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NEW APPROACHES FOR LARGE SCALE CHANGE

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New Approaches for Large-Scale Change



Broad change is a daunting prospect for today's large, globally distributed organizations. Many change-management practices that might work in smaller organizations simply aren't effective.

As the drive to enter new markets and access new resources worldwide accelerates, operating on a global scale has become imperative for many industries. The result: larger and more complex organizations than ever before, with operations that depend on tens of thousands of people working together around the globe.

This level of complexity makes it especially challenging to manage the adoption of capabilities needed to drive future performance. In these companies, implementation of new performance-enhancing practices requires change on an unprecedented scale.

However, real change—change that sticks—requires more than a dictate from the CEO. Three best and enabling practices follow.

Put Front-Line Managers in the Driver's Seat

Companies that have had the greatest success with effecting lasting change have found that a mix of management “push” and business “pull” becomes critically effective. Senior management provides direction by setting the operational objectives that support the strategy. Guided by these objectives, expert teams define the best practices the operational units and teams are to deploy. The managers who lead these units are accountable for making change happen in their respective areas, with milestones set by the CEO.

Take the example of ALSTOM Transport. A leading producer of rail systems, ALSTOM had determined that it needed to launch a major change initiative with over 800 teams located across 60 sites worldwide to improve customer project cost, quality, and delivery performance and to speed time-to-market. “We needed to define standard processes in product development and customer project delivery to achieve industry leadership,” explained Bernard Gonnet, ALSTOM Transport senior vice president and project champion. “This required keeping a tight link between the target standards and the needs of the operational teams—that is, the design, sourcing, manufacturing, and project teams. I visited all the sites where our operational teams are located to find out what issues they were dealing with. I then discussed these issues with the expert teams designing our processes. This loop ensured that the changes that were proposed were acceptable to our operational teams.”

Use Capability Metrics

What metrics should you use to drive change on a large scale? If your company is like most, it has a large array of operational metrics like on-time delivery and R&D productivity. But will they drive the size of change you need to make?

Best performers identify key capability metrics and use them to set objectives. Metrics such as level-of-best-practice adoption and process maturity can help determine whether the organization has acquired the knowledge, skills, and tools needed for sustainable performance. Since capabilities lead to operational performance, which in turn leads to business results,

managing to the capability goals is critical to realizing business results.

Few companies know the value of capability metrics better than mobile phone giant Nokia, which made major changes in its product development organization as part of an overall product creation renewal (PCR) initiative. These changes affected over 12,000 employees located across Europe, North America, and Asia.

According to Mikko Moilanen, vice president of product processes and head of the PCR program, Nokia went through a “results-driven” target-setting process that relied on operational metrics such as customer satisfaction, time-to-market, and R&D costs. The company also defined capability metrics and established criteria for their successful implementation. Setting non-negotiable targets at the beginning of the change was key. “We learned that before getting started on design and implementation, ensuring joint agreement on objectives between leaders and key stakeholders—no matter what it takes—is an excellent investment.”

Instill a Sense of Urgency

Leadership of front-line managers and capability metrics, however, can only take you so far. Unless every employee has a sense of urgency, large-scale change won't take effect. Milestones for performance improvement need to be turned into personal objectives. Operational and capability objectives setting for the senior leadership and for the managers of all operational teams create both top-down and bottom-up pressure to change.

Change at ALSTOM began with a boss who was convinced pressure was essential if the company wanted to reach its strategic goals.

“We put the whole organization under pressure by setting capability certification as an objective for all locations with a fixed end-date,” Gonnet noted. “This focused people’s minds and forced the operational units to make real changes in the way they were working. We maintained the pressure by setting objectives for the management team and making sure those objectives cascaded throughout the organization.”

Nokia followed a similar approach. “It took a while to internalize the measures and make them explicit and specific for each group,” Moilanen pointed out.

“But all business and horizontal groups set and shared their specific renewal targets within a given timeline. This was key to our success.”

Large-scale change can be a multi-year journey, but the final destination—sustainable capability and the market leadership that goes with it—are well worth the effort.

About ViP Global Enterprises, Inc.

ViP Global is a seasoned team and network of proven senior executives, entrepreneurs, investors, subject matter experts, and educational providers with proven experience in addressing the challenges facing high growth and troubled organizations. Through our practice areas we help organizations strengthen initiatives in Corporate Strategy, Procurement, Organizational Change, Product & Service Development, Sales & Marketing, and Operations Improvement.

ViP Global is a Change Management Service Provider which has been assisting clients with their restructuring, mergers & acquisitions, transformations, and organizational change issues for over 20 years.

Engagements may goal directed project management, assisting in the training and development of associates involved in change, and positioning the organization for a successful transition or transformation into a new business model.

ViP Global has successfully implemented change management strategies across the Fortune 500, Mid-Market, and smaller organizations desiring to minimize disruptions in the daily operation of delighting their customers. ViP introduces a variety of tools and practices for leadership, management, and the body of supporting associates faced with new and eminent change.

Contact Information

In order to best serve our clients, ViP Global provides flexible fee options for their consulting services. Clients often choose between contingency (gain sharing) based, fee for service, or a hybrid arrangement.

For more information about ViP Global, its business and team members, or to discuss a structured business arrangement, please contact us directly at 312.725.6095 or visit at www.vip-global.us

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