



## White Papers on Current Issues:

### **Developing World Class Enterprise Agility: How to Manage Radical Transformation**

Most of the strength of the U.S. economy has been built on capital, technology, natural resources, and information, while markets were relatively captive. It's no longer this way. Foreign competition has challenging companies more so than ever before. New ways to compete are being devised. In response to competitive pressures, many companies are working on improvements with process, quality, automation, and information systems. Each of these improvements is on the path to becoming a high performance company. One other element can make a substantial difference: the strategic development of the corporate infrastructure around agility.

Substantial market share has been lost over the years to foreign competitors. No industry is immune. New markets and partnerships on a global scale are forming. The pressure is on to be nothing but the best. The key to the future lies in reengineering the entire business-- both physically and logically- -for agility.

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Taking dramatic steps to become agile is necessary to be a manufacturing contender in this highly competitive global market. Organizations must focus on moving information and products quickly through the entire service chain: distribution, assembly, manufacture, and supply. All physical and logical events within the supply chain must be enacted swiftly, accurately, and effectively. The faster parts, information, and decisions flow through an organization, the faster it can respond to customer needs.

The next ten years will emphasize radical development of the corporate infrastructure, inducing major changes to the organization. The focus will be on quickly introducing new high quality products and delivering them with unprecedented lead times.

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The end result is a new effective organization capable of making swift decisions, and manufacturing products with high velocity. Large scale changes in the way we operate in the office and in the factory are required to achieve this degree of performance.

Those successfully emerging from this radical transformation will be the winners and leaders: quick, and resourceful enterprises. These enterprises will be world-class competitors, organized to respond to a dynamic market with precision and unprecedented speed in delivery and new product introduction. They will be capable of achieving world class quality, with substantially less nonvalue- added cost. Each company will be developed uniquely to suit its particular needs, but one characteristic will fit them all--they will all be agile.

Becoming agile means competing and leading in the next century. Companies require an overhaul of their infrastructures to be able to introduce and build new products quickly and accurately, but also need an acculturation process fueled by heavy involvement. It takes time to enact changes of major proportions....and it takes careful planning.

Becoming an agile world class company requires overcoming organizational inertia. Often overlooked are outdated cultures, ineffective management skills, bureaucratic red tape, and a reward system that doesn't fit. How do you get your arms around this?



To implement large scale change, there must be a balance in six key areas:

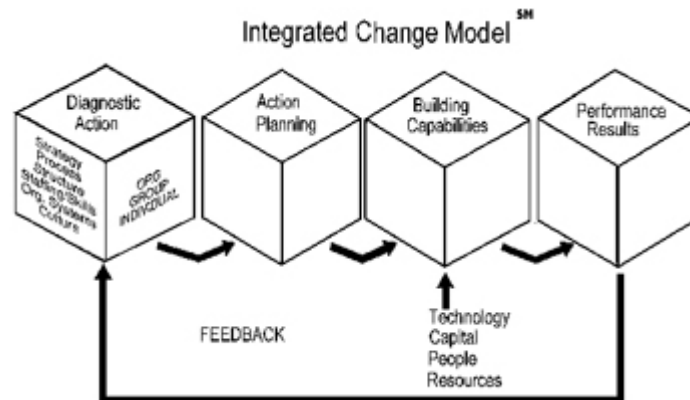
- Strategy**
- Process**
- Structure**
- Staffing/skills**
- Culture, and**
- Organizational systems**

Most companies work intensely with one or two of these, and miss the others.

*Taking dramatic steps to become agile is necessary to be a manufacturing or distribution contender in the next decade. Organizations must focus on moving information and products quickly through the entire supply chain, distribution, assembly, manufacture, and supply. All physical events must be enacted swiftly, accurately, and effectively. The faster that parts, information and decisions flow through an organization, the faster it can respond to customer needs and orders.*

The integrated change model provides a way to do it. It utilizes social and technical application tools. It emphasizes a continuous improvement approach, with high involvement of people. This exclusive management transformation program guides and facilitates you. It provides you with a master plan that takes you through the steps in systematically enacting radical change in your company. This broad approach covers all parts of the organization: marketing, manufacturing, engineering, accounting, etc. It encompasses the full service chain from customer through warehousing, distribution, assembly, production, and supply.

**The Integrated Change Model**



At the heart of the program is the integrated change model. Managing large scale change requires a comprehensive master plan as well as accountabilities for getting work accomplished. The integrated model provides that plus more. It's the shell of a master plan for reducing cycle times in your company. It consists of three dimensions.

**First Dimension: The Closed Loop**

Large scale change requires managing in phases or stages to control the effort. The first dimension consists of four stages, looped as a continuous process: diagnosis, action planning, building capabilities, and performance results.

**Stage 1**, diagnostic action, is preparation and discovery. You begin with awareness raising and data gathering to discover problems and build a case for change.

**Stage 2**, action planning, guides you in the development of a vision, processes, structure and a master plan with executable steps.

**Stage 3**, building capabilities, guides you in implementing the master plan through team building and high involvement activity.





*Winners never give up. Mistakes are learned from, techniques are mastered, skills are honed, weaknesses are strengthened, barriers are overcome, and the athlete becomes a relentless competitor. A vision of crossing the finish line in first place drives the athlete until the sweet smell of success is realized.*

**Stage 4**, performance results, guides you in measuring the results of the plan to close the loop. The loop is a continuous process that returns to stage 1.

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### **Second Dimension: Six Keyholes**

The second dimension consists of six keyholes: strategy, process, structure, staffing/skills, culture, and organizational systems. Working through the strategy keyhole, you build a fast cycle company vision that provides direction. You develop a new plan for the firm, then align divisions, departments, work groups, jobs, and resources with the new strategic direction. You define where you want to be in terms of market share, people issues, profit, product lines, etc., by setting goals in terms of specific outcomes.

In the process keyhole you define new methods of converting materials and data into products and services. The focus in this keyhole is the reduction of cycle times using state-of-the-art innovative methods and techniques. You revise production methods, work flow, and equipment. You simplify flow, integrate processes, reduce set-ups, and use automation. You remove delays and interruptions in the factory and office and reduce overall throughput time.

Through the structure keyhole, you design the logical and physical architecture to support the new direction. You define how you can physically or logically organize to produce fast cycle products or services. You revise the way your organization is designed and define relationships between groups. You revise job structures and determine where power is allocated. You specify rules, procedures, and policies to control operations and direct organizational behavior.

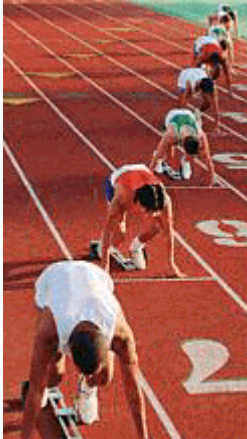
Using the staffing/skills keyhole, you define the mix and quality of human resources required to develop a fast cycle company. You determine the skills needed to cope with complex problems. You define the mechanisms for selecting, training and developing employees.

Working through the culture keyhole, you facilitate the measuring of climate, organizational behavior, attitudes, and management style. You define the character of the organization, and the new norms, values and beliefs that drive behavior. You devise the new principles that guide human actions for the fast cycle company and cascade them throughout the organization.

The organizational systems keyhole defines performance measurements and rewards. In this segment you close the loop, sanctioning the new culture, and you devise new rewards for cooperative efforts and new behavior. You reward adherence to new principles and achievement of new objectives. This program links the six keyholes into a cohesive approach to managing change.

### **Third Dimension: Levels of Focus**

The third dimension consists of three levels of focus for change strategy: organization, group and individual. They are used in the four stages and must all be addressed for organizational effectiveness. They include responsibility and accountability. Using team building techniques, you facilitate the process of diagnosis at each level, and develop technical and organizational strategies. Using high involvement, you transform them into executable and measurable short-term actions. This is the way work gets accomplished.



You develop concise objectives for all managers that focus on cycle time reduction. Each manager has a short range action plan for which he or she is accountable. You measure the successes and link them with the performance system.

### Summary

The integrated change model provides a comprehensive methodology for large scale change and implementation of time-based strategy. It gives you the means of becoming world class, and provides a new approach to competing in the 21st century.

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*Why is this important? Competing is taking on tough, new proportions. A global resegmentation of markets is emerging that is changing the world economy. U.S. manufacturers face stiff offshore competition in most markets. Companies failing to respond to the challenge will find themselves left behind eating someone else's dust.*

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### Author

Richard G. Ligus is President of Rockford Consulting Group, Ltd., located in Rockford, IL., with over 30 years experience in manufacturing, procurement, transportation and distribution. He specializes in developing and implementing manufacturing, distribution, and supply chain strategies. Rich is an author and a speaker, and has developed seminars with the American Management Association. He is certified by both the Institute of Management Consultants and the National Bureau of Certified Consultants.



Rich has a bachelor of science degree in mechanical engineering from the New Jersey Institute of Technology, and a master of business administration degree from Rutgers University. He is a member of CASA/SME, and has been listed in Jane's Who's Who in Aviation and Aerospace. He has been a speaker at IMTS, USCTI, APFA, NEPMA, MCAA, Hand Tools Institute, CASA/SME, and others. He has appeared several times on WREX-TV, Mid-Morning Magazine.

### About Us

*Rockford Consulting Group* is located in Rockford, IL, a city with a substantial manufacturing and machine tool history. An Illinois corporation, our company specializes in supply chain management, focusing in manufacturing and distribution operations management consulting. As companies search for ways to react to intense competitive pressures, we offer a unique group of integrated, dynamic state-of-the-art services to help clients develop world-class performance capability.





*World-class performance requires speed, quality, agility, and endurance. In a highly competitive race for world market domination, there are no silver or bronze medals. You win or you lose. This degree of performance doesn't simply happen. It requires years of commitment, conditioning, and a vision of a gold medal.*

We facilitate the development and execution of supply chain, manufacturing, procurement, logistics, information systems, distribution, and organizational strategies that reduce delivery time, reduce cycle times, reduce costs, streamline information flow, streamline the organization structure, reduce manufacturing time, quicken the decision making process, and build a cohesive management team.

*Rockford Consulting Group* has a cadre of the best consultants in the world today, providing high quality professionalism through the use of experience and innovation. We subscribe to the Institute of Management Consultants Code of Professional Conduct. We provide high-quality professional consulting services that span both technical and cultural issues. Our clients are treated as our highest priority. Everything that we do is client driven and for the client's ultimate benefit

Through our affiliate offices, we serve North America, Central America, South America, Middle East, Southern Africa, and China, with over 1000 specialists worldwide.

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- Supply Chain Evaluation
- Supply Chain Modeling/Simulation
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- Distribution Channel Design/Simulation
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