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Quest

FOR WORKPLACE EXCELLENCE

What Separates the Best-of-the-Best From the Worst-of-the-Worst?

For over 15 years, Peter Barron Stark & Associates has been a leader in conducting annual employee opinion surveys. We have surveyed over 150 organizations, and our PBS Best-of-the-Best benchmarks (those who rank in the top 25 percent in our employee opinion surveys) are based on over 70,000 employees' opinions. In a recent statistical correlation study, we made some exciting discoveries we are proud to report for the first time.

We have identified the specific areas you need to focus on to achieve the same standard of excellence as the Best-of-the-Best organizations—and we have learned the one thing that all organizations in the lowest quartile, the Worst-of-the-Worst, have in common—the one area in which your organization must never compromise.

Although the Best-of-the-Best companies score better on almost every question of the survey, the following three categories were unique and statistically significant.

COMMUNICATION

The PBS Best-of-the-Best companies have better communication—in both quantity and quality. This increased communication creates a stronger relationship between the management team and employees—who perceive that management is honest with them. Our research shows the top companies are better at com-

municating in the areas of purpose, strategic direction, expectations and corporate goals.

The communication in each of these organizations focuses on ensuring that employees have the information they need to do their jobs, help the company achieve its goals, and understand what the organization has accomplished in relationship to its goals.

COMMITMENT TO QUALITY AND SERVICE

The second category in which the Best-of-the-Best companies excel is their commitment to producing high-quality products and delivering exceptional customer service. Successful companies

focus on continuous improvement and are skilled at identifying problems and handling them in the early stages. In these



organizations, employees are encouraged to take the initiative to improve the quality of their products and services.

Nearly every one of the organizations in the PBS Best-of-the-Best benchmark does some type of ongoing customer satisfaction survey to measure the company's quality and service from

Communication in Action

Garry Ridge, the CEO of WD-40, sends out a weekly e-mail to all employees. He brings them up-to-date on actions he has taken during the previous week, company performance measures, new customers, things he has learned, things he is concerned about, and what specific actions he is taking to alleviate his concerns.

Pam Smith, the director of the Office of Aging and Independent Services (AIS) in San Diego County, sends out a biweekly memo to every employee. She uses the memo to highlight the organization's vision and mission, as well as employees who have heroically exemplified the agency's vision over the previous two weeks.

INSIDE:

WHY HAVEN'T YOU CONDUCTED AN EMPLOYEE OPINION SURVEY?

FIVE KEYS TO SURVEY SUCCESS

PRODUCTS & SERVICES

Best-of-the-Best from page 1

the customers' perspective. Research actually demonstrates that there is a greater opportunity to build customer loyalty when a customer has a problem that is resolved than if the customer never had a problem to begin with. Service and product problems are not the real issue. How an organization responds to problems is what makes the great service providers stand out.

performance management plan in place; providing training if needed; and conducting thorough, accurate, on-time performance reviews. If none of these techniques works, the Best-of-the-Best are quick to share the low-performing employee with a competitor—and allow that employee to actively undermine the competitor's strategic plan!

Finally, the Best-of-the-Best organizations separate themselves from the rest by managing performance and holding people accountable.

Failing to actively manage performance and hold all employees accountable leads to low morale. In our training programs, we love to ask the question, "Can nice leaders have

departments with low morale?" The answer is, Absolutely! In fact, many "nice" leaders shy away from performance problems because they do not want to be perceived as too harsh. So they

PERFORMANCE MANAGEMENT

Finally, the Best-of-the-Best organizations separate themselves from the rest by managing performance and holding people accountable. The top companies are better at setting clear expectations for employees. When an employee fails to meet expectations, they are better at coaching that employee; putting a perfor-

Quality and Service in Action

Kerry Lewis and Dal Widick, CEOs of nuVision Financial Federal Credit Union, make this simple statement: "We are irritatingly intolerant of poor service in our credit union."

Pam Smith, director of AIS in San Diego, promises: "If you are a senior citizen and have a need, you will be helped and served by any team member of AIS. This is a huge change. In most government organizations

and many for-profit corporations, the right hand never knows what the left hand is doing. We have raised the bar for seamless service and cross-departmental teamwork to a level not before seen in government."

With this reputation for extraordinary service, San Diego County AIS was recently recognized as one of the nation's top three AIS agencies in the entire nation.

Why Haven't You Conducted an Employee Opinion Survey?



Did you know that over 95 percent of the companies we partner with on an Employee Opinion Survey (EOS) improve their culture in the eyes of their employees and managers by the time they undertake their second survey? That's why our firm is passionate about conducting employee opinion surveys. The organizations we work with see results—fast!

Fifteen years ago, we conducted our first EOS for our longtime partner, North Island Credit Union, one of the top three credit unions in San Diego and one of the few

The cost of turnover has been estimated at 150 percent of an employee's annual compensation—and 200 to 250 percent of the compensation for managerial and sales positions. To put this in perspective, let's assume the average salary of employees in a given company is \$50,000 a year. At 150 percent of salary, the cost of turnover is \$75,000 per employee who leaves the company. For a company of 500 employees with a 10 percent annual turnover, the cost of that turnover is \$3.75 million.

do nothing and simply hope that the problem employee's performance will improve. The reality is that an employee's performance seldom improves without some type of intervention. When an employee is not doing what he or she is supposed to do and the manager does not quickly deal with the issue, morale plummets and everyone on the team loses respect for the manager.

UNIQUE QUALITY OF THE WORST-OF-THE-WORST: POOR SUPERVISION

The only category that is truly unique to each of the companies in the lowest quartile of the PBS benchmark is low scores for supervisors. If there was ever a reason to train supervisors and hold them accountable for building a solid relationship with

Performance Management in Action

Mike Neal, the president and CEO of H.G. Fenton, one of San Diego County's largest land developers and property management companies, states, "[Performance management] is one of the toughest parts about being a leader. When you have a culture that is friendly to employees, people assume that you are relaxed when it comes to accountability. But when you actively manage performance and hold people accountable, you create an even more positive work environment."

employees and achieving corporate results, the desire to stay out of the Worst-of-the-Worst category should be it!

If you are a CEO or a human resources leader, you have probably experienced organizational problems caused by a poor manager. One week you are trying to get this manager to complete the department's performance reviews or document an

employee's poor performance. Another week you find yourself refereeing a dispute between the same manager and a peer in your organization. You regularly get complaints from employees that

If there was ever a reason to train supervisors... the desire to stay out of the Worst-of-the-Worst category should be it!

this person does not communicate respectfully with others. And he or she always has an excuse for failing to meet company goals. The result is a department with low productivity, low morale and high turnover.

Remember, employees may join your organization simply because they want a job or you have offered them more money, but they leave your company because they are unhappy with their immediate supervisor. The learning point: It is difficult to be one of the Best-of-the-Best organizations if you don't have strong supervisors who are accountable for their performance. <>

credit unions in the country to offer a full spectrum of business services. Now, more than seven surveys later, Mike Maslak, North Island's CEO, still deeply believes that listening to employees leads to successful organizations. Since North Island conducted its first survey, its business culture has become stronger and turnover has been reduced. Plus, North Island is now viewed as an employer that attracts the best and brightest employees.

Considering these positive outcomes, it's hard to understand why more companies don't conduct employee opinion surveys. In interviews with hundreds of senior managers, we typically hear the following four reasons.

REASON #1: A SURVEY ISN'T IN THE BUDGET

Research has repeatedly shown that workplaces with fired-up employees consistently outperform organizations with employees who simply "show up to collect a paycheck." Couple that fact with the outrageous cost of turnover, and budget excuses fly right out the window. When asked about the value of the EOS for his organization, John Campbell, general manager of the La Jolla Beach & Tennis Club and the Marine Room restaurant, enthusiastically replied, "Well, as they say in the Visa commercial, 'It's priceless.'"

REASON #2: OUR MANAGEMENT TEAM WILL NEVER GO FOR IT

If you don't have confidence that your management team will make the improvements called for in an EOS, it may be time to find a new management team! One thing that will guarantee a decline in employee morale is to conduct a survey and then do nothing with the results. There is no quicker way to tell employees that their opinion has no value. We were once called on to help an organization at which a horrendous act of workplace violence had occurred. Following the incident, the CEO pulled his management team together and outlined the changes that needed to be made immediately. One of the managers became defensive, saying, "Those are big changes. They aren't going to happen overnight. This is going to take time." The CEO calmly looked at his watch and replied, "You're right. It's 4:00 PM. You have until 4:05 PM to begin implementing these changes—or find another place to work."

REASON #3: I DON'T WANT TO HEAR IT

Leaders who openly admit they don't want to know what their employees think are setting themselves up for failure. Soliciting input from employees tells them that they are

important, their thoughts and ideas are valuable, and their manager trusts them. Managers who ignore employees' opinions and ideas isolate themselves from reality and miss opportunities to grow and improve. They also undermine employee empowerment and morale. Leaders with this attitude are likely to turn around one day and discover that there is no one following them.

REASON #4: I ALREADY KNOW WHAT MY EMPLOYEES ARE THINKING

While many managers say they can "feel the pulse" of their staff without an objective instrument, we have found that to be virtually impossible. We have consulted with thousands of managers on survey design. Each time we undoubtedly find one or two managers who tell us, "We can save you a lot of time. We know what our employees are thinking." Those are the very same managers who come to us after the survey is over, admit sheepishly how wrong they were and thank us for getting at the heart of their employees' opinions.

Garry Ridge, CEO of WD-40, gave us his insight: "The EOS is one of the best tools for taking the pulse of the organization, and evaluating the impact of changes we have made since the last survey." <>

Products

FREE NEWSLETTERS

The Quest for Workplace Excellence is the only on-line newsletter dedicated to every CEO, manager, and HR professional who wants to build a culture in their organization where employees love to come to work and customers love to do business. (subscribe at www.pbsconsulting.com)

The Master Negotiator is the premiere on-line newsletter for negotiators. It's packed with tips, strategies, and tactics to ensure your success in virtually every negotiation. (subscribe at www.everyonenegotiates.com)

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By Jane S. Flaherty and Peter B. Stark (\$14.00)

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This dynamic new book takes the dread out of persuasion and makes powerful negotiating skills easy and accessible, giving you tools and knowledge you can put to use right away.

LIFETIME LEADERSHIP: LEAVING YOUR LEGACY

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By Jane S. Flaherty and Peter B. Stark (\$29.95)

This comprehensive book concentrates on the interpersonal skills required to be a great leader.

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(pocket sized companion to The Competent Leader)

By Jane S. Flaherty and Peter B. Stark (\$7.95)

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Peter Barron Stark & Associates (\$149.95 set, \$19.95 each)

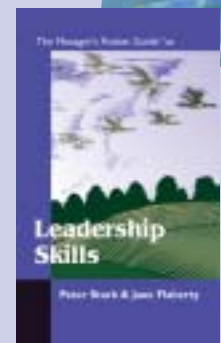
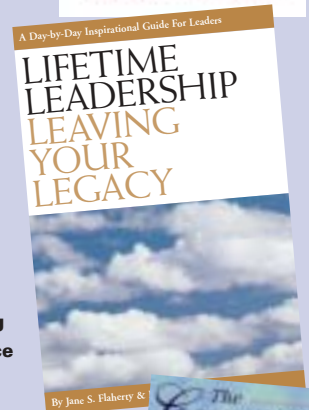
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- >>> Win-Win Negotiations
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- >>> Coaching and Counseling for Improved Performance
- >>> Leading Change



Answer these eight questions to determine if the time is right for an EOS in your organization:

- >>> Are employees clear on your organization's strategic direction?
- >>> Can employees clearly articulate the core values of your organization?
- >>> Do employees appear to be motivated and have high morale?
- >>> Do employees feel that their contribution is valued?
- >>> Do you have hard data to measure the progress of your organization?
- >>> Do employees feel that communication is good within your organization?
- >>> Does your performance review process effectively evaluate performance and motivate employees to do an even better job?
- >>> Are employees optimistic about the success of your organization?

Two ways to order:

Call 877.PBS.6468 (toll free) or 858.451.3601

Visit our websites, www.pbsconsulting.com, www.everyonenegotiates.com, www.peterstark.com

Five Keys to Survey Success

After surveying thousands of employees worldwide, we offer five keys to ensure a successful employee opinion survey (EOS).

1. COMMUNICATE RESULTS

Every client asks, “How much of the data should we share with employees?” The answer is easy. The Best-of-the-Best clients we work with share **all** the overall-company results with **every** employee. Garry Ridge, CEO of WD-40—an internationally recognized company that produces a product found in eight out of 10 American households—shares his philosophy: “The employees already know the results, which are based on the employees’ responses to the survey. The only people who might be surprised by the results are the managers.” Once the overall results have been communicated to all employees, each manager takes responsibility for communicating individual department data to his or her direct reports. Only when everyone is informed will everyone be empowered to make positive changes.

2. TAKE ACTION

To be successful, you must take action based on the survey results. John Campbell, the general manager of the La Jolla Beach & Tennis Club and the world-renowned Marine Room restaurant, explains his company’s strategy: “Each year, based on the results of the survey, we focus on three or four areas of

accountability. One year we focused on taking guest services to an even higher level. Another year we focused on shortening the time needed to solve problems that impact service or quality.” How will you know if progress is being made? According to Campbell, “The frontline employees will give you honest feedback and let you know if their department is on track in taking action to make improvements.”

3. INVOLVE BOTH MANAGERS AND EMPLOYEES

Tom White, the CEO of Hallmark Circuits, one of the nation’s leading manufacturers of printed circuit boards, attributes Hallmark’s success to getting employees involved in every level of planning and managing the business. White advises, “An action plan in which only the managers have ownership does not work. The greatest success comes when both the employees and managers have accountability for creating a great place to work.”

4. HOLD MANAGERS ACCOUNTABLE FOR DEPARTMENT RESULTS

Imagine that you are a CEO. In reviewing your organization’s survey results, you find an amazing disparity. One department rates your company in the Best-of-the-

Best category, while another department rates your organization as one of the worst. Why? The only variable is the supervisors and managers who are directly responsible for leading employees.

A lot of supervisors and managers do not like employee opinion surveys. They are not good at soliciting feedback and taking action based on the results. If they are forced to take part in a survey, they ignore the results.

But motivated employees are key to a successful organization. How do you attract—and keep—the best and the brightest? By holding your managers responsible for being great team leaders. Employees may come to your

“An action plan in which only the managers have ownership does not work. The greatest success comes when both the employees and managers have accountability for creating a great place to work.”

company because you have a job they are interested in or you offer a great compensation package. But they leave or stay with your organization because of the relationship they have with their immediate supervisor.

General Electric recognized the importance of managers who are great leaders. While under the direction of former CEO Jack Welch, GE became famous for developing a strong culture built on speed, simplicity and self-confidence. But inside this dynamic culture—along with an intense focus on being either number one or number two in each of

the industries in which the company competed—was also a deep concern for employees. The company was willing to “ditch” business leaders who were making their numbers but did not demonstrate an equal commitment to company values in their treatment of employees.

5. TAKE ACTION AND MEASURE RESULTS

A powerful misconception is that implementing changes based on an EOS is costly. Many actions are easy to implement and don’t cost a penny. For example, you may see value in communicating the monthly profit-and-loss statement to all employees and

providing each department with its own financials. This action does not have any cost associated with it, and the benefit of having each team member know exactly how his or her department is contributing to the company’s success is enormous.

Mike Neal, president and CEO of H.G. Fenton, tells us that his company broke an accepted industry standard when it gave each of its property managers profit-and-loss responsibility. “Although H.G. Fenton does not look at a property manager’s profit-and-loss statement line item by line item, it does hold managers accountable for their properties’ bottom-line results and financial success.”

In the Best-of-the-Best companies, seven out of 10 employees rate their organization as above average when compared to other companies they have worked for in the past. That is an impressive statistic, and research has clearly shown that employees who are happy with their relationship with their immediate supervisor and their company tend to be more committed, motivated and productive. <>

Making the Most of Your Employee Opinion Survey

- >>> Roll out results to all employees at a companywide meeting.
- >>> Give employees a list of the 10 highest-rated statements in the survey and proclaim your pride in these areas.
- >>> Give employees a list of the 10 lowest-rated statements and convey your commitment to addressing these areas and your desire to create an optimal working environment.
- >>> Hold a planning session with the management team to develop action steps for the lower-rated responses.
- >>> Have managers of departments create individual action plans detailing how they will address areas of concern.
- >>> Encourage managers to work together, coaching and offering support to each other.
- >>> Measure your success; set goals and chart your progress.
- >>> Celebrate success. Publicly tell employees about your enthusiasm for the progress made and your commitment to continuing the change efforts.

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Our services include:

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