

The Horsepower System™—Case Study



*Design a workplace
where everybody
wins!*

The Horsepower System™ is a human-performance technology consisting of: (1) advanced theory of human motivation based on the latest science, (2) A monthly online survey to measure employee motivation (The Horsepower Survey™); and (3) a leadership methodology and practical tips for getting the motivational horsepower, and other desirable metrics, to go up. The long-term goal is to create a “people-play”—a company that succeeds spectacularly by getting the people-part right. Here are three organizations that struck gold by tapping into the motivational engine that drives business success.

CASE STUDY 1: WISCONSIN MEDICAL FACILITY (2006-2007, 6 months, 35 employees)

Challenge—Employee Turnover: The medical facility involved in this case study had “lost the magic” following a period of rapid growth. The director, a transplant surgeon, commented, “It seems like everyone is just going through the motions and employee turnover is a problem.” The director estimated that it cost over \$110,000 to train just one on his specialized coordinators, so turnover was very costly. The Director asked Paul Herr to help his organization recapture the magic and excitement of the early years and to reduce employee turnover.

Horsepower System Application: Herr began the project by working with a five person management group. After describing the methodology, he obtained their commitment to use the Horsepower System for 6 months. The initial horsepower at this facility was zero, which meant that employees received no intrinsic pleasure from their work whatsoever. At the kickoff meeting, with everybody in attendance, Herr asked the employees, “Is this an acceptable outcome—to spend half your waking life doing something you do not enjoy?” The employees unanimously agreed that the current situation was not acceptable and that they were willing to change it.

Herr coached the management team to take a more mentoring and attentive role with their employees and he facilitated monthly focus groups with both management and staff in attendance. He used The Horsepower Survey to assess employee needs and then used the focus groups to figure out how to

satisfy those needs. Based upon the results of the focus groups, the Director hired more staff to improve the work/life balance, and Herr conducted relationship-building exercises to improve cooperation and group cohesion.

Results, benefits and savings: Herr had told the director, up-front, that it would take around four months of concerted effort to earn the trust of the employees. He explained that motivational horsepower is hard to change, and when it changes, it does so suddenly, like a tipping point. When the consensus of the group shifts from, “Management doesn’t care about us,” to “These guys are OK,” the score, and productivity, rise rapidly.

Just as predicted, the Horsepower score jumped from “0” to “+4” right on schedule in month number-four and it stayed there until the end of the project. When the score increased, the director stated that, “People’s attitudes noticeably improved, collaboration improved and the turnover problem was greatly reduced.”

Reference

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CASE STUDY 2—WISCONSIN DESIGN-BUILD FIRM (2004-2008, 1,000 employees)



Headquarters

Challenge—Weak Leadership and Interpersonal Conflict: The largest designer and builder of hospitals and clinics in the US began to struggle soon after the founder’s death due to inconsistent leadership and interpersonal conflict. The board convinced family members to sell controlling interest to an investor group and to promote Scott Ransom, a former Price Waterhouse accountant, into the CEO position.

Application of The Horsepower System: Paul Herr, the inventor of The Horsepower System™, coached Scott Ransom throughout his tenure and got



Scott Ransom, CEO

him started in the right direction. Ransom had superb people skills, but he wasn't planning to use them. His first instinct was to fall back on his Price-Waterhouse training and focus on the numbers. Herr suggested a different strategy. He told the CEO, "You are not an accountant anymore. You are a leader who needs to capture the hearts and minds of your employees. Why don't you tell them, 'My primary job as CEO is not to improve profits or increase market share. My primary job as CEO is to create a workplace that is so exciting and rewarding that you look forward to coming to work in the morning. In other words, if I take care of you, and you take care of the customer, then the numbers will more-or-less take care of themselves.'"

Results, Benefits and Savings: Ransom followed Herr's advice and used his people skills and Herr's methodology to achieve a spectacular financial success. After four years (2004 to 2008), revenue increased by 200%, profits increased by 300%, employee engagement went from the bottom quartile to the top quartile, and a company that was purchased for \$50 million in 2004 was sold for \$250 million in 2008. One of the investors, a global private equity firm, said it was one of the best returns on investment in its 23-year history. Scott Ransom credits Herr's methods and ideas as an important factor in the turnaround.

Reference

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CASE STUDY 3: CALIFORNIA BOX-MAKING FACTORY (2009 until present, 90 employees)

Challenge—Low Productivity: California factory that manufactures boxes for the agricultural industry. This factory was suffering from low morale, low quality, high waste and low productivity so it hired a specialist named Carlos Velez Conty, a former navy officer, to overhaul the production system and improve employee engagement and productivity.



*Box Factory Coaching
Session
(Carlos on Left)*

Application of The Horsepower System™: About half way through Carlos' two year tenure at the box-making factory, he read Paul Herr's book, Primal Management, and decided to implement Herr's management approach at the box factory. Carlos put all of the factory employees on The Horsepower System and scheduled monthly coaching sessions with Paul Herr to review the survey results and discuss ways to improve the horsepower scores. There have been 9 coaching session thus far, one in-person and eight by teleconference.

Results, Benefits and Savings: The results of Carlos' two-year effort to overhaul the box making facility have been remarkable. Production has increased by 30% even though the workforce was reduced by 14%. Expensive overtime during the peak agricultural season is no longer necessary because of the productivity gains. Carlos credits Primal Management and The Horsepower System as a key factor in the improvement.

Carlos recently took a 3-week vacation; his first such vacation in many years. Paul Herr challenged the supervisors to out-perform Carlos during his absence. The employees rose to the challenge by shattering the all-time production record by 12 million square feet while Carlos was away. Needless to say, Carlos was thrilled.

Waste has declined from 7% to 1.8% during Carlos' tenure. The factory now achieves the same production volume with only one production line that other factories achieve with two. Best of all, supervisors and employees who once shuffled into work grumbling under their breath, now look forward to coming to work!

Reference

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