

# TWO TEAMS: A CASE STUDY



Saturn Funds



## Saturn Funds

### COMPANY BACKGROUND

In October of 1972, on a drizzly autumn morning, three young executives walked out of their Wall Street jobs to start their own mutual fund company. Fed up with the fads and mindless pace of New York's financial district, they committed themselves to building an enterprise based on sound investment fundamentals. Unwilling to endure crowded city streets and endless commutes, they would locate their new company in a better place to work and live.

Before the winter of '72 was over, Saturn Funds was born in Cheyenne, Wyoming. John Hadley managed the money—just under \$3 million—Mary Sanford ran the back office, and Al Simpson was in charge of building a technology infrastructure. All of Saturn's original investors were either relatives, friends, or business associates who knew the group's track record and trusted their expertise.

In six short years, propelled by word of mouth and an average annual 19% return, Saturn Funds had grown tenfold to \$30 million under management. The company now employed 18 full-time people at Saturn's Cheyenne headquarters. In 1979, Saturn Funds made the covers of two of the three major business magazines. Hadley's stock-picking ability had become legend, and Saturn opened its doors to the public for the first time.

By 1984, assets under management broke the \$1 billion mark. Saturn had added three more funds, and the company now employed over 100 people. Saturn's investment strategy was simple: find good companies and invest in them. Far away from Wall Street, and employing a simple, but highly disciplined investment approach that avoided fads and trends, Saturn Funds continued its phenomenal growth. In 1994, Saturn had 8 funds with a combined asset value of \$35 billion. But growth had taken its toll.

The three entrepreneurs that founded Saturn had built a company that now employed over 1,000 people. To help manage the company's rapid growth, the founders put four Vice Presidents in place to manage four new formal divisions. Inadvertently, attempts to manage growth had created a new, more regimented climate. Controls, rules, time clocks, and measures—all imposed to help manage Saturn's rapid growth—began to sap the original spirit and enthusiasm that had contributed so much to Saturn's phenomenal growth and ability to see through the rough times. Spirits became dampened, creativity was stifled. The new climate led to burnout and attrition rates that surpassed the industry standard.

Although Saturn Funds had profitably survived the '87 crash and the recession of the early 90's, while continuing to make money for its investors, some in the organization were saying that Saturn had lost its original spirit. It just wasn't the same company. This was especially true of the 125 Saturn telephone and service center representatives who made up the company's front line of customer contact. This dissatisfaction shortened rep tenure. High turnover rates imposed great demands on supervisors, training, and most important, affected the quality of phone contacts with investors. By the end of 1994, more than half of the service representatives had been with the company for only 6 months or less. Saturn was beginning to lose its voice to the customer. Something had to be done.

At the same time these problems began to surface, Saturn's Marketing Department was facing up to another set of challenges. Just who was this new, bigger Saturn Funds? What face should it present to its investors? How should the company define and position itself to meet the growing competition from new market entrants and the big, established financial service companies in the Northeast?

It gradually became clear to management that communication throughout the organization had begun to break down. And Saturn had just come off a particularly difficult tax season that added to the company's problems. Everyone had been putting in heavy overtime; customer service representatives were working 60-72 hour weeks. The long hours, heavy call volume, and lack of well-trained representatives caused employee complaints to rise to a new high, and morale to fall off.

In the spring of 1995, the founders of Saturn and the four executive vice presidents met to consider the situation. John Hadley opened the meeting of the Executive Council by declaring that Saturn Funds had reached an important turning point in its development as an organization. "If we are to meet the challenges that lay ahead," Hadley continued, "we will all have to work to reopen the lines of communication and return to our core values as a company."

Hadley then invited each of the vice presidents to describe the problems their divisions were facing and how they were affecting Saturn's customers. The list of problems was long, and included: investors complaining about time waiting to speak to a rep; receiving incorrect information and paperwork; and the need for several callbacks to resolve simple problems or execute simple transactions. Pension plan, annuity, and individual IRA account specialists mourned the lack of referrals from the customer service representatives. The lack of adequately prepared staff to manage the huge influx of tax season calls had resulted in too much demand being placed on personnel at the low end, but perhaps the most important end, of the totem pole. The employees' personal and family lives were suffering.

The Marketing Department sounded the only positive note. It had conceived of a new plan and advertising campaign that would establish a strong brand image for Saturn based on the company's original set of values, investment approach, and mission. But to make it work, the entire company would have to buy-in, live, and breathe the Saturn story and message. And the role of the customer service representative in communicating this message to investors would be critical to the campaign's success. Saturn would have to speak to its customers and prospects with genuine enthusiasm and one voice. In other words, the spirit of the original Saturn would have to be revived. "Saturn," said founder Mary Sanford, "would, once again, have to become a great place to work or the enthusiasm needed to make this effort both successful and sustainable might never be generated."

In the succession of meetings that followed later in the spring and early summer, managers shaped a series of initiatives designed to renew focus on Saturn's original values and mission. Managers encouraged greater communication and a new spirit of cooperation between divisions and departments. Managers paid special attention to the Customer Service Group, reexamining staffing, scheduling, measures, and call monitoring. To make their jobs more challenging and ensure continued growth at Saturn, customer service reps were asked to develop a new set of skills and apply them in conversations with Saturn investors to help develop new business and retain assets. Managers, with rep support, redefined the Customer Service Group's roles and priorities, with a particular focus on teams. Marketing appointed a liaison between it and all other departments to ensure that Saturn's employees were all aligned with the message communicated through a new advertising campaign. By mid-winter all initiatives were in place. Saturn could now only wait and see if all their hard work and planning would pay off.



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### TEAM ONE

#### Greg Patton, Group Leader

Greg Patton glanced over his computer while in the middle of a call to see how his team was doing. He noticed Maria Hernandez, a new rep with just a couple of months' experience, getting up and approaching his work station. Maria stood by him and waited patiently until he finished his call.

"How's it going today?" Greg asked as he put his system on AUX.

The day was blissfully quiet. Yesterday was quite another story, as the market reacted to Greenspan's raising interest rates another  $\frac{1}{4}$  point with a flurry of sells.

"Well, to tell you the truth, I'm getting a little frustrated," Maria replied.

"How so?" asked Greg.

"I don't really feel prepared to handle a lot of the questions I'm being asked by our customers. And I don't feel as if I'm ever going to master a *business building* call. I just don't know enough," replied Maria.

"Don't worry about it too much, Maria. You'll get there. Considering that you've only been at it for two short months, you're doing great. You're fluent with the systems, you know your transactions, and you're great with the customers. Keep it up, and everything will fall into place," said Greg.

*Boy, if all my reps were like Maria, Greg thought, as he watched her return to her station. At least she cares and knows when she doesn't know. She just needs a little more confidence in herself. In a few more months, she'll be one of Saturn's top reps.*

The phone activity began to pick up a little, but there were enough of his team at work to cover the load. Greg took a moment to reflect about his team and the new initiatives, before beginning to tackle the stack of paperwork building up on his desk.

He was proud of what he had accomplished at Saturn and knew that the Teamwork initiative was using his team for one of their models. There was really very little that he'd have to change, he thought. He and his team were already there.

Except for John Barkley and Sue Prescott, Patton's team—10 in all—was composed of almost all new reps. Barkley and Prescott were the two veterans he counted on to help him bring up the skills of new hires fresh out of training. They also helped the remaining team members who had only a few months at the phones under their belts. Patton strategically located his two veterans in the pod so that each new rep would have easy access to help.

Patton's thoughts turned back to Maria. He recalled her first day out of training. He met with her first thing in the afternoon when she arrived. Maria, like many new reps, worked early mornings and Saturdays. Greg held these first-day meetings with all his new people. He set no expectations for these meetings other than to welcome the new rep to his team, explain how the team works, and learn what they expected of him.

Hernandes' first-day was typical, and Patton, after four years as a Group Leader, knew just what to expect. Hernandez was both very nervous about and excited with beginning her new job. He watched her after their meeting as she situated herself at her work station and began taking calls. True to form, she was up with every call, putting the investor on hold, to get help. His experience told him that this pattern would probably break somewhat after the third or fourth day. Mostly it was a matter of building confidence. After two months on the job, there would be far fewer questions. And most of these, as was the case with most of Maria's questions now, were only to gain confirmation on answers they really already knew. Thereafter questions from the new reps would only arise with cyclical issues such as when quarterly statements went out or, of course, the dreaded tax season. But he and his two veterans were usually available to provide the answers.

Patton's approach to leading his team of novice reps was to let this natural development process work itself out. By not placing too many demands on his new people, they would gradually gain confidence and adjust to the job. By and large it worked. With a little encouragement, the next level of service would come naturally. Business building calls were only a matter of recognizing and seizing opportunities contained in every call. He would use the weekly meetings, now free-wheeling sessions for reps to express and discuss their concerns, to encourage his reps to take advantage of these built-in opportunities.

One problem persistently haunted him and would not go away no matter how much support and encouragement he offered his team members: after one year, almost everyone wanted out. Even John and Sue, his two veterans, complained of boredom and feeling burned out. He could see they were losing interest in their work. He wondered if they were only marking time—waiting for other opportunities at Saturn to open up—or perhaps wanting to leave the company altogether. For Greg every day was a new challenge: new questions to answer; new problems to solve, and every month or so, one or two more people he had to help. Although turnover on his team wasn't any higher than Saturn's average, he thought his management style would have resulted in a reduced rate. For the moment, given the pressure he was under, all he could think of was to try harder. Greg turned his attention back to the pile of paperwork on his desk. The burnout problem wasn't going to be solved today.



## Saturn Funds

### TEAM ONE

## **Maria Hernandez, Customer Service Representative**

Maria Hernandez came to Saturn fresh out of graduation from Cheyenne Valley Community College. Her ambitions had been to go on to complete her undergraduate education at the University of Montana and then earn an MBA. Family financial problems, intervened however, and Hernandez felt obligated to pitch in. She revised her plans and made the decision to work for two years in the financial services area. Hopefully after that she would pick up where she had left off.

Saturn's reputation for being a great place to work made it her first choice, and her straight A school record helped her get the job easily. Having grown up in a family where money was almost always a problem, she wanted to make very sure that this wouldn't be the case in her adult life. Learning about investing and helping others with their investments seemed the next best thing to continuing her schooling.

Hernandez found the ten weeks of training to be long, but she enjoyed learning about mutual funds and Saturn's products. She also enjoyed the people at Saturn. Nearly all were friendly and enthusiastic. Her Group Leader, Greg Patton, was always ready to encourage her and give her a pat on the back. This was especially comforting whenever she felt she had made a mistake with a customer. "Don't worry about it, Maria. I wish Saturn had more reps like you," he would tell her. "We all make mistakes," he'd say, or "You can't expect to learn everything at once. Give it some time. You're really doing quite well."

But Hernandez was impatient and wished there were more opportunities for learning after the initial training. Especially now since Saturn was asking reps to focus on opportunities for developing business and retaining assets. After two months of fielding calls, she was comfortable handling most transactions. Whenever something came up that she couldn't handle, she knew exactly where to look to quickly find the answer herself. And in those rare instances when she was stuck, she knew whom to turn to for help. Still, there was a lot more she needed to know about managing calls with the more sophisticated investor. Too many investors seemed to know more than she did. And it was hard to have an intelligent conversation with—or offer any real assistance to—a knowledgeable customer when you were ignorant of the details and subtleties of his or her concerns. Sometimes she wished that Greg was a little more demanding, or would provide her a little study plan so she could learn what she needed on her own. She had thoughts about opening her own small investment account with Saturn in addition to the 401k. This way she could make trades, receive the same statements and communications, and think about things in the same way that Saturn investors did.

Despite the considerable effort she felt Greg was making to make her feel she was part of a team, the bottom line was that Maria felt very much alone on the job. She enjoyed the congeniality of Greg's agenda meetings and the periodic barbecues at Greg's house or get-togethers at a local restaurant. But still the workdays passed with eight hours almost entirely filled on the phone in conversation with Saturn customers. Where was the team? Hernandez wondered if she could stay with this job, day after day, for two years.



## Saturn Funds

### TEAM ONE

## **John Barkley, Customer Service Representative**

Bright, ambitious, and tempted by the prospect of the commissions he could earn, John Barkley joined the Chicago office of one of the major brokerage houses as an investment counselor after graduating from the University of Michigan. Three months into the job, he knew he had made the wrong move. The high pressure, borderline ethical practices, and cold calls to prospects were not in keeping with either his personality or the values he was brought up with.

While at the brokerage firm, Barkley had been an avid reader of financial newspapers and magazines. He had read about Saturn Funds and its phenomenal growth far away from Wall Street with great interest. And John Hadley, Saturn's money-manager founder, had become one of Barkley's heroes for his sound and successful investment approach. When his wife, Amy, was expecting their first child, Barkley made up his mind to leave the brokerage firm and Chicago.

He joined Saturn in September of '94 and never regretted it. After two months on the job, Barkley was fluent in Saturn's systems and procedures. Recognizing Barkley's talent, financial experience, and background, Greg Patton picked him to assist in leading his team. Barkley admired Patton's way with newcomers and was proud to be chosen to assist him. He believed that Patton's management style, which focused on building confidence and making new reps feel welcome, was chiefly responsible for the rapid learning curve of the new reps that were lucky enough to join Patton's group. Everyone in the customer service organization recognized Patton's success in quickly bringing new hires up to speed.

Barkley studied Patton's techniques and soon was able to step in for Patton, when Patton was busy. Although Barkley enjoyed practicing the people management skills he learned from watching Patton, he still enjoyed working with investors on the phone. This gave him a chance to put to use his impressive mastery of the financial markets and Saturn's products and investment approach. Barkley also enjoyed sharing his knowledge with the team, and the reps often turned to him with questions about particular industries or overseas markets. Barkley's knowledge and enthusiastic interest in the markets had also enabled him to develop relationships with several of Saturn's portfolio managers.

Recently, Barkley approached Patton with ideas about sharing his market and product knowledge with team members in a more formal way. More knowledgeable reps, Barkley contended, would help build up customer confidence in Saturn as a company and lead to developing more business. It would also give reps a chance to grow in their jobs. Patton agreed, but had other means for achieving these same goals. "Neither you nor the reps have the time for formal training," Patton said. "When call levels are down, we'll have our newer reps sit with our veterans and listen in. Peer-to-peer coaching has worked very well for us." Barkley knew that the level of knowledge he was recommending could never be achieved by overhearing snatches of conversations. In the end, the idea never materialized—lost in the rush of daily business.



## Saturn Funds

### TEAM TWO

#### **Sheila Blee, Group Leader**

“That’s a great idea, Tony,” Blee said to one of her newer reps. “Go for it! I can’t talk to you about it right now though. I’m off to a meeting. We’ll see about it later. Sorry, Tony.”

Tony’s idea to produce a weekly two-page newsletter highlighting changes in market behavior and any new thinking or directions from Saturn’s portfolio managers was not bad, she thought. Especially if he would, as he had volunteered, manage the entire project on his own. But, she knew he would need some of her help, and she was too busy running from one meeting to the next or monitoring her team’s performance.

Everybody had ideas or complaints, and, generally, Blee had very little time or patience for either. She understood her job and responsibilities quite well. It was to run an efficient team that serviced Saturn customers to the utmost. She did wonder whether Tony’s idea might be of value in helping her team get up to the new standards for conversations with investors, where the focus was on business development and asset retention. If she found time, she would return to this topic and talk with Tony some more.

Blee had been with Saturn for three years now—two of them as a group leader. And she was a star from the moment the company hired her. She joined Saturn at a time of tremendous growth, and was recognized immediately by her group leader as a quick study. She was full of self confidence and the customers felt it and enjoyed talking with her. Her group leader admired her energy and spunk, and when a supervisory position opened up, just short of a year after she joined the company, Blee was recommended for the position.

The first day on her new job as Group Leader, Blee sat down with each of her reps and interviewed them, one by one. As each interview proceeded, she mentally placed each new rep into one of two groups: self-starters and all others. The self-starters would do fine on their own—as long as she clearly communicated Saturn’s standards and her goals for the team. Most of the others would probably come along too, but would need a little hand holding. She situated two of her three veteran reps amongst the slower ones, and gave them instructions to make sure this group got all the help they needed.

With her busy schedule Blee would have little time to spare in helping bring the new reps along. The three outside projects she was on, although important to her career, took up almost half her time every week. And the added pressure to produce in these highly visible situations reduced her patience for hand-holding novices.

One of the reps in the “slower” group was a portfolio manager wannabee and “managed” an imaginary fund composed of real equities on his home computer. This was Tony Rossetti. Rossetti had developed an algorithm based on market conditions and performance measures that he used to determine the influx and outflow of cash, and had even written his own “Morningstar” review of the fund. Although his social skills were a little lacking, he understood the mechanics of funds thoroughly and researched his “investments” with an intelligence and analytical skill that matched

many professional managers. Blee made Tony her team Market Specialist. She gave him the job of tracking market conditions and staying on top of the strategies of Saturn's portfolio managers. Whenever anyone had a question about any of Saturn's funds, she directed them to Tony.

Blee was at work at 7:00 AM every day, an hour before her team members would show. She used that hour to review team stats of the previous day and complete paperwork. By the time most of her reps arrived at 8:00 AM, Blee's desk was clean, and she was ready for the daily 10 minute team meeting.

The agenda for a typical meeting began with a report on the previous day's performance. Blee usually began by noting an exceptional call that either she or one of her senior reps had monitored during the day. She would ask the rep being recognized for excellent work to share some of the techniques he or she had used to develop business and communicate Saturn's story.

"Nice work, Patty," Blee might say, "but try to keep the calls a little shorter today. We're expecting a heavy call volume."

"By the way, speaking of availability, we haven't been pulling our weight as a team lately. We were one of only three teams who fell off target. I want us to be first in availability and service—every day!"

The meeting usually concluded with a one-minute market update from Tony.



## Saturn Funds

### TEAM TWO

#### **Bob Wightman, Customer Service Representative**

Bob had been with Saturn Funds as a Customer Service Representative for 1½ years, when he was moved to Sheila Blee’s team. While Blee was working on her projects, she asked Wightman to take over. She also assigned him the call-backs for cleaning up some of the mistakes that new reps had inadvertently made with customers. Wightman enjoyed working with the reps, but he often resented his position. He felt he was doing at least half of Blee’s work, while she got all the credit for leading one of Saturn’s top teams.

There were other messes that Blee left for Wightman to clean up. Wightman remembered the day one of the brand new reps by the name of Alice Clarke walked out on her job. It was her first week out of training, and she was having great difficulty managing her calls. When a caller asked her to carry out one transaction or another, she forgot everything she was supposed to do—the screens, the procedures—everything. She’d just put the customer on hold, walk over to Wightman, and ask him to handle the call. After two days of this, Wightman decided he had to do something to help. He spent half the next day monitoring her calls by her side. When she froze on the phone with a customer, he would walk her through the steps to complete the transaction. The following day, her confidence improved a little, and she was able to handle several calls without seeking help. She had adopted another tactic, however. After the customer made a request, she’d put the caller on hold and consult her training manual. Then she’d release the hold and finish the call. Before leaving that day, she stopped by Wightman’s station to thank him for his help. “Things are looking up,” she said as she left.

After the next day’s agenda meeting, Blee had a short conversation with Carol Markham, another rep. “Alice is really struggling,” Markham told Blee. “Bob spent half the day at her side on Wednesday, and yesterday she had to look everything up before handling a transaction—even a literature request. Her call time must be outrageous, and we’re stuck with picking up the slack to keep up the team’s availability.”

Blee told Markham not to worry; she would have a word with Alice. Back from her meetings after lunch, Blee kept her eye on Clarke. She noticed that Clarke seemed to be getting better—at least based on Carol’s description. Alice only turned to her book once in four calls. Blee called Clarke aside, and they walked off into one of the larger empty conference rooms.

Wightman noticed them leave. When he looked up just a few seconds later, he saw Clarke running out of the conference room. She was visibly upset. Clarke went over to her desk, grabbed her purse and left the building. And she never came back. “What happened?” Wightman asked Blee. “I don’t know. I hope she’ll get over it,” Blee answered. “I just told her how important it was for our team to keep the call time in line and availability up.” “You should’ve talked to me first. She was coming along,” said Wightman. “It looks like you’re right,” Blee said, upset about how things went. “*It’s too bad,*” Wightman said to himself, thinking about it later. “*I think she would have been great to have on our team.*” v



## Saturn Funds

### TEAM TWO

#### **Carol Markham, Customer Service Representative**

Carol Markham had the job locked. She was a whiz at systems and procedures, great on the phone with investors, knew and communicated the elements of Saturn's brand image, and could cross-sell with the best of them. Markham loved being on the company's number one team. And she loved working for Sheila Blee. Blee was very demanding of all her reps, and this always kept Markham on her toes.

Blee was quick to take advantage of Markham's energy and enthusiasm, and after having her on her team for six months, she took her into her confidence. Markham learned all about Blee's projects and whatever Blee knew about management's latest thoughts and plans for the Customer Service Group. Markham also got the chance to participate in Blee's projects every so often. Last month, she participated in a focus group that was testing the latest batch of screens for the new Customer Service Workbench.

The only problem that Blee had with Markham was that nobody on the team liked her. She wondered if Markham was aware of this but never raised the subject. Markham was too valuable to get her upset with petty jealousies. She assigned Markham various tasks, including compiling the monthly quality reports. Blee told Markham to avoid reading them; just group them by name and put a staple in the finished batch. But Markham read every word, and, from the conversations they had, Blee knew it.

Lately, thought Blee, Markham seemed to be a little more stressed than usual. Unfortunately, Blee couldn't know for sure. Markham was a great listener, but didn't talk about herself much. Then Joanne Little, another of Blee's senior reps, reported that Markham was walking about the floor breaking up informal conversations between reps and snapping at them to get off AUX and back to work. "As you can imagine," Little said, "this didn't do much for everyone's morale. And I told her so, but she still continued."

Blee knew it was time to sit down with Markham, and she arranged to meet with her at the end of the shift.

"Your behavior lately isn't winning you any friends around here," Blee said to open their talk.

"What do you mean?" replied Markham.

"Well, Joanne tells me you're breaking up conversations and sending the reps back to work."

"It figures it would be *her*," responded Markham. She must've spent half the day gabbing with Bob. We have investors waiting for service, and our scores are going to be shot to hell."

"I think you better settle down a little, and let me worry about that," Blee said. "People need a chance to breathe around here. And besides, when they talk to each other, they learn."

"I'm just following your lead," Markham replied. "We have goals to meet and, like you say, we want to be the best. Everybody's got to carry their own weight. This isn't play school. It's work!"