

# Natural Work Groups



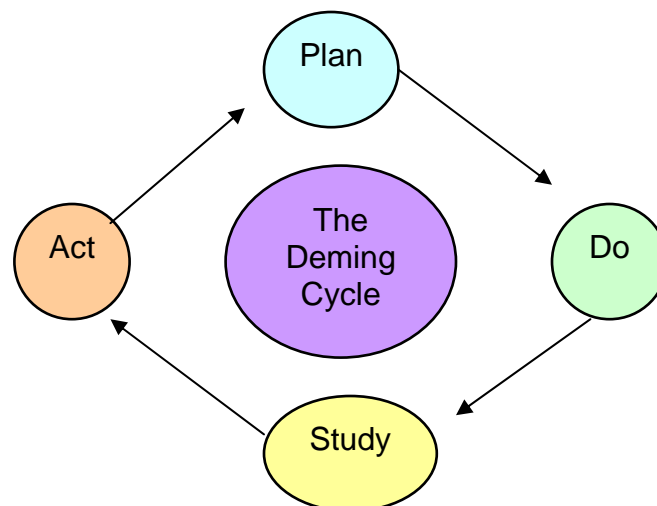
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## **Introduction**

What are natural work groups? How does a business owner know if they should use this tool in their organization? This mini-tutorial is designed to provide information that will allow business owners to determine if natural work groups would help improve the quality of their product or service. In order to understand how natural work groups can improve a business, it is important to understand what they are and how they work.

The initial source for the function is the Deming Cycle, shown below: <sup>1</sup>



Proposed by Dr. W. Edwards Deming, the circular nature of this format ensures that any group will continually analyze their process or service to find ways to constantly improve the work they perform.

## **How to use Natural Work Groups**

First, we define Natural Work Groups: “teams that are organized according to a common product, customer or service.”<sup>2</sup> Under this definition, a

<sup>1</sup> David F. Groebner et al., *Business Statistics: A Decision-Making Approach* (Upper Saddle River, NJ: Prentice-Hall, 2001), 545.

<sup>2</sup> Thomas S. Foster, *FreeQuality.Org Glossary*. Available from [www.frequality.org](http://www.frequality.org).

natural work group could be the employees that build the transmission for a car or prepare and serve your dinner. All of the employees in the group are focused on satisfying the customer by creating the best possible product or service.

Second, the natural work group needs to follow a plan in order to be successful. The steps included are:

- ✓ Set realistic, measurable goals
- ✓ Identify resources and skills necessary to achieve goals
- ✓ Implement changes in production procedures
- ✓ Evaluate the success of the changes
- ✓ Set new goals and begin the process again

Third, using natural work groups can be part of a restructuring of the leadership and control in the organization. As employees work in groups and monitor the quality of the product or service, less supervision and inspection is required. This results in a flattening of the hierarchical structure, which could result in reduction or elimination of mid-management and can represent cost savings.

There are certain measures that the organization needs to take to ensure the success of the work groups.

- Support and commitment for the team process
- Empower employees to make changes and decisions
- Reward group members for team performance, not just as individuals

Some companies have taken groups or teams to the next level by creating cross-functional teams and self-managed teams.

Cross-functional teams are still natural work groups because their focus is on a common product, customer or service. By combining employees from different departments such as marketing, finance, engineering and production, questions about how to bring a new product to market can be dealt with before spending scarce resources. The production or front-line service employees may be better suited to finding problems in the design stage that might not occur to the sales department. At the same time, the financial department would be able to analyze the cost of a project and suggest more cost-efficient methods. Possible solutions can be discussed by an informed group and implemented to minimize costs and increase the quality of the product or service.

Self-managed teams are natural work groups that have matured to the point that the employees are empowered to make decisions that once had to be sent up the chain of command. Team members are allowed to order material, schedule overtime and vacations, and make changes in the production process or service without having to consult management.

### **Examples of how Natural Work Groups are used**

When the Harley-Davidson motorcycle plant in Kansas City, Missouri was built, the traditional assembly line was not part of the factory layout. The company focused on the use of self-managed work teams to produce the Sportster model. The teams at the plant are responsible for daily operations, and members of each group are given the authority to solve day-to-day production problems. The decision to move away from the assembly line format required that the company actively involve the union in planning the new factory. The

decision to use work teams meant that employees needed to be trained to do more than one job or task. This cross training increased the skill levels of the employees and made the employees more valuable to the company. It was also a clear signal to the employees that the company valued their abilities and engendered a greater sense of loyalty.

At Xerox, the “focus on quality, on satisfying customer needs, drives costs down.”<sup>3</sup> The use of natural work groups encouraged all employees to evaluate processes and make recommendations that improved the quality of their product while also saving money. When employees work in groups there is a greater sense of loyalty and commitment to the team, the product, and to the company. Implementing cost and timesaving procedures allows the company to pass on increased profits to those responsible for the innovations.

The Ritz-Carlton Hotel Company made a commitment to customer satisfaction and set a goal for 100% customer loyalty.<sup>4</sup> One of the tools that can be used to achieve this goal may seem unconventional. Each employee is empowered to spend up to \$2000 to solve a problem or complaint during a guest's stay at one of the hotels in the organization. In this way, the customer is satisfied and the employee gains a measure of self-respect for having improved the guest's experience without first getting management's approval.

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<sup>3</sup> Paul A. Allaire, “Quality and Beyond,” The Journal for Quality and Participation 15, no. 2 March 1992, 6. ABI/INFORM Business. (Boise, Idaho: Boise State University, [cited 17 October 2002]).

<sup>4</sup> Roberta S. Russell and Bernard W. Taylor, III, Operations Management (Upper Saddle River, N.J.: Prentice Hall, 2003), 634.

There are a number of reasons why Natural Work Groups are a win-win strategy:

- ❑ Higher morale
- ❑ Remove repetitiveness and eliminate boredom
- ❑ Better communication and cooperation between all employees
- ❑ Higher levels of trust both internally and with customers
- ❑ Team rewards help increase production

### **Where to get more information about Natural Work Groups**

The following resources are helpful in explaining natural work groups, cross-functional teams and self-managed teams:

[Self-Directed Work Teams: A Competitive Advantage](#)

[Work Teams: Three Models of Effectiveness](#)

[Assessing Organizational Readiness for Work Teams](#)

[Team Compensation: A Broad Overview](#)

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