

BUSINESS ACTION GUIDE

Leading at the Intersection of People & Profits

INVEST FOR CONTINUOUS IMPROVEMENT

Enhancing Customer Service Through Process Redesign: Dansko

Although Business Process Reengineering (BPR) became a euphemism for downsizing at some large companies in the 1980s, there are legitimate reasons why firms sometimes need to redesign their processes to better serve customers, with growth being at the top of the list. Companies that have great cultures of employee ownership and engagement can find



MIMI CURRY, COO

ways to tap the ideas and creativity of all employees to ensure that a process redesign results in better customer service, as well as greater productivity and job satisfaction for employees. To learn more about enhancing customer service through process redesign, we spoke with Mimi Curry, COO of Dansko, a comfort footwear designer and producer located in West Grove, PA that has 185 employee-owners via its Employee Stock Option Plan (ESOP).

In 2009, it became clear that we had outgrown our 80,000-square-foot distribution center. We couldn't service our existing customer base adequately – it was taking us six to eight days to fill orders and our retail customers were losing business. We don't like to disappoint our customers and we were doing a lot of disappointing. Our customer service folks were getting urgent calls from retailers who had every right to be concerned – they needed to have our product on hand to meet demand. Even worse, we had to tell our sales people to put a moratorium on opening new accounts. Our employees were stressed – they wanted to provide good service, but they simply couldn't keep up with customer demand. After studying the situation, we realized we could not expand the existing center, so we found a new site nearby and built the largest facility feasible on the property – 200,000 square feet. Once it opened in 2012, we had to figure out the smartest and fastest way to serve retailers and make sure that our employees had the right tools to achieve this goal without being overwhelmed. These are some key lessons we learned in the process:

1. Bring employee ideas to life

We had to move – this was not open to debate. We have always invested in a strong culture of employee participation. Once we moved, everyone was involved in figuring out how to make the new facility successful. Our occupancy permits were delayed so we had to close the old facility on Friday afternoon and open the new one the following Monday morning. When employees showed up for work they discovered that we had changed what their jobs looked like. They knew where to go and what to do, but we had no time to practice procedures or work out the bugs. As they did their jobs, employees worked together to tweak ideas and implement new procedures on the fly. It was

amazing! We shipped shoes that day – not as many as were needed, but more than were expected under the circumstances. It took a little over a year to put together the new procedure manual.

The management team was fabulous throughout the process. After the employees went home for the evening, we stayed and tried new things according to everyone's suggestions. It was stressful at times, especially when we stayed all night to get things ready for the next day. But it was also fun and exciting. The first three-and-a-half months were the most critical. It was motivating to see such a tremendous degree of employee dedication. Not having the time to pre-

DANSKO'S FORMULA FOR EMPLOYEE ENGAGEMENT:

1. Bring employee ideas to life
2. Empower employees to serve customers
3. Help employees learn and advance

train and develop in-depth plans worked in our favor – everybody had so much more ownership in figuring things out in real time. It was an amazing experience to see everyone’s ideas come to life.

2. Empower employees to serve customers

Our philosophy is to teach employees what has to be done and empower them to make decisions. We tell them, “You have to make the customer happy – you don’t have to ask our permission.” Our employees know that our livelihood depends on customer service. It’s very rare for management to receive direct contact from customers or retailers because our customer service team handles those calls – and handles them very well. For example, if a retailer calls to order a shoe for their customer, but we’re currently out of stock in that particular style or size, our customer service reps will call other retailers to help locate it. Customer service may locate a pair of sandals from a New England shop that can be shipped to a Florida retailer during the fall, or conversely, a retailer in Florida might have boots for someone in New England during the winter. Our customer service staff routinely facilitates retailer-to-retailer shipments to fulfill customer satisfaction.

Our customer service staff have real relationships with their clients. One member of the team took a vacation

in Alaska partly so she could meet a retailer that she had been working with for two years. They spent the day together, met each other’s families and bonded. We’ve had retailers send baby shower gifts to expecting customer service team members because they have such good relationships. This is a culture where we nurture our employees and, in turn, they nurture our customers.

3. Help employees learn and advance

At Dansko, we like it when our employees grow and move up the ranks. We pay for continuing education opportunities such as undergraduate and graduate degrees and a lot of employees take advantage of that benefit. An employee might start in the distribution center and then get their master’s degree in marketing. If we don’t have an open marketing position, they can take a position at a different organization and then come back to us when we have an opening in marketing. A lot of the employees who use our continuing education option are young, so having to start over with ESOP vesting when they return to the company is not a burden because, for them, retirement is a long way away. I tell them, “Don’t be stagnant here – don’t settle.” We like it when people get experience at other companies and then come back and share what they learned with us and with our customers.

FINAL WORDS OF WISDOM

In the old facility, employees had to walk six to eight miles a day to pull orders. In the new facility, robots bring the shoes to employees and a conveyor takes them away. One of our employees was skeptical of the robot system early on, but now she has embraced both the system and the fact that she’s no longer exhausted at the end of the day. Customers are also happy because we now ship within a day. Instead of fielding concerned calls from retailers about late deliveries, our customer service team now receives compliments like “I know I can count on Dansko and that makes a difference in my business.”

HOW DO WE LEARN MORE?

[Inc. Magazine: Fred Wilson: 8 Rules for Managing People, According to an Engineer](#)

[McKinsey & Company: Bad to Great: The Path to Scaling up Excellence](#)

[Entrepreneurial Insights: Making Your Business More Competitive With Business Process Engineering \(BPR\)](#)

[Harvard Business Review: Breaking the Functional Mind-set in Process Organizations](#)

Other companies that excel at enhancing customer service through process redesign include High Plains Community Health Center, Marlin Steel, and New Belgium Brewing.

For more information:

Mark Popovich, VP of Program
 mpopovich@hitachifoundation.org
 202-828-1643

Tom Strong, Sr. Program Officer
 tstrong@hitachifoundation.org
 202-828-1657

Profile researched and written by
 Anne Claire Broughton,
 Broughton Consulting, LLC
 anneclaire@broughton-consulting.com
 www.broughton-consulting.com