

# Who is the Agilest of Them All ?

By Rick Dove, Paradigm Shift International, e-mail: dove@well.com, 505-586-1536, Senior Fellow, Agility Forum

Yea, tho I walk through the valley of the shadow of death I will fear no evil, for I am the Agilest company in the valley. Christians will recognize this as a take-off on an old joke parodying the 23rd Psalm - Netscape and Sun might recognize this as a take-off on a non-joke parodying the recent rabbit-out-of-a-hat Microsoft Internet strategy. To those silicon valley companies this is not a joke, but testament to the ability of a not-from-the-valley billion-dollar company to turn on a dime.

Bill Gates has clearly responded to a market demand created by Sun's Java and Netscape's browser. And since this was a major strategic about-face, not just a simple feature or option addition to Windows, there were many in the press who gleefully pronounced this as a humbling follow-rather-than-lead comeuppance. Yes - Bill Gates did a complete about face on a vision and strategy that he had championed throughout his company. But listen

**“When it's time to go against the grain; denial is slow death at best.”**

change had occurred in the markets that they served, and that it was time for them to follow rather than lead - at least for a little while. Sort of like being followed by a heard of stampeding buffalo. Do his people think he's lost it - twitching about with new directions of the day? Hardly.

Warren Buffett, another one of the world's richest people, and friend to Gates, is distinguished uniquely as having amassed his fortune by investing in corporate stocks. One of his important investment tenets, excellently described in *The Warren Buffett Way* by Robert Hagstrom, is to stay away from companies that are involved in major change. He doesn't really mean this, of course - what he means is to stay away from companies that don't know how to weather change as a non-event. Something Microsoft has just demonstrated masterfully.

Another one of Buffet's tenets is to favor companies with managers that demonstrate an ability to avoid the "institutional imperative" - that is - they

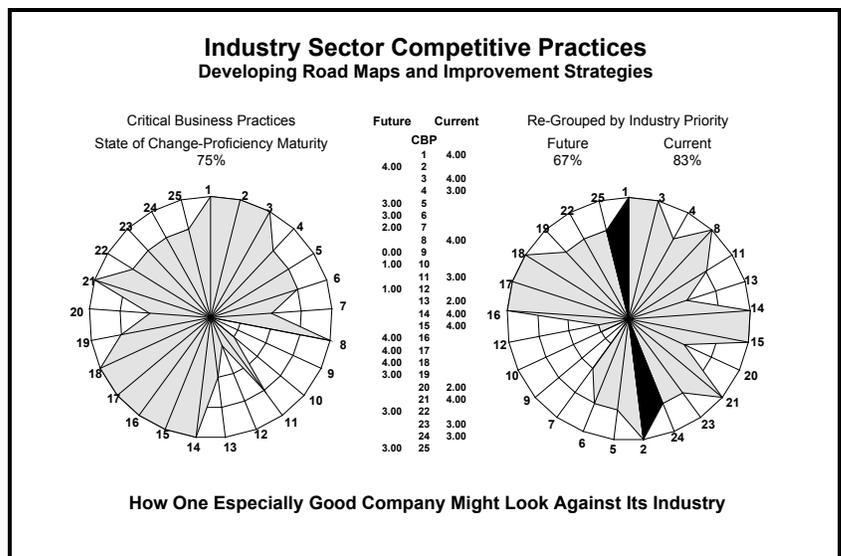
closely and you will hear no time wasted on mea culpa. No guilt or apologies for yanking the company into something completely different. No - what he did was simply recognize that a major

don't blindly follow beliefs and strategies just because the thoughts have become institutionalized in their industry or in their own minds - when it's time to go against the grain - whether its a prevailing thought or your own thought - denial is slow death at best.

Of course simply deciding to do something different at the top is a long way from getting a massive company to buy-in to that process and actually do something different. Microsoft will have accomplished this feat in less than a year. And it is a mistake to think that it is easy for them just because their products are bits and bytes floating in the ether and not machines and metal on the shop floor. Redesign and retooling takes big time and big bucks for them, too. The important difference is in the corporate buy-in process. Fast, total buy-in won't happen anywhere if a company doesn't have an effective buy-in practice.

In last month's column we introduced the use of a Change Proficiency Maturity Model to develop competency profiles for twenty-five different critical business practices within a company. One of those business practices is "Strategic Plan Buy-in." The framework of twenty-five practices was developed as a generic, non-sector specific, listing across industries. In any specific industry-sector some of these practices are the battleground for competitive position while others are still uncommonly employed. And the mix is different in different industry sectors.

For Microsoft and others in their industry, the practice that routinely achieves strategic plan buy-in appears to be a basic competitive requirement for everyone. In other industries, like metal parts machining for instance, the common requirement for competency at this practice may



still be in the future. Of course, a machining company with unique and decided competency at total and rapid buy-in can differentiate itself from all others quite advantageously.

The accompanying excerpt from the Agile Enterprise Reference Model shows the synopsis description of this buy-in process at Remmele Engineering - a machining services company. As a synopsis it doesn't include the back-up detail and implementation examples available in the full report soon to be released by the Agility Forum; but it does show the important issues addressed by the practice, and an awesome degree of competency.

Exactly what this competency means to Remmele in its industry sector is a relative question. At this point we have not yet done a sector-wide analysis, but we are in the process of gathering and averaging opinions in the industry about which practices are commonly recognized already in the industry and which are still uncommon. The accompanying figure with the pair of radar charts suggests how these two practice classes can characterize a company's competitive strengths in current and future areas of import. Keep in mind that competency at "future" differentiating advantages generally translates into preemptive advantage today - something borne out by Remmele's uncommon performance.

The Change Proficiency Maturity Model identifies the important change issues first, then asks how they are addressed, and then provides a method for gauging competency. As a stand-alone assessment this can be extremely enlightening, and help an organization establish improvement strategies; but in conjunction with an industry-sector Maturity Model, a company can develop an optimal road map for improvement. More on this next time.

### Agile Enterprise Reference Model

#### \$100 Million USA Machining Company - Four Divisions

**CBP #3: Strategic Plan Buy-In** - The process of gaining a sense of ownership and commitment to an organization's vision and strategies by the members of the organization. Generally applicable Agility issues include the depth as well as the breadth of commitment and understanding throughout the organization; the accommodation of substantive changes in the implications of commitment when appropriate; and the ability to bring new membership in the organization to an equal sense of ownership quickly.

The foundation of the buy-in process at Remmele is the corporate ideology and its emphasis on accountable empowerment, open communication and trust, and the strong sense of family-team that pervades the organization. Within this framework the employees, their personal rewards, and the implications of strategic concepts determine local and personal operating modes.

Proactive Change Issues	
<b>Creation</b>	• Creating a sense of ownership and commitment to the vision.
<b>Augmentation (Improvement)</b>	• Improving people's ability to understand & implement the vision & strategy.
<b>Migration</b>	• Early understanding and dissemination of the need for major strategy change.
<b>Modification</b>	• Encourage innovative self-directed vision and strategy fulfillment.
Reactive Change Issues	
<b>Correction</b>	• Helping people who have difficulty accepting responsibility & commitment.
<b>Variation</b>	• Encouraging different interpretations at different plants to fit situations.
<b>Expansion</b>	• Gaining ownership among new employees quickly.
<b>Reconfiguration</b>	• Moving people to/from different operating modes and incentive programs.

The diagram illustrates the flow from Practice Definition and Framework & Modules to Change Issues (Proactive and Reactive). These issues feed into the Maturity Model, which includes Knowledge-Base, Metric Focus, and Competencies (Proactive and Reactive). A central box indicates that 2-4 pages of observed response abilities and methods are provided for each of 25 Critical Business Practices (CBPs). Arrows labeled 'See Above' and 'See Below' indicate the relationships between these components.

#### Change Proficiency Maturity - Strategic Plan Buy-In

##### Mastered Stage (4) for Both Proactive and Reactive Change Proficiency

**Principles Knowledge Base:** Remmele's Strategic Policies contribute explicitly: "In the interest of enhancing the psychological ownership of our business by all employees we will continue to (1) involve people in the process of making decisions which affect them, (2) provide for decision making and problem solving at the most appropriate level, (3) encourage risk taking, and (4) empower employees with the freedom and authority to make the decisions necessary for effective job performance."

**Scope Metric Focus:** Time and cost of securing buy-in for corporate and divisional objectives is not a concern, as the corporate ideology responsible for most of this "practice" is virtually invisible - it just happens. Robustness is a non-issue for the same reason: ideological drivers ensure that responsible ownership is the stable state of the operating environment. Emphasis is now placed on broadening the involvement of employees in the decisions that affect them, and helping them develop the personal skills that they need in order to take on increased responsibility.

<p><b>Proactive Modification Competency:</b> Innovative contributions to the operating modes that satisfy strategic plans and vision occur as a matter of course, with employees exercising pre-screened skills and fulfilling expectations of their relationship to the organization. For instance, the station operators are the process innovators in the mature cells at the Production Machining Division (Plant 30). In another plant it was noted that the suggestion box has been virtually abandoned as a time-delay, if it's good the employees just do it.</p>	<p><b>Reactive Reconfiguration Competency:</b> The corporate ideology embraces the concept of continuous change at the same time that it relies on a stable set of beliefs and values. The stable foundation of beliefs is what enables the reinterpretation of acceptable strategies. Plant 30, for instance, is under pressure to obtain new business to keep its people employed, and is considering a wide range of real prospects that may require a buy-in and operating mode different than previous experience. Past examples of such re-thinking include both "clean room" and "small parts" activities which had no prior precedence, were considerably different than the experience base, and required reinterpretation of strategic concepts into local and personal implications.</p>
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