



## The High-Performing Contractor Assessment Program Update

July 2004

This Update provides information regarding the SMACNA High-Performing Contractor Assessment Model and its categories.

### \*\*\*\*\* SMACNA Sponsored Overviews

**Pennsylvania State Association's** presentation of the High Performing Contractor program was well received at its June convention, as well as the overview at **Orange Empire SMACNA's** chapter meeting.

The following SMACNA-sponsored events include an overview of the High-Performing Contractor Assessment Model:

**SMACNA of San Diego Chapter Workshop July 21, 2004**  
**Chicagoland Sheet Metal Contractors Association September 16, 2004**  
**SMACNA - Kansas City Chapter September 30, 2004**

Depending on the chapter needs, Dennis Sowards is available for one-to-four hour consulting sessions. If you are interested with having your chapter sponsor an overview of the High-Performing Contractor Assessment Model, contact Tom Soles at SMACNA National or your local SMACNA chapter executive.

### \*\*\*\*\* High-Performance Leadership

To have an effective vision statement, the three most important elements are

- How it is created;
- How it is communicated; and
- How it is lived.

**How to create your vision** - The process to create your company's vision does not need to be complicated or lengthy. Those who help create the vision must include the top leadership team and others who are passionate about where they want the company to go. A vision must be something that you are so excited about that you (the leaders) love to talk about it. It should be a stretch, not a slam-dunk. Without a vision, how do you know where you are going?

Creating a vision is not something that is accomplished as a short agenda item of a meeting. It should be created when you have some time to think and envision where you want to be in 5 – 10 – 20 years. It usually is done in several rounds of refining and crafting the wording and allowing time to 'sleep on it' in between. In creating your vision, it is best to use words that fit the company and not 'high-sounding' words with no meaning to your employees. The vision statement should not change each year. It would only change if the leaders see a whole new direction for the company. It should be so exciting it would still be of interest and value to

employees even if the current management team changed. It's something worth getting up and coming to work for each day.

More to follow in the next issue...

### \*\*\*\*\* Strategic Planning

A recent survey by FranklinCovey found that less than half (48%) of workers believe their company has a clear strategic direction and only 37% understand the reasons for that direction. Only 44% of those surveyed felt their organization had clearly communicated its most important goals and only 15% of the workers could identify their organization's top three goals. Stephen Covey, author of several books, including *Seven Habits for Highly Effective People*, states: "The most fundamental business issue facing organizations today is execution – whether or not an organization achieves its goals. The top priority of every executive and team leader should be to clarify, communicate and assist workers in achieving their organization's critical goals." (*IndustryWeek*, May 2004)

### \*\*\*\*\* Customer Focus – Customer Satisfaction Can Equal Failure

Philip Crosby Associates (PCA), a company teaching the late quality guru Philip B. Crosby's Absolutes of Quality Management, has added another absolute to the four originally coined by Crosby in his book, *Quality Is Free* (Mentor Books, 1992). This addition states, "The purpose of quality is to ensure customer success, not customer satisfaction."

"We are having a quality crisis in this country because companies are narrowly focused on customer satisfaction," says Wayne Kost, President of PCA. "It has become imminently clear that pursuing customer satisfaction can be a surefire, direct route to corporate failure."

The fifth absolute is designed to drive a stake through the "customer satisfaction myth," according to PCA. "People can be satisfied with almost anything - - happy customers are not necessarily successful customers," explains Kost. "If you focus on satisfaction, you will have short-term gains, but there's a loss to the customer. Fanatically focusing on customer success is the only way to ensure corporate success. Building an organization that knows how to focus on customer success and make it a repeatable, continuous process is the next decade's primary challenge."

"No one is against quality, yet very few achieve it," adds Kost. "We took a hard look at the original absolutes because we realized that a company could live by them and still fail."

Crosby defines the four absolutes as:

- Quality has to be defined as conformance to requirements, not as "goodness."



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- The system for causing quality is prevention, not appraisal.
- The performance standard must be zero defects, not “that’s close enough.”
- The measurement of quality is the price of nonconformance, not indices.

(*Quality Digest*, May e-Update, 04/29/04)

### \*\*\*\*\* Employee Focus – Do We Trust Each Other?

H. James Harrington, CEO of the Harrington Institute, reports that in almost 65% of organizations he works with, there is a lack of trust of employees in their managers and of managers in the employees. He feels that most employees believe that top management knows about the organization’s future and purposely keeps it from the employees. (*Quality Digest*, May 2004)

When there is no or low trust between employees and managers, the company will have little success with implementing improvement or in really meeting customers’ needs. Employees will never treat the customers better than they are being treated. Because they don’t trust the workers, management tends to put in place many rules and policies designed to control the employees. In response, employees begin looking for loopholes in the rules and ways to beat the system by doing the least amount of work necessary. Mistrust builds and reinforces itself through cycles of rules and controls. No one wins – not the company, the employees, or the customers!

With every employee, we have a “trust” account where we deposit or withdraw trust in our relationship. It takes time to build up a large trust account and a few big withdrawals can lead to an overdrawn account. Some managers are bankrupt in their trust account with their employees. Like any account, we need to deposit more than we withdraw to be on the positive side.

*How to turn this around?* Start by assuming that your employees really do want to do a better job and that they do see more problems on the front line than you will ever see as a manager. Start asking for their ideas and listening to what they suggest. If you really listen, you will hear opportunities to build trust. Act on the ideas that you can act upon and listen some more. Consider, too, the words and pictures you

use to reference employees – are they “hands” or “people?” When we talk of “top” management – where does that put the employees – bottom employees? Does your organization chart look like a kingdom with a monarch on top or an inverted pyramid with the customer on top?

### \*\*\*\*\* Process Management

One company recently mapped out its material procurement process and discovered over 20 problems that either prevented the material from reaching the job site when needed, or that cost the company more than originally budgeted, or that were more costly than what the company thought it would cost. While the material usually did arrive in time, there were still times that it did not. And although the company was still making money on its jobs, the profit margin was not what it wanted. After getting over the useless finger pointing, the team, representing all the departments that touched the materials, developed some new solutions. New ways to order and deliver material were defined. Part of the solution was a better method to identify the material requirements up-front in the hand-off from estimating to field. This new approach has already saved enough in material costs to pay for the time invested in studying the process.

### \*\*\*\*\* Quote of the Day

When asked about the relevance of the Malcolm Baldrige National Quality Award, John Friel, President and CEO of the 2003 award winner Medrad, Inc., said, “Do you want happy customers? Do you want to make quality products? Do you want to empower and energize our employees? Is market leadership important? Is profit leadership important?” If you care about these items, Mr. Friel believes the Baldrige can help you. (*IndustryWeek*, May 2004) *The High-Performance Contractor assessment is based on the Baldrige criteria adapted to construction. Are these things important to you?*

For more information about the High-Performing Contractor assessment process, contact Dennis Sowards (telephone: 602-740-7271; e-mail: [dennis@YourQSS.com](mailto:dennis@YourQSS.com)) or Tom Soles (telephone: 703-803-2988; e-mail: [tsoles@smacna.org](mailto:tsoles@smacna.org)).