

Fostering a Culture of Employee Involvement

For more than 50 years, Dunlee has set the standards worldwide for medical imaging in the manufacture of tube replacements for CT, vascular, and x-ray applications. Headquartered in Aurora, Illinois, with a workforce of 280, the company is a division of Phillips Medical Systems. Dunlee is one of just five companies in the world that can manufacture x-ray tubes for CT scanners.

In 1991, when Dunlee substantially increased its factory size, the company began a hiring initiative to meet its critical need for a committed, skilled workforce and introduced Quality Driven Leadership, the first phase of a Total Quality Management process. This set the stage for restructuring and formalizing work systems, creating consistent processes and setting clear standards, and dramatically increasing employee involvement. With input from employees and managers, HR led a process that established clear documentation for work processes, defined all jobs and core competencies, and instituted record-keeping measures. This established a basis for the company's job classification system and for ways to measure performance. According to Dunlee's senior management, this kind of human resource infrastructure is essential for building a comprehensive employee development system.

A Performance-Driven Culture

Dunlee maintains a pay-for-performance system. Wage and salary ranges are based on current job descriptions and competencies, along with national and local wage survey data. Performances are evaluated based on a common set of core criteria and individual objectives. Hourly workers, for example, progress through a step system as they are certified in procedures and competencies that they add to their job skills portfolio. This competency-based grade system is linked to the performance evaluation and compensation system. For example, in the case of Glass Blowers, there are defined grade levels; and within each grade,

there is a four-step process for mastering critical competencies. Group leaders usually do the training and oversee the certification of Glass Blowers. Their performance is then documented in their performance evaluation, and at appropriate intervals, they are given pay raises. The group leaders receive train-the-trainer instruction to ensure they can effectively teach other employees.

Managers continually communicate the link between compensation and learning and are evaluated on their progress in developing their staff. One manager, who had worked her way up from production, gave an example of how this works.

"We had a problem with some of our employees not being able to read blueprints. We didn't point fingers; instead we organized a blueprint training workshop and set expectations for what was an acceptable grade. Except we didn't call it a test. That would have made them nervous. We called it a "progress assessment." As a result of the training, the majority passed, performance improved, and I was able to reclassify and upgrade their jobs, which resulted in more money for them."

Integrating Learning into Work

"Cross-train, cross-train, cross-train" is a mantra at Dunlee. Most cross-training

COMPANY STATS

Name	Dunlee
Industry	Manufacturing
Number of Employees	280
Location	Headquartered in Aurora, Illinois; also in Arlington, Texas; Richmond, Virginia; Milan, Italy; Hong Kong
Product/Service	Medical imaging equipment
Revenues	\$95 million
Year Founded	1946
Ownership	Public; a division of Phillips Medical Systems
Web Address	www.dunlee.com

occurs in the production area, where 45 to 50 percent of all staff are employed, to support two Dunlee work processes. Demand Flow Technology requires that all employees understand the entire production process in which they are working. As Susan Hagerty, Manager, Human Resources, explained it, "When an employee knows the job before his, and the job after, this results in much greater flexibility in the workforce, and people are able to step into others' positions in their absence." In the Cell Manufacturing process, six people may work together to complete a job. When that group leaves for the day, the cross-trained second shift can now pick up and continue it, instead of the job waiting 24 hours for completion.

"There is lots of movement here," said one employee, "I have been in nearly every department—in carpentry, electrical, and furnaces. Managers really encourage this." A Quality Department employee agreed: "We learned all parts of the entire process, how everything fits together, and how we all depend on each other."

Some of the most important learning and development takes place within teams. In 1995, Dunlee 2000, the management group responsible for leading the Quality Driven Leadership initiative, established Area Teams in key departmental areas to bring more focus to the cross-functional problems found on the manufacturing floor and to more effectively use the expertise of the engineering and manufacturing groups. Each of the nine Area Teams establishes a distinct set of measurable objectives that include responsibilities to Quality, Operations, Engineering, and Management.

To provide opportunities for hourly employees to grow within their job or department, employees are able to participate in the Area Teams, working side-by-side with engineers, designers, and quality control staff to solve problems and improve their department. "There is a real emphasis on group problem-solving here—no finger

pointing," said one employee. "There is always someone here to help. Supervisors are viewed as resources, not as task masters."

Dunlee's commitment to training and developing employees begins as early as the hiring process. Rather than always hiring people who already possess required skills,

"We invest in our people for three primary reasons. First, it's difficult to find skilled workers, especially experienced glassblowers, and the availability of appropriate training programs is almost non-existent. Second, our customers are non-forgiving—they have high standards and demand quality. And third, we view employee education and training as a means of retaining good people."

*Bob Malnar, President
Dunlee*

HR has had great success hiring people who have some transferable skills, believing that employees are more challenged and satisfied over time if they are allowed to grow into their jobs. HR looks for people who appreciate a small family-type environment and want to stay for a long period of time. While company staff acknowledge they may not be able to pay top salaries, they stress the benefits of "more personal attention from managers and the diversity of tasks and responsibilities."

All new hires receive a comprehensive orientation that includes regulatory and safety training, company history and an overview of the company's quality system. The next phase is on-the-job training. Hourly employees are assigned a peer trainer who teaches them the specifics of the manufacturing processes in their areas. Salaried employees receive guidance from their supervisors. When on-the-job training is not adequate to prepare the employee to meet current or future job requirements, external training may be required. External training needs are assessed by department managers and HR; and, in many cases, department-specific or technical training is delivered in Dunlee's multi-media training facilities.

Alliances with Training and Education Providers

Over the years, Dunlee has established numerous strategic alliances with training providers, colleges, universities, and professional associations for credit and non-credit education and training activities. From the company's experience with providers, a strong sense of what constitutes "good learning" has developed. Over the past decade, the company has been offering more onsite training and education during company time, not only for the convenience of employees, but also to enable managers

solve highly technical problems, they worked with an educator to customize training to fit their needs and to incorporate real work situations and problems. Employees were told beforehand what to expect by their supervisors, solved actual work problems during the training, and, upon completion, made presentations to senior management, describing how the problem-solving and decision-making strategies they learned remedied their work problems. This problem-solving approach has become the standard at the firm as has the training format, later used for developing a training program in Project Management.

COMPANY SNAPSHOT

STRATEGY USED	PARTICIPANTS			
	Management/ Supervisors	Technical/ Professional	Frontline Workers	Part-time Workers
Tuition assistance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
On-site workshops and training	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Financial support for attending off-site classes, seminars, workshops and conferences	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Training/education on company time (on- or off-site)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Online learning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Individual Development Plans linked to performance evaluations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Career counseling	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Formal mentoring				
Job shadowing				

A few years ago, believing that some Dunlee employees would be interested in acquiring degrees through an accelerated program, the HR Director spearheaded an effort that brought Aurora University onsite to deliver an accelerated version of a Bachelor of Science degree in business and organizational management. The curriculum was customized to include topics related to Dunlee, such as Total Quality Management. Seven employees have gone through this onsite program. In its third year, the program now has a cohort class of thirty students, including employees from other firms in the area

and HR to work closely with the provider. This gives HR the opportunity to customize the curriculum to ensure its relevance and incorporate just-in-time learning and post-training reinforcement exercises.

For example, when management decided that they needed a more consistent, rigorous, problem-solving process to help their teams

industrial park. This partnership has led to other multi-company training ventures where local universities bring classes onsite leading to APICS certifications. HR also believes that employees benefit from the interaction they have with employees from other companies. Dunlee reimburses 100 percent of employees' tuition and fees for college-level courses.

Hagerty related a telling incident that occurred when the joint program with other companies was being considered. At the initial meetings with HR managers from other firms in the area, "one of the managers asked why should they help employees obtain a degree, when they might leave their company after they complete it, and go to another company? The President of Dunlee stood up, explained the value of educating their workforce, and then pointed out that it was a far greater risk for a company to have employees that are unprepared and unqualified. This really helped to sell the program to the others."

Leadership Vision and Commitment

Senior management believes that the success they have had at maintaining a culture of involvement and continuous development is due, in large part, to the emphasis they place on setting and communicating clear company goals at the top. To engage the workforce in broader company-wide objectives, Dunlee developed a program to communicate what is called Economic Value Added (EcVa) that measures shareholder value by computing such factors as improvement in working capital, profits, and inventory. The effort to increase EcVa results in measures that seek to reduce costs, increase cash flow, improve use of fixed assets, reduce inventory, and increase productivity. Management Awards are used to recognize an individual and/or a team for such process improvement ideas with a substantial bonus. Employees and teams also confer recognition awards to their peers.

Within Dunlee's open book management style, all levels of management spend a great deal of time educating employees about the financial and operational aspects of the business and how each department impacts the EcVa goal. At meetings with the workforce, senior management explains, for example, why a work backlog and an over-stocked

warehouse no longer means job security and how just-in-time inventory helps to maximize company profits.

The President believes that his most important role is to be a communicator. "The worst thing a leader can do is not communicate with the workforce. I want to maintain an open atmosphere of dialogue to stay con-

Lynna Tran started work in the Cathode Department at Dunlee in February, 1997. While there, she decided to pursue her BS in Professional Studies through the company's on-site program with Aurora University. Lynna received tuition reimbursement and scheduled flextime so she could attend afternoon classes.

While working on her degree, a temporary assignment in the Purchasing Department became available. Ultimately, the Buyer chose not to return from leave. The Buyer position was offered to Lynna; she accepted the promotion and also agreed to attend additional off-site training specific to her new job duties.

Lynna is now continuing her degree with regular evening classes and expects to graduate with her BSPS from Aurora University this summer, in 2002.

nected to the workforce." He is out on the production floor every day to be highly visible to staff and answer any questions. Twice a year, he holds company-wide meetings with the entire workforce to explain the progress and challenges of the business. He also hosts monthly "Birthday Meetings" (for employees whose birthdays fall in the month), at which he talks about where the company is going and answers questions. Over a three-year period, he observed, "At first employees' questions were of the more personal and individual type, but now the questions are more focused on the business. More strategic questions, far fewer complaints."

Department managers play a critical role in developing their staff and are evaluated on this role during their own performance evaluations. Managers strive to be flexible with employees and encourage them to take responsibility for their own development. Employees are often allowed

to choose their training and educational activities and how they will fulfill their training requirements. One manager stated, "Sometimes, I will encourage employees to immerse themselves in the training and take off work a couple of days if necessary. My philosophy is "The more they grow, the more I benefit from their input."

Employee involvement has become the corporate culture. The President explained: "We have to get people involved, get them talking with their peers about their jobs and their ideas for the company." A mid-level manager added: "Dunlee has a history of having minimal, flat management, they encourage employees to think of this company as your own. We ask them, 'How would you run it?'" And hourly employees agree. One explained: "People here take a lot of pride in their work and feel much ownership in the business." Being given the authority to make decisions is the key to successful involvement. As one supervisor said, "We want the employee to think and actually make the decisions."

By many accounts, the company's investment in employee development is paying off. Dunlee is a thriving company. For the past three years, the firm met its business goal of increasing shareholder value by 15 percent, and increased it by 45 percent in one year. The firm has a comprehensive employee development system, an effective range of training and educational activities, and a culture characterized by a high degree of cooperation, communication, and employee involvement. There is no doubt their strategy has paid off; Dunlee's turnover rate is a low 6 percent, and its products are of consistently high quality.

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