

# Speed, Waste, and Profitability

Going all the way in company redesign.

Gene Hendrickson and Terri Volpe

**T**he breakout of world peace, the entrance of new countries into many markets, and accelerating communications are only a few of the factors hastening dramatic competitive changes. Many companies, however, resist the structural and management changes needed to cope with today's competition. The failure to recognize and act on these fundamental changes has placed companies, and even entire U.S. industries, behind the power curve of global change and competitive challenge.

Minor changes in organizational structures and information systems do not yield the improvements needed to become a fast-acting company that's free of waste, and will be highly profitable in the present and future environment. Sweeping changes are needed to eliminate all waste in the business process and speed up accurate responses to market needs.

## The Need for Change

Before visible and lasting change can occur, upper management must recognize and acknowledge the need for it. In one PCB company, the top management team was surprised to learn that unofficial systems and processes be-

ing used by employees outnumbered official ones. Developing "work-around" ways to complete their daily tasks was easier than confronting management with the reality that official systems and processes were dysfunctional.

Desire for improvement is evident in the verbage of most executives, but it is a rare executive who truly acknowledges the need for significant change. Sometimes it takes the threat of bankruptcy to make an executive change behavior and accept new responsibilities. An alternative to this threat may reside in an outsider, trusted by employees and management alike, who presents an impartial view by interviewing a cross-section of everyone involved with the company. Such objective information can present a realistic picture of the organization and the roles currently played by its members. The interview and assessment process often reveals an overwhelming employee consensus that change is needed, and it must begin at the top.

Issues frequently raised are:

- the dominance of politics over logic and reason
- failure of management to follow through with programs, projects, and commitments

- overall lack of trust in management's words and actions.

"Talk is cheap," say the employees. Enlightened top managers "walk the talk" by making tough choices, taking difficult actions, and sticking to the change process in the face of resistance from middle managers who have prospered from political maneuvering and the husbanding of information and who perceive the formation of employee teams as a threat to their egos and power. One middle manager in a PCB operation told us, "I'm a manager because I have the information and I make the decisions; if they [the employees] have the information and make the decisions, why do they need me?"

## Commitment

Upper management needs to be strong in its commitment to the change process. It's a tough job for executives, who once functioned as teachers and role models of the middle managers, to recognize them now as barriers to the changes needed for the company's survival. Resistant managers are always able to erect roadblocks that force the champions of change to make decisions: "Do we continue to commit resources to the change process or

do we get product out the door?" Both objectives may be accomplished with commitment.

In every case we encountered, the employees actually doing the work had the most accurate knowledge of where the problems lie that

most seriously inhibit company performance. Likewise, these same employees know where the opportunities exist for improvement.

Employees, though, often become jaded and fearful, and cease to share their knowledge with upper

management. Although suggestion programs and other means of communication may be strongly advocated within the company, employees frequently indicate that they've been punished for voicing their opinions and rocking the boat. This fear results from upper management's 'failure to consistently support new programs, changes, or projects through to the end. Instead, when daily operational needs become pressing, management frequently pulls vital resources away from new programs.

Although there are many case studies of successful redesign and re-engineering in individual units or segments of large operations, there are few cases of lasting company-wide improvement. Such improvement begins with upper management's personal involvement and commitment to change. Lasting success requires that there be no exclusions to the redesign process. All jobs must be reviewed in the context of fast, waste-free, and highly profitable performance.

Redesigning a company is not for the faint of heart. It is stressful. It is threatening to every employee. But in all the cases we've observed, work processes became more responsive, faster, and less costly. And along with company profits, customer and employee satisfaction improve. Therefore, the financial and market rewards are substantial. But the process of change is not for those who are content with current performance or who harbor a fear of the unknown.

A final word of caution to upper management: Understand what must be done, but don't start anything you do not have the will to complete. **FAB**

*In the next article in this series, Gene Hendrickson and Teri Volpe will describe the steps necessary to begin redesign.*

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