

How to Turn Operational Performance into Green

If you were to measure your distribution or manufacturing operations, how would your green initiatives rate in terms of effectiveness? What shade would they be? Turquoise? Lime? Hunter?

Although many of today's most successful distribution operations have already employed the *Four Keys to Operations Performance*, they are often unaware of how these keys can launch *and maintain* a green culture.

To benchmark where your organization fits on the Green Continuum, ask yourself the following questions:

1. Are you leveraging the most from your labor footprint?
2. Do your green initiatives actually motivate (versus complicate) staff performance?
3. If you are using greenbacks as an incentive for your associates, are you getting *green back* from their efforts?
4. Are you tracking your green results just as you track associate performance?
5. Do your supervisors fully appreciate how the green commitment fundamentally impacts departmental performance?
6. Does the imperative of throughput eclipse your green opportunities?
7. Are you meeting your customers' green requirements?
8. Have your green practices influenced your associates' perspectives and actions both inside and outside of work?

If you answered "no" to any of these questions then the *Four Keys to Operational Performance* will deepen not only the shade, but the efficacy, of your green policies and actions...and will help your organization emerge as an environmental champion both internally and in the eyes of your customers.

The impact of robust operational performance can go beyond helping you manage high labor costs with ever-tightening budgets, or maintain efficient production and timely order fulfillment in the face of increasing customer demand. Your operational performance can actually usher in the practice of "going green" permanently by applying the following four keys:

I. Operations Improvement: *Communicate. Reinforce. Simplify.*

Operations are the foundation of efficient distribution and manufacturing. However solid, most foundations were built years ago, and do not readily accommodate the process overhauls and adjustments necessary in order to turn, and to stay, green.

The workforce embraces any and all initiatives that will safeguard environmental health—for example, any process change that promises to eliminate environmental waste. However, we are all creatures of habit, and without a structured communication plan in place, associates can, and often do, fall back on routine and old work habits. The end result? Most green initiatives never get off the ground, or if they do, they soon sputter and stall after the initial implementation.

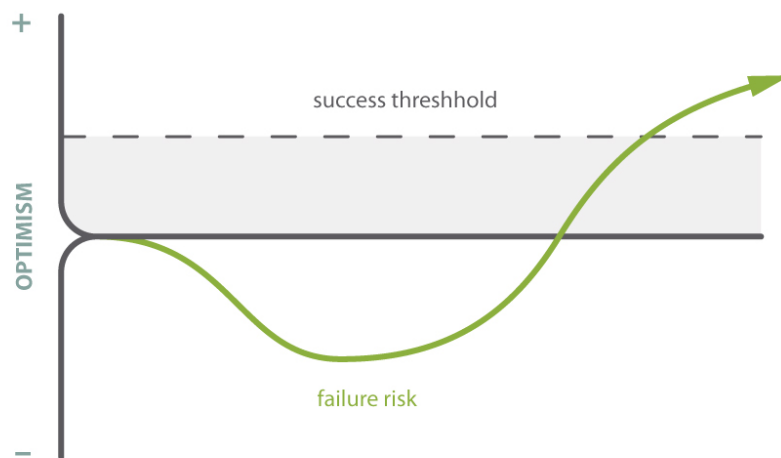
Insights
It's Easy Being Green

To bring about lasting change, management must build a communications plan that spells out and reinforces the benefits of any and all new processes designed to move the operation to a deeper shade of green.

One employee at a manufacturing center was especially impressed by how much money the company would save by reducing shipping dunnage in its cartons. However, it was only after management made the vital environmental benefits clear to him that he owned the new process, at least for a time.

Like all change, behavioral change is incremental, and requires ongoing reinforcement to make it “stick.” Change will not happen by imparting the green benefits of any new process only once. These benefits must be repeated on a regular basis (weekly at first, then monthly, then quarterly) until the change is internalized. This repetition is especially important as it relates to green initiatives because the results are not tangible. In fact, for almost all of us, they are invisible. Employees cannot see shrinking landfills or smell a reduction in noxious gases.

SUSTAINABLE MINDSET



Finally, when it comes to communication, remember to KISS (keep it super simple). Overly complicated explanations of process change will, at best, confound your associates to the point where they ignore it; at worst, they will force your associates to fight change as confusion gives way to anxiety.

II. Productivity Tracking: *What is tracked gets done*

Most companies track departmental or facility-wide productivity. Some even track productivity on an individual level. Few, however, track their green opportunities and impact.

There are several different ways that you can track the progress of green activities, from using a simple spreadsheet to the more complex method of applying a combination of warehouse management and labor management systems. The more complex mechanisms may require extensive modifications. Others, though, are sufficiently flexible to allow for more creative applications.

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It is important to remember that, like with any tracking system, with green activity you need to consider more than the single variable and data that is readily available. You must spend time calculating your environmental costs, which include:

- The screening, interviewing, hiring, and training of each employee
- The transportation, equipment, internal and external square footage, energy, amenities, supervision, and waste required for each employee
- The facility and human requirements for each shift of operation
- The packaging expenses – from cradle to grave
- The process waste, from materials to labor to energy

Without calculating all costs, you cannot forecast return, and you will not likely receive approval for any green initiative, no matter how promising.

A simple way to start is to calculate the total financial and environmental cost of each associate. Then, as you work toward increasing your productivity and reducing your labor footprint, you will begin to discern how much smaller your green footprint is as well.



III. Engineered Standards: *Everyone needs a goal, even things that are green.*

Engineered standards developed through time and motion studies are an objective tool for measuring individual performance. But can these same studies help inform green standards, too?

The answer is yes, if you include the reduction of your environmental impact as a part of the engineering process.

Typical engineered standards will help you reduce labor waste, but may not take into consideration sources of environmental waste. Including green benefits in the analysis may lead to counterintuitive decisions around layout, process flow, material usage, and labor, but it will ensure that you are addressing *all* of your improvement goals, not just the financial ones. It also helps to maintain waste reduction even when you are increasing the throughput of the facility.

The key, however, is to know what your current green performance level is in order to help you integrate this into your engineered labor standards. This will help you define what 100% Green Performance looks like. And, in the end, will help you create green goals for you and for all of your employees.

IV. Performance: *There are countless ways to reward your top performers, including your top green “medalists”*

Motivation is the driving force behind strong performance, and human nature is such that people tend to put forth their best effort when they think, “There is something in it for me.” Incentive programs are an ideal way to motivate associates by rewarding them for their effort and their results, including those in the green arena.

Incentive programs range from non-monetary remuneration to “pay-per-performance” dividends. Rewards can include recognition clubs, raffles, merchandise giveaways, lunches...the list goes on. Pay-per-performance incentives compensate associates with an hourly performance bonus for exceeding standards. If your performance standards include green benchmarks, then you can reward green performances, too.

Because green activity is not as quantifiable as other performance areas, consider establishing a separate incentive program for it to ensure that accomplishments here do not get overshadowed by more traditional measures of success. By treating green performance separately and by designing especially creative incentive programs, you will encourage more dynamic green contributions across the facility.

By putting these four keys to work, you will:

- Reduce your environmental impact *and* cost
- Multiply the vigor and visibility of associate and facility green performance
- Increase facility throughput while continuing to scale back waste
- Boost associate retention and morale
- Enable a self-directed workforce through metrics and accountability
- Redouble customer satisfaction and loyalty

And, because studies show that employees who are encouraged to be greener at work become greener at home, you will be creating legions of green citizens to restore eco-balance and meet the environmental challenges of the new century.