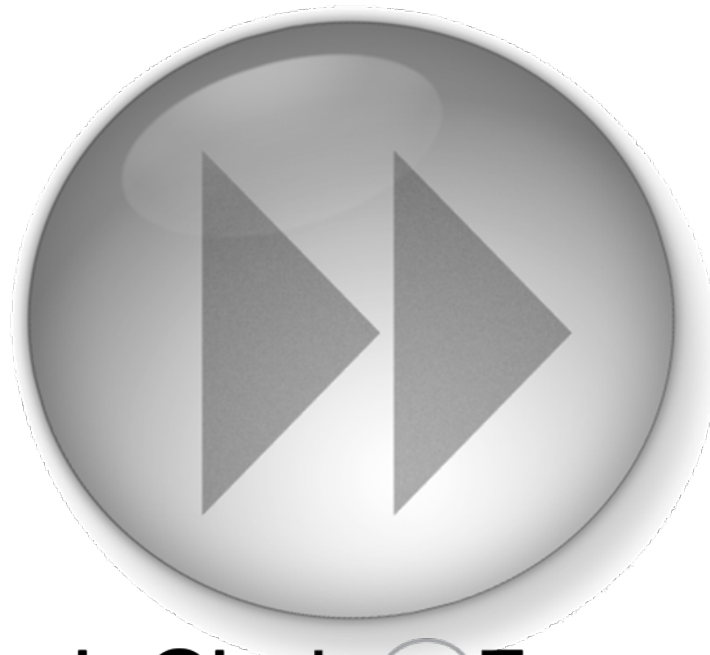


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Oops! 13 Management Practices That Waste Time And Money

Track 2 Sessions 1 & 2



Supply Chain  **Forward.**

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Abstract

- ▶ **The only way businesses accomplish anything is through the behavior of its employees. While most managers understand that, most business systems, processes and management practices are designed by people with little scientific knowledge of human behavior. This session brings into question some wonderfully popular management practices that violate one or more behavioral principles and as such are a waste of management time and company money.**

Agenda

- ▶ **Introduction**
- ▶ **Some Basic Behavioral Principles**
- ▶ **Break**
- ▶ **13 Management Practices**
- ▶ **Open Discussion**

What Were They Thinking?

▶ **Circuit City**

- ◆ **2007 laid off sales associates making \$.51 above median pay range**
- ◆ **3,400 employees**
- ◆ **Wall Street responded with 2% increase in stock**
- ◆ **March, 2007 stock traded at \$19.32**
- ◆ **July 16, 2008 stock traded at \$1.98**
- ◆ **Sept, 2008 stock traded at \$0.10**

How can an organization survive with ineffective systems, processes and management behaviors?

- ▶ **Baseball**

- ◆ **Moneyball**

- ▶ **Wall Street**

- ◆ **The Drunkard's Walk**

- ◆ **Black Swan**

Why Do Major Business Systems Operate Sub-optimally?

- ▶ **Business systems were designed primarily by people with financial backgrounds**
- ▶ **Businesses don't have an effective way to determine effectiveness of existing systems**
- ▶ **They provide Reinforcement to the users**

Behavior is the “Keystone” for Strategic Success

- ▶ **All organizational systems, processes and procedures depend on human behavior for successful execution**
- ▶ **Behavior is either rule-governed or contingency-shaped**
- ▶ **Behavioral consequences are critical to both**

Why Haven't Managers Embraced Behavior (or Behavior Analysis?)

- ▶ **They don't know what they don't know**
- ▶ **What they do know is flawed or incomplete**
- ▶ **Popular press has presented it in a simplistic or trivial way**

The Scientific Model of Behavior Change

The ABC Model



Some Things We Know About Behavior

- ▶ **Antecedents get a behavior started**
- ▶ **Consequences cause behavior**
- ▶ **There are four consequences**
 - ◆ **Two increase behavior –**
 - **Positive and Negative Reinforcement**
 - ◆ **Two decrease behavior –**
 - **Punishment and Penalty**
- ▶ **Only positive reinforcement creates discretionary behavior**
- ▶ **Small immediate certain consequences are more powerful than large future uncertain ones.**

PIC/NIC Analysis™

BEHAVIOR	ANTECEDENTS	CONSEQUENCES	P/N	I/F	C/U
Pinpointed Performance Smoking cigarettes	Nicotine addiction	Heart Disease	N	F	U
	Boredom	Lung Disease	N	F	U
	Stress	Cost	N	F	C
	Meals	Dirty	N	F	U
	Alcohol	Stinks	N	F	U
	Coffee	Criticism	N	I/F	U
	Telephone	Holes In Clothes	N	F	U
	Driving	Fires	N	F	U
	Ash tray	Taste	P	I	C
	Going to bed	Good Smell	P	I	C
	Meetings	Stimulus	P	I	C
		Relaxation	P	I	C
		Fills time	P	I	C

PIC/NIC Analysis Case Study

- ▶ **The city of Atlanta has a residential recycling program. Residents are required to take articles to be recycled to the curb in four different containers. The sanitation employee must pick up the recycling container and empty the items into separate bins. These bins are located on the sides of the truck.**
- ▶ **When performers finish their route, they may go home for the day.**
- ▶ **Recently, TV news has caught 90% of the performers dumping the recyclable goods into the regular trash bin on the back of the truck. The sanitation department is so mad, they have proclaimed that anyone caught doing this will be fired. Unfortunately, performers continue to dump the recyclable goods into the regular trash bin.**
- ▶ **Why would this be so?**

PIC/NIC Analysis

Behavior: **Not Putting recyclables in proper bins**

Antecedents	Consequences	P/N	I/F	C/U
Don't believe it is important	Save time	P	I	C
Union will protect	Easier	P	I	C
Management won't follow through	Praise from co-workers	P	I	C
Others don't do it	Might get fired	N	F	U

PIC/NIC Analysis

Behavior: **Putting recyclables in proper bins**

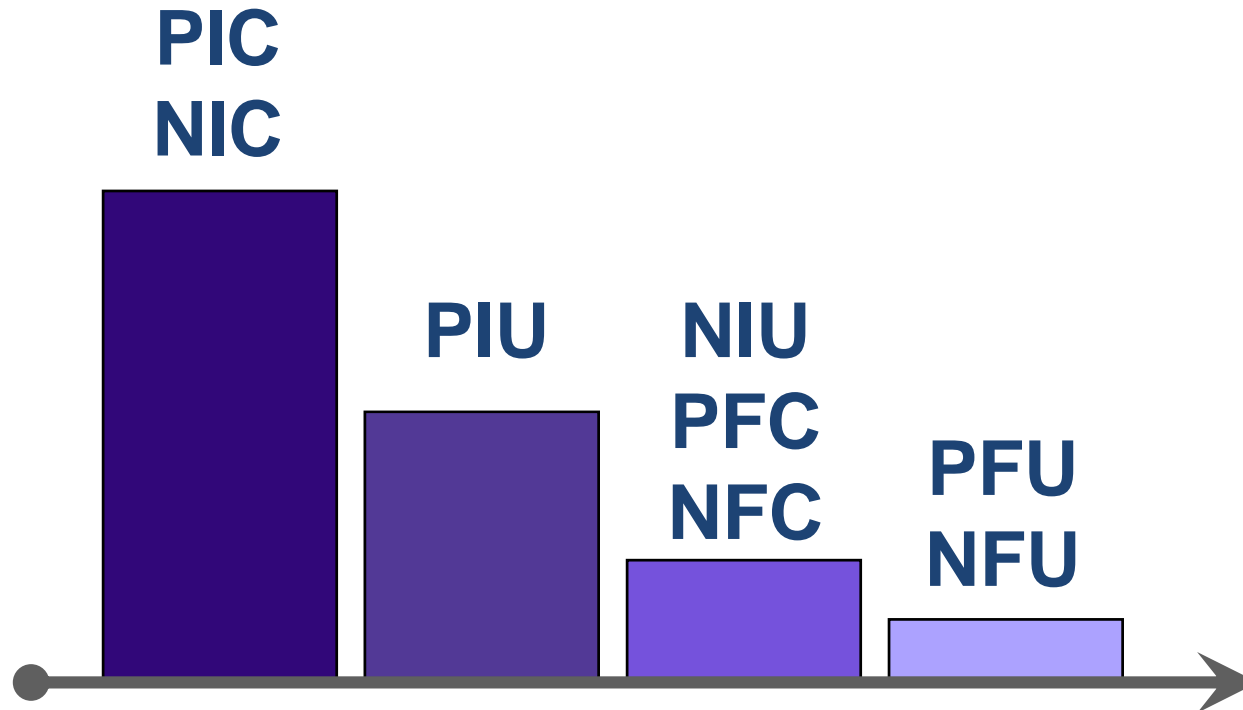
Antecedents	Consequences	P/N	I/F	C/U
Trained	Takes more time	N	I	C
Bins Labeled	More effort	N	I	C
Warned	Go home later	N	F	C
Saw TV report	Might get praised	P	F	U

PIC/NIC Analysis

Behavior: Clearing a jam while machine is still running.

Antecedents	Consequences	P/N	I/F	C/U
Schedule demands	Save time	P	I	C
Backlog while machine is down	No rewarm-up period	P	I	C
Boss wanting higher productivity	Stay on schedule	P	I	C
Feedback graphs for machine uptime	Lose a finger	N	F	U

Relative Power of Consequences

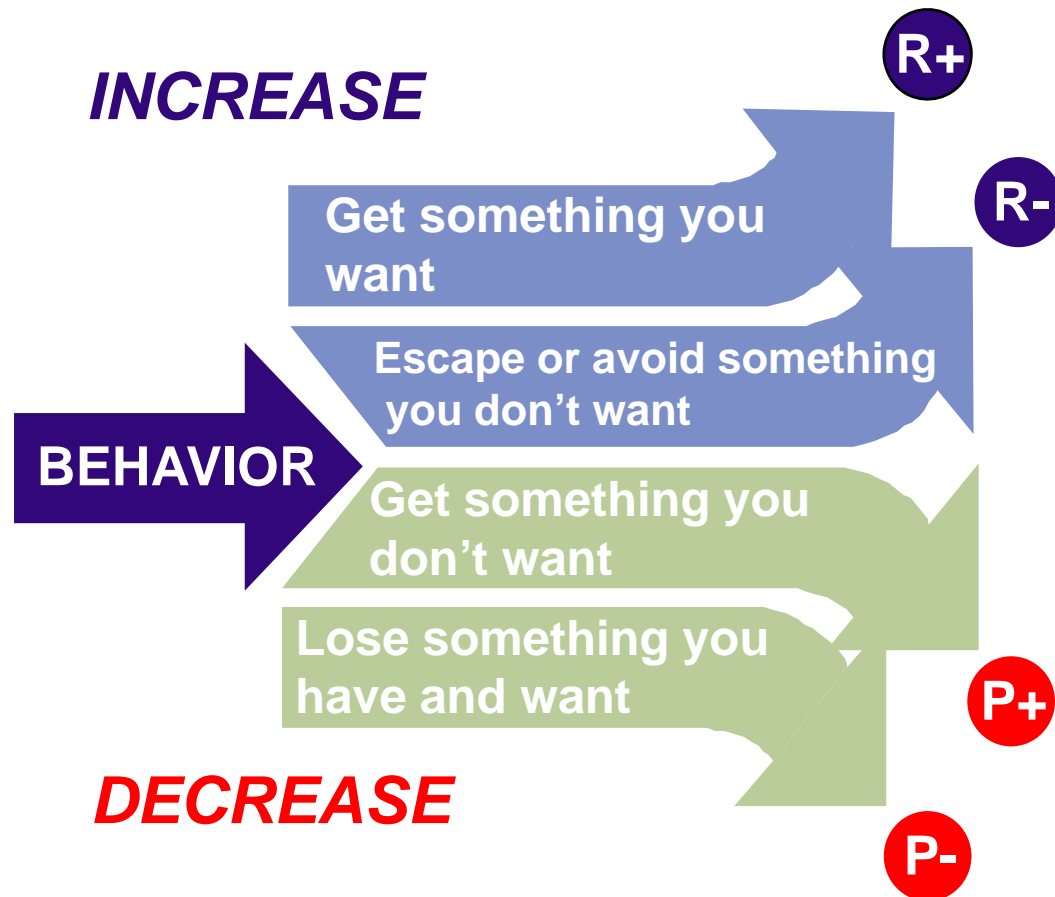


PIC/NIC Analysis

Some Common Organizational Consequences

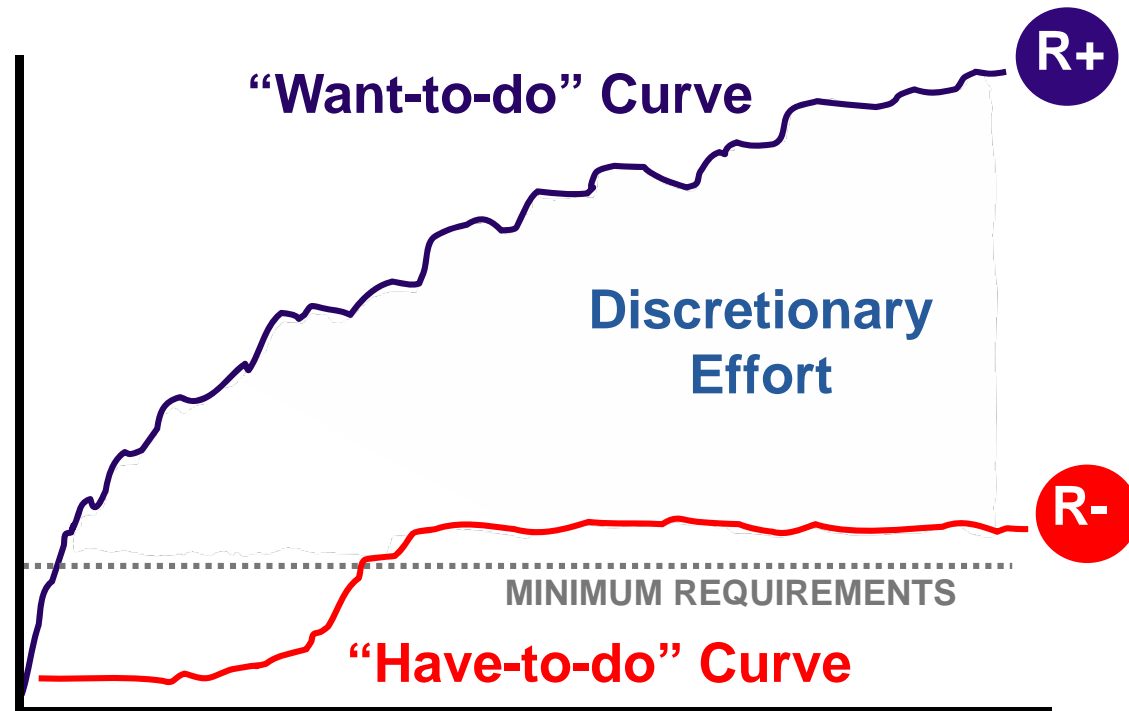
Antecedents	Consequences	P/N	I/F	C/U
	Compensation	P	F	U
	Benefits	P	F	U
	Recognition	P	F	U
	Promotion	P	F	U
	Get Fired	N	F	U

Some Things We Know About Behavioral Consequences

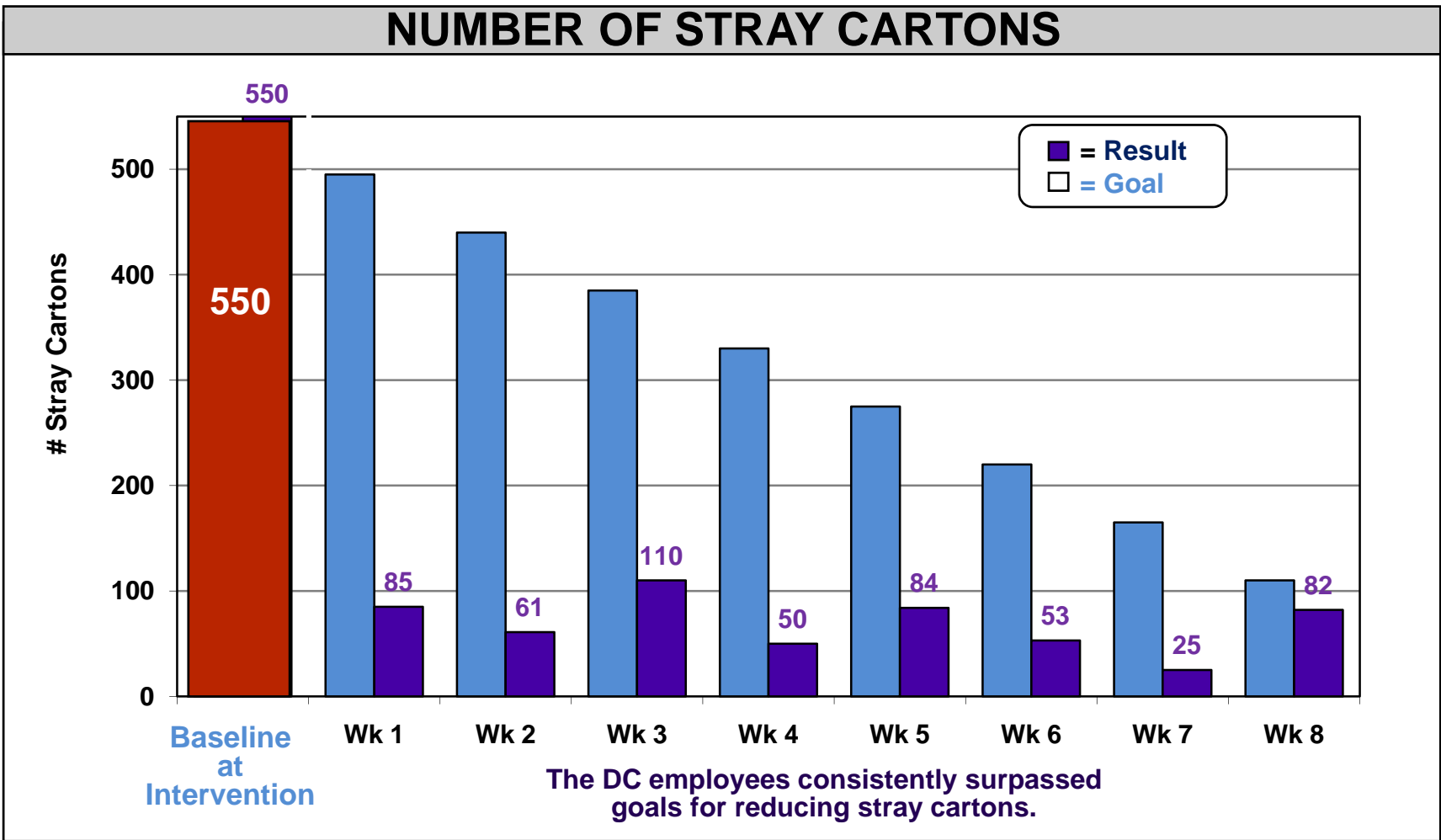


Some Things We Know About Behavioral Consequences

- ▶ **Positive reinforcement produces higher rates of behavior than negative reinforcement**



Stray Cartons



Some Things We Know About Positive Reinforcement

- ▶ **It always works**
- ▶ **Everybody's positive reinforcers are different**
- ▶ **You always get more of the behavior you reinforce**
- ▶ **It is the only consequence that maximizes performance**
- ▶ **It increases the behavior that is occurring when you get it**
- ▶ **It takes many positive reinforcers to make a habit**

13 Management Practices that Waste Time and Money

- 1. Employee of the Month**
- 2. Setting Stretch Goals**
- 3. Annual Performance Appraisal**
- 4. Ranking Employees, Offices and Plants**
- 5. Rewarding Things a Dead Man Can Do**

13 Management Practices that Waste Time and Money

6. Salary and Hourly Pay

7. You did a good job, but...

8. Using the Sandwich Method of Correcting

9. Overvaluing smart, talented people

13 Management Practices that Waste Time and Money

10. The Budget Process

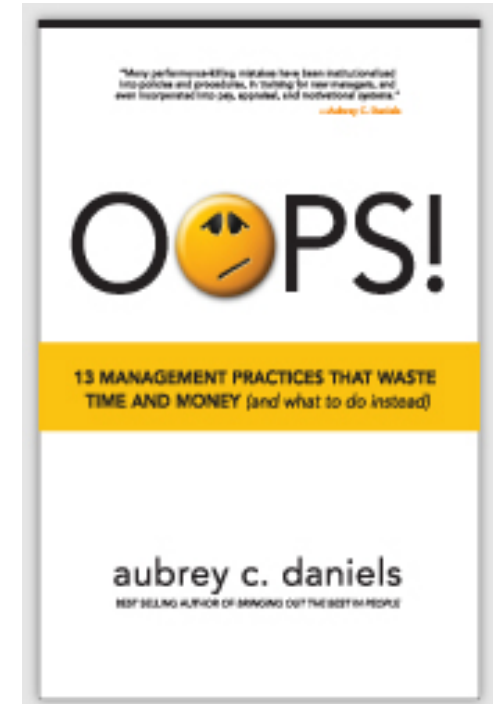
11. Promoting People That No One Likes

12. Downsizing

13. Mergers and Acquisitions and other forms of Reorganizing

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Winning Behavior

By Bacon & Pugh

- ▶ **“The endless cycle of innovation and imitation causes competitors to erase each other’s competitive advantages virtually as fast as they can be created....”**
- ▶ **“One area of differentiation, however, is difficult to copy, even when competitors have benchmarked your company and learned your best practices.”**
- ▶ **“That area is behavior. Behavioral differentiation is difficult to copy because it requires more skill and will than many companies possess – even when they know what you are doing!”**

What is your Behavior Management Process?

- 1.
- 2.
- 3.
- 4.
- 5.

Science Begins Where Common Sense Ends

“The most poignant discovery in science comes when one suddenly sees the truth that was open to view all the time.”

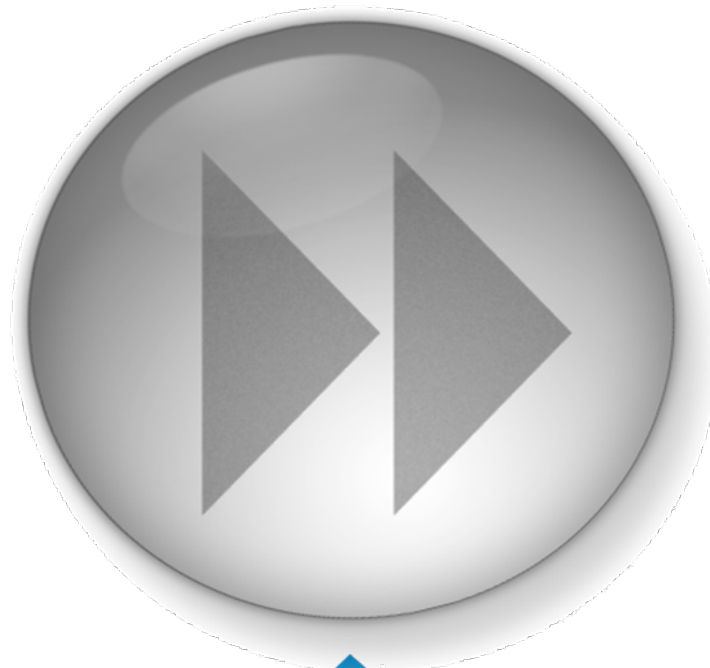
Raymond A. Dart
Archeologist

Key Takeaways

- ▶ **Knowledge of the science of behavior is essential to sustaining long-term results**
- ▶ **All management systems should be designed to help employees succeed**
- ▶ **Management systems and processes that don't produce positive, immediate consequences for performers reduce effectiveness and efficiency**
- ▶ **By designing PICs into systems and processes, negative management practices and behaviors become unnecessary**
- ▶ **You already have perfectly motivated employees if you design the workplace correctly**

Resources

- ▶ OOPs is available at: www.aubreydaniels.com and www.13oops.com
- ▶ www.aubreydanielsblog.com



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Questions?