

CASE

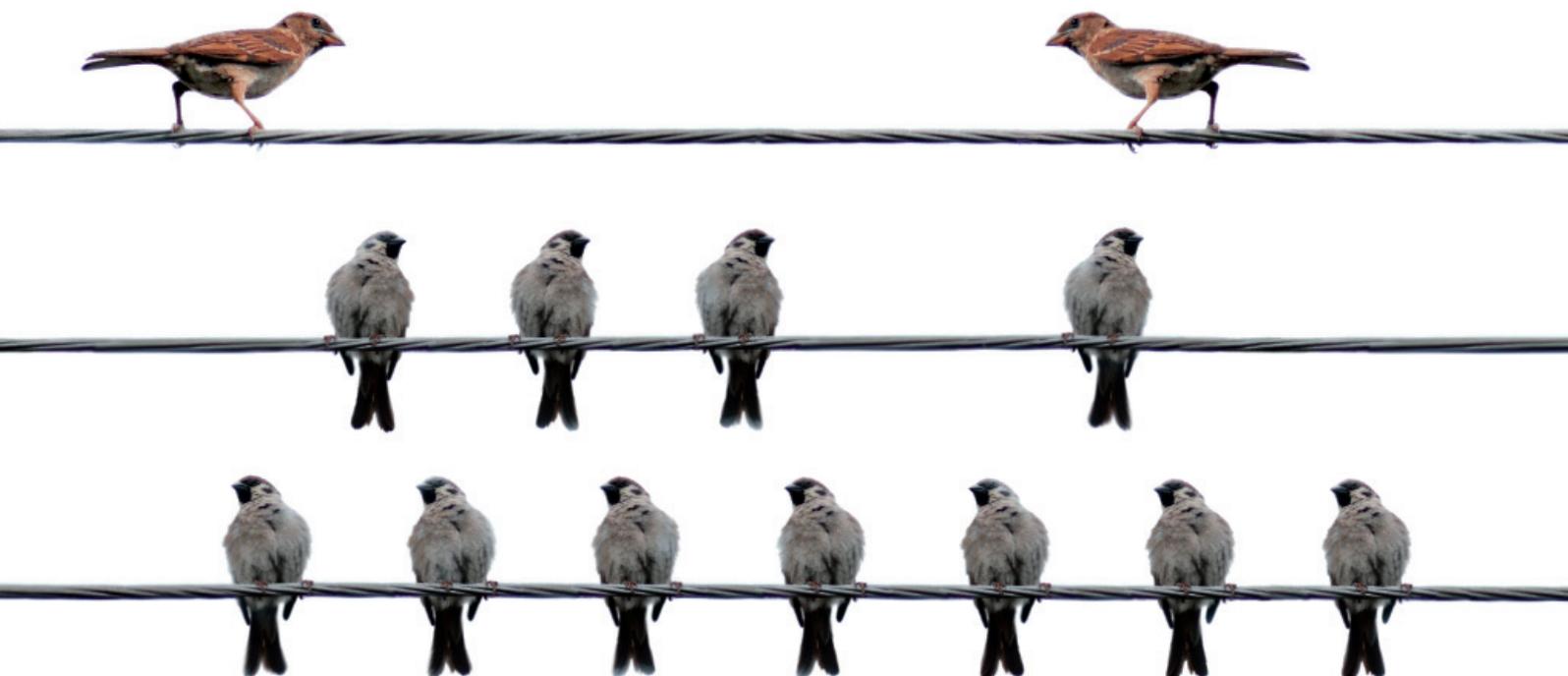
# Never change a running system?

Global manufacturing company

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Why change anything when business is running rather smoothly anyway? That was the big question for the local site of a multinational, family-owned business in Hungary. Employees found change a nuisance and even more so as the market did not necessitate transformation. But management knew if they left things just as they were, the competition would overtake them sooner rather than later.

by István Kosztolányi



The European management of a global manufacturing company wanted to increase its readiness for possible future changes and therefore set a three percent cost saving target. Change is usually quite slow in the still family-owned business; thus, they decided to start a Rapid Results initiative. The prerequisites for the Rapid Results method were seamless. The top management set clear objectives and wanted to achieve these with the current staff in a structured way. The role of the management team in a Rapid Results process is – besides setting clear goals – to emphasize sense-making, i. e. why these goals need to be implemented. The process focuses on practical solutions rather than long conceptual work. Its steps, resources, schedules and development stages are precisely planned and easy to monitor. Regular checkpoints offer the management a »safety net« and responsible leaders can intervene in time if necessary.

Since the plan and implementation actions are worked out by mid-management and key personnel, the level of engagement is high, while resistance to change is low. Participating employees have a feeling of »we did it ourselves;« thus, the results need less follow-up work to be sustained and everyday business will not reverse the results of the development.

The supporting consultants should have experience in the respective given organizational field and challenge the client system. We often separate the consultants' roles into process consulting (e. g. facilitation, group dynamics, change management, the »social« elements) and expert consulting (e. g. lean tools, controlling, process knowledge).

## Be prepared

The perception of the company's management and most of the employees was that the Hungarian subsidiary had gone through tremendous changes over the last five years: The local management team had changed. Most of the members were new and some of them came from other industries or companies with a different culture. Not only that; headquarters had changed its manufacturing strategy and demanded higher efficiency from the Hungarian site as a consequence of the crisis years. The management team saw a need to act in order to escape a possible downward spiral. For them, the way out was a three percent decrease in operational costs, which led to implementing a »management by objectives-culture« (MBO) and developing management capabilities. They decided

to introduce a new controlling structure and as a result, support the leaders of all functional areas. Ultimately, these measures should establish a cost-consciousness in all areas.

## Three months to change

In a three-month Rapid Results initiative, we set up a series of workshops to implement the changes. The first workshop was held for the management team. In this one-day meeting, the three percent direct cost decrease, the main organizational framework of the process and the management roles for the project itself were decided. This was followed by functional mini workshops with the key people of each function: three-to-four-hour discussions about the interpretation of the goals for each functional area and the preparation of a process roadmap. Additionally, face-to-face consultations supported the mid-management in their decisions. In a second half-day management workshop, the potentials found by the functional subteams, who had reviewed their own cost structures, were summarized, and people for the Rapid Results teams were appointed. Afterwards, bi-weekly »how-to« workshops were held. In these short sessions, the Rapid Results teams worked out ways to implement the cost reduction. The discussions were supported by an internal controlling expert, who helped to get a clear view of how any decision would influence costs. In another management team workshop, the planned actions were reviewed.

While the changes were being implemented, regular monitoring sessions supported the common understanding of the process and the next necessary steps. The results were presented in another half-day management team workshop. The managers could review the outcome and decided which steps they needed to take in order to maintain the results.

## Ready for the future

Through the initiative, a cultural change started. The employees' attitude changed from »this will not work« to »how do we go about it?« Plant and area managers felt greater responsibility for results and developed a clearer understanding of their P&L structure and logic. The Hungarian site achieved savings of 3.3 percent in direct production costs. After the successful pilot, participants of the Rapid Results initiative set even higher goals for the next improvement procedure. ●