issue was the labor unions. The unions were trying to protect their prerogatives in the face of the new management enthusiasm for targeted goal execution. Eventually, however, they came to realize the value of having employees held accountable for their areas of responsibility.

Despite these problems, Vargas has found the training to be extremely valuable. All Customer Service Outlets in his area have benefited from the alignment, the focus, and the success that stemmed from initiating the *4 Disciplines* process.

Other Causes?

A number of extraneous factors make it difficult to confirm empirically that the FranklinCovey intervention was the only direct cause of the dramatic improvements in the District. For one thing, a goal-oriented action plan had previously been implemented from headquarters. Also, changes in leadership, for example, at the Saratoga and Walker Customer Service Outlets at the same time the *4 Disciplines* was being executed may have contributed to the positive outcomes in those local Outlets, although this qualification is moderated by the fact that the new Walker leader had previously been the same leader at Saratoga who had produced lackluster performance there. That he was able to perform with superior leadership in his second post is likely the result of FranklinCovey training. It is the opinion of veteran leader José Vargas that it was *The 4 Disciplines of Execution* that produced the positive results. After implementing the FranklinCovey process, he began to receive comments from employees thanking him for starting the process and for "helping us believe in ourselves." It is Vargas' opinion that his team's success would not have happened nearly as quickly without *The 4 Disciplines of Execution*. "I only wish I had known about this process many years ago," he said.

Sources

"Public Agency History," accessed online, April 4, 2007.

Telephone conversation with José Vargas, April 5, 2007.

¹ All personal and place names in this study have been changed to protect the anonymity of the organization under study.