

Building Agility Improvement Strategies

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Today it is fairly easy to hop in your car, turn on the ignition key, step on the gas and brake pedals alternatively while steering, and arrive at your destination. But before that was possible somebody had to invent and build engines, tires, roads, gas stations, combustion science, and a whole lot of other complicated stuff; and make sure that all the pieces and subsystems were compatible and functionally integrated. Well, a similar process of sub-system development has been occurring in the Agility world for the last few years, and is right now coming together with its first enterprise-wide test-drive at Remmele Engineering, a \$100 million Minnesota-based machining company with four divisions and five plants.

Steady readers of this column's past 20 essays have witnessed in real-time the emergence and evolution of tools and concepts for describing, analyzing, and measuring change proficiency - the underlying

"...what makes companies last forever, that's what Agility is all about..."

competency of an Agile enterprise. Now we can discuss the integration and validation of these sub-systems as we employ them to develop the first reference model for Agile enterprise. Remmele was chosen very carefully for its observable broad proficiencies at change, discovered when Sue Hartman (ex-Kodak business-line manager) led an Agility Forum Industry-Group through an analysis of production practices there. It is important to understand that Remmele exhibits more competency at broad change proficiency than any other company we have found.

The Maturity Model assumes that a progression through increasing stages of general competency will parallel a progression through specific competencies and characteristics. A major motivation for this test-drive at Remmele was to validate and refine this assumption, or correct it in the process.

The accompanying figure shows how the Change Proficiency Maturity Model (Jan 96) integrates most of the primary concepts discussed previously into an enterprise-wide profile of total competency. The radar chart employs the twenty-five Critical Business Practices (Jun 96) as the armature for analysis - an important validation experiment in this test-drive. The general progression of metric emphasis (Feb 96) was recognized before we went to Remmele; but the exercise revealed the key integrating relationship of specific change domain

(Apr 96) proficiencies to maturity stages - and further tied them to proactive and reactive capabilities.

The radar chart shown here may not reflect our final analysis of Remmele as the analysis work is still in process. Thus, some of the maturity stages shown here are still based on initial team intuition. In any event, it is clear to the team at this point that Remmele scores quite highly.

This company could be incorrectly characterized as one with few procedures, as they do not have a company procedures manual, as such; yet they clearly innovate, practice, evolve, and improve standard procedures on a solid consistent foundation of past practice. The nature of some procedures are captured in automated operating tools, like the quotation and cost estimation spreadsheets, the Program Manager's 24-hour customer-status-update spreadsheet, and the Quality Procedures data-base system. Most procedures and practices are simply understood by their objective, which provides direction, and the corporate culture, which provides discipline: you are held accountable for your decisions and methods by all employees, and must be prepared to display and justify them.

The company ideology maintains a pervasive understanding that objectives must be consistently satisfied with a continuously improving methodology - and that these evolving methodologies must be actively communicated. The practice itself is not an overt procedure, but rather an emergent phenomenon of the underlying ideology, guiding principles, and prosecution of the strategic policies. As a result, Remmele has pioneered many innovative practices in their industry, including: selling services internationally in an industry that generally services a local region only, employing a network of sales reps where the normal selling practice employs top management, providing a single "Program Manager" customer interface responsible for both profit and revenue rather than separate estimators and producers, implementing finite scheduling years ago when the concept was barely understood, implementing a simple form of ABC for job estimating and cost accounting before the concept was popularized, and now they are implementing a general framework of reconfigurable Quality Programs that meet customized requirements for individual customers.

Webster defines "ideology" as the body of ideas reflecting the social needs and aspirations of an individual, group, class, or culture. What is clear is that Remmele has a strong core ideology that is reflected in virtually every business practice we analyzed.

In a must-read book on what makes companies last forever (that's what Agility is all about), the authors of *Built To Last* say: "Companies seeking an 'empowered' or decentralized work environment should first and foremost impose a tight ideology, screen and indoctrinate people into that ideology, eject viruses, and give those who remain the tremendous sense of responsibility that comes with membership in an elite organization. It means getting the right actors on the stage, putting them in the right frame of mind, and then giving them the freedom to ad lib as they see fit. It means, in short, that cult-like tightness around an ideology actually *enables* a company to turn people loose to experiment, change, adapt, and – above all – to *act*". If you need proof of this concept, get the Remmele Reference Model in a few months from the Agility Forum.

The very soul of the corporation is directly focused on both leadership and viability in a fast-changing world:

- o Proactive Leadership - Press the technology and seek the latest where premium margins can be extracted; encourage a strong and constant self-learning culture; hire inquisitive, driven people.
- o Reactive Viability - Don't get financially leveraged at the bank; don't let any customer dominate you; don't let any market dominate you.

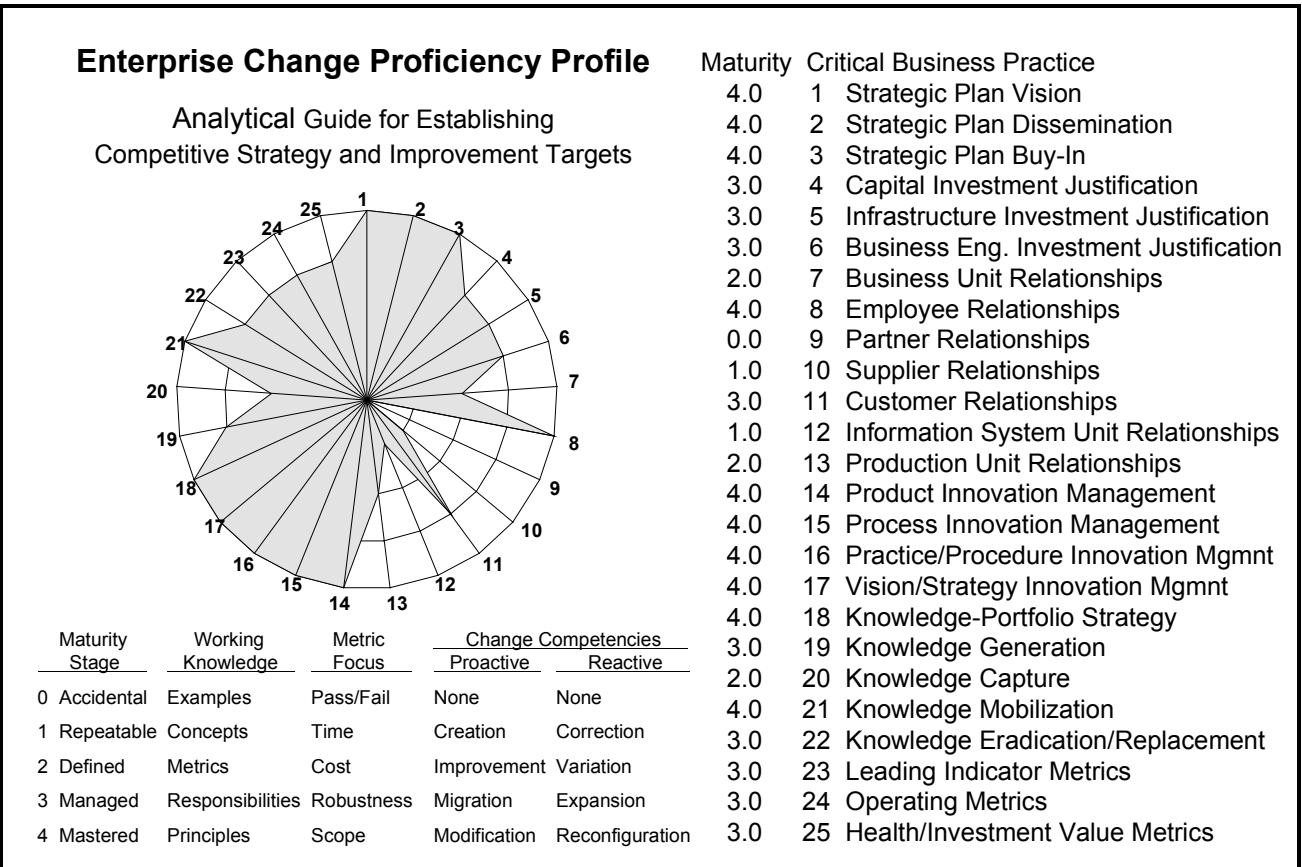
Some level of competency in the characteristics of stages 1 and 2 are required of virtually all companies today. On the proactive side, creation (e.g., product

change capabilities that are at the very focus of today's competitiveness. Likewise on the reactive side, correction (e.g., fixing/replacing broken resources) and variation (e.g., accommodating customer preferences) are equally at the entry-level for playing today's game.

The more advanced stages 3 and 4 are where preemptive competitive capabilities emerge. As yet, few companies have much to show in this rarefied area. Remmele's strong showing here undoubtedly owes a lot to their ideological belief and emphasis on continuous learning and constant change.

The Maturity Model is a profiling tool that can help build a business case, as well as an actionable prioritized improvement strategy, from any organizational perspective: corporate, division, plant, department, process.

The Remmele case is properly viewed as an alpha test. The beta test happens later this year when we employ the system in a series of focused workshops to profile entire industry sectors. It is not necessary to show Remmele as highly mature in all twenty-five practices to call them preemptively Agile; but to position Remmele competitively will require identifying the subset of practices that are critical in their sector today - a subject for our next discussion.



realization) and improvement (e.g., cost reduction) are