

rest of the organization. Having a clear anchor can help you decide which challenges to tackle first. At IBM, revamping the sales force, which was organized by geography and lacked expertise in specific industries, became a high priority given Gerstner's new strategy of providing integrated solutions.

Although the discussion here has focused on CEOs' actions, if you're the head of a business unit or division, you're also in a position to make and implement transforming commitments. To succeed, you have to have sufficient autonomy (either geographical distance from headquarters or distance from the core business). Your commitment must be consistent with the broader corporate direction, and you need to be able to stay long enough to fulfill it. It also helps if you can fund the commitment without help from corporate.

As Sull describes in his book, George Mosonyi and Istvan Kapitany, the local managers of Royal Dutch/Shell's business in Hungary, achieved dramatic success when they committed to "increasing nonfuel revenues from the Shell Select gas stations with convenience stores" by turning the gas station managers into mini-CEOs with the power "to decide for themselves what to sell and what prices to charge." In 1991, Mosonyi and Kapitany's efforts increased nonfuel retail sales by 60%. ❖

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RESOURCES

Revival of the Fittest: Why Good Companies Go Bad and How Great Managers Remake Them
by Donald N. Sull
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Exploit What You Do Best

How companies are getting bottom-line results by leveraging what they already do well

IN THE LATE 1990s, Waterbury, Vt.-based Green Mountain Coffee Roasters (GMCR) was expanding into a major enterprise—tripling its sales force and doubling its plant size. It was an exciting time of growth for the now \$100 million specialty coffee company that CEO Bob Stiller founded as a coffee shop in 1981. By 2000, however, GMCR realized it needed to capture the economies of its new scale. If it could not do so, the company might find itself sinking under its own significantly increased weight.

That's when Stiller decided to employ *appreciative inquiry* (AI)—a positive approach to change that focuses on probing a firm's best attributes and practices—to help achieve the company's "25¢ Challenge," which was

AI taps into "the collective wisdom, knowledge, strategies, attitudes, skills, and capabilities of the organization at its best."

ultimately successful in reducing operating costs by 25 cents per pound of coffee, roughly a 7% reduction in gross costs.

AI is typically thought of as a "soft" strategy used in creating organizational visions, aligning groups, and building cultures. But as GMCR's experience shows, AI can contribute directly to measurable results. GMCR organized formal AI summits on the company's major business processes—procure-to-pay, order-to-cash, plan-to-produce, and market-to-sell—during which more than 200 employees, over half the work force, focused on raising produc-

tivity. They worked through a "4D" AI process to:

- *Discover* the "best of what is"—they identified where the company's processes worked perfectly.
- *Dream* "what might be"—envisioned processes that would work perfectly all the time.
- *Design* "what should be"—defined and prioritized the elements of perfect processes.
- Create a *Destiny* based on "what will be"—participated in the creation of the design.

GMCR's success with AI supports one of the approach's guiding principles: A positive focus tends to deliver a positive effect. The notion of accentuating the positive flies in the face of conventional business wisdom, which says the best way to overcome a major challenge is to focus on what you're doing poorly and determine how to improve. But Stiller is one executive who believes there's too much emphasis on the negative in business. "You have 99% customer satisfaction and the first thing everybody says is let's look at that 1%" and determine what the company is doing wrong, he says.

Among the improvements generated during GMCR's AI initiative was the adaptation of purchase orders for all buying activities, a change that cut costs in obtaining competitive bids and the processing of payables. The company also enhanced cash flow by optimizing its order entry and delivery systems, thus speeding the receipt of revenues.

"We identified the one best path in each process," says former CFO Bob

Britt, “and asked, ‘Why don’t we do this with everything?’”

AI was born in 1985, when a team from Case Western Reserve University’s Weatherhead School of Management (Cleveland) was consulting with The Cleveland Clinic, consistently ranked among the top hospitals

After an AI at Roadway Express, one team generated savings of \$10,000 per month in driver delay reductions and an additional \$70,000 per year in other cost reductions.

in the country. As the team asked the clinic’s employees questions focused on the positive aspects of their work, a wave of energy was unleashed. The factors that had contributed to the clinic’s success were actually enhanced by the interview process.

The team had unwittingly tapped into the organization’s positive core. That is what Amanda Trosten-Bloom, a principal with AI consulting firm Corporation for Positive Change, in Golden, Co., and coauthor, with Diana Whitney, of *The Power of Appreciative Inquiry*, calls “the collective wisdom, knowledge, strategies, attitudes, skills, and capabilities of the organization at its best.”

Since the Cleveland Clinic study, practitioners have found that they can use AI in creating large-scale change that is focused on hard, as well as soft, organizational issues.

“When you focus on what works and you dream of the possibilities, it’s very inspiring to people,” says GMCR’s Stiller. “It was very neat for me to see the energy it created.”

Other companies have successfully captured financial improvements using

AI, according to Trosten-Bloom. At its Akron, Ohio, trucking terminal, Roadway Express held an AI pilot project aimed at building employee involvement while simultaneously reducing waste and speeding workflow. The project, which involved approximately half of the work force, spun off eight self-organized topic teams. One of those teams generated savings of \$10,000 per month in driver delay reductions and more than \$70,000 per year in other cost reductions.

Hunter Douglas’s Window Fashions Division (Upper Saddle River, N.J.) used AI as the foundation of its Focus on Excellence business process improvement initiative. Implementing the ideas that were generated saved the division \$3.5 million in the first year.

AI is also proving to be an effective method for actively engaging employees in financial turnarounds. In Bernalillo, N. Mex., Santa Ana Star Casino General Manager John Cwiklik is using AI for just that purpose.

Opened in 1993 just 10 miles from Albuquerque, the Pueblo Santa Ana-owned casino thrived through its early years. Profiting from the pent-up demand for gambling, it enjoyed the highest market share in the region. But competition soon developed from other nearby pueblos, and after an unsuccessful attempt to maintain its position through a \$60 million facility expansion, the Santa Ana Star had slipped to fourth place.

“Quite frankly,” remembers Cwiklik, “customer service was very low. You would come in and the employees wouldn’t engage. They wouldn’t talk to people much. They wouldn’t smile. There was also a feeling on the employees’ part that management didn’t care about them, didn’t want to talk to them.”

The Santa Ana Star needed a new strategy. And so, in an effort to differ-

entiate itself, the casino’s entire 820-member staff participated in an AI focused on delivering a superior service experience to its patrons.

When the casino was forced to downsize its work force by 250 employees in October 2002, the mindset developed in the AI effort played an unexpected role. “We had to do it to save the business,” says Cwiklik, “but we wanted to do it in an appreciative way.” Looking to apply best practices, the casino reached its goals by offering a generous severance and outplacement package to permanent employees on a strictly voluntary basis.

In December 2002 and January 2003, Santa Ana Star turned to AI again, in an effort to reposition itself as “The Hometown Casino” and attract local customers. “We did an AI in our table-games department and in our slots department,” says Cwiklik. “We asked employees how to become this new hometown casino, and we took their ideas and implemented them in our marketing and operations.”

How has it worked? “We made a \$10 million turnaround in operating profits in fiscal year 2003,” says Cwiklik, who hopes to regain the third slot in market share this year. “AI has been instrumental in making our numbers a lot better.” ♦

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The Power of Appreciative Inquiry: A Practical Guide to Positive Change
by Diana Whitney and
Amanda Trosten-Bloom
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