

A Way to Initiate and Drive Change in Your Company

What we mean by change

The manager of a world-class bar soap factory once shared the unexpected finding that controlling micro stops (production line stoppages lasting less than one minute) had a larger effect on output than periodic machine breakdowns that caught everyone's attention. Discovering this led to significant changes in productivity. Often, the answers to questions about improvement are not obvious.

In the wider world, standard reports help executives monitor trends in company performance. These usually provide enough information for timely corrective action, but not always. Sometimes, subtle changes in markets render accepted practices obsolete. Delays in detection and diagnosis can put a business in jeopardy. By committing to periodically challenging the methods and assumptions underlying their companies' success, executives can increase their odds of being able to shape events favorably.

No company or industry is immune to disruption, and front-runners are arguably most at risk. As an illustration, several global consumer products companies recently underwent significant transformations because steady losses of market share upended their reputations for reliable organic growth. Smaller, tech-enabled competitors had exploited market niches at the expense of established brands. Since growth is the main contributor to investor returns, reactions in capital markets forced big organizational responses on industry leaders.



Across the economy, lifecycles of companies and tenures of CEOs have compressed due to rapid technological and social change. The difference between organizations that thrive and those that stumble is less about big strategic calls than about continuous, modest course corrections that turn potential weaknesses into strengths. Programmatic Change initiatives can enable an iterative approach, and companies that adopt them can expect to see their cultures turn toward increased collaboration, individual accountability, and adaptiveness.

Getting started

Programmatic change processes begin with formal Assessments into a handful of perceived weaknesses such as low growth and differentiation, declining manufacturing productivity and capacity utilization, and constrained cash flow generation. Assessments provide the foundation for moving ahead by:

- 1) *Defining the changes needed*** with comprehensive, fact-based insight into the drivers of performance;
- 2) *Establishing the case for change*** by showing the gap between actual and possible results;
- 3) *Creating a shared agenda and roadmap for change*** with a Master Project List to close the gap.

It is worth emphasizing that clear steps must be taken to ensure the organization is prepared to undergo a change journey. We have worked with a global market leader where the assessment told a story about simultaneously rising manufacturing costs and declining revenues. Yet, people throughout the organization did not feel

responsible for altering their outlooks and behaviors. At another, the predominant perception was of unusually turbulent market demand when the real problem resided in a commercial approach that frustrated customers. In both situations, heightened organizational awareness of causes of poor performance, and plans for solving them, led to large scale change initiatives that were embraced. Years on, these companies have sustained their programs, describing them as “The way we work.”

Assessments and their ensuing change programs require intensive effort; however, by providing significant insight into the drivers of performance, they create conditions for positive change and are usually high-return exercises.

Organizing for action

Tackling items on the Master Project List so that they promptly demonstrate value without over-taxing resources is critical to building momentum and positive energy within the organization. Weighing each project against three criteria can simplify the process of choosing when to start them:

- *Expected financial benefits,*
- *Time to realize benefits,*
- *Resource requirements (staff and financial) to deliver benefits.*

Typically, project teams are launched in quarterly waves, and their work usually spawns additional projects that sustain initiative momentum by keeping the Master Project List evergreen.

For programmatic change initiatives to be successful, ground rules for conducting work can be as important as project selection. To provide the best opportunity for optimizing outcomes, leadership must perpetuate three conditions.

- 1) *Work adheres to high standards of objectivity and fact-based decisions.*** *It is common for outsiders to take the lead in assessments and improvement projects, be they external consultants or employees from departments other than the affected area. Their objectivity and fresh perspective can minimize drag caused by institutional biases, conjecture, and blind spots.*
- 2) *Reports and plans focus on the future.*** *Assigning blame or making excuses for past results can undermine the effort. Leaders must be willing to advocate program values and model desired behaviors such as bias to action, openness, and maintaining a positive outlook.*
- 3) *Top management must be visibly engaged.*** *Basic moves include having executives sponsor improvement teams, empowering a program office leader to drive the overall process, and integrating employee contributions into performance planning.*

Summary

A structured, programmatic approach to change management can profoundly influence a company’s success by addressing barriers to profitable growth. Thoughtfully implemented, such initiatives can simultaneously drive financial gains and positive cultural development through transparency to objective, data-driven views of current realities. We have found that organizations adopting this methodology often encounter a new willingness among key customers (who might also be struggling with similar challenges) to create more collaborative relationships.

Denton Luke Associates has significant experience in helping clients with successful change programs. Please contact us to discuss your needs.