



HIGH-PERFORMING CONTRACTOR

Assessment Program

News



PERFORMANCE • TRAINING • STANDARDS

*Principles and Best Practices
for SMACNA Contractors*

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Leadership – Employees Unaware of Company Strategies

A simple equation for gaining engaged employees is Communications + Involvement = Engaged employees. Yet, according to a recent study by Right Management Consultants, most employees don't know their companies' overall business strategies and are not engaged in their jobs. A survey of 336 companies revealed that only one-third of employees are fully engaged and know their employers' missions. The survey found that the main reason employees are disengaged is due to management's failure to communicate organizational strategies.

Senior managers fill one of their essential roles when they communicate the strategic plans and intents to employees. Everyone wants to know where they are going and employees want to have confidence that their leaders have a vision for the company. How will they know unless we tell them? Some leaders mistakenly think that only leaders or upper managers need to know the vision. The survey found that 28% of surveyed organizations limit strategic communications to their leadership teams. In today's economy employees need to know the strategy to help achieve it. Treating employees like people who left their brains home prior coming to work will result in employees who don't care or support the company. And since behaviors always follows thinking, it will results in brainless action. People respond to how they are treated.

Right Management Consultants recommends managers encourage in two-way dialogue between them and their employees. Nature hates a vacuum and consistent communication with employees helps them not only understand what's important and happening in the company but subconsciously sends a message of self worth to the employee.

Source: Compiled by Jonathan Katz, IndustryWeek Feb. 13. 2006

Customer Focused

Jeffrey Gitomer, noted customer loyalty advocate suggests that to improve your customer service "be your own customer." Try this – pretend you are one of your major customers, pick up the phone and call your office, a project manager or service department from outside and do any of the following:

- Call 30 minutes before the work officially starts.
- Call after work hours
- Call during lunch.
- Try to order service on a weekend.
- Ask to talk to the president during working hours. See if you can get through. (How easy is it for a customer to reach you?)
- Use the automated numbers and see if you can actually get to a person.
- Call and ask how to request a bid.
- Test how well the voice mail works. Can you press “#” and reach a live voice?
- Call with a complaint and see how it is handled.
- Call about a billing error.
- Call to report a bad driver of a company vehicle.
- Call asking about work you don’t do. Than ask who they recommend.
- Try to get a live person to take a message for you.
- Call during the day and see how friendly your receptionist is.
- Call to ask about a delivery problem.

For many owners you might need to have someone else call since your voice may be too easily recognized. Whoever does it needs to document the response and sense how customer friendly the people and systems are. Don’t use this to hammer anyone – use the feedback to determine how to become even better and more customer oriented.

Employee Focus – Improvement Ideas through Employees

Most companies do not have any formal system to get improvement ideas from their employees. Once in a while an employee will suggest something to his/her foreman. A few super foreman will listen and try it out, the rest will usually belittle the idea and many even the submitter for wasting their time. Most employees have given up suggesting new ways to do things because they were always rejected with answers like:

- It ain’t broke don’t fix it.
- It’s not in the budget.
- We tried that once and it didn’t work.
- The boss will never go for it.

When employees start a job they often question why things are done the way they are. The new employee may even suggest a different way to do it. Most supervisors feel their main job is to maintain status quo. They mistakenly believe that any new idea especially from a new employee can’t have merit. So they reject the idea and indirectly say ‘don’t even think about making suggestions until you’ve been here a long time (like me).’ In most companies few new ideas ever surface and fewer get implemented. Where is it written that employees, including new ones, must check their brains at the front gate and only managers can think?

Some companies that do try to get employee’s idea. They hang up a suggestion box and tell employees to use it. Usually the first suggestions deal with hygiene issues. Management looks at the suggestion and determines that the idea has little value in terms of dollar saved. It may even cost money. These managers don’t realize that this is a test. The hygiene issue is an irritant and the suggestion is a test. The employees are testing to see if management really cares about their ideas. Instead of asking ‘why do this idea?’ ask ‘why not?’ If affordable do it and pass the test. If several simple ideas get implemented, more will come. Here are some best practices for running an improvement system:

- Don’t call it a ‘suggestion program’ call it an ‘ideas program.’ We want ideas on how to improve our services to our customers.
- Do not use suggestion boxes and complicated forms. Us a simple “3 x 5” card and ask them to write

their idea on it.

- Review ideas in weekly team meetings/tool box talks. Do not reject any idea at first review. Determine who can evaluate if it will work and assign that person a week to review and report back.
- Don't give dollar awards base on the amount of money saved by the ideas. Give 'thank you' items that fit the company's culture. In one company the employees valued unique hardhat stickers. They would do more to earn a special sticker than to earn money.
- Do not have ideas go around the foreman or front line supervision. Involve these supervisors in gathering and evaluating the ideas. Find ways to reinforce and recognize the supervisors that encourage ideas.
- In team meetings, ask the employees for one good idea that we can implement. In management meetings ask the supervisors for one good idea that we can implement. Ask supervision how many good ideas they have received and implemented from their direct reports.
- Set a goal to implement one idea each week – after a year you will have implemented 52 new ideas.

Keeping Score

David Drickhamer, Industryweek's Editorial Research Director, writes about using measures for keeping score. I have adapted his ideas to construction. Consider the following when evaluating measures used in your company:

- **Link key measures together.** Operational performance metrics should roll-up through the company. The key performance indicators that are posted at the job site or shop need to tie into the company's critical success factors or scorecard's measures and goals. These should support business unit objectives and the company's vision. "The operational coherence spawned by measures that link business functions and activities together distinguishes those organizations that make progress from those that don't."
- **Measure what customers care about.** "Too many performance metrics look inward, reflecting what managers think is important. Many businesses today are conducting exercises to help managers and staff hear "the voice of the customer." What if that voice appeared on your operational dashboard? As a general rule, the more closely your numbers reflect what your customers value most, the better off you will be. Of course you have to know what that is."
- **Output isn't everything.** The message still hasn't sunk in for many shop fabrication managers. Tons of metal produced is not a very useful measure! Consider on-time delivery and quality (% rework in the field or returns).
- **Effectiveness trumps efficiency.** Many customer service representatives in Service departments are rewarded based on how many calls they handle per day. What this translates into, as we've all experienced, is how quickly they can hang up the phone. If you are paying people for performance, you better make doubly sure that the way their performance is measured aligns with business objectives. The better call-center operations today are incorporating problem-resolution rates into their incentive-pay systems.
- **More is better.** Just because everything seems OK at your measurement point doesn't mean everything is running smoothly. An end-of-the-job quality yield measure may not reflect how much rework is required to install the product. An on-time delivery measure may not reveal the Herculean effort required to get orders out the shop door. Measuring key in-process indicators will help reduce possibility that problems will remain hidden.

To his ideas, I would add – measure your punch lists. Give points related the time and resources needed to fix a punch list item and score each job. Plot the scores for all work. Then look at what is on the punch lists and look for ways to prevent these by doing it right the first time. This may require additional training up front or a different way of installing the product. Once the punch list is at very low (try zero) level, then move upstream in the process and attack the pre-punch list punch list! That's what most field supervisors do to reduce the punch list at the end of the job. They make a list and correct things just prior to doing the walk through with the customer. Keep moving the correction back to the point it becomes prevention.

Source: Industryweek – 10/01/2004

Thought for the day

The more inventory a company has ... the less likely they will have what they need. Taiichi Ohno

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