

## COMING OF AGE

### LEARNING FROM PAST TRANSFORMATION INITIATIVES

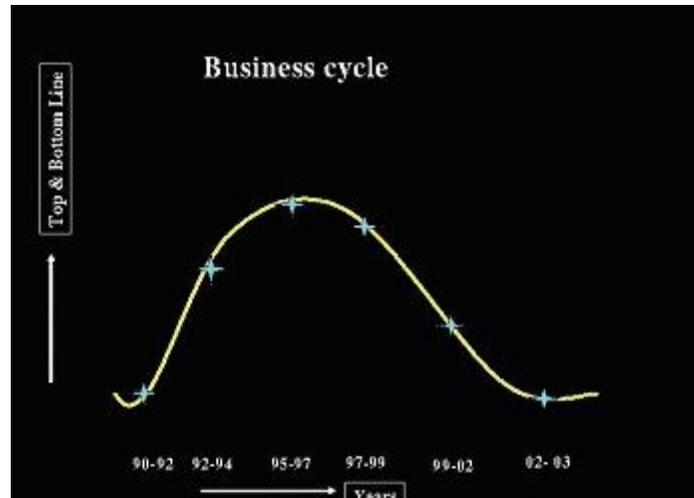
*By S V Sukumar*

Thanks to Globalization, Reforms, Technological Development, New Products innovation, and changing Customer Preferences and Buying Behaviour, organizations are facing newer challenges year after year. The internal pressures of efficiency, external pressure from competition and customers are driving organizations to look for ways and means of achieving growth and profitability. Many organizations, all over the world, have embraced many change initiatives that they thought fit in the past. Clearly, though some of them are still relevant, quite a few of them are not.

Gearing up an organization to meet the challenges of today's competitive environment isn't going to be easy. It may not be too difficult for any one to realize that the Change Initiatives, organizations imbibed in the past are insufficient, given the current environment. Not only are the Change objectives going to be different, but also the Change strategies. It is therefore, obvious that the transformation process and methodologies will have to be thoroughly thought out to suit the new scenario.

What better inputs could there be, for the think tanks of the corporate world than learning from their rich experiences? It would be a real tragedy if the leaders or the champions of Transformation Management do not learn from their successes and failures. It is essential that they leverage their rich experience consciously, while crafting their Change Strategy for the future.

For a greater part of the last decade "Change is the only constant and everything will change" was the platform on which most organizations launched their Transformation process. Although the journey yielded benefits, it also highlighted the inadequacies in their approach. In fact, in retrospect, 'reactive' is the only way to describe the Change Initiative response of the corporate world to environmental pressure. If one looks at the performances of most of the corporates of the developed and emerging economies in the past 12 to 15 years, one can clearly notice that both Top and Bottom lines have travelled from the low to high, and back to low, or the other way around, thus completing almost one full cycle. However, one should discount a few select companies or sectors, which are in the infant stage for the purpose of this analysis. However, wisdom seems to have dawned, with the business cycle completing a full circle.



Historically, the Economy, Market, Customer and Profit are the four factors that have determined organization's response to challenges. An analysis of the different ways in which organizations have handled Change & Transformation over the past 10 to 15 years provide a fertile learning ground with lessons that could impact the way we prepare for the foreseeable future.

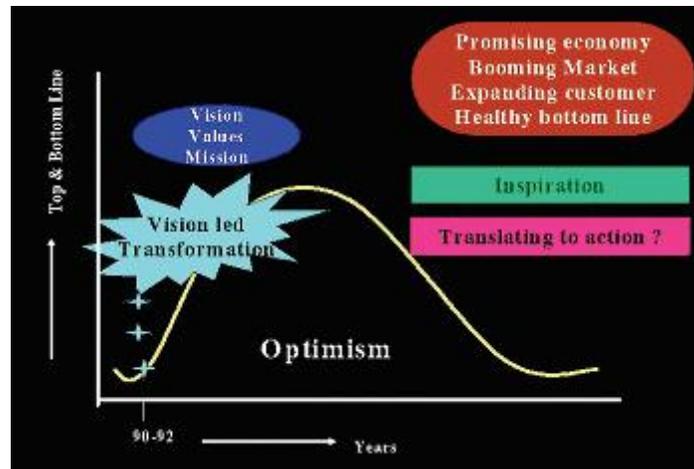
In this period, the business performance of various industries as a whole, with a few exceptions, seemed to have followed a pattern.

On the basis of this pattern, one could divide this period into five distinct eras -

1. Optimism
2. Excitement
3. Realities
4. Apprehension
5. Desperation

### The Era of Optimism

The 1990's were easily the most significant period of the decade, in more ways than one. The economic and political crises, many developed and emerging economies experienced, eventually led to the beginning of the inevitable economic liberalization process. For the first time, captains of industry really considered globalization as an opportunity. The industry perceived a promising future and the market was booming. The customer base was expanding and companies' bottom lines were impressive. Optimism was in the air.



### Vision led Transformation

CEOs and owners were fascinated by the gold mine of opportunities. Suddenly, the sky was the limit. Captains of industry were convinced that they should articulate their long-term desire. Consequently, the top management of big, medium and small corporates all over the country undertook a host of exercises. They churned their ideas and collective perspective to give shape to their desires or dreams for the future of the company. We saw Vision & Mission statements in their receptions lobbies and their product brochures.

### Impact

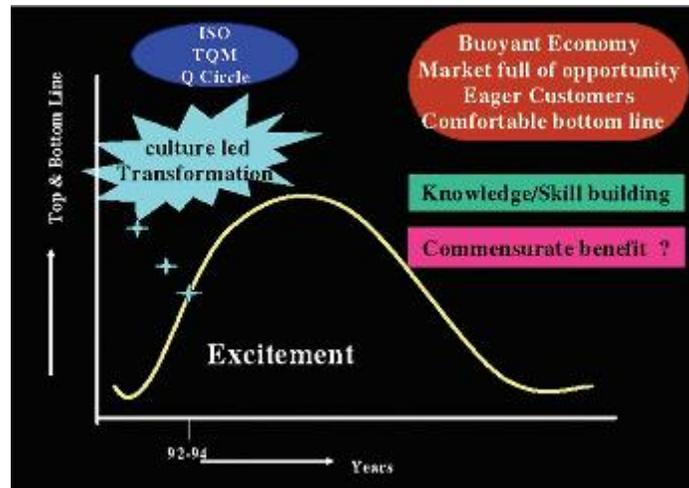
The positive impact of this was the inspirational effect, it had on employees. They started thinking BIG, perhaps for the first time. What did not happen, was the follow up action. The “vision and mission” remained on paper. There seemed to be no attempt to steer the organization towards translating the vision to reality. The result: skepticism..

### Learning from the Era of Optimism

It is essential for an organization to have a clear vision as it drives people towards achieving higher goals. It is equally essential that the Strategic Goals are re-examined for their relevance to the shared vision and policies are evaluated for their fit with the values defined by the organization.

### The Era of Excitement

The years 1992 - 94 witnessed incomparable economic buoyancy in most developed and emerging markets. The market was full of opportunities, as customers were eager to buy everything that came into the market. This showed in the healthy bottom lines of manufacturers.



### Culture led Transformation

The industry leaders were quick to understand that the best way to cash-in on these opportunities was to energize their employees to perform to their full potential. This meant changing their attitudes and building skills to help them accomplish more. There was a sudden spurt in training programs on Total Quality Management, ISO 9000, Quality circles etc. involving employees at all levels across functions.

### Impact

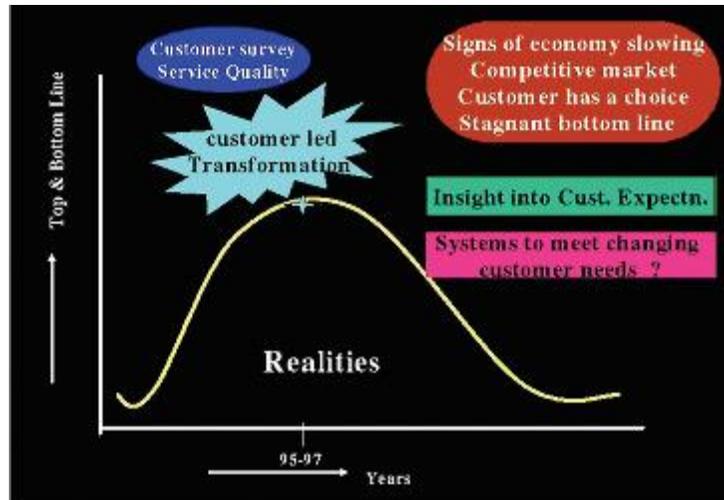
The impact was indeed positive, as the changed orientation made employees realize the importance of learning and skill up-gradation to keep pace with the industry. However, one was not sure if the changed mindset and increased skills were properly channelled to give significant tangible benefits commensurate with the invested effort.

### Learning from the Era of Excitement

It is possible to unearth hidden talent in the organization and to motivate employees to see the bigger picture. There is no alternative to the continuous up-gradation of the knowledge and skill levels of employees. However, training should have a purpose and focus, if the added skills and knowledge are not to be wasted.

### Era of the Realities

The years 1995 -97 were the years of realities. Available opportunities attracted more national and multinational players into the markets, making them truly competitive. For the first time, customers really had a choice in most markets. Producers finally realized that they didn't just have to sell goods but market them as well. Most organizations understood that market success depended on providing solutions to customer needs / problems rather than merely selling the product. Stagnating bottom lines were a clear indication of what the future had in store for the industry.



## Customer led Transformation

The organization witnessed, perhaps for the first time, the marketing team becoming the true custodian of the customers. One could see the effect of their vociferous voice for improved Quality, Reduced Cost, Increased flexibility etc. There was a rush to get customer surveys done to drive their point home. Service Quality was the newfound topic of discussion in all management forums.

## Impact

Customer expectations became an overriding priority for the organization. People learnt to respect the customers' views; understood how easy it was to lose a customer. New product introduction and continuous improvement in product features became organizational strategies. However, not many organizations could pull their acts together, and convert their intentions into action.

## Learning from the Era of Realities

It is clear that customer satisfaction is a dynamic phenomenon; its periodic measurement should be an institutionalized process. It is also essential to revisit systems and procedures frequently; more importantly, decision-making authorities should align with customer demand instead of following their own agenda.

## The Era of Apprehension

1997 - 99 saw the clear sign of an economic slow down. The expanded capacities created by existing and new entrants, expecting growth in demand, resulted in a heated market place. Customers seized the opportunity and became very demanding. This resulted in shrinking bottom lines.



## Strategy led Transformation

Having been caught on the wrong foot and seeing their calculations going haywire, the role of corporate planners became unenviable. Questions from all quarters about their assumptions, predictions, their relative strengths and weaknesses forced most organizations to rethink their Strategy decisions. Consultants were called in to help organizations with Strategic Analysis. Predictably, organizations introspected and tried to understand the key success factors in the industry, their own core competencies and then the gap or mismatch. Demoralizing and difficult decisions such as right sizing and restructuring became the order of the day.

## Impact

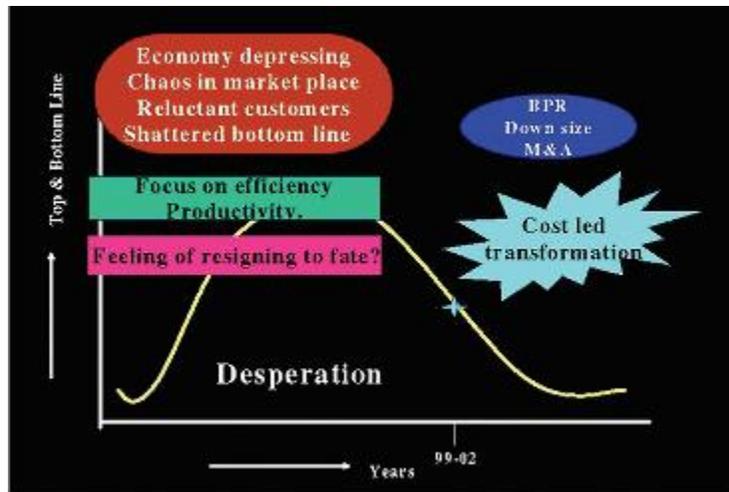
The biggest gain for the corporates was that they finally understood the usefulness of Strategic Planning. The top leadership realized the inadequacy of their decision making process; learnt that their role is actually to assess uncertainties and take calculated risks to be winners in the industry. Almost every organization realized the need for a constant review of their Strategic Decision making process and taking timely decisions, however uncomfortable they might be emotionally. They also realized that deployment of Strategy is as important, if not more, as crafting a right strategy.

## Learning from the Era of Apprehension

Strategic planning and analysis is no longer a luxury or an intellectual exercise but a business compulsion. It is critical to deploy the Strategic decision. The process of deployment decides the success or failure of the decision.

## The Era of Desperation

The era of desperation saw economic indicators touching a new low. There was chaos in the market place, with customers preferring to delay their purchases. The result: organizations grappled with shattered bottom lines.



### Cost led Transformation

Every organization did what it thought was under its control. There was a clear message to everyone to follow austerity measures and predictably, employee related costs were the first on the casualty list. One saw a host of mergers and acquisitions, down sizing through Voluntary Retirement Schemes and Business Process Reengineering exercises to boost efficiency as ways to keep costs under control.

### Impact

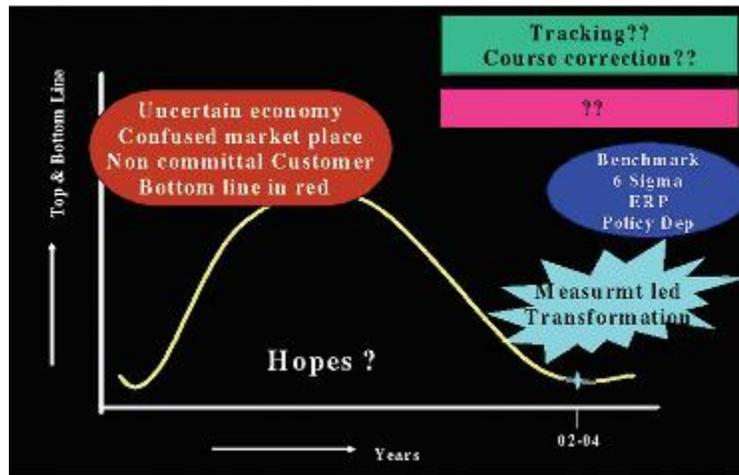
There was widespread agreement on the need to significantly improve efficiency levels and though they rose, they were not to the level desired. On the flip side, there was an air of resigning to fate even at the top management levels.

### Learning from the Era of Desperation

It is better to keep calibrating the efficiency parameter at all times and not only during down turn. Managing the cost cutting exercise without affecting morale is an art and vital for preparing the organization for better times.

### The Era of Hope

An uncertain economy and non-committal customers would lead one to believe that economic indicators can only rise after bottoming out. With only the fittest players surviving, products can be sold at reasonable prices and still make a profit. In short, there is hope that things will improve. Many bold and perhaps reform decisions by Governments helped in reviving the market and sentiments of most economies.



### Measurement led Transformation

It is certain that organizations will attempt transformation led by measurements so that they do not repeat their earlier mistakes. People are already doing or talking about ERP, Balance Score card, Hoshin Planning, Six Sigma etc, all of which stress the importance of measurement and course correction.

It is difficult to say what organizations will learn from these methods of transformation. However, one thing is certain and that is: measurements will have to be holistic, taking into consideration all stakeholders' expectations. In fact, measurements should address the efficiency and effectiveness of the process parameter to achieve better Top and Bottom lines rather than measuring just the Top or Bottom line.

### Conclusion

Tough times lie ahead for Change managers as they try to change the mindset of people who can relate only with Top and Bottom lines. However, if they leverage the learning from the last decade it will be difficult, but not impossible, for them to achieve their task. The new age organization, with significant experience and insights gathered from the past, will then look forward to new vistas, with renewed hope.

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