

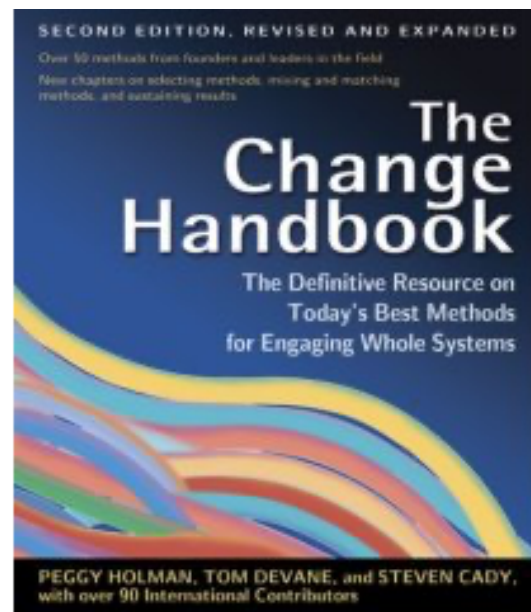
# WorkOut

Andrew Shapiro, Patrice Murphy, and Ronald Ashkenas

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## The Change Handbook:

The Definitive Resource on Today's Best  
Methods for Engaging Whole Systems



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### CHAPTER \_\_: WORKOUT

**Ron Ashkenas, Patrice Murphy and Andrew Shapiro**

**“I have never failed to see a marked change come over the entire organization ... as soon as the members felt they were accorded recognition as rational beings and to be consulted on matters of common interest...The operative, if encouraged to think, will soon effect great savings in the work at which he is more of an expert than anyone else...”**

**H.Fitz John Porter**

**“The Realization of Ideals in Industrial Engineering”**

**1905**

*When the State of Connecticut’s Department of Transportation needed to make urgent improvements to customer service while at the same time reducing headcount, the Commissioner was unsure about how to proceed. After all, the kinds of changes that were needed would require strong collaboration between traditional civil service managers and a unionized workforce – a relationship that had been uneasy for many years. After considering a number of approaches, he decided to try GE’s WorkOut process, especially since he could access some of GE’s own in-state consulting resources to help. Shortly thereafter, forty people – from maintenance workers to managers, from different levels and functions of the DOT – came together for two days and were asked to brainstorm ways to streamline work, increase productivity, and improve customer satisfaction. At first they were reluctant and suspicious. But after some initial hesitation, these highly unnatural teams began sharing their mutual frustrations and, with the help of facilitators, identified dozens of ways to take out unnecessary work and dramatically improve the way DOT provided service. At the end of the WorkOut, the teams consolidated their thinking into specific recommendations, which they presented to the Commissioner and other senior managers at a “town meeting”. Much to everyone’s surprise, instead of getting polite “thank-you’s” for the many ideas, they instead were engaged in a thoughtful discussion of every recommendation, followed by an immediate “yes or no” decision from the Commissioner. Moreover, virtually every recommendation was approved – to loud applause. The recommendations included:*

- *A faster, simpler process for granting permits and rights;*
- *A radical approach to night maintenance to speed repairs and minimize traffic delays; and*
- *Fewer sign-offs for major documents and letters.*

*Having received the go-ahead for action, each team that had presented an idea was then empowered to get it implemented over the next few months. Their success, individually and collectively, was the beginning of a turnaround in both the DOT’s productivity and its labor-management relations.*

WorkOut is a change process originated at GE in the 1990's to bring together large groups of people to eliminate bureaucracy, improve critical processes, and strengthen customer relationships. It is a method for engaging employees across levels and functions in a rapid effort to get results, while also transforming the organization's culture.

Key distinguishing characteristics of WorkOut include:

- A drive for simultaneous operational and cultural change;
- Focus on clear, visible and measurable results;
- Facilitation of honest and open communication between diverse groups both inside and outside the organization;
- Emphasis on quick action and the achievement of goals in a few weeks or months;
- Accelerated senior management decision-making, requiring “yes/no” decisions that are immediate and public;
- Engagement of people across organizational boundaries;
- Empowerment of front-line people to implement approved recommendations.

WorkOut at its best can create fundamentally new relationships between managers and employees, between functions or departments, and between customers and suppliers. In many organizations, these relationships range from uncomfortable to confrontational, fraught with tensions, misunderstandings, and missed opportunities. WorkOut creates a structured forum where people from these different groups can sort through these dynamics and align themselves around common goals and mutually developed actions. In almost every WorkOut session, there is a magic moment where people see each other in a new light and make connections that strengthen the organizational fabric. For example, when employees see previously distant or detached senior managers struggle and squirm with real-time, public decision-making, taking input and really listening, the effect can be electric – whether an idea is approved or not.

Given these characteristics, WorkOut is an effective change strategy when:

- There is urgency for immediate decision-making and rapid implementation;
- The improvement opportunity cuts across different functional groups, business units, branches or regions;
- The change challenge is somewhat complex, and root causes and solutions are not immediately obvious;
- Input is needed from a large number of diverse groups to identify possible solutions;
- Paradigm shifts are needed in the relationships between different parts of the organizational system.

WorkOut is also effective as a pre-cursor or “accelerator” of a Lean or Six Sigma effort. At GE in the 1990's and beyond, WorkOut helped to create a culture that valued speed, fast decisions, and change – essential preconditions for the more analytical and rigorous Six Sigma methodologies. Without these cultural conditions, the Six Sigma effort might have become bogged down in unnecessary data and paralyzing perfection. Instead, Six Sigma at GE flourished because people were already culturally conditioned to work in teams, examine processes, challenge traditional ways of doing things, and move into action. In other organizations that have

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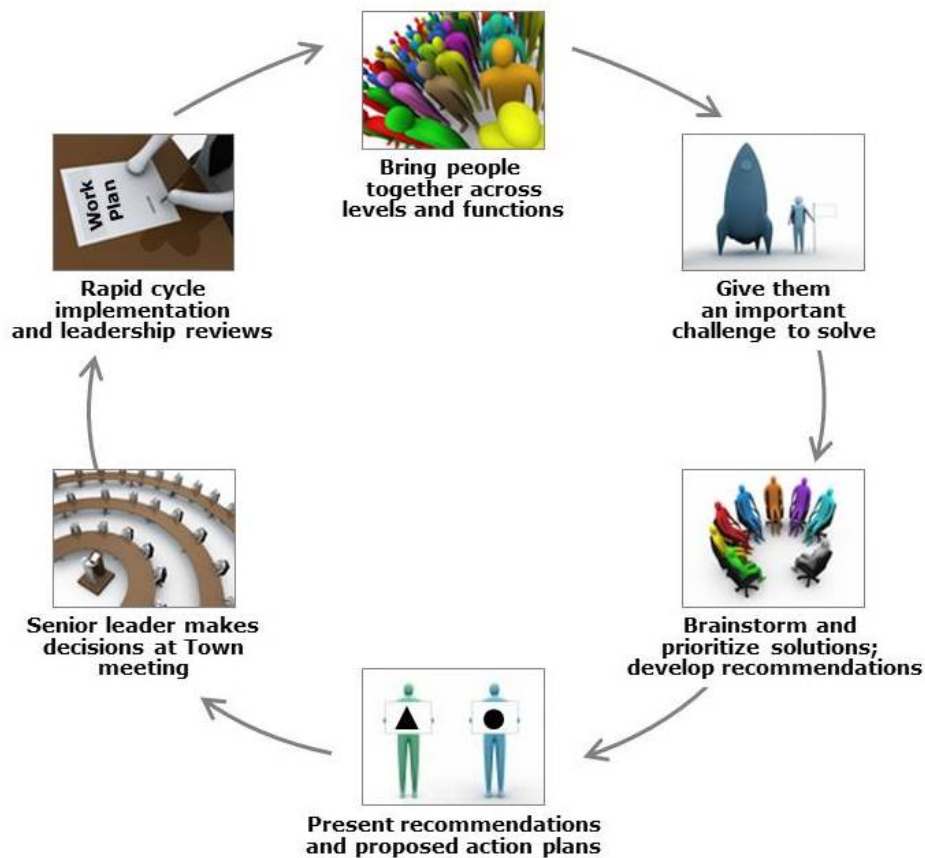
started with Six Sigma, WorkOut has sometimes been introduced afterwards as a way of speeding up Six Sigma projects and pushing them beyond analysis and into decisive action.

At the same time, WorkOut is not a panacea, and may not be appropriate for your organization when the main objective is to get buy-in to decisions that have already been made. Likewise, it may not be appropriate when management is unwilling to make immediate decisions and launch immediate action; or when the goal is a reduction of staff.

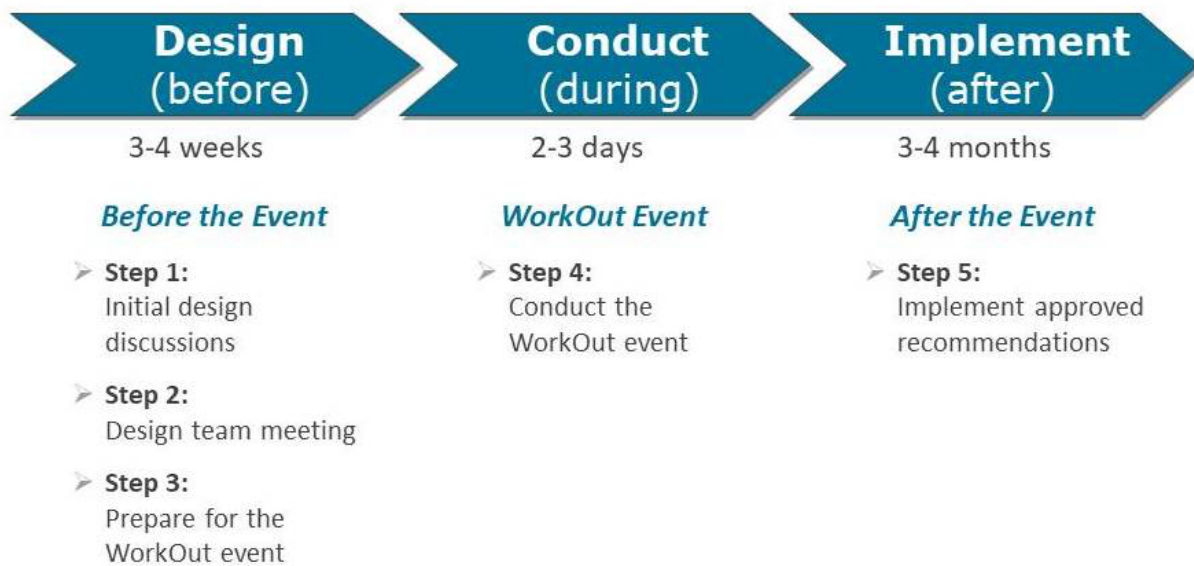
In the decades since its early development, WorkOut has generated substantial results in a wide array of organizations.

- In its early form, WorkOut at GE produced millions of dollars in savings and revenue enhancements across all of their businesses, while making the company faster, simpler and less hierarchical.
- A Fortune 100 pharmaceutical company launched a portfolio of WorkOut initiatives to address major pain points and deliver results in historically frustrating areas. Results included: \$500M annual incremental revenue from diversified brands sales growth; \$100M earnings impact due to product deletion; and creation of a “13th Month” of field capacity through a reduction in time spent on less value-adding activities.
- Zurich Financial Services used WorkOut to turn around its UK insurance operations over a four-year period – generating \$75 million in verified bottom-line savings and tens of millions more in qualitative benefits such as improved customer service and productivity.
- A leading global aerospace company used WorkOut to focus leadership development on the skills required to thrive in today’s volatile environment. The innovation-focused program incorporated a series of performance improvement WorkOuts aimed at helping leaders apply the skills they learned through classroom and virtual experiences. Over 2 years, more than 20 projects contributed hundreds of millions of dollars in top and bottom line savings.
- New Hampshire Power and Light used just one WorkOut to improve line crew utilization rates – producing an estimated \$1.5 million in annualized savings.
- The African nation of Eritrea engaged community constituents in a series of WorkOuts to help stabilize the rate of HIV/AIDS infection. (For more on this case, see also the chapter in this book on Rapid Results)

WorkOut can be summarized in these diagrams.



### WorkOut Timeline and Phases



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Table of Uses

Setting	Brief description	Number of participants	Total length of project	Number and length of events
Hong Kong Publishing Company	Cross-functional team challenged to reduce costs and increase subscription rates in Asia Region	35	5 months	One 2.5 day WorkOut
Israeli Software Firm	High potentials given key business challenges – such as consolidating a data center without affecting services; reducing corporate costs	30	4 months	One 3.5 day WorkOut
European Electronic Products Distributor	Regional sales teams charged with increasing revenue in a slow-growth environment	40 in each of three regions	1 year	Three regional 2.5 day WorkOuts
Mexican Manufacturing Conglomerate	Integration of corporate acquisitions – and then ongoing cost reduction	20-50 in each session (multiple sessions)	2 years	Multiple 2.5 day WorkOuts
Telecommunications Company in United States	Company-wide business process transformation. Issues ranged from reducing network outages to speeding repair time for handsets	30-60 in each session (multiple sessions)	1.5 years	Multiple 1-3 day WorkOuts (held for every major business process)

### Biography

**Andrew Shapiro** is a Partner and **Ron Ashkenas** is Partner Emeritus with Schaffer Consulting. **Patrice Murphy** is a current Affiliate at Schaffer. Schaffer Consulting is a global management consulting firm based in Stamford, Connecticut. Ashkenas was part of the team that developed and implemented WorkOut at GE, and is co-author (with Dave Ulrich and Steve Kerr) of *The GE Work-Out*, with Murphy as a contributing author.

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### **Matrix Outline**

#### *Purpose, outcomes*

- WorkOut is a process of fast and concentrated decision-making and empowerment used to reduce bureaucracy, solve business problems, and streamline processes. It engages cross-functional and cross-level teams in a focused event to generate action recommendations that are decided “on the spot” by a senior sponsor – who then empowers the participants to implement their ideas in the next 100-days.
- WorkOut also helps an organization transform its culture on one or more of these dimensions:
  - Focus on stretch
  - Development of systems thinking
  - Encouragement of lateral thinking
  - Creation of true empowerment and accountability
  - Injection of rapid-cycle change and fast decision making

#### *Pictorial representation of the process*

- See circle and arrow slides embedded above

*Number of participants:* 20-100 per event

#### *Type of Participants*

- People across functions and levels, who own the key processes or problems and are able to contribute to the desired result
- Senior manager as a “sponsor” and decision-maker
- Lead consultant and small group facilitators

#### *Typical Duration*

- Design of process: 2-4 weeks
- Conduct of event: 1-3 days
- Implementation of recommendations: 3-4 months

#### *Brief example with results*

- The UK General Insurance Unit of Zurich Financial Services used WorkOut to achieve a complete transformation of its financial performance and corporate culture. In the first year, more than 30 WorkOuts were launched, producing measurable savings in excess of \$10 million. Over the next three years the use of WorkOut grew and expanded. More than 300 people were trained to be WorkOut facilitators and more than 150 of the company’s top managers sponsored WorkOut events. Four years later, WorkOut had been credited with \$75 million in bottom line savings and tens of millions more in qualitative benefits (improved customer satisfaction and service, improved productivity).

#### *When to use*

- An ambitious business challenge requires simultaneous resolution of several issues

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- Multiple functions, groups, and/or layers need to be involved in crafting an aligned solution
- Business processes need to be simplified—while improving quality and cycle time
- Fast, clear management decisions will stimulate action and focus peoples’ energy and attention on an urgent issue

### *When not to use*

- When the aim is to get buy-in for preconceived solutions
- When management will be unable to make immediate decisions
- When the obvious outcome will be headcount reduction decisions

### *Impact on cultural assumptions of the organization*

- The WorkOut process simultaneously facilitates cultural change – particularly speed, simplicity, empowered self-confidence, and rapid decision-making

### *How to leverage technology*

- When WorkOut participants are in different locations, video conferencing can be used for plenary sessions (and then turned off for small group discussions at separate sites). Video conferencing can also be used to connect remote participants in small group sessions
- Data analytics can be helpful in preparing “data packs” for participants that provide relevant information and trends about the issues being discussed in advance
- Real-time feeds to a data analyst can give participants the answers to questions that come up during small group deliberations
- Senior executives can participate in town meetings, and make real time decisions, without having to travel if they are connected via video or teleconference

### *Creator(s)*

- Conceived by former GE Chairman Jack Welch with support from former head of GE’s Crotonville Leadership Center, James Baughman
- Developed by team of academics and consultants led by Dave Ulrich, Len Schlesinger, and Todd Jick and including Steve Kerr, Ron Ashkenas, and others

### *Creation Date*

- Early 1990’s

### *Historical context*

- Developed at GE to reduce bureaucracy and drive ‘speed, simplicity and self confidence’ throughout the company after years of restructuring



### **Where to go for more information, resources**

- 1) Dave Ulrich, Steve Kerr, and Ron Ashkenas. (2002). *The GE Work-Out How to implement GE's revolutionary method for busting bureaucracy and attacking organizational problems - fast!* McGraw-Hill
- 2) Schaffer Consulting website (<http://www.schafferresults.com>). WorkOut area of website includes a background and overview of WorkOut, case examples, support and access to tools for WorkOut.
- 3) Welch, Jack and John Byrne. (2001). *Jack: Straight From the Gut*. Warner Business Books.
- 4) Ashkenas, Ron, McCreight, Matthew and Murphy, Patrice (2003) “Work-Out and Six Sigma.” In *Six Sigma Leadership Handbook* by Rath & Strong. John Wiley & Sons.

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### **Reflections**

There are very few change approaches that not only deliver measurable results, but also change the culture of an organization. Nothing is more exciting than seeing a group of people set aside rank, function, and personal agendas to collectively solve problems and capture opportunities. And when this excitement is multiplied through dozens of WorkOuts across an organization, it is truly transformational.