Participation Works: Business Cases From Around the World

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> *Participation Works[1] was published in 1993 by Miles River Press, Alexandria, VA. The book included eleven case studies of businesses in various setting around the world that had installed participatory management and planning systems in their organizations and demonstrated the successes they achieved by doing so. Since then, of course, things have changed for these companies. The intent of the book was to share lessons about organizational transformation as it relates to a variety or organizations efforts to install a more participative work environment within their organizational culture. The book itself is out of print. As General Editor, I have captured a synopsis of the key lessons that were distilled from these cases that served as the bulk of the originally-published Chapter 2. A list of the titles, the name of the case and the authors appear at the end.*

Participation is becoming an integral part of organizational life. However, opponents of participative management approaches have a number of arguments against its practice. They complain that increasing employee participation slows down decision making. It takes too much time. Even worse, these critics claim, participation actually impedes an organization's ability to improve and grow. It takes the organization out of the hands of the knowledgeable few executive and gives undue control to the mass of less-qualified and poorly informed employees.

The case studies provided in *Participation Works* present compelling stories of companies that profited because management opened up the planning and implementation process to a wider-than-ever segment of employees. Did the approach add time to the process? In some cases, yes. But the benefits of increased employee productivity and motivation made it a good investment. In all cases, management rejected a cynical view of their workforce. They recognized that their employees had highly valuable insights that could contribute to the success of their companies.

In fact, management in these cases discovered a chain of benefits that resulted from involving employees as stakeholders in the companies. Increasing the level of participation in planning, for instance, promoted a greater sense of ownership among employees for implementing those plans. They felt empowered to challenge the false assumptions and unreliable analysis upon which expert consultant plans were built. The greater sense of ownership enhanced employees' commitment to see that the plans were expediently and properly carried out. In the long run, employees won; and the company as a whole won.

EXPANDED BENEFITS

This same notion of participatory involvement has always underscored the growth and preservation of democratic societies but somehow it has been thought that in the "private sector" wiser - and, frequently, distant - business executives are the only ones capable of knowing what

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[1] © James P. Troxel

to do. However, this practice of the autocratic business executive is past, because to cope with the rapid changes in today's business world, executives need to draw upon collective wisdom of all stakeholders. By tapping the experiences of those already at hand in-house through such events as participative strategic planning, corporate managers see these techniques as an extremely cost efficient and effective way for organizations to solve the monumental problems facing them.

When the contributors of these corporate case studies speak of increased participation, they mean something other than more frequent meetings where a CEO or other executives recite the state of the business environment and proclaim management goals. They also mean something far beyond warm and fuzzy, share-your-deep-feelings, rural retreats full of emotional outbursts unrelated to business performance. The kind of participation illustrated in these cases involves a carefully designed and executed system of planning and learning events guided by professional facilitators from inside or outside the company. In each case, company leaders who are not defensive about sharing responsibility champion this involvement.

FOUR RESULTS OF PARTICIPATION

These contributors learned that a culture of participation will take root in companies through such events if they are held over a significant period of time and as part of a coordinated business strategy. Performed in tandem with employee training sessions in the ongoing use of these participative techniques fosters:

(1)   Increased performance and productivity,
(2)   Redirected business mission focus,
(3)   Empowered team-based implementation, and
(4)   A workplace environment with motivated employees.

Because these cases come from ten different nations and represent a diverse set of cultures, the success of these companies affirms the message that whatever culture or environment, participation works, and introduces some very impressive results.

Result # 1:   Participation Increases Performance, Productivity, and Profits

Employing participative approaches in business planning yields real benefits, most importantly, a boost in profitability. All of the organizations discussed in these case studies realized such increases, which they attributed in varying degrees to increasing opportunities for employees to share in planning and decision-making. Sometimes the results were dramatic. Increased profitability and market share grew naturally out of the performance and quality improvements promoted by participation programs. Remarkably, some of this growth took place in radically shifting business environments. For example, the Mills Group in Brazil was able to thrive in times of national economic chaos, while Lockheed's Research and Development Division was able to shift from being defense industry dependent to consider civilian uses for their technology research.

The central question for any new technique professing to enhance business performance is: "Does it work?" That is, does it achieve significantly higher levels of performance and productivity? Can those increases be measured? The evidence from all the case studies answers the question unequivocally. They show that creating more participative corporate environments greatly increased that company's capacity to outpace their competitors.

The stories of Great Eastern Life Assurance, Ltd. of Singapore and Widia Engineering, Ltd. of India show how each company was able to employ participative planning techniques to achieve national recognition within their industries. Great Eastern was awarded Singapore's prestigious "National Productivity Award" while Widia was one of the first companies in India to qualify to do business in the new European market by meeting the ISO 9000 series of standards.

There is no guarantee that every company which attempts to increase participation will achieve such dramatic results. Many other factors, of course, contribute to the overall success of an organization. However, when participation programs are facilitated properly and endorsed enthusiastically by the organization's leader, they will unleash latent talent, skills, and insights within a corporation. Increased and surprising performance often result.

Result # 2   Participation Redirects Talents and Energies to Expand Customer Base

During the planning events described in the case studies, the companies refocused their basic business enterprise. Employees saw the need to jettison superfluous activities and gained a clearer understanding of their market and its changing demands. Clearly, successful business ventures do not result from managing a large number of variables and factors, but just a few. These variables may be the company's core competencies, the competition's weaknesses, or specific market niche identification. Focusing the collective energy of an organization on a few points of leverage, rather than scattering it across an array of options, will result, in the long run, in greater returns. The pathway to accuracy in finding these points of leverage begins with expanding everyone's understanding of the business, and drawing from the collective experience and wisdom of all employees.

Using participative approaches in business planning widens the world view of the participants. Employees gain a clearer sense of how they fit in to the whole organization, and are able to look at the whole company rather than its parts, and have a better understanding of the big picture. As active participants in the company's planning events, the employees learn to examine the company's inherent weaknesses and strengths, as well as its capacity to take advantage of market opportunities.

Some employees interviewed for the case studies talked about how their perception of the company changed during participative planning events. For example at Metacentros in Guatemala, employees came to understand that the company was not just dealing with business problems but with the problems of Guatemala itself. Metacentros' mission, they discovered, centered largely on meeting genuine human needs as a business strategy. Needless to say, this

broad mission gave employees an even greater motivation to see their company succeed. It also generated a battery of creative ideas to meet those human needs outside the company.

Another objective of participative corporate planning is to ensure that everyone is "on the same page." In each case study the company conducts a workshop to create a practical vision for the company's future. During these occasions, the participants clarify the philosophy, values and mission of the company. At the same time a sense of alignment within the company begins to become evident. As one employee participant said, "The `why' becomes more evident." An organization's need for a clear mission and vision is obvious, but creating them with widespread employee participation increases the likelihood that they will be more widely accepted across the workforce. The individuals most involved in a business process have the knowledge and know-how to improve it, but frequently those persons are simply never consulted. Participative approaches require executives to listen to line employees. For example, at Widia, it meshed Total Quality Management (TQM) with participative techniques accelerated the learning capacities of everyone in the company.

Results # 3   Maximizing Stakeholder Involvement

"Empower the work force" is an oft-recited mantra today in business. But with the hype stripped away, what does this really entail? One way to achieve an empowered workforce is by asking employees to be involved solving business problems that affect them. Business mangers today gives lip service to this and would like to see it happen. But there is a catch. Empowering the work force requires sharing some power previously reserved as the exclusive domain for top-level executives. Executives, managers and supervisors have been taught that their job is planning and control. The irony is for an executive to lead successfully he or she will have to give up the notion of being in charge. Empowering the work force will require the development of a new leadership role.

Empowerment starts with improved communication, which often begins in planning events where participants discuss the company's strengths, weaknesses, vision, blocks and strategies. In listening and learning from one another, employees begin to build communication channels which continue to function even outside the planning events. Increased communication raises the level of teamwork needed to create and implement the plans for corporate change and improvement. Because the need to change is so obvious in business today, learning how to overcome resistance to change is very important. Generally those whose jobs are removed from the larger picture of the company have the least understanding of why or how the company should adapt to new directions or methods. Sometimes when executives hand down mandates saying there is a need to change, the walls of resistance go up. However, when employees actually participate in the process that identifies the need for change, they understand better understanding why things need to be changed and are more willingness to try new methods. This acceptance, in turn, increases each person's capacity to adapt to new business conditions and enables each employee to become ready to accept new ideas and technologies. In short, participation eases change.

Participation can also become a way of life for the company. Employees actively involved in designing business solutions and processes which affect their daily performance become motivated to acquire new skills, try new operating patterns, and even alter the way meetings are run. When these skills are shared with the entire workforce, everyone buys into reinforced business strategies. Creativity is enhanced not just for its own sake, but as part of a coherent business strategy. Intensive participative planning breeds intensive participative implementation and fosters the understanding of why experiments need to happen. It allows the employees to recognize why risks need to be taken to activate the larger business vision. We have seen repeatedly that when all the people affected by a plan help build the implementation of the plan they are more willing to take risks and experiment with new company ventures.

Result #4:   Participation Motivates the Workforce

Corporate cultures of participation that produce the kind of results we are describing here take time to grow and flourish. However, when management pays attention to the human dimensions of the workplace, these additional corporate benefits are gradually blossom. If participative planning events continue regularly throughout the company and then are augmented with training of the whole workforce in the same skills used by the professional facilitators, this new way of operating is ingrained as a company pattern. A greater sense of responsibility and ownership for the future direction of the company then becomes the standard. Since no one wholeheartedly implements someone else's plans, if a company leader wants greater employee responsibility for performance, the employees need to be part of ongoing deliberations about things which affect their work.

In addition, regular use of participative techniques develops cooperation as well as trust; it breaks down walls that isolate. When productive manager/subordinate relationships take root, the language of hierarchy fades in importance, if not to irrelevancy. A greater level of trust is engendered. More often than not, goals that are participatively set are higher than goals set for an employee by his or her superiors. And, in turn, these higher goals, result in higher levels of performance overall.

When the workers at the plant that was designated to be closed by the executives of the Mills Group in Brazil came forward with their own proposal to keep it open, no one suspected that they would be able to achieve the impressive results they did. But because it was their plant and the company had trained them in participative approaches, the employees felt the confidence and courage to accept the challenge. In this case both the employees won and Mills' leaders were winners because the workers were able to set higher goals than those that were handed down to them. Employees who are given a greater say in the life of those things which affect their performance, in turn, increase their commitment to their job and to their company.

However, there is a subtle distinction between buy-in and ownership. Too frequently employee participation efforts are thinly veiled attempts to get the employees to buy in to a plan that already exists in the minds of executives. Increasing genuine ownership, on the other hand, requires executives, managers and all employees to begin on a level playing field together.

When employees plan shoulder-to-shoulder with the rest of the company stakeholders, they are much more willing to implement and take responsibility for those plans. They become part of the larger team.

DISCOVERING THE CRITICAL FACTORS

The contributors of the case studies found that maximum stakeholder involvement helped to root a company's culture of participation firmly. The importance of such stakeholder participation is the first of a series of discoveries common to all the stories presented in the book. The second discovery is that a company's leader must be open to and supportive of the trauma and drama of corporate change. As strong participants themselves in this transformation, leaders cannot allow stakeholders' challenges and reactions threaten them.

Adopting a participative company culture that works can be confusing and frustrating, especially at first. Readers will recognize this reality as the third discovery common to the cases. The fourth common thread revolves around time – having enough time and recognizing the proper moment for going forward with strategic change.

Discovery # 1: Need for Maximum Stakeholder Involvement

Common to all the cases presented in participation Works is the recognition that putting into place a culture of participation is maximum stakeholder involvement. In other words, all the people affected by a problem need to be part of its solution. Of course, this has been a maxim of the field of organizational behavior for years, but as Margaret Wheatley stressed,

> *We know that the best way to build ownership is to give over the creation process to those who will be charged with its implementation. We are never successful if we merely present a plan in finished form to employees. It doesn't work to just ask people to sign on when they haven't been involved in the design process, when they haven't experienced the plan as a living, breathing thing.[2]*

Simply put, not only do employees not fully implement someone's plans, they support more enthusiastically what they themselves create. This is simply part of the new common sense of organizational life today.

To be successful, business is discovering how to tap its human resources. Our cases have revealed that participation and learning are mutually inclusive. True participation will result in real learning opportunities, a sharing of knowledge and skills. Self-directed or self-managed teams become laboratories for group discovery if guided by trained facilitators who let these groups "know what they know," so they can tap into the incredible experiential base resident around the meeting table. This was especially evident in the Metacentros story from Guatemala where, when faced with the challenge to respond to a national economic development issue, the

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[2] Margaret J. Wheatley, Leadership and the New Science, 1992, Berrett-Koehler, San Francisco, pg. 66.

employees harvested their own experiences into a focused business strategy that serves the country and the company simultaneously.

Our cases reveal the power and integrity of people on the shop floors of industry and behind the retail counters. Those who perceived themselves as having customers, whether internal or external, are on the front lines of enhancing business performance. As the executive of a large municipal Dept. of Revenue claimed to his fellow workers, "There's those of you directly serving the public and then there's the rest of us." Frequently the problem is they are simply not asked what they think. They are not asked to share what they have learned from real business experience. Much could be gained in business today if its leaders were willing to listen and learn from their own people, who trust in the stored-up wisdom embodied in a work force that for the most part wants to do the best job possible, but is frustrated over irrelevant and meaningless policies, procedures, programs, and plans handed down from the top.

One barrier to this kind of employee involvement, though, is management's distrust in its employees' abilities, experiences, and wisdom. This block is largely in the mind of the manager. For a company to harvest the collective wisdom of its own people, the manager must believe in the resident capacities of his or her own people. It takes a very self-assured manager to allow those who work with him or her to voice their opinions, ideas, suggestions, and concerns. Insecure mangers wilt because they do not think to seek out those nearest to an organizational problem who are frequently the ones best able to solve it.

Discovery #2: Importance of Leader's Support

While a lot of lip service is given to the claim the human factor is a company's greatest asset, few leaders really believe it. Their actions profess a different attitude. Once I was asked to facilitate a strategic planning session with a division of a Fortune 500 company, its executive claiming he wanted total commitment to the plan and understood the importance, therefore, of the participatory approach we would be using. However, midway through the process he walked his team through 125 overhead slides of the new corporate plan that he had been working on and wanted everyone's opinion. He didn't get an honest one and left the meeting nonetheless convinced he had achieved their commitment to it. He even thanked us for our assistance.

A great disservice has been done to a generation of leaders trained to think that because they are assigned the leadership role they are expected to have all the answers, know all the right moves, make the right decisions. The times we live in do not give us such a simple world and many current leaders are not prepared to come to terms with their inability to always know what's best. On one occasion I was sought out by the employees to convince management to convene the group in a participative planning session. The senior executive allowed the session to proceed (in attempt to placate them), but did not participate. The session allowed a venting of frustration but did not enable the organization to make any significant break-through in thinking, organization or action. The executive in charger came back at the end of a session and essentially torpedoed the group's few creative suggestions.

This behavior is symptomatic of insecure leaders, those not capable of allowing people "under them" to offer any insight, for fear it might expose their own shortcomings. Simply acquiescing to some ritualized group process meeting, management did not really take workers' sentiment seriously and fundamentally did not believe in the usefulness of the process. Just as Edwards Demming didn't institute his TQM approach without the top executive commitment, participation should not be approached unless an organization's leadership champions its cause.

Business is at risk unless it can be set free from the notion that its leaders are to be above mistakes and have a clear solutions for every complex issue they face. The problem is not a character flaw in leadership, but over-expecting market forces that need a sense of security out of reach in today's complicated world. The real leader of the future will be the one who is secure enough in their own sense of self-worth to reach out for input and feedback from others, even the newest employee on the line.

To maximize its investments in its human resources, a company must be committed to altering a basic organizational paradigm that managers have the knowledge and workers are just supposed to comply with leadership's thinking. The participative imperative we propose in this book requires a fundamental transformation in the way business leaders think and act. This transformation is first and foremost a change of heart and mind rather than a change in organizational structures. This transformation will require managers to surrender some of what they were taught was one of their main functions: control. A manager will probably be unable to achieve the enhanced business performance that increased employee participation can bring if he or she insists dominating the processes.

Discovery #3: Participation Can Be Chaotic

A third discovery is that there will be a certain amount of confusion at first as old patterns are replaced and new ones tested and adopted. When first introduced, participation can be messy. Organizational leaders can be comforted in knowing, though, that creative new patterns often emerge through such upheaval, not from a logical, linear extension of old patterns hoping to respond to new situations. The Mills Group story, for example, shows that company's capacity to increase the level of work force involvement while at the same time accepting that "crisis was their ally." This gave them the perspective and patience necessary to weather the economic turmoil of national Brazilian economy and prevail.

Discovery #4: Participation Involves a Matter of Time

Another key to success common to the case studies has to do with having enough time at the right time to implement participative work arrangements. Participation is not a quick fix, though the search for quick fixes seems endemic to our society. We long for no-risk investment returns, fantasize about winning the big contract to escape our problems, employ the "technique de jour" to solve our business problems. Slowly, however, the message sinks in that our times require a fundamental reexamination of basic operating principles upon which business was founded. The

problem is that no one business school, no one book, no one management consultant guru can possibly deal with all the factors that require examination.

In business, people are impatient with things that don't bring instant gratification, results, and feedback. Following through a process of full stakeholder participation takes time. Initially it might mean more meetings rather than fewer. But as our cases have witnessed, increased results do materialize. Consultant D'Souza's insistence that J.K. Fibre suspend financial measurement of his injection of participative methods reaped dramatic rewards in the long run.

Our cases also revealed that there is a time to use participation ….

The Right Time

1)   At the beginning of a new venture or undertaking (illustrated by the J.K. Fibre story;
2)   When a new direction is required with an existing venture (as with Widia and Great Eastern Life Assurance, Ltd.);
3)   Soon after new leadership is in place (depicted with the story of Metacentros);
4)   When the lack of productivity and profits, the rock-bottom morale, or high employee turnover can no longer be tolerated (portrayed by the account of Hamilton Insurance);
5)   When the external forces of the competition, the new technology, the national economy are so powerful that the company must respond in brand new ways (seen both at the Mills Group as well as Lockheed Missiles and Space).

… and a time to avoid it.

The Wrong Time

1)   When there is no apparent need to do things differently
2)   If the leader does not champion it
3)   When people want a quick fix to a deep problem
4)   If participation is performed around a non-issue or merely a surface issue - that is, when the focus is to "straighten something out." Participation works best when it alleviating the core issues of a business.

CONCLUSION

By empowering the entire workforce through collaborative planning sessions, the workers begin to gain an understanding of the overall business expectations that require their more active role, while the leaders begin to gain a faith in their workers to honestly produce when called upon. This has been a key ingredient why the two stories in *Participation Works* - Metacentros and three examples from Russia - have been so successful. Metacentros in Guatemala was able to empower employees throughout their corporate cultures and the positive effect it had on their bottom lines. In Russia, the practice of full participation in decision making is being recovered after many years of an autocratic approach.   Lockheed Missile and Space Research and

Development in the U.S. used participative approaches to turn themselves inside out from dependency upon a fading defense industry to self-reliance in a civilian market economy. Hamilton Insurance in the United Kingdom employee attitudes were turned around once they were convinced on where the direction of the company was headed and what it considered was important was shaped during participative planning sessions.

Increasing levels of participation in long and short range planning a company taps into the collective wisdom of its entire workforce. Our case studies are business success stories because they turned conventional management wisdom upside down. Nothing less than such a revolution in thinking is required of businesses today if they are to thrive into the next century. A culture of participation makes these benefits possible. It releases the full capacities of all members of a work force and applies that energy to a collaborative effort to address business performance issues. In essence a culture of participation maximizes the collective skills and insights already residents in an organization.

Case Studies

DuPont, **Asia Pacific**. "Cross-Cultureal leadership" by Roy Stansbury and Chris Yates.
Great Eastern Life Assurance Ltd., **Singapore and Malaysia**. "Excellence…A Journey Not A Destination" by Ann and John Epps.
Hamiliton Insurance Company, **United Kingdom**. "The Evolution of Customer Service" by Alan Berresford and Femi Oguntokun.
Hudson's Bay Company, **Canada**. "Participation at the Grassroots level" by Jo Nelson
JK Fibre, **India**. "Creating a Second Taj Mahal" by Cyprian D'Souza.
Lockheed Missiles and Space Co., **USA**. "Transforming a Defense Research Organization: Can It Happen Fast Enough to Survive" by patrician Tuecke.
Metacentros, S.A., **Guatemala**. "Integrated Company Teams Serving a nation" by William and Barbara Alerding.
Mills Group, **Brazil**. "Crisis: An Ally of Participation" by Nancy Grow
Nigeria International Bank, **Nigeria**. "Facilitation Skills in Action" by Robert Vance.
Prijmorski Sugar Corporation, **Russia**. "Recovering a Culture of Participation in Russian" by David Dunn with Alexey Kuzmin.
Widia Ltd., **India**. "A Value-Driven Culture" by Judith D. Gilles and T. A. Sadasivan.