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A Study of the Internal Restructuring of a Major Organization

Cynthia Diane Birkner

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This project deals with a study of the internal restructuring
of a major organization. It examines the process of restructuring
and how it is affected by the internal and external
factors.

A STUDY OF THE INTERNAL RESTRUCTURING OF A MAJOR ORGANIZATION

Chapter one reviews the history of good customer service and
establishes that, if done correctly, good customer service positions
a company for success. A key point is that good customer service
stems from a positive self image within the company, serving all
segments of the work force, and that this self image depends on
good internal communication dynamics.

Chapter two reviews the history of internal
communications and how it affects the quality of customer
service.

Chapter three focuses on two specific books that had a great
deal of influence on the project: *The Organization of the
Futures* by Edgar Schein and *Organizational Behavior* by
Richard L. Daft. These books provide a major perspective on being
"addictive" and their employees as being the "addicts". The
analogy compares organizational behavior to dysfunctional family
situations.

Chapter four discusses the internal restructuring process and
destructive behavior. It examines the internal communication
level of accommodation and how it is affected by the face of

**An Abstract Presented to the Faculty of the Graduate
School of Lindenwood College in Partial
Fulfillment of the Requirements for the
Degree of Master of Art**

1995

This project deals with a study of the internal restructuring of a major organization. It looks at customer service as a whole and how it is effected if internal communication is not at its very best.

Chapter one covers the basics of good customer service and establishes that, if done correctly, good customer service positions a company for success. A key point is that good customer service stems from a positive self image within the company, among all segments of the work force; and that this self image depends on good internal communications dynamics.

Chapter two reviews the literature of internal communications and how it can effect the outcomes of customer service.

Chapter three focuses on two specific books that had a great deal of influence on the project's results and conclusions of this project. One book is The Addictive Organization by Anne Wilson Schaef and Diane Fassel which views major corporations as being "addictive" and their employees as being the "addicts". The analogy compares organizational behavior to dysfunctional family situations involving codependency. In such situations, breaking self destructive behavior patterns is difficult, because a certain comfort level of accommodation has been reached even in the face of

suffering. This book provocatively develops the analogy, with destructive internal communications dynamics as the corporate "drug." Schaefer and Fassel's book helps in analyzing the symptoms of the problem.

The second book covered in chapter three, Performance Management by Aubrey C. Daniels, is more prescriptive. Daniels stresses managing people by measuring their performance while giving positive or negative feedback and setting goals along the way.

Chapter four shows the results from the research done in chapters one through three and applies them to the restructuring of Brown Group, a footwear company based in Clayton Missouri. The results form a plan that analyzes Brown Group the way that it is currently structured and restructures it into an organization that can run much more smoothly and productively.

Chapter five reveals the feedback that was given by the Director of Management and Staff Development at Brown Group. It covers the topics within chapter four that he did or did not agree with and his reasoning for each response. Chapter five also relates the plan to the discussions in the first three chapters.

A Culminating Project Presented to the Faculty of the Graduate
School of Lindenwood College in Partial
Fulfillment of the Requirements for the
Degree of Master of Art

COMMITTEE IN CHARGE OF CANDIDACY

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**A STUDY OF THE INTERNAL
RESTRUCTURING OF
A MAJOR ORGANIZATION**

**Cynthia Diane Birkner
Bachelor of Arts**

**A Culminating Project Presented to the Faculty of the Graduate
School of Lindenwood College in Partial
Fulfillment of the Requirements for the
Degree of Master of Art**

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DEDICATION

To my loving husband Kevin, my unborn son Brock and my favorite cat Mutt. Kevin for being my mentor and guiding me through these last few months. Brock for giving me something to look forward to (I can't wait to meet you). And Mutt for somehow always finding a comfortable spot in my lap during late nights at the computer.

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CHAPTER ONE: INTRODUCTION

Customer Service is a major preoccupation of contemporary business in an increasingly competitive business environment. This game has been around for a long time. Businesses have something to sell, and somewhere there is someone who wants to buy it. This may not always be enough. Customers are beginning to speak up and the companies are beginning to listen. In 1984, it became strictly a buyer's market, and the attitude of companies toward customer service has turned completely around (Weber 54). In my project, I will study these issues and develop them in an integrated fashion.

Serving customers - The two words cover so much. Answering questions. Solving problems. Untangling corporate log jams. Fixing what is broken and finding what is lost. Soothing the irate and reassuring the timid. And time after time, performing the business equivalent of pulling a rabbit out of a hat: matching people who do business with you with just the right products and services.

It was not that long ago that working in Customer Service was just about as thankless a job as a person could find. It seemed

to be a career path to nowhere in which fellow employees looked down their noses at these "low life" individuals.

That was then, and this is now. Beginning in the mid 1980's, professional business watchers began to notice something important on the Service front. They discovered that a few organizations that had dedicated themselves to working hard at giving their customers superior service were producing better results. These organizations grew faster and were more profitable than the organizations that were still working as hard as they could to give their customers as little as possible (Anderson vi).

Researchers also started to notice that successful service organizations had lower marketing costs, fewer upset customers, and more repeat business. They also found that good service had its own internal rewards such as lower employee turnover and absenteeism and higher morale and job satisfaction (Anderson vi).

The transformation from the way the businesses used to treat their customers to the way the customers would like the companies to treat them is not easy. The businesses that will succeed through this movement are those that are not only willing to re-evaluate their programs on how well they treat customers, but are also willing to begin by looking at how well they treat their employees.

"Employee relations equal customer relations. The two are inseparable" (Desatnick 16,81).

A satisfied customer is one who receives significant added value from a supplier, such as complete satisfaction, not just added products, services or systems (Hanan and Karp xxi). This added value is what makes a particular company stand out above the rest while it assures that the satisfied customer will continue to come back.

Satisfactory suppliers are the ones who give significant added value to a customer, not just added goods or services (Hanan and Karp xxi).

The first customer for which a company must achieve total customer satisfaction is the current core market. Satisfying these will accomplish two objectives: It will help the company hold on to its privileged status, and it will help the company to expand and extend its privilege. Hanan and Karp explain that because a company's core customers, the "growings," will always be the customer whose profits the company is growing, they will be the customer who will grow the company. They are natural growth partners. Their satisfaction is not only good for a business, but it is also absolutely necessary; without this customer, the company will inevitably fail to succeed (Hanan and Karp 3).

The risk of failing to satisfy a customer is that of unaffordable opportunity loss. The company will lose the opportunity to grow a customer whose business is the kind that can best grow that company. Costs of doing business will rise as the company is forced to invest in added sales costs to replace the customer (Hanan and Karp 3-4).

A second group of customers, the "growables," are a customer that a business is not currently growing but has the capability to do so. Some of these "growables" may be customers that the company has not gotten around to, or the company may be avoiding them not to confront the competition. "Growable" customers challenge a company's ability to spot the future winners among them and become each other's partners in growth (Hanan and Karp 4).

A company's growings and "growables" compose its target for total customer satisfaction. If the company is successful at satisfying them, it will not matter who else they satisfy (Hanan and Karp 4).

Changes in the rules of competition have thrown customers into complete disarray. As companies scramble to master new sets of basic skills and to find new formulas for success; customers often suffer. Competition among companies on service appears to

progress from features to cost to quality to service. With new products and services, competitors focus on other companies' features such as toll free numbers. Companies battle each other with "specsmanship," particularly in markets where product specifications matter the most (Davidow and Uttal 6,24).

With everything that a company tries to do to improve its customer service, it all boils down to one thing...the moment of truth. This moment of truth is a very powerful idea for helping the service businesses shift their points of view by putting themselves in the customer's shoes and thinking about that particular customer's experience (Albrecht and Zemke 31).

Everyone has a personal storehouse of memories of the moment of truth in their life experiences. They have experienced pretty bad moments when it seemed that people, or systems, almost went out of their way to be difficult or unhelpful which can often result in the customer feeling angry or possibly even insulted. In addition, they have had shining moments when they felt appreciated, cared for, cared about, and genuinely valued (Albrecht and Zemke 32).

From the point of view of the customer, they experience the moment of truth as an intensely personal experience. Most people will forgive system mistakes as long as there is someone there to

acknowledge their personal needs and make an effort to set things right. The concept of managing these moments of truth is the very essence of service management (Albrecht and Zemke 32).

Customers want a company's frontline people to be authorized to think. When a problem comes up that does not fit the procedure book, they want the service person to be able to go around the system and act on the customer's behalf. When this is not possible and the moments of truth go un-managed, the quality of service regresses to mediocrity. To service and prosper in a service industry requires differentiation. An effective service company must show evidence that it really does have something special to offer (Albrecht and Zemke 35).

It is not fair, however, to say that everything would be better if these corporations could train their people to act out superb customer service. It is important for these organizations to view their workers as human beings who have human feelings. They can not just be programmed to do a certain job, especially one that requires such human interaction. Attitudes can be communicated in verbal as well as non-verbal ways and the way that it is communicated to the employees has a lot to do with how these employees will communicate with the customer. Before the

company can press its employees to better serve the customer, it needs to evaluate how it is currently treating its employees.

For the past several months, U.S. companies have been slashing jobs by more than 2,600 per business day, a rate of 5% higher than in 1991, when the nation was still in recession. The management of restructuring, downsizing, or rightsizing has become a key leadership issue. When downsizing is poorly managed, the enterprise loses on many fronts: productivity, competitiveness, customer satisfaction, employee morale (Morovec 46).

Still, organizations have not yet learned how to downsize without creating a greater crisis tomorrow than the one that's making them downsize today. Following are ten common mistakes that companies can avoid:

1. Failure to set clear vision and goals.
2. Ignoring alternatives to downsizing.
3. Managing the transition poorly.
4. Inept handling of emotional factors.
5. Inadequate downsizing training.
6. Ignoring effects on other stakeholders.
7. Failure to adequately provide for displaced workers.
8. Failure to mobilize the strategic workforce.

9. Failure to evaluate results.

10. Failure to integrate downsizing into revitalization plans.

(Morovec 46).

The wise company remembers the past, is guided by possible futures, clearly perceives the present, and makes decisions based on group wisdom. Regarding downsizing as an integral part of revitalization brings the challenge into the light, where it can be managed with skill and sensitivity (The Economist 19).

There are legitimate worries about too much downsizing. Some middle managers were often important allies in the fight against anarchy and corruption. Workers who kept their jobs now feel overworked, undervalued and under threat. Downsized companies may lack the spare capacity they need to respond to economic upturns. Yet these arguments can be stretched too far. Firms have been slimming not as victims of managerial faddism but in response to market pressures. Information technology has allowed companies to bypass middle managers whose main role was often to collect and control information. Increased global competition has forced companies to slash labor costs, either by replacing men with machines, or by inventing more clever production processes (The Economist 19).

Even if a few companies display symptoms of being too thin, many more remain extremely fat, mainly in industries being revolutionized by new technology, or those where governments have encouraged artificial "job creation" (The Economist).

It could still be true however, that a few companies have made themselves dangerously thin. Some American managers have treated slimming as an end in itself, rather than as a means to corporate renewal. And they have failed to recognize that slimming brings costs as well as benefits. As European and Japanese companies in turn embark on some overdue downsizing, they should remember three American lessons:

The first is that if it is not done properly, downsizing can have a devastating impact on company morale, and on its ability to handle growth in demand. American companies are already complaining about labor shortages. Rehiring old workers is often impossible, because they have moved away or found new jobs. Training new recruits is expensive and time-consuming. Calling in outside contractors is also tricky; many are already working for a rival, and those who are free drive hard bargains. Some downsized workers who have set up small businesses are now having the delicious experience of holding former employers to ransom (The Economist 19).

The second lesson is that managers need to redesign companies as well as to shrink them. Many American workers are not just whining when they complain of "burnout". Although they were relieved to keep their jobs when times were bad, they now find themselves stretched to the limit. This downsizing is making it harder to supervise the wayward, motivate the ambitious and push forward the successful. Having scrapped middle management, some companies are having to offer employees gigantic promotions, or none at all (The Economist 20).

The third and most important lesson is that managers must link restructuring to a strategy for recovery. As well as cutting costs and "re-engineering" business processes, they need to ask what sort of business they will be in a decade. Strategic thinking fared badly in the recession. Downsized firms scrapped strategy departments; strategy consultants lost business to the re-engineers (The Economist 20).

As corporations restructure, they are forcing managers through one of the most harrowing stress tests in business history. It is more than just the pace of change that makes bosses feel pressed; it's what's happening where their business touches their lives every day. The sales and production quotas they have to meet go up relentlessly, but everything else about their careers seems

headed down: operating budgets, travel allowances, expense accounts, salary increases, and opportunities for promotion (Smith 44).

Most painful of all, managers who were trained to build are now being paid to tear down. They don't hire; they fire. They don't like the new mandate, but most have to understand that it's not going to change. That realization makes the daily routine different: Work no longer energizes; it drains (Smith 44).

David Noer, an expert in organizational behavior at the Center for Creative Leadership in Greensboro, North Carolina, calls the misery of those left clinging to the big fish "survivor sickness." No one knows for sure how many executives suffer from it. Companies that are aware of the problem in their midst are not eager to talk about it. But a striking increase in the number of disability claims for mental and nervous illness may be an indicator. UNUM Life Insurance, which writes more private disability policies than any other U.S. insurer, says the number of such claims it processed rose from 7.8% of its total in 1989 to 10.2% in 1993 (Smith 44).

Nothing...not overwork, not confusion, not lost perks, not apprehension...is as deadening to a manager's morale as firing subordinates. To do it once is traumatic enough, but subsequent dismissals wear down one's resilience. The American Management

Association's most recent survey of employment practices at 870 companies found that almost half had reduced their work forces from mid-1992 to mid-1993. For two-thirds of those companies, this was at least their second year of downsizing in a row (Smith 46).

In one particular case, a rapidly rising executive in a major communications company had been required to eliminate several thousand jobs a couple of years ago. It bothered him, but he soldiered on, putting in more hours at work. Last year he was promoted, and a month later he was asked to oversee the elimination of several thousand more positions. Within weeks of that new assignment he began losing his appetite and had trouble sleeping. Although he had never had difficulty making decisions before, he started to second-guess himself. Was he cutting the wrong jobs? Occasionally he began to cry spontaneously. One day he couldn't get out of bed (Smith 46).

With the help of medication and psychotherapy, this executive is back on the job. But the incident helped illuminate for his employer the depth of the crisis among the senior staff. Hundreds of managers have had to tell waves of subordinates they were finished. And they see no end to it (Smith 47).

One of the first things to go as the flame flickers is creative spirit. Dr. Gerald Kraines, Harvard Psychologist and CEO of Levinston Institute, says that managers undergoing prolonged threats react in one of several ways. They become hostile towards those around them or toward themselves, sometimes depression or they just try to impose strict control on everything within their jurisdiction. "All of those postures discouraged the easy flow of ideas, which is the basis of creative output," Kraines observes. Once this syndrome takes hold in an organization, the result can be a cadre of uptight managers with little energy or imagination (Smith 49).

What makes the waves of dismissals in recent years especially damaging is that so often workers have been fired not for cause but because their skills were no longer needed (Smith 49).

The question still remains as to why these companies are downsizing. By their own admission, it has to do with "profit." What can the company do with this profit? It can retain the earnings, use them to increase the capital base, and increase today's economic climate, with people losing jobs and having to cut back on their demand for goods and services, there is no sense in adding to capital because the market is not there for the existing products, let alone an additional amount (Haseltine 45).

The other direction is to increase the dividends paid to stockholders and keep them happy with a high level of earnings on their shares. This is a short road to destruction, and both the stockholders and those who run the companies have their heads stuck in the sand as they elect to follow this route (Haseltine 45).

It is important to examine the effects of downsizing on the economy. Assume it occurs in middle management, where the average salary is \$100,000 for the 5,000 people being released. This means the company is "saving" approximately \$500,000,000 by releasing these employees. That is certainly a great gain to the dividends of the stockholders, who welcome this extra money so they can invest in more stock (Haseltine 45).

In economic terms, the reason for business to expand and make a profit occurs when there is a demand for the goods they produce. The stock market operates on the emotions of those involved in it, rather than on the cool-headed approach to the bottom line of the companies involved. That bottom line should not be the amount of profit earned, it should be the level of sales of product. If that figure is going down or remaining steady while the price of stock is increasing, something wrong is going on in the stock market, because there is little action in the consumer market (Haseltine 46).

plan. In downsizing, those who have lost their jobs must cut their spending, and that reduces the demand for the goods and services of the downsizing companies. In the short run, profits are up and the stockholders are happy. In the longer run, though, where are the jobs for the workers who have been released if other companies also are downsizing and what is the long-term result of this action? (Haseltine 46)

Although both of these areas seem very different, together, they are very important in making the major companies of today run. If the internal atmosphere is not run correctly, the external atmosphere will suffer.

I will be focusing my plan on my current employer, Brown Group. Chapter two will involve reviewing literature that helps to prove my points as to how important employee morale is to help with customer service as well as give examples of major corporations that this way of doing business is truly working. Chapter three will focus on two pieces of literature that I have come across that have had a major impact on how I view these large corporations. Chapter four will be my own plan for Brown Group and chapter five will discuss a lot of my reasoning behind my plan and it will give the reaction of Mr. Rick Jouett, a gentleman who holds the position at Brown Group that I assume while creating my

plan, and what parts of my plan that he agrees with as well as the ones he feels that will not work and why.

Doing my research for this chapter, I found a lot of literature on either how to use my decisions for my own plan or to help me make my decision altogether. I plan to introduce each author, one at a time, by providing portions of their work that helped the most in my research.

The authors who offered me the most help were William Davidow and Ben Utzal, authors of the book *Food-Guestroom Services*. We agree that good service starts the most money by not having to replace lost customers. The cost of catching a new customer runs three to five times the cost of keeping an old one.

They go on to say that a great help in designing good service is to design where the product was produced to include the steps of providing the service and how close you want to be. (Davidow and Utzal 198).

I strongly agree that to design service is to give front-line workers a voice in the company. A good designer will give the customer a role in producing service, to provide a flexible service, to provide a substitute technology for costly labor. A service producer serves more effectively and more efficiently when the

CHAPTER TWO: REVIEW OF LITERATURE

Doing my research for this chapter, I found a lot of literature to either back me on my decisions for my own plan or to help me make my decision altogether. I plan to introduce each author, one at a time, by providing portions of their work that helped the most in my research.

The authors who offered me the most information were William Davidow and Bro Uttal, authors of the book *Total Customer Service*. We agree that good service saves the most money by not having to replace lost customers. The cost of catching a new customer runs three to five times the costs of keeping an old one.

They go on to say that a great help in designing good service, or the systems where the product was serviced, is to chart the steps of providing the service and how those steps work together (Davidow and Uttal 146).

I strongly agree that to design service is to give front-line workers a voice in the company. A good designer will give the customer a role in producing service, to provide a flexible service capacity, and to substitute technology for costly labor. A system produces service more effectively and more efficiently when the

customer participates as much as he can. Designing the best services to help with customer service is harder than designing a serviceable product, but the tasks are similar. In both cases the key is to pin point likely points of failure and provide for quick response and repair (Davidow and Uttal 135).

Good design for service emphasizes making the service system as flexible as it can be, this is done by giving it the ability to rearrange the workload as demand increases or decreases.

When the company has concluded what elements and quality it takes to make total customer satisfaction a reality, the company must then put this plan into action by using it "one on one" with the customer.

Total customer service is indeed the way of the future. Service leaders destroy service followers. Some rules that help to combine customer service to customer satisfaction are needed. With these rules, the company becomes one step closer to the perfect customer service leader.

Davidow and Uttal suggest to begin by choosing the failure points. One must get a clear understanding of how the core product or service can break down. He must pay special attention to the way in which customers may cause unexpected failures.

Then he can design the company's responses to failure so they will exceed customer expectations (Davidow and Uttal 155).

Next, they suggest to sign up the service staff. Only the people who have to fix products or compensate for failure know the real problems. These service people need to join the design team and let them participate as equals with team members from manufacturing and marketing. It is important for the company to not let pressures for attractive, low cost products, or elegant, high-priced ones, overwhelm the importance of designing products for service ability (Davidow and Uttal 155).

They encourage the employees to share the work. Producing outstanding services at reasonable cost is almost impossible without the help of customers and of laborsaving devices. Designers should get customers to co-produce and to do more of the work themselves while also taking every chance to incorporate diagnostic equipment into the core production service (Davidow and Uttal 155).

Davidow and Uttal observe that not every company follows these rules and that is unfortunate. They call this gap " tunnel vision". The managers in these companies take a narrow view of service and an even more narrow view of how to produce it. They run their organization to insulate themselves from customers

rather than to serve them. Instead of making customer service a top priority, these people shuffle the responsibility elsewhere (Davidow and Uttal 17).

Front line workers, "customer service representatives" or "consumer affairs professionals," have the mission to protect the company from angry customers. Their success is proven by how many complaints they receive and how cheaply they can deal with them. Find a company that shunts customers' problems to a customer service department, and you have probably found a company that provides poor service.

Davidow and Uttal state that measurement is needed to create quality customer service. In the absence of good measures, no company can make progress or adjust to changes in customer expectations. These are principles to measure systems that can help a company through this barrier (Davidow and Uttal 204).

They continue to say that most measures are designed by and for the company that uses them. They serve the needs of operations managers and administrations, not the needs of customers, and they ensure that front line workers will wear blinders. To avoid this, the company must make customer satisfaction measures an integral part of the system and check

constantly to see the process and product measures are aligned with what matters to the customer (Davidow and Uttal 205-206).

These two authors seem to sum it up when they state the obvious:

Forging the ultimate weapon calls for near-heroic belief, dedication, and effort. The job takes years to accomplish and costs millions of dollars. Since the elements of customer service form an organic whole, you have to work on them simultaneously, a far more difficult task than attacking each one in sequence.

And because a successful customer service program affects every person and every part of your business, driving to improve service means nothing less than driving to transform your corporation from top to bottom.

(Davidow and Uttal 217).

A good company wants its customers to complain. This is the only way that the company can find out what it is doing wrong. Once this has been considered, the company must then continue to reevaluate and then transform the company to keep this kind of chain reaction from occurring.

The first step in this transformation is reevaluating and regrouping the company's own employees. Many changes will be made and programs effected. If the company is not willing to start here, the program may fail. Unhappy employees lead to unhappy customers; it all turns full circle.

Robert Desatnick, author of *Keep The Customer*, talks mostly about the company's employees and how they should be placed within the company to better help the customer, how they should be trained, and how they should be evaluated. I found his information very useful.

Mr. Desatnick says that the company should first look at its working conditions. Its employees should have the best working environment possible. Whether it be clean rest rooms, adequate vending areas, or cold water fountains, it is all important when it comes to where a person works. Treating the lowest paid employees the way the highest paid employee would like to be treated is also a factor. Being treated as the "lowest person on the totem pole" often makes one perform like one (Desatnick 29).

He continues to say that job security is very important to every employee. "Loyalty on the part of the organization means that the work force is kept intact in bad times as well as good". The Japanese offer a lifetime job security. While it is unwise to copy the Japanese culture, companies could certainly learn a lot from them (Desatnick 32).

So that an employee does not disappear into his job description, Mr. Desatnick feels that it is important for employees to have goals set for them. An organization that sets high levels of

expectations for their employees will see them turn it into better results coming from those departments (Desatnick 32).

In his research, Mr. Desatnick observed that people want to get ahead. He found that the chance of advancement in the company gives the employees something to look forward to. When the employee quits, it is the customer who feels the impact through poor customer service (Desatnick 37).

He further believes that to achieve superior customer service, a business should first, train its employees to the high standards as defined and then continually audit their performance to identify any slippage (Desatnick 82).

According to Mr. Desatnick, a way of measuring the service that is given to the customers is to check the following:

1. Compare that company's market share with the competition.
2. Compare the sales growth of the individual company against the growth of the total market.
3. Compare the company in terms of operating results and earnings as a percentage of sales.
4. Check to see if the turnover within the company has increased, decreased, or stayed the same.
5. Measure the impact of service on return on investment, return on assets, earnings per share and how many new businesses have developed compared to lost business.

6. Find out what percent and how many dollars of the total budget are devoted to creating and maintaining superior service as compared with marketing and new sales.

1. They think complaining will not do any good. (Desatnick 116)

Perhaps one of the most interesting things that I ran across in Mr. Desatnick's book was his statistics on unhappy customers:

- * 98% of unhappy customers never complain.
- * 90% of these unhappy customers will not buy again.
- * Each of those unhappy customers will tell at least nine people.
- * 13% of those unhappy former customers will tell their stories to more than twenty people.

3. People feel embarrassed or uneasy. Most people do. (Desatnick)

Customer service starts with understanding what good service is from the customer's point of view: what is done, how it is done, how well it is done and providing that it can be done the same way again. It means not only creating a memorable experience for every customer but meeting expectations and satisfying needs in such a way that the company is seen as being easy to do business with.

Richard Whitley, author of *The Customer Driven Company*, says that because it is so important for companies to know how to handle these dissatisfied customers, it is important to know that

the fact is, they do not complain. Following are a few reasons that these customers do not complain:

1. They think complaining will not do any good. They think that most employees are not trained to handle complaints and that in most places a complaint will just get them a blank stare.
2. Complaining is difficult. The customer realizes that in order to communicate properly, they would have to find out the name of the person, who was his or her supervisor, look up the address, write a letter and then send it. The customer considers it too much work.
3. People feel awkward or pushy. Most people are uncomfortable when they complain. They don't like the way they feel when they complain.

(Whitley 48)

Once a company is able to address why these customers do not complain, it will be able to set a clearer vision for its employees to follow. A good vision leads to competitive advantage. This vision can be the most fundamental stimulant in empowering people to serve customers. Without it, employees have little inspiration to do their best, and lack the unifying ideas that help

the people in great organizations join their efforts to achieve seemingly impossible common goals.

Mr. Whitley says that a good way to define vision is to say that it is a vivid picture of an ambitious, desirable future state that is connected to the customer and is better in some important way than the current state (Whitley 26).

He feels that in order for leaders to shape a vision for their company, they must ask questions such as:

- What kind of company does it want to be?
- What will the company be like for its customers and its employees when the vision is achieved?
- What values are the most important to it?
- How does this vision represent the interests of its customers and values that are important to it?
- What place does each person have in this vision of the future?

(Whitley 27)

A vision has two vital functions. One is to serve as a source of inspiration, and the other is to guide decision making. A shared picture of what the company should be will foster independent action, wisdom, empowerment, and a willingness to take risks to do the thing that is perceived as right. In a swiftly changing

business world, organizations cannot afford to wait while decisions are being made by upper management. All employees need a clear vision as a guide in managing their own actions in a manner consistent with the company's goal (Whitley 29).

Whitley gives examples of two organization's visions that have inspired their employees:

- the "Golden Rule of L.L. Bean": Sell good merchandise at a reasonable profit, treat your customers like human beings, and they'll always come back for more.
- the motto that Ford Motor Company adopted in the 1980's: Quality is Job 1

(Whitley 29)

These two great visions state the corporate goal simply and their sponsors communicate their importance by repeating them frequently and applying them to every business situation.

Mr. Whitley expresses that a vision comes to life as it filters down through an organization. Every department and every individual should catch and adopt the corporate vision. They should create their own visions of how they will serve the customer and not only have it support management's vision but also express their own ideas in a way that goes along with their company's overall purpose (Whitley 30).

Aside from having an understandable vision. Karl Albrecht and Ron Zemke, authors of *Service America*, say that in order for a company to keep up with its competition, it also needs a service strategy. They state that a service strategy is a distinctive formula for delivering service. Such a strategy is keyed to a well-chosen benefit premise that is valuable to the customer and that establishes an effective competitive position (Albrecht and Zemke 64).

If this concept is sufficiently definitive and benefit-oriented, it can serve effectively as the basis of an advertising campaign, that is, as a public statement announcing to customers the company's desire to provide good products and service. It can also become a corporate statement emphasizing to every employee the importance of providing high-quality customer service and an explanation of exactly what quality service means (Albrecht and Zemke 65).

Albrecht and Zemke explain that an effective service strategy positions a company's service in the marketplace. It gives it a simplified way to present its message in a form that makes sense, has significance, and connects to a known buying need or motivational factor. This concept of positioning a service or a service organization in the marketplace, in the same sense as are positions of a physical product, is not new in the thinking of

executives, yet it is an idea that is catching on at a rapid speed (Albrecht and Zemke 65).

When a company has a clearly defined Service Strategy which is based on value to the customer, the advertising people can use their most creative and effective techniques to communicate that message to the marketplace (Albrecht and Zemke 67).

The second advantage is that it provides a unifying direction for the organization. It lets managers at all levels know what the business is all about, what key operational priorities are, and what they should be trying to accomplish (Albrecht and Zemke 67).

As a third advantage, it lets service personnel at the front line know what management expects of them and what is important in the organization. A distinct service strategy that has been well explained to all employees establishes the company belief that the service to the customer is the most important criterion to the company's success (Albrecht and Zemke 68).

An effective service strategy brings three important concepts into play: market research, the business mission, and the driving values of the organization. By combining these three fundamental thought processes, it is possible to evolve a meaningful approach to customer needs and expectations that will make a difference in the marketplace (Albrecht and Zemke 69).

Another important point that Albrecht and Zemke point out is a statement of the mission of the organization; for example, what is the company in business to do? This mission statement can take the form of a specific business charter or company policy statement that outlines the unique business proposition of the organization. It may be brief or extensive; this is largely a matter of personal preference among the company executives. In any case the mission statement should spell out your target market, the type of service offered to that market, and the distinctive means of approaching that market which the company will see (Albrecht and Zemke 69).

The third and final fundamental element of an effective service strategy as seen by Albrecht and Zemke is a set of clearly stated and well-publicized corporate principles, which are the beliefs and values of the organization. The creation of a sound set of corporate principles, especially principles about service, leads to a more creative approach to the business of providing service. This can often help to establish the competitive edge a company may need to win out over less service-oriented competition (Albrecht and Zemke 69).

If any of these three elements are missing, top management should try to put them in place. Trying to develop a service strategy without a clear understanding of the realities of the

marketplace, the real mission of the organization, or the driving values that top management wants to advocate can be a frustrating and unproductive experience.

Along with these goals, a company should put an incentive program into effect. Bill Kelley, who wrote the article *Five Companies that Do It Right and Make it Pay*, describes two companies that show how this way of thinking can work. Ryder Truck Rental has such a program. "Commitment to Excellence," was designed to rate the dealers and offer them incentives to improve customer service. Those employees scoring the highest points will get to go to an awards dinner where prizes are awarded. Those employees scoring extremely low will be put on probation or possibly even let go (Kelley 63).

Servicing the customer is a very stressful job so motivating the team can help put fun back into the atmosphere. Resort Condominiums International, in Indianapolis, Indiana, gives employees cash for certain things they do such as the first one to answer the phone may hear her boss on the line telling her to come to his office to collect \$25. This kind of rewarding is linking an award to a performance (Kelley 60).

On a whole, service in America is bad, but there is a growing body of evidence that can no longer be ignored. There are

companies, associates, and even governmental bodies that not only care about customer satisfaction but go to great lengths to provide it.

An explanation for poor customer service has to do with the image and ideas of working at a service job. Many people find it un-American to work at a job that requires one to "serve" others but yet they all have the desire to be "served". What it boils down to is the reality that people doing a job they view as beneath them generally do it poorly. As often as not, unfortunately, they take out their frustrations on those they are expected to serve.

Ron Zemke introduces us to three well-known companies known for their unique and divine customer service in his book *The Service Edge*. Their sales are skyrocketing, and it is the employees that make the difference.

A person visiting a Nordstrom Department Store for the first time may be a little surprised. Although the stock is pretty much the same clothes and shoes as other major department stores, it is the way the store is set up, stocked, and staffed that makes the difference. This design usually makes shopping easier and a more satisfying experience (Zemke 353).

Nordstrom sales associates walk the customer around the store to help her find her purchase, even if it means leaving their

specific department. Some associates recommend other department stores if they do not carry a particular product, and one associate walked a customer across the street to Macy's Department Store to help her find a dress (Zemke 354).

Federal Express's company motto is "People, Service, Profits" in that order. This attitude shows when one looks at some of the service performed by Federal Express employees. Employees have pulled victims from an airplane crash, hunted through thousands of packages to find an urgent mislabeled one, and spent off duty hours looking for a mystery address (Zemke 479).

Using sophisticated scanners, computer terminals, and on-line information systems, Federal Express drivers can manage their time and routes efficiently and accurately. Drivers can be made aware of overdue accounts and special delivery conditions. This system allows customers to find out where their packages are within thirty minutes. If Federal Express cannot find it in thirty minutes, it is delivered free (Zemke 479).

Xerox was not always known for its outstanding customer service, but in 1985, they launched a thorough restructuring of its various offices and buildings to focus on for customer satisfaction among all other sources of success. In 1986, it gained its market share for the first time in the decade (Zemke 505).

Xerox has improved its service to its customers by continuing to improve its product knowledge and technical training program. Any time a Xerox representative makes a service call, he or she is trained to do a number of additional diagnostic tests to spot developing problems and "nip them in the bud" (Zemke 506-507).

It is companies such as these that make us stop to take a closer look at the other companies around us. Their example of divine customer service is causing the competition to reevaluate its own internal structure in order to stay in the game.

Mack Hanan and Peter Karp state in their book *Customer Satisfaction* that businesses direct themselves toward two kinds of customers:

1. Business to business sales- a business supplier sells directly to a business customer. The customer may be an end-user or an intermediary, such as a dealer, distributor, or value added reseller.

2. Business to consumer sales- a business supplier sells directly to an individual consumer. The sale may be made indirectly through a retail channel or directly through telemarketing, mail order, or personal presentation at a customer's home or place of work.

(Hanan and Karp 10)

They go on to say that profit is the business customer's biggest concern. To satisfy these customers, a company must improve business profits by adding its own values to the values they already have (Hanan and Karp 11).

The consumer is to be handled somewhat differently; the value-to-price relationship of the company's product or services is highly important. Satisfaction is determined by the value between what the customer receives and what he pays to receive it (Hanan and Karp 14).

I completely agree with Mr. Hanan and Mr. Karp that in order to completely satisfy a customer's needs, the company must become "applications experts" in the customer's business. The company must know where to apply its products, how to apply them and most of all, know what dollar values result when their applications are added to its customers (Hanan and Karp 6). Once the company has taken on this responsibility, it will be able to provide better service for the customer.

I found that Tom Peters was able to give some informative advice as to how to handle a customer in his book *Thriving on Chaos*. He explains that good listening skills are one of the most important assets to a company's service. The listener should begin by getting out from behind the desk to where the customers are.

The listener should go further to construct settings to maximize "naive" listening and finally to provide quick feedback and act on what they hear (Peters 182).

Mr. Peters suggests to treat the customer as a foreigner. The customer probably cannot understand the language of the job so the service person should be patient and go slowly. The company has a disadvantage, it knows and may cherish its product. This blinds the company to why a person may hate or love its product. The customer sees the product with different eyes. "Education is not the answer", says Peters, "listening and adapting is" (Peters 189).

Mr. Peters brings up the point that a company should keep a list of its customer's phone numbers close by at all times and to make it a habit to call the customer. This should be done to see if they are having any problems or if they have any questions about anything having to do with the company. This approach builds a certain opinion for the customer of a company that cares (Peters 190).

Finally, Peters concludes that the agenda of American business is staggering. He suggests to pay greater attention to quality, design, fast-paced innovation, and the front line workers. Then add the need to assimilate revolutionary technologies and develop it into an internationalist. Top that with the need to

question the traditional organizational structure. Those who do not question it, and act decisively, will simply not be around for long (Peters 650).

This "new" way of doing business feels good. More importantly, it really does work. It is not adequate customer service that the customer wants but perfect customer service...service so superior that the customer will not be tempted to take their business anywhere else. It is important to know how the technologies of the future will play a major role in future customer satisfaction.

All of this, tied together, is what makes the major companies stay major companies. The question may arise as to whether all of this is worth it to a company. The answer is simple. Ask the companies that computer with Nordstrom, Federal Express, and Xerox. Ask the salesman who cannot get through the door because the customer knows the company has poor service. Then ask the chief executive forced to cut prices because his company's customer service is too bad to make a profit. The answer is, "yes".

People tend to do what they are told to do and what they are rewarded for doing. Unfortunately, they tend to do those things to exclude everything else. Unless a company will pick individual

measures very carefully and design a system that balances process, product and satisfaction, failure is a certainty.

The only way to get people's attention and positively affect their behavior toward customers is to make the measurement system matter. Tie them to compensation, both psychic and monetary. Back them by promoting managers who do well and help the ones who do not. Use feedback from customer surveys to develop and promote new processes, products and services. Eventually everyone will be persuaded.

An additive system is a closed system. It is considered closed because it offers no options such as roles, behaviors or perceptions for an individual to pursue. An additive system calls for additive behavior; it forces the person to think in an additive way (Follett and School 61).

In order to recognize such behavior, it is important to know the characteristics of additivity:

First is denial. This can prevent the employee from coming to terms with what is going on before his very eyes. By denial, the employee makes no contribution toward constructive change, but does feel secure in that he poses no threat to the organization, which adds to the disharmony system.

**CHAPTER THREE:
SELECTIVE REVIEW AND EVALUATION OF RESEARCH**

I think that perhaps the most influential book that I came across was one written by Anne Wilson Schaef and Diane Fassel titled *The Addictive Organization*. It is this book that made me see the big picture of what is happening in these organizations. (Being the child of a recovering alcoholic, myself, it hit me smack in the face). These employees stay with their companies because they have been caught up in all of the internal politics. They are "addicted" to the organization that they work for.

An addictive system is a closed system. It is considered closed because it offers no options such as roles, behaviors or perceptions for an individual to pursue. An addictive system calls for addictive behavior; it forces the person to think in an addictive way (Fassel and Schaef 61).

In order to recognize such behavior, it is important to know the characteristics of addiction:

First is denial. This can prevent the employee from coming to terms with what is going on before his very eyes. By denial, the employee makes no contribution toward constructive change, but can feel secure in that he poses no threat to the organization, which adds to the dishonest system.

Second is confusion. Every employee spends more time trying to figure out what is going on than doing his own work. This keeps the employees so busy that it makes them powerless to get what they desire out of the organization.

Third is self-centeredness. The employees feel the need to make themselves the center of the universe. Everything that happens to them is perceived as an assault on or an affirmation of the self.

Fourth is dishonesty. There are three levels of lying. First, the employees lie to themselves. Then they lie to the people around them. Finally, they lie to the whole world. A lot of employees feel that if they do not lie for the organization, they will not succeed.

Finally comes perfectionism. These "addicted" employees are obsessed with not being good enough, not doing enough, and not being able to be as perfect as the system defines perfect. The addictive system assumes that it is indeed possible to be this perfect. It expects the impossible from everyone (Fassel and Schaeff 62-64).

These organizations put their people through what is considered the "process of the promise." It takes them out of the present, asks them to devalue their experience and to focus on expectations. The promise draws them to the future while keeping

them out of touch with the present. This forces them to live their lives solely on expectations (Fassel and Schaefer 71).

Once we look at these organizations as being addictions and their employees as addicts, everything starts to make sense. The employees stay because they are not sure how to leave. They remain quiet because they are afraid to "rock the boat." Yet we continue to force these front line people to put on a happy front and act as if nothing is wrong. In time, they will inevitably crack.

Addicted employees tend to take on one of a number of "neurotic behaviors". For example, the compulsive type is a character of perfectionism who insists that others submit to their way of doing things. The paranoid addict is cold, rational, and unemotional while the dramatic type is given to self-dramatization and insists on drawing attention to himself. The depressive addict harbors feelings of guilt and inadequacy and has a diminished ability to think clearly while the schizoid tends to be detached, not involved and is estranged with a lack of interest in the future (Fassel and Schaefer 82). It is very important to be aware of these different behaviors and to be able to spot them throughout the organization before one begins to restructure it.

Along with these neurotic behaviors, the addicted employees tend to take on a certain role in the organization. (I will go into a

little detail on these roles because I will be mentioning them again in Chapter Four when I develop my restructuring of Brown Shoe Company.) One particular role is the hero. This individual looks after others and tries to be good and keep the monastery going. Then there are the scapegoats. They are the troublemakers who draw attention to themselves and away from the problem. The lost child tries to stay isolated from the trouble by creating a world of his own while feeling that he should not be included in what is happening around him. Finally, the mascot is the clown and jokester who tries to keep things light. Such an employee feels that things would be much better if only people did not take them so seriously. The jokester likes to take attention away from the problem and help people feel good, if only temporarily (Fassel and Schaefer 91).

I have described the addictive system in the individual and the organization as a closed system, a system that is turned in on itself. As it gets sicker, it becomes more rigid and dishonest. It uses denial to avoid seeing its reality. In fact, it creates its own reality and becomes powerless over the addictive process. Because it is a whole system, partial recovery is not possible, for it is not just a few bad habits we are facing but instead, a destructive world view that has taken over.

I would not be honest if I said that this critique of organizations represents a view shared by everyone. This is truthfully, a very controversial opinion but one that I feel very strongly about. An organization that is ready to face the prospect that it is operating like an active addict is probably positioning itself for the broadest and deepest changes that it has ever seen. These organizations must be willing to examine philosophy, mission, goals, structure, internal systems, and the very products that they make. They need to be open to seeing that the organization itself is a contaminating force in its own life and in the lives of the individuals in it and in its community.

I found *The Addictive Organization* to be so inspirational because it explains where the problems really lie within these major corporations. If they are not willing to take this long, painful look inside themselves, these companies will not survive.

The other book that I found helpful in my plan is *Performance Management* by Aubrey C. Daniels. Although this is more like textbook reading than pleasure reading, the information that it revealed was overwhelming. To summarize, Mr. Daniels ideas are, simply: Manage your people by measuring their performance while giving positive or negative feedback and setting

goals along the way. As simple as it sounds, there is a lot of work to be done in order for this approach to work effectively.

Performance management is a systematic, data-oriented approach to managing people at work that relies on positive reinforcement as the major way to maximizing performance. Although this process is familiar to businesses as a means of evaluating a change in a product or service, it is rarely used when making decisions about the way we deal with people (Daniels 4).

If this is such a positive thing, one may ask why all companies are not using Performance Management. There are four reasons: One is that most managers have still not heard of it. Second, most managers that have already heard of it think that they are already doing it. Third, other managers think that something so simple could not possibly help their problems. And four, the truly effective performance management requires major changes in the interacting at all levels of the organization and a commitment to making a continuous effort to maintaining these changes (Daniels 6).

According to Mr. Daniels, it is important to prove the value of this Performance Management. We must prove to these organizations that this program works. He listed seven reasons

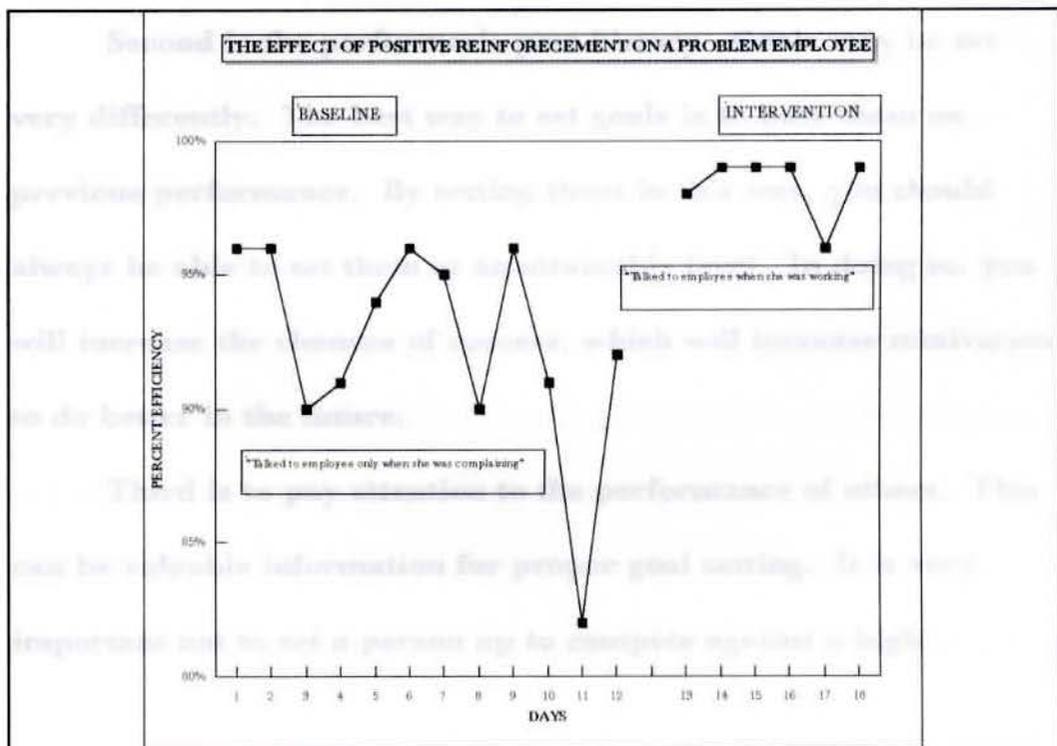
that outlined the value of Performance Management to business, industry, and government:

1. **It works.** Firms that use Performance Management have reported returns on investment ranging from 4 to 1 in the first year.
2. **It produces short-term as well as long-term results.** Because he can see the results almost immediately, it makes it more worth while for the manager.
3. **It requires no psychological background.** Performance Management accepts people as they are. It deals with the present so the managers do not have to pry into people's private lives to be able to manage them effectively.
4. **It is a system for measuring all kinds of performance.** The principles are applicable to behavior wherever it occurs. It applies to people, wherever they work and no matter what they do.
5. **It creates an enjoyable place in which to work.** If fun comes from doing the work, the management should be trying to see how to keep the fun rather than eliminate it.
6. **It can be used to enhance relationships at home and in the community.** It not only works on employees but the managers may find that it helps them deal with difficult problems at home as well.
7. **It is an open system.** There is nothing about this plan that is illegal, immoral, or unethical. There are so many positive reinforcements needed to sustain high levels of performance, high performance organizations teach these principles to everyone so that the employees at all levels of the organization can facilitate each other's performance.

(Daniels 6-10)

Behavioral consequences are events that follow behaviors and change the probability that they will occur again in the future. Consequences are the single most effective tool a manager has for increasing employee performance and improving the morale. The ineffective use of consequences has created and maintained poor performance and low morale. Providing appropriate consequences, however, has produced dramatic increases in the bottom line and employee satisfaction.

The following graph shows the results that took place when a manager simply changed his behavior to solve a problem that he had with an employee. He decided to talk and listen to her when she was working instead of waiting for her to complain on her own.



Complaining decreased to practically zero and productivity increased to maximum efficiency. Not to mention, their working relationship improved dramatically (Daniels 27).

It is hard for a lot of people to set goals for themselves when it comes to their work. In cases such as this, it is important for the manager to be able to set goals for them. In setting these goals, there are five major sources of helpful information:

One is the characteristics of the performance. One way of doing this is to observe how the person learns a new skill or changes a bad habit. In some situations, improvement is fast in the beginning and slow later on. In other situations, there is little obvious change in the beginning, but the improvement is rapid later on.

Second is the performer's past history. Goals may be set very differently. The best way to set goals is to base them on previous performance. By setting them in this way, you should always be able to set them at an attainable level. In doing so, you will increase the chances of success, which will increase motivation to do better in the future.

Third is to pay attention to the performance of others. This can be valuable information for proper goal setting. It is very important not to set a person up to compete against a high

performing employee; this can be very destructive. One could use this information as a guide however, to what is possible to aim for in the future.

Fourth, one must watch out for the existing industrially-engineered standards. Currently, the most common information used to set goals in business are budgets and industrially-engineered standards. These can often times be a negative reinforcer rather than a positive one. Another problem is that standards are oftentimes defined by the average performer. This causes the standards to be set, at best, at only a mediocre level of performance. The goal becomes a standard below what the actual desired one is. Standards are useful in setting up goals, but only when used as reference points for measuring success.

The fifth important source of information for setting goals is the participation by the performers. Most managers think that participation in setting goals produces a better goal. Much research on this subject shows that many variables determine the effectiveness of participation and that this type of goal setting is not necessary. If the performer does not have adequate knowledge or experience with the task, participation in goal setting should not be used. Participation can be used effectively in setting goals if the performers are knowledgeable enough to know what is realistically

attainable. An important thing to remember is that even if performers participate in setting a realistic goal, if there is no reinforcement for attainment, the goal still might not be reached.

I have learned through Mr. Daniels that Performance Management is indeed a viable approach to an effective work place. Once everyone realizes its effectiveness, there will be many improvements in its practice in the future. I will be applying this line of thinking in my ultimate plan for Brown Shoe Company but aside from that, I look forward to the world where this type of knowledge will result in a much more satisfying and productive working environment.

The next place that I need to work on is upper and middle management. It is these levels of people that the employees look to for guidance. If they look down or let up, that worry will come

CHAPTER FOUR: RESULTS

Brown Group has been and still is undergoing some major changes within its unsteady structure. 1994 was said to be the year of implementation but here we are, into 1995 and we still all face an uncertain future. From where I sit it is so easy to point out the failures and to preach on how things "should be." So for now, I will promote myself to a position where I can make any of the changes that I want.....

My first priority will be to concentrate on the internal communications at Brown Group, not only to keep all of the employees informed but to pull them all together to weave a web that touches every department and pulls them tighter together to form a strong and dependent team. I think the best place to start is with the President and the CEO. They too have been affected by the hard times that Brown Group has been through. I will need them to look at the changes that I am going to be making as a "new beginning" for them as well as the company. Without their backing, I will inevitably fail.

The next place that I need to work on is upper and middle management. It is these levels of people that the employees look to for guidance. If they look worn down or fed up, that wears off onto

their employees. I need to have this management on my side.

Without the backing from these two levels, I could also fail.

My final preparation before beginning my plan is to take a long hard look at the employees at Brown Group. I must take into consideration all they have been through, how much have all of the changes have affected them, and assess what their attitudes are around their work stations.

Then I must ask myself a series of very important questions...is it too late to fix what has been broken for so long; is it even possible to rebuild the internal morale or should I just give up on these battle scarred victims and start over? Should I find some way to gut the whole building, start over with new, fresh, more educated, less angry employees? And if I do, what guarantees do I have that the new employees will not end up in the same condition as the old ones: walking around in what seems to be a daze, no one caring or even daring to act as if they do? It seems that only time will answer that for me.

The first thing that I will do (however small it may seem) is change the titles of people from employees and managers to associates' and leaders. While this may not seem like a major move, I believe that it will improve "associates" morale and let them realize that this is not a company of layers and classes but

instead, a company of co-workers. My major goal is to make the employees happy. The majority of everyone's waking hours is spent at work. A company has an obligation to the people it employs to make that part of their lives a pleasant and happy one.

This line of thinking is not only important for the employees, it is also good for business. If an office is unhappy for one reason or another, its expenses will increase and this will cause time lost to office politics or worrying. If I can remove the stress, I will be able to cut turnover.

If a person feels trapped working in an addictive organization, it will make his job feel more like a problem than the pleasant experience that it should be. Brown Group and its employees show every sign of being an addictive organization but I think that it will be somewhat difficult for me to convince the upper management to share my views on that.

I will have a meeting with the senior management, mainly the CEO, The President and the Vice President. I will give an example of an addictive system, I will show them characteristics of this addiction and how they relate to our current organization: For example the confusion that everyone is facing as we wonder where the company will be this same time next year; the self-centeredness of the upper management who know a lot of the

answers that the associates are searching for but they sit back and keep them to themselves; the dishonesty of the organization as a whole such as never admitting to what are obvious problems. And finally perfectionism: the desire for everyone to be perfect at what he or she does; the reality of the fact that not only does everyone expect themselves to be perfect but also how the organization as a whole expects its people to be perfect. Once I was sure that they agreed with me, I would continue to go forward.

I still come back to a very valid question: am I sure that these present employees will be able to take me to where I want to go within the organization? So I am forced to make a very brave proposal: offer them the opportunity to be laid off.

employment will be

B. Brown Group is asking any employee who is interested, to remain an employee and take the journey into an entirely new way of doing business. Anyone choosing this option is thereby dedicating himself to the best recovery of Brown Group Incorporated.

Sincerely,

Office Personnel

My proposal will look something like this:

To: All Employees

From: Office Personnel

Brown Group offers all of its employees two options. It is our hope that you make the choice that best benefits you as well as the organization. Please mark which option you select and return this form to office personnel within two weeks.

Please Circle A or B:

A. Brown Group is offering a two month severance package, access to the placement center and the forfeiture of all debts (tuition) to any employee who chooses to leave the organization. Anyone choosing this option will be notified as to when his last day of employment will be.

B. Brown Group is asking any employee who is interested, to remain an employee and take the journey into an entirely new way of doing business. Anyone choosing this option is thereby dedicating himself to the fast recovery of Brown Group Incorporated.

Sincerely,

Office Personnel

Although I know that there are no guarantees, I truly believe that we will not have entire departments taking the option to be laid off. I feel that by offering the employees these options, we will be letting the unhappy employees single themselves out and the employees who choose to stay will be making a commitment to the company and to the proposed changes by accepting its offer to stay. With these commitments, I will feel comfortable going forward with the plan.

My plan has to be well thought out. It cannot be some "quick recovery" or it will most likely fail as fast as it came about. I need a plan that teaches continuing recovery and one that brings in new positive people to help lift the spirits of the ones currently there.

The best time to start this positive thinking is at the very beginning of the employee's career at Brown Group. In fact, it should truly start at the interview. I plan to urge the managers of each department to interview its prospective associates in a way that they may have never been interviewed before.

For key positions, have the managers do the interviewing outside the office. For example go for a ride with the job candidate to see how he or she gets around in traffic; have the interviewee and his or her spouse over for dinner; putting prospective

employees in situations like this can help the person doing the interviewing learn a lot about the individual.

At lower levels the ideas begin with the ad. An ad could read something like "We're not offering you a job, we're offering you a lifestyle." This will trigger something in a certain type of individual and will draw them towards the job. Next will come the telephone interviews and personnel interviews, that should average three or four hours in all. No matter which department is doing the hiring, all candidates will be screened by someone in the human resources department.

If you think about it, not many people join a company with a bad attitude; companies instill bad attitudes in people. Think of the gleam you see in people's eyes on the first day of work. If I can maintain that gleam throughout the associates' careers, my company is having a positive effect on their lives.

The first two days are the most important days of someone's career. In most companies these days are spent filling out forms. These employees are excited to come into the company, meet new people, and see new things so the last thing that I want to do is hand them a pile of forms to fill out. There will be plenty of time for that later.

My plan will be a two day orientation of role playing. I will do this by having the new associate talk about the last negative service experience and act it out in a group. Over the next few days we will take these bad experiences and turn them around through role playing and show how they could have been a good or perhaps even a great experience.

On the second day of orientation, I will have the CEO and a few other officers join the new associates in a breakfast meeting. I will suggest that they talk about the values that are important to them and what in their minds has made the company successful. This will be a good way for the "big wigs" to meet all of the new arrivals and to show them how excited they are that they have chosen Brown Group as a career move. This will also help eliminate the generation gap. New associates have new needs, new expectations, and the company needs to change in response to these needs.

The next step is the training. I would like to have the training range from two to eight weeks, depending on the person's level of experience. A lot of the people may leave during this period or perhaps even be asked to leave but this is the best time for both the company and the new associate to decide if this is the right choice. This is when they must buy in or buy out.

The most important thing is for the associates to have fun. This will relieve boredom, maintain people's enthusiasm and keep them happy. Picnic Days in the spring would be a nice touch. I will plan an Associate Appreciation Month with a different treat to be given away every day. I will have an Associate of the Day program where each associate will be invited to schedule a day with anyone in the company who they would like to observe at work. I will set up a trade-show booth once a year so that the associates can chart where they would like to be with the company in the future. This will give the associates the opportunity to show their leaders where they see themselves a few years down the road.

I think that an incentive plan is very important. I would like to set up a plan with the President of Brown Group to give each associate a base salary, and then depending on the number of flawless assignments they complete, (depending on the job), they begin to scale up their compensation. For example, a person whose job it is to key in order's. Work would be checked on a monthly basis and his bonuses would reflect the amount of mistakes that were found. This will cause the associates to do things right the first time so that the company will need fewer people. Turnover will decline because people will be making more money so hiring and training costs will go down as well.

One way to implement this plan is to take the current culture of "divisions" and break them up into "teams." For example, have a team consist of one credit person, a salesman, one service representative, a clerical person and a team leader, all sharing one territory. Everyone on the team will be on the same level (except the team leader who will be the supervisor over the team) and will make the same amount of money. These associates will all sit in the same location so that everything having to do with that particular territory will be together. Each associate will be cross trained to be able to answer the other team member's phone. A credit person will be able to take an order or check the status of an existing order; while a service representative will be able to check an account's credit disposition and discuss it with him freely. The clerical person will obviously do more clerical work but working with the broad concerns of the team will enable her to hold her own if she is forced into a certain situation on the telephone.

The team will have a reasonable shipping goal to meet each quarter and when it is reached, each member will receive a substantial bonus that is the same as his/her co-workers.

However, the team will also have a budget that it must follow. If this number is exceeded, the bonus will be in jeopardy. These

figures will depend on the size of the territory that the team is assigned. For example:

The Naturalizer concept business is approximately \$30 million of Brown Group's overall business. Let's say that a team is assigned one third of that business, so its territory covers \$10 million dollars of the company's shipments. This team will be allowed to offer approximately 1 1/2% of sales to cover any allowances or returns on defective, damaged or poor fitting merchandise as well as situations of an account being overbought or any errors in shipments. The team will also be allowed to offer 4% of sales for cancellations in situations of an account being overbought or any credit problems that may arise. Another 1% will be allowed to the team to cover advertising. These advertising dollars may be used in the co-op dollars that the accounts accumulated the year before or the company may offer some competitive necessity dollars in order to help a store be more competitive in his market. Therefore, the team's budget will be set at \$54 thousand a month.

The bonus that I intend to offer will be 10% of the team's overall sales increase. If the team's territory sees no increase, there will be no bonuses given regardless of how much of their budget was spent. If there is a substantial sales increase and the

team exceeds its budget, they will lose the percent exceeded of the bonus money. If they save a percentage of the budget, it is likely that that percentage will be added to the bonus.

If the team is unable to reach the goal, it is up to them as a team to pull together and find from where the problem came. Such a process will cause the manufacturing side of the business to take a closer look at the merchandise that they are sending out because if a team misses a bonus due to a defective or poor fitting shoe, the manufacturers will be the ones who will have to hear about it. The same goes for the merchandiser: if he continually delivers late shoes to the stores and the teams are the ones who have to suffer because of it, they will force him to keep a closer watch on his factories and deliveries. In either case, the team wins and so does the customer.

Using a bonus as positive reinforcement is a wonderful way to give the employees "a piece of the pie." It is also a great way to make the team members feel the burn of an unproductive quarter. Both immediate positive and negative reinforcements are a great way to let the employees at Brown Group know that they have truly been a part of the company's year end results.

It will be up to the team leaders to build themselves a strong team. They must study their personalities and working styles. It is

important to consider how each team member will compliment each other in order to be able to work well together. Since I view Brown Group as an addictive organization, I feel that the perfect team may be set up with the following personalities(since these traits already exist in the organization, it would be wise to team them together in a way that will best benefit the company)

The salesman and the service representative should be the heroes. This will be a huge plus because it is these two members who basically have the voice and ears of the company and it is up to them to set the mood of the team. They have constant contact with the customers so they will be able to keep the team up to date as to how things are going out in their territory.

The credit person should be the scapegoat. It is important that whenever possible, the heat be taken off the service representative because it is necessary for the accounts and the service representative to have a warm, friendly relationship. The credit person holds a different relationship by keeping in touch with the accounts over billing and past due bills so he should be able to cross over between hero and scapegoat whenever necessary.

The clerical person could easily be the mascot. This would not create a problem because the clerical person will not be dealing one on one with the customer. If this person has a good sense of

humor, he or she would be a great asset to the team for helping lighten up an otherwise uptight situation.

More than one hero or scapegoat on a team, though, can be damaging. This case of two heroes is alright because one of them, the salesman, is out in the field. An equal amount of each type can make the team run much smoother. The team leader will find that there is no room whatsoever on his team for a lost child. The isolated tendencies of this lost child have no part to play in the success of a team; therefore, they need not be invited.

In this type of industry it is axiomatic that the customer should always come first. I do not believe that our customers should come first unless our associates also come first. If we have happy associates, they will be able to do a better job which will in turn help make our customers happy.

Brown Group is made up of a lot of people spread out in a lot of different departments. After talking to a few associates, I have learned that not everyone knows exactly what it is that we as a company strive for every year. They just come to work on a daily basis and follow their job descriptions without any idea as to what results from their actions. In the big picture, I plan to change that. First of all, I will need to learn for myself what each department

does and be able to put it in an organizational chart to show where it falls in the process chain.

After I feel comfortable with what I have learned, I will join the committee to help write the company mission statement. It should be short but very powerful. Long mission statements seem to lose a lot of the wording that is in the middle so all that is remembered is the beginning and the end. After the mission statement has been finalized, I will plan a formal ceremony to roll it out to the employees. At that time I tell them my plan to let each individual department write their own mission statement. The purpose of this exercise is for them to tell what it is that their department will do to help the company accomplish what it promises in its own mission statement. I will begin by giving each leader a small briefing as to exactly what it is that we are looking for and give him guidelines on how to write a mission statement. I will plan to meet with each department at least once during this process to see that things are going smoothly and I must make sure that I am available at any time in case a leader may need some further instruction. I do not, however, want them to feel as though I am looking over their shoulders. It is very important that they look at this as a project for themselves, one they have an ownership stake in.

Once the mission statements are complete and acceptable, I will have them made into an attractive plaque to be hung outside each division/team's work area. I like this idea because it will be very informative for the associates, a constant reinforcement of values and purpose. My ideal plan will be for the company mission statement to be presented in the front lobby so that the visitors can see it and most importantly, the associates will see it on a daily basis and will be reminded what it is that we as a company are working toward. The mission statement located outside each department/team will be there for two reasons. One, so that the associates that work in the department/team will also be reminded what his personal responsibilities are to help the company toward reaching its own mission statement. The second reason, and perhaps the more important, is so that anyone else in the company who never knew what each division did for the company will be able to read its mission statement and will better understand what it contributes.

The next phase in my plan is a very important one. This phase lets every associate, no matter what department, see and understand the monthly and yearly results. I will print monthly newsletters letting everyone know what our goals are for the month. At the end of each month I will print another newsletter letting

them know how close we came either under or over our projected goal. It is very important to keep all of the associates involved in the progress, or failure for that matter, so that they may understand the rise and fall of the company's stock.

On an individual basis with each department, I would like to print even more intensive results. It is not only the team members that help the company reach its goals but it is everyone in the company. From the people who sell the shoes, to the people who enter the orders, to the people who collect the money, I plan to show each division exactly what their actions contributed toward the company's yearly results.

The following pages will give examples of how I plan to communicate with these departments:

Thanks for a job well done,

President of Brown Group

MIS DEPARTMENT: THE CENTER

During the month of February, you maintained the thirteen active customer service databases in Naturalizer, nine in Connie, and six in Lifestride. You implemented the new order processing system which provided quicker turnaround of the incoming orders. You successfully followed through on 168 "help" phone calls from employees having problems with their PC's and mainframes. Because of your hard work, the company was able to reach its outstanding goal of 1,674,421 pairs shipped this month.

Thanks for a job well done,

President of Brown Group

ORDER ENTRY/PHONE CENTER:

During the month of February, you keyed in 20,000 pairs of Connie shoes, 13,000 pairs of Lifestride shoes and 50,000 pairs of Naturalizer shoes. You show a recorded average of 100 fill in orders and 150 special orders taken on a daily basis. Thanks to all of your hard work we were able to allocate the required 230,000 pair of shoes that we needed to stay ahead. Have a good weekend, you deserve it!

Kindest Regards,

President of Brown Group

CREDIT DEPARTMENT:

In the month of February your department as a whole collected \$1,236,589 of the large sum of money that is owed to us by our retailers. Your constant mediating between the accounts and their sales reps has made us all aware of the growing problems that you face on a daily basis. You credit approved 30,000 pair of shoes that we were able to allocate during the same week. Thanks to all of your hard work we were able to ship the required 1,672,421 pair of shoes that we needed to make our month.

Good Job!!

Sincerely,

President of Brown Group

By giving these departments "that a boys" such as these, perhaps these battle scarred employees will be able to relocate their lost souls and will be able to go forward with a brighter attitude as to what it is that results from their day to day activities. It is my most precious plan to keep them informed.

I am a firm believer in positive and negative reinforcement. It is up to the associate's leader to give the associate this reinforcement immediately after the action has taken place.

Currently, Brown Group gives its reviews once a year and it is here that the leader brings out all of the good as well as the bad things that have taken place throughout the year. I plan to change this by suggesting that the positive and negative reinforcement take place immediately so that the associate will have no question as to what action the leader is referring. With reviews two times a year and bonuses every quarter, the associate will have no question as to how well he or she is doing.

I am also an advocate of accountability. The structure in Brown Group cushions its lower levels and lets the management levels take the blows for their associate's mistakes. In my new structure, every single associate will be held accountable for his or her own mistakes. I feel that this will not only make the associate more aware of what results from a clumsy error as well as the fact

that the associates will then start double checking their work to avoid an error down the road.

My biggest responsibility will be to keep an eye on the internal morale. I must try my best to always be available in case someone has a concern that he/she feels must be discussed with me. I want to be able to call employees into my office at random for a personal conference, just to ask how their week has been going or to see what kind of problems they feel need to be addressed. The important thing will be to follow up on all of the things that these employees bring to my attention or else the trust will never be there for me to go forward.

I want each employee to truly believe that I will try my best to be available to him when he needs to talk about something. The open door policy is alive in a lot of companies, yet the employees still feel intimidated to cross the threshold into the office.

I think that it will be important to set up seminars so that the employees will have the opportunity to hear a person with relevant experience speak about things that may help the employees to better understand what is happening in their company as well as inside themselves. To help this happen, I would like to give each associate the opportunity to hear Anne Wilson Schaefer and Diane Fassel speak on how to recover from an addictive organization; or

even Stephen Covey on the seven habits of highly effective people. Speakers such as these can help to establish credibility and trust by showing that the company is "admitting" the nature of its errors of the past and that it is indeed serious about the new direction we are trying to go.

I would make these seminars mandatory because I am that sure that most of the people there would go away with a little better feeling about themselves and maybe even the company.

Also, throughout the year, I would have some different styles of speakers come in and make these seminars available to the employees who might be interested. These speakers will be people like Thomas Moore on care of the soul or Deborah Tanner on men and women in conversation. I would not feel right making this type of seminar mandatory because even though I felt that I got a lot out of the books, I cannot force this style of thinking on the employees at Brown Group; the best I can do is to suggest it.

The final stage of my plan is to ask how I am doing. If my efforts are not responded to with open enthusiasm (after allowing them a period of predictably rocky adaptation), all of my efforts will have been for nothing. I will send out surveys (anonymous of course) to get the reactions from the associates. If I run across one with unfavorable results I will be forced to take another look at how

my plans are coming across. I will keep the offer that my door is always open for any criticisms or ideas, and it will be my goal to make everyone feel welcome. I will not rest until I am sure that they do.

I am confident that with this plan, I will be able to change a lot of the negative feelings and behaviors that exist inside of Brown Group. We will not be able to better serve our customers until we, as a company, better serve our associates. Once the associates are happy, I truly feel that the customers will soon follow suit.

**CHAPTER FIVE:
DISCUSSION**

I am very pleased with the way that my plan unfolded as I developed my chapter on results. I made a lot of assumptions during the process, but I felt that was necessary in order to go forward with the plan. It is true that there is the possibility that I may be "shot down" from upper management at any level of my plan but I had to put myself in a high enough role and "assume" that the management would be willing to go along with all levels of my plan. I feel that this assumption was necessary because all management styles are different and without it, my plan would still be lodged in its first phase.

My plan touched on many of different areas in the organization instead of focusing on one specific area. I chose to do this because I feel that it is necessary to focus on these different areas in order to address Brown Group's problems comprehensively and holistically. I believe that such a comprehensive approach is the best way to achieve the goal of making it run more smoothly as a whole.

At work I sit in a cube with three other women and throughout my chapter on results I found myself bouncing ideas off of them to see if they agreed or disagreed with some of my plans.

After the chapter was completed, I took it to Mr. Rick Jouett who holds the position of Director of Management and Staff Development. Mr. Jouett holds the position that I assumed in writing Chapter Four so I felt it was necessary to have him read my plan and give me the appropriate feedback. I will discuss what Mr. Jouett's reactions were to my plan as well as those of the employees around me.

The first thing that Mr. Jouett pointed out was how childish it sounds when I say "to make the employees happy." After some discussion, we agreed that it is impossible to make everyone "happy" and that maybe the word that describes the environment that I am reaching for most is "satisfied." While this is simply a discussion on my word choice, it is important to notice the different shading of meaning that is related with each word. The term "satisfied" changes the idea from a lot of happy, giddie employees to ones that are in a position that they feel both challenged, rewarded and fulfilled in the work that they do; I accept Mr. Jouett's challenge in this instance because "satisfaction" is central to the employee that I am wanting to develop.

The next point that we discussed was a difficult one: layoffs. On page fifty-three, I ponder the question "am I sure that these present employees will be able to take me to where I want to go

within the organization?" Mr. Jouett asked me how it was that I could determine this. My response was simply that my layoff plan should weed out the uninterested employees by giving them the chance to either buy in or buy out of the organization. Those wishing to buy out will be able to do so by accepting the two months severance package and access to the company placement center to help them find employment elsewhere. Mr. Jouett's response was that this was a very brave move and he left it at that.

I thought that we would have gotten into a more heated discussion than that and I came to the meeting armed for battle, but his simple response was what threw me off guard. I could not tell if he was avoiding the topic because the layoffs presently taking place at Brown Group make the subject a volatile issue that is painful for him to discuss or if he was just letting it go for the sake of my thesis. Whatever the reason, the subject was dropped.

I did decide, however, to discuss this lay off plan with my co-workers. After all, it is the people at this level that I would be directing my plan towards so I felt that it was necessary to get their feedback. I went into these discussions with certain expectations of the types of responses I would get from the four individuals with whom I discussed the plan: One I assumed would definitely buy into the organization and would want to stay. One I guessed would

take the layoff because she would not be pleased with the new ways of the organization. Another has been with Brown Group for many years and loves her job but she does not roll very well with the "new age" changes that are taking place, so I thought she would probably dislike my plan because of all of the changes that take place within it. And the fourth is a very bright individual who is finishing her education at Brown's expense so I guessed that she would buy out so that she could get out from under the debt that she owes the company.

As I explained my plan I could see their curiosity rising. When I got to the layoff part they were, surprisingly, very supportive. They all agreed that this would be the only way to get the "bad eggs" to buy out and while I did not ask them what they would do in this type of situation, I could tell that they were all seriously thinking about it. After hearing the responses of the workers that would be affected in my layoff plan, I feel even more strongly that this is the only solution for deciding which employees can take the company forward; you simply leave the decision up to the employees themselves.

I have a paragraph on page fifty-five that discusses interviewing people for key positions outside the office. I gave examples of seeing how they get around in traffic, or throwing a

basketball around to see how aggressive the person can be. Mr. Jouett called this idea useless; he stated that doing this type of interviewing does not really tell the interviewer anything of importance about the person being interviewed and that it would be a waste of time for both the person doing the interviewing as well as the person being interviewed. I did not argue with Mr. Jouett on this point because it was just a small portion of my interviewing process and I respect the validity of Mr. Jouett's opinion. Perhaps I would instead, making this particular exercise simply an option for placing greater emphasis on a situational question interview. One can learn a lot about a prospective employee by asking him questions putting him in a certain leadership position and seeing how he would perform.

One small topic that we discussed on the bottom of page fifty-eight is the one on basing one's monthly bonuses to reflect the amount of mistakes that an employee makes. Mr. Jouett's critique is, why wouldn't I want the bonuses to reflect the amount of accuracy instead of mistakes. This made me have to think for a moment. At first I was not sure if there was that big of a difference between measuring mistakes versus accuracy but the more I thought about it, the more Mr. Jouett's idea made sense. It is much more rewarding to measure what a person does well instead

of not rewarding a person for what he does not do. There is such a fine line between the two that the difference can easily go by unnoticed, but I have to agree with Mr. Jouett that in a rewarding plan such as this, it would be a more positive move to reward for the person's accuracy.

The last thing that Mr. Jouett and I discussed about my plan was the section where I discuss how to place addictive personalities into a team environment. Mr. Jouett asked the question, "why do you want addictive personalities in your teams at all?" My response was simply that if you think about it, we all know people that fit into one of these personality types; whether it be a friend, family member or co-worker. These personalities develop more as a result of social conditioning and most of the time, you will find the same personality types grouped together. In the working field, however, these personality types are thrown together to reach a prospective goal. The important thing is that the person responsible for building a team use these personalities to his and the team's advantage. For example, you would not want a team made up of all scapegoats; nothing would ever get accomplished. On the other hand, if you built a team of all heroes, there would more than likely be a lot of competition among the members and nothing would be accomplished there either. The reality is that

these personality types are going to be there whether we like it or not. The key is to evaluate them and put them together in a combination and context that will make them perform at their most productive level. After some intense discussion, Mr. Jouett agreed with me.

I have served on many committees with Mr. Jouett, therefore, we have built somewhat of a mutual working friendship. With that in mind, I was still very nervous about our meeting over my thesis and I did not feel much better after it was over. This has been a very busy time for Mr. Jouett and I could not help but get the feeling that he was just helping me with my "homework" rather than really considering my plan as one directed for the company. He is in the middle of re-designing Brown Group with his own plan and it is more than likely too late in the game to adopt any of my plans. I can tell that he is impressed that I am getting my Masters Degree because I am the only one in my position who will have one. The fact that he has helped me with my final thesis I am sure both flattered him as well as let him see the work that I have done to get my degree. There will be some new positions becoming available in the next few months developing from Mr. Jouett's plan. I am confident that this will help me get one of those positions, but I do not see any part of my plan being implemented into any part

of his plan. While this specific plan may not work for Brown Group yet, I will keep it in mind, open to revision and note any effective features of Mr. Jouett's plan that might further my thinking. My ultimate goal is to have Mr. Jouett's job, if not at Brown Group, perhaps some other company. Then I will finally be in a position to have my voice heard and responded to.

Once the plan is set, I know that is not enough. As I stated in chapter four, it is very important to always re-evaluate the work that has been set out before me. If at any time, I see that something does not appear to be working, it is time to take another look at what is taking place.

Since my overall goal is to please the customers of Brown Group, the obvious thing to do would be to send out surveys to the accounts to see if they think that the new structure inside Brown Group has influenced their business in any way: do their shipments arrive on a more timely basis, does the service team have more of the answers than they did in previous years, and does the internal morale as a whole overflow at all to the people that we are doing business with? If I do not find all of this to be true, I have more work to do.

Once these teams are picked, it is important to continually train the associates so that we do not get stuck "back in time"

again. We must keep on top of the current trends in training, software, and morale boosting activities so that we do not lose the interest of our new prize associates.

We cannot just look at today. We have to continually look towards the future in order to keep our organizations alive in this competitive world. Once that has been established, it is time to get started, there is a lot of work to be done.

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