

THOUGHT LEADERSHIP

THE BEST OPPORTUNITY FOR GROWTH—THE THREE C'S

The past 15 months has been spent traveling thousands of miles, meeting and working with hundreds of employees in scores of locations. The program charter, among many other things, was to begin a process of change, **a change that will ultimately result in a company culture of "Continuous Improvement"**.

During the past twenty plus years, our people have been invited into over five hundred (500) different organizations. The motivation for a company's CEO to ask for outside help has ranged from idle curiosity to one of fear. Generally, they have already asked themselves: "what can we do?" and "can we do it ourselves? So the question becomes, why would anyone want an outsider to come in and live in his or her business for a period of time?

What may surprise many of you is that the majority of our work is for companies that most would regard as leaders in their industry or market space. That is to say, companies not at risk of going bankrupt: their management offices have not seen excessive or abnormal turnover; and they are generally ranked in the top 5 companies within their market space.

What else do these companies have in common? Besides a desire to improve, they have recognized that they want to do something faster than they otherwise could.

Why can't they do it themselves? The publicly expressed reason is often described as corporate

inertia, but this actually masks the truth. The real reason is two fold:

- Each employee, from the CEO to newest entry-level position, already has a full time job.
- Change of any kind is full of risks, and the amount of risk associated with any change, increases as you rise within the organization.

Those at the top of an organization are the most risk adverse. Their perception is they have the most to lose if the "change" is not successful. By way of example, if

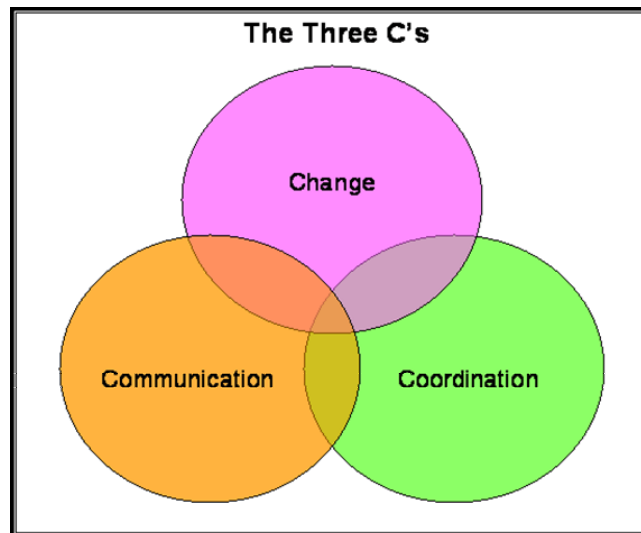
one installs a computer program upgrade at home, and it does not do what it was supposed to do, it is simply uninstalled and the old version is used until a newer version comes along. But, if the MIS department rolls out an upgrade that does not meet each and every expectation of all its users in the field – it has the potential to very quickly become the end of the world, as they know it.

Several years ago we undertook an assignment to develop a program for a large department at one of the "BIG 3" auto companies. The charter was to work with an in-house re-engineering

group to put in place the basic platform from which they could conduct a true technology assessment. Big words – which really meant: document and clean up the processes. The in-house group was blocked at every turn by ever-increasing levels of management and was unable to meet their charter – that was the motivation for our involvement.

There were many simple things that the people doing the various jobs thought would help. The front-line

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managers would not change without approval from the middle managers. The middle managers would not change because they did not understand the functions involved and did not have (or would not take) the time to find out more. They in turn misrepresented the proposed change to upper management, in order to maintain the status quo. Upper management, who already had more than enough "irons in the fire", took the position that this was just another executive whim, and created unrealistic hurdles and bureaucratic obstacles before even the simplest of changes could be made.

This story does have a *happy conclusion*. Upper management set up a group of managers who would oversee the process. They created a charter and a means of review that would bring essential ideas to the table, including a minimum time requirement. The group then selected individuals from the line organization that they "trusted" to organize and try out the various changes, and report back. When the group approved something, it was published and ALL employees got to see the results. They managed to compress a 2-½ year schedule into 10 months. ***The process was trying, but the results were successful.***

The only remaining question was "Mr. Consultant, what did you bring to the party?" As usual, we borrowed everyone's watch and told him or her the time. We did not bring technical expertise about their business. Without exception, those answers ALWAYS lie within the experience of those who do the work.

Instead, the focus is on three elements that are consistent within every organization:

- **Change**
- **Communication**
- **Coordination**

Every company must successfully deal with the 3 C's, in order to improve.

To speak about any organization, in this context, is a daunting task. Most managers will respond with "you don't know my business." Moreover, if the consultant is honest, the response will be "That's true!" However, a competent consultant will very quickly learn where to go to find that information. By way of example, there is in excess of a thousand years of collective experience

in your industry, more than half of that with your company now. This is where the **knowledge exists**, and this is where the **sharing must start**.

The key point is individuals (and collectively as an organization, and globally as a corporation) must continue to expand their knowledge base, challenge it constantly, and use it daily. If not, the future will be considerably less bright, that it otherwise could be.

There is no single answer. No "silver bullet" And no panacea. The answer is **INNOVATE**. There is always the risk of underestimating the importance of innovation. In order to innovate, it is essential to use all the best knowledge to address the daily challenges, and this must be done both quickly and every time.

The biggest business risk is failure to innovate $\frac{1}{4}$ the competitor's opportunity to "win". The competition is more capable today than ever, watching your every move and just waiting for the opportunity.

For businesses in general, there is no "next big thing" on the immediate horizon. This point is critical, because there is no longer any alternative to true sustainable growth in any business, other than the intelligent use of technology. The speed of change dictates that the future lies in the skillful management and increased use of technology.

Steven Hawking articulated this particular problem well in "***Life in the Universe***".

He noted that in the 18th century, there individuals, most likely scholars, who had read every book ever published. If one was to start today and read one complete book per day, it would take over 15,000 YEARS to read the contents of the national library.

That is quite a change, and the pace of change is only going to increase.

THE THREE C's

The earlier example, about the auto company, gives some insight into the way the 3 C's worked in that organization. Nevertheless, these are problems common to all businesses. **Change is a Constant.**

On a day to day basis, the **single biggest common problem** is ensuring that the right information gets to

Ten Absolutes of Change

- △ **Define the Process**
- △ **Define the Requirements**
- △ **Define the Systems**
- △ **Match & Balance**
- △ **Management Buy-In**
- △ **Educate & Teach**
- △ **Make Physical Changes**
- △ **Install the Changes**
- △ **Refine & Document**
- △ **Evaluate & Recognize**

the right person at the right time, in order that a decision can be made.

“Right Information, Right Person, Right Time – Decision”

Given the ever-rising amounts of available data, increasingly frequent **changes** are required in order to convert the data into usable information.

Why is change so difficult? Having touched on some of the impacts of “risk and time”, it is appropriate to shift the focus to the “why and how” of change.

Why change? Indeed, “*if it ain’t broke, don’t fix it*” should be the guiding principle. To determine what internal changes would make it more appealing from a customer perspective, an external look is required. In order to become and remain the supplier of choice, the expense side must also be managed. It is in no ones interest to spend our way out of business.

Living and working in a “Process Improvement Culture” requires adherence to certain simple fundamentals:

- All work is a process
- All processes can be measured
- Anything that can be measured can be improved

There are **ten absolutes** in the change process:

Define the Process – Not just on a global basis, but also down to the level of activities and steps within the activities. Document!

Define the Requirements – What are the internal and external customer requirements for each process? Examine each process in terms of a Customer; a Work Process; and a Supplier. Each with its own set of requirements that must be defined – often the hardest part – and then conformed to.

Define the Systems – What is in place to meet the requirements? What should be in place? – *Forecasting, Planning, Scheduling, Metrics, & Control.*

Match & Balance – Find the bottlenecks and fix them.

Management Buy-in – Management must lead the charge and own the results. They cannot pay lip service; they must set the vision, and then “*walk the walk and talk the talk*”. Without shared goals and consistent supportive management behavior, chances for lasting improvements are slim.

Educate & Teach – The differentiation is that you must educate the entire organization about your goals, objectives, and the process. You must also teach those directly involved with the work (Knowledge Workers) the way the job is to be done.

Make Physical Changes – Now, and only now, can physical changes in work methods, processes, policy and procedures begin.

Install the Changes – Formalize (some would say institutionalize) the changes as part of the policy and procedures.

Refine & Document – Using performance metrics and control systems, continue to monitor the effects of changes and revise documentation to reflect the changes.

Evaluate & Recognize – Determine the tangible and intangible benefits of the changes made, and congratulate those that took the risk.

Many will recognize some of the steps listed above; however, ***ALL of the steps need to be followed ALL of the time***, in order to sustain permanent positive change.

Within many organizations, changes come about in one of two ways, by edict from on high, or by trial and error at the local level. Over the years, several people shared an analogy when referring to training and development within an organization. “*Like an ancient tribe with no written language, the art and subtlety of various activities, responsibilities, and business processes are passed from generation to generation by methods almost like ritualistic fireside ceremonies.*”

While this may make an interesting study for many academics, it is not a way to stay ahead in business environment of today. No organization can afford to solely rely on learning by trial and error, or have individuals seeking answers from the memory of a benevolent predecessor or mentor.

This is where the next C – **Communication** – comes in. What is the role of communication? Communication, in all its forms, is an enormous challenge for most organizations:

Internal Communication - upward, downward, and among peers, both written and verbal.

External Communication - to other parts of the organization, customers and suppliers, both written and verbal.

These must be consistent in content and delivery. Many organizations can find cultural strengths upon which to draw. With years of experience, the answer to any possible question usually exists. On those rare occasions where a specific answer is not known, then there will definitely be someone who knows where to go looking.

Strength may come from an “*Entrepreneurial Spirit.*” We believe individuals want to make the best decision possible in every situation. The personal challenge is to

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overcome the last of the emotional and psychological barriers associated with making your voice heard. The biggest fear of all is “what if I’m wrong?”, and followed very closely by, “what if my boss doesn’t agree?”

This is familiar territory to a consultant. Given the opportunity (some might say “unenviable position”), and responsibility to inform senior executives of something they do not want to hear or refute something that they believe to be true that was not. Surprising to many people, the voice of the consultant is heard, without exception. Many then say, “Yes but you are an outsider. You’ve got less to lose, and they are paying you for your opinion.” While it is true that a consultant is an outsider, company employees are insiders, and have a great deal more technical knowledge. Moreover, while the consultant is paid for his/her opinion, the company is paying significantly more for its employees.

As far as who has more at stake, a consultant might call it a draw on a purely personal basis, BUT the company is more reliant upon its employees and their work than they are on the consultant. The company has much more to gain by listening and acting. To be clear, this is not a call for insurrection. It is a challenge to coordinate all efforts and **“Share the Knowledge”**.

“Communicate Well. Communicate Often. Share the Knowledge.” This is not just a slogan. It is a way of life. It is how businesses must function in order to succeed.

When one recent client first rolled out its new BI (Business Intelligence) technology platform with some live data, several of the managers discovered things they did not know. For example, collectively the individual locations spent more on certain sub-product types than on certain core SKU’s. Each of these purchases, made from the same supplier, were negotiated and made individually – location by location. Just imagine what an unscrupulous supplier might have thought about that, once they figured it out. Just imagine what a competitor could do with that information. Just think of the possible cost savings to the organization. Now, armed with the right information in the hands of the right people at the right time, a new process is in place that has resulted in savings of over \$100,000.00 on that single item!

What does coordination mean? On the negative side, this can be seen as interference from outside; loss of status/stature/position/power/authority; unacceptable demands on limited resources. The reality is that without coordination the situation quickly reverts to “every man for himself,” where the best available answer to a question is limited to the experience of the only source available. The development of common shared goals, combined with a common source of procedural informa-

tion is a necessary first step in the process.

This need not undermine the cultural “Entrepreneurial Spirit” that exists today. Friendly competition among locations or departments can prove to be a great asset. Competition makes for better business, but it requires a platform of common policy and goals. At one company, in the absence of a policy statement, it is up to the employee, who may be on the phone with an irritated customer, to come up with an answer. The problem with this situation is two-fold: first, everyone must INNOVATE each time this occurs – leading to different answers from different employees for different customers; and secondly, naturally, the employee will go into his/her “people pleasing mode” attempting to salvage the relationship. The risk, and it is a very great one, is that the company has for all practical purposes, left it to each and every individual, placed in that situation, to set company policy.

What does any of this have to do with you? There is but one truth in business today, “Innovate or Die”. This is the critical point! It is impossible to be the supplier of choice in your market unless you do. Customer loyalty, such as it is, demands it. Competition will “eat your lunch” if you do not. You may take some comfort in the fact that you are not alone in the daily struggle to prosper. Your individual problems are not unique. It is the complex combination of geography, customers, and organizational structure in relation to the 3C’s that makes the situation unique.

Company organizations are a union of democratic states, whose members must meet agreed upon standards of business decency, as well as economic competence. To succeed it MUST be a cooperative venture, in which the states (departments, divisions, etc.) accept a measure of mutual interference in specific areas. It is a work in progress, which must constantly debate its direction, its speed and its geometry, and will face repeated challenges to change its rules to accommodate expansion.

The goals are (or should be) peace and prosperity within the organization. To that end, focus on the development, communication and achievement of shared goals and objectives, build on the strengths that have brought your company to this point, and create the vision that will take you forward.

When You Innovate, **SHARE THE KNOWLEDGE!**

For further information on “**Implementing the Three C’s**” contact :
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