How to Get Ideal Employee Behaviors: an ISE Perspective

Webinar Leaders

D. Scott Sink, ISE @ OSU

Laura Czuba, Sr. Manager, Business Applications, Salo Solutions

4 June 2019
Agenda

12:00  Scott tee-up and framing
   • Foundational Theories of Motivation (Industrial Psychology 401)
   • Competency Development
   • Habits
   • Employee Value Exchange Optimization (Stakeholder Value Exchange Management 601)

12:15  Laura—case study from Interim Healthcare

12:45  Q&A/Dialogue

12:55  Scott Close-out

This Webinar is provided in partnership with the following IISE ‘affinity groups’:

• The Michigan and Louisville Chapters
• The Industrial Advisory Board
• The Young Professionals Group
• The Society for Engineering and Management Systems
• The Society for Health Systems
• The Council on Industrial and Systems Engineering
• And, the Industry Practitioner Track Program Committee for the Annual IISE Conference, New Orleans 2020.
13 June—Chapter #1 Annual Virtual Meeting

9 July—Operational Analytics: ideas on how to sustain visible measurement systems

13 Aug—Virtual Mentoring: Career Choicepoint learnings, lessons, tips from Senior ISE Leaders

27 Aug—The next 7 Habits of Highly Effective Young (ISE) Professionals

10 Sept—Winners Presentations from the IISE Outstanding Capstone Sr. Design Projects from 2018-19

1 Oct—Being Successful as a “Covert” ISE

29 Oct—Service Systems Engineering: Three of the top 6 finalists from this years IISE Outstanding Service Systems Engineering Award will present.

12 Nov—ISE and Data and Implementation Sciences

3 Dec--
Key Points

1. The ‘gaps’ between default position behaviors and performance and ideal/optimal performance are much larger than most people ‘assume’/believe;

2. Full Potential Organizations are filled with Full Potential Individuals;

3. Closing these gaps, for ourselves and/or for others, is both an art and a science, however there are principles and methods that many are overlooking and not utilizing;


5. Reducing these secrets to practice is not that hard to do and ISE’s are well trained to lead these initiatives;

6. Case Studies from Interim Health supported with other examples give us insights on how to apply the theories, principles and methods.
One foundational component
A few more foundational components
Collins work proved to us the big gap between Visionary (Reinvention) from even Transformative (Great)

<table>
<thead>
<tr>
<th>Investment</th>
<th>Term</th>
<th>Result</th>
<th>Type of Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>20 Years</td>
<td>$410,000</td>
<td>Good</td>
</tr>
<tr>
<td>$1,000</td>
<td>20 Years</td>
<td>$950,000</td>
<td>Great</td>
</tr>
<tr>
<td>$1,000</td>
<td>20 Years</td>
<td>$6,500,000</td>
<td>Visionary</td>
</tr>
</tbody>
</table>

Requires:

- Context before Action
- Consciousness
- Discipline
And what we find is that human beings often are unconsciously incompetent.

- Great = $6.4M?
- Pretty Good = $1M?
- Acceptable = $.4M?

If you ask the people in the ‘good’ organizations, the ones that produced $1M how they are doing, they will say ‘pretty good’, a 7 out of 10.

Good is the Enemy of Great
What we know from our research on organizational ‘yield loss’ is that it’s huge, much bigger than people assume.

Research and experience confirm that the ‘white space’ (uncaptured Franchise Value) averages around 27 times initial state values.

Where there’s a ‘will’ there’s a way as they say….
The same is true, of course, at the individual level

The opportunity each ISE and Leader/Manager has is to apply the right principles and methods to close these gaps at the Individual, Group, and Organizational Levels.
Key Points

1. The ‘gaps’ between default position behaviors and performance and ideal/optimal performance are much larger than most people ‘assume’/believe;

2. Full Potential Organizations are filled with Full Potential Individuals;

3. Closing these gaps, for ourselves and/or for others, is both an art and a science, however there are principles and methods that many are overlooking and not utilizing;


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High Performers Jump S-Curves

Path of High Performers
Highest level...

Theories of Motivation
- The reason one has for acting a certain way.
- One's direction to behaviour.

3 variables affecting motivation:
1. Individual needs/drives
2. Job/work itself
1—Traits, Habits of Individuals

**THE POWER OF HABIT**

Why we do what we do in life and business

What **key** habit will help you **THRIVE**?

**THE BRAIN**

The brain can’t constantly be in a state of *effort*.

**THE HABIT LOOP**

How habits work...

**HABIT CHANGE**

The golden rule of habit change:

**ORGANIZATIONAL HABITS**

Organizational habits play a role in habit change. They often called *routines*.

**KEYSTONE HABITS**

Habits that can change other habits.

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**10 THINGS THAT REQUIRE ZERO TALENT**

1. **Being on Time**
2. **Work Ethic**
3. **Effort**
4. **Body Language**
5. **Energy**
6. **Attitude**
7. **Passion**
8. **Being Coachable**
9. **Doing Extra**
10. **Being Prepared**

CHARLES Duhigg
1--Theories about how people make behavioral choices

**Vroom’s Expectancy Theory**

- **Expectancy**
  - Low Probability
  - High Probability
  - Belief that effort will lead to acceptable performance

- **Instrumentality**
  - Low Probability
  - High Probability
  - Performance reward

- **Valence**
  - Strong Avoidance
  - Indifference
  - Strong Preference
  - Employee’s value to the reward

**Motivation**

A generally well ‘tested’ theory that is one of the more widely accepted theories of motivation. Motivation = Force to Perform, the force behind a choice behavior.
This ‘process’ is quite common and in my experience easier to see/detect than treat, do something about. But understanding it and being conscious about it and being explicit about it often is a positive action.
Blended

Expectancy Theory & Equity Theory

**Expectancy Theory** – describes the process people use to evaluate the likelihood that their efforts will yield the results they want, along with the degree to which they want those results.

**Equity Theory** – individual’s perception of fair and equitable treatment.
I find this model useful, one of the first models I used to improve performance as a line employee at a Whirlpool Plant in Findlay, Ohio.

Perfect fit, was able to get quality of painting to go up by 30% in less than a month!

Willing workers doing their best had 70% yield, through Covert ISE, I raised that to 95%!!
3—what others do for or to us that shapes or controls behaviors
Situational Leadership Theory
the challenge with Developing Competence

THE 4 STAGES OF LEARNING

Hierarchy of Competence
3—ISE interventions that change the system/process and in doing so evoke more ideal Employee Behaviors

- At the highest level, it’s BPR but there are Solution Elements that are created that reflect the reality of the changes:
  - 2-second Lean, Walk and Talks
  - Visible Measurement Systems
  - Agile/Scrums/Sprints
  - Value Stream Mapping and Analytics
  - Hoshin Kanri
  - Boot Camps (personal and professional mastery training)
  - Stakeholder value exchange optimization (CRM expanded)
  - Standard Work
  - Culture Transformation
From our 15 Jan Webinar
We learned that Leadership Creating the right ‘culture’ and context can have significant positive impact on performance.
Living on the right, causing others to live on the right, key factor in Full Potential Performance (Necessary but not Sufficient Factor)

Culture and Values and how Values “Deploy”

<table>
<thead>
<tr>
<th>Serve Ourselves</th>
<th>Serving the Higher Good</th>
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</thead>
<tbody>
<tr>
<td>Conventional</td>
<td>Creative</td>
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<tr>
<td>Territorial</td>
<td>Sharing</td>
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<tr>
<td>Individual</td>
<td>Team</td>
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<tr>
<td>Competitive</td>
<td>Collaborative</td>
</tr>
<tr>
<td>Indecisive</td>
<td>Decisive</td>
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<tr>
<td>Problem-Solver</td>
<td>Creation Skillful</td>
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<td>Focus on Activity</td>
<td>Focus on Results</td>
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<tr>
<td>At-fault/At-blame</td>
<td>At-Cause</td>
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<tr>
<td>Being Popular, Politics</td>
<td>Making the ‘Right’ Decision</td>
</tr>
<tr>
<td>Fearful</td>
<td>Courageous</td>
</tr>
<tr>
<td>Closed, Political, Indirect</td>
<td>Open, Honest, Direct</td>
</tr>
<tr>
<td>Defending/Debating</td>
<td>Listening/Dialoguing</td>
</tr>
<tr>
<td>Question/Statement Ratio Low</td>
<td>Question/Statement Ratio Hi</td>
</tr>
<tr>
<td>Hierarchical/Jobs</td>
<td>Contributions</td>
</tr>
<tr>
<td>Attack Ideas</td>
<td>Nurture Ideas</td>
</tr>
</tbody>
</table>

Under Performance

FULL POTENTIAL PERFORMANCE

SERVING

EXCELLENCE

INTEGRITY

LEARNING
From Culture to Business Process Reengineering--A key component of Industry 4.0 was envisioned in 1990
Engineering the Exchange of Value with Employees—Business Process Reengineering
When ISE’s take a Business Process Reengineering Tact on things, major improvement is unleashed....
Major Healthcare Provider in the Central Ohio area was experiencing huge turnover problems and associated costs and other risks.

**Initial State**
Characterization: 2017-18

**Voice of Process--Our Key Metric of Focus:**
The process is creating in excess of 48% turnover per annum

**Voice of Nursing Staff:**
The My Involvement and Management categories showed decreased numbers over the previous Fresh 20 scores

**Voice of Administration:**
Cost of Contract Nursing Staff is too high
System for onboarding nursing new hires needs improvement

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**SUCCESS/DONE: 12/18**

**Voice of Process--Our Key Metric of Focus:**
Turnover Percentage is ‘significantly’ improved from the recent (2017/2018) avg. rate and showing further signs of improvement.

**Voice of Nursing Staff:**
Staff feels fully engaged and is functioning as a cohesive unit

**Voice of Administration:**
Contract nursing cost has decreased significantly
Fully Developed New Hire Onboarding Process
By simply applying some straightforward ISE and ILSS and EVEO principles the full potential—ideal employee behaviors were surfaced (they were there to be had, not tapped)

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Initial State (Jan-June)</th>
<th>Target Value</th>
<th>Improved State (July-Dec)</th>
<th>Δ</th>
<th>%Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Separations</td>
<td>69</td>
<td>-20% (-13)</td>
<td>26</td>
<td>-43</td>
<td>-66.66%</td>
</tr>
<tr>
<td>Nursing Turnover %:</td>
<td>48.25%</td>
<td>-20%</td>
<td>15.38%</td>
<td>-34.96%</td>
<td>-66.66%</td>
</tr>
<tr>
<td>Tenure &lt;180 days:</td>
<td>19</td>
<td>-15% (-3)</td>
<td>8</td>
<td>-11</td>
<td>-57.89%</td>
</tr>
<tr>
<td>Cost of Onboarding:</td>
<td>$1,315,558</td>
<td>$-200,000</td>
<td>$403,889</td>
<td>$-911,669</td>
<td>-69.30%</td>
</tr>
<tr>
<td>Contract Nursing Expenditure:</td>
<td>$246,000 @ $41,000 per month</td>
<td>-25%</td>
<td>$33,545 @ $30,000 per month</td>
<td>$-212,455</td>
<td>-86.36%</td>
</tr>
<tr>
<td>Fully Developed New Hire Onboarding Process</td>
<td>2-6 weeks from initial contact to orientation</td>
<td>#N/A</td>
<td>2-3 weeks from initial contact to orientation</td>
<td>-3 weeks</td>
<td>-50.00%</td>
</tr>
</tbody>
</table>

**Total Actual Difference Between Initial State and Current State:**

**$-1,124,124**

**Total Projected Difference Between Last Fiscal Year:**

**$-1,662,452***

*Calculated at upper end of confidence interval for number of separations
3—ISE interventions that change the system/process and in doing so evoke more ideal Employee Behaviors

- At the highest level, it’s BPR but there are Solution Elements that are created that reflect the reality of the changes:
  - 2-second Lean, Walk and Talks
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  - Stakeholder value exchange optimization (CRM expanded)
  - Standard Work
  - etc.
The Emerged Connected Economy

Constituency Value Management

*an Integral Aspect of Industry 4.0*

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**Customer Opportunity**
- **30% → 42% Share of Market**

**Investor Opportunity**
- **100% increase in (productive) capital employed**
- **150% increase in operating income**

**Supplier Opportunity**
- **Supply chain redesign & Supplier Management**

**Employee Opportunity**
- **“Build high performing workplace”**

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**CRM** most evolved and evolving

**100% increase in** (productive) capital employed

**150% increase in** operating income

**SCM** evolving still huge potential

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**Acquisition** = $90M
**Penetration** = $70M
**Mix** = $25M
**TOTAL** = $180M

**Customer Opportunity**
- **$ Behaviors**
- **Investment $**

**Investment $**

**Behavior $**

**Inferior relative stock performance**
- Absolute increase of >200%
- Relative increase of >100% (vs. grocery competitors)

**Company**

**Investment $**

**Behavior $**

**Superior relative stock performance**
- Absolute increase of >200%
- Relative increase of >100% (vs. grocery competitors)

---

**Investor Opportunity**

**Supply chain redesign & Supplier Management**

**Investment $**

**Behavior $**

**Superior relative stock performance**
- Absolute increase of >200%
- Relative increase of >100% (vs. grocery competitors)

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**Employee Opportunity**
- **“Build high performing workplace”**

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**Actual Case Study from Loblaw circa early-mid 90’s.**

**Actual Case Study from Loblaw circa early-mid 90’s.**

**Productivity** = $25M
**Rate** = $50M
**TOTAL** = $75M

**Manuf.** = $25M
**Retail** = $25M
**Wholesale** = $40M
**TOTAL** = $90M
Case Example

All the significant growth in Stock Price in the mid-late 90's was positioned and caused by the NG '98 initiative (5-year transformation) that occurred in the early 90's, 91-97. It is largely attributed to the strategic transformation process/method and Stakeholder Value Exchange Optimization Principles that were implemented and deployed.
The Circle of Life for Companies

Successful Company

ReThink Reinvention

AMETABOLY
Continuous Improvement: Success continues

HEMIMETABOLY
Transformation for Greater Success

HOLOMETABOLY
Reinvention for Greater Success

DISRUPTION in product or service

Transformation: Hemimetabolism

Continuous improvement: Ametabolism

Bankruptcy

From Jim Tompkins Keynote Presentation at the IIESE Conference in Orlando, 2019. Performance Excellence Track.
One ‘key’ is to harness the power of “Creation” (as opposed to problem-solving): *You see it when you believe it*

**Today Assessment:**
- What I have and want?
- What’s working
- What am I naturally ‘great’ at?
- What I tend to be naturally passionate about?
- How I create value and what others think that is worth?
- Feedback I got in asking 10 of my closest colleagues, friends
- Tendencies that serve me?
- Tendencies that don’t serve me?
- What needs work?

**Future State (3-5 years):**
- what I have
- what’s working
- what I am great at
- I can bring passion to what I put in front of me
- I can create greater value and serve my vision
- Tendencies I have that serve me and the higher good
Being able to see the possibilities was one of the findings from Built to Last.

<table>
<thead>
<tr>
<th>Context</th>
<th>Possibilities</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose (Why)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcomes (Success=)</td>
<td>Success =</td>
<td></td>
</tr>
<tr>
<td>Strategy for Success</td>
<td>Strategy for Success</td>
<td>Strategy for Success</td>
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<tr>
<td></td>
<td>Requirements for Success</td>
<td>Reqmts for Success Ensurance</td>
</tr>
<tr>
<td></td>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Role Requirements</td>
<td>Roles and Accountabilities</td>
<td></td>
</tr>
<tr>
<td>Ground Rules</td>
<td>Ground Rules</td>
<td>Ground Rules</td>
</tr>
</tbody>
</table>

**Default Position**

- 10
- 10
- 80

**Visionary Companies**

- 30
- 30
- 40

Unbounded thinking – Quality of question – focus on RESULTS

• Balancing the two

Bounded thinking – right answer; Action Junkie
ISE’s playing a role in Value Exchange Improvement

POSITIONING STRATEGY

Increase Franchise Potential
Geographic Coverage / Offerings Provided / Served Segments / Etc.

RESOURCE ALLOCATION

Optimize Relationship Investments
(Appropriate / Adequate / Efficient / Effective)
Value Exchange Management

EXECUTION

Improve Investment Delivery
(Flexibility / Cost / Quality)
Productivity / Quality / Capability & Capacity / Consistency / Efficiency / Global Competitiveness
At the center of this challenge is the “employee deal”, or the relationship promise.

The Relationship Promise, like the “social contract” or “the deal” is a metaphor for the Value Exchange between a company and its employees. The design and delivery of the Exchange is the single most important driver of employee performance.
Relationship Perceptions

Organizations need define the elements of their employment relationship. Although the relationship definition is more implicit than explicit (i.e., employees learn it best once on the job), employees do experience a relationship and assess its responsiveness to their needs and its consistency with their expectations. When gaps emerge between what employees experience and what they need or expect, this can have adverse impacts on the behaviours that employees choose to exhibit in the workplace. Evidence from the recently conducted employee survey indicate that these types of relationships gaps do indeed exist.
Each year, organizations invest significant resources in its employees. The goal of these investments is to create a highly motivated mindset among employees and engender behaviors that contribute to the growth, profitability, and longevity of the customer base. This is the fundamental people management challenge that organizations face — to manage the linkages between employee investments, mindset, and behavior and their impact on the profitability of customer relationships.
There are three distinct segments of the workforce that vary according to their stated needs/preferences of the employment relationship. The needs and profiles of these segments are summarized below while the detailed results are presented in the following pages.

### Overall Relationship Promise

**ALL EMPLOYEES**

### Needs-Based Segments

#### SEGMENT 1
**Traditionalists**
- Steady Job and Predictability
- Strong Work-Life Balance
- Structured & Consistent Culture
- Contribution Based Rewards
- Longer Tenure
- Branch Assistants
- Women
- Children at Home
- 31 to 40 Years Olds

#### SEGMENT 2
**Achievement Enthusiasts**
- Rapid Career Growth & Shared Risks
- Contribution Based Rewards
- Strong Work-Life Balance
- Risk & Accountability Based Culture
- Shorter Tenure (<2 Years)
- Men
- Younger (Under 30)
- Single
- No Children

#### SEGMENT 3
**Balanced Achievers**
- Strong Work-Life Balance
- Contribution Based Job Security
- Team Oriented Work Environment
- Contribution Based Job Security
- Longer Tenure
- Mgr. & Asst. Mgr Positions
- Men
- Older
- Married with Children
People Management Challenge

Transition to Employee Value Management

CURRENT CAPABILITY—
Disconnected, unintegrated collection of ‘systems’ and processes with highly variable execution (even with ERP investments)

FUTURE CAPABILITY— Integrated systems and processes with Employee Segment Owners who are accountable for optimizing the behaviors and performance of employees
## Employee Relationship Needs

### Needs-Based Segments

<table>
<thead>
<tr>
<th>RELATIONSHIP NEEDS AND PREFERENCES</th>
<th>RANKING OF RELATIONSHIP NEEDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Employees</td>
</tr>
<tr>
<td>A Work Culture Based on:</td>
<td></td>
</tr>
<tr>
<td>…Risk taking, accountability for results, collaboration</td>
<td>8</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>…Structure, consistency and a clear definition of responsibilities</td>
<td>6</td>
</tr>
<tr>
<td>A Career that Offers::</td>
<td></td>
</tr>
<tr>
<td>… A steady job and salary and predictable advancement opportunities</td>
<td>12</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>… Opportunity of rapid advancement, shared risks and rewards...</td>
<td>2</td>
</tr>
<tr>
<td>Job security that Depends:</td>
<td></td>
</tr>
<tr>
<td>… As much on individual contribution as EBS performance</td>
<td>4</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>…Primarily on length of experience and job level</td>
<td>14</td>
</tr>
<tr>
<td>Rewards that are Based Primarily on:</td>
<td></td>
</tr>
<tr>
<td>… Length of service, as well as EBS success</td>
<td>13</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>…Employee contribution, as well as EBS success</td>
<td>3</td>
</tr>
<tr>
<td>A Work Environment that emphasizes:</td>
<td></td>
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<tr>
<td>… Individual achievement and accountability</td>
<td>10</td>
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<tr>
<td>(or)</td>
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<tr>
<td>…The collective achievement of teams of people</td>
<td>7</td>
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<tr>
<td>Performance Expectations that Value:</td>
<td></td>
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<tr>
<td>… Fulfilling job requirements</td>
<td>11</td>
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<tr>
<td>(or)</td>
<td></td>
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<tr>
<td>…Exceeding normal job requirements</td>
<td>9</td>
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<tr>
<td>A Lifestyle with a ...</td>
<td></td>
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<tr>
<td>…Strong balance between obligations at work and other commitments</td>
<td>1</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>…Stronger focus on work obligations than other commitments</td>
<td>16</td>
</tr>
<tr>
<td>A Work Climate that:</td>
<td></td>
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<tr>
<td>… Encourages and engages in change</td>
<td>5</td>
</tr>
<tr>
<td>(or)</td>
<td></td>
</tr>
<tr>
<td>… Is stable and predictable</td>
<td>15</td>
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</tbody>
</table>
## Needs-Based Employee Segments

### Segment Profiles

<table>
<thead>
<tr>
<th>SELECTED EMPLOYEE CHARACTERISTICS</th>
<th>Needs-Based Segments</th>
<th>Tenure</th>
<th>Employment Status</th>
<th>Position</th>
<th>Gender</th>
<th>Age</th>
<th>Marital Status</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Employees (Segment 1: 20%)</td>
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<td></td>
<td>Traditionalists (Segment 2: 44%)</td>
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<td></td>
<td>Achievement Enthusiasts (Segment 3: 36%)</td>
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<td></td>
<td>Balanced Contributors</td>
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<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>Less than 1 year</td>
<td>22.5%</td>
<td>17.9%</td>
<td>20%</td>
<td>44%</td>
<td>25.4%</td>
<td>28.9%</td>
<td>19.2%</td>
</tr>
<tr>
<td></td>
<td>1-2 years</td>
<td>13.6%</td>
<td>14.9%</td>
<td>14.9%</td>
<td>18.8%</td>
<td>7.5%</td>
<td>18.8%</td>
<td>11.9%</td>
</tr>
<tr>
<td></td>
<td>2-5 years</td>
<td>22.5%</td>
<td>22.5%</td>
<td>22.5%</td>
<td>25.5%</td>
<td>11.9%</td>
<td>25.5%</td>
<td>25.4%</td>
</tr>
<tr>
<td></td>
<td>5-10 years</td>
<td>11.2%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>8.7%</td>
<td>7.5%</td>
<td>8.7%</td>
<td>7.4%</td>
</tr>
<tr>
<td></td>
<td>10-15 years</td>
<td>10.9%</td>
<td>11.9%</td>
<td>11.9%</td>
<td>7.4%</td>
<td>11.9%</td>
<td>7.4%</td>
<td>10.7%</td>
</tr>
<tr>
<td></td>
<td>15+ years</td>
<td>19.2%</td>
<td>25.4%</td>
<td>25.4%</td>
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<td>93.4%</td>
<td>51.4%</td>
<td>52.1%</td>
<td>47.9%</td>
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<tr>
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<td>Not answered</td>
<td>7.4%</td>
<td>11.8%</td>
<td>6.1%</td>
<td>76.6%</td>
<td>48.6%</td>
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<td>Position</td>
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<td>23.3%</td>
<td>15.2%</td>
<td>21.9%</td>
<td>29.7%</td>
<td>41.8%</td>
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<td></td>
<td>Asst Manager</td>
<td>13.6%</td>
<td>7.6%</td>
<td>12.3%</td>
<td>18.6%</td>
<td>31.3%</td>
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<td>46.6%</td>
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<td>64.1%</td>
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<td>19.2%</td>
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<td>50.4%</td>
<td>58.8%</td>
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<td>Age</td>
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<td>9.3%</td>
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<td>10.2%</td>
<td>8.4%</td>
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<td>17.6%</td>
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<td>22-25</td>
<td>24.4%</td>
<td>21.2%</td>
<td>31.3%</td>
<td>17.6%</td>
<td>21.2%</td>
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<td>15.1%</td>
<td>12.1%</td>
<td>12.9%</td>
<td>19.3%</td>
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<td>50+</td>
<td>5.7%</td>
<td>6.1%</td>
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<td>9.2%</td>
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<tr>
<td>Marital Status</td>
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<td>41.2%</td>
<td>41.8%</td>
<td>32.7%</td>
<td>51.2%</td>
<td>5.4%</td>
<td>6.6%</td>
<td>6.6%</td>
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<tr>
<td></td>
<td>Living as Married</td>
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<td>11.9%</td>
<td>5.4%</td>
<td>6.6%</td>
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<td>0.8%</td>
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<tr>
<td></td>
<td>Single</td>
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<td>43.3%</td>
<td>61.2%</td>
<td>41.3%</td>
<td>0.7%</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
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<td>Widowed /Divorced/ Separated</td>
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<td>0.8%</td>
<td>2</td>
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</tr>
<tr>
<td></td>
<td></td>
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<td>2</td>
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</tr>
<tr>
<td>Children</td>
<td>Yes</td>
<td>33.4%</td>
<td>38.5%</td>
<td>24.0%</td>
<td>42.4%</td>
<td>61.5%</td>
<td>76.0%</td>
<td>57.6%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>66.6%</td>
<td>61.5%</td>
<td>76.0%</td>
<td>57.6%</td>
<td>38.5%</td>
<td>24.0%</td>
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</table>
Segment 2: Achievement Enthusiasts

As shown below, employees who define themselves as Achievement Enthusiasts split into three distinct groups on the basis of differences in their demographic characteristics. A detailed presentation of their profiles is shown on the next page.

Segment 2: Sub-Segments

**SUB-SEGMENT A**
Young Women, New to Org

**SUB-SEGMENT B**
Young Men, New to Org

**SUB-SEGMENT C**
Experienced & Older Married Men

<table>
<thead>
<tr>
<th>Profile</th>
<th>Defining Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Over 50% Working for EBS for Less than 2 Years</strong></td>
<td><strong>Nearly 60% Working for EBS for Less than 2 Years</strong></td>
</tr>
<tr>
<td><strong>2/3 in the Branch Asst. Positions</strong></td>
<td><strong>Nearly 40% in Specialist Positions</strong></td>
</tr>
<tr>
<td><strong>Over half 25 Years of Age or Younger</strong></td>
<td><strong>Nearly 85% Between 22 and 30 Years of Age</strong></td>
</tr>
<tr>
<td><strong>71% Not Married</strong></td>
<td><strong>81% Not Married</strong></td>
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</table>
Relationship Definition

The defining elements of a new explicit employment relationship for the Company workforce is shown below. This relationship definition could, for example, be used to position the company in the labour market and in general messaging to new employees.

**RELATIONSHIP FOUNDATION FOR ALL EMPLOYEES**

<table>
<thead>
<tr>
<th>Employees Need</th>
<th>I Will Contribute</th>
<th>We Will Invest</th>
<th>Company Promises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“We seek long lasting relationships with employees who contribute to our success and identify with our dreams, ambition, and our cause. We recognise that there is more to like than work, and that if our employees are satisfied, fulfilled, and find real meaning in what they do they will be true ambassadors for the EBS cause.”

**WE NEED:**
- Strong Work-Life Balance
- Opportunities for Rapid Advancement & Shared Risks and Rewards
- Rewards Based on Individual Contribution
- Job Security Based On Individual Contribution
- A Work Climate that Encourages and Engages in Change

**WE WILL CONTRIBUTE:**
- Demonstrate a High Level of Commitment to EBS and Our Work
- Perform at High Levels
- Be a Guardian of EBS’ Values
- Take Responsibility for EBS’ Success
- Help to Develop Others
- Take Joint Responsibility for Our Career and Development

**WE WILL INVEST IN/ GIVE YOU:** (COMMENSURATE WITH YOUR ROLE AND CONTRIBUTION)
- Rewards, Recognition, and Promotional Opportunities that Reflect Your Contribution
- A Good Fit Between Your Role, Interests & Potential to Contribute
- The Opportunity for Personal and Professional Development
- Choices Over How to Balance Your Commitment to Work and Other Interests You Have
- Flexible, Self-configured Benefits
- An Enjoyable Place to Work & a Culture Based on High Fulfillment Values

**WE PROMISE:**
- Strong Work-Life Balance
- Opportunities for Rapid Advancement & Shared Risks and Rewards
- Rewards Based on Individual Contribution
- Job Security Based On Individual Contribution
- A Work Climate that Encourages and Engages in Change
In contrast to Traditionalists, Achievement Enthusiasts are seeking an employment relationship with a steep risk-reward profile. These employees are newer to the organisation, younger, largely unmarried, and much less concerned with work-life balance. They want to get ahead. Shown below are the elements that could comprise a relationship definition for this segment.

**Relationship Definition**

**Segment 2: Achievement Enthusiasts**

“We seek long lasting relationships with employees who contribute to our success and identify with our dreams, ambition, and our cause. We recognise that there is more to like than work, and that if our employees are satisfied, fulfilled, and find real meaning in what they do they will be true ambassadors for the EBS cause.”

<table>
<thead>
<tr>
<th>Employees Need</th>
<th>I Will Contribute</th>
<th>We Will Invest</th>
<th>Company Promises</th>
</tr>
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<tbody>
<tr>
<td><strong>I Will Contribute:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>We Will Invest:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Company Promises:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RELATIONSHIP FOUNDATION: ACHIEVEMENT ENTHUSIASTS**

**WE NEED:**
- Rapid Career Growth & Shared Risks and Rewards
- Contribution Based Rewards
- Contribution-Based Job Security
- Strong Work-Life Balance
- Risk and Accountability Based Culture

**WE WILL CONTRIBUTE:**
- Consistently Exceed Performance Expectations
- Demonstrate a High Level of Commitment to EBS and Our Work
- Be a Guardian of Company’ Values
- Take Responsibility for Company’ Success
- Help to Develop Others
- Take Joint Responsibility for Our Career and Development

**WE WILL INVEST IN/ GIVE YOU:**
- A Consistently Good Fit Between Your Role, Interests & Potential to Contribute
- Opportunity for Significant Rewards & Recognition Through a A Steep Risk- Reward/ Recognition/ Promotion and Performance Profile (e.g. significant variable compensation)
- Significant and Varied Opportunities for Personal and Professional Development
- Flexible, Self-Configured Benefits
- An Enjoyable Place to Work & a Culture Based on High Fulfillment Values
- Choices Over How to Balance Your Commitment to Work and Other Interests You Have

**WE PROMISE:**
- Rapid Career Growth & Shared Risks and Rewards
- Contribution Based Rewards
- Contribution-Based Job Security
- Strong Work-Life Balance
- Risk and Accountability Based Culture
Employee Value Management

I. DEFINE WIN-WIN OPPORTUNITIES
• Profile the employee base
• Calibrate the current and full potential performance of the employee base
• Identify improvement opportunities and priorities

II. DEFINE THE RELATIONSHIP PROMISE
✓ Identify employee needs and define the overall employment relationship
✓ Create employee segments and define segment based relationships
✓ Set segment objectives and goals

III. MEASURE EMPLOYEE PERFORMANCE & ECONOMICS (The Give-Get)
✓ Measure current and ideal behaviour and behaviour gaps
• Identify and measure employee investments
• Profile the give-get

IV. UNDERSTAND IMPROVEMENT OPPORTUNITIES
• Measure employee mindset/attitudes and behaviours
• Understand the drivers of experience, mindset and behaviour
• Identify high opportunity/priority improvement options

V. IDENTIFY IMPROVEMENT OPPORTUNITIES
• Refine behaviour improvement options
• Conduct what-if planning and evaluate alternative investments
✓ Select high priority investments and develop business case (e.g., new recruitment/competency systems; etc.)

VI. PLAN IMPLEMENTATION OF INVESTMENTS/PROGRAMS AND PROCESSES
✓ Define/refine the employee investment/program and delivery plans
✓ Develop a detailed execution/delivery plan
✓ Provide instructions to the necessary delivery channels

VII. MANAGE EXECUTION/DELIVER THE EMPLOYEE INVESTMENTS
✓ Establish delivery capability
✓ Define KPI’s
✓ Deliver the investments

VIII. EVALUATE DELIVERY
✓ Track delivery
✓ Research mindset
✓ Understand linkage between mindset and employee behaviour

V. IDENTIFY IMPROVEMENT OPPORTUNITIES

Employee Value Management Process Overview
Key Points

1. The ‘gaps’ between default position behaviors and performance and ideal/optimal performance are much larger than most people ‘assume’/believe;

   • The work of Collins and Alan Grant and just our own individual experiences support significant performance gaps at individual, team and organizational levels; they are bigger than most people are ‘conscious’ of.....

2. Full Potential Organizations are filled with Full Potential Individuals;

   • Applying ISE thinking allows us to impact HR Business Processes and tap full potential....

3. Closing these gaps, for ourselves and/or for others, is both an art and a science, however there are principles and methods that many are overlooking and not utilizing;

   • Business Process reengineering logic from CRM can be applied to Employees...


   • We visited/revisited Motivation, Habits, Competency Development, and finally the Stakeholder Value Exchange Optimization Methodology, all should be clearly in ISE domain of expertise and application. This opens up huge new potential for the New Industrial and Systems Engineering.
Key Points

1. The ‘gaps’ between default position behaviors and performance and ideal/optimal performance are much larger than most people ‘assume’/believe;

2. Full Potential Organizations are filled with Full Potential Individuals;

3. Closing these gaps, for ourselves and/or for others, is both an art and a science, however there are principles and methods that many are overlooking and not utilizing;


5. Reducing these secrets to practice is not that hard to do and ISE’s are well trained to lead these initiatives;

6. Case Studies from Interim Health supported with other examples give us insights on how to apply the theories, principles and methods.
ISE Applied to HR Challenges in Home Health Care

Reducing Turnover and Increasing Capacity to Serve Unfulfilled Customer Demand

Prepared for: IISE Outstanding Service Systems Engineering Innovation Award

Presentation Date: May 19, 2019

Author: Laura Czuba, PMP, LSS Black Belt
The Problem & The Experience
“Appreciation goes a long way and I believe that AVA gives this to us.

I'm not doing my job to get a pat on the back but this type of work can get hard sometimes and to get a THANK YOU for doing a job well done sometimes makes all the difference in doing your job or doing your job better because of it!!”

Tanya

“I enjoy feeling connected as a team member by getting weekly emails and being rewarded for my hard work.”

~ Anonymous Nurse Receiving AVA Rewards
# The Results: 5 Year Projection Benefit: $10 Million

<table>
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<th>Metric</th>
<th>Value</th>
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<tr>
<td>Pilot</td>
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<tr>
<td>Locations &amp; Processes</td>
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<tr>
<td>AVA Advocates</td>
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<tr>
<td>Employees Employed</td>
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<tr>
<td>Engagement %</td>
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<tr>
<td>Fewer Annualized Lost Employe</td>
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<tr>
<td>Fewer Annualized Call Offs</td>
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<tr>
<td>Total Annualized Cost $</td>
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<tr>
<td>Total Annualized Benefit $</td>
<td>1,290,000</td>
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<tr>
<td>Return on Investment %</td>
<td>324</td>
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</table>

“Makes me not want to call off at all because I want all those points for gift cards. It’s a very big incentive.”
~ Anonymous Nurse Receiving AVA Rewards
The Project Background

- National franchise with over 300 locations
- TSO Management owns 60 locations
- 5 Midwest States
- 5,300 Caregivers
- 4.8 Million Hours of Care in 2018
The Methodology: Service Systems Engineering & Design for LeanSigma

Define  Concept
Design  Optimize
Verify
Defining the Problem

- Standardization
- Value Exchange
- Lost Revenue
- Call Offs
- Turnover
- Engagement
Employee Value Proposition

- Awards
- Compensation
- Low Engagement
- Sense of community
- Appreciation
- Meaning & Purpose
Variation in Current Value Exchange Model

Voice of the Employee

Executive decision: Design an Automated Points-based Rewards program for All Caregivers

“Make me feel like I am an important part of the company, not just another employee.”

Meghann
Designing the Solution: Stakeholder Value Exchange Optimization & Quality Function Deployment

The QFD Process

- Customer Input
- WHATs
- HOWs
- WHAT 1
- HOW 1
- Relationship
- Absolute Weights
- Ranking

People
- Sticky Relationships
- Ideal Behaviors
- Agreements
- Adoption
- Culture
- Ownership

Process
- Standardization
- Experience
- Rewards
- Recognition
- Special Events

Technology
- Communication Method
- Engagement
- Automation
- Sustainability
- Accessibility
- Data

AVA Rewards
rewarding passionate care

House of Quality:
- Correlations
- Product/Service Characteristics
- Relations
  - Strong positive (9)
  - Weak positive (5)
  - Weak negative (1)
  - Strong negative (-3)
- Customer Requirements
  - Importance weights
    - for customer
    - for competitor
    - for sales
- Importance Weights
  - Target Values
The Solution:

What we did?

- Automated Caregiver Loyalty program with a Dose of Sunshine
- Points automatically start accumulating upon hire
- Engagement
- Local Ownership
- Corporate Office
Results: Participation is high

**2017**
- 1,227 caregivers received a gift card
- $66,775 total value of gift cards distributed

**2018**
- 4,350 caregivers received a gift card
- $378,025 total value of gift cards distributed

**2022**
- Total Cost Benefit (Call Off Impact + Turnover Impact)
  - $7,575,000 + $2,484,000 = $10,000,000
The New Experience at

AVA Rewards
rewarding passionate care

"AVA, Thank you for all you have done. I LOVE being the sunshine!"
-Home Health Aide Receiving AVA Points

"...it lets us all feel like we are important."
-RN Receiving AVA Points
References


13 June—Chapter #1 Annual Virtual Meeting  https://www.iise.org/Details.aspx?id=24634

9 July—Operational Analytics: ideas on how to sustain visible measurement systems and the process improvement benefits you’ve worked to achieve (Scott Sink)

13 Aug—Virtual Mentoring: Career Choicepoint learnings, lessons, tips from Senior ISE Leaders (David Poirier, President, The Poirier Group; Ron Romano, Sr. Mgr. Business Process Reengineering, Walmart, Canada; Yves Belanger, VP Supply Chain, Wolseley Canada)

27 Aug—The next 7 Habits of Highly Effective Young (ISE) Professionals (Select Group of Young ISE Professionals)

10 Sept—Winners Presentations from the IISE Outstanding Capstone Sr. Design Projects from 2018-19 (Georgia Tech/Cisco; Ohio State/Abbott Nutrition; Virginia Tech/Eastman Chemical)

1 Oct—Being Successful as a “Covert” ISE (Sean Gionvese, IE Manager, Lockheed Martin)

29 Oct—Service Systems Engineering: Three of the top 6 finalists from this year’s IISE Outstanding Service Systems Engineering Award will present.

12 Nov—ISE and Data and Implementation Sciences

3 Dec—TBD