

Industry-Sector Change Proficiency

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“Don’t bother just to be better than your contemporaries or predecessors. Try to be better than yourself.” All fine and well, these words by William Faulkner quoted in Built to Last, but too much introspection and too little world-knowledge can put your head in that place where the sun don't shine. Only the singular best can afford to heed this advice - not the almost best. You do need to understand what's going on elsewhere and how you measure against it. The useful point of Faulkner's quote is to not use others as the benchmarks of what is possible - or you'll just play catch-up with them as they explore the frontier and move the fences.

Successful companies know the competitive issues in their business sector, and develop specific competencies that at least make them contenders if not leaders. All industry sectors have multiple competitive issues requiring competency at many business practices. It is unlikely that any one company, even the best company in an industry,

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will have the superior competency in all of the critical practices. We define critical practices as those which differentiate successful competition in an industry - thus,

practices that may be necessary for survival but have become a common focus within an industry are no longer on our critical list.

Change proficiency is a broad frontier today - one that is little understood, has few role models, and is not easily accommodated by most of today's companies and today's managers. Soft issues are the major stumbling block. The recent Business Week review of Michael Hammer's new book, Beyond Reengineering, applauds his old partner, Champy, who "renounced reengineering's overemphasis on impersonal process" two years ago; and then takes Hammer to task for his "unwillingness to address the human side of corporate change." Reengineering is about change, and people are the agents and implementers of change.

The touchy-feely camp think that they have the answers. At best they provide a counter balance to the equally

polarized dehumanized approach. Both of these directed approaches require energy and enforcement because they are unnatural. Unfortunately both approaches find strong appreciation and resonance among small groups of influential management, and the rest of us deal with their unnatural act or find employment elsewhere.

The Agile Enterprise Reference Model and its armature of 25 critical business practices discussed in previous essays addresses underlying causal enablers for change proficiency - it looks for natural, systemic, self organizing, free market economy forces that can create and nurture emergent business practices that evolve in synch with the business environment.

Good examples today: GE, Motorola, Texas Instruments, 3M, Microsoft, Remmele Engineering. They all have human-relationship systems that nurture an internal society of people on a mission - people interested in what they do, why they do it, and how they do it. That doesn't mean they are unbeatable. There are other practices that are deterministically important as well - though in these companies most other practices will benefit from the underlying commitment of the people to make them work.

None of these corporate systems are perfect, however, anymore than any of the free market economies managed by governments: MITI fools around with Japan's free market, and the USA subsidizes farms and creates whole technology industries with defense investments. Outside of Adam Smith's dreams and Ayn Rand's fiction a pure free market economy is hard to find.

So what does all of this have to do with modeling industry-sector maturity? Two key things: 1) important practices and the change-issues within them are generally not the surface-visible ones that we deal with every day, and 2) no one company has understood, let alone mastered, all the critical business practices in its industry sector.

Here's an issue that surfaced in the critical business practice we call Production Equipment Relationships: In the automotive sector, more equipment is entering the factory with higher technology at shorter intervals than ever before. Result: nobody gets enough training anymore to deal with repair and operation. Beyond the head-in-the-

Simple Proforma Example: Change-Proficiency Maturity Stages in Machining Industry

Stages	General Maturity-Stage Characteristics	Example: Maintaining Skilled Human Resources
0: Accidental	Stumble through change, with recognition but no awareness.	Hire what's available, and hope they work out.
1: Repeatable	A set of rules for achieving change become understood.	Common hiring ritual to obtain new skills.
2: Defined	Rules broadened and performance metrics put in place.	Knowledge-based recruitment screening and testing.
3: Managed	Objectives clarified, rules refined, accountability in place.	Individualized employee development program.
4: Mastered	No longer rule based - principles guide action.	Environment enables/encourages self development.

sand responses, we see the allocation of more training time, hiring smarter people, and even elimination of automation in favor of more people.

How about dealing with the real problem: tell your equipment vendors that within five years you will not purchase any equipment unless it can be maintained with less than 15 minutes of training and operated with less than 5 minutes of training - then give them some examples of how this might be achieved - and tell them that each purchase hereafter will evaluate the training requirements as part of the selection process.

Does your industry care about this issue now? For some the answer is "No". But if you're in autos you better look at these numbers very seriously - Japan has already backed away from automation because it can't keep its machines running, and US manufacturers are simply shirking their training requirements and screaming louder at equipment vendors for a situation they have created (buy low and pay for what you get forever).

Why do you think those new plants don't come on stream on schedule? The equipment doesn't work and nobody knows why or how to fix it! Lots of cussing and spit and bailing wire later we see a de-rated plant that is proudly proclaimed as late but wonderful; and then we hear "We learned from the experience." Just exactly what is it we learned? We'll never use those vendors or that design again? We'll assign different people in a different approach to the next plant conversion? All pushing at pimples and symptoms - nobody's looking at the disease.

Equipment should be self diagnosing and able to foresee problems before they occur - not because this is the way it ought to be in some ideal world - but because this is the way some folks are actually already doing it. It can be done. Vendor experts should be able to place a phone call to the equipment and diagnose it with awesome expertise at hand. When anything other than module swap is required, a local untrained person should be guided through rare fix-it activity while online visually and audibly with vendor expertise and vast knowledge bases. But that's not the subject of this column.

What are the key competitive change proficiency issues in your industry? They are not likely to be the same as the ones in another industry. How do you stack up against today's issues in your industry? If magic equipment maintenance or instant new-equipment mastery is not

accomplished by anyone else in your industry, or if production equipment failure is not a significant factor in costs and productivity, then don't worry about it. But if either of these is true and you are not actively embarked upon a path toward graduate wizardry, then we're back to where the sun don't shine.

The industry sector modeling projects (call us for participation) starting this fall and next year will:

- 1) Identify sector-critical business practices.
- 2) Identify key change issues in each practice.
- 3) Identify defining capabilities of maturity stages.
- 4) Build a comprehensive Change Proficiency Maturity Model for the 10-or-so critical business practices of current focus in the industry sector.

Each sector project will have a modeling team of qualified participants from 5-7 companies in an industry - to provide breadth without becoming unwieldy. With group-ware tools and a structured analysis approach, one week in full-team workshop can knock off item 1 and scope out item 2. Then individual one-week workshops at each of the participant's operating sites examines three to five high competency practices, and collectively knocks off item 2 while scoping out item 3. A final full-team one-week workshop deals with the findings to knock off item 3 and build a complete model of all practices. Sensitivity about proprietary capabilities is mitigated by using neutral facilitator-analysts to guide the individual participant-specific workshops - and to filter the data for the final full-team workshop for form rather than content.

So maybe in your sector the model will show that equipment up-time is a problem, but nobody is focused on it strategically as yet. This puts it in the category of future focus as opposed to current. And that means it is an opportunity for innovative leadership and immediate disproportionate advantage.

Simple Proforma Example: Key Human-Relationship Change-Issues in Machining Industry	
Proactive Change Proficiency Issues	
Creation	Obtaining top quality people; and creating a sense of team, ownership, and responsibility.
Augmentation	Improving personnel skills.
Migration	Workforce diversity; top management succession.
Modification	Gaining new skills; guarding against insularity.
Reactive Change Proficiency Issues	
Correction	Correcting mismatches between people and their tasks.
Variation	Filling critical slots when a key employee is absent.
Expansion	Finding more high-quality machinists; handling surge requirements.
Reconfiguration	Reassigning tasks and responsibilities to meet special needs.

Paradigm Shift International is an enterprise research and guidance firm focused on Agile operations and competitiveness. Its current focus is on customized industry- and corporate-specific Change Proficiency Maturity Models. Inquire at 505-586-1536 for participation.