



Case study: NPI — Cardiff

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Although this case is somewhat dated in terms of the organization story it still remains useful as an example of how change programmes might be implemented. Much of what might be construed as 'good practice' in implementation/ change management is outlined in the story....

NPI¹ is one of the largest mutual companies in the UK. Established over 150 years ago, it specialises in pensions and retirement related products and employs over 1500 people. The Cardiff office, which is the focus for this case study, was set up in 1989 and is responsible for Group and Company Pension schemes.

Overview of case

This case will focus mainly on events at NPI's operations in Cardiff. Following a recognition of the need for enhanced customer services the Life Manager introduced a Total Quality Management training package during 1988 and 1989. The initiative applied to the Customer Service Division based in Cardiff.

However, it soon became apparent that many of the problems experienced by the Customer Service Division were due to poor communication and interaction between the various departments across the company. It was decided that the way forward was to introduce a company-wide policy of improvement (Quality Improvement Process).

In 1989 a company wide Quality Improvement Team was set up which was chaired by the Quality Manager, John Morgan, and two years later by the Chief Executive.

The Quality Improvement Strategy evolved in two phases over the next few years. In the first instance activities focused on aligning processes and systems to the overall business aims while the second phase focused on improving customer satisfaction through quality, (e.g. through one to one contact with clients, better customer service and increased staff morale). Staff were given formal training and new modes of measurement were introduced to help bring about

¹ Formerly known as National Provident Institution.

the desired change. The Quality Improvement Programme has made substantial progress in initiating cultural change and making quality improvement integral to everyday work.

Background

Within the UK, NPI is one of the largest mutual life and insurance companies,² with an annual turnover in excess of £1 billion. It manages investments of around £9 billion on behalf of more than 500,000 members. The company specialises in providing pensions and other retirement related products.

NPI employs approximately 1,500 employees, the majority of whom work at Tunbridge Wells, where the Head Office is based. A further 300 people are employed at Cardiff and there are also 80 investment staff located in London. The success of the company in the application of quality and CI principles is reflected in a number of awards, as are outlined below.

- Pension Transfer Plan product (at Cardiff) was BS5750 accredited (August 1994).
- Most improved Life Office Award — Financial Adviser Service Awards (1993) and gained the inaugural Wales Quality Award in Autumn 1994 for customer satisfaction.
- Institute of Administrative Management Quality Award in June 1994, 'Achieving Total Quality for Success' for NPI as a whole.
- In 1995 NPI was the first life assurance company to host the DTI 'Inside UK Enterprise' Scheme and also in 1995 NPI Cardiff won the Wales Quality Award for Medium Size Businesses.
- In 1996 NPI won the Wales Quality Category Service Sector Award and was one of three finalists out of two hundred entrants for the Meridian Business Excellence Award.

² It has no shareholders and all profits are shared out amongst policy holders.

History

NPI Cardiff

By the 1980s NPI had evolved a divisional structure, with each division representing a specific functional area covering Finance, Assets, Information Systems, Human Resources, Marketing and Sales and Customer Service.

NPI Cardiff was established in 1989 when the company decided to split the Customer Service Division into two separate divisions, one dealing with individual pensions and the other with responsibility for company pensions business.

The company purchased and extensively refurbished the old Headquarters of South Glamorgan County Council and the first teams were set up in Cardiff in March 1989. The remainder of the company pensions business had been transferred by the end of 1990.

Operations at Cardiff were divided into two main product areas: Group Pensions, which administered company-wide pension schemes; and Executive Pensions, which dealt with pension arrangements for senior-level staff, such as directors, senior managers and owners³. Over the last few years the group has developed into a strategic business unit (with its own board and chief executive).

Within each of the product sectors, operational staff were organised into work teams and supervised by an Operations Controller. The Operations Controllers reported to an Operations Manager, who in turn reported to either the Group or Executive Pension Manager, depending on the type of scheme for which they were responsible. Staff in each product area were supported by a Customer Liaison Unit within the customer support areas.

These were set up to manage more substantial enquiries or complaints that could not be dealt with within the teams, although they worked with the teams in solving the problems and improving processes. Staff within these units also carried out small project work and other non-standard activities. To ensure that staff within the Customer Liaison Units did not become

³ Pension Transfer Plans, which involve a single premium, were also managed within the Executive Pensions area.

too detached from the operational teams, staff were encouraged to move between the two areas.

Quality Improvement Process (QIP)

Key points

- Problems experienced in the Customer Services Division in the 1980s.
- Company-wide Quality Improvement Process introduced in 1989 which was supported by top management.
- In 1990 the Quality Training programme was delivered to all staff. To ensure that the programme was linked to company objectives, rather than perceived as a training department initiative, the training was delivered by 12 members of middle management.
- The quality message was reinforced through communication mediums such as a newsletter and various team briefings.

Problems

Over the 1980s, increasing problems were being experienced within the Customer Service Division and the development of new computer systems to support the administration of new products did not live up to expectations thus contributing to a major backlog of work.

These existing problems were exacerbated by a ten percent take up on a direct mail offer in 1985 marking the company's 150th anniversary, which merely added to the backlog. The initial response to address the backlog was simply to bring in more people.

By 1988, John Morgan (Life Manager at the time) had convinced other Customer Service managers of the need to tackle these problems head on. After spending some time researching possible approaches, he put together a Total Quality Management training package for the division. The process of rolling out the training began in 1989 with workshops for managers and supervisors. However, it soon became apparent that most of the problems that were being experienced within the Division could not be attributed to Customer Service alone, but could be traced to the communications and interactions between Customer Service and other

divisions. Although the Customer Service training continued with sessions for operational staff, Morgan and his Customer Service Division colleagues started lobbying NPI senior managers on the need for a company-wide approach to quality improvement.

Senior management support

At first the senior managers were not convinced, maintaining that other divisions were functioning well and it was up to Customer Service to 'get its act together'.

Attitudes at the senior management level started to shift, however, after the arrival of a new Human Resources Director, Terry Mullins, who strongly supported the need for a company-wide quality improvement process and had been involved in the implementation of a similar quality initiative in his previous job.

Gradually other members of the senior management team were won over and in mid-1989 gave the go-ahead for taking the Crosby approach to quality company-wide, under the title of the QIP.

This commitment was further reinforced after the senior management team attended a two day training course on the Quality Improvement Process.

As a result senior management became more actively involved and showed their commitment by opening and attending workshops and Quality Improvement Teams (QITs) training.

Staff training

1990 was predominantly spent developing and delivering education and training courses to all staff. The senior management team released twelve respected middle managers to facilitate the management training sessions in the 'Quality Education System'. In taking this approach, the aim was to ensure that the quality programme was treated as a core business programme rather than a training department initiative. Following the completion of the management training in June 1990, the Crosby training was developed into a customised course for all employees, called Quality Team Education. This training was delivered by managers and supervisors to their work teams over six two hour sessions (*12 hours for all employees*). This initial training was completed by the end of December 1990. The fact that the training was delivered by *management* rather than HR helped to increase the profile of the initiative and to gain support from staff.

To ensure that new employees would also receive the training in the quality improvement principles, a computer based training package, 'Second to None', was subsequently developed in-house. This consisted of five modules each lasting around one hour, supported by a self-learning manual containing exercises and assignments. This package has since been replaced with material that reflects NPI's evolution away from 'pure Crosby'.

QIP teams

One of the first moves in taking the QIP company-wide was to set up a series of QITs.⁴ The Chief Executive initially chaired the Steering Committee, which comprised the senior management team.

The corporate Quality Improvement Team was initially chaired by John Morgan and from 1992 by the Chief Executive. Each representative on the corporate QIT then chaired a team at divisional level.

Communication

The quality message was reinforced and progress updated by integrating quality into the existing communication system, an effective cascade of meetings and briefing systems. The main elements of this system were:

- Senior management (company-wide) met weekly to review key operational and business issues. Followed by sessions to brief all staff by the end of the next working day.
- The outcome of monthly NPI board meetings is briefed to all managers within 24 hours.
- Bi-annual half-day briefing sessions for all management on company results and future challenges. Managers then used the material to brief their staff. Operations controllers met as a group with their operations manager on a weekly basis.
- Annual briefings, sometimes including videos, to all staff from NPI senior management.

⁴ Philip Crosby & Associates training materials were used to assist with the implementation.

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- Staff representatives met monthly with managers as a Joint Consultative Committee to discuss any issues raised by staff.

New written communications were also introduced to support the Quality Improvement Process, including a company-wide Quality Update newsletter and Cardiff's own 'Helo!' newsletter, in addition to posters, booklets for all staff and notice-boards. More recently e-mail has been extensively used.

Stimulating improvement activity (Cardiff)

Key points

- In 1991 a report was developed which measured performance and output against eight key business processes.
- Staff were encouraged to constantly monitor and make improvements to their work processes.
- Statistical Process Control (SPC) was introduced, as well as new measurements on customer satisfaction and error rates.
- A formal recognition system was introduced.

Under the Quality Improvement Process, for the first time people were encouraged to see their administrative procedures in terms of processes. To support the new process orientation, an analysis was conducted to identify key business processes and the current bottlenecks and critical points for each. A project team of management information staff, aided by an external consultant, was set up to design a reporting system that would help staff control their daily work processes and generate management information for decision making. The resulting Process and Performance Analysis (PAPA) identified eight main processes (e.g. renewals, claims, cash processing) and weekly PAPA reports were introduced in 1991, summarising data on key performance criteria, work throughput and productivity.

Later, in 1992, all main processes were written up in the 'Bible of Processes', providing a central record of the strengths and weaknesses, effectiveness and efficiency of each main process.

Members of the management team were appointed as Process Owners, to ensure that entries in the Bible were maintained.

Although no formal improvement vehicles were introduced, people were encouraged to make improvement suggestions and follow them through. Objectives for individuals and teams included:

- identify your processes;
- identify your customers and suppliers and talk to them;
- review the processes;
- ensure that requirements are understood and agreed;
- put measurement into place to assess performance;
- identify and act on improvement opportunities.

However, it soon became apparent that not all staff were taking the time out to identify improvement opportunities. People argued that work pressures made it difficult to set aside the time, particularly for those whose work performance was judged against time based criteria. Consequently, 'Quality Time' was introduced, whereby all work groups were encouraged to designate a weekly time slot for reviewing processes and identifying ways to improve quality. This proved successful in the early stages of the programme. Later on, as people became more familiar with identifying opportunities for improvement, there was less need for a formalised time slot. Instead people tended to meet and raise issues as and when required.

Ideas for improvements could be dealt with in a number of ways. Typically, an individual would approach their operations controller with an idea which if appropriate would be put to the rest of the work team for discussion. Minor changes that did not affect other work groups could be introduced immediately by the work team. Suggestions for process changes were dealt with more formally, either by the Customer Liaison Units for more minor changes, or by a project team within Management Services (now Divisional Projects) for more substantial changes.

System changes were dealt with by raising a Systems Query Report (SQR). This formal process ensured that change was consistent across all areas that were affected. The SQR forms were usually completed by supervisory staff, so an individual or team would need to convince them of the need for change. Although the SQR predated the quality improvement process, the forms were updated to include a measure of the Price Of Non-Conformance (PONC) to help determine priorities.

Introducing monitoring and measuring systems

Several exercises were conducted in calculating a company-wide PONC, to help to identify some of the main problem areas and raise awareness of the potential for improvement. One of these indicated a PONC of about eighteen percent across the company. An emphasis on measurement was enhanced by the introduction of new performance measures for error rates and customer satisfaction and the introduction of Statistical Process Control (SPC). SPC training was introduced following the original quality training, to help the work teams monitor and improve their processes. To stress the importance of measurement, several 'measurement days' were run, where senior managers visited operations teams to help them review their measurement activity and understand their barriers to quality improvement.

Use of measurement in focusing improvement activities

The introduction of customer satisfaction measures, such as compliments and complaints helped to focus people to take action. A junior clerk, in Cardiff, noted that there were a number of customer complaints relating to one particular procedure. The procedure which was causing problems involved insurance companies having to get authority from the Inland Revenue to issue customer refunds on premiums under £1,000. This was time consuming and laborious and did not meet customer requirements.

As a result the employee suggested that insurance companies should be able to give refunds under £1,000 directly to the customer, without involving the Inland Revenue in the process. The initiative taken at NPI Cardiff has resulted in a change in the process for the industry as a whole.

Recognition system

To encourage employees to participate in improvement activities, a formal recognition award scheme was introduced, the Quality Qube (a paperweight). The Qube was awarded monthly by the Cardiff QIT, as in all other divisions.

In addition to the Qube, the recipient was also awarded a certificate and a personal reward of his/her choice, such as a restaurant voucher or theatre tickets. Other achievements which did not win the Qube but were deemed worthy of recognition were also publicised. Every quarter the Cardiff QIT nominated one person or team for the corporate Quality Qube. Winners were publicised through posters and communications in the 'Quality Update' bulletins.

Managers were also encouraged to informally recognise their employees' efforts, either through a verbal thank you or through small gifts. One manager, for example, bought bottles of wine for his staff in recognition of their efforts in significantly raising customer satisfaction levels.

Enhancing recognition

Although it was a formal recognition system, the Quality Qube proved to be a fairly narrow system, with wider, more informal recognition left to the discretion of individual managers. Consequently, levels of and approaches to informal recognition tended to vary from manager to manager. Some employees felt that recognition was more forthcoming for improvement activity within formal project work, as opposed to improvements that arose from normal teamwork.

In the latter, the acknowledgement is unlikely to extend any further than the immediate supervisor. As one employee stated:

If you don't blow your own trumpet you won't get any recognition unless it is obvious.

To try to overcome this problem and stimulate wider recognition, a Recognition Register was introduced in 1994. This was displayed in the staff restaurant and recorded details of customer compliments and the photographs of the staff who received them. Visitors were encouraged to look at it. Further, in 1995, a 'thank you' template was introduced on the e-mail system to encourage managers to recognise their staff.

QIP questionnaire

In January 1996 a staff survey was carried out. One of the key issues which emerged was that employees felt the recognition system did not effectively capture their improvement efforts. While the results showed that seventy-three percent felt empowered (compared to forty-seven percent in 1995), it still left four hundred people who did not feel empowered.

In April 1996 NPI had the novel idea of getting managers to walk around their departments with a sandwich board, on which people were encouraged to paste suggestions about how to improve empowerment and recognition in the company.

New recognition scheme

As a result a new recognition scheme was launched; QIT teams were given new recognition cheque books and points for improvements could be turned into prizes. The points were awarded on an individual basis and anyone could nominate anyone else. To encourage recognition, people making nominations receive 1 point. Each nominee secures 5 points, with quarterly winner(s) receiving an additional 10 points.

The nominations were handed into the local QITs (who held the chequebooks) and prizes were awarded accordingly, from a range of 5 point prizes (worth approximately £5) to 100 point prizes which included a Compact Disc player, weekend break and £100 vouchers.

There are certain categories and criteria to be met before an improvement can be awarded, and usually a member of the QIT team will go out and talk to the person who has been nominated and complete the criteria. Winners of improvement awards are invited to a special recognition meeting/buffet (which is attended by all senior management and a selection of managers, as well as previous winners) and are given certificates. This new initiative has helped to bring about a renewed enthusiasm and generate more interest in CI. A 1997 survey report shows that eighty-three percent of people now feel empowered, and that seventy-five percent think recognition has improved in the last twelve months:

"If I want to change something I can put my idea forward and get it done, we have good communication with the customer and management have realised this and provided money to support improvement and change."⁵

⁵ Quote from one of the employees from Cardiff on an internal NPI video on quality.

Strategy development

Key points

- Movement away from Crosby Approach and greater links made between Quality Improvement Process and overall strategy.
- Transition from improving the quality of general processes and procedures to increasing customer satisfaction.
- 'Operation Satisfied Customer' — focused on clearing up work backlogs so that staff could concentrate on their main priority — the external customer.
- The CI strategy model was developed which identified three distinct market segments, each with their own marketing strategy.
- Staff were given training to enhance communication with customers (Cardiff Customer Focus).
- Staff were given responsibility for dealing with individual portfolios of schemes which helped to create stronger relationships between the Company and its customers.

For the original company-wide launch of the Quality Improvement Process a specific quality plan, based on the fourteen Crosby steps, was developed to guide the introduction across the whole of the organisation. Although this proved useful in initiating widespread involvement in quality improvement, by the end of 1991 it was decided to move away from the Crosby approach. The main concern was that it had introduced a whole range of parallel organisational structures and systems. As Morgan, Quality Manager, commented:

We had allowed it to become very messy, very bureaucratic. It was an entirely additional organisation. Despite that we actually made some reasonable progress.

It was felt that improvement activities would be more effective if integrated into normal organisational structures and processes. Consequently, all the separate quality 'machinery', with the exception of the QITs, was disbanded.

To demonstrate the integral nature of quality improvement, the business plans were rewritten so that the objectives were clearly expressed in terms of the 'quality language' (customer requirements, process orientation, etc.).

'Operation Satisfied Customer'

The new objectives also placed an increasing emphasis on customer needs and requirements. Whilst the Crosby approach had introduced the concept of customer focus, in practice this had often translated into an over-focus on the internal, as opposed to external, customer. Therefore, although a lot of work had been carried out in reducing the PONC, this had not always been to the advantage of the external customer.

The Cardiff QIT promoted a customer orientation through the 'Operation Satisfied Customer' initiative over 1991 and 1992 (parts one and two). This was supported in 1992 by Task A1, set up to investigate how to clear the work backlogs. Although Task A1 was carried out by Cardiff personnel, it was designated a 'corporate level key task' because the Head Office recognised that service levels at Cardiff were having an adverse effect on the business as a whole. Additional corporate resources and support were made available.

Building on the progress made by Operation Satisfied Customer I and Task A1, the second phase of Operation Satisfied Customer was able to move away from the crisis driven approach of the first phase (i.e. clearing the backlogs), toward an emphasis on delivering customer requirements. Market orientation courses were introduced to help develop a better understanding of customer satisfaction.

From 1993 onwards the approach became increasingly proactive, with the development of a strategy and vision for Cardiff based on the principles of quality and CI (CI Strategy Model in **Figure 2.2**).

This highlighted a transformation process for the organisation, moving from a defensive phase of avoiding doing what the customers did not like, through a transitional phase of identifying customer requirements, to an assertive phase which involves meeting these customer requirements and continually reviewing and improving. In 1994 the Group Transfer Scheme was developed by NPI. This was a facility for customers to transfer to another company, free of charge or penalty, if they were unhappy with any aspect of service provision at NPI. This was a brave step for the company to take, but so far no-one has taken up the offer, which is a positive reflection on the group.

This represented the first evolution of a CI strategy, initially focusing on improving procedures to increase customer satisfaction, but later broadening to encompass the whole system. In helping senior managers to develop the CI Strategy model, they were trained in the Seven Management and Planning tools.⁶

The new strategy was communicated by involving managers in interactive workshops. Managers were then responsible for cascading this to all staff through a series of briefing sessions.

A staff awareness survey indicated that ninety percent of respondents could accurately reflect the strategic plans.

The Cardiff CI strategy was formulated within a new corporate level business strategy, which redefined the company from a 'provider of pensions' to the more focused 'retirement related specialist'. Under this new business strategy, three distinct market segments were defined, each with its own marketing strategies; 'Pre-Retirement', 'At Retirement' and 'In Retirement'. This new emphasis reflected the increasing customer focus and was based upon a detailed analysis of the market. NPI aim to be recognised as 'The Retirement Specialist' over the next four years. In 1994 a small operation was set up in Cardiff to develop 'in retirement' products

'Cardiff Customer Focus' (CCF)

To accompany the new CI strategy, Cardiff Customer Focus (CCF) was launched in 1993 to drive and focus improvement efforts on communicating with the customers.

In particular, the initiative aimed to reinforce the personal element of customer contact, for example, through the quality of letters, policy documents and telephone calls.

The need to improve the quality of customer contact had been highlighted by research which indicated that this was a major cause of customer dissatisfaction. For example, although customers preferred to deal directly with staff over the phone, many staff felt uncomfortable communicating in this way.

⁶ Project staff were also trained in the seven tools.

A CCF manager was appointed to co-ordinate the quality activities and report on progress to the Cardiff QIT. CCF was communicated to employees through briefings from line managers who had specially prepared launch packs. New training programmes were set up for staff in Telephone Technique and Plain English in Letter Writing and accompanied by a number of control procedures. For example, software was installed to check documents and letters for plain English, and letters and documents were sampled using SPC and the results reported to management weekly.

CCF was the last specific initiative; in the following year the QIT decided that as CI and customer focus had been integrated into the strategy there was no need for a specific initiative for 1994.

Development of new customer care skills

The strategic customer orientation was reinforced by changes to the organisational structure.

From 1993, NPI Cardiff started moving away from a functional structure, where different teams were responsible for specific aspects of a scheme (e.g. new business, renewals, claims), toward a 'cellular' product based structure. Under this new Account Management Strategy, staff were given individual portfolios of schemes to administer on a 'cradle-to-grave' basis. As well as helping to build and strengthen relationships with the customer, the new approach aimed to create a greater sense of ownership and satisfaction amongst employees who would be able to see through any new business from start to finish and have greater control over their work. Scheme administrators were also able to visit their customers – previously the prerogative of managers and sales staff. Staff surveys indicated that staff responded positively to these changes.

The development of the 'cradle-to-grave' approach created new skill requirements. To support this, skill grids were introduced for each employee, indicating each process skill and the level to which the individual had attained.

Annual Performance and Development Reviews provided a mechanism for reviewing an individual's performance in relation to key skills and set targets for the following year. From this, training and development needs would be discussed and formulated within a Personal Development Plan. The budget made provisions for ten days training per person per year.

Measurement of Key Performance Criteria (KPC)

The new strategy at Cardiff was accompanied by mechanisms to continually review and update the strategy. All of the Cardiff senior management team were involved in half-year and end-of-year reviews to evaluate the actual performance against strategic plans. Performance was evaluated against a number of Critical Success Factors. These Critical Success Factors were based on marketing differentiation ambitions and all potential developments were evaluated and prioritised against them.

Key Performance Criteria (KPC)

To facilitate the measurement of progress six KPC were defined:

1. In line with the strategic focus, customer satisfaction was viewed as the most important factor and measured in a number of ways:

- **IFT Survey:** a twice yearly survey of Independent Financial Advisers carried out by an independent research agency. Based on one-hour interviews with 500 IFAs comparing the performance of around 20 companies;
- **Gordon Simmons Research survey:** a bi-annual survey also carried out by an independent research agency.

The results of the IFT survey are used to conduct more detailed investigation and help understand exactly what aspects of the service cause dissatisfaction ratings.

- In 1993 **The Corporate Monitor** introduced specific research relating to the company pensions market, focusing on the behaviour and needs of Independent Financial Advisers for whom company pensions represents at least twenty-five percent of their income.
- Published surveys, particularly the **Financial Adviser Service Awards** — 'Five Star Survey'. This surveys readers of the magazine to give an independent ranking of companies in the industry.

2. Percentage of work processed in the agreed time standards.

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3. Age profile of work in-house.
 4. Total hours of work in-house.
 5. Age profile of cash being processed.
 6. Levels of re-work.

Data on KPCs was produced weekly using SPC charts. This was monitored and reviewed by operations controllers and their operations manager on a weekly basis. Every month performance against plans was reviewed by the senior management team. Progress was communicated to employees through weekly feedback, formal half-year and end-of-year feedback, and through the wide circulation of the management reports.

Results

- Savings generated through the QIP are estimated to be in the region of £7 million per annum.
- In 1993 the company won the Financial Adviser Service Award as the most improved office.
- In 1995 results from the Customer Satisfaction Report show that Independent Financial Adviser satisfaction has risen to seventy percent as compared to forty-five percent in 1992.
- Results in December 1996 showed that policyholder customer satisfaction had increased to ninety-six percent.

Reviewing overall success of CI to date

Over the years the quality improvement programme has made substantial progress in initiating cultural change and making quality improvement integral. The programme was successful in creating a good understanding of CI and its implications at the operational level and attitudes to improvement were largely positive. Internal climate surveys demonstrated that staff recognised the QIP was a catalyst for change rather than a project in itself.

In particular, a culture had been developed where people were open to change and had come to expect it as the norm. As one employee commented:

People are very receptive to picking up ideas and changing the process. Nobody in Cardiff expects our processes to be the same this time next year.

Under the Quality Improvement Process some progress had been made in improving employee-management relations, particularly between operational staff and operations managers. People felt that the relationships had generally become more open and as a consequence they felt more valued:

There is still a certain amount of thinking, "You don't need to know this, this is my job", but this is getting less and is in the specialised areas.

Barriers to improvement

However, there was still a feeling that, as a whole, managerial commitment was patchy and some managers only paid lip service to the Quality Improvement Process. Some employees felt that this lack of commitment was demonstrated by the minimal time they were allowed to spend on improvement activities. Senior managers, in particular, were still seen as more distant:

Senior management are a bit aloof, even the ones based in Cardiff. You see them walking around but they don't stop to talk to you.

It's still a case of "managers are coming down, lets have a tidy up".

Further frustrations arose in relation to a perceived lack of action on suggestions. Although ideas which only affected the immediate work team could be implemented easily in the local area, many improvements had wider implications and therefore had to be approved at higher levels. People felt there was often little feedback on ideas which were passed higher. Whether or not feedback was received was seen as being down to the individual manager. This tended to have a discouraging effect and limited feelings of empowerment:

In the end people felt it wasn't worth coming out with suggestions because nothing would be done about them.

Particular problems were raised with the Systems Query Report system. SQR changes involved filling in a fairly detailed form and calculating the potential cost savings. People found this time consuming which discouraged them from putting forward the suggestion in the first place. The SQR would then be prioritised centrally and a 'top ten' produced. Some employees felt that an SQR tended to go to the bottom of the pile unless driven by management.

You could suggest an improvement that will really improve your work, but because it doesn't affect many people the cost justification isn't high and therefore they won't even consider yours, there'll always be ones higher up. Some SQRs are very old.

Further initiatives in developing a CI culture

Improving levels of empowerment and management commitment were seen as key to the strategic transformation process, in helping the organisation to develop a CI culture. Members of the QIT visited other organisations to identify the characteristics of a CI culture. The Seven Management and Planning tools were then used to group the characteristics and prioritise what actions were needed to develop these characteristics within NPI Cardiff.

It was decided that the most pressing issue was to promote empowerment, with a corresponding shift in the role of managers toward leaders and coaches. Two main changes were introduced.

Firstly, an attitude survey was designed and sent out to all staff to ascertain their perceptions on how effectively managers currently lead and coach. The results of the survey will then be used to develop a new 'people satisfaction' Key Performance Criteria, with the survey being repeated annually.

Secondly, empowerment workshops were introduced for both managers and work teams. Following the workshops, facilitators help the work teams to complete a self-assessment exercise (entitled 'How empowered is your team?'), covering the following areas:

- morale;
- decision making and control;
- participation and involvement;

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- co-operation, teamwork and support;
 - communication and feedback;
 - creativity and innovation;
 - role of managers in the organisation;
 - customer satisfaction;
 - recognition;
 - organisational structure.

From this exercise, the team agreed areas most in need of improvement and developed an action plan. The facilitators continue to liaise with the teams in monitoring progress and help them to identify the next priority for improvement by repeating the exercise in, say, six months.

Managers attend separate workshop sessions, with the same material but a different self-assessment exercise in which they evaluate their own performance and develop a personal action plan. Together the managers then develop and agree several improvement actions that they will undertake as a peer group, and publicise these. Progress will be monitored by working in pairs to compare personal action plans and satisfy one another that they address the peer group actions.

At the time of writing it appeared that the initiative has had some impact at NPI in Tunbridge Wells, but has yet to take off with any vigour at Cardiff.

Reinforcing the problem solving process

The original Crosby training incorporated a formal problem solving cycle and supporting tools. However, since NPI took a more informal approach to stimulating improvement activity, there were no formal mechanisms for reinforcing the process or ensuring that people always followed it. Although the more informal approach was successful in making improvement integral to employee's normal working activities a number of drawbacks emerged.

Firstly, without the reinforcement provided by a formal improvement vehicle, much of the training did not take root. Although most people still had the original training manual, apart from specialist project staff, few used it to guide their improvement activities.

Secondly, there were no formal procedures to guide employees in raising ideas which could not be dealt with within the work team. Consequently, as highlighted earlier, people often received little feedback and some ideas seemed to get lost in the process.

Journey to Improvement

To help overcome some of these problems, the Journey to Improvement materials were introduced in 1995. This represented an attempt to bring more coherence to the improvement activity by providing a common framework for problem solving and process improvement activity. The materials consisted of a workbook outlining a Process Improvement and Problem Solving Process and a tool-kit book, to explain which tools were appropriate for particular situations. A number of facilitators were trained (6) to support work groups in using the Journey to Improvement material.

It was decided that an effective way of encouraging people to use the materials was by linking it to the Statistical Process Control training. SPC training was originally introduced following the initial Crosby quality training, albeit in a limited form. As SPC has continued to be seen as an important tool for monitoring performance and identifying improvement opportunities, an increasing number of staff have been trained (at least one in each work group).

The Journey to Improvement workshops, lasting one to two hours will be run as a forerunner to the SPC training. Participants will be encouraged to use the Journey to Improvement materials to support the task they will be set in the course of the SPC workshop. The materials will then provide a framework to resolve problems as the work team continues to use SPC

Results from recognition meeting (1996)

In February 1996 the second special meeting for recognition of QITs was held and each team provided a brief presentation of their successes, some of which are illustrated below.

- 'Same Day Dealings': One group piloted a new approach to dealing with incoming correspondence which has led to real improvements in customer satisfaction, cycle time

and productivity with more than 1000 replies per week to customers on the same day of receipt.

- Rates and measures: Another group introduced a work control system that has helped remove service backlogs and reduce the production time for special illustrations

NPI case - review of implementation

key points

- This case illustrates how CI can be adopted in an office environment. The approach taken was well planned and involved transforming the culture by changing current job roles.
- The company adopted a phased approach to change, first as a reaction to internal problems, and subsequently as a means of enhancing customer satisfaction.
- At the heart of the implementation was a need to adopt a process approach to change and to increase customer satisfaction. By identifying and eliminating bottlenecks the company was able to improve internal processes and communication.
- As a result the changes became an integral part of daily work rather than being seen as an 'add on' to existing procedures. Benefits also include enhanced employee skill levels and increased customer satisfaction.

Summary

The NPI case illustrates how CI can be implemented to ensure high levels of involvement and strategically aligned activity. Changes in job roles and employee levels of responsibility were central to the programme. This has enabled staff to make a valuable contribution to the change process.

The case demonstrates the importance of leadership, which is one of the behaviours associated with successful implementation. At NPI management played a key role by showing visible commitment to change illustrated by the role of middle management in the delivery of training. Support and resources from Head Office enabled the Customer Service Division to clear up administrative backlogs and focus improvement activities on increasing customer satisfaction.

One of the key examples of good practice in this case is the way in which the company 'managed the gap' between internal and strategic objectives. This was achieved by identifying the key business processes and the skills needed to support them. The use of moving targets

and regular assessment has helped sustain the momentum and align CI with the company goals.