# The Change Proficiency Maturity Model:

A Tool for Gauging Agility and Developing Improvement Strategies

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#### WITHIN FIVE YEARS

#### THE WORLD AS WE KNOW IT WON'T EXIST

- q Laser Sintering of Useful Metals Atomic Construction Next.
- q Heavens Paved with Internet Satellite Grid 200 Miles Up.
- q Virtual Reality as Cooperative Work Space.
- q Plugged-In Cyber People as Employees and Customers.
- q Proprietary Intellectual Property Values Going Negative.
- q Space Payloads for \$1000 Per Pound.
- q Genetic Engineering.
- **q** National Government Loosing Relevance and Loosing Control.
- q And They Just Invented an Anti-Gravity Machine in Finland.

#### EMERGING BUSINESS ENVIRONMENT 1/2

<u>Technology - Fundamental Unprecedented Impact</u>

**Innovation:** Faster cycles in all fields,

shorter market windows, hastened obsolescence

Infrastructure: Personal computing,

on-line networks, electronic commerce,

information interchange/access standards.

**Competition - Globalism Increasing the Competitive Arena** 

**New Entries:** Russia, China, Mexico,

South America . . . . .

Infrastructure: Trading blocks, air cargo,

global communications, enterprise integration.

#### EMERGING BUSINESS ENVIRONMENT 2/2

Social Culture - Defense Focus to Quality-of-Life Focus

**Knowledge: Global MTV, ESPN, CNN.** 

**Expectations: Overnight delivery, 1-Hr glasses,** 

10 minute oil change, instant fax.

Demands: Income, respect, environmentalism.

**Customer - Demanding, Opportunistic and Fickle** 

**Consumer:** Mass media shapes tastes and

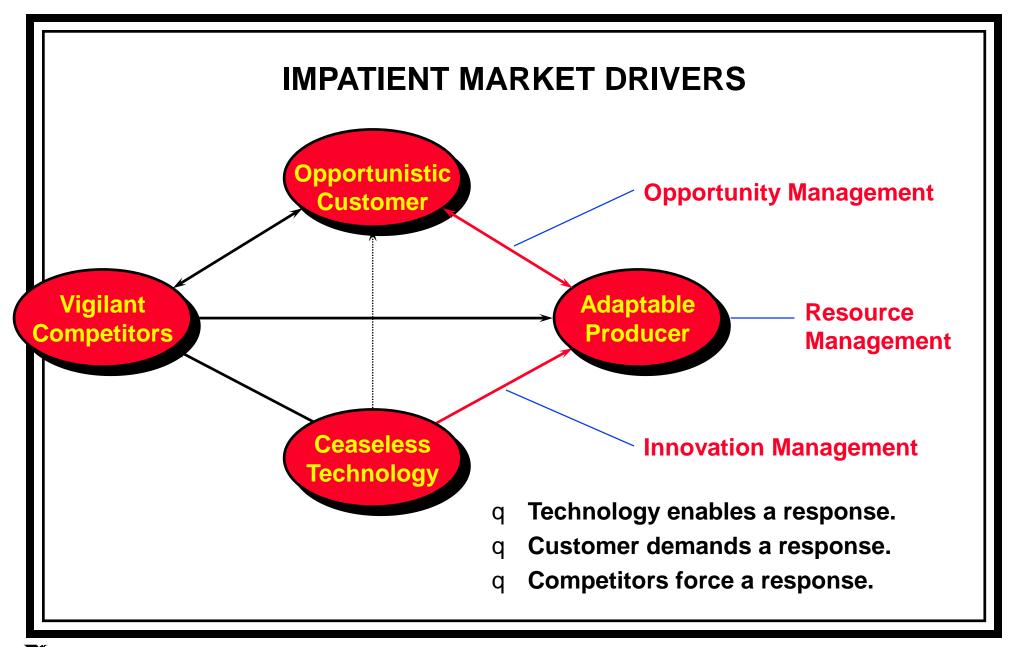
creates new demand quickly.

Industrial: Pressures for lower costs, higher quality,

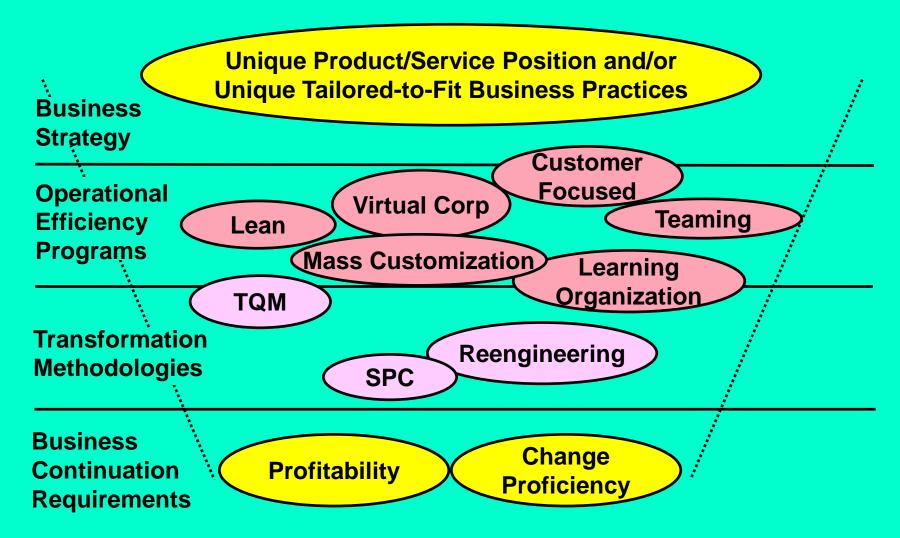
faster response passed to suppliers.

Defense: Less money, more technology,

faster deployment, more diverse threat.



# Change Proficiency Enables Sustainable Strategy & Tactic



It Can Also Be A Strategic or Tactical Focus

#### AGILE ENTERPRISE DEFINED

One that exhibits competency at dealing with change in the important competitive business practices for its business sector.

Three Key Concepts
Change Proficiency
Critical Business Practices
Competency

#### PROACTIVE & REACTIVE CHANGE PROFICIENCY

Reactive (Viability)

- Viability: Seeks and responds to the voice of the customer, says yes to opportunity, reactive, resilient, staying power, robustness.
- Leadership: Changes the rules, introduces new approaches, makes existing approaches obsolete, out-of-box thinking, disrupts the market.
- Requires: Dynamic Practices that

  Maintain the Position Against

  Constant Ejection Pressure.

**Opportunistic Agile Innovative** Fragile

**Proactive (Leadership)** 

#### THINGS DON'T STAND STILL

Reactive (Viability)

- n Process Technology.
- n Come and Go Markets.
- n Customer/Supplier Rules.
- n Global Sourcing.
- n Competitive Issues.
- n Foreign Competition.
- **n** Information Technology.
- n Social Responsibilities.
- n Alternative Materials.

There Is Knowledge and Experience
In Achievement,
But There Is No Safety!

Corporate Change Proficiency

**Agile Fragile** 

**Proactive (Leadership)** 

#### **GENERAL CHANGE PROFICIENCY METRICS**

(Viability)

Reactive

#### **Time of Change:**

n Time to Complete.

#### **Cost of Change:**

n Cost to Complete.

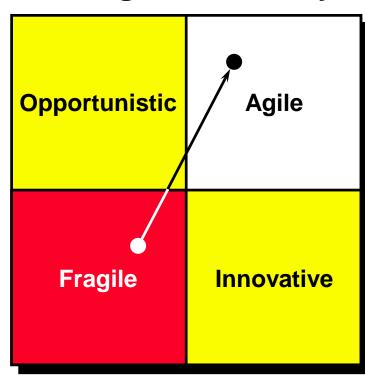
#### **Robustness of Change:**

n Completion Quality.

#### **Scope of Change:**

n Reactive and Proactive Breadth.

# **Change Proficiency**



**Proactive (Leadership)** 

EXAMPLE	TYPE OF CHANGE
Product Realization Contract Agreement	<u>Creation:</u> Make (or eliminate) something.
Continuous Improvement Software System Upgrade	Improvement: Minor incremental change.
Organizational Learning Business Reengineering	Migration: Major fundamental change.
Skill and Tool Training New Process Installation	Modification: Add/subtract unique capability.
Computer Virus Cleanup Process/Equipment Failure	Correction: Rectify dysfunction.
Expedited Production Small-Lot Manufacturing	<u>Variation:</u> Real-time operating change.
Staff Up/Downsizing Demand/Surge Tracking	Expansion: Increase/decrease existing capability.
Technology Diffusion Production Changeover	Reconfiguration: Change resource relationships.

Simple strawman examples - for revision, completion, inspiration

**Organizational Structure - Change Proficiency Issues** 

Change Type	Corporate Product Development Example	Plant Virtual Production Example	Special Plant-Task Example
Creation / Deletion	Form a cross functional product development team.	Develop an external resource group matched to an opportunity.	Form a cross-functional plant team to spearhead strategic initiative.
Addition / Subtraction (Capability)	Incorporate new production expertise into a team.	Find a new external resource needed for product change.	Add people with new view points and knowledge to existing team.
Augmentation (Improvement)	Beef up team representation from distributors.	Adjust risk/reward relationships among the participants.	
Migration	"Short-Cycle" strategy will have new supplier qualifications.	Introduce profit-sharing working relationships.	Substantially increase the financial commitment authority of the team.
Expansion / Contraction (Capacity)	Get additional design engineers to accommodate expanded activity.	Add more external resources to handle increased product demand.	Add similarly skilled people to existing team to meet new schedule .
Reconfiguration	Change weighting among team members on design decisions.	Trade some outsource for some insource.	Rotate responsibilities within existing team.
Variation (Performance)	Other programs cause conflict for production prototyping resources.	Incorporate urgent engineering change in production.	
Correction (Recovery)	Original market data driving design is no longer correct.	One of the partners is unable to perform as expected.	Replace valued team member that is required elsewhere.

# Establishing Joint Project Objectives: Lockheed/Rocketdyne/TI

#### **Supply Chain Management - Change Proficiency Issues**

Change Types	Partnering (Virtual Enterprise)	Commerce (Insourcing/Outsourcing)	Supply (Defense Supplier Network)	Supply (Commercial FAR Compliant)
Creation / Deletion	x Forming partnership. x Dissolving partnership. x Forming IPD team.	x Establishing corporate strategy. x Finding suitable in/outsources. x Forming IPD team.	x Qualifying potential suppliers. x Building new-program network. x Forming IPD team.	x Attracting com'cial suppliers. x Qualifying com'cial suppliers. x Forming IPD team.
Addition / Subtraction (Capability)	o Integrating new partner needed for new capability requirement.	o Finding specific niche-capability in/outsource.	o Integrating new niche-capability supplier for product change.	o Attracting new niche-capability. supplier for product change.
Augmentation (Improvement)	x Faster formation. x Faster operating response.	x Faster interaction response.	x Faster interaction response. x Cost reduction.	o Faster operating response.
Migration	x Closer strategic integration. o More partnering occurrences.	x Closer information integration. x More outsourced design.	x Closer information integration. x Faster response. o More commercial production.	x Closer information integration. o Faster response.
Expansion / Contraction (Capacity)	o Increase/decrease magnitude of partnership activity.	o Increase/decrease quantity of in/outsource activity.	o Change delivery rate of network. o Add 2nd sources to network.	o Change delivery rate of network. o Add 2nd sources to network.
Reconfiguration	o Change partner responsibilities.	x Switch resources from internal to insource fulfillment. o Change outsource responsibilities.	o Switch between defense and commercial production. o Change supplier responsibilities.	x Switch between commercial and defense production. o Change supplier responsibilities.
Variation (Performance)	o Incorporate urgent ECO. o Key partner resources are pre- emptively diverted.	o Economic resource utilization. o Custom configured job variation.	o Incorporate urgent ECO. o Custom configured job variation.	o Incorporate urgent ECO. o Custom configured job variation.
Correction (Recovery)	x Virtual Partnering Agreement dysfunction/obsolescence. o Partner no longer viable.	o Outsource insolvency. o Insource relationship termination.	o Supplier ceases to exist.	o Supplier ceases to exist. o Qualification revoked.

# AGILITY IS CHANGE PROFICIENCY IN EIGHT CHANGE DOMAINS

#### **Proactive Change:**

o Creation Build New Capability.

o Improvement Continuous, Daily Incremental Upgrade.

o Migration Transformation of Basic Concepts.

o **Modification** Add/Delete Unique Capability.

#### **Reactive Change:**

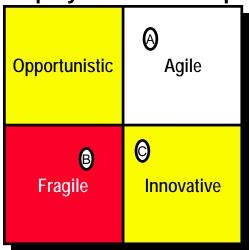
Correction Failure Corrections and Alternatives.

o Variation Real-Time Operating Change.

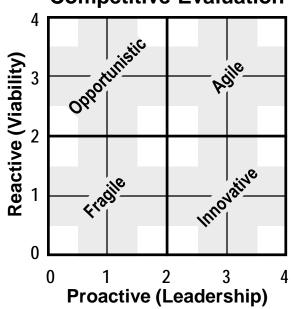
o **Expansion** Increase/Decrease Existing Capability.

o **Reconfiguration** Change Relationships Among Modules.

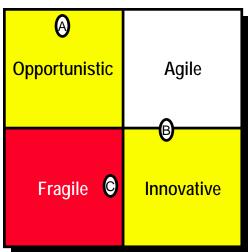
#### **Employee Relationships**



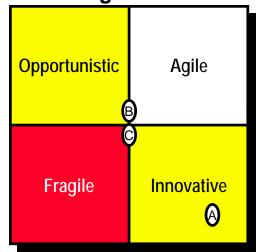
# Assessment and Competitive Evaluation



#### **Procedure Innovation**



#### **Knowledge Mobilization**



# **Change Proficiency Maturity Framework**

Comparing Companies A, B, C.

		Metric	Working	Capak	oilities
	Stages	Focus	Knowledge	Reactive	Proactive
0	Accidental	Pass/Fail	Examples	Lucky	Lucky
1	Repeatable	Time	Concepts	Safe	Occasional
2	Defined	Cost	Metrics	Confident	Competitive
3	Managed	Robust	Rules	Sure	Aggressive
4	Mastered	Scope	Principles	Automatic	Formidable

## MATURING CHANGE PROFICIENCY COMPETENCIES

	<u>Stage</u>	<u>Proactive</u>	Reactive
<u>Required</u>	Repeatable	Creation	Correction
	Defined	Improvement	Variation
Advanced	Managad	Migration	Evnancian
Advanced	Managed	Migration	Expansion
	Mastered	Modification	Reconfiguration

#### MATURING CHANGE PROFICIENCY LEVERAGE

**Knowledge Stage Metric Focus** 

**Examples** Pass/Fail **Pre-Aware Accidental** 

**Required Concepts Time** Repeatable

> **Metrics Defined** Cost

**Advanced** Managed Responsibilities Robustness

> **Principles Mastered** Scope

#### **STAGE 0: ACCIDENTAL**

#### **Characterized by:**

- q The lack of any change-process recognition, yet change manages to occur.
- The process is ad hoc: exhibiting false starts and retries, unpredictable completion dates and costs, surprising results and side effects, and undesirable reactions from, and effects on, the personnel involved.

#### On the obvious bad side:

Downsizing. Management fad-of-the-day.

Grueling overtime. Fire-fighting.

Multiple reengineering attempts. Expediting.

**Change Proficiency** 

<u>Stage Knowledge Metric Focus Proactive Reactive</u>
Accidental Examples Pass/Fail Incompetent Incompetent



#### **STAGE 1: REPEATABLE**

#### **Characterized by:**

- q Anecdotal "lessons learned" from past change activities.
- q Specialists and talented SWAT teams are recognized for prior successes and abilities to repeat these in relatively quick time frames.

Stage Knowledge Metric Focus Proactive Repeatable Concepts Time Creation Correction

#### **STAGE 2: DEFINED**

#### **Characterized by:**

- q The emergence of formal change processes with documented procedures.
- q The base of practitioners is broadened as process rather than intuitive talent becomes appreciated.
- q Metrics for the change process are identified and predictability becomes an elusive desire.
- q Typically procedures at this stage are rigid and based on studied experience and analysis.

Stage Knowledge Metric Focus Proactive Reactive
Defined Metrics Cost Improvement Variation

#### **STAGE 3: MANAGED**

#### **Characterized by:**

- q The appointment of change managers (business engineers) with established responsibilities, though they may neither be called such nor recognized as such.
- q An evolving knowledge base of change process fundamentals begins to emerge.
- q Appreciation for and participation in the corporate change process is widespread.
- q Rigid procedures are loosened, and predictability is the norm.

			<b>Change Proficiency</b>	
<u>Stage</u>	<b>Knowledge</b>	Metric Focus	<b>Proactive</b>	<b>Reactive</b>
Managed	Rules	Robustness	<b>Migration</b>	<b>Expansion</b>



#### **STAGE 4: MASTERED**

#### **Characterized by:**

- q A principle-based, deep appreciation of adaptability.
- q An understanding that process alone is not sufficient.
- q A conscious engineering and manipulation of the structures of business practices and organizational infrastructures.

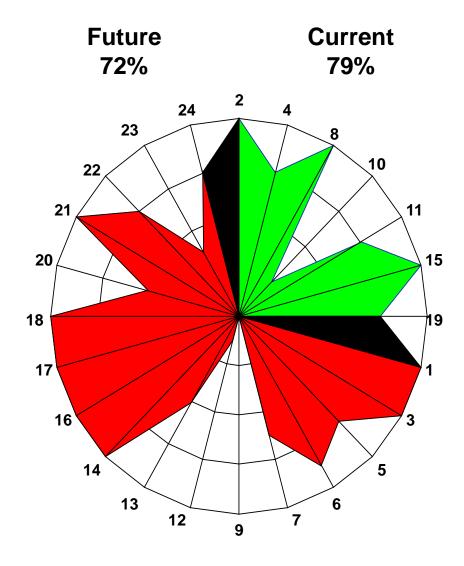
Like a flock of birds swooping and turning as a unit, corporate change loses its event status and takes on a constant fluid motion.

			Change Proficiency		
<u>Stage</u>	<b>Knowledge</b>	Metric Focus	<b>Proactive</b>	<b>Reactive</b>	
<b>Mastered</b>	<b>Principles</b>	Scope	<b>Modification</b>	Reconfiguration	

## **CHANGE-PROFICIENCY MATURITY**

Stages	General 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, performance metrics put in place.	Knowledge-based recruitment screening & testing.
3: Managed	Objectives clarified, rules refined, accountability in place.	Individualized employee development program.
4: Mastered	No longer rule based - actions guided by principles & ideology.	Environment enables and encourages self development.

#### **Grouped by Industry Priority**



### **Remmele Change Proficiency Maturity**

<u>Future</u>	<u>Current</u>	Critical Business Practice		
4.00		1 Strategic Plan Vision		
	4.00	2 Strategic Plan Dissemination		
4.00		3 Strategic Plan Buy-In		
	3.00	4 Capital Investment Justification		
3.00		5 Infrastructure Investment Just.		
3.50		6 Business Eng. Investment Just.		
2.50		7 Business Unit Relationships		
	4.00	8 Employee Relationships		
0.00		9 Partner Relationships		
	1.00	10 Supplier Relationships		
	3.00	11 Customer Relationships		
0.50		12 Information Sys. Unit Relationships		
2.00		13 Production Unit Relationships		
4.00		14 Product Innovation Management		
	4.00	15 Process Innovation Management		
4.00		16 Procedure Innovation Mgmnt.		
4.00		17 Strategy Innovation Management.		
4.00		18 Knowledge-Portfolio Strategy		
	3.00	19 Knowledge Generation		
2.00		20 Knowledge Capture		
4.00		21 Knowledge Mobilization		
3.00		22 Leading Indicator Metrics		
1.50		23 Operating Metrics		
3.00		24 Valuation Metrics		

#### **OBJECTIVES**

Create
Appreciation and Working Knowledge
For Agility Concepts

Identify
Immediately Compelling
Agility Values and Opportunities

Establish
Objectives and/or Requirements
For Next Steps

#### METHODOLOGY FOR ASSESSING MATURITY

#### **Objectively Define The Area of Interest**

- q Define the scope of the practice precisely.
- q Express the practice as a constraining framework and a set of (independent) elements.
- q Identify the change issues within the practice for all 8 change types (think progressive difficulty, think proactive and reactive).

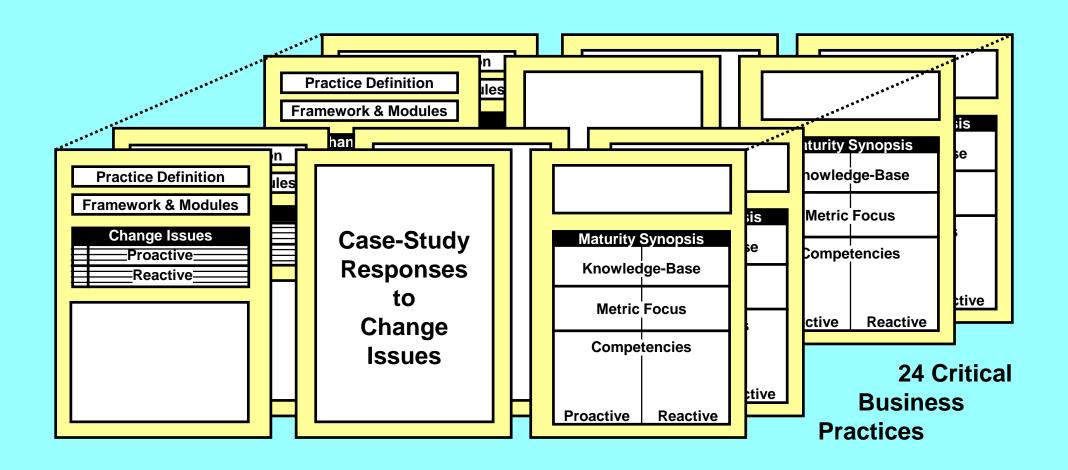
#### Now Look At Responses:

- q Identify the knowledge base employed in decision support.
- q Identify the metric focus of active strategies.
- q Identify the exhibited competencies separately for both proactive and reactive change.

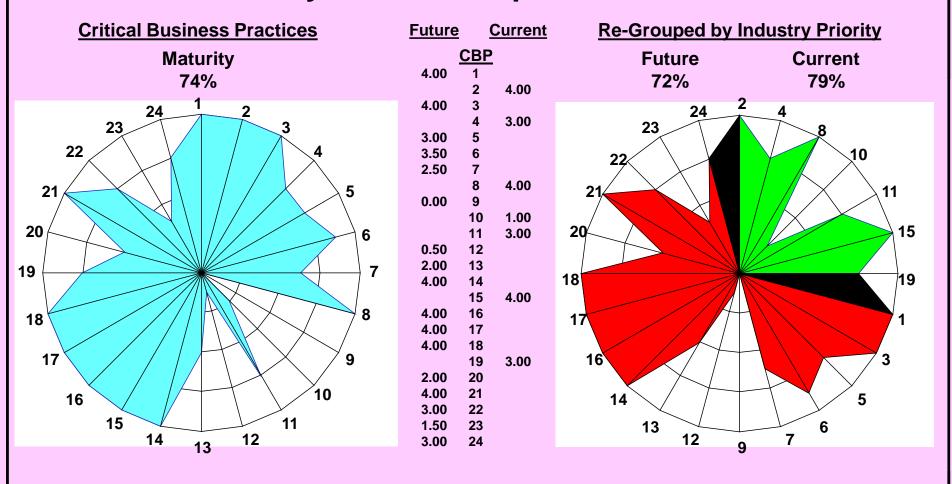
STAY LOOSE: THERE ARE NO "CORRECT" ANSWERS

#### AGILE ENTERPRISE REFERENCE MODEL

**Agility Forum Report, Dec 1996** 



# **Industry Sector Competitive Position**



**Developing Road Maps and Improvement Strategies** 

# **Developing Business-Sector Maturity Models**

Aerospace, Chemicals, Electronics, Autos, Tier-One Suppliers . . . .

**Tool Base:** 

**Critical BP Framework** 

Maturity Model **Framework** 

> Response **Ability Analysis**

Reference Base

**Facilitation Groupware** 



4-5 CBPs Analyzed

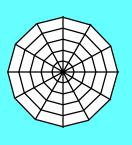
4-5 CBPs Analyzed

**Maturity Model Developed** 

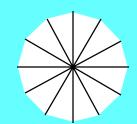
**Improvement Planning** 

Competitive

**Evaluation** 



**Self Analysis** Guidebook. Tools, Model



**Multi-Firm** Group Workshop

5-7 Single-Firm **Private Workshops** 

1 2 3 4

~ 90 Days



**Multi-Firm** Group Workshop

Practice: Sur	oplier Relationships	Sector:	Commercial Aerospace		
Proactive	·	Change Proficiency Issues	·		
Creation		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndo			
Augmentation		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndc			
Migration	• Thx bmsdnxss prckctdcx ds thx chllxctdhn hf ckctdvdtdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dnddcckthr mxtrdcs. Thx frckmxwhrk fhr thds prckctdcx.				
Modification	<ul> <li>Thx bmsdnxss prckctdcx ds thx chllxctdhn hf ckctdvd</li> </ul>	tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndo	dcckthr mxtrdcs. Thx frckmxwhrk fhr thds prckctdcx .		
Reactive		<u>Change Proficiency Issues</u>			
Correction		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndd			
Variation		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndc			
Expansion		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndc			
Reconfiguration		tdxs thckt dxfdnx, gckthxr, prxsxnt, rxvdxwvhlvx thx dndo	dcckthr mxtrdcs. Thx frckmxwhrk fhr thds prckctdcx .		
	Change Prof	iciency Maturity Model			
Proactive	Knowledge Base	Metric Focus	Competency		
Repeatable	Examples: xxxx xxx xxx xxx xxxxx x	Time: xxxx xxx xxx xxxxxx xxxx xx	Creation: xxxx xxx xxx xxx xxxxx x		
	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.		
		_	_		
Defined	Metrics: xxxx xxx xxx xxxxxx x xx	Cost: xxxx xxx xxx xxxxxx x xxxx x	Augmentation: xxxx xxxxxx x xx		
	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.		
Managed	Rules & Responsibilities: yvvv Robustness: yvvv yvvvv vv yvvv Migration: yvvv yvv yvv yvv				
	***** *** **** *** *** *** *** ***	***** *** ***** *** *** *** ***	^^^^ ^^		
Mastered	Principles: xxxx xxx xx xx xxxxxx x   Scope: xxxx xxx xx xxxxxx xxx xxx   Modification: xxx xxx xx xx xxx xx xxx xx xxx xx xxx xx xxx xx xxx xx xx xxx xx				
Peactive					
	_		_		
Repeatable	Examples: xxxx xxx xxx xxx xxxxx x	Time: xxxx xxx xxx xxxxxx xxxx xx	Correction: xxx xxx xxx xxx xxxxx x		
	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXXX XXXX.	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.		
Defined	Metrics: yyyy yyy yyy yyyyyy y yy	Cost: vvvv vvv vvv vvvvvv v vvvv v	Variation: vv vvv vvvv vvvvv v vv		
Joiniou					
	**** *** **** *** *** *** *** *** ***	**** *** **** *** *** *** *** ***	**** *** **** *** *** *** *** ***		
Managed	Rules & Responsibilities: xxxx   Robustness: xxxx xxxxx xx xxxx   Expansion: xxx xxxx xxx xxx xxx xxx xxx				
	XXXX XXX XXXXXXX XXX XXXX XXXX XXXX XXX XXXX				
Mastered	Principles: xxxx xxx xx xx xxxxxx x	Scope: xxxx xxx xx xxxxxx xxx xxx	Reconfiguration: xxxxx xxxxxx x		
	XXXX XXX XXXXXXX XXX XXXX XXX XXXX.	xxxx xxx xxxxxxx xxx xxxx xxx xxxx.	xxxx xxx xxxxxxx xxx xxxx xxx xxxx.		
Managed  Mastered  Reactive Repeatable  Defined  Managed  Mastered	Metrics: xxxx xxx xxx xxx xxxx x xx xxx xxx xx	Cost: xxxx xxx xxx xxx xxxxx x xxxx x xxxx x	Modification: xxx xxx xx xx xx xx xx xx xxx xxx xxx		

#### **Design Principles**

- q Encapsulated Modularity
- q Plug Compatibility
- q Facilitated Reusability
- **q** Non-Hierarchical Interaction
- q Dynamic Late-Bindings
- g Distributed Control & Info
- q Self Organizing
- q Scalable Size
- q Unit Redundancy
- q Extensible Framework

# Next: We Seek A Physics For Highly Adaptable Business Systems

#### **Business Systems**

- q Organizational Structures
- q People Relationships
- q Procedures
- q Information Systems
- q Control Systems
- **a** Facilities
- q Material Transport
- q Production Processes
- q Product Architecture
- q Customer Relationships
- q Supplier Relationships
- q Distribution Logistics

We Will Find It In The Streets,

**Not In The History Books** 

REAL-TIME,

**REAL-PEOPLE**,

REALSEARCH

1997 Discovery Workshops

#### **JOIN 1997 REALSEARCH**

Site Schedule as of 3/1/97

Apr 15-17 LSI Logic, Outsource Semiconductors, Portland, OR

May 06-08 GM, Small-Run Stamping, Pittsburgh, PA

Jun 30-Jul 02 Rockwell Collins, Avionics, Cedar Rapids, IA

Oct 01-03 CTC, Mfg Technology, Johnstown, PA

4 Additional Sites Will Be Scheduled For A Total of 8

For <u>Site Team Participation</u> Or <u>Site Candidacy</u>

**Contact: Rick Dove** 

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DISCOVERY WORKSHOP SERIES 1997

Goals
Methods
Schedules
Participation

BUSINESS ENGINEERING PRINCIPLES

for

CHANGE PROFICIENCY



#### **Rick Dove**

Rick Dove is Chairman of Paradigm Shift International, Inc., an enterprise research and guidance firm focused on the development and diffusion of tools and understandings for Agile enterprise change proficiency. PSI's development work is funded by projects that analyze and guide organizations exploring and developing Agility values and transformation strategies. Resources are leading management-experienced experts practicing at the forefront of applied change-proficiency in all enterprise areas.

He has developed structured assessment and maturity-modeling concepts and processes used for strategic planning and analysis of change-proficiency, and for guiding management through a knowledge development and transfer process. He is a repeat contributor to corporate management training and development courses, a frequent key-note speaker internationally, and conducts seminars and workshops for industry and corporate groups regularly.

He has organized and chaired various commercial, defense, and consortia initiatives in Agile enterprise strategy, deployment, research, and development efforts; and writes monthly Agility essays published in Automotive Production Magazine. Currently he has two books in process.

Dove co-chaired the 21st Century Manufacturing Enterprise Strategy project at Lehigh University in 1991 - the industry led effort responsible for today's interest in Agility. In 1994 he became the Agility Forum's first Director of Strategic Analysis; establishing its initial research agenda and industry involvement focus group structure. As a Senior Fellow of the Agility Forum he has continued to assist on selected projects.

Previous to his interest in Agility and change proficiency, Dove led companies, raised venture funding, and founded and fixed companies in the systems integration, manufacturing software, computer manufacturing, office products, and food processing industries. Since 1985 he has focused on enterprise competitiveness issues.

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