

A empresa voltada para o cliente: do planejamento à ação

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Richard Whiteley é, reconhecidamente, dos maiores especialistas da atualidade em *Customer Focused Quality* (Qualidade voltada para o cliente). É autor da obra *The customer driven company*, lançada em 1991. Traduzido para diversos idiomas, o livro tornou-se um *best seller* também no Brasil com o título *A empresa totalmente voltada para o cliente*.

Palestrante de renome internacional, Whiteley tem conduzido seminários na Europa, Ásia e América do Norte. É ainda *vice-chairman* e co-fundador da The Forum Corporation, empresa líder na implantação de programas de *Customer Focused Quality* em organizações no mundo todo. Foi fundador e presidente da Instructional Systems Associations, que congrega 90 empresas de treinamento empresarial, além de ser o atual *chairman* do "Editorial Review Board" da *The Quality Review*. Tem lecionado, como convidado, na Northwestern University, no MIT - Sloan School of Management e na University of Southern California. Obteve o mestrado em *marketing* pela Harvard Business School.

Richard Whiteley estará participando, nos dias 13 e 14 de maio de 1996, do evento "Special Management Programs - 96", em São Paulo - SP, promovido pela HSM Cultura e Desenvolvimento.

RAE Light: How do Reengineering Projects relate to Quality Projects in American companies?

Whiteley: Of course the quality movement preceded the current frenzy with reengineering. Although reengineering is a new name, it is not an entirely new concept and is embodied in the quality work and other efforts that have gone before it. In its most simplified form, reengineering is simply improving major organization wide processes. It is founded in the principles of process improvement. This is the same with total quality management. The primary difference is that reengineering focuses on the core business processes and is much more aggressive in the results that it seeks. Both reengineering and quality management, when implemented in a thoughtful and proper manner can reduce costs and improve competitiveness. The problem with the quality work in American companies is that most American companies think they are now finished with the work when indeed they still have much to learn about the comprehensive application of the quality principles. The same is true for reengineering. Unfortunately for both types of initiative too often the customer is not considered. This often creates the unfortunate result of cutting costs and approving efficiencies without benefitting the customer. In other words, companies become very efficient at doing very well what customers don't care about.

RAE Light: In the course of a Reengineering Project, how does a company avoid losing its know-how in the event of employee dismissal, a common situation after processes are revised?

Whiteley: As this question implies often as a direct result of reengineering, jobs will be lost. The challenge is to avoid losing the people who have historic or technical knowledge that is critical to the future success of the company that is doing the reengineering. Of course the way to prevent this is to identify those

people and ensure that they are transferred to another part of the organization where their knowledge will be put to good use. The sad fact is that many people who are laid off as a result of improving processes are fired for no reason of their own. They were simply in the wrong place at the wrong time. Regrettably their company has not focused on either being efficient or on their personal development so that they end up being obsolete and from a skill stand point less valuable to their company. This points out how inattentive most companies have been in the human resource and personal development of their people.

RAE Light: Shouldn't every Process Reengineering be preceded by a Business Reengineering?

Whiteley: I would define Business Reengineering as a thorough examination and modification of an organization's strategic direction and resulting plans. Under this definition, business reengineering should proceed process reengineering. The reason is obvious. If you are not clear on your strategy, you could invest a great deal of effort reengineering business processes that have no strategic value. In our new book *Customer-Centered Growth*, the first chapter is "Create a Laser Beam Focus". It speaks directly to this issue. For example, when George Fisher took over the failing Kodak, one of the first things he did was to determine his core strategic business. This, of course, is imaging. He then sold Kodak's clinical diagnosis business to Johnson & Johnson because it had nothing to do with imaging. While it was a healthy business in its own right it didn't fit with Kodak's strategy. Now imagine a major process reengineering effort in the clinical diagnosis division had been taking place. In this case the individuals engaged in such a program would have been expending their energies working in a division that didn't belong to Kodak in the first place.

RAE Light: What changes are required

in the process of Strategic Planning for a company to effectively focus on the client?

Whiteley: The primary change required in the process of strategic planning for a company is to focus effectively on the customer to define its business in terms of its customers. In other words, in the process of creating a laser beam focus, this company must identify those targeted groups of customers which it seeks to serve and stop serving all others. These quite naturally would be customers that can both use and value the company's natural product and service offerings. At every point in the strategic planning process the following questions should be asked: *who are our targeted customer segments?*, and *how will this aspect of our strategy help us create advantage with these segments?* The voice of these targeted customers must always inform the strategy at all levels.

RAE Light: In leading edge companies, up to what point have traditional methods of "analysis and solution of problems" (which use statistical tools) promoted a wholly customer-focused orientation?

Whiteley: A statistical picture of key customer groups using "analysis and solution of problems" is vital in creating the customer centered organization. Too often customers' views are represented by rumor, casual data collection and hearsay. In order to be entirely effective in creating the customer centered organization, the voice of these customers must be expressed not only in qualitative terms but in quantitative terms. There is no reason why customer preferences can not be identified and put in priority using statistical methods. The resulting quantification of the voice serves as a basis upon which investment and operating decisions can be made. One of the best organizations at doing this is the AT&T Business Systems Division. They sell telephones and send over 6,000 surveys a month to their customers. They have identified to a very fine degree exactly what customers

expect from their products and services and how they are doing relative to meeting those expectations. These measures are so accurate that they know that if they can improve their customer ratings on these measures by any degree, about four months later their market share will increase.

RAE Light: Based on your own experience, which are the main conditions for a successful transformation of a company?

Whiteley: The conditions for the growth achievement in a company are several:

- ❖ *clear direction:* a clear vision of what this company wants to become is absolutely essential to its own change. There is an old saying that "if you don't know where you're going any road will get you there". This holds true for a company that is trying to transform itself. It must develop a clear picture of what it wants to be. This is most often done through a vision and value creating process;

- ❖ *committed and engaged leadership:* in the last chapter of *Customer-Centered Growth* we describe what leaders do to transform their companies. We talk of "contact leadership" whereby executives leave their offices and spend time with both customers and employees. Through this daily activity they are connected to the reality of their business. As one automotive plant manager replied when one complained that he was never in his office... "the last time I looked, we weren't making cars in my office!". In addition they are sensitive to "cultural moments of truth". These are critical moments when they make a decision and that decision either reinforces and helps build the new culture or works against it. For example, who were the last five significant promotions in your company? Who you promote is a clear statement of what you value. Are the people you promoted and the values that they demonstrate consistent with the kind of company you want to have? For example, if you talk about having a customer centered company are the people who are getting promoted being

promoted because they are customer centered?;

- ❖ *comprehensive and consistent reinforcement of the new behaviors:* when an organization wants to change, it needs to change its behavior. Since an organization is simply a group of people, that means the people will need to change their behaviors. We all know that human beings change neither naturally or gracefully. Therefore constant reinforcement of the new direction is required. This can come in the form of frequent communication from leaders, the leaders themselves modelling the new behavior and, of course, formal recognition and compensation programs that reward the new behaviors;
- ❖ *identify and rigorously measure key metrics:* of course the old business adage "you get what you measure" holds true here. It is very important in these transitional times to identify the key measures by which you will determine the success of the new organization and then to measure them. Simply measuring profitability and return on assets will not do. These measurements are universal and will be used no matter what culture you have. Look deeper and find the measures that are particularly characteristic of the new culture and which will at the same time produce shareholder wealth. For example, customer satisfaction would be a key measure. Another one would be employee satisfaction since there is a direct linkage between the two. Precautions that should be taken during this transitional time are avoid the natural tendency to over promise. Too often we see executive teams go off on a retreat and come back with a shining new vision and statement of values. Values that this executive team themselves are not prepared to live. It is much easier to create a value and print it on a wallet card that it is to live the value itself. Caveat: do not ever create a value which your executive team is not prepared to live fully! Another precaution is to test carefully executive commitment to the new direction. Often in meetings executives

will nod their heads yes and give the apparent stamp of approval to new ideas and direction, but inwardly desire to retain the *status quo*. It is important to utilize methods to check and test each executive's commitment prior to launching the new direction.

Another deterrent to successful transformation is having no systematic plan which is faithfully executed. Usually the transition will require multiple years and therefore a multiple year multi-phased program to get from where you are to the new culture is required. Too often this is either never promulgated, or promulgated and then not enacted. It is the stablishment and the inexorable achievement of the targets in this plan which will overcome the natural skepticism of employees who upon hearing of new directions usually roll their eyes back and think of "one more program of the month from senior management".

RAE Light: What are the necessary steps to transform a traditional (pyramidal) organization structure into a customer-focused organization?

Whiteley: The organization in which most of us "grew up" had a highly bureaucratic pyramidal structure. The customer centered organization has broken down this bureaucracy and orients itself not vertically but horizontally. Processes that produce the products and services that delight customers work *across* the organization, not up and down. Therefore to be truly customer centered, an organization must break down the traditional hierarchy. This can be done in a number of ways. They are as follows:

- ❖ *"delayer" the hierarchy:* this simply means eliminating layers of management. In the interest of cost savings many companies have done this already. I know of one organization that has gone from eight levels to four levels of management;

- ❖ *create "universal collaboration":* in *Customer-Centered Growth* one of the chapters is devoted to this subject. The key here is to train and support people to

collaborate across geographic and functional boundaries. The idea is that each employee is capable and willing to engage in team-oriented behavior whether or not he or she is on a team at the moment! When this occurs, in a sense, the entire company becomes the overall team. Only with excellent universal collaboration will an organization be able to produce customer pleasing products and services routinely and smoothly;

❖ *use teams wisely*: effective use of teams is essential to becoming customer centered. These teams are usually cross functional and therefore tend to break down the hierarchy. A recent problem is that companies have been deploying teams without discipline or considerable thought. As a result a new problem has arisen which we call "teamitis". This is where an organization creates teams for teams sake. When this happens often there is extraordinary waste and demoralization in the workforce. In the United States only 10% of the companies that have aggressively deployed teams are reaching the full benefit that those teams could provide;

❖ *create incentives that reward universal collaboration*: historically incentives have been centered around individual performance and functional performance (marketing, manufacturing, finance and administration etc). These historical incentives tend to reinforce "soloism", where employees are more loyal to themselves and to their function than they are to the overall purpose of the organization and its customers. What is required here are incentives that cross boundaries. The world is moving towards more and more group incentives where teams and their effectiveness are being rewarded rather than the efforts of individuals. Group bonuses and profit sharing are typical ways this is accomplished;

❖ *a well functioning and highly collaborative center management team*: I was in Italy last year working with a senior group of executives from a company and discussing the very issue of team effectiveness. Much to my

astonishment, one of the executives jumped to his feet with wide eyes and with great enthusiasm he said: *"I just got it! Here we are telling our whole organization that they have to operate like a team and the seven of us, who are the most important team in the whole company, can't even get along!"*:

RAE Light: What are the most efficient mechanisms to "listen" consistently and systematically to the Voice of the Client?

Whiteley: There are many efficient mechanisms to listen to the voice of the customer. Which of these are selected and the benefits provided would depend on the circumstances in which any organization finds itself. In general there are three types of listening systems. The first is formal. This would include focus groups, questionnaires, interviews and the like. They are formal because they are explicitly designed by the company to target and get feedback from certain customers.

The second is incoming. This is customer data that comes to an organization in the normal course of its doing business. For example, complaints, questions from customers who want clarity on particular policies or procedures. This type of feedback is not explicitly initiated by a company but can be hugely valuable. For example, what do you do with the complaints that comes in your organization? Do you ignore them, resolve them or do you both resolve them and use them as a statistical measure of your own performance? In other words rather than just viewing them as a problem to be solved they can begin to point out where your process deficiencies are and be the basis for deploying your quality improvement teams.

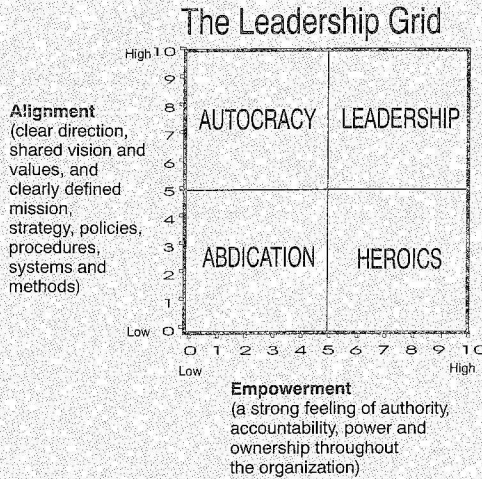
The third process for hearing the voice of the customer is casual. An example of a casual process is when your executives are visiting with customers. What do they do? They are usually selling or solving problems. But do they keep an alert ear for competitive needs and information from those customers? Is there any process for

systematically gathering this causal information from those executives? The same holds true with your salespeople. Too often they are told that their job is just to sell and that finding out about customer needs is the job of the marketing organization, thank you! This is a mistake because your salespeople spend more time with customers than anybody else in your company. Make them the eyes and ears of your organization.

RAE Light: What is your opinion regarding *empowerment* efforts in organizations? Please comment the profiling conditions that favor success in this area.

Whiteley: Empowerment has emerged as one of the popular business buzz words over the past decade. Empowerment simply means to engage the workforce in a way that they feel a sense of ownership for the organization's mission and problems. It means that front line workers will be both prepared and allowed to make decisions that effect their work without necessarily getting the permission or approval of their supervisors. Potentially it brings a new energy into the organization as people are encouraged to act in entrepreneurial ways. This concept is not only valid... it is crucial to future success. No matter how much you have downsized your hierarchy, in most cases your organization is still too big to be as responsive in today's expanding markets as your customers require. This means that you will no longer have time to move up multiple levels to get permission to implement a particular decision or solution. The way to solve this problem is by empowering employees. Unfortunately the concept is misunderstood. Too many managers believe that if I "empower" an employee, I lose my own "power". Also, too many leaders believe that empowering means letting employees do anything they want to do. This is a mistake. The best way for empowerment to work is exemplified in

the leadership grid depicted below. As you can see empowerment can be anywhere between low to high. If all you have is high level empowerment what you have is a very excited work force that is probably creating a great deal of chaos and redundancy. The vertical axis of this figure is alignment. It is the alignment that provides the structure in which employees can be empowered. Alignment is shared vision and values and the policies and procedures of the organization. If empowerment creates the energy then alignment provides the direction for employees. The vision and values are important because what they say to each employee is "if I'm going to let you make your own decisions, I want to make certain you make those decisions in the same direction as our vision and our values". Also, notice policies and procedures are part of alignment. This means that no matter how empowered the employee is, there are certain policies and procedures that are not to be questioned. These usually have to do with legal issues, safety issues, and business issues like pricing. In the organization where there is low empowerment and where there is low alignment we find abdication. Nobody is taking responsibility. In Brazil many of the historically paternalistic organizations would be characterized by high alignment and low empowerment. In this case the organization is an autocracy. It is authoritarian. The message is "my way or the highway". In this type of system employees follow orders and ask permission to deviate from current procedures. There is little innovation and the organization is slow to act. While this has worked in the past it will no longer work in the future because today's organization must be much more responsive. High empowerment and low alignment is chaos. This is an organization that is indeed the asylum that is being run by the inmates. The preferred position of course is high empowerment and high alignment.



RAE Light: In your view, how does the process of "education" in a company advance the process of Organization Change? How is it implemented? Which precautions should be taken during its implantation?

Whiteley: Organizational change simply can not happen or be effective without proper education. As one executive recently said to me, "the key to the successful transformation of my organization was training, training and more training!". The education must accomplish several things. First it must inform every person in the company about the new direction and the new aspiration. If I am not knowledgeable about what this company wants to stop doing and start doing then it will be pure chance whether I am able to comply or not. Another phrase often heard from executives who talk about their change is: "communicate, communicate, communicate". One can almost not overcommunicate the new directions and desires of the organization and the progress towards these visions. Second, education in the form of training must provide employees with the new skills required to operate in the new ways that will transform the company. For example, it's not enough simply to tell people they are empowered. You must train them and their managers in how to be empowered. Or in many cases a workforce needs to be reskilled at

which point the technical training to do this must be made available otherwise failure will ensue. Teaching leaders how to lead in new ways will be equally important.

A third way in which the training can be used is to consistently and continually reinforce the new direction. The objectives of every training program should be articulated against the new vision of the company. When British Airways was transforming itself through the process of privatization, the people responsible for the transformation said they "highjacked the training department". What this means is that they used every training program not only to teach new skills but to create clarity and reinforcement for the new direction. Amil Assistência Médica Internacional is not only a fine example in Brazil of a company that trains it's own people well, it is an outstanding example for any country in the world. The amount of care and resources dedicated to the development of their own people is perhaps higher than any other company I know of, including Motorola and the leading Japanese companies. One aspect of Amil's success is the involvement of senior executives in the training. Rather than simply delegating this important developmental activity to "the trainers", starting with CEO Edson Bueno every executive is actively involved in the teaching effort. Amil's excellent internal MBA program, for example, is taught by the executive leaders of the organization. Although this requires a significant amount of time from their other routines, they do this in recognition of the importance of the developmental effort and ownership of the simple fact that this is one of the most important aspects of their work!

Several precautions should be noted here. First is to avoid "training for training's sake". Several years ago we worked with the Pepsi-Cola Company and reviewed their entire training curriculum and assessed the extent to which each program was contributing to Pepsi's strategic goals. We found a

number of programs which were historically popular and well received by the trainees but which were not really moving Pepsi towards their strategic targets. The lesson here is that all training must have strategic value or it shouldn't continue.

Another precaution for large organizations would be redundancy of training. In one organization when we were asked to audit their training, we found over fifty different types of time management programs being taught. Quite naturally there is both waste and unexploited pricing advantages caused by this.

Perhaps the most important precaution has to do with the value placed on training. It is through training that the development of new attitudes and capabilities can be achieved. These, in turn, will drive the successful transformation of the company. But all too often when times get tight, the first thing to get cut is the training budget. What executives are saying with this act is that training is discretionary. We will only train when the economics and the times of our business are good and we can "afford" it. In reality you can never afford not to develop your people... never.

RAE Light: What should be done to avoid accommodation? Are reward and profit sharing mechanisms effective in maintaining employee mobilization?

Whiteley: There are many ways to avoid accommodation. One obvious one would be reward and profit sharing type mechanisms. There is no doubt that these are important contributors to employee motivation but I believe their impact is overemphasized. Someone once said that *"employees are motivated in reverse order by money, an effective leader, and a cause"*. Money, rewards and incentives certainly are an important element of motivating any employee. If the incentives and the rewards are placed at the proper level and on the proper dynamics then they will have a positive impact. The idea of profit sharing, for example, is a way of creating universal

collaboration. It is a way of sending the message to all employees that if *we* do well as a company than *you* will do well as an individual. But too much value should not be placed in incentives alone. The second and even more powerful in motivating a worker is an effective leader. We would like to see more funds invested in improving leadership skills than in improving the compensation programs in most companies. The return would be much greater. In some companies I hear people say things like, *"they don't pay me enough money to work for that idiot"*. In this situation obviously leadership is an issue. Poor leadership makes people want more money. No doubt we all have been inspired by a very effective leader at one point in our lives. Under such a person we are energized, motivated, hardworking and focused.

Third and even more powerful is a cause. We know people will die for a cause. Freedom for example. What is the cause of an organization? Its vision. That is why there are twice as many companies with a vision today as there were ten years ago. The simple reason is that as companies' historical loyalty to employees and lifetime employment arrangements have disappeared, in order to create the meaning for the work, companies have adopted visions that provide both inspiration and direction. This gives each employee a reason to show up each day and work hard other than a paycheck.

RAE Light: What is the role of leadership in changing the culture of an organization? What are the characteristics of a plainly change-focused leadership?

Whiteley: The job of the leader has shifted from simply creating strong bottom line results to both creating strong bottom line results *and* creating the culture to enable the people of the organization to achieve such results. Our research indicates that today's effective leaders do four things. They have:

- ❖ a passionate connectedness to customers and employees: the most

effective leaders are no longer content to just analyse market data or hear from others what's going on. They are physically, visibly, directly, constantly obtaining information first hand;

- ❖ a deep commitment to creating meaning for people in clear, concrete terms: a lofty customer-centered vision is no longer sufficient. Today's best leaders translate their dreams into day-to-day reality, making sure people understand what it all means and how they fit in;

- ❖ an ability to mobilize people and help them see progress — with a mix of both challenge and support: the new leader doesn't just practice empowerment and delegation, but shows an ability to get people aligned and working toward the same goal. Taking personal responsibility, challenging people to do their best, demonstrating confidence in their abilities and providing support, the new leader helps everyone in the organization to see progress;

- ❖ an ability to inspire and develop others to be leaders: this is not "motivating" in the traditional sense of the term, but giving people the capability to inspire themselves *not* creating followers, but other leaders throughout the organization. *

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