

Title: Delivering continuous innovation by turning management principles on their head

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Industrial Context And Business Strategy

This is the story of the UK branch of a US multi-national company that for the last three decades has achieved continuous innovation in its products. Starting with its unique textile, Gore-Tex, for which it is best known, the company has created new fluoropolymer products by sustained creative research and development and through getting close to their customers and exploring new ways of satisfying their needs. They have developed new products for next-generation electronics, for medical implants as well as high-performance fabrics, “we provide the marketplace with differentiated products that add value to the customer’s business and make a profit”, Ann Gillies, the Human Resource Manager at Gore commented. So confident are they of their ability to sustain innovation that they have a policy of moving out of product areas once their patents expire and other companies start to compete on the basis of price, to devote their creative energies to developing new products. In this organisation, change is the only constant. Their success is measured not just by the ability of the company to make a profit but also by the number of patents they register.

Turning Management Principles On Their Head

All this and more has been achieved through the inversion of traditional management principles. This has been done so thoroughly that at Gore there are no managers, no job descriptions, no bosses to tell you what to do, just associates and leaders. Whereas in a conventional company an employee does what he or she is told to do, at Gore their associates do what is needed to make the whole organisation successful. In this organisation no one can release you to work on a project because there is no fixed job to be released from. At Gore you are not paid to do a job. You are rewarded for the contribution. Your colleagues see you making the success of the business. At Gore, you are not allocated to a position of authority over others. You achieve leadership by convincing others of the quality of your ideas and your contribution to the goals of the business. This is how it is possible that 50% of employees, when asked in an independent survey, described themselves as leaders.

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How has this been achieved? How is it possible that half of all employees see themselves as leaders? In part it is through applying the lessons learnt by the founder Bill Gore, from his experience at DuPont. He identified four guiding principles for work organisation in the company:

- Fairness to each other;
- Freedom to encourage people to grow in knowledge and responsibility;
- The ability to make commitments and keep them; and
- Consultations with others in the company before undertaking actions that would affect the reputation of the company.

These principles are followed in all the local plants and operations.

Building Trust And Working Through Teams

In the UK, these principles provide the basis for building extremely high levels of trust within the company between all the associates and leaders that comprise it. These are manifest in the way in which work is organised, in the way in which learning is supported, the ways in which work is rewarded and in the unique way in which knowledge is shared, decisions made and communication is fostered. All this requires that substantial skills are built up among staff at all levels. Together these create a powerful sense of identification with the company and attachment to its values. From this flows a high level of performance in the form of constant innovation.

One of the keys to this form of work organisation is the fact that the operating units are kept small, ideally between 150 and 170 associates. All are members of multidisciplinary teams, for example, an HR team, teams of engineers, manufacturing teams, but these are constantly changing in terms of their composition. Some are global in their membership, such as the IT team and the leadership team in fabrics, the latter being made up of a German, American and UK person. Most teams are local in that if a person comes up with the idea for a new product, say in connection with motorcycle clothing, then he or she takes on the leadership of that team, followed by others who have an interest or specialist knowledge in the area. The result is that teams are constantly changing, creating an organisation that takes on an amoeba-like quality. Members of the team determine their objectives, their mode of operating and their composition. If a person wishes to join a new team, because they are interested in the idea and feel they would like to contribute to it, then they discuss their commitments to their core team with other members and sort how their commitments can be met while freeing time for their involvement in

the new team. These teams are linked through networks which ensure that all associates are aware of what is going on in the company. This requires considerable communication, hence the need to keep the size of the units small. In this context Gillies explains: “It’s really important that you know who’s doing what because it changes all the time. That’s the core of the things that we advise new people early on to do, is to build a network and know who does what so that you know who to ask and to have your questions answered”. To this end all new recruits are required to undergo a training course on listening and communication skills.

Teams are led by leaders, but there are many, many different kinds of leaders. “Some are leaders of projects, some are teams of leaders, some leaders of countries ... but the difference in our organisation is ‘you are only a leader if you have followers’. And people will only follow you because they respect your knowledge and your skill and you have a bit of a vision, so you need to have followers.” Gillies emphasises. It is the leader that focuses on achieving the objectives of the group and co-ordinates the activities of team members. Leaders do not command, they facilitate the achievement of objectives. However, all the members of the team will have an intimate knowledge of the products they are working with. Such teams can have a short life or a long life depending on the progress of the project or the core activities of the team.

Developing The People

The continuous development of people is crucial to the achievement of team objectives and to sustained creative innovation. This is ensured through the activities of sponsors. These are chosen by the associate, and their function is to help develop the person within the organisation. This is done through helping them to network within the organisation, to acquire appropriate skills and enhance their performance. The sponsors help the associate pull together a development plan and obtain feedback from colleagues to identify areas for further development. When it comes to personal motivation, the fundamental belief is that people want to do well, that they “don’t skive”, that if you create the right conditions they look forward to coming to work and that they are driven by being part of a team where they feel good about themselves. In this context, W.L. Gore minimises the number of rules. It relies on the individual associate to identify and act on what is best for the achievement of company objectives. For example, when it comes to bereavement leave, guidelines are weak on the basis that some people may need five weeks off for the death of a near relative whereas others who had a more distant relationship with a relative would only need a day or so. The belief is that in these, and similar circumstances, the

individual concerned is best placed to make the decision. As the associates are highly committed to meeting organisational objectives and have the knowledge to do so, there is literally no need for written rules. The rules form part of the conscience of the associate.

In circumstances such as this, where individuals are relied on to exercise their own judgment, often after consultation with colleagues, it is crucially important not only that staff are highly skilled and well informed but also that the links between individual achievements and business performance are transparent. At Gore, this is achieved through a system of payment that is 100% performance related. Thus, when it comes to determining individual earnings, these are a result of a process of evaluation conducted by colleagues. They are asked to rank each other in terms of their respective contribution to company performance and that then determines their earnings. In addition, any money the company makes above its agreed objectives is shared amongst all associates globally. Each associate also has a stock option which represents a proportion of their earnings. In this way the commitment of the associate towards the success of the company is rewarded directly and unambiguously. In order to ensure that the resultant pay is competitive, each year the pay of a number of associates, from a range of roles and functions, is compared with peers in other companies.

Sharing Values

In a company such as this where tremendous trust is shared between all, it is also important that those entering the company should share the same values. Recruitment is therefore about securing people who are able to accept responsibility, have strong communication skills, are able to influence others and, crucially, who will share knowledge and have a team approach. This means that it is the success of their team that is seen as crucial rather than their personal success. Formal recruitment processes are kept to a minimum, but considerable care is taken to ensure that, once employed, the new associate has the support required to become fully acquainted with the new culture. All recruits enter an induction programme and all are required to follow a course in communication and listening skills, as these form the bedrock of the company culture. For the company, the process is seen to have failed in those circumstances where “a person needs to be told what to do.”

Making Innovation The Norm

The focus on innovation within the company is all-encompassing. New information technology is exploited to the full and used in all areas. In sales, it is used to ensure that anyone in the

company can see what is in the pipeline. In manufacturing, it is used to make the processes more efficient, while in materials handling it has been used to automate the process. In addition, the company have implemented Kaizan and similar management techniques. However, what is distinctive here is that there are no management programmes involved, instead, continuous improvement is at the core of what all the teams are engaged in, namely identifying bottlenecks and constraints, identifying what needs to be done differently. The drive comes from the teams themselves, not from externally imposed practices and pressure. All targets are set by the teams themselves, by the people affected by them. However, care is always taken to ensure they are balanced, for example, to ensure that if you focus only on on-time delivery that you do not run into problems with quality.

Maintaining The Culture

The implementation of these practices has not been without problems. When they built a new plant some time ago and staffed it with new external recruits, they ran into problems, “The effect of building this plant and having all these outsiders joining our company started to have a detrimental affect on the bottom line ... effectively, the introduction of a group of new staff from outside the Gore culture was diluting its impact.” To re-establish the Gore culture, they brought over established Gore staff from the US and Germany, and together with key local Gore staff they undertook cultural training, to show how the Gore culture worked.

They learnt from this and since then every effort has been put into sustaining the culture. Gillies explains, “We really believe that our culture energises associates. Energised associates make effective teams, effective teams make business results, business results need effective teams ...” and so on. The maintenance of the culture is therefore seen as intrinsic to sustained business success and central to their everyday activities rather than a separate change management project.

To secure their success in creating an organisation dedicated to continuous product innovation, Gore has implemented a set of high performance practices that have turned traditional management practices on their head. By nurturing trust, their practices have ensured that all associates are fully committed to the values and objectives of the company. Central to this is the sharing of knowledge in pursuit of group objectives.

Equally central is the abandonment of management directives and their replacement by constant communication within and between teams on the use of best practice to achieve these objectives. Together these generate a perpetual search for improvements and new ideas.

As reported in “*The Sunday Times 100 Best Companies to Work For*” 2004 survey, in this type of environment almost 90% of staff believe that they make a valuable contribution to business success while 86% believe that they can make a difference at the company. This high performance workplace provides the basis for continuous innovation and success.

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