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# GainManagement

A Process for Building  
Teamwork,  
Productivity & Profitability  
Throughout Your  
Organization

Robert J. Doyle  
Paul I. Doyle



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# *GainManagement*

**A.M.D.G.**

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Thank you!

# Introduction

From 1946 through 1960 Drucker, McGregor, Herzberg, Likert, and several other visionaries in the field of management and organizational psychology began to explain a fundamental weakness in the management of organizations. They gave us a clear statement that prevailing theories and practices of management were no longer appropriate to the needs of the emerging workforce and the modern organization. As is the case with prophets their words were believed by a few, misunderstood by others, and ignored by the overwhelming majority of managers and teachers of managers.

In the 30 years since this alarm was sounded, a handful of believing managers and organizations have been hard at work devising new theories and new practices to cope with the new realities. Our work in this area has centered on the gainsharing approach that began with Scanlon plans and progressed with the enlightened approaches of CEOs such as John Fenlon Donnelly. In 1983 we recorded the state of the gainsharing art in our book *Gainsharing and Productivity*. Since then we have continued to learn from the results of gainsharing plans and expand the basic concept.

Our major discovery is that gainsharing bonuses do not make people or organizations perform better. *Management* is what enables organizations and people to perform. This is what Peter Drucker first said in 1946 in *The Concept of the Corporation*, and what many others have since repeated. As gainsharing has been popularized in the past ten years, the emphasis has been too much on gainsharing and not enough on *gainmaking*. Tinkering with gainsharing formulas while organizational performance continues to decline is like rearranging the deck chairs on the *Titanic* as the ship sinks.

The fundamental problem in organizations today is outmoded

management practices. This book presents a process, which has its roots in the early gainsharing models, that addresses this fundamental need for new management practices. We call this new process "GainManagement" because its first priority is the continuous management of performance gains and its keystone is the participation of *all* workers in managing those gains.

GainManagement is comprehensive because the problem is complex. GainManagement is hard work because the problem is urgent and important. There is nothing clever or glitzy or even profound about GainManagement. It is a straightforward management process.

The GainManagement process has three major elements: GainPlanning, GainMaking, and GainSharing. GainPlanning is the work managers do to lead and focus the organization on continuous gains and to organize for a high level of employee involvement. GainMaking is the involvement of all employees in a structured process for making continuous performance improvements. Then, as performance improves, everyone associated with the organization shares in the gains, which is GainSharing.

In GainManagement there are GainShares for all of the organization's constituents, not just for employees. GainShares for customers are better products and services. GainShares for owners and investors are better returns on their investment. GainShares for employees are better work, more promotions, security, personal growth, and financial GainShares. GainShares for suppliers are fair dealings and more business. And GainShares for communities are more jobs, more taxes, and more responsible employers.

The book is organized in four parts. The first part, Chapters 1 through 4, provides the context for GainManagement. It discusses the difficulties and consequences of using obsolete management practices to direct today's workforce in today's more competitive global market. It presents a model for understanding the complex nature of employee participation. Finally, it reviews the history of gainsharing and traces the evolution of these ideas from Scanlon plans to gainsharing to GainManagement.

The second part, Chapters 5 through 7, describes each of the major elements of the GainManagement process: GainPlanning, GainMaking, and GainSharing. There is considerable detail in these chapters. Some of the detail, unique to GainManagement, is of the *how-to* variety. Some of the detail is of the *should* or *just-do-it* variety because the how-to already exists in many excellent books.

The third part, Chapters 8 through 11, covers the procedures



and steps that an organization would follow to plan, design, implement, and operate the GainManagement process. There are checklists, guidelines, and step-by-step procedures to guide the organization in its implementation and use of the GainManagement process.

The fourth part, Chapter 12, is a special chapter we wrote with Kevin Boyle of the Communications Workers of America. It describes the role of unions in the GainManagement process.

A note of caution is required here. GainManagement is a dynamic process that must be carefully adapted to the unique needs of each organization that uses it. The guidelines in this book should not be followed or applied like a formula or recipe. Everything about GainManagement must be molded to fit the people, the situation, and the environment specific to each organization. The concepts are very sound, but they require thoughtful adaptation.

More than one design team chided us that our first book did not have any pictures. We have tried to correct that omission by including in this book a series of word pictures. In most chapters you will find short stories that illustrate points presented in the text. All of these stories reflect actual experiences although, in most cases, names and company identities have been changed or omitted.

Many critics today state that U.S. schools are failing to prepare students to be skilled workers with a productive work ethic. Although we agree that the schools should always strive to do a better job, we do not agree that the decline in organizational performance today is due solely to the failure of our schools. Out-of-date management systems use only a fraction of the skills and motivation already available in the workforce. As schools work hard to better prepare future workers, managers must work even harder to use the abundant talents that are now available. Management systems must catch up with the new worker. It is to this end that we offer GainManagement to managers who need practical guidance about how to set into motion new management systems, and especially to the workers who are ready and want to be more involved.

The concepts and ideas in this book do not come from a classroom or laboratory. They are ideas we have learned as we have worked in and with organizations that are trying to achieve excellence. We consider ourselves to be students of this process as well as authors. Because you are one of our readers and a practitioner of these ideas we would very much like to hear about your experiences.

Bob Doyle  
Paul Doyle

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# I

## Background and Context for GainManagement



# Chapter 1

## The Need for GainManagement

*Methexis, Inc., is by all accounts an excellent company. Its customers swear by the company's products: "Best you can buy for any price . . . best quality, best service, and best of all, best price anywhere. I don't even bother looking for another source."*

*Methexis employees say: "I've never had a job I like so well as working here. We have excellent management. They tell you what is going on, and they listen to you. They treat you with respect, and they are fair with you. I am proud of the company and our products, and most of all, I am proud of the way we serve our customers."*

*Methexis shareholders, bankers, and other investors are very pleased with the security and return on their investments: "A very healthy company. They are profitable now and have a well-designed, long-term strategy for serving their market. They have a loyal customer base and a solid organization that will ensure their profitability for years to come."*

*Suppliers fight for their business: "They are a tough customer demanding the highest quality and on-time deliveries, but they are a pleasure to work with. Their business is growing, they never miss a payment, and their high standards are contagious. We are becoming excellent just trying to keep up with them."*

*The mayor of Rose City had this to say at last year's chamber of commerce awards luncheon: "Methexis is the city's leading corporate citizen. It seems like everybody in town wants to work there, and the lucky ones do. Methexis led the way in cleaning up the pollution in Black Lake, for which the whole town is grateful. . . ."*

Methexis, of course, is not an actual company. It is an ideal company, one that serves the needs of all of its constituents in an excellent manner. How many of the preceding quotes can be said of your company or hospital or school or agency? Customers, clients, employees, shareholders, owners, investors, suppliers, patients, parishioners, and communities need organizations that excel in the manner of Methexis. Organizations of this quality must become the standard rather than a visionary ideal. The good news is that this level of organizational excellence is achievable. We know how to create excellent organizations.

Very few organizations are considered excellent by all of their constituents, though many meet the standards of excellence of one or more of them. There are organizations that are highly productive. Some produce excellent products. Others are rated highly by employees or by investors. These successes are proof that the knowledge exists to manage resources, markets, and organizations in ways that will provide excellent results to all. It is imperative that organizations use this knowledge and create new systems of management to compete in today's challenging environment and to lead today's workforce.

Until recently businesses were asked only for the quantities of life: more food, more appliances, more goods of all types. Today we are still asking for those things—even more and better things, in fact—but in addition we are asking for a better quality of life. We want more services, a pristine environment, and, for people at work, achievement and personal fulfillment in addition to good wages. Today's customers demand better quality, value, and service. Today's employees want more participation, achievement, and personal growth. Today's communities want organizations to be more socially and environmentally responsible. The demands that society is placing on its businesses, hospitals, schools, and government agencies call for a major change in the way organizations are managed for performance.

Management systems that were effective a generation or two ago are inadequate today. They are not able to generate acceptable levels of quality, productivity, and performance. Nor are these outdated management systems able to provide effective leadership to a new generation of workers who have much higher aspirations than their predecessors.

This book describes a process by which organizations can achieve new levels of excellence. It is a process for managing gains in



productivity and quality of work life on all levels and in all areas. It is GainManagement.

GainManagement is an innovative process for organizational excellence. It is designed to meet both the higher-level personal needs of employees and the higher performance levels required of organizations in today's more demanding global environment. Personal and organizational goals are achieved and continuously advanced through a structured participative management process based on principles of excellence, openness, equity, and teamwork. Much of the GainManagement process is new, yet it is built on a foundation of 50 years of experience with gainsharing and similar programs.

GainManagement is the result of years of learning and discovery, of successes and failures, of effort and results. It is a continuous process rather than a one-shot program or campaign. It is strategic rather than a "quick fix." GainManagement takes time. It requires effort. It requires dedication. It will not produce phenomenal results by the end of the first quarter. However, with courage, patience, persistence, and commitment on the part of everyone involved GainManagement provides the dynamic model an organization needs to become like Methexis, Inc. . . . an excellent performer in the challenging environment of the 1990s and on into the 21st century.

## **Problems of Productivity and Quality of Work Life**

Over the past 50 years a great deal of energy and effort have been spent trying to improve organizational effectiveness and reshape the American workplace. There have been many programs for strategic planning, management effectiveness, and employee motivation. Yet the problems persist, and today the need for excellence is greater than ever. In this chapter we will review three critical performance problems facing organizations and show how the changing workforce is demanding new, more participative management systems. This review will define the context for the new process that we call GainManagement.

First, there are three critical problems confronting organizations today: (1) declining productivity, (2) increasing worldwide competitiveness, and (3) pressure from workers for a better quality of work life. A brief review of these three problems will explain the growing interest in their solution.