

## Implementing Results Oriented Work Environments

### Executive Summary:

Much fanfare has been made of Best Buy's use of a Results Oriented Work Environment (ROWE) in their corporate headquarters, but very little detail has been published on how they made the transition. Following three key steps can help you focus on actual results over the stale emphasis of 'time' and 'hard work'. Bluntly put, wouldn't you rather have *results achievers* than *hard workers*? First, evaluate and overhaul your results expectations structure. Second, reframe your organization's work processes. Finally, cover off the details by driving deep the focus on results.

### Results Oriented Work Environments

Results Oriented Work Environments (ROWEs) are gaining popularity fast, but risk falling victim to the 'business-buzz-word-death-cycle' if implementations are not well executed. Several business publications in the US has written on Best Buy's elimination of the '8 hour work day' of their corporate headquarters staff by insisting upon achievement of clearly defined results, while paying no mind to the number of hours worked or where this work is performed. Less noted has been Best Buy's delay in spreading the approach through the rest of the organization including their retail stores. Though, there are other instances of ROWE success; Netflix has picked up some notoriety in the HR arena with their "7 Reasons to Work at Netflix," where they boldly offer unlimited paid vacation time so long as necessary results are met. Indeed maybe the most common ROWE is that of commission-only sales forces.

However, ROWE should not be thought of as inapplicable for current 'hourly' jobs. With a methodical approach and an openness to flexibility, jobs ranging from the factory floor to the back office to the retail sales floor can be transitioned to ROWE. The key to a successful implementation of ROWE is defining the required results.

### Setting Results Expectations

To have a ROWE, results expectations must be explicitly clear at all levels of the organization, and perhaps even clearer to your exterior stakeholders. If words like 'key performance indicators,' 'metrics,' 'service levels,' are unfamiliar, there is work to be done. If your organization evaluates performance on a frequent and diligent cycle, a few steps up and you're on your way to ROWE.



A first step in setting clear results expectations is to define three metrics in order of importance to your organization.

- One productivity metric – measuring cost incurred to serve the customer such as cost per unit, labor hours paid per unit
- One SERVICE metric – measuring the ability to meet the customers' needs, such as order fill rate, on time delivery, customer turn-around time, etc.
- One QUALITY metric – measuring the perceived value of your product or service in the eyes of your customer, such as first pass quality, defect rate, return rate, repeat customers, etc.

For example, a low cost widget factory may define their metrics as follows:

1. Productivity – Cost per Widget –  $\text{total operating costs} / \text{total widgets produced}$
2. Service – On Time Delivery –  $\text{widgets delivered on time} / \text{total widgets ordered} * 100$
3. Quality – First Pass Quality –  $\text{widgets passing quality inspection on first attempt} / \text{total widgets produced} * 100$

On the other hand a luxury brand support call center would look different:

1. Service – Abandon Rate –  $\text{calls abandoned (e.g. due to long hold times)} / \text{total calls} * 100$
2. Quality – Customer Satisfaction Rate –  $\text{customers satisfied with service} / \text{total customers} * 100$
3. Productivity – Calls per Labor Hour –  $\text{total calls serviced} / \text{total labor hours}$

Once metrics are determined, ensure results can be measured and reported on – with confidence. For line level employees, hourly results visibility is generally necessary. For upper management daily or even weekly results visibility is usually sufficient. Results need to be tracked in a short enough time frame to recognize and address variances before the business suffers.

### **Reframe Your Organization's Processes**

The surest way to send a message of disinterest in 'time-and-effort' based mentalities is to jump straight to compensation. Using the earlier example, the low cost factory might pay workers based on a 60/30/10 of Productivity / Service / Quality scores against the defined expectations. Realistically though, significantly changing compensation structures is generally a very drawn out process. Also, this can be a slippery slope if metrics are not translated or capped appropriately to prevent bloating inventory, supply chain whiplash or other unintended consequences that may be difficult to anticipate from the outset.

This is where some flexibility can pay off. Insist that the organization is to be a ROWE, but concede that not everyone can work from home starting tomorrow. One successful approach is always to start at the point of the customer's desires. If your customers are most needy on Monday mornings, keep



Mondays an all hands on deck 7am, but by Friday morning be looking to acknowledge those who have satisfied their results for the week.

Creative implementation stages have been successful as well. Some companies have made Wednesdays 'meeting day,' or designated the first week of each month as 'collaboration week.' On the factory floor schedule the start time for any given work cell and incent them to earn the full shift's, but head home as

soon as the schedule is met. Further incent the schedulers to pack the schedule to the brim to meet sales, and of course keep the sales people motivated to load up the funnel.

### **Cover the Details**

Finally, to fully embed results oriented culture you have to drive out the idea of "hard work" and "long hours" as important or valuable. This will require some coaching, and likely some getting used to for your organization. For example, arriving tardy to meetings should not be condoned, but the feedback to the employee should be entirely centered on the organization's achieving the expected results. *"When you arrive late you distract the progress of the meeting"* should be transformed to *"we are currently underperforming and need you to address the variances."* Indeed, time will never be stricken from day to day discussion. Managers should continue to set expectations of their employees within aggressive time frames, but the expectations and the time frames should be again based on the performance expectations of the business. *"Can you have that to me by the end of the day"* should be adjusted to *"the customer requires this first thing tomorrow morning so I need to have it in time to review and pass on before then, when will you have it to me?"*

### **Implementing ROWE Today**

With these three steps, an implementation of a Results Oriented Work Environment is much more likely to find success. The beauty of ROWE is that starting step one will always be seen as a worthwhile activity. Working to clearly define the expectations of the business in terms of measurable performance metrics can be started at any level of management, and can be done anytime.