Emerson Climate Technologies, a founding Center for Operational Excellence member, is the world's leading provider of heating, ventilation, air conditioning and refrigeration systems for residential, industrial and commercial customers. To learn more about Emerson's work environment we talked to Paula Schoen-Carey, engineer and flow champion in the company's refrigeration division, about its employee recognition program.

What inspired you to develop and pilot an employee recognition program in the refrigeration division of Emerson Climate Technologies? A personal anecdote by a Target management team member during a COE presentation. He remembered a small appreciation card his manager handed to him and described his feeling of overwhelming pride in receiving it. I couldn’t get the idea out of my head — such a small token of gratitude making such a lasting impact! I thought about the concept and about tying it to a reward system with our employees. We initiated our recognition program in February 2010 and it is helping us alter the environment by influencing both the hourly workforce and the operational management staff. I’d like to extend a gracious “thank you” to the Target team for sharing its leadership techniques.

How is the program changing the environment? In a fast-paced production environment, positive communication sometimes is subconsciously overlooked and this program brings it to the forefront where it belongs. A significant outcome is the respect supervision is gaining from personnel as a direct result of showing appreciation. Who doesn’t get a feeling of personal pride when recognized for a job well done? Hourly workers are becoming more self-directed in daily practices and most participating supervisors see the program as a growth experience, raising the level of respect for individuals and team behaviors. Communication is slowly improving.

(continued on page 3)
Managing Innovation and Improvement Projects in High-Technology Organizations

High-technology organizations confront the dual demands of innovating new products/processes and improving existing ones. Recent anecdotal evidence suggests several high-tech organizations such as Motorola, Samsung and 3M face these challenges in their research and development units. The research of Aravind Chandrasekaran, PhD, assistant professor of Management Sciences, investigates how these organizations simultaneously can innovate and improve to develop a balanced portfolio of products and processes. Dr. Chandrasekaran analyzes both qualitative case studies and quantitative survey data from 38 high-technology organizations and 121 R&D projects. Results suggest that high-technology managers should maintain distinct incentives, processes and metrics while managing innovation and improvement projects. His research also suggests the importance of measuring and minimizing risks when making decisions on these project portfolios.

Dr. Chandrasekaran shares some of his research findings with his core operations MBA class by teaching a case on 3M’s struggle to balance creativity and efficiency. The case highlights the issues that surface at 3M’s R&D unit when senior managers use similar Six Sigma methods and metrics across different portfolios of R&D projects. This creates project-team turnover issues and eventually hurts 3M’s innovative ability. This case and Dr. Chandrasekaran’s research allow students to understand the importance of maintaining distinct incentives, metrics and processes for R&D projects and their relationship with the overall innovation performance.

COE Engagement

COE Takes to the Road

GrafTech in June hosted more than 20 COE members from 10 COE member companies at its Lakewood plant and Parma headquarters. The trip was a natural extension of a February professional development meeting presentation: “Performance Metrics: How Do You Measure Up?” (available at fisher.osu.edu/coe) The group began the morning at the Lakewood plant with a look at GrafTech’s lean production line and newly constructed “war room,” followed by a briefing on a recent 3P project. They moved on to headquarters and watched an A3 review before breaking into smaller groups. The groups took Gemba board walks, saw a product demonstration, and toured the GrafTech Learning Center, where they discussed lean metrics and lean X matrix. The tour wrapped up in GrafTech’s newly built employee fitness center.

Another benchmarking opportunity followed in August when COE escorted members to Fidelity Investments in Hebron, Ky. The Fidelity team coordinated a full day, beginning with a quick overview of Fidelity and its current status. Attendees then broke into four small groups and toured inbound and outbound operations. During the inbound tour, attendees learned that Fidelity annually receives millions of pieces of correspondence — among them, 8 million checks alone last year. The tour guide highlighted the processes and cross-training implemented to handle such a volume. The outbound tour followed the manufacturing process Fidelity uses to create all print materials from fund prospectuses to promotional materials. Each area had unique challenges when implementing lean concepts and tools. Attendees participated in a panel discussion on Fidelity’s lean journey and focus on the future during a working lunch.

Both tours garnered an enthusiastic response from those who attended, with participants praising the the willingness of GrafTech and Fidelity to share their lean stories and taking away valuable concepts to implement at their organizations.
**Emerson Champions Employee Recognition**
(continued from page 1)

**How does the program work?** Employees are divided into workgroups and each workgroup has an established quantitative recognition goal. Individual employees earn recognition cards based on observations of supervision and support personnel, and teamwork allows the group to earn cards at an accelerated rate. When a supervisor observes a positive behavior, he or she fills out a card and checks the category that best fits the action noted. Cards are documented electronically before being presented to employees. Once a week, results are compiled and graphs are posted in each workgroup area. When the goal is met for an area, the workgroup is rewarded.

**Did you face obstacles to implementation? How did you overcome them?** Getting busy supervisors to buy into performing another daily activity was difficult, but the electronic tracking method easily captures results. And the positive behavioral changes witnessed in the start-up mode helped motivate supervision.

**How did plant employees react to the program?** Some worked very hard to be noticed, whereas others felt they were just doing their jobs and didn’t want notoriety. It was difficult for some employees to learn how to receive a compliment! Despite a few negative responses, working relationships have been strengthened and there is a wide acceptance of the program.

**How is leadership sustaining the program?** The sincere demonstration of management’s commitment and praise for positive behaviors during regular workgroup luncheons helps elevate the program’s significance and refocus efforts when necessary.

**The recognition card is very simple. How does it fit with your lean management initiatives?** Lean is all about finding the simplest solution to a problem. Recognizing and implementing simple solutions is one of the strengths of any successful organization.
COE Diversifies with New Members

The Center for Operational Excellence continues to add new members and diversify in 2011 with the recent addition of four new companies, each at a different stage in its lean journey and all bringing fresh perspectives to our membership. We welcome…

Akron Children’s Hospital
Akron Children’s Hospital, an active participant in the Masters of Business Operational Excellence class, began as a day nursery in 1890 and has evolved into the largest pediatric health-care system in northeast Ohio, operating two freestanding pediatric hospitals and nearly 80 regional locations. Its pediatric specialties draw 500,000 patients each year from around the world. Akron Children’s is one of two pediatric hospitals in the country operating a highly acclaimed burn center, the Paul and Carol David Foundation Burn Institute. A major teaching affiliate of Northeastern Ohio Universities College of Medicine and Pharmacy offering 11 subspecialty fellowship training programs, Akron Children’s earned the Gold Seal of Approval from the Joint Commission and Magnet Recognition Status from the American Nurses Credentialing Center.

COE welcomes to the board Grace Wakulchik, RN, MSN, MBA, vice president of operations and COO.

Grange Insurance
Grange Insurance and the independent agents who represent the company are focused on offering customers insurance products and superior, hassle-free services that meet their customers’ changing needs. Generating $1.3 billion in annual revenue with $2 billion in assets, Grange is headquartered in Columbus and is rated “A” (Excellent) by A.M. Best. Grange Insurance (The Grange Mutual Casualty Group) includes Grange Mutual Casualty Co., Grange Property & Casualty Insurance Co., Trustgard Insurance Co., Grange Indemnity Insurance Co., Grange Insurance Co. of Michigan, Grange Life Insurance Co., Integrity Mutual Insurance Co. and Integrity Property & Casualty Co. Grange partners with independent agents who offer auto, home, life and business insurance protection to policyholders in Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and Wisconsin.

COE welcomes to the board CIO Michael Fergang and Amy Tomaszewski, assistant vice president of operational excellence.

MetoKote Corp.
MetoKote Corp., headquartered in Lima, Ohio, is the industry leader in protective coating applications, serving more than 900 customers throughout the U.S. and the world. MetoKote provides environmentally sound and cost-effective coating solutions to industries such as agriculture, appliance, automotive, computer, construction equipment, electrical, furniture, industrial equipment and recreational. It offers a diverse range of custom coating services and technologies to meet the demands of its customer diversity, specializing in a full range of high-technology custom coating services including electrocoating (e-coat), powder coating, liquid paint and other custom coatings. MetoKote is constantly researching and developing new protective coating applications to address customer needs.

COE welcomes to the board Keith Sinram, global director of operational excellence.
You Need to Know

Call for Six Sigma Projects

The Ohio State University's Fisher College of Business offers MBA students a comprehensive introduction to the Six Sigma methodology and success of its solutions. Six Sigma is a disciplined, data-driven approach for eliminating waste by improving the quality of organizational processes and productions. Simply put, it is a systematic way to improve bottom-line results by eliminating defects throughout the value stream. Students are introduced to Six Sigma through a series of classroom experiences and online training from www.MoreSteam.com. These experiences culminate in a commissioned project from a company strongly engaged with Fisher or the Center for Operational Excellence.

Getting Involved….

Who Should Participate?
Six Sigma is ideal for manufacturing, health care, retail, logistics, finance, or consulting services and those who are involved in process improvement. Previous Six Sigma project participants include Alkermes Inc., Exterior Portfolio, Owens Corning and OSU Medical Center.

What makes an ideal Six Sigma project?
• Projects that significantly impact results
• Tasks with relevant, readily available data
• Goals achievable in 15 weeks
• Current problems addressed with temporary solutions
• Processes with abnormal amounts of waste

How does the Six Sigma program work?
Students work in four-person teams for 15 weeks, devoting an average of 10 hours per week to the project under the coaching of Fisher team members. Students assigned to company projects are considered non-paid consultants, bound by non-disclosure agreements.

The company identifies a project and internal project champion. They prepare a thumbnail sketch of the tasks involved, provide Fisher MBAs with access to collect data, onsite or remotely, and cover students’ transportation costs as appropriate.

An active internal Six Sigma program is not a project requirement as long as strong evidence of a quality improvement initiative exists with full backing toward goals from senior management. Students receive credit for this program and are assigned a letter grade heavily influenced by the level of success as judged by the sponsoring company.

To submit a potential project or learn more about the Six Sigma program contact:
Terry Klinker
Department of Management Sciences
fishercoe@osu.edu.

You Need to Know

COE Diversifies with New Members (continued from page 4)

Worthington Industries
Worthington Industries, headquartered in Columbus, was founded in 1955 and is a leading diversified metal processing company with annual sales of approximately $2.4 billion. The company's philosophy, based on the Golden Rule, states, “people are our most important asset,” and the company continues to innovate the industry, partner with its customers and value its employees. Worthington Industries is a value-added steel processor and metals manufacturer, and a leader in manufactured steel products such as metal framing, pressure cylinders, automotive past model stampings, metal ceiling grid systems and laser welded blanks. Serving customers in the automotive, construction, heating and cooling, hardware, electrical controls and appliance industries, Worthington Industries has more than 8,000 employees around the world with 74 facilities in 11 countries.

COE welcomes co-board members Matt Morbitt, director of training and organizational development; and Andy Reich, director of Worthington's Center for Operational Excellence.

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Upcoming Events

**Sept. 16, 2011 • 2 p.m. - 4 p.m.**
Supply Chain Forum
(COE Members Only)
Bob Cowee, ret. supply chain director
Abbott Nutrition
“Managing Complex Global Supply Chains”

**Sept. 30, 2011 • 10:30 a.m. - noon**
Professional Development Seminar
(COE Members Only)
Charlie Brown, Senior VP & Director of
Global Manufacturing, Kodak, (retired)
“Kodak’s Winning and Inclusive Culture:
Leveraging a Diverse Work Force for a
Successful Lean Journey”

**Sept. 30, 2011 • 1 p.m. - 3 p.m.**
Professional Development Seminar
(COE Members and Guests)
Keith Wandell, CEO, Harley Davidson
“The Transformation of Harley Davidson”

**Dec. 2, 2011 • 10:30 a.m. - Noon**
Professional Development Seminar
(COE Members Only)
Whitney Mantonya, Vice President,
Operational Excellence, Cardinal Health
“Lean Transformation – Bringing Lean to
the Transactional Setting”

**Dec. 2, 2011 • 1 - 3 p.m.**
Professional Development Seminar
(COE Members and Guests)
Scott Hasselbach, Vice President,
Operations Implementation, Starbucks
“The Starbucks Lean Story”

For more information, visit: fisher.osu.edu/coe

Watch the COE website for event updates or listings of newly added programs.

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