

Evolving a growing and dynamic organization through...

Success with self-managed teams and partnering

Raymond J. Spencer — Kanbay Resources, Inc.

Kanbay's clients are Fortune 500 companies that are exploring ways to implement ongoing enterprise-wide information systems improvements in order to better serve their markets necessary to maintaining their competitive edge.

Kanbay Resources, Inc., founded in 1989, is an information technology consulting firm that provides informational and organizational solutions to the dynamic challenges facing businesses today. With offices in the US, UK, Hong Kong and India, Kanbay provides exceptional service through the flexibility of our on-site experienced consultants.

Kanbay Resources' mission is to partner with clients to help them transform their cultures, systems and leadership processes. As a partner, Kanbay strives to align these changes with the client's long-term objectives.

Self-managed teams: key to our growth...

During the past six years this organization has grown rapidly and has achieved a 65 percent increase in revenues between 1993 and 1995. How have we achieved such growth? Through the use of self-managed teams (SMTs). Each SMT contains its own creativity and accountability unit and everyone in the company is a team member. Each SMT is responsible for the development of its business, and for measuring and tracking fiscal responsibility. Our SMTs are organized around market segments. Currently, five SMTs are located in North America, with one each also in London, Hong Kong and India.

Our model for growth — Within the last year, the people at Kanbay realized it was necessary to create a model that encompasses a comprehensive set of dynamics, aligned with the SMTs objectives, to ensure that the company continues to maintain its focus, aggressive growth and profitability. This model is called the *Globally Elegant Organization* (GEO).

In addition to the SMTs, the model's five other categories serve as guideposts for everyone throughout the organization. This model assists the SMTs' focus on services, direction and personal growth, especially as to how to optimize these categories in providing on-target customer-needed services.

The five GEO model categories guide the SMTs in how they manage themselves and how they provide client services. The model categories include:

- Mission: value-added service...
- Leadership: responsible stewardship...
- Learning environment...
- Participatory culture rich in diversity...
- Individual fulfillment.

The GEO model, which is an evolving filter, suggests that success can be measured by the following criteria:

1. Fiscal health — without which sustainability and diversity is impossible...
2. Customer delight — the measure of the relevance and quality of services offered by the organization to meet client needs and standards...
3. Empowered SMTs — the barometer of health of the organization's heart...
4. Continuous transformation — the capacity for the organization and its members to change on an ongoing basis.

Walking our talk with clients... As an organization, Kanbay is an advocate of change, implementing innovations internally to serve as a true advocate for its clients. Actually, Kanbay strives to walk its own talk, seeing itself as a microcosm of the companies it serves.

We have learned that to attain business success one should focus on the six arenas of the GEO model. And, any effective company should:

- Focus on the organization's value-added services...
- Encourage a leadership mode of responsible stewardship...
- Create a continuous learning environment...
- Commit to a participatory culture...
- Foster an environment that enhances individual fulfillment.

Our SMT experience

Our SMTs are based on the assumption that a successful organization networks thinking individuals in a manner that elicits a level of corporate creativity that is greater than the sum of each individual's creativity. The charter for our SMTs encompasses systems that enable their effective operation, and structures for accountability and recognition. Through these teams, employee creativity is tapped to enhance the quality of service provided to our clients.

Diversity is critical to the makeup of these teams... A mixture of leadership styles within the teams is encouraged, as well as people with different skills and experiences. A team is more effective if it has people of different ages and ethnic backgrounds.

Early benchmarks and learnings... Since Kanbay's SMT structure was formed a year ago, this early stage can be considered a learning phase, with everyone examining the process and recommending modifications. One of the first benchmarks used to evaluate this undertaking was evidence of increased buy-in by team members which would help to guarantee full participation in the planning and execution of individual, team and corporate goals.

Leadership and ownership... Early on, we realized that if we wanted to continue to maintain our aggressive annual revenue growth of 60 to 70 percent, we would need to deepen our leadership dynamics. Although we always encouraged a strong participatory environment, tough decisions continued to be made in my office (the CEO's office). If people were to take ownership of their decisions, we found it was critical that the SMTs be given full autonomy in the first year.

In a sense, the SMTs became miniature companies responsible for every aspect of their business.

Uneven early team performance — In 1994, two of our four revenue generating teams in North America did very well. A third team, our newest and based in Hartford, Connecticut, is well on its way to achieving its goals. The fourth team did not meet its goals and actually lost ground. The experience of the fourth team provided us with a valuable lesson — there is a real need for the SMTs leadership team to take a more pro-active approach providing cross-SMT reviews. This year, the SMT leadership meets regularly to share their ideas and discuss issues. Our offices in India, Hong Kong and London have developed a strong sense of autonomy, working to solve their problems outside the confines of a head office. However, their SMTs are not as far along as those in the US, in developing support systems.

Financial knowledge of our SMTs — A key to success in any business is that each individual employee understand the business and financial implications of their and their team's activities. Therefore, it is important that our teams have total access to the financial and other relevant information, while assuming the necessary responsibility for managing themselves. Each team operates as a self-contained nucleus with responsibility for sales, delivery and management capabilities.

Strong sense of ownership... In empowering the SMTs, people were provided with a hands-on ownership of the company. Information about the corporation is available to all employees. The intent is to share broadly how the corporation is doing. This sense of ownership is strong. Analysis of like companies shows that a 33 percent annual turnover is typical, while Kanbay's turnover remains at only 5 percent.

SMTs and compensation — It is important that the compensation structure reinforce the values that the organization deems to be important. The incentive structure is built around the performance (profitability) of the SMT. Staff (consultants and support staff) are paid a base salary and an incentive. The incentive pay is influenced by the SMT's profitability, in addition to meeting team and individual objectives.

The target incentive payment is 10 percent of base salary, but it can go up to 15 percent. Employee objectives are determined at the start of the year. A formal review of the objectives is conducted every six months by the team.

Leadership team compensation... The compensation structure for the leadership team is more complex, following a three-tier approach (base salary, annual bonus and long-term bonus). The annual bonus is determined by the role, ranging from 25 to 120 percent of base pay.

Awards are funded based on SMT profit performance against the fiscal year profit goals. The long-term bonus is funded on the basis of cumulative profit performance during a fixed four-year period.

Cost of start up to revenue expectations — In taking this first year to explore and define our SMTs, the process of reaching our projected revenue marks has slowed. However, the result is a stronger corporation that allows us to sustain that level and grow beyond it. While Kanbay is not as strong financially as it could have been if I (as CEO) had maintained a tighter rein on the organization, our overall capacity to grow is much stronger. As a result, over the long run, I feel Kanbay will be much more successful.

Life in the GEO model arenas

Critical to the success of Kanbay SMTs are the other five components of the GEO model. In the information technology consulting culture, as in business and the world, we are all inter-dependent. Each component serves to strengthen our people, our SMTs, the corporation and our client relationships.

Mission: value-added service — This arena is about the effective sales and delivery of our services. This is the cutting edge of any organization's ability to bring value to the services it provides. In today's business environment, if you do not have a quality orientation you will not last. Generally, client-based personnel stay very focused on quality as it relates to the delivery of services. As Kanbay is learning from its evolution, it shares many of these ideas with clients. In turn, Kanbay learns from its clients and incorporates these learnings in our evolving business model.

Who are our customers and how can we better serve them? One example of this quality focus demonstrates the work Kanbay is doing with a client in India. The client, PGR Group of Companies, in India, needed assistance in redefining who it is and what type of service it wants to provide customers. Kanbay brought a level of value-added service that transcended PGR's expectations. PGR is a company that had a reputation for bad customer service and poor product quality. Today, the PGR unit has been rated as the No. 1 in customer satisfaction. This was made possible by Kanbay assisting PGR to create a customer-manufacturing partnership. In this instance, PGR empowered its customers to show it what value-added services would be advantageous to all parties.

In 1992, PGR invited all customers to a three-day workshop and declared its intent to build a value chain to satisfy and deliver goods to the customers. Because of its reputation, customers did not, at first, believe them. Once they recovered their initial skepticism, customers began attending the meetings, held every six months. At one meeting, PGR developed a customer satisfaction index to measure the well being of the customer-manufacturer relationship. The index revolves around nine parameters that are evaluated quarterly by a third party visiting customer sites.

The strong bond that is growing between PGR and customers is resulting in new business strategies that are critical to the company's future growth and success. In turn, Kanbay is participating in this building of partnerships, which results in a stronger bond between the continuum of consultant to client and then to the final customer.

Leadership: responsible stewardship — In a sense, the term leadership applies to everyone in the organization, as well as named leaders. At Kanbay, we view leadership as the guardianship of corporate well being or stewardship. Leadership has three key components:

1. The first is mentoring people in the organization.

If the posture of respect becomes basic to human relationship in the organization then an increased level of responsibility is forthcoming. As a result, the SMT model is ideal for nurturing the individual, through a smaller group within the corporation.

2. The second aspect is managing processes in the organization.

If attention is focused on how things get done rather than on the personalities of the people doing the job, the organization is released to create innovative ways for streamlining processes and decentralizing many core functions. Our breakthrough teams incorporate diverse skills, experiences and perspectives. Assigning central roles to SMTs is a way for us to keep the organization dynamic.

3. Thirdly, the leadership dynamic is responsible for nurturing and rehearsing the vision of the organization.

The leaders must balance the needs of the SMTs and the corporation, playing a pivotal role of providing checks and balances. Consequently, the leadership role takes on a new aspect — no longer do leaders dictate, instead they encourage and guide team participation.

Empowering employees at Household International... At another client, Household International, it became critical that the leadership learn how to empower the workforce, while creating, supporting and developing structures that maintain the business. Household International's CIO Dave Barany wants to empower the people at Household so that they may maintain their leading edge by leveraging people-based solutions as well as technology-based solutions. In many organizations the leadership process is isolated; Barany wanted to extend the process to everyone in his group that is involved in any sort of leadership role.

Barany felt it was critical that the entire group improve its communication skills and come into alignment to provide value-added service to the businesses it serves. With Kanbay's assistance he is turning his leadership into stewards for empowering their staff. "What I had was a group of hands-on doers. I didn't want them to lose that as much as I wanted them to understand that leadership had the added responsibilities related to the organization and the people in their departments. As stewards they can increase the capabilities of their people," Barany said.

Learning environment — In the information technology industry, it is said professionals lose nearly 25 percent of their useful skills each year. Hence, to remain competitive, an organization must foster continuous learning.

Therefore, we support an ongoing process of formal and informal learning in areas as diverse as:

- The latest technologies...
- Facilitation skills...
- Leadership...
- Cultural awareness...
- Financial strategies, in addition to a wide variety of other skills.

Effective learning is more participative and interactive — with our organization learning from itself. Regular cross-team training events occur which are led by a team member.

Leadership training at Guardforce... In Hong Kong, our SMT has had the opportunity to develop this concept of leadership training at Guardforce Group, an 18-year-old security firm. Guardforce has built its reputation on its spotless integrity. This level of commitment has required that every staff member not only acquire the technical expertise to do his job but also acquire the basic characteristic of leadership, reliability and responsibility that comes with the position. Practices such as rotating leadership roles at meetings to regularly and systematically rehearsing policies, has allowed the company to grow rapidly.

E.J.H. Deverux, a Guardforce Group founder, says, "We have tried to build a culture in Guardforce that welcomes input from people and which opens the road to people who contribute. We like to think that when talented people decide to give their best to this organization, we respond with opportunities for learning, growth and increased responsibilities."

These opportunities have come in the form of new assignments, task force projects, research projects and by regular re-examination of the in-house training curriculum. Work teams are encouraged to share what they are learning on the job, to report regularly to each other and to improve their own business process. As a result, Guardforce has had an excellent record of growing its own management talent.

Participatory culture — All Kanbay employees participate in:

- Strategic planning processes...
- Creating SMT operational plans...
- Setting team and individual objectives and reviewing performances.



Raymond J. Spencer is president and CEO of Kanbay Resources Inc. Spencer has over 20 years experience working in 18 nations in international business, project management and management consulting. Before joining Kanbay, Spencer served as chairman of Lens International Inc.. Spencer was born in Adelaide, South Australia. While a student at the Law School of the University of Adelaide, he was asked to head up the establishment in India of offices for the Institute of Cultural Affairs, a world-wide not-for-profit organization, recognized as an NGO by the United Nations.

"At Kanbay, we encourage people to map out their own journey and to put together holistic life plans and, then, make their professional plans in that larger context."

During the past year, we have trained people in the technologies of participation to help disseminate this basic principle.

Participation does not come easy... Most people like to get in their two cents worth when they feel like it and, then, conveniently forget the participatory dynamics when hard decisions need to be made. True participation balances both the *I choose (freedom)* perspective with the *I belong (or ordering)* perspective to release an *I create* perspective. This is not easy to manage as there is a perceived loss of control on the part of the company's senior leadership.

A joint leadership venture with DuPont and Thapar in India... Kanbay has been assisting DuPont and the Thapar Group in India, to develop joint leadership as the two embark on a joint venture. Having a shared vision that is rich in perspective and built with everyone's cooperation is critical to the success of such a project. This vision creates an environment whereby people set realistic objectives for themselves, within the framework of the corporation's goals. As a result this frees employees to implement their objectives with an awareness of the rewards and consequences. A guiding but not controlling leadership style has proved to be most effective to support this level of participation.

In forming a joint venture, based on world-class technology, the two groups were intent on bringing together equally leading edge people systems. The leadership decided that to do this they needed to operate in a way that would reflect what they wanted to create. Part of this effort was establishing a highly participatory leadership process engaging all functions involved in the integrated business.

Participation was critical for very practical reasons. Since, the two groups were forming an organization that would rely on a team-based approach, they needed to understand how to operate in this environment. Additionally, they found that through an open participatory culture, members were much more effective, with communication channels remaining open at all times.

Individual fulfillment — At Kanbay, we encourage people to map out their own journey and to put together holistic life plans and, then, make their professional plans in that larger context. Work on corporate values is important to giving an individual context for deciding if Kanbay is the right place for his/her vocation.

When personal and professional values align there is a greater release of energy and creativity... Our focus on these values fuels our ability to successfully manage diversity, instead of having to implement a forced diversity program. If people are not aligned with the organization's values, the choice is to focus on the mutual short-term benefits. Or, perhaps the wisest course of action is to counsel the person out of the company. Recently, this was done with one team leader who differed with the company's participatory philosophy.

Working with KPMG Peat Marwick on individual development and diversity... Any organization that values workforce diversity as part of its corporate culture becomes a human organization. Within the last few months, KPMG Peat Marwick's Midwest Strategic Services Group has undergone a major shift in market focus and organization. To align the staff with the new direction and create plans for the coming year, Kanbay assisted KPMG to conduct a two-day planning session for the 80 leaders impacted by the shift. A critical component of the conference encouraged each person to spend time deciding his or her individual goals and objectives, and outlining personal changes that they needed to make in order to increase their effectiveness.

Ken Coppins, KPMG partner, says, "We look for each individual on the team to be personally aligned with the group direction and committed to making changes necessary to remaining a top performer. This comes about when individual aspirations and the group directions are synchronized. We look for people who are willing to grow, are excited about their work and who see that they can be a contributor to the organization's success."

We attempt to provide a professional environment and training opportunities that encourage each person to reach his or her full potential."

Closing thoughts

Any organization knows that value is not determined exclusively by the product manufactured, services offered or profits earned. Through SMTs, Kanbay's corporation and its employees gained valuable growth within the last year in a number of areas. The SMTs were encouraged to:

- Experience the power of the corporation...
- Reaffirm the company's vision...
- Address issues that transcend all SMTs...
- Examine the progress made by SMTs...
- Exchange knowledge among SMTs that otherwise might not have been possible, and...
- Celebrate our year of success.

The dynamics of the SMT structure has empowered the people at Kanbay to take ownership of their deeds and responsibilities to transcend the basic job description. It provides them the opportunity to become leaders within their groups and bring a new level of quality and commitment to the corporation and client. ♦

GOAL/QPC's 12th Annual Conference

**Leadership, Growth and
the Renewed Spirit:
Building Innovation,
Common Purpose, and
Improvement Through People**

Keynote Speakers:

Meg Wheatley

*Author of Leadership and the New Science:
Learning about Organization from an
Orderly Universe*

Larry Miller

*Author of American Spirit: Visions of
a New Corporate Culture, &
Whole System Architecture*

Brian Joiner

*Co-founder of Joiner Associates and
world-renowned proponent of quality
management principles*

Invited Speaker:

Secretary of Labor Robert Reich

The Surest Way to Profit and Productivity

Some of this year's presenters:

- Bose • Disney University • University of Michigan Medical Center • Ford Motor Co.
- NYPRO • Rubbermaid • Project Focus Hope
- U.S. Army • Deere & Co. • Dow Chemical
- Goodyear Tire & Rubber Co. • Polaroid
- Ceridan • IBM • P & G • Weyerhaeuser
- Universal Foods

October 30, 31 & November 1, 1995
Boston, MA

*Fax this form to GOAL/QPC for more information

Name _____

Company _____

Phone _____ FAX _____

Concurrent Track Sessions

Featuring speakers from various industry segments including manufacturing, health care, education, military, and service

Creativity & Innovation

Creating a Dynamic Culture for Competitiveness

Market-In Customer Focus

Creating Customer Focus throughout the Organization

Hoshin

Rallying the Entire Organization to Work on Critical Goals

Leadership/Organization Change

Systems, Culture, and Teams

Daily Management

Building the Skills & Systems to Permanently Improve Work at All Levels

Cross-Functional Management

Working Across Functions Toward One Goal

Pre-Conference Tutorials

Sunday, October 29th, 1995

Post-Conference Workshops

Thursday, November 2nd & Friday, November 3rd, 1995

Early Registration Incentives*

Prices

(member) \$845

(non-member) \$925

To register, or for more information, contact GOAL/QPC

1-800-643-4316 or

508-685-6370

FAX: 508-685-6151

7AQP