“There are two major distinctive features of these [Toyota Production and Kanban] systems. One of these is ‘just-in-time production’, an especially important factor in an assembly industry such as automotive manufacturing…. Second…is the ‘respect-for-human’ system where the workers are allowed to display in full their capabilities through active participation in running and improving their own workshops”

Y. Sugimori, et al, Toyota

“The soft stuff is the hard stuff.”

Chris Cool - Northrop Grumman
At the end of this module, you should be able to:

- Explain why people are the key to improving productivity
- Realize that effective communication, shared goals and knowledge, and mutual respect lead to improved organizational performance
- Participate as a member of a team to achieve a positive outcome
What are the most important things that contribute to your job satisfaction?

Please contribute ideas, then we will vote on them.
Drivers of Employee Satisfaction

2003 Employee Satisfaction Index
Key Driver Analysis

- Job makes good use of skills
- Encouraged to come up with new and better ways
- Satisfaction with recognition received for doing a good job
- Conditions allow me to be productive
- Involvement in decisions
- Opportunity to improve my skills
- Overall job done by supervisor
- My Company makes changes to compete
- People I work with cooperate to get the job done
- Job security
- I have enough information to do my job
- Pay
- Opportunity to improve my skills
- Encouraged to come up with new and better ways
- Involvement in decisions


Courtesy of Boeing. Used with permission.
Theories of Worker Productivity

“Theory X”
Workers don’t like to work.
They must be *made* to work

Elton Mayo’s Human Relations Management (c 1920)
✘ A happy worker is a productive worker

Dick Kleine at John Deere (c 2000)
✔ A productive worker is a happy worker

Southwest Performance vs. Major U.S. Domestic Airlines

Southwest has made an operating profit every year for over thirty years!
Southwest Airlines...

- Has had only one fatality in 35 years of operation - an overrun on a snowy runway at Midway on Dec 8, 2005
- Until the purchase of AirTran, flew only Boeing 737s
  - Simplifies training, maintenance, logistics
- Has never had a layoff of employees to reduce costs, including after 9/11
- Is the most highly unionized major U.S. airline
- Has a point-to-point, not hub-and-spoke, route structure
- Consistently offers some of the lowest fares available
- Is a favorite of both investors and employees

What makes Southwest so successful?
Organizational Competency

“In this book I argue that Southwest’s most powerful organizational competency… is its ability to build and sustain high performance relationships … characterized by shared goals, shared knowledge, and mutual respect. Although these relationships appear simple, appearances are deceptive.”

(Emphasis added)
Relational Coordination

- **Shared Goals** *aligns* employees to prioritize organizational success over “just doing my job”
  - SWA: Safety, Satisfied Customers, On-time Departure

- **Shared Knowledge** *enables visibility* of the overall work process, and the linkages between different jobs
  - SWA: Functional groups help each other; Pilots help flight attendants, gate agents help baggage handlers,…

- **Mutual Respect** *reduces barriers* between employees and employee groups
  - SWA: No one employee group is more important than another

**Supported by effective communication**

Ref: Gittell, *The Southwest Airlines Way*
From *The Southwest Airlines Way*

- “With frequent, timely communication, Southwest employees could respond quickly to changing circumstances in a coordinated way.”
- “…Southwest employees communicate about the problem itself, rather than assigning blame when difficulties occur.”

Open and honest communication is a hallmark of lean thinking organizations.
Coordination Correlates with Performance For Airlines

“The performance effects of relational coordination are large and statistically significant. This means you can be confident of achieving improved performance results if you can increase relational coordination.”

Ref: Gittell, *The Southwest Airlines Way*
Relational Coordination Applies to Other Work Settings

- Work setting characteristics where relational coordination applies
  - Task interdependence - handoffs may require feedback and iterations
  - Uncertainty - adjustment of plans and updating
  - Time constraints - time buffers not feasible

- Example work settings where relational coordination applies
  - Healthcare
  - Product development
  - Can you think of others?

Ref: Gittell, *The Southwest Airlines Way*
"Relational coordination among care providers enables shorter hospital stays, higher levels of patient-perceived quality of care, and improved clinical outcomes."

Ref: Gittell, High Performance Healthcare
**SWA Organizational Practices Supporting Relational Coordination**

**Practices**

- Lead with credibility and caring
- Hire and train for relational competence
- Bridge the work/family divide
- Measure performance broadly
- Make unions your partners

- Invest in frontline leadership
- Use conflicts to build relationships
- Create boundary spanners
- Keep jobs flexible at the boundaries
- Build relationships with suppliers

**Quality Performance**
- Customer complaints
- Lost baggage
- Late arrivals

**Efficiency Performance**
- Turnaround Time
- Staff Time Per Passenger

**Outcomes**

**Shared Goals**
- Shared Knowledge
- Mutual Respect

**Communication**
- Frequent
- Timely

**Problem Solving**

**Relational Coordination**

Ref: Gittell, The Southwest Airlines Way

Courtesy of Southwest Airlines. Used with permission.
The SWA Study shows that increased Relational Coordination leads to:

• Higher reliability
  • Better on time performance
  • Fewer lost bags

• Greater customer satisfaction
  • Fewer complaints

• Shorter turn around time
  • Greater aircraft and gate productivity
  • Most passengers served per employee

Ref: Gittell, *The Southwest Airlines Way*
Relational Coordination Impact on Healthcare

44% in Relational Coordination

Shared Goals
Shared Knowledge
Mutual Respect

Communication
Frequent
Timely
Accurate
Problem Solving

100% Improvement in 12 Work Practices

Joint Surgery Case Studies at 9 Hospitals

Ref: Gittell, *High Performance Healthcare*

Quality Performance

53% in Patient Satisfaction
18% in Freedom from Pain
14% in Mobility

Efficiency Performance

-68% in Length of Stay
17% in Job Satisfaction

44% in Relational Coordination

People: The Heart of Lean V7.6 - Slide 18
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Workforce productivity benefits

- Revenue generated from satisfied customers
- Revenue generated from utilized capital assets
- Reduced costs from low employee turnover
- Reduced costs from not having employees idle
- Happy, satisfied employees
Active Learning Exercise -
A Class Debate!

Objective
• With a team under a time constraint, articulate a clear and concise message
AND observe
• How differing viewpoints affect teamwork
• The process used for group decision-making
• How the completion of the task depends upon personal feelings and process
"The early bird may get the worm, but it’s the second mouse that gets the cheese.” Jeremy Paxman*

- The bird’s proposition
  - Early adopters of lean thinking gain the greatest competitive advantage

- The mouse’s proposition
  - Second followers of lean thinking gain the greatest competitive advantage

- Which is it? - The class will decide!

Early adopters of lean thinking gain the greatest competitive advantage

Second followers of lean thinking gain the greatest competitive advantage

"The early bird may get the worm, but it’s the second mouse that gets the cheese.” Jeremy Paxman*

Team Experience

- Dilemma of personal vs. team views
  - Adapting, compromising
  - Personal feelings, attitudes and perceptions of others
  - Wording of the statements

- Process used for your group to decide, discuss and present

- Satisfaction with the team outcome
People are the Heart of the Enterprise and Lean

Tasks
What people do

Processes
How people do it

Organizational Structures
What enables people

People

Culture
Three Elements of Collaboration

- **Task** - What is being done together
  - Conceptualizing, problem solving, implementing
- **Process** - How the task will be accomplished
  - Division and scheduling work, coordination, managing time and meetings, draft and revisions
- **Affect** - Feelings about the work based upon:
  - Prior experiences, culture, biases
  - Current experience

Source: J. Craig, MIT 16.621 Lecture Notes, Spring 2003
Collaboration in Teams

Benefits
- More ideas and new ideas
- Multiple areas of expertise
- Shared workload
- Stronger problem solving
- Improves design work

Challenges
- Different goals and values
- Not being skilled or practiced in it
- Defensive about work (ego)
- Preconceived notions
- Different work styles
  - “lone wolf”
  - “I’ll do it”
  - “me, mine”
- Previous unsuccessful collaboration

Source: J. Craig, MIT 16.621 Lecture Notes, Spring 2003
How to Meet the Challenges of Collaboration

• Elaborate key ideas in writing and verbally

• Consider alternate ideas/solutions
  • Don’t jump to consensus prematurely

• Pay careful attention to process

• Voice disagreements constructively, directly, and explicitly

• Give positive feedback directly and explicitly

Source: J. Craig, MIT 16.621 Lecture Notes, Spring 2003
Integrated Product/Process Teams

Before IPT’s
- Linkages occurred here
- Coordination meetings
- Traditional networks
- Grapevine-type communication

IPT Way
- Linkages occurred here
- Regular IPT meetings
- Defined members & leaders
- Every member keeps functional leadership informed

Effective IPTs require good teamwork and leadership
Integrated Product/Process Teams

Stage 1
- Team Formation
- Directing

Stage 2
- Team Building
- Coaching

Stage 3
- Collaboration
- Supporting

Stage 4
- High Performance
- Delegating

Management

Empowerment

Lean Teams

- Mutual respect for all people & jobs
- Encourage contribution by all team members
- Different opinions are valued
- Open, honest communication & feedback
- Aligned goals
- Continuous improvement of individuals and the team
- Synergy and cooperation
People are the Heart of Lean
What is the most important thing you learned from this module?

Write a short answer on a 3 x 5 card


Acknowledgements

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Team Behaviors by Stage

**Stage 1: Formation**
- Team members skeptical of one another
- Little or no commitment or trust
- Getting to know one another
- Communication is guarded
- Hesitant participation by members
- Struggle to make consensus decisions

**Stage 2: Team Building**
- Team members begin to express themselves openly
- Only ideas and opinions of a few team members are known
- Conflict is evident but remains unsolved; complaining is the norm
- Learn to ask for help from one another
- Struggle to not blame one another for mistakes
- Team members begin taking on more responsibility

**Stage 3: Collaboration**
- Team members openly give and seek feedback
- Differences of opinion are valued and worked within the team
- Team members trust one another
- Conflict is resolved within the group
- Team has a sense of cohesiveness
- Team members attempt to achieve harmony through cooperation

**Stage 4: High Performance**
- Mutual respect and equal participation by all members
- Team interested in individual and team development
- Team values differences of opinion, perspectives, and conflict
- Team has a high synergy level
- Team has a comfortable working atmosphere
- Knows what needs to be done and able to do it

Courtesy of Boeing. Used with permission.

Leadership Behaviors by Stage

Stage 1: Formation
- Help to build trust
- Inspire, motivate, encourage team concepts
- Model good listening
- Provide information
- Be patient
- Provide clear direction

Stage 2: Team Building
- Model open and honest communication
- Help team learn from mistakes and not place blame
- Encourage team to directly communicate with other teams
- Make sure training takes place
- Revisit team goals to make sure they are meaningful
- Help team deal with frustration

Stage 3: Collaboration
- Pull back from day to day tasks
- Allow team to take on more and more of the “old” management role
- Act as a resource, “technical expert on call” for the team
- Delegating decisions
- Share information
- Continue to provide business information
- Coach/counsel teams

Stage 4: High Performance
- Provides resources for team coordination between shifts, support groups, etc.
- Partner with team
- Allow more autonomy
- Share in long-range/strategic planning
- Rewards and recognizes exemplary performance
