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## Malcolm Baldrige National Quality Award 1996 Recipient DANA Commercial Credit Corporation

When it comes to customer satisfaction, competitor performance, operational effectiveness, and workforce capabilities, Dana Commercial Credit Corporation always wants to know the score. A provider of leasing and financing services to a broad range of commercial customers, the Dana Corporation subsidiary has developed a collection of quality-linked scoring processes that assess how the company is progressing in its pursuit of continuous improvement goals set for all key areas of the business.

Since 1992, when DCC embarked on an effort to improve teamwork and organizational communications, the company has scored gains in the quality of its performance, customer satisfaction, and the percentage of repeat business. For example, DCC's largest product group the Capital Markets Group (CMG) has closed all of its multimillion-dollar transactions on time for the past five years. Dealer Products Group-U.S. (DPG), the next largest group, has reduced the time it takes to approve a transaction from about seven hours in 1992 to an hour or less in 1996.

Since 1994, CMG's customer-satisfaction scores have exceeded four on a five-point scale and, in 1995, topped the industry average by almost two points. DPG has scored between eight and nine on a 10-point scale, or nearly three points higher than the average for its industry.

DCC competes on the basis of value-added lease products and services, not just financing. Since 1991, the dollar volume of DCC leases has more than tripled, to more than \$1 billion.

### About DCC

Since 1980, when it was started with a \$2.5 million investment by its corporate parent, DCC has grown to become the 11th largest among 2,000 U.S. leasing companies, with 1995 revenues of nearly \$200 million and total assets of \$1.5 billion. Headquartered in Toledo, Ohio, DCC consists of seven major product groups, each aligned with a different market segment. These include leveraged leases for power generation facilities and real estate properties with values up to \$150 million, and leases to help commercial equipment resellers, manufacturers, and distributors sell equipment ranging in price from \$4,000 to \$3 million. Unique transactions are DCC's speciality, such as arranging the short-term lease of microcomputers for the television network covering the 1994 Winter Olympic games, providing full-service leasing of on-site photo processing equipment to retail outlets, and helping put a major gas processing facility in the North Sea on-line. DCC lease contracts ultimately are prepared for businesses and organizations that lease equipment, facilities, or buildings. However, the company views financial intermediaries, such as investment bankers and equipment manufacturers, and distributors as its primary customers, since they are the major source of leasing recommendations and referrals.

Most of DCC's 547 people are located in Toledo and Maumee, Ohio; Troy, Mich.; Toronto; London; Paris; and Zurich. The company's continuous improvement process is led by the Division Operating Committee, chaired by DCC Chairman and Chief Executive Officer Edward Shultz, and includes heads of the seven product groups and major support units.

### Adding Value for Customers

DCC aims to be the preferred financial services provider in its selected markets. To achieve this objective, DCC is increasing customer satisfaction through the commitment, skills, and innovativeness of its people and through its quality improvement system.

The system provides the strategy, direction, incentives, tools, and resources necessary for continuous improvement, but, by design, it is customized so each group concentrates on the particular requirements and expectations of customers in its market niche.

DCC's strategic plan integrates customer, operational, people, supplier, and quality plans into seven guiding plans, one for each product group. Product group improvement goals are translated into actions that address the company's key business drivers customer satisfaction, knowledgeable people, quality processes, and profit for the shareholder. In all groups, action plans are linked directly to anticipated improvements in meeting four key customer requirements, which are determined by the Division Operating Committee but adapted to each market. Customer-related performance metrics are established for each process and each improvement project.

Measurements are tracked closely. Each month, scorecards are compiled to inform all DCC people of progress toward reaching goals for customer satisfaction, human resources, and key processes. A monthly competitor scorecard also is prepared to compare DCC performance on key customer satisfaction measures. In 1995, DCC piloted a customer expectation scorecard, compiled largely from information gathered by cross-functional transaction teams that work closely with customers in the design of leasing arrangements and new products. Now deployed company-wide, this scorecard helps alert DCC to changing customer requirements and indicates how well the company is responding.

DCC's SWOT analyses compare company performance to benchmark measures. Performance in the key process areas is flagged as a Strength or Weakness compared to the benchmark, as an Opportunity, or as a Threat to the business.

## **Knowledgeable People**

DCC's mission statement and the Dana Style of Management assert that people are our most important asset. To promote organizational flexibility and responsiveness to customers, DCC limits the number of management layers within its groups to five or fewer, and its just do it policy empowers DCC's people to act on their ideas for improvement without prior approval.

Major emphasis is placed on retaining people and cultivating company loyalty, accomplished through a promote from within policy, mentoring programs, educational opportunities, and an extensive reward and recognition system. Currently, all executive positions and 95 percent of supervisory and management slots are filled by people who advanced through the company.

The company uses education and training to differentiate itself from its competitors. In 1992 it created the Education Group to develop and teach courses in interpersonal communication, quality, and marketing, as well as in technical areas needed to structure customized leases. In all, more than 40 courses are offered. Each DCC person received an average of 48 hours of formal education and training in 1995, better than chief competitors and almost three times the leasing-industry average. The company also provides 100 percent reimbursement for successfully completed college courses.

Training and education needs and effectiveness are reviewed monthly. Careful attention is paid to further enhancing the skills of people, including senior managers, who have direct contact with customers.

## **Results**

DCC is continually alert for opportunities to improve its leasing products and service delivery. Averaging about 10 per person in 1995, employee ideas have been an especially productive means for improving DCC's performance and for diversifying and adding value to its product offerings. About 78 percent of all ideas were implemented.

The company's progress in improving performance and increasing customer satisfaction is mirrored by gains in financial performance. Rates of return on equity and assets have increased more than 45 percent since 1991. DCC also credits its continuous improvement efforts with helping to lower borrowing costs, the company's largest expense.

DCC now accounts for at least 10 percent of the Dana Corporation's overall profitability, and it was the first division to achieve the gold level of performance in the annual competition for Dana's Quality Leadership Award, which is modeled after the Baldrige Award.

As it does with its customers and suppliers, DCC works in partnership with the communities where its offices are located. For example, it has provided computers to local schools and charities. In Toledo, when negotiating tax incentives for relocating its new headquarters building, DCC committed the equivalent of 45 percent of the resultant tax savings to the Toledo School Board. As a result, the public school system will receive 1.5 times more money from DCC than from a normal tax distribution. The city has adopted this approach for future tax incentive offerings.

## **Baldrige Website comments:**

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Date created: 08/27/2001

Last updated: 11/29/2011

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