



June 2002  
Vol. 47, No. 6

## TAKE A PEEK INSIDE

*Companies look in the mirror to discover best practices and implement them companywide—leading to big cost savings.*

By Frank Jossi

**A**t first glance, the art of soft-tissue manipulation—commonly known as “rolfing”—wouldn’t seem to have much relevance beyond “new age” and holistic health circles. One certainly wouldn’t imagine that it would have any potential relationship to the practice of internal benchmarking or human resource management.

So when Larry Miller, HR vice president at Starkey Laboratories, a global hearing-aid manufacturer based in Eden Prairie, Minn., decided in 1993 to give rolfing a try to reduce workplace injuries, he was nearly laughed out of the office. His colleagues and bosses aren’t laughing anymore, however. Miller, who was first “rolfed” as a college student in the 1970s, now has the data to demonstrate that the practice lowers workers’ compensation costs. Since rolfing was introduced at Starkey in the early 1990s, the company’s costs for workers’ compensation—then about \$1.3 million at 13 locations—has fallen by about \$1 million.

Rolfing, a mix of chiropractic-like massages and posture-straightening techniques, has a small, devoted following in the United States and Europe. Miller began with a small internal benchmarking program at Starkey’s suburban Minneapolis plant. Three employees, including a woman headed for surgery, were suffering carpal-tunnel and repetitive-stress injuries. After seeing a rolfer for several sessions, all three reported their pain had subsided or disappeared. The physician treating the woman facing surgery suggested she cancel the operation—and she did.

### Related Resources

▣ [Replicating Best Practices](#)

▣ [Back to current issue of HR Magazine](#)

Miller rolled the program out to the company’s entire Minneapolis area to allow any employee who suffered pain or discomfort to see a rolfer. The experiment went so well that Miller hired rolfers to work at plants in New Jersey, Texas and elsewhere. And executives enlisted in the program as well. Not only were employees recovering faster from repetitive stress and carpal tunnel injuries, they were feeling healthier, happier and less likely to leave, he says. Within the first two years after rolfing’s introduction, turnover declined from 24 percent to 18 percent annually, or a 25 percent

decrease.

Although rolfing may sound too touchy-feely to most HR professionals, Miller cites hard evidence that it has contributed to the sharp drop in workers' compensation costs and has helped Starkey's workers keep their rate of workplace injuries to half the average of other companies in similar industries—something that never would have happened had he not first benchmarked internally. “In our most extreme and expensive cases, all involving carpal-tunnel problems, rolfing was a key—60 percent responsible—for the cost savings,” he says. Miller figures several of the cases eventually would have been corrected by surgeries costing \$7,000 to \$9,000 per operation with a recovery time lasting at least six weeks. In contrast, employees with bad carpal-tunnel pain received two rolfing sessions at a cost of \$250 and were offered a few days of “light duty” during the recovery period.

The total rolfing tab? Around \$40,000 annually, a sum mainly used to pay for regular weekly visits to some plants by rolfers and to pay for treatment outside of work. Starkey's self-funded health insurance plan covers rolfing, Miller points out.

Key to the program, he adds, was the internal benchmark that proved to executives that rolfing was not some oddball treatment practiced in new age clinics. That they bought his argument says a lot about them. “It takes a certain caliber of leadership to say, ‘OK, where does this apply, what are the key elements, how does it help us become world-class?’” Miller says. “They have to be willing to listen to new ideas and how they might apply inside the company.”

### **Internal Benchmarking**

In a time when external benchmarking is popular and companies want to compare themselves with global leaders and fellow competitors to see where they could improve performance and processes, the concept of looking inside their own organizations seems almost old-fashioned. Yet to advocates of internal benchmarking, it's worthwhile to look inside first for best-practice information and discover why some plants or offices perform so much better than others. After all, they ask, who knows your business better than you?

“I've done a lot of external benchmarking research for clients, and there's really not anything exciting going on right now,” says Jeannette Swist, SPHR, a management consultant in the Chicago area. “It's the same old stuff.” If companies collected their own problem-solving data and studied it, she says, it “would offer some tried-and-true solutions to some of their issues. But they've never even thought about it.”

For others, though, looking inward to locate adaptable best practices simply makes good business sense.

“Benchmarks are legitimate and valuable and necessary tools for any organization dedicated to improvement and excellence,” says Chris Bogan, founder and CEO of Best Practices LLC, a consulting firm in Chapel Hill, N.C. “Internal benchmarks are easier to obtain, update and manage as an ongoing system [than external benchmarks]. There are no obstacles to sharing—with the one exception being behavioral. You have to have the motivation to improve.”

And with so many companies coming out of the merger-mad 1990s as part of larger conglomerates, the time seems ripe to share best practices with their new partners. The Stamford, Conn.-based Thomson Corp., a collection of more than 80 companies involved in content creation, publishing and distribution, has an aggressive internal benchmarking program that continually bears fruit in cost savings and greater productivity.

“We are large and diverse, and we grew up so autonomously, until three or four years ago, there hadn’t been much sharing. That’s the bad news,” says Jay Spach, senior vice president of organizational development at Thomson. “The good news is we have a lot to learn from one another.”

Collecting and broadcasting best practices through internal benchmarking contributed about \$200 million in savings in one recent year, Spach says. Although an impressive figure, it’s not out of line with what other global companies manage to save when pursuing internal benchmarking aggressively.

Gabriel Szulanski, assistant professor of management at the Wharton School of the University of Pennsylvania, studied internal benchmarking in the 1990s at the Houston-based American Productivity & Quality Center, a non-profit research institute. He found several important success stories:

- Texas Instruments used internal knowledge in a way that enabled the company to forgo building a \$500 million wafer fabrication plant.
- Eastman Kodak saw \$12 million in savings annually by sharing best practices in maintenance of facilities after first conducting an internal study.
- Chevron saw \$150 million in savings in just one year by transferring energy use management techniques throughout the company.

### **IB Best Practices**

An internal benchmarking (IB) program can be started in many ways, depending on a company’s size. Thomson trained 250 facilitators to work with various teams representing different divisions. The teams meet monthly to improve business operations and share best-practice information. At any given time, Thomson has 40 to 50 teams meeting regularly and talking about the ways they do different business processes and implement solutions. The results of those efforts are added to the company’s “Impact Team Database,” says Spach.

The company’s various divisions can access the database to see how their work compares with similar work done by other departments, to find written information to improve their performance and to locate contacts they can call for more advice. Because all of the company’s divisions deal with information solutions in some fashion, Spach says, they can learn more-effective ways to work with suppliers and deal with contractual issues, and they can discover less-costly strategies for data sourcing, processing or launching content on the Internet.

The company also holds an annual conference where best internal practices are highlighted and promoted. To Spach, the company’s size and modest goals for benchmarking have helped lead to improvements.

“We’re large and diverse enough—and I know this may sound provincial—that we know we have a lot to learn from one another within the company and that a lot of improvements are about going from good to better, not from better to world-class,” he says. “Companies that have grown through acquisition and play in multiple market spaces have a unique opportunity to share what they do because there’s a lot they can learn from one another.”

### **Tales of Two Companies**

For several years, representatives of six major divisions of Public Service Enterprise Group (PSEG), a large utility based in Newark, N.J., have met regularly for pow-

wows on process improvement. Joe Martucci, performance measurement leader for the company, says the group's members, using a sophisticated benchmarking process, have helped one another improve financial procedures and reduce electrical line repair costs.

Examples abound of the impact of benchmarking on the bottom line. Three years ago an employee in one division invented a tool that reduced the cost of repairing a broken electrical main by 75 percent. (The utility helped him land a patent, too.) His division benchmarked its use before spreading the word to others throughout the company. In another case, the metro electric division studied PSEG's reimbursement policy when a third party caused damage to its property, arriving at a "process that expedited the time it takes to handle claims," says Martucci.

The company's largest savings came about when a division benchmarked a process for ripping up a street, repairing a line, backfilling the hole and repaving the area. It dropped costs from an average of \$2,200 to just \$200 per incident.

A smaller scale internal benchmarking program at Edwards Hospital in suburban Chicago began when the facility's Center for Learning and Leadership sponsored a series of classes intended to prompt departments to test various strategies for hiring and managing staff, says Kevin J. Jones, leader of the center.

The center held a seminar on "competency-focused interviewing" to train employees in interviewing and assessment techniques they may not have tried. The respiratory department told Jones it would use the competency-focused interviewing methods to select a director, and two more divisions decided to take similar actions. The techniques were adopted by some divisions, and one volunteered to produce an "interviewing guide" of best practices established by various departments.

The Center for Learning and Leadership publishes the interviewing guide and offers benchmark case studies of interviewing techniques. Now every department at Edwards Hospital uses competency-based techniques to hire staff and managers because managers have become convinced, through the experience of their peers, that the process is effective. That partly explains why the 3,600-employee hospital did not simply train and mandate such interviewing techniques.

"The people who are working in this business are creative, smart people who don't do stuff because you say so. If you say, 'We would like it if you do this this way,' they say, 'Why?'" says Jones. "We'd rather start with putting good information out there and then we'll see how they respond."

### **Making It Work**

Managers and consultants say successful internal benchmarking programs require the support and participation of top management and the expertise of HR. Selling executives on internal benchmarking is not much of a problem, although, too often, says Swist, they prefer to externally benchmark themselves against competitors or other high-performing companies.

HR also can take the lead by being the first to benchmark a practice or process, as did Miller and Jones. Whether HR had any real role in creating a benchmark is less important than disseminating that knowledge to other divisions, says Jones, who uses his office to do that at Edwards Hospital. Staff members in search of best practices know to look to the Center for Learning and Leadership for information, guides and other materials. Other corporate universities serve the same function.

Managers and employees looking for ideas can tap into databases of best-practices

content such as those created by Thomson and others. At Thomson, the database provides managers with contacts to call to “ask a couple of questions or send a team” to study how others saved money on a particular process before embarking upon it themselves. A database has the added appeal of looking less like a Dilbertesque HR play than a grassroots effort by employees and managers to share the magic of a new cost- or time-saving process. It works best, say Spach and others, when used in conjunction with coaching by managers and employees who wrote the book on the best practice under review.

For employees, however, internal benchmarking can raise concerns. They may fear that too much process improvement can threaten their livelihoods. At PSEG, that fear has been felt by the largely unionized workers, but Martucci says the utility’s commitment to employees means it will find them employment if they are automated out of their current positions—a real possibility as technology grows more sophisticated. “They may not be doing the work they’re doing now,” he says, “but they’ll be doing something else.”

### **The Impact Ahead**

Bogan and others say internal benchmarking will reach its greatest potential when employed with a balanced-scorecard approach to performance. Managers no longer can escape poor performance if the company has offered them mountains of information on why and how other divisions excelled and has offered them coaches to assist with improvement. Unlike external benchmarking, where a manager could legitimately make a case that the other company has certain advantages, internal benchmarking demonstrates best practices among peers.

“It forces managers to see how they are operating differently from others and to study how other managers have gotten, say, better profit margins or produced products with fewer people,” says Bogan. “Those are big questions.”

---

*Frank Jossi is a freelance writer in St. Paul, Minn., specializing in technology, HR and business.*



---

### **Society for Human Resource Management**

1800 Duke Street  
Alexandria, Virginia 22314 USA  
(703) 548-3440  
FAX: (703) 535-6490

Questions? [Contact SHRM](#)

Technical Assistance: [webhelp@shrm.org](mailto:webhelp@shrm.org)