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Process Re-engineering at GTE
Milestones on a Journey Not Yet Completed

By Charles R. Lee

Any good mechanic knows when it is time to overhaul an engine. You can tinker with it, repairing each new problem as it comes up. But at some point, it is best to break it down and rebuild it, fixing everything at once. At the GTE Corporation, we chose to rebuild and upgrade our technology, and without the luxury of a pit stop.

Not that we had a faulty engine, mind you. In 1992, when our process re-engineering program started, we were pumping on all cylinders as one of the biggest companies in the telecommunications industry. Business was good. But we were not sure that the engine that had served us so well for 78 years could keep us ahead of the competition. Big changes were coming in the industry that were going to require GTE to become a leaner, quicker, more aggressive player.

The future came into focus this year when Congress passed the long-anticipated Telecommunications Reform Act. The new law is intended to create open competition, for the first time, among local-exchange telephone companies, cable television companies, long-distance carriers, cellular providers and other communications companies.
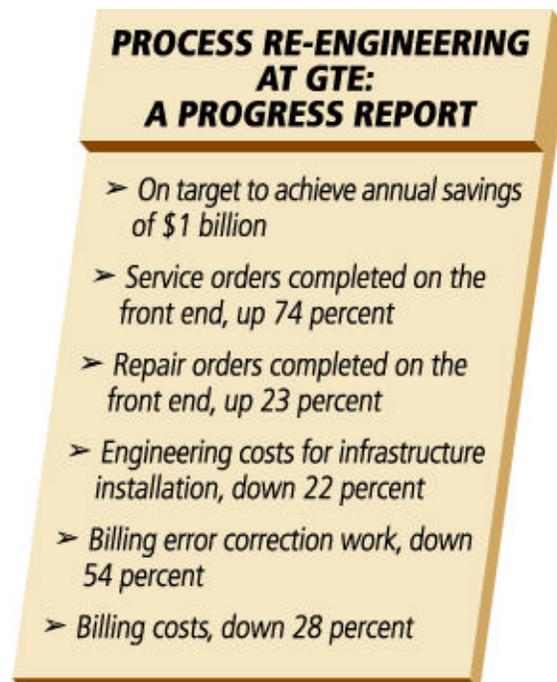
For GTE, which has revenue of about $20 billion and has traditionally operated as a regulated public utility in local service areas across the country, open competition brings new opportunities in long distance, video and data services, and other areas of telecommunications. It also enables us to combine our traditional wireline service with cellular, paging and long distance to offer our customers an integrated package from a single source on one bill.

At the same time, we now face direct competition in our local markets from the regional Bell operating companies and other communications giants, as well as from smaller access providers. Even before the telecommunications act became law, we estimated that 70 percent of the revenues at our largest business unit, GTE Telephone Operations, could be exposed to significant competition by 1997, from a wide variety of wireline and wireless service providers.

With our marketplace changing so drastically, we knew that we would have to reinvent GTE in order to remain competitive. Rather than tinker with our existing systems and processes, we chose to re-engineer the company from top to bottom.

In 1992, we initiated a five-year process re-engineering program at GTE Telephone Operations. This program, which has received considerable attention in the media, is widely regarded as one of the most successful re-engineering efforts in American business. We have redefined our major business processes to improve efficiencies and deliver higher levels of customer satisfaction. As a byproduct, we have streamlined our operations and reduced the work force by 18 percent. Our $1.3 billion investment in re-engineering is on target to achieve cost savings of $1 billion a year by 1997. (See Exhibit I.)

Exhibit I

PROCESS RE-ENGINEERING AT GTE: A PROGRESS REPORT

➤ On target to achieve annual savings of $1 billion

➤ Service orders completed on the front end, up 74 percent

➤ Repair orders completed on the front end, up 23 percent

➤ Engineering costs for infrastructure installation, down 22 percent

➤ Billing error correction work, down 54 percent

➤ Billing costs, down 28 percent

Source: GTE

These results, while certainly gratifying, are merely milestones on a journey not yet completed. Today, GTE Telephone Operations has reached a critical transition point as we begin to put into practice many of the new processes and systems we have created. As Brian N. Dickie, president of Booz-Allen & Hamilton's Worldwide Commercial Business, wrote in this publication recently, "the wave of delayering, restructuring and re-engineering has left many companies in a twilight world between the old and the new. Traditional management processes have been discarded and dismantled; new ones are not always comfortably in place. Learning to manage in the post-restructuring world has become a priority." ("The C.E.O. Agenda," Strategy & Business, Issue 1.)

As our process re-engineering program draws to a close, GTE Telephone Operations is now becoming a process-managed company, building continuous process improvement into day-to-day operations. This transitional moment is an appropriate time to reflect on what GTE has achieved through process re-engineering, and to look ahead to the challenge of managing our business in "the post-restructuring world."

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Redesigning Processes

The re-engineering effort began with a question: "If we were starting this company today, what would be the most important elements of doing business?" The answer came down to two words: *processes* and *people* .

As any textbook on process re-engineering will indicate, the starting point is the status quo. (See Exhibit II.) Our first task was to understand how our existing processes worked (as opposed to how they were supposed to work). It was only by laying out every process, end to end, that we came to realize how seemingly disparate functions have a profound impact on one another.

Exhibit II

FIVE IMPERATIVES FOR PROCESS RE-ENGINEERS

Be honest: Understand the process as it exists, rather than how we believe it works

Be smart: Listen to and solicit input from employees who actually do the work.

Be responsive: Redesign processes from the customer's perspective

Be bold: Look for innovative ideas and model against the best companies.

Be sure: Deploy all new processes and systems at a test site before rolling them out company-wide

Source: GTE

Take the billing process, for example. We discovered that errors committed upstream -- in taking a customer's order, responding to a service call or updating account records -- were creating hours of non-value-added work downstream, during the billing cycle. The way to improve productivity in the billing process, then, was to work on error prevention in the service fulfillment and assurance processes. We did, and consequently we reduced billing error correction work by 54 percent and total billing costs by 28 percent.

We created eight employee-led teams to map the company's major business processes. Team members fanned out across the country, interviewing the employees who carry out each step of a given process. By the time they were finished, the teams had visited more than 40 field sites, conducted more than 1,000 interviews and monitored more than 10,000 real-time customer transactions. Then they mapped how work flowed into and out of the organization.

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As expected, they found areas in need of improvement. Non-value-added work was reducing productivity by 50 percent. Non-standardized procedures for service fulfillment, repairs and network monitoring were creating different levels of service in different parts of the country. Orders for new service were handed off as many as 15 times from one employee to another, wasting time, causing multiple errors and compromising the level of service we were providing our customers.

We realized we could address some of these problems right away. For instance, in our customer care centers, we recognized that we could resolve many customer service trouble reports faster (and at a considerably lower cost) by training and empowering front-line employees to be problem-solvers rather than mere information-takers.

Today, customer care representatives have the training, tools and authority to resolve many problems while the customer is still on the line. A new software system lets the representative test a customer's telephone line, access data bases to help diagnose the problem and, with growing regularity, resolve it without passing it along to another employee. While the representatives now spend more time per call -- a degree of service that the old process discouraged -- productivity is up by almost 30 percent.

Even as we fixed some of these immediate problems, the re-engineering teams began to redesign our work processes from the customer's perspective. Their charge was to design processes that would make GTE the easiest company in the industry to do business with. Team members conducted benchmarking interviews with 85 corporations to learn from the country's most successful customer-driven organizations. They came back with a number of ideas.

A good example is the "customer zone" concept, adapted from the Otis Elevator Company, which we have implemented as part of the service installation and repair processes. In the past, we dispatched field technicians all over town to handle service orders for our residential and commercial customers. Work schedules and customer records were managed in the home office. Technicians went where they were told, often never seeing the same customer twice.

As a result of re-engineering, we have divided our service territories into zones, and assigned repair people -- now called customer zone technicians -- to each. We also redesigned their jobs. Like police officers on a beat, our technicians quickly become familiar with their customers, their customers' equipment and the network infrastructure within their individual zones. We have also equipped the technicians with laptop computers networked to the home office. This way, they can manage their own work schedules and maintain customer account records in real time.

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Once we had designed the customer zone concept, we had to invest in new software and hardware to implement it. In fact, many of our ideas required new information systems to support their implementation. (See Exhibit III.) And we created a team to coordinate systems development.

Exhibit III

Supporting Innovation with technology

Many of the ideas resulting from GTE's process re-engineering program required new technology systems to support them. Some of these ideas, and the technology behind them, are summarized below.

The Idea	The Technology
"Follow the sun."	
Incoming calls to customer contact centers during "peak" hours (e.g., 8:30 to 11 A.M. on Mondays) are transferred across time zones to other service centers handling lower, off-peak call volumes, so that customers don't have to wait to speak with a service representative.	Automatic call delivery system routes incoming calls to available representatives. Standardized software and service processes in all contact centers insure consistent level of service to all locations.
The "customer zone" concept.	
Repair technicians are assigned to specific customer zones where they can build straonger customer relationships. Technicians also manage their own daily schedules and update their own records in real time.	Technicians use high-endurance laptop computers networked to the home office to schedule service calls and transmit new account customer information to the central data base.
The "one-touch" commitment.	
Customer contact and customer care representatives aim to close service order repair requests without handing off the order to another employee.	Representatives have on-line access to customer data base, network switching and automatic line testing and other services.
The "zero-touch" commitment.	
Customers can get status reports on service orders, repairs and billing electronically.	Interactive voice response units inform customers about the status of service requests.

Source: GTE

We deployed the zone concept, along with many of the other innovations that resulted from process re-engineering, at a test site in Sarasota, Fla. We wanted to observe how all of the changes worked together -- in a real-life setting, with real customers -- before we rolled them out across the country. The Sarasota test enabled us to fine-tune our processes and smooth out the handoffs from the old way of doing things to the new one. As an added benefit, measures of job satisfaction and perceptions of empowerment among our employees soared.

Based on the results from the Sarasota test, which we concluded in 1995, we started implementing our new process plans throughout the company. Earlier, in 1993, we established a program office staffed with process management experts and subject matter experts assigned to each of our major business processes. These people guided the implementation of our re-engineered processes, and they continue to serve as a resource to the executives and employee teams responsible for ongoing implementation and process management.

The People Part

In executive and management circles, the talk about process re-engineering usually focuses, appropriately, on customer value and reducing costs. But among employees, re-engineering triggers an immediate concern about large-scale change and loss of jobs -- concerns that a company must address if re-engineering is to succeed.

From the outset, we were candid with our employees. The objective of process re-engineering, we stated plainly, was to insure the future of the company by rethinking work processes, improving efficiencies and providing value to the customer. We emphasized that work force reduction was often a result, but not the purpose, of re-engineering. Work center consolidations and deployment of new systems would, however, make it possible to reduce staff by some 17,000 jobs -- a necessary move to drive down costs in the face of fierce competition in the marketplace. We delivered these messages, and created opportunities for employees to pose questions, air concerns and provide feedback. (See A Five-Point Plan, following the article.)

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Because well over half of GTE Telephone Operations employees are union members, an upfront dialogue with labor union leadership was another critical aspect of our re-engineering effort. Even before process re-engineering began, GTE and representatives of our two largest unions, the Communications Workers of America and the International Brotherhood of Electrical Workers, met quarterly to discuss issues. We made use of these meetings, known as common interest forums, to inform the unions about the progress of our process re-engineering program once it was under way, and the impact it would have on union employees.

We did not negotiate our re-engineering strategy with the unions and they were not always pleased with what they heard. But we demonstrated good faith in keeping the unions informed about our timetable for work force reduction and the changing job requirements that union employees could anticipate within the re-engineered GTE.

We have achieved most of the job reductions at GTE Telephone Operations through attrition, early retirement and voluntary separation, rather than layoffs. Still, we felt a responsibility to our employees to try to mitigate the impact of downsizing.

We hired a consultant to provide skills training that would help employees find new jobs. Last year, for example, about 60 percent of the management and salaried employees affected by downsizing took advantage of these services. Eighty-eight percent of them found jobs at other companies within six months, 98 percent within a year.

Our dialogue with the unions also led to a partnership with the Department of Labor to provide outplacement and retraining assistance to union workers whose jobs were being eliminated. Last year, the department committed $4.8 million in Job Training Partnership Act funds to help displaced employees in 21 states, the first grant of its kind issued to a corporation such as GTE for use in a multistate initiative.

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A corollary to re-engineering was consolidation. Before re-engineering, GTE Telephone Operations maintained network monitoring centers, customer contact centers, collections offices and other operations at 286 sites nationwide. We are consolidating these operations into 58 locations, closing many centers that provided jobs in communities around the country. In some places, GTE was the largest employer in town.

We considered the full impact of GTE's consolidation plans on these communities and helped them establish economic development programs to mitigate the loss of jobs. In towns such as Russellville, Ark., and Sherman, Tex., GTE provided marketing and computer resources to help community leaders target industries that were a good fit with the local labor force. We produced videotapes, brochures and other recruitment materials that helped many of the cities attract new businesses and create jobs. In Sherman, where the GTE payroll shrank to 35 people, from 150, one business prospect eventually built a new plant that now employs approximately 200 workers. In communities across the country, GTE's economic development assistance created at least 20,000 jobs from 1993 to 1995.

There is another lesson to be learned from effective communication and fair play: They both help to maintain the employees' commitment to the re-engineering program.

In the beginning, re-engineering requires a push from the top down; the program won't succeed without a commitment from the highest levels of the organization. But when a company moves beyond process re-engineering to become a process-managed organization, the emphasis shifts from top-down to bottom-up. That's where employee commitment comes into play.

As one of our senior executives put it, "We have to turn everybody into an engine." In other words, now that we have deployed our re-engineered processes, it is up to our employees to implement them effectively, and to help us identify the continuous improvements we will need to satisfy our customers and remain competitive.

Of course, one of the benefits of process re-engineering is the new opportunities it creates for employees. Many of our redesigned work processes give front-line employees greater responsibility, more authority to satisfy the customer, less direct supervision and better tools for performing their jobs. The result: higher productivity and increased job satisfaction.

A good example is our customer care centers. Before we re-engineered, employees who fielded customer repair calls completed a repair order and passed it along to a technician. The employee's job performance was measured by how quickly incoming calls were completed -- not by how effectively the customer's needs were satisfied.

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Today's Challenges

The challenges now are twofold: managing GTE Telephone Operations as a process-centered company, and moving swiftly toward the ultimate goal of insuring long-term growth and generating profitable new revenues.

Managing by Process. One of the important lessons of re-engineering is to redesign work processes first, then allow the new processes to define how the company should be structured. At GTE Telephone Operations, re-engineering changed our organizational structure in three ways.

First, we reorganized the company to serve a national marketplace, rather than a collection of geographic regions. We centralized our network operations, billing and collections centers, consolidated our customer contact centers and dismantled much of our regional management structure. Now, our branch sales offices and customer centers report directly to company headquarters in Irving, Tex.

Second, we realigned the company around three customer segments -- consumers, businesses and long-distance carriers -- and appointed a line-of-business president to be in charge of each. These individuals are responsible for all aspects of their segments, including customer contact, product management, sales, systems and billing.

Finally, we reorganized our day-to-day operations, replacing traditional, functional hierarchies with a horizontal management structure that supports GTE Telephone Operations' major business processes. These consist of three service delivery processes -- fulfillment, assurance (reliability), billing and payments -- as well as key support and administrative processes: infrastructure provisioning, product development, human resources, finance and public affairs.

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That's how management by process is organized within GTE's Telephone Operations. How does it work?

The marketplace team includes the three line-of-business presidents, along with key vice presidents. Each of these individuals also is a process executive (there is one executive in charge of each major business process). They have end-to-end accountability for their processes, including performance targets and budgetary responsibility. (This year, GTE Telephone Operations established separate budgets for its major business processes for the first time.)

By design, individuals who are both line-of-business presidents and process executives must approach the business from two perspectives at once -- from an up-and-down, functional view, and from an end-to-end, cross-functional view. Their performance is measured not just by the revenue growth and profit margins of their individual lines of business, but also by the quality, efficiency and customer satisfaction of the business processes they oversee.

This structure imposes a process discipline on executives that is vital to management strategy. When managers are accountable only for the success of their lines of business, all decision-making and resource allocation will, understandably, be directed toward that business. But when managers are also accountable for business processes, they must engage in a give-and-take with other managers, sharing resources and reaching compromises that serve the company as a whole.

A good example is the new order-collection system we are developing to serve our three lines of business. Previously, GTE maintained separate ordering systems for consumers, businesses and carriers, and each line of business served customers in its own way. The problem, of course, is that three systems are more expensive to maintain, and they can be confusing to customers. In defining the capabilities of a single ordering system, process executives had to set priorities in a way that would best serve the customer, and not consider only the needs of an individual line of business.

Reporting to each process executive is a process panel, composed of individuals who are the champions of each step within a given process. For example, there are seven key sub-processes within the billing and collections process, with process champions assigned to each. Process panels meet regularly to consider how well the end-to-end process is being carried out. Panel members review performance mea-sures, costs and quality measures. They identify where more resources may be needed, and where improvements must be made to better serve the customer.

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The process teams are responsible for devising and implementing plans for reducing costs, improving quality, increasing revenues or other performance objectives identified by the process champions.

For companies in the early stages of process management, an overriding challenge is to create a process orientation among employees. Although re-engineering at GTE Telephone Operations was a broadly based effort that affected every employee, not every employee was directly involved. Now that we have restructured the company along major business processes, we are turning these processes over to our employees for them to manage.

That is why we are educating our employees about how their individual jobs contribute to a broader process designed to serve the customer. We have created a blueprint data base that contains the step-by-step process maps for every major business process in the company. This data base is accessible throughout GTE Telephone Operations to help establish standard procedures in all locations, and to help employees understand where their job functions fit into an overall business process.

For most employees, this process perspective is an eye-opener, because they can see for the first time how the quality of their job performance affects other employees down the line. For example, an employee who is part of the fulfillment process comes to understand how a mistake in order entry creates a problem for a colleague in service assurance.

This understanding is important because we have instituted service-level agreements between processes to help reduce errors and improve quality. These agreements represent a commitment among employees involved in service fulfillment, for instance, to handle a customer order efficiently and correctly before handing it off to employees involved in service assurance.

Once this process orientation takes hold, employees will be better able to produce ideas for continuous process improvement. We have established a new method of generating employee suggestions -- called the Jump Starters Program -- that encourages employees to recommend ways of changing their jobs or the process of which they are a part. We have also created teams that are re-examining some of the re-engineered processes, like service fulfillment and assurance, to address lingering performance gaps.

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Focusing on Growth. The ultimate objective of process re-engineering was to prepare GTE Telephone Operations to compete effectively in the new telecommunications marketplace. It has.

Re-engineering has produced cost savings and productivity gains; network access lines per employee -- the industry's standard measure of productivity -- increased from 234 at the end of 1993 to 289 at year-end 1995. In addition, re-engineering has positioned GTE to capitalize on
new profitable revenue opportunities. For example:

- Under a program called "Selling Is Caring," our customer care advocates are trained to recommend new products and services to help meet a customer's needs. Selling Is Caring added $11 million to the revenue stream in 1995.
- The improved efficiency of our billing and payments process has enabled us to extend this service to others. We now manage remittance processing, but not billing, for such major corporations as Texaco Inc. and the American Express Company.
- Our newly centralized Network Operations Center now monitors private networks for 2,000 business customers in addition to GTE's own wireline and cellular networks.

We have also re-engineered our product development process, which will enable us to deliver new products and services at a faster pace. In the old days, a product manager worked with a new product through the design phase, then handed it off to operations, which handed it off to marketing, which handed it off to sales. Today, product managers take ownership of the proposed product and work with a cross-functional team from concept to delivery.

This enhanced process already has enabled us to grow data services revenues by more than $100 million in the line of business that serves our business customers.

Process re-engineering has also played a role in the growth of revenues from "new and non-traditional" products and services. In 1993, our "new and non-traditional" revenue was $480 million; last year, total revenue from this source reached $850 million.

Of course, none of our re-engineered processes is "finished." We will constantly be tinkering under the hood, replacing components and making modifications.

It is clear, though, that our re-engineered company is now stronger and more efficient than the one that preceded it. All systems aren't perfect yet; but the engine is built to last.

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How GTE's Effort Stacks Up

Michael Hammer, co-author of "Reengineering the Corporation" and "The Reengineering Revolution," is among the acknowledged experts of process re-engineering. Dr. Hammer's work provided a model for process re-engineering at GTE Telephone Operations.

What follows are excerpts from a recent conversation with Dr. Hammer about GTE's experience.

S&B: *What made GTE a good candidate for process re-engineering?*

MICHAEL HAMMER: Three kinds of companies undergo re-engineering.

The first is companies that are in big trouble, that are being beaten by competitors, that are losing money, that are just in terrible shape. These companies turn to re-engineering as a last resort.

The second group is composed of companies facing major change. Everything is pretty good now, but they see on the horizon a very different set of circumstances. These might be telecommunications companies such as GTE, electric power companies, companies in an industry now going global, businesses that are being deregulated. This is the largest group of companies that are re-engineering because almost every industry is in the throes of unbelievable change.

And the third group is filled with companies that are doing just fine, that don't see major change on the horizon, but they re-engineer in order to get so much better than the competition that nobody will ever catch them.

S&B: *How do you assess GTE's process re-engineering performance thus far?*

MICHAEL HAMMER: GTE is one of the best practitioners of re-engineering that I've encountered. The company is well on its way to creating an entirely new kind of organization, one that focuses on processes instead of departments and functions. And it is developing new techniques to manage that kind of organization and to help people work in that kind of environment.

S&B: *What is the relationship between process re-engineering and managing by process?*

MICHAEL HAMMER: Re-engineering is a part of something larger, namely, managing your business by managing its processes. You can't re-engineer unless you focus on processes, but managing by process means more than just re-engineering. It entails a new mind-set, a new way of looking at the business, a new way for everyone in the company to understand where they fit in. So in the long term, managing by process is the bigger issue, and re-engineering is a temporary issue to help us get there.

S&B: *Does process re-engineering offer the same competitive advantages that it used to?*

MICHAEL HAMMER: When I first started talking about re-engineering, only a handful of companies were doing it. And for them, it represented a clear competitive advantage. Now, every company that I know of is doing re-engineering. But it still can be a competitive advantage if you know how to do re-engineering better than other companies, if you're committed to it more intensively and if you can be more creative in its applications.

The advantage is no longer to those who re-engineer over those who don't. The advantage is to those who re-engineer really well over those who do it only in a mediocre way.

S&B: *What is an example of the advantage to a company that re-engineers "really well"?*

MICHAEL HAMMER: Most companies start re-engineering by focusing on what's broken and saying, "How can we do it better?" But as companies get further into re-engineering, they realize they can go beyond that. They can focus on opportunities, not just problems. Namely, what needs do customers have that we haven't even been thinking about, and how can we use our processes to create new value for customers and outcompete the other guy?

S&B: *Is process re-engineering ever completed? Can a company like GTE ever say, "We're done"?*

MICHAEL HAMMER: Re-engineering will be finished when the world stops spinning. Fundamentally, re-engineering is about adapting to a new world. The need to keep up with technological change means that organizations will have to re-engineer on a recurring basis as the demands on their industries change. In the telecommunications industry, you may do a great job re-engineering today and find that, in five or 10 years, you're going to have to do it again, because the world has changed once again.

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OVERCOMING SKEPTICISM THROUGH COMMUNICATIONS:

A Five-Point Plan

Resistance to change is a human trait. Any company that pursues process re-engineering -- especially on the scale that GTE Telephone Operations did -- is going to incite concern, skepticism and some downright resistance among its employees. That is a critical business challenge, because if process re-engineering is going to succeed, a company must have the support of its workers.

At GTE Telephone Operations, frequent and candid two-way communication was part of our re-engineering program from day one. And, although we have restructured the company from top to bottom, endured downsizing and transformed the way most employees do their jobs, we have measured a steady shift from resistance to commitment within the work force where our re-engineering initiatives are concerned.

Because almost every industry is due to experience profound change (if it hasn't already), we offer five lessons for overcoming skepticism through communications:

1) Present the Case for Change Again and Again.

Long before the Telecommunications Reform Act of 1996 became law, we advised our employees that revolutionary change was coming. We told them that intense competition was on the horizon, and that we must prepare GTE to compete effectively. We made a business case for process re-engineering, demonstrating the need for significant improvements in customer service, product delivery capability and cost efficiency if GTE was going to remain a growing, successful company.

We were candid about the inevitability of office consolidations and work force reductions.

As process re-engineering proceeded, and employees began to experience many of the internal changes that we had predicted, we reminded them repeatedly why change was necessary, and how re-engineering would help to insure the future of the company.

2) Create a Vision.

Employees must understand not only the need for re-engineering, but what the company will achieve as a result. We were taking them on a difficult journey; understandably, they wanted some idea about the destination.

For GTE, our vision was to build on our traditional strength in wireline services to establish market leadership in the emerging, integrated marketplace of voice, video and data services --
a vision we encapsulated in the word "ViViD." We also established a goal of delivering unmatched levels of customer service.

We communicated the ViViD vision in a number of ways, from executive speeches to video presentations. But one of the most effective methods was face-to-face employee meetings. In 1994, we developed a presentation package on ViViD for executives and managers to use in small group settings over a six-month period.

3) Link All Actions and Changes to the Vision.

Change must never seem capricious, or come from out of the blue -- especially when jobs are on the line. That is why we diligently explained how every office consolidation, process change and new software program was going to help make GTE the easiest company to do business with.

This was a daily exercise; during our re-engineering program, we announced some 650 initiatives each year through our employee bulletins, which are disseminated to Telephone Operations' employees nationwide. Work group supervisors, or "coaches," played a key role as a communications channel on a day-to-day basis.

4) Create a Dialogue.

One-way communication sends the message that change is being imposed; two-way communication creates opportunities for employees to respond, express concerns, ask questions, make suggestions. We accomplished this in the early stages with frequent videoconferences among team members and with employees in general. With every initiative we announced in our daily bulletins, we included the name, telephone number and E-mail address of an executive, manager or other person who was available for feedback.

We also established a toll-free, automated information system providing up-to-the-minute company news, product and service announcements, job postings and other information. This system also includes a feedback mechanism that enables employees to ask questions or make comments that are then routed to the appropriate source within the company. We have recently introduced an intranet system that puts this same information, as well as the feedback mechanism, on-line. For many employees -- such as customer zone technicians, whose use of laptop computers is integral to their jobs -- on-line access is the preferred means of communication.

5) Utilize the Five Imperatives for Process Re-Engineering.

We followed the five requirements for successful process re-engineering: Understand the process as it exists, rather than how we believe it works. Listen to and solicit input from employees who actually do the work. Redesign processes from the customer's

perspective. Look for innovative ideas and model against the best companies. Finally, deploy all new processes and systems at a test site before rolling them out company-wide. (See Exhibit II.)

We were not out to buy our employees' commitment to our vision and strategy; we intended to earn it. And we are doing that. Every month, we track key indicators of employee commitment to our business strategies. Over the past year, the number of employees who understand and support our strategic direction rose to 75 percent, from 69 percent. While we are not entirely there yet, we are moving in the right direction.

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