

RECORD

PARTICIPATORY MANAGEMENT

*Speaker: DR. GEORGE H. LABOVITZ**

In New England, where I come from the landscape is dotted with hugh monuments to American management. I'm talking about the giant mills and factories in places like Lawrence, and Lynn, and Lowell in Massachusetts, or Manchester, N.H. Those mills are empty now. They're empty because ever since Eli Whitney started making muskets on a production line, proving that you don't have to hire skilled craftsmen to make muskets, we Americans have been masters at utilizing cheap labor. We think we taught the world to manage, but we really just taught the world how to manage cheap labor.

Now we're running out of it. When the cost of labor got too high in New England, the companies that built those empty mills went to the South. When the cost of labor got too high in the South, they went to Europe. Now there's no more cheap labor in Europe, so they're moving to Asia. And they're taking with them the management techniques that made it impossible for them to operate profitably in New England, in the South, and in Europe.

What those techniques basically consist of is the breaking of complex jobs down into simple, unspecialized tasks that can be performed by anyone. This is called "scientific management," and it relies on the division of labor into two classes of people—management, responsible for planning and coordination, and workers, responsible for carrying out management's plans. Managers are supposed to have ideas, and workers are supposed to do what they're told—diligently, punctually, neatly, and with no backtalk.

Education

That approach came out of an era of low wages and low expectations, when workers needed a job to keep from starving and were grateful for anything they got. It doesn't work any more. Today's workers are different, and they have to be managed differently. For one thing, half the U.S. population between the ages of 25 and 34 has had some college; only 30 years ago, when many still-active managers were beginning their careers, that figure was 20%. And college is not the only measure of education—a worker who does something complicated every day is pretty sure to know more about it than top management.

These new workers—better education, less afraid of unemployment, and more eager to have a say in the way a company is run—are going to present problems to anybody who tries to use "scientific management" on them. In

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an old-fashioned, rigidly hierarchical business, they are something of a liability. Managed properly, however, the curiosity, intelligence, experience, and desire for involvement of the modern worker add up to an enormous asset. Learning to capitalize on that asset, by the way, has been the single most outstanding accomplishment of Japanese business management.

That's what we haven't learned to do. By and large, in this country we're managing our people as if we know what's best for them and they don't have to do anything but what they're told. We act as if there are two different classes of people in our shops—those with brains and those without. Maybe that's right. Maybe there really exists a small group of people who think and a big majority who don't. The evidence that I see, though, indicates that in most companies today there are people who are not encouraged to think—people who would love to have their jobs made more challenging, who can do a lot more than is expected of them. But we're not organized to get the most out of them. We don't know how to mobilize our people, so we conclude that they can't be mobilized.

Management Problem

This isn't a labor problem, it's a management problem. There is a reason that management is paid more than labor, and that reason is that management is supposed to have something to do with productivity. We, the bosses, are supposed to make productivity happen; if it isn't happening, we need to ask ourselves what we, the bosses, are doing wrong. Why is this happening? Don't we have the best schools of management in the world? The most MBAs? Didn't we teach the Germans, and the Japanese, and everybody else, how to manage? Why are they beating us at our own game?

Letting Things Happen

Recently I had lunch with the commanding general of the Air Force Logistics Command, who is one of the biggest consumers of American products in the world. The Air Force has to buy American, and the Logistics Command has the ultimate purchasing authority for everything the Air Force uses, from paper clips to weapons systems. When I asked him about the quality of the products he was purchasing, he said, "At the Air Force Logistics Command, we assume that 50% of everything we buy will be late or defective or both."

That's a terrible commentary on the state of American industry. Instead of making things happen, we're letting things happen. (One glaring example of this is the way imports have come to constitute 30% of the new car market in the U.S.) Our leaders—the people who own and manage our enterprises—are frustrated and confused. They don't know why it's happening, and they don't know what to do about it.

If you want to find out what's wrong, it makes sense to look at where things seem to be going right. A lot of people are sick to death of reading about Japanese management—I'm pretty tired of it myself—but management has a lot to do with the fact that the Japanese worker is the most productive in the world.

Of course, there are many differences between Japanese and American culture. There are also many differences in the values and attitudes our respective workers bring to their place of employment. The Japanese have

a system of lifetime employment; Japanese workers have a stronger tradition of cooperating with management; they are less individualistic, less mobile, more paternalistic; and so on. But all these differences still don't account for Japanese productivity.

Or do they? The British Labor Council came out with statistics recently that showed that it takes the average British worker 6.9 hours to put together a television set. The average West German worker can do it in 3.4 hours. And the average Japanese worker will assemble the same television set in 1.9 hours.

The Japanese worker is four times as productive as his British counterpart. How can he do it?

Something in the Water

A lot of people take comfort in the belief that there is something inherent in the Japanese themselves that accounts for this disparity. I call this the there's-something-in-the-water-in-Nagasaki theory. That theory, unfortunately, fails to explain a few things, among them what happened at Motorola.

Motorola sold its Quasar division to a Japanese company at a time when 15% of the TV sets it manufactured were defective. The Japanese brought in Japanese management, modernized plant and equipment and kept the same workers. Five years later, less than two percent of the TV sets the division manufactured were defective.

It isn't something in the water, and it isn't something in the workers. It's management; specifically, it's the way management organizes and processes the work.

I earn my pay as a consultant by helping companies mobilize their people. There's no magic in it; there's nothing that I do, or my company does, that you can't do. To begin with, think of the best boss you ever had and ask yourself: What did that boss do that made him the best boss I ever had?

I've asked that question hundreds of times, and the answers fit a general pattern. (Only once, by the way, did it turn out that the best boss had been Japanese.) Your best boss was probably a good listener and a good communicator; he probably supported you and gave you responsibility; he probably gave you recognition when you accomplished something and supportive, constructive feedback when you didn't; he probably had confidence in you and gave you confidence in yourself; he probably helped you develop your talents. These are qualities that aren't taught in graduate schools of business, yet they are the key to managing people in today's marketplace.

Emphasis on People

McKinsey & Co. is an international consulting firm that does an annual study of corporate management in America. The study takes the best-managed companies in the U.S.—recent examples are McDonald's, Hewlett Packard, Emerson Electric, Texas Instruments, and Proctor & Gamble—and looks for the management practices that make them the best-managed companies. According to Tom Peters, McKinsey's San Francisco office head, these

companies have in common "an inordinate, overwhelming emphasis on people."

They seek to bring about increased productivity, and to work out their problems, through people. Specifically, through involving personnel on every level with the problems and goals of the company. It's one thing when the boss is thinking about how to cut costs, or be more responsive to customers, or find new opportunities, or get people to use their heads and make more of an effort. The boss thinks about those things in every company. It's another and more unusual thing when everybody is thinking about them. The answers to these questions often turn out to be more obvious to someone close to the problem than to top management. There was an article in the Los Angeles Times recently about an auto worker laid off after 16 years on the job because of foreign competition. He had this to say:

"The worker who performs a task 320 times a day, five days a week, knows more about the specifics of his particular job than anyone else. Yet in 16 years I was never consulted on how to improve a job, qualitatively or quantitatively. Neither was anyone else I know. Man innately wants to do a good job, but we on the line take our cue from those in the head office. If they don't care about quality, we don't either."

That's old-fashioned American management with a vengeance. Its opposite is participatory management.

Not A Democracy

Participatory management doesn't mean management by majority rule; a business isn't and shouldn't be a democracy. If it's your money, it's your show. On the other hand, there's a difference between being the final authority and being the only authority. If you as the boss want to make a major drive to increase work quality, good people will help you—but your job will be much easier if you involve them in helping to identify and find ways of eliminating the obstacles.

On the simplest and possibly most effective level, involving your employees can begin with the use of a technique called MBWA: Management By Wandering Around. To do this, a manager leaves his office and pokes around the shop, stopping now and then to ask the two key questions of participatory management:

- (1) What's wrong with this (press operation, cutter, stripping room, camera department, lobster shift, typesetting system, or whatever)?
- (2) Okay, how do we fix it?

And he listens carefully to the answers. This can be formalized and expanded by gathering together groups from any level of the company and asking the same questions; these groups can be further divided into analysis teams and problem-solving teams. The problems they work on can involve ways to reduce machine downtime, lower accident rates, increase productivity, strengthen customer relations, reduce receivables, decrease overtime or late deliveries or scrape rates—virtually anything you face as a company or a work unit. One of our clients brought in managers from all over the world and spent a day holding meetings on quality control. They divided into three work teams and spent the morning analyzing the problem

(What's wrong with this quality control program?); the same teams then spent the afternoon examining ways of solving the problems they had discovered (How do we fix it?). They made their recommendations, management implemented some changes, and the next year the company made documented savings of \$8 million—all based on one day of problem-solving using the techniques of participatory management.

Printers

Western Publishing is a printer and publisher of educational materials, children's games, books, newspapers, and magazines, headquartered in New York City. The manufacturing department recently used ODI's Managing for Productivity, a 10-unit video-based management and organizational development program, to train 350 people ranging from first-line supervisors to plant managers. Richard Popp, training director of the division, explains the decision to take this approach by saying that Western Publishing had moved a lot of people from craftsman positions to being first-line supervisors without any real training in how to manage. The company realized that some kind of training was essential, but the supervisors insisted that they didn't have time for it. They had to get the work out.

Finally, says Popp, "We decided that rather than send them to school, we'd bring the school to them. So we brought the program to each plant. It ran four hours a day for five days, but we'd let the supervisors get an hour and a half into their shift before starting the course so they could get the wheels in motion and lose a minimum of time."

Popp leaves comments on specific benefits from the program to the foremen involved, but he finds a general change in attitude toward responsibility to have occurred. There seems to be a greater willingness to take responsibility and initiative, out of which has come a higher caliber of decisions, more productive meetings, and better management of time.

It Works

According to Harry Ittner, foreman of Western's web plant in Racine, Wis., "There's no question that participatory management works. It's easier for people to live with decisions if they've had a voice in making them. We're finding we get better decisions from involving more people.

"For example, we were looking for ways to cut costs to cope with the recession. One way that seemed to make sense was to reduce the spare parts inventory for our webs—but what's a safe level of inventory? In the old days, the foreman would just say to cut inventory to a certain amount and that would be that. One problem with that approach is that you don't know if you're cutting down to the right level; the other is that a lot of people will squawk. Instead, I called together people from purchasing, inventory control, quality assurance, and machine operators and asked them to work out what level they'd be comfortable with, realizing we had to make some cutbacks. To make a long story short, we reduced inventory from three dozen parts per press to one dozen; it cut our inventory costs \$1,200 per press. It went very smoothly, with cooperation from everyone affected, because they were all involved."

Ittner says an even larger savings was realized by involving the pressroom

in setting production priorities. The pressroom people were aware that they were losing time and money in changing the presses over from one type of job to another. Like many shops, the production schedule and priorities were decided on in an office and simply impacted to the press operators, who would obediently shut down and change over from a digest job to a tabloid job, back to another digest job, and so on.

"Each time you make a changeover, you're losing production, of course," says Ittner. "We decided to see if we could save money and improve operating efficiency by clustering the jobs instead of just taking them in the order they came in. We got production and manufacturing and other departments into the act and looked at the problem together. It was costing us, in labor time, lost production time, and overhead, \$1,500 to \$2,000 for each changeover. We wanted to know how much flexibility there was in the job scheduling.

"What we found was that a little more than half the time we could juggle the schedule to do similar jobs back-to-back and still make our deadlines without having to do changeovers. Right there we're saving more than \$4,000 a week."

Partnering the Computer

At Rumford Press in Concord, N.H., 93 people, from the company president to foremen and customer service reps, have received training in participatory management techniques. President Major Wheelock credits the experience with helping create "a much smoother flow of communications and openness in identifying solutions to day-to-day work problems." (Editor's note: Rumford Press is a 1982 Marketing Excellence Award winner; the company will be profiled in the forthcoming issue of *Graphic Arts Monthly*.)

The participatory management techniques now in use are supported by a new computer software package that enables pressmen to monitor their own productivity. Barry Kushner, vice-president-manufacturing, credits the combination with raising pressroom productivity significantly in recent months.

"We're all monitoring our own performance," says Kushner. "I get a daily productivity report and so do the foremen and the people on the presses. Everybody's involved in trying to improve things."

He contrasts the new climate in the shop with the one that existed before *participatory management training*. "Under the old methods, once you became a foreman you knew everything. The other people didn't know anything, so if they did say something, you ignored it—that is, if they weren't too intimidated to say anything at all. It was the old business of "I'm the boss, you're the workers."

"Some people are still like that. You can't change everybody. But on the whole there's an attitude of cooperativeness, an informal type of give-and-take on the part of everybody concerned.

A Week on the Press

The new computer-monitoring system fit in with the idea of giving people

more responsibility for their own activities. To get the idea across-and to help bridge the management/employee gap-Kushner assigned each foreman to spend a week as part of a press crew. They were told, "Okay, this week you're not a foreman. You're part of the work team. Work with them, help them spot weaknesses, listen to them, live with the presses, and discuss ways to improve."

"We got a lot of good information and ideas," says Kushner, "and we did that on every press, all three shifts. We ironed out a lot of mechanical problems and also some people problems. The basic idea was to go to people and say, Look, here's what's happening. Now who has some ideas about what to do about it?"

The pressroom productivity improvements are primarily related to press running time, fewer web breaks, less spoilage, and a change in the number of stops to wash blankets, according to Kushner.

Rumford president Wheelock concludes, "There's more openness in the company now. We have weekly team meetings of manufacturing and support-service people. They're exchanging information with greater cooperation and candor."

What worked for these companies can work for you. When you bring people into the decision-making process, give them responsibility, and begin to listen to what they have to say, you'll be amazed at what they can contribute. Not all of them, of course, but many; you'll find a much wider circle of people using their brains than you ever had before.

Making Things Happen

Many businesses-including printers-are improving productivity and putting employee brainpower to work via participatory management.

