

***A Pilot Project for Productivity
Improvement in Barbados:
A Best Practice Approach***

**Retail, Wholesale and Distribution Sector
Results and Recommendations**

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Discussion Topics

- Project Background, Approach and Deliverables
- Findings and Best Practices
- Recommendations
- Next Steps and Implementation Support

What is Benchmarking?

"Improving ourselves by learning from others"

"Benchmarking is making comparisons with other organisations and then applying the lessons from those comparisons"

What are Best Practices?

“A best practice is a technique, approach or methodology that has proven to be the best path to a desired result”

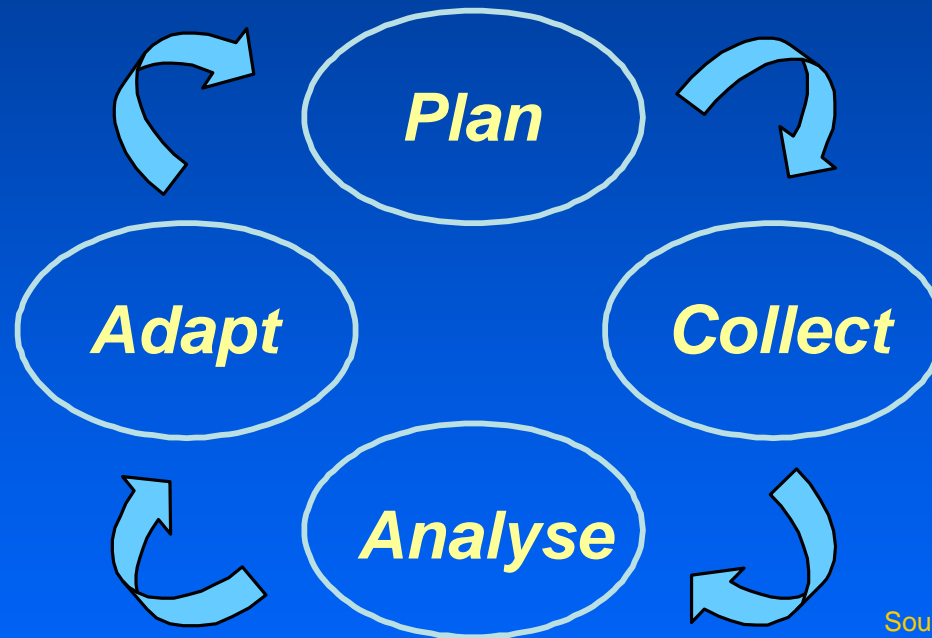
Project Background, Approach and Deliverables

Objectives

- Provide Barbados industry participants with the opportunity to compare performance with their peers
- Identify specific opportunities for productivity improvement by leveraging best practices
- Determine strategic areas of opportunity for Barbados in an emerging global economy

Project Background, Approach and Deliverables

Methodology



Source: APQC

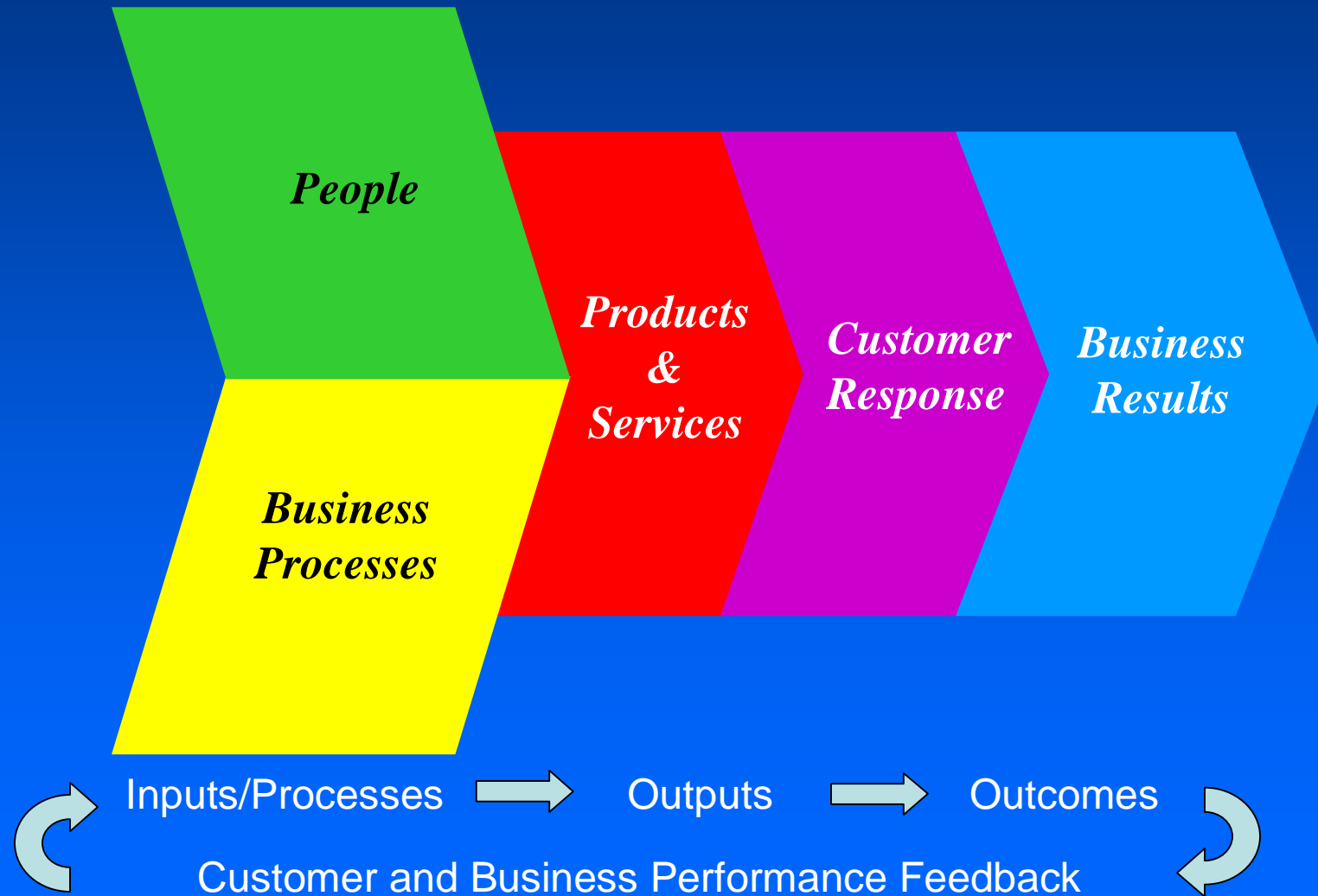
Based on the TQM model of Continuous Improvement

Project Background, Approach and Deliverables

Process

- Identified potential participants
- Met with the senior leaders and held orientation sessions
- Developed a comprehensive survey tool
- Met again with all participants and reviewed and modified the survey tool
- Launched the survey
- Gathered the information from participants (100% Response Rate!)
- Met a third time with participants to review the information provided to gain clarity on key points
- Data base created, information analysed and the final reports developed, and debriefing sessions to be held

Framework for High Performance



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Framework for High Performance

People: Need clear goals and accountabilities aligned with customer service excellence, and feedback and positive recognition on performance

Processes: Need to be streamlined and efficient, while designed to conform to the customer expectations of service and quality

Products and Services: Need to fully meet the requirements of customers 100% of the time

Customers: Need to understand the needs of customers and fully satisfy their requirements

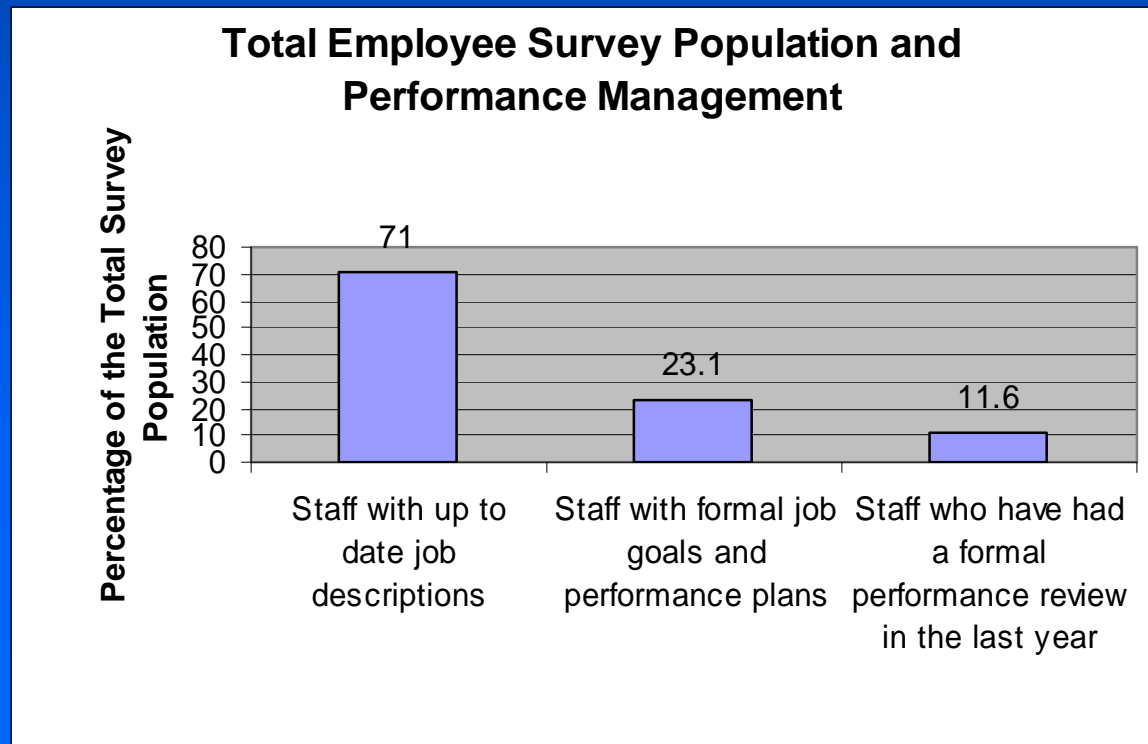
Business Results: Need to meet the needs of stakeholders, and the requirements for business growth and sustainability

Key Survey Findings

- **Customer service excellence** is seen by the participants to be a critical area of focus for competitiveness and growth.
- **Employee engagement, productivity and commitment** was also seen by the participant groups as crucial for customer service delivery and for the effective daily operation of their organizations.
- **Improving company performance and productivity** is essential for long term viability
- **Lack of participant expertise in developing and implementing specific improvement strategies** tailored to their organizations, and the ability to measure the results of such efforts are barriers to addressing the previous three priorities.

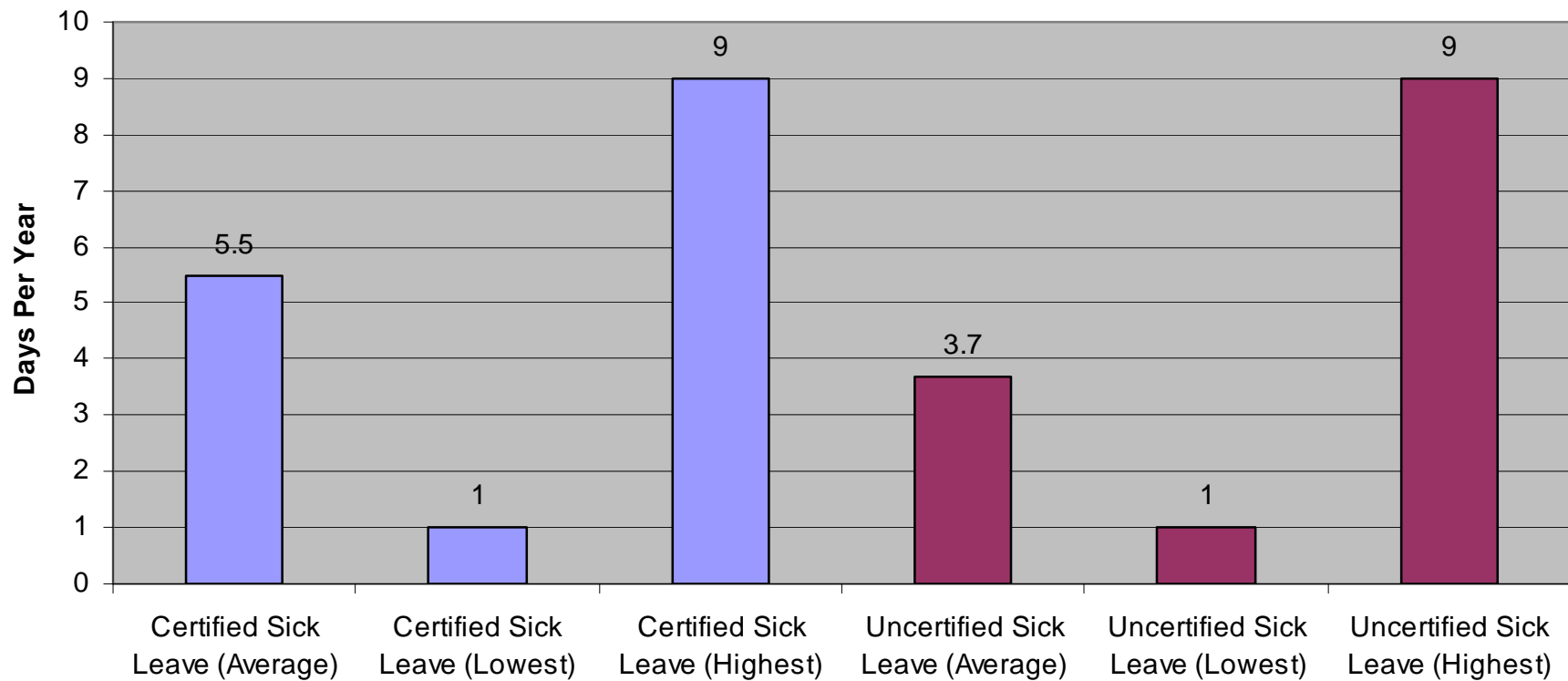
Findings: Employees

- 50% of participants have a formal performance management (PM) system. Of these, 95.5% of staff have formal job goals and performance plans.
- The 50% without a formal PM system have less than 1% of staff with formal job goals and performance plans.
- Out of the entire employee population, 23.1% have performance goals and plans, and 11.6% have had a performance review in the last 12 months.



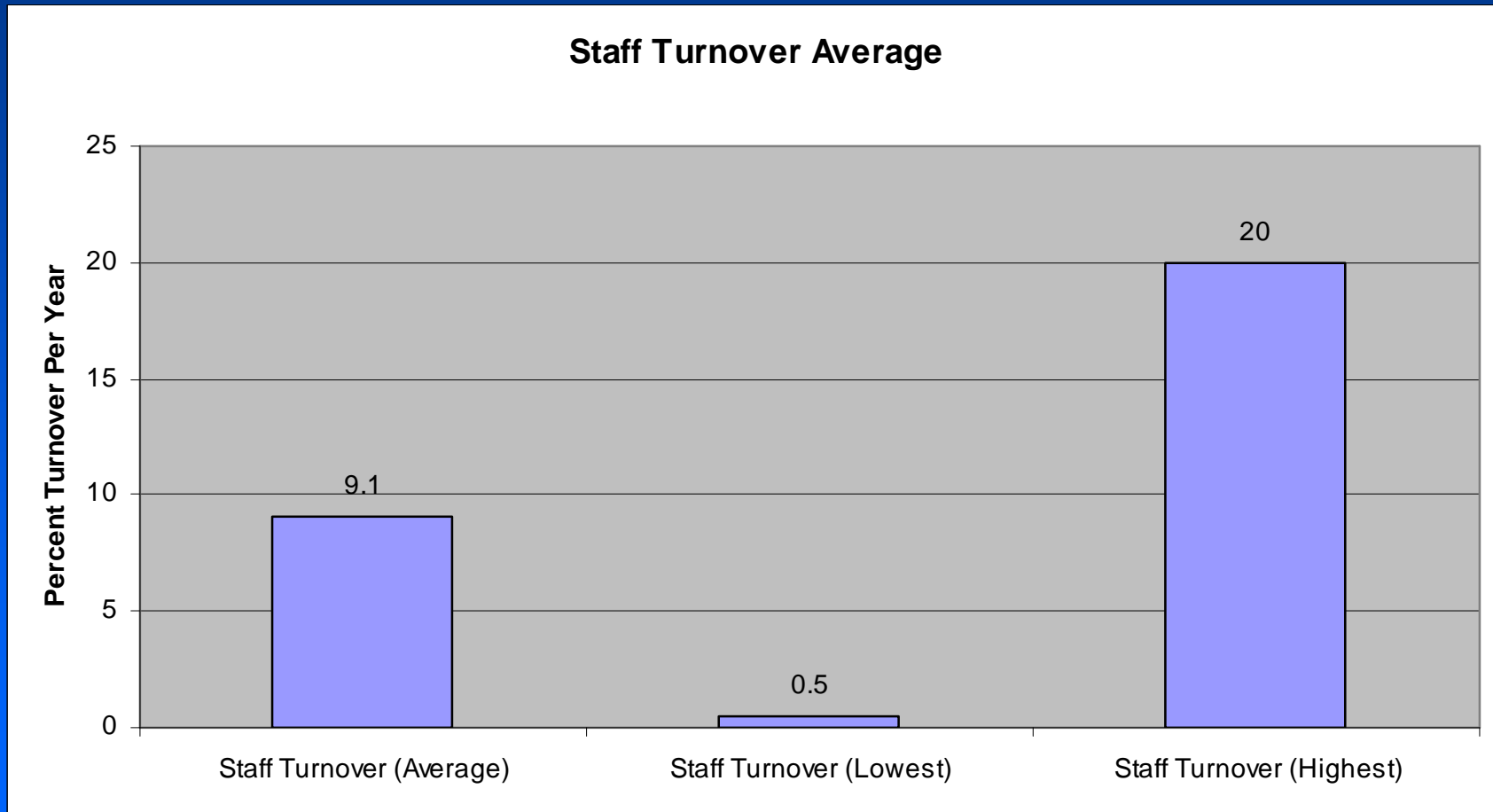
Findings: Employees

Certified and Uncertified Sick Leave Averages



People

Findings: Employees

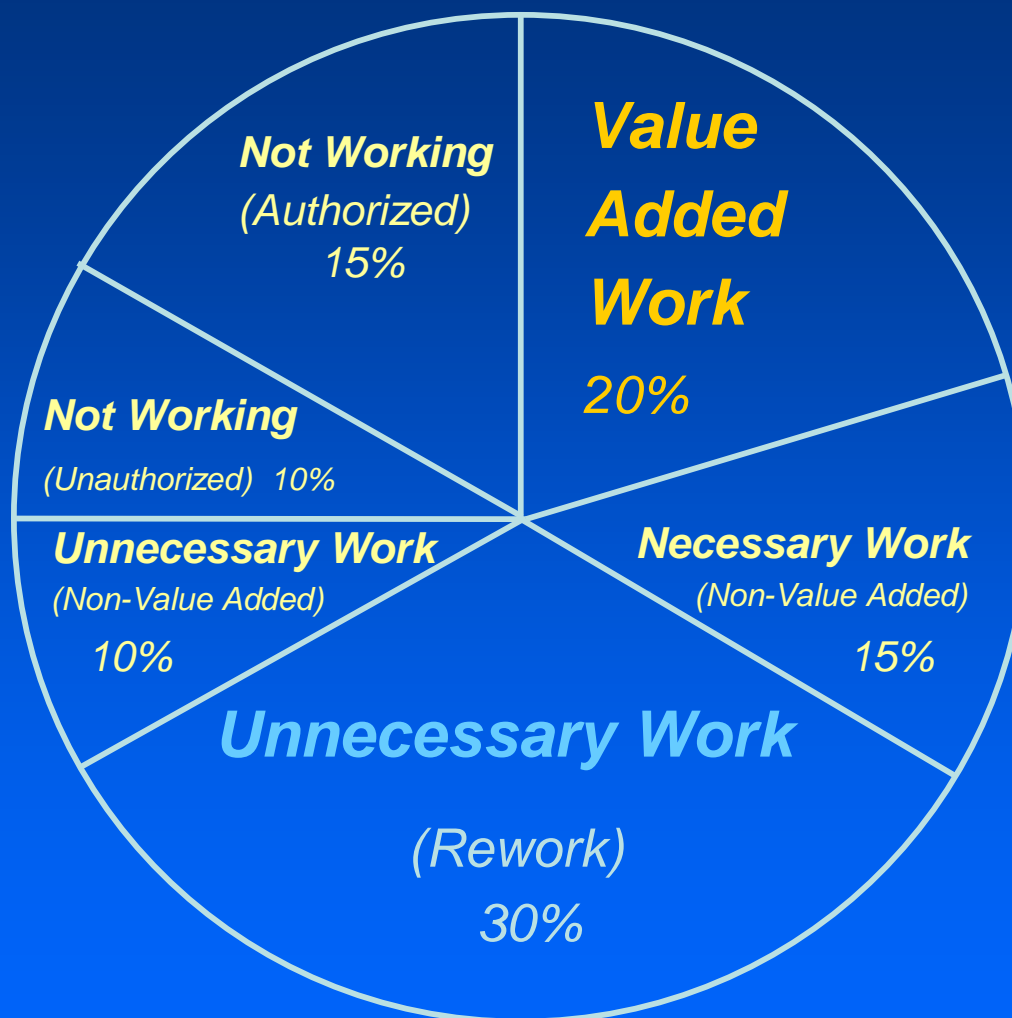


The 85/15 Rule

85 - 95% of all problems and improvements exist within the business processes.

5 - 15% of all problems are caused by people working in the processes.

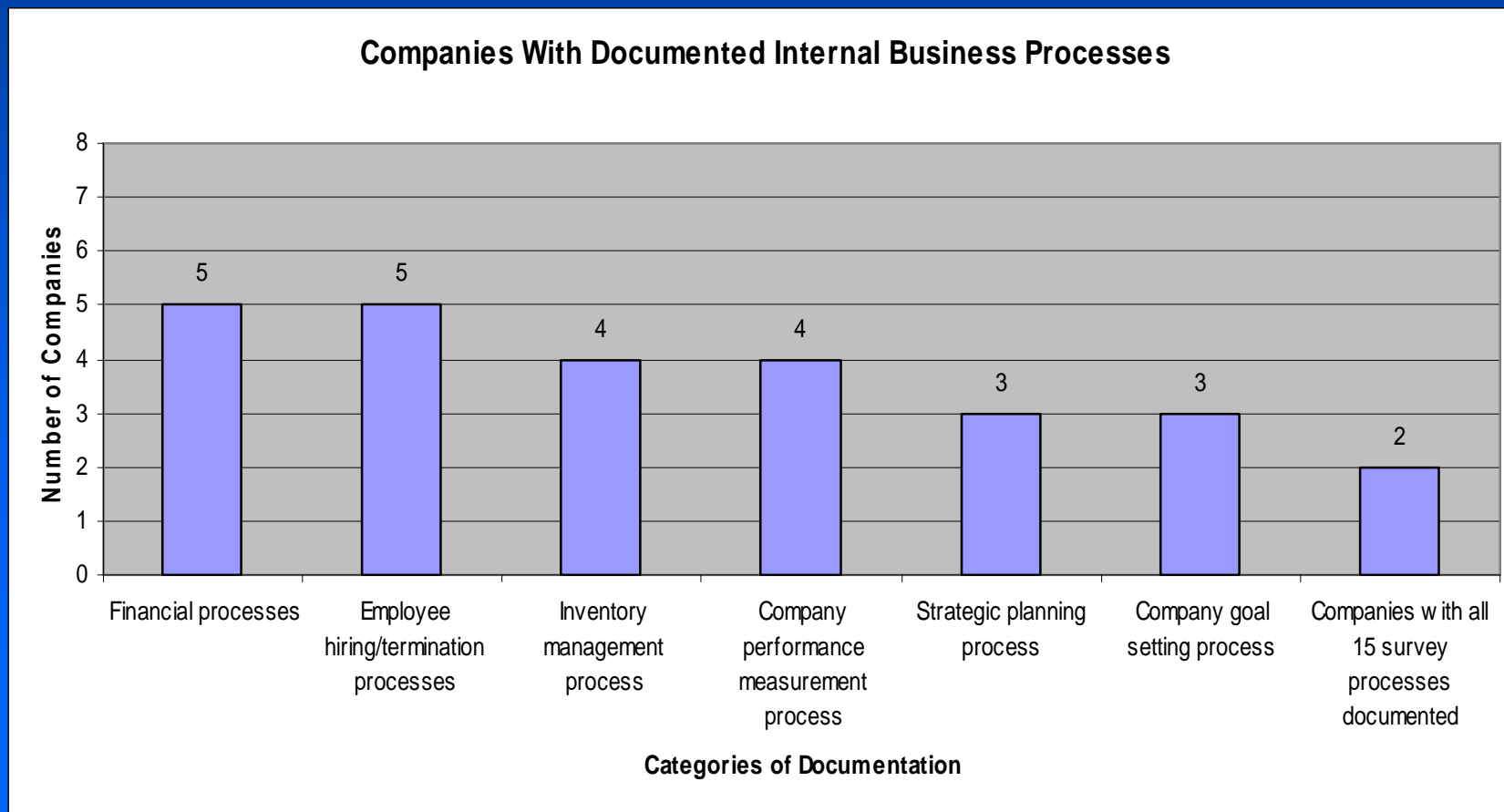
Categories of Work Typical Breakdown by %



(Adapted From Bill Conway, Conway Quality Inc.)

Findings: Internal Processes

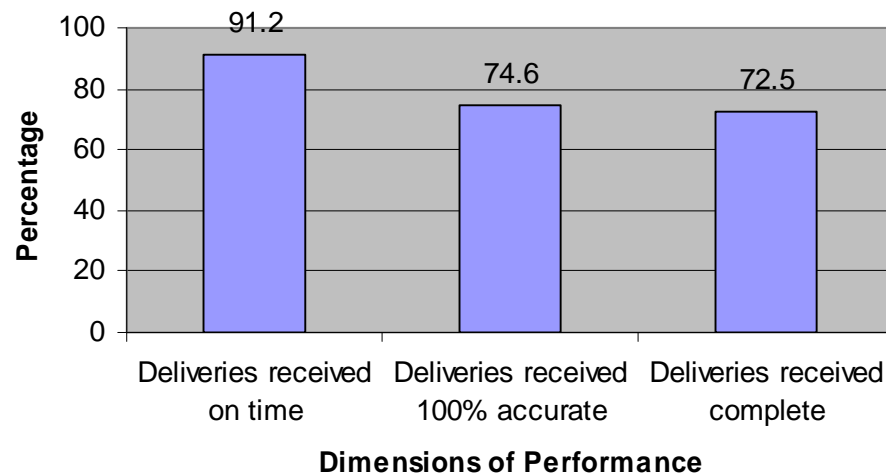
- None of the participants had a continuous improvement process in place
- All participants had inventory control processes in place
- One participant had a true “Just-in-Time” and “Zero Inventory” system



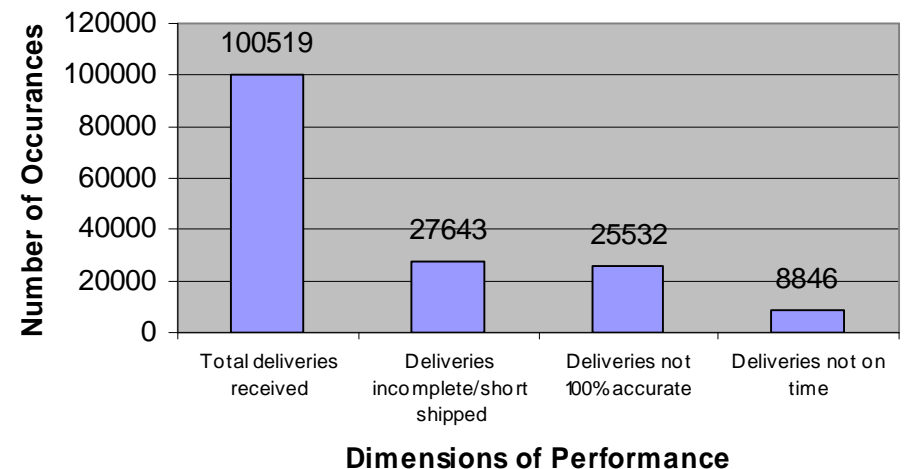
Findings: Suppliers

- 1210 suppliers are used by the participants. Of those, 127 (10.5%) are “sole source” suppliers.
- Only one company has supplier “service level agreements” (SLAs), and those are with 2 of its suppliers

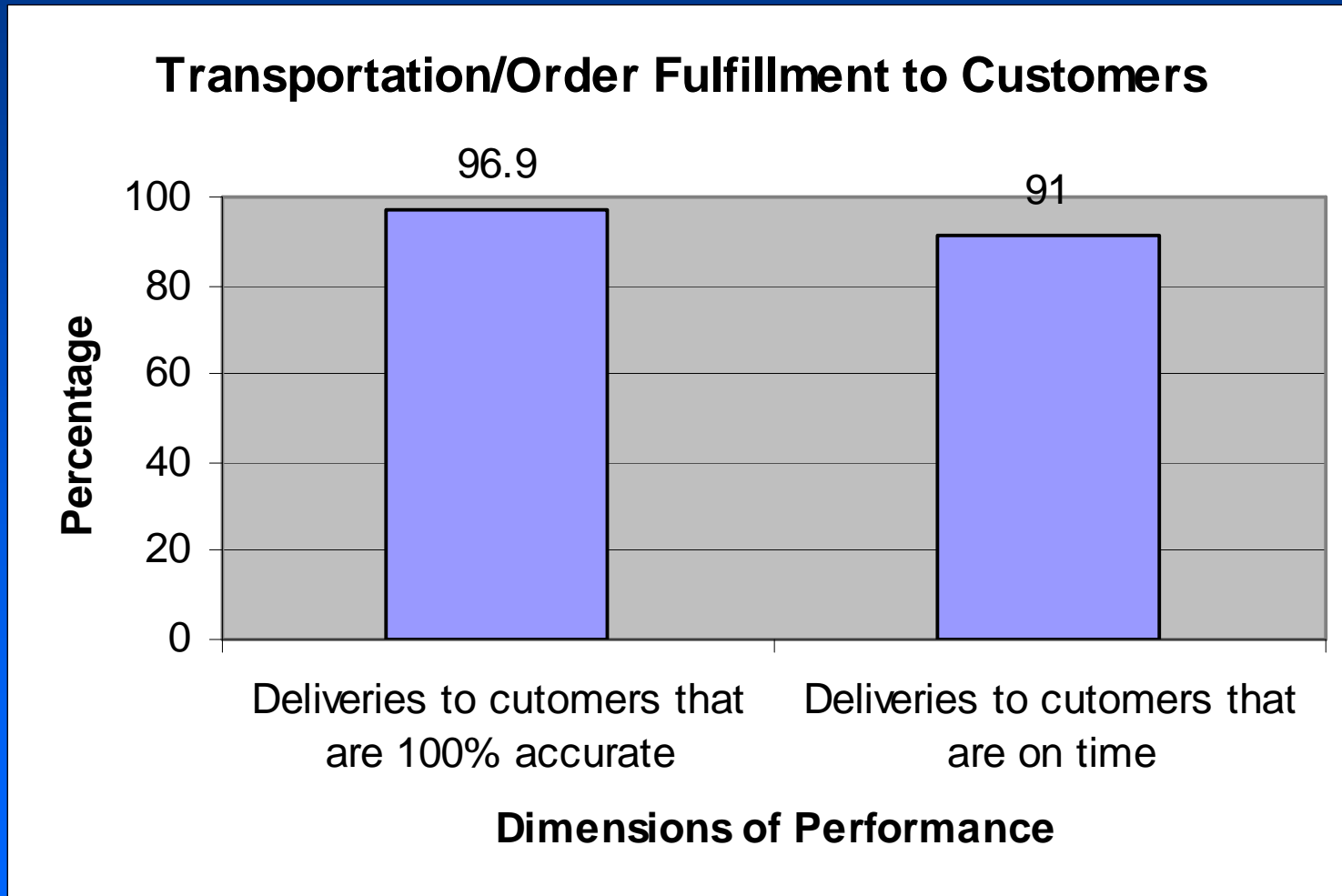
Supplier Delivery Performance



Impact of Supplier Performance

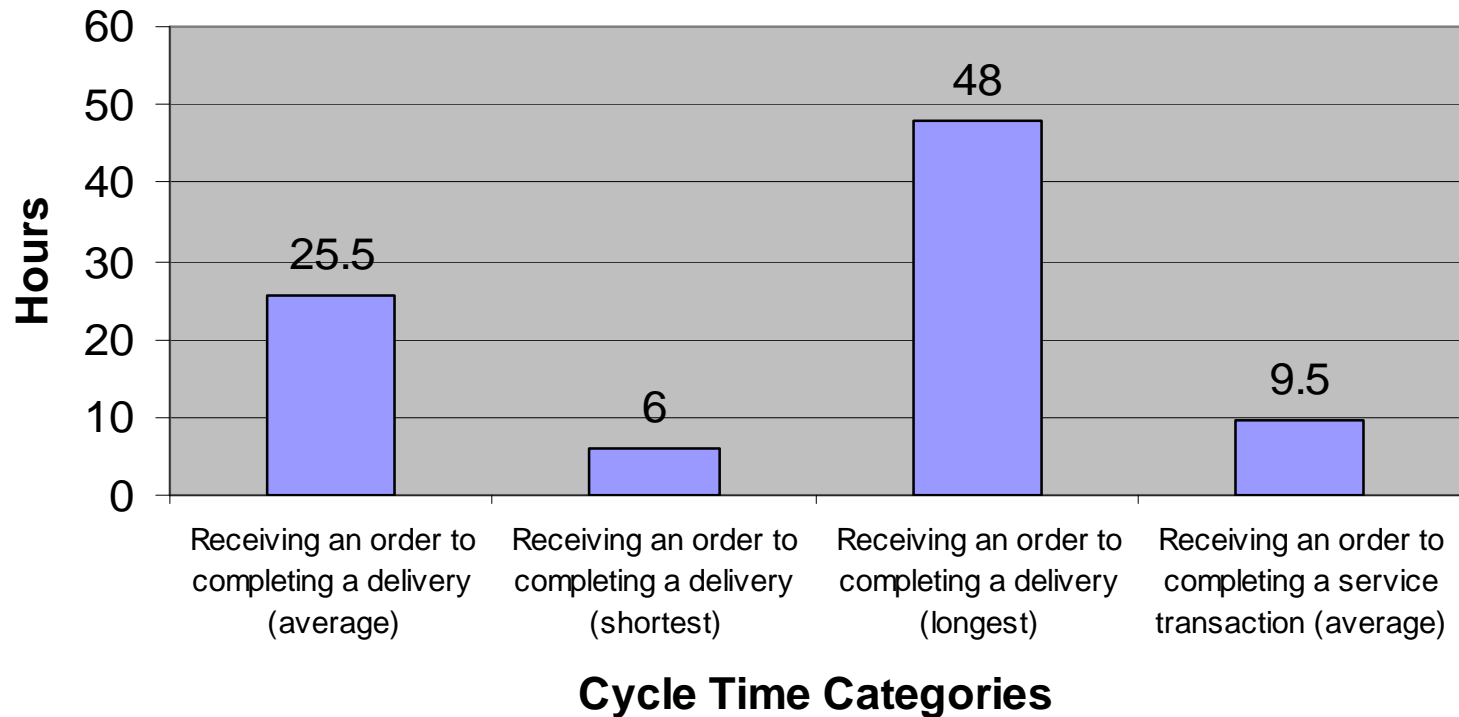


Findings: Transportation

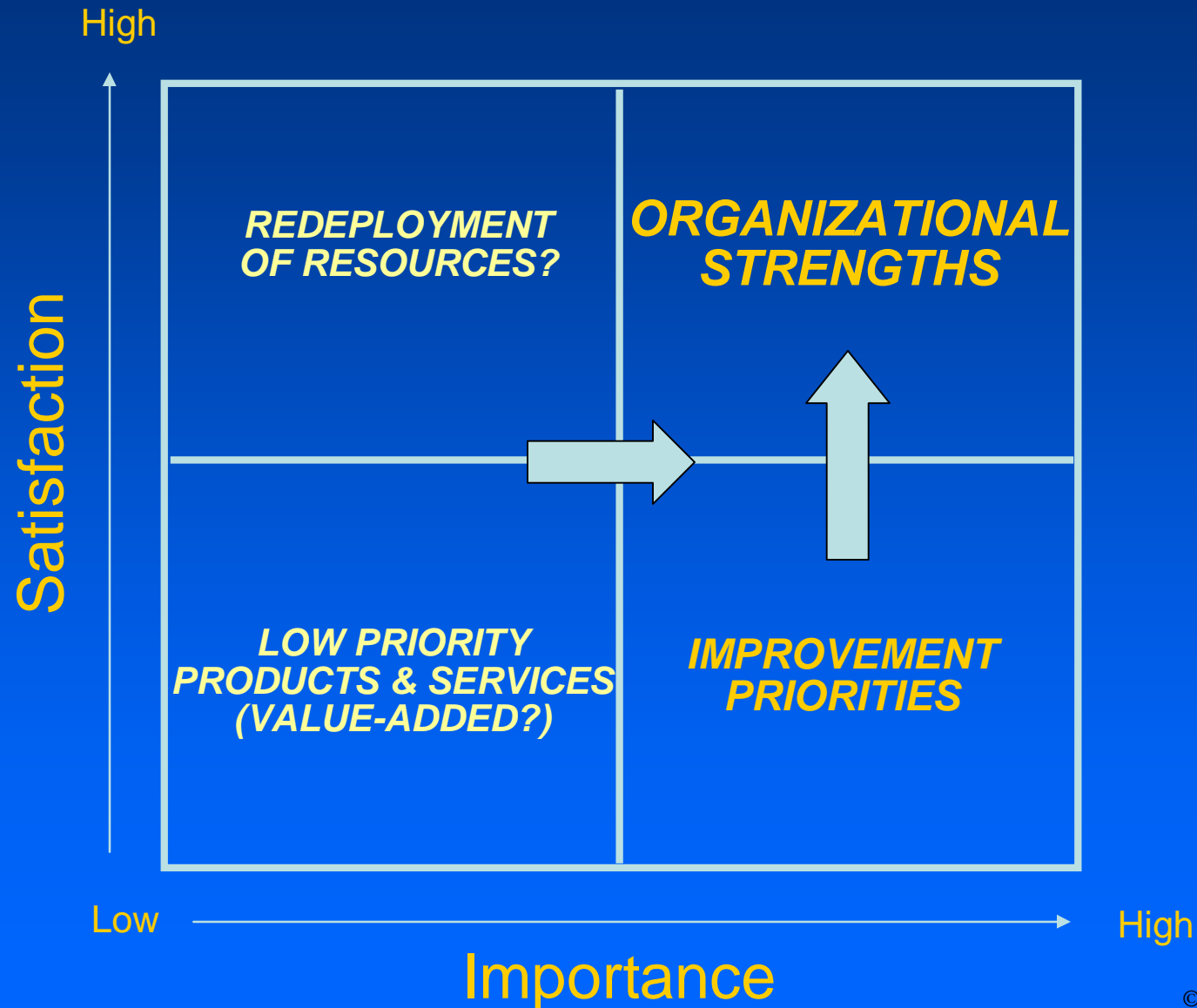


Findings: Transportation

Cycle Time (Delivery and Service Transactions for Customers)

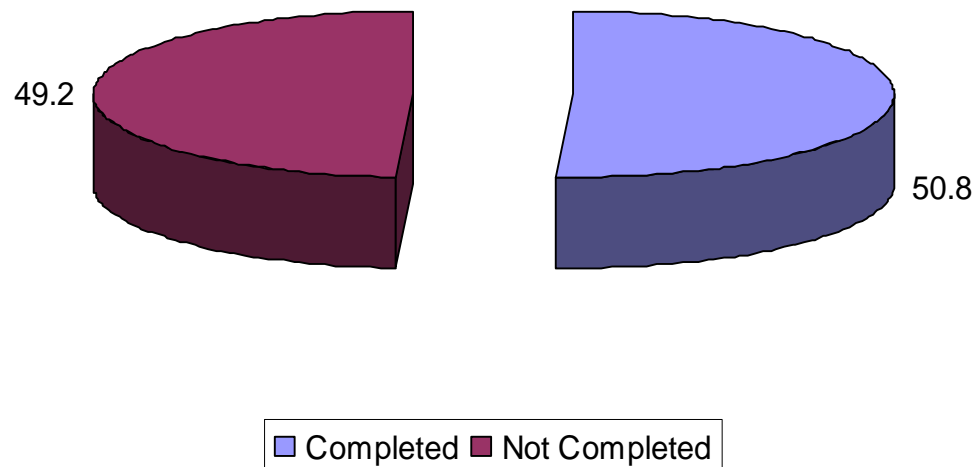


Customer Feedback Index



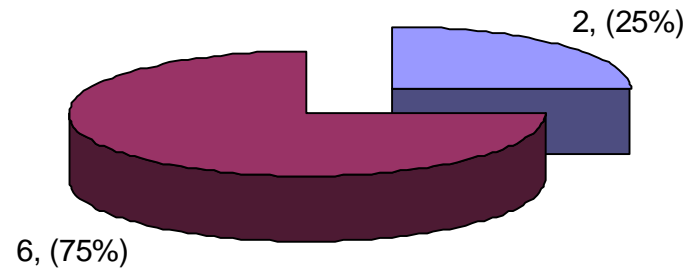
Findings: Customer Service

**Percentage of the Total Employee Survey Population
Who Have Completed a Customer Service Program**



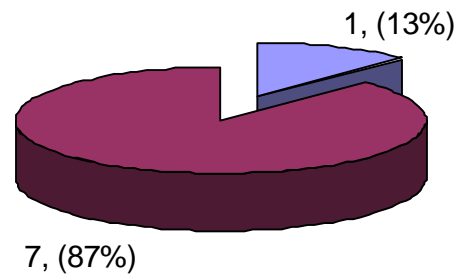
Findings: Customer Service

Do You Currently Measure Customer Satisfaction?



Yes No

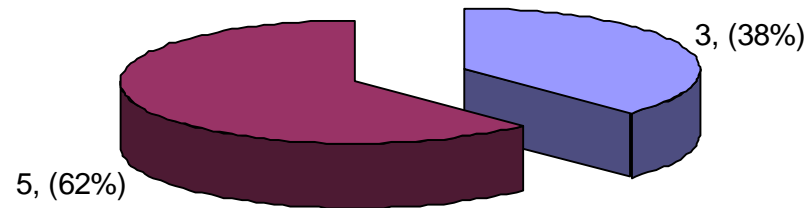
Do You Measure The Importance/Value Customers Place on Your Products and Services?



Yes No

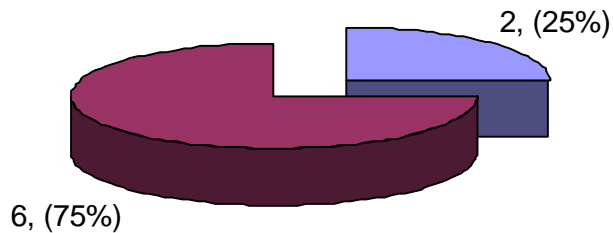
Findings: Customer Service

Do You Measure The Number of Customer Complaints Received?



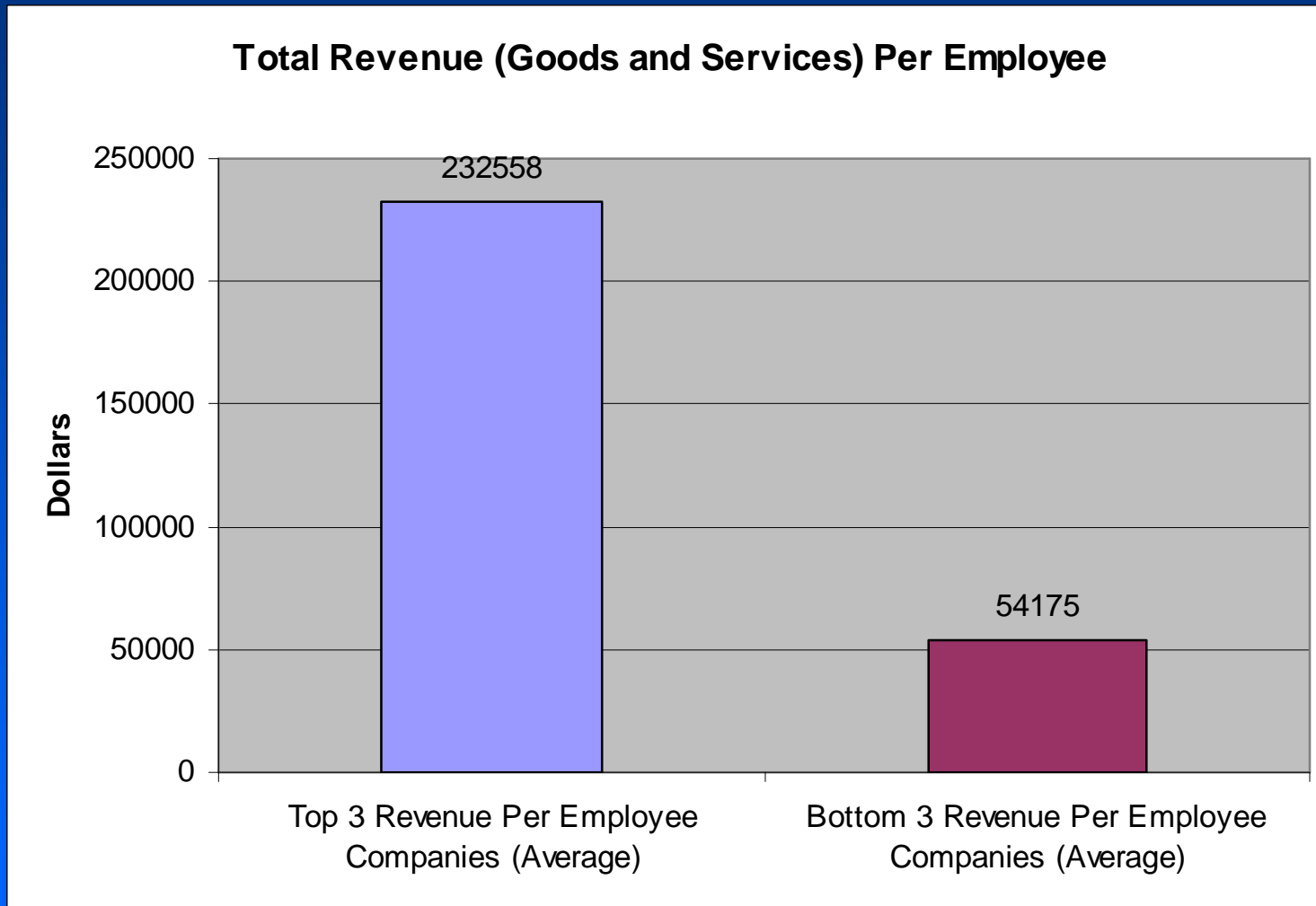
Yes No

Do You Measure The Number of Customer Complaints That Are Resolved?



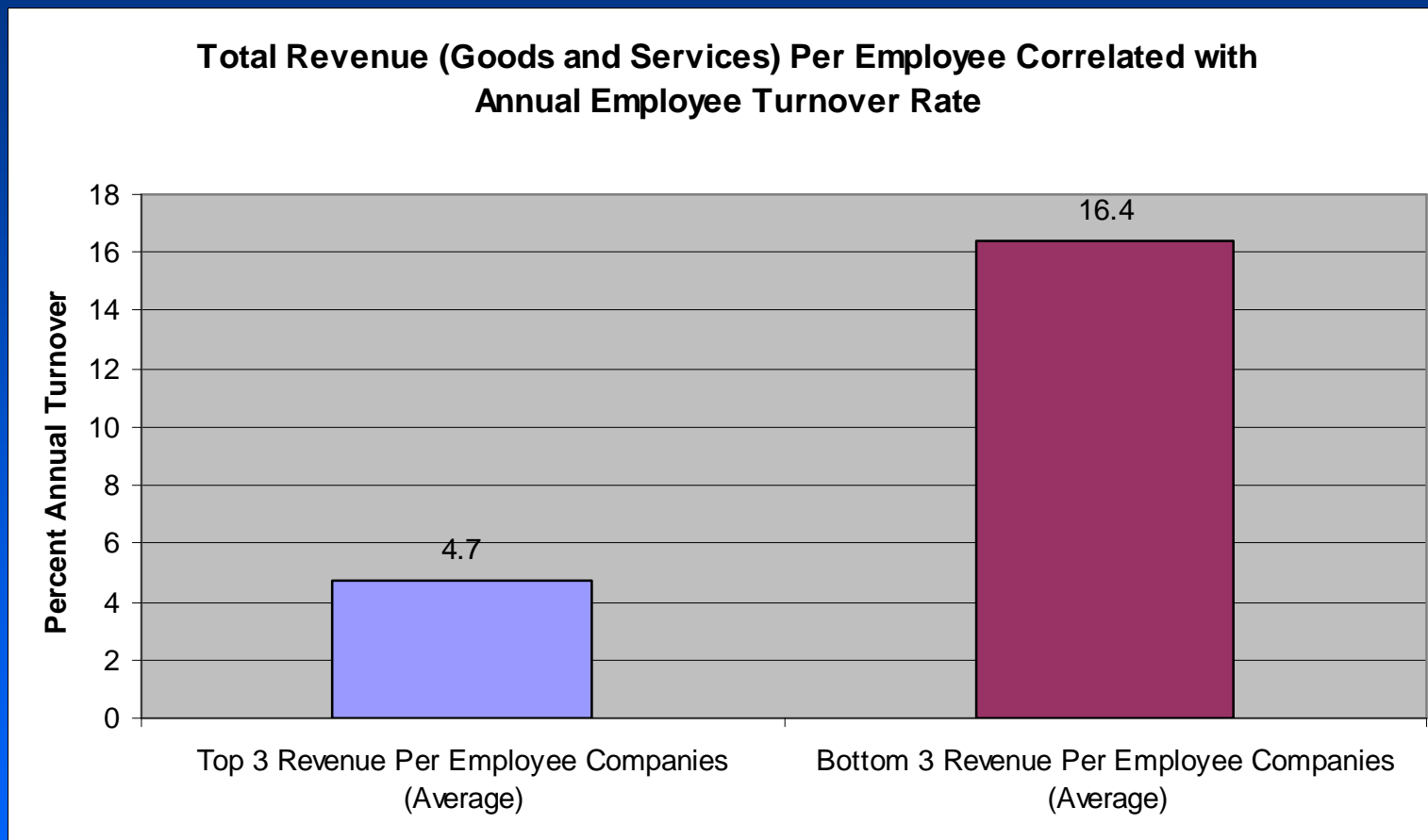
Yes No

Findings: Business Performance



The top 3 companies generate 4.3 times more revenue per employee than bottom 3 companies with revenue per employee

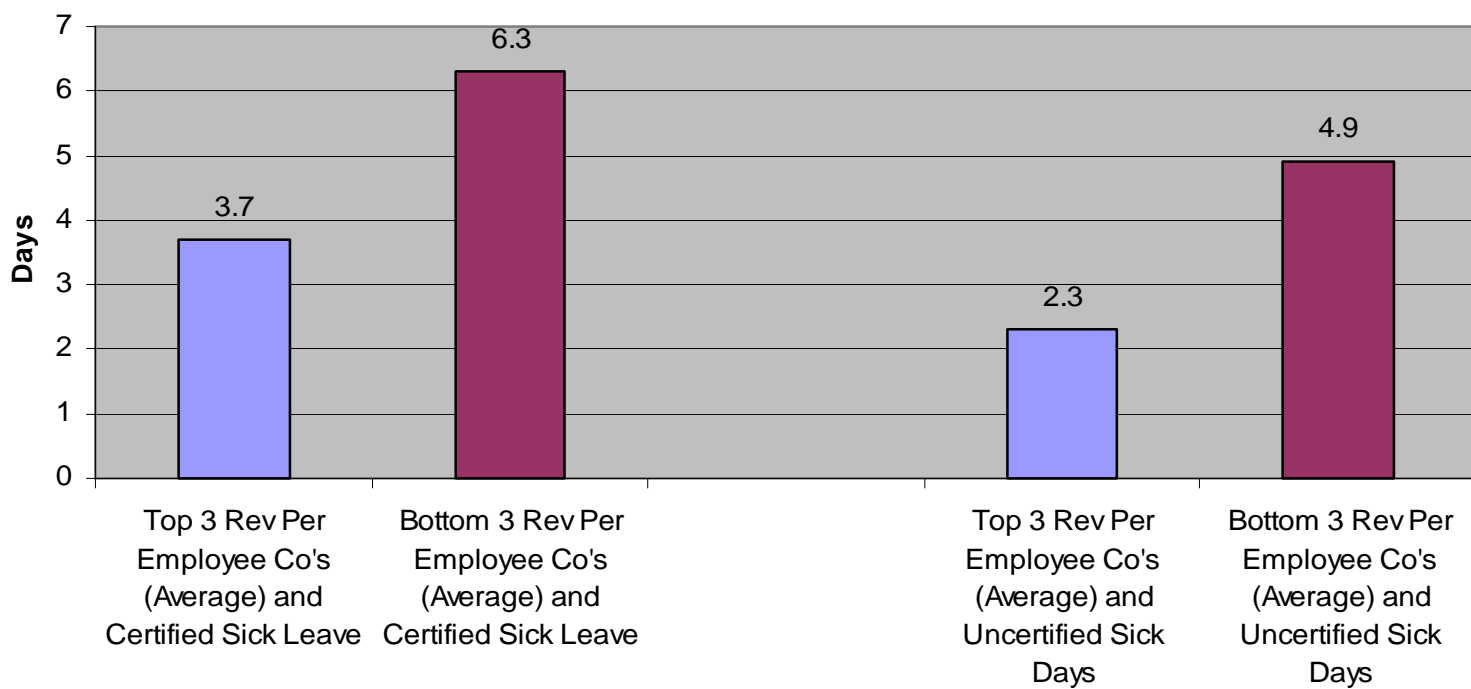
Findings: Business Performance



Bottom 3 companies in revenue per employee have an annual employee turnover rate that is 3.5 times higher than the top 3 companies with revenue per employee

Findings: Business Performance

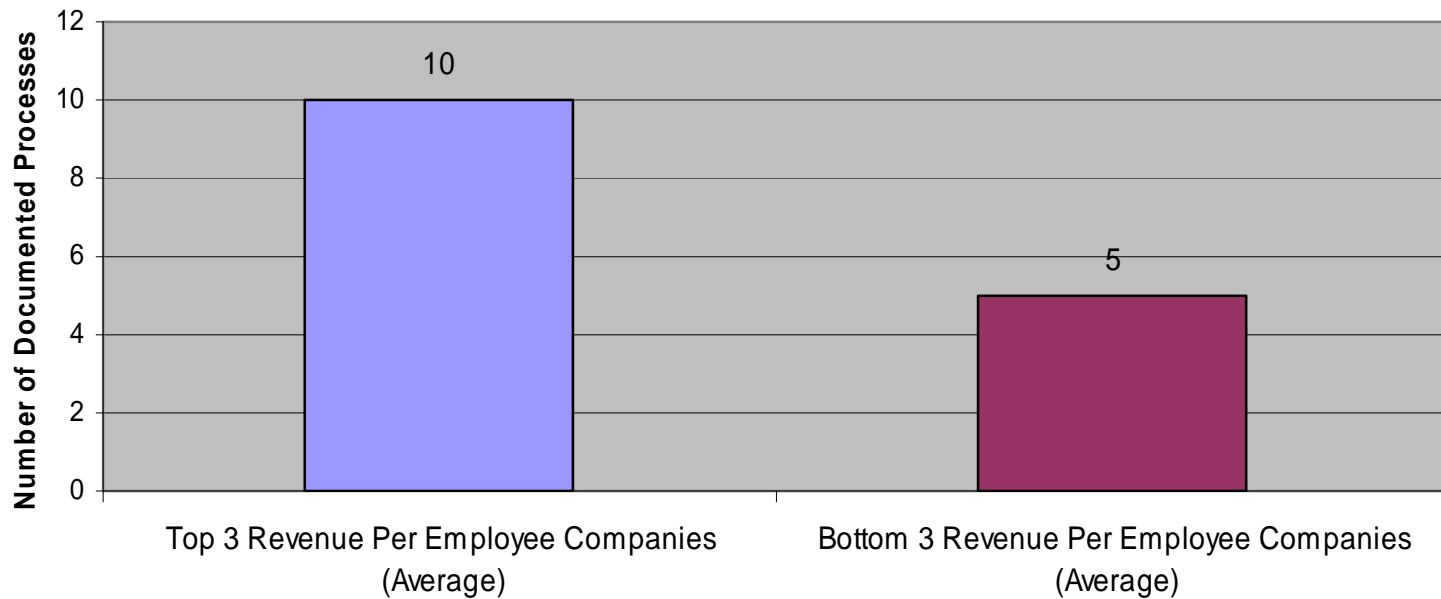
Total Revenue (Goods and Services) Per Employee Correlated with Annual Certified and Uncertified Sick Days



Top 3 revenue companies average almost 50% less annual certified and uncertified sick leave than bottom 3 revenue per employee companies

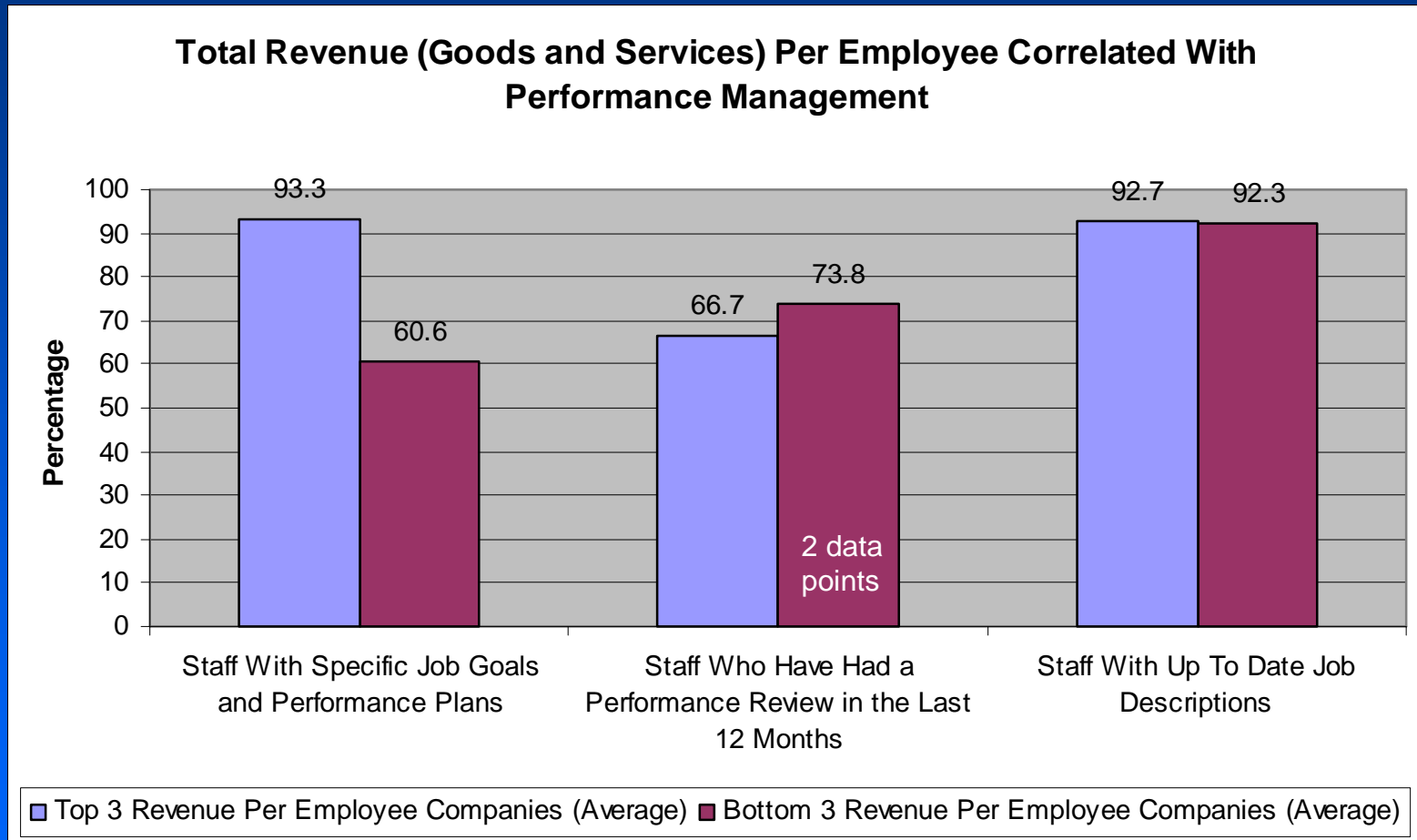
Findings: Business Performance

Total Revenue (Goods and Services) Per Employee and Key Business Processes Documented



Top 3 revenue per employee companies average twice as many processes documented than the bottom 3 companies

Findings: Business Performance



The top 3 revenue per employee companies have 50% more staff with job goals and performance plans than the bottom 3 revenue per employee companies. However both are comparable in performance reviews held and job descriptions in place.

Recommendations

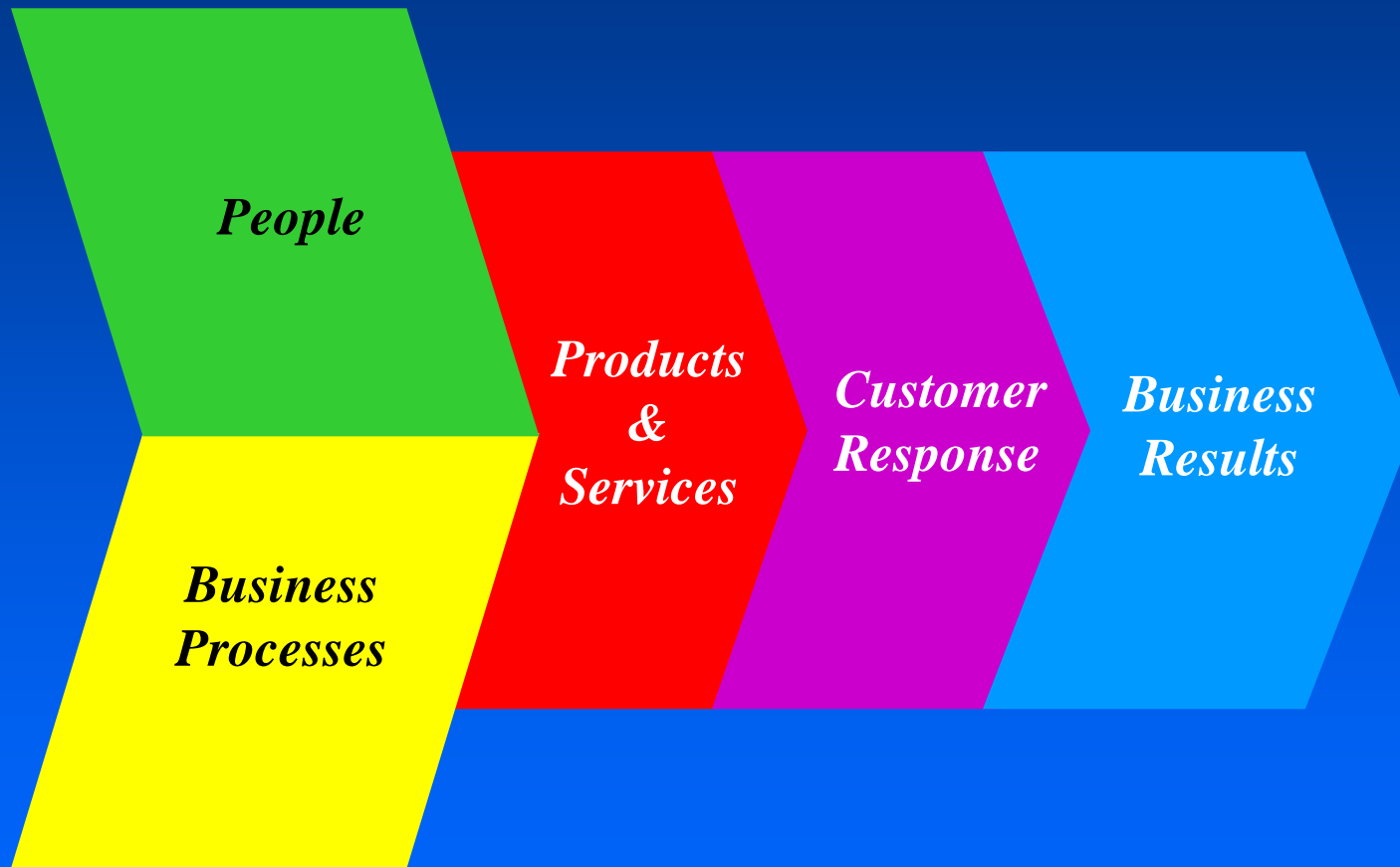
“If you think you can, or

If you think you can’t

You’re right!”

Henry Ford

Framework for High Performance



Recommendations

Employee Productivity

- **Organizations need to establish formal and modern performance management, and recognition systems.**
- **Leaders need to develop performance management skills as a core leadership competency.**
- **More investment in training and development is needed in the areas of customer service, leadership development and continuous improvement.**

Recommendations

Business Productivity

- **Participants need to adopt a customized continuous improvement (CI) process.**
- CI methodology allows organizational productivity to increase substantially by:
 - streamlining and improving business processes;
 - eliminating waste, rework and duplication;
 - improving quality and customer satisfaction;
 - reducing cost and cycle time;
 - aligning organizational work with customer needs;
 - harnessing the power of teamwork to identify and resolve operational and customer issues.

Recommendations

Corporate Productivity

- **Institute a formal strategic planning and goal setting process based on the Balanced Score Card (BSC) approach.**
- The BSC methodology provides clarity for employees and leaders on the critical few goals and measures of the company. In addition, it facilitates the cascading of specific goals to specific departments and employees, creating a “line-of-sight” between employee contributions and the outcomes of the organization.
- Over 50% of Fortune 500 companies utilize the BSC.

Recommendations

Supplier Productivity

- **Establish Service Level Agreements (SLAs) with your key suppliers.** SLAs help companies to manage supplier performance (i.e.: on time delivery, accuracy of delivery against invoice, predictability of service), which in turn support more consistent service to your customers.

Transportation/Order Fulfillment

- **Participants need to review their delivery processes, identify optimization opportunities, and consider integrating wireless technology.** In addition, performance measures need to be established and reviewed.

Recommendations

Customer Service

To be competitive in this sector, all participants need to adopt a customer service orientation and invest in customer service training for their staff.

- A clear understanding of customer needs, issues and satisfaction;
- A set of company goals and measures aligned with delivering products and/or services that fulfill the customer's requirements;
- Business processes need to provide fast response time and IT systems need to capture a granular level of detail on customer data;
- The development of a company culture that supports customer service (go above and beyond to meet the customer need – “just do it!”) and recognizes employee contributions through bonuses and incentives tied to customer results;
- The development of a leadership style (energetic, forceful, focused on a few super ordinate goals and achieving results) that support the customer service model and effectively manages performance.

Recommendations

Financial Performance

- All financial processes should be documented, standardized and automated.
- For productivity improvement initiatives, establishing baseline financial data becomes very powerful in measuring the magnitude of benefits such as efficiency gains and reductions in cost. Financial data helps to quantify the amount of waste, duplication and rework that has been eliminated.
- Participants should provide regular communication to staff regarding how the company makes money, and how well the company is performing on key balance sheet times.

Next Steps and Implementation Support

- Commit to making productivity improvement and customer service visible corporate and national priorities.
- Adopt a consistent framework for high performance and service excellence.
- Establish a cross sector productivity forum to share successes, issues and best practices.
- Each participant should identify and address one or two improvement opportunities that will have the greatest impact on their productivity and business priorities.
- Utilize BNPC and external expertise to develop a focused improvement strategy and tailored implementation plan that integrates the relevant best practices.
- Utilize external implementation expertise to effectively support participants through the process and avoid costly pitfalls.

Questions?