



UP TEMPO

April 2003

SPECIAL VIEWS

Several of the people we've sent off to interviews have told us they've encountered issues that they wished they had been a little more knowledgeable about. We decided to change the usual article mix in this issue of *UpTempo* to address some of them.

Michael Cote's article on this page comes from his 25 years of experience as a supply chain professional (some gained by placements through our company), as a customer trainer for a supply chain software products, and now as president of a consulting and training firm.

Page two's article on 360-degree evaluations may be news to some of you, but it's actually been percolating up through the business world, especially in big companies, for 20 years. Long-time expert contributor Rosanna Nadeau, who weighs in on the 360-degree process, also talks about the team effectiveness inventory in her page three article.

Page four addresses the increasing interest in worker adaptability, particularly in today's shifting economic landscape, while page three's *Make Your Own Luck* continues our tradition of themed sayings from noteworthy people.

Yours,

MMDTempo

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DO YOU REALLY NEED A CONTRACT TO OUTSOURCE?

By Michael J. Cote, C.P.M

Recently, I met with a very frustrated buyer. She had outsourced a printed circuit board assembly to a new turnkey supplier selected by the company's commodity team. By all accounts, the new supplier was known to be a superior performer. But, the buyer complained, the supplier was almost always late during ramp-up, that period of steady increases in supply requirements that occurs when consumer demand climbs dramatically over a short time.

Outsourcing - the practice of transitioning a process, originally performed by the company, to an outside supplier.

In this case the buyer was outsourcing the manufacturing of an assembly, and the supplier was responsible for manufacturing and purchasing raw material components to build it.

Frustrated buyer. The buyer was frustrated because she was providing the supplier with 60-day order coverage and a six-month forecast. "I felt that the supplier had no excuse since the ramp-up had been predicted in the published forecast," she pointed out. I asked to see a copy of the supply agreement.

Sheepishly, she said there had not been time to complete one. "In any case, it would just get shoved in the



supplier's drawer and ignored," she added.

Clearly, contracts had no value to the buyer and they were considered a waste of effort. When I met with the supplier to get its side of the story, I learned that the outsourced assembly my buyer was looking for had many components that required lead-times in excess of 60 days. The supplier needed an extended lead-time from the buyer to have enough time to acquire those materials. Moreover, I learned that the supplier had recently established a rigid policy of ordering materials only after receiving a firm purchase order. The

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360-DEGREE EVALUATIONS FEED BACK USEFUL INFORMATION

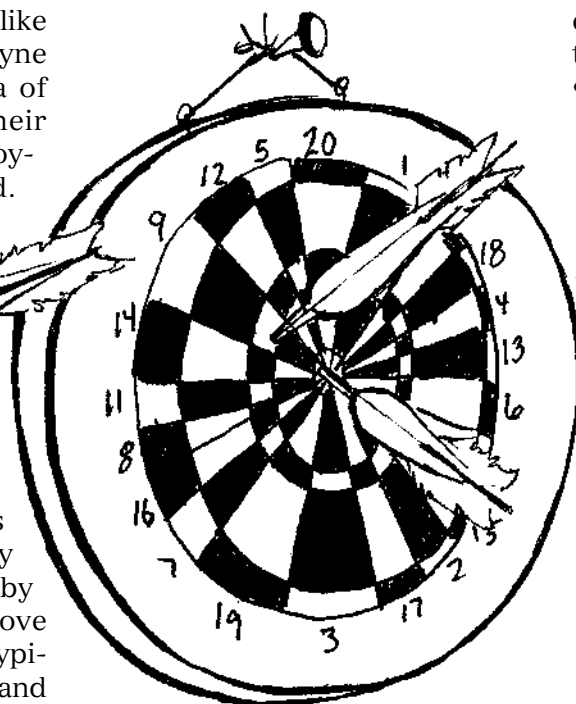
On-the-job performance evaluations in large companies have been evolving for some years from the traditional one-manager evaluation to a broader regime that promises to draw a more complete picture of middle and senior managers' performance and capabilities. That's why 360-degree appraisals are used at many large companies like Ford, TRW, Boeing and Teradyne to give organizations an idea of how managers are leading their staffs and to help identify employees who should be promoted. Some companies have stretched the purpose of the evaluations to help determine employee compensation.

What are 360-degree evaluations? 360-degree evaluations help managers improve their performance by learning how they are viewed by peers and those who work above and below them. Companies typically hire a consultant to design and organize the evaluation, using questionnaires that some participants liken to SAT test booklets.

How are evaluations administered? In addition to your boss, five or more people who work for you and with you will fill out the questionnaire, weighing in anonymously on your performance and capabilities. Questions are organized and crosschecked to limit the possibility of unfair criticism. If your work puts you in constant contact with people outside your company, one or more outside suppliers or customers may also be asked to participate. The results are processed into a report that quantifies and qualifies your performance.

Over the years a great deal of fine-tuning has made the process effective, and surprisingly enjoyable.

Interestingly, employee self evaluations tend to be more critical than either their peers' or their supervisor's evaluations, according to Fox Lawson & Associates, a compensation and human resources consulting agency based in St. Paul, Minnesota.



But in all cases, managers become more aware of how their management style affects the performance of their work unit.

First-time participants are typically relieved to find it's less stressful than they imagined it might be, and they almost always say they develop a better appreciation of how they can maximize their strengths and compensate for their weaknesses.

Not right for all. "360s" are not right for all organizations, however, cautions Rosanna Nadeau of Nadeau Management Partners in Worcester, a teambuilding organization serving companies through out New England and the Midwest. "They can be very damaging if they are used when the culture or the work group aren't ready. When the

right conditions don't exist, 360 feedback can put relationships on edge or even destroy them," she says. Choosing an effective 360 tool is also essential; it's important that the tool has clear, relevant questions that elicit useful and constructive comments.

Nadeau has found that the 360-degree review works in organizations where...

- People normally ask for and to provide constructive feedback about behavior as well as work. The feedback recipient and the providers all focus on a mix of praise and constructive feedback that the recipient can use to strengthen performance.
- Trust is high. People have worked together enough so that feedback can be accurate and reliable. People can accept feedback without becoming defensive or concerned about ulterior motives of those giving the feedback.
- Respect is prevalent. Confidentiality is consistently upheld; people generally feel respected by others.
- Higher management and/or Human Resources assist individuals in interpreting the feedback, acknowledging their strengths, and assisting them in using feedback for change and growth.

Why is it an effective tool for team development? When people receive honest, constructive feedback about their behavior and/or performance, Nadeau says, they can use this newly found knowledge to improve themselves. "When others see an individual making change, using feedback, it strengthens relationships and builds respect," she explains.

TAKE A TEAM EFFECTIVENESS INVENTORY

By Rosanna Nadeau
Nadeau Management Partners

Whether you are a member of a group formed for a specific project or a committee formed on a temporary basis, you can dramatically impact your results while increasing your enjoyment of the work if you become a team. While not optimum for all work situations, in many cases a team approach accomplishes a great deal in the shortest time. With an effective team, you can achieve a kind of synergy (when the whole is greater than the sum of its parts) that can't be matched.

Benefit of team organization. While it takes work and a time commitment from each member of the group to build an effective team, the benefit is obvious. But what constitutes an effective team? Here is what our own team at Nadeau Management Partners has found after years of working to develop successful team-oriented groups at corporations throughout New England and the Midwest:

1. **Common goal.** The best teams are always focused on a common goal. This is true even if each member has a specific assigned area of responsibility.
2. **Clear roles and responsibilities.** Each team member understands and accepts his/her own role in an effective team. Each person also understands and respects the other team members and their roles. Decision-making, problem solving, and conflict resolution are important, constructive activities and team members can be depended on to use positive processes to accomplish each.
3. **Trust.** Team members trust one another. They care about

one another's success and well-being. Because they use constructive, positive approaches to make decisions and address issues, people on a team can relax, knowing fellow team members are on the same side.

You can help your next group to experience the kind of fulfillment true teamwork can provide.

4. **Relationships outside the team.** Effective teams communicate and interact with people and groups outside the team to share information, and in the process they develop mutual respect. Effective teams are not cliques from which outsiders are excluded. They place an emphasis on being open to outside groups and they search for ways to work well with others.
5. **Risk-taking.** Team members can feel confident about giving their opinions and input, because other members of the team care about hearing from one another. Diverse perspectives and different opinions are desirable on effective teams, because team members recognize the value of seeing a situation from all sides. An effective team has patience and a tolerance for mistakes and the occasional bad day. This makes it possible for individuals within a team to dare to innovate and

to be creative in their work. A successful team recognizes that each individual comes with his or her unique skills and abilities, and there is a shared confidence that team members will do what they believe is best.

When you join your next group, observe carefully. Determine how you can help strengthen its working characteristics. Maybe you can help your next group to experience the kind of fulfillment true teamwork can provide, because of the special bonds and outstanding results you achieve together.

For more information, you can contact Rosanna at 508-756-3551 or e-mail nadeaump@netzero.net.

MAKE YOUR OWN LUCK

Want to be lucky? You'll have to work at it, say these wise people.

How can you say luck and chance are the same thing? Chance is the first step you take; luck is what comes afterward.

Amy Tan

I don't believe in circumstances. The people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them.

George Bernard Shaw

A window of opportunity won't open itself.

Dave Weinbaum

Beyond talent lie all the usual words: discipline, love, luck – but most of all, endurance.

James Baldwin

EMBRACING CHANGE: ARTICLES WE'VE READ RECENTLY

Dr. Judith Briles is an author on business practices and an expert on workplace issues and their solutions. These days she is concentrating on why it's so important to embrace change in order to be successful. She points out that change doesn't wait until you are ready to deal with it, so why should you wait to adapt to it? The sooner you do, the more valuable you'll become to the organizations you want to join. "Embracing change enables you to take advantage of any opportunity that may catch your eye — opportunities that you had not previously envisioned or contemplated," Briles points out.

The Society for Industrial and Organizational Psychology recently appeared in an article that dis-

"The special competence of each employee must be lifted out of its context and implanted anew in order to find tomorrow's solutions."

cusses how organizations and their workers must adapt to changing circumstances in an organization. But to succeed in a team-oriented environment often means that you have to do work that is outside of

your specialty. As the article puts it, "Workers have to become more generalized as well as specialized. This new worker will be more responsive to the shifting needs of workplaces."

Working across boundaries. Mats Hultemark, CEO of Sörman, a worldwide information management company based in Sweden, says his company depends on its employees to carry out work across the boundaries of business areas. "The special competence of each employee must be lifted out of its context and implanted anew in order to find tomorrow's solutions."

In his book, *Winning the Talent Wars*, author Bruce Tulgan says managers, like the people they oversee, need to be mentally malleable and willing to operate differently for their companies to thrive in the new economy. "Successful organizations in the new economy will have very strong and very lean core groups, while they get more and more of the work done by tapping large, robust pools of fluid talent," he says.

Talent from inside, outside company. Tulgan points out that talent can come from inside or outside the company. Successful companies will assign motivated, flexible workers to the job at hand for as long as the job needs to be done, based on the needs of the market, he adds.

REALLY NEED A CONTRACT?

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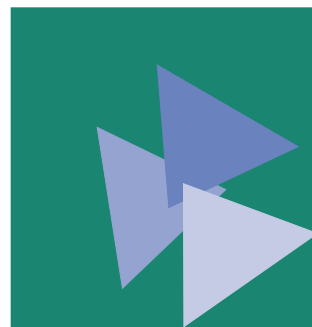
policy was put in place because past customers had not accepted responsibility for materials ordered from pure forecast, which caused the supplier serious financial problems. The buyer wasn't aware of the policy and the supplier hadn't pointed it out.

Importance of agreement. This incident illustrates the importance of a supply agreement, not as a vehicle to enforce performance, but as a way of communicating the relationship between buyer and supplier. The very process of negotiating agreements unearths issues to be resolved. And, it leads both customers and suppliers to a consensus on a business process. You don't have to have a contract for outsourcing, but don't expect a problem-free relationship without one.

To solve the problem in the above case study, the solution was now obvious to the buyer and the supplier. Order coverage was extended

beyond the longest lead-time part. The buyer's company stopped sending the forecast that was being ignored and replaced it with a bonafide purchase order that spelled out the terms of the agreement in a way that met both the supplier's and the buyer's needs.

Michael Cote is president and founder of Supply Management Solutions, a consulting and training firm specializing in lean supply methods, spend management, supply marketing and strategic sourcing. Visit www.imaginesms.com.



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