

Mastering Integrated Growth

The Mother of all How Plans

Sample Draft Version, somewhere around 2003

The Blind Men and the Elephant

It was six men of Indostan to learning much inclined,
Who went to see the Elephant (though all of them were blind),
That each by observation might satisfy his mind.

The First approached the Elephant, and happening to fall
Against his broad and sturdy side, at once began to bawl:
"God bless me! but the Elephant is very like a WALL!"

The Second, feeling of the tusk, cried, "Ho, what have we here,
So very round and smooth and sharp? To me 'tis mighty clear
This wonder of an Elephant Is very like a SPEAR!"

The Third approached the animal, and happening to take
The squirming trunk within his hands, thus boldly up and spake:
"I see," quoth he, "the Elephant is very like a SNAKE!"

The Fourth reached out an eager hand, and felt about the knee
"What most this wondrous beast is like is mighty plain," quoth he:
"'Tis clear enough the Elephant is very like a TREE!"

The Fifth, who chanced to touch the ear, said: "E'en the blindest man
Can tell what this resembles most; deny the fact who can,
This marvel of an Elephant is very like a FAN!"

The Sixth no sooner had begun about the beast to grope,
Than seizing on the swinging tail that fell within his scope,
"I see," quoth he, "the Elephant is very like a ROPE!"

And so these men of Indostan disputed loud and long,
Each in his own opinion exceeding stiff and strong,
Though each was partly in the right, and all were in the wrong!

John Godfrey Saxe (1816-1887)



Our Business Enhancement Environment

Business Level

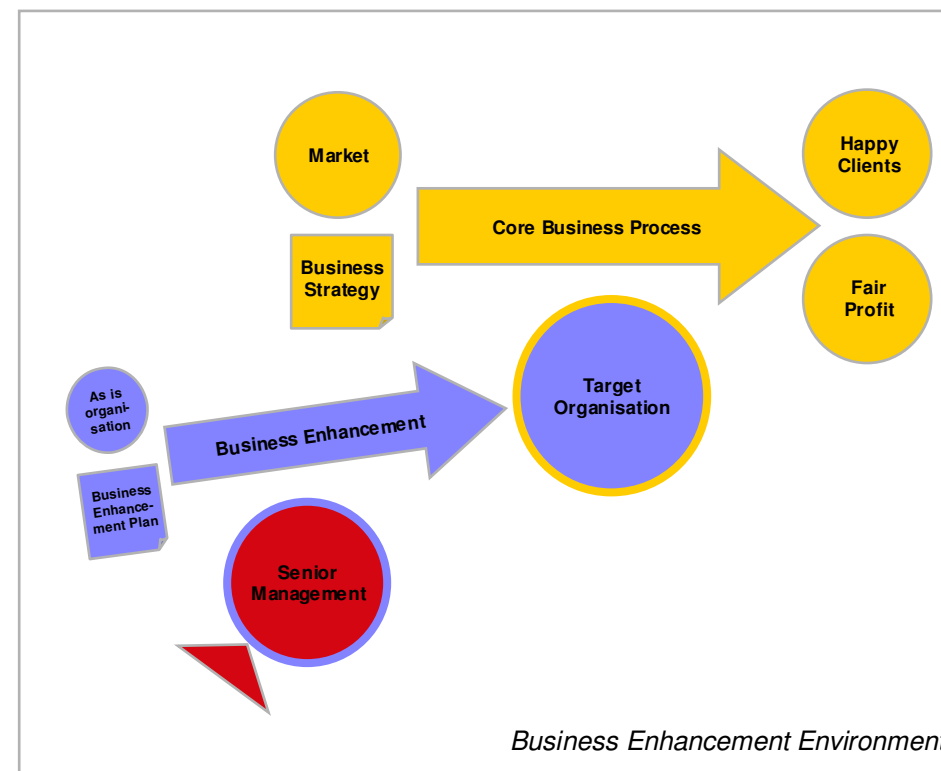
Let's consider the business as a process which – based on the Business Strategy - turns our market place into satisfied customers and reasonable profit. In that perspective the Organisation would be the wheel under that process.

Organisational Level

With some imagination, that wheel can be seen as the output of another process, called Organisation Development. A Business Enhancement Plan would provide the "script" for such a process, in which integration, change, development and growth form part of the same flow.

Management Level

Who would be the ones to execute that script? Obvious: our Senior Management. And again, well-skilled managers can be seen as the output of a professional development process...



About Mastering Business Enhancement

The Four Cornerstones of Successful Business

Mastering business growth starts by identifying key organisational issues to cover and regard them in respect of the future situation. These key issues form the cornerstones on which enhancements can be built. Best practice research in high performing companies shows four management practices to be crucial.

Strategy (or how we attract the customer)
Strategy will work if it is sharply defined, clearly communicated and well understood by employees, customers, partners and investors.

“Without a sensible vision, a transformation effort can easily dissolve into a list of confusing and incompatible projects that can take the organization into the wrong direction.”

Culture (or how we behave)
Corporate culture advocates sometimes argue that if you can make the work fun, all else will follow. Best practices show that holding high expectations about performances matters a lot more.

“Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed”.

Structure (or how we work together)
Managers spend hours agonizing over how to structure their organization. Winners show that what really matters is whether structure reduces bureaucracy and simplifies work.

“Sometimes executives underestimate how hard it can be to drive people out of their comfort zone”.

Execution (or how we achieve results)
Develop and maintain flawless operational execution. You might not delight all customers always, but make sure you never disappoint them.

“People don’t strive for perfection unless perfection is explicit in their strategic values”

Best practices and quotes cited from “What really works”, a Harvard Business Review article by Nohria, Joyce and Roberson (Harvard Business Review, July 2003), based on research amongst 160 companies. The authors are respectively professor at Harvard, professor at Dartmouth College and a marketing vice-president at Safety-Kleen as well as a former consultant at McKinsey.

The Three Essential Change Drivers

Mastering the necessary organisational change is about winning people for your ideas. This has to be initiated by providing clear answers to three fundamental questions.

Why Change?

What is it that our boss wants us to do? What is our core strategy in general? What is our vision on future markets? What are the best business practices in our branche? What are the main reasons for us to change?

Change Where to?

What does our company’s future look like? What is it what we want to achieve? When do we expect to see results? How do we recognize whether effective change has taken place?

How to Change?

What are the actions to be taken? Which circumstances have to be considered? Who are involved in the changes? Who is responsible? When are the actions due? How do we assure the achievements to last?

*The important thing is not to stop questioning.
~ Albert Einstein ~*

*He who has a why to live for can bear almost any how.
~Friedrich Nietzsche~*

*You must have long range goals to keep you from being frustrated by short range failures.
~ Charles C. Noble ~*

*Change is not something you do, it's something you allow.
~ Will Garcia ~*

Mastering Integrated Growth

DHL Benelux 2003 - 2006 Business Enhancement Plan

Sample Version 0.5

The content of this plan has been built around the four cornerstones as well as the three change driving questions

Strategy

for integrated growth

“The winners set aggressive growth goals (twice the industry average) in their core business and they expand only into related markets”.

“The key to achieving Excellence in Strategy is to be clear about what this strategy is, and consistently communicate it to customers, employees and shareholders”

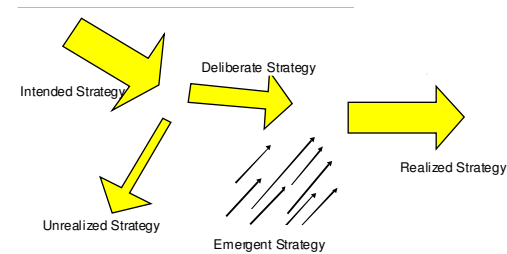
On Strategy

Hints on Mastering Strategy

The strategy should represent the mission and goals of the organization.

- Focus on the core business by defining the intended strategy. What is the intended top strategy?
- Formulate the intended strategy considering the top strategy.
- Communicate the strategy continuously to all your stakeholders in a simple and visual way. Examples¹:
 - Nike in the 1960's: "Crush Adidas"
 - GE: "Become nr 1 or 2 in every market we serve...with the strengths of a big company and the leanness and agility of a small one"
 - Wall Mart: "Become a \$125 bn company by y2k"
 - Honda: "We will destroy Yamaha" - Komatsu: "Circle the Cat ©"

- Be aware that the intended strategy almost always works out differently in practice than on paper.



Mintzberg et al., The Strategy Process, 1999, p. 15

- Keep in mind the following steps in trying to define and hold on to the intended strategy² :
 - Deconstruct and prioritize the objectives to be met (in order to realize the vision into measurable and manageable tasks).
 - Link the objectives and tasks together (in accordance with their dynamic relationships and dependencies).
 - Achieve the buy-in and sustained commitment of a representative number of interested parties.
 - Escape from the norms, parameters and constraints of the situation you are intending to change.
 - Respond proactively to unforeseen changes in circumstances (in order to keep the vision intact, but also current and relevant).
 - Re-assess, periodically and objectively, the direction and success achieved by the strategy following the planning stage.

1. Collins J.C and J.I. Porras, Building your company's vision, Harvard Business Review, sep-oct 1996
2. Hugget Phil, A healthy way to see strategy become reality, PWC 2002.

Culture

for integrated growth

“Winners have a culture that encourages outstanding individual and team contributions, one that holds employees—not just managers—responsible for success”

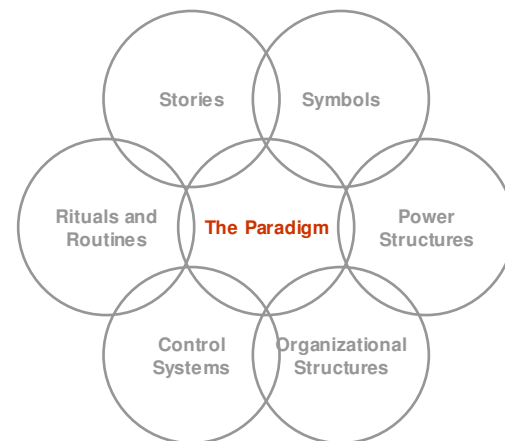
“Winners don’t limit themselves in besting competitors”

On Culture

Hints on Mastering Culture

Culture is about (expected) behavior and should be in line with the strategy of the organization. Maintain cultural diversity, because some parts of the organization have to be internally efficient and some parts externally effective. Strong cultures can hinder change. Structure has an effect on behavior.

- Investigate the current culture within existing parts of the company.
- Culture can be found in the organization in different elements and not only in the corporate identity¹.
- Define which culture fits best the market position, the location(s) and the technology.
- Make sure that full management commitment exists.
- Formulate the desired culture in a mission statement or code.
- Translate the desired culture concrete to other parts of the company.
- Communicate the desired culture continuously to all the stakeholders.
- Articulate the connection between new behavior and corporate success.



- Preserve cultural differences that add value
- Empower employees to make independent improvement decisions
- Inspire all managers and employees to do their best
- Pay psychological rewards in addition to financial ones
- Create a challenging and satisfying working environment

1. (including illustration) Balogun J & V. Hope Hailey with G. Johnson and K. Scholes, *Exploring Strategic Change*, Financial Times Prentice Hall, 2002
Last five bullets: www.globalbestpractices.com (PricewaterhouseCoopers, 2003)

Structure

for integrated growth

“No particular organizational structure separated winners from the others. What did matter was whether the organizational structure simplified the work for employees, vendors and customers”.

“Give employees a reason to embrace the new organization”

“The challenge is not so much to build a matrix structure as it is to create a matrix in the minds of our managers.”

On Structure

Hints on Mastering Structure

Structure should represent the configuration of activities around the best processes to be effective to the customer and efficient in your core activities.

Issues to be addressed:

Process

- Define the key business processes.
- Make sure that the core business remains in scope.
- Managers need to consider the best structure that is suitable for the organization in terms of delivering the services and products.
- Define management expectations as regards appropriate delivery of services and communications.
- Develop a new customer relationship process.
- Build the structure of service functions (HRM, F&A, P&Q, IS) based on the output of their processes for their internal customer.
- What does effective for the customer imply?

Organization

- Amount of centralisation, decentralisation?
- Shared services for all functions on which level? (Align this for all functions)
- Make a clear blueprint of the organization.
- Draw and discuss the organizational chart.
- Provide clear job descriptions and function profiles
- Put a correct, transparent grading system in place

Communication

- How information moves through and between parts of the organization, and how that information flows is best facilitated through the structure of the organization.
- Put a knowledge management system in place.
- What does efficient in core processes imply?

Assessment

- Develop customer feedback loops.
- Managers should regularly conduct a bottom-up review of their structure.

Execution

for integrated growth

“Winners determine which processes are most important to meeting customers’ needs and focus their resources and energies on making these processes as efficient as possible”

“Be clear about the standards you have to meet customer expectations”.

On Execution

Hints on Mastering Execution

Customers

- Deliver products and services that consistently meet customer's demands.
- Put decision making authority close to the front lines so employees can respond quickly to changing market conditions

Performance

- Plan and create visible performance improvements
- Employees should receive clearly defined roles and have a clear understanding of their own responsibilities and accountabilities
- Are scorecards, dashboard and performance measures in place for key result areas?
- Keep on benchmarking to set the best practice level
- Stay on track

People

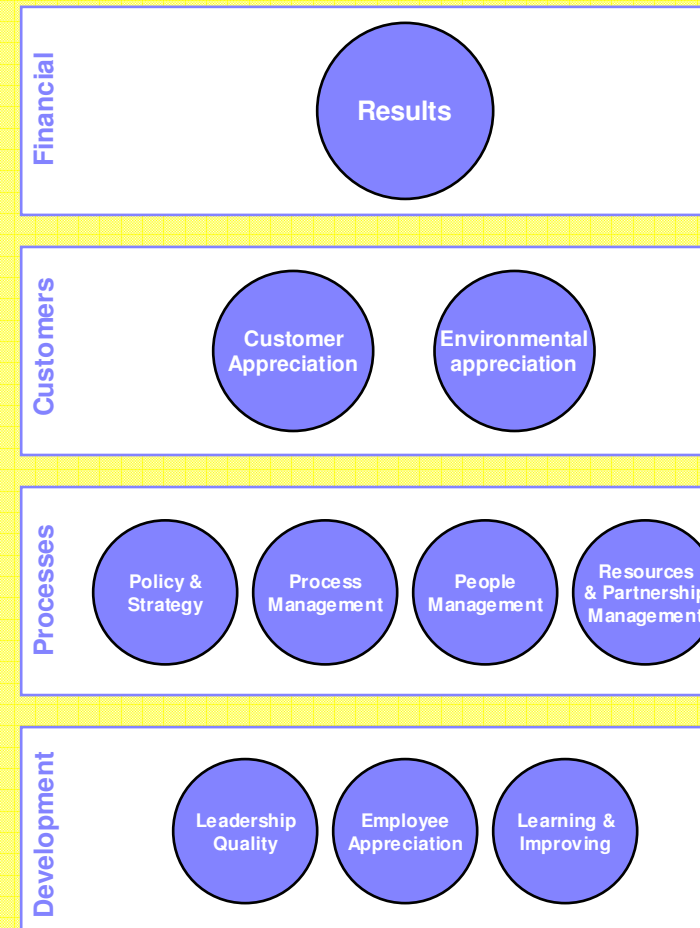
- Identify and retain key personnel
- Recognize and reward employees involved in the improvements
- In the change process should be space for a symbolic break with the past and after that get everybody to look forward.
- Train people who are willing to change, but don't know how.
- Communicate with people who think that everything has to change, but them
- Identify the human asset issues that need to be considered during the different phases of the integration process.
- Provide sufficient resource allocation for the required change management activities.
- Provide formal training in change management, conflict resolution, project management and effective communications

Improvement

- Use increasing credibility to change systems, structures and policies that don't fit the vision.
- Support the change process with new projects, themes and change agents.
- Get rid of people who on purpose obstruct change.
- Strive for continuous improvement of all processes by installing all necessary tools of control.
- Constantly strive to eliminate all forms of excess and waste.
- Improve productivity at two times the average industry speed.

Global Prerequisites

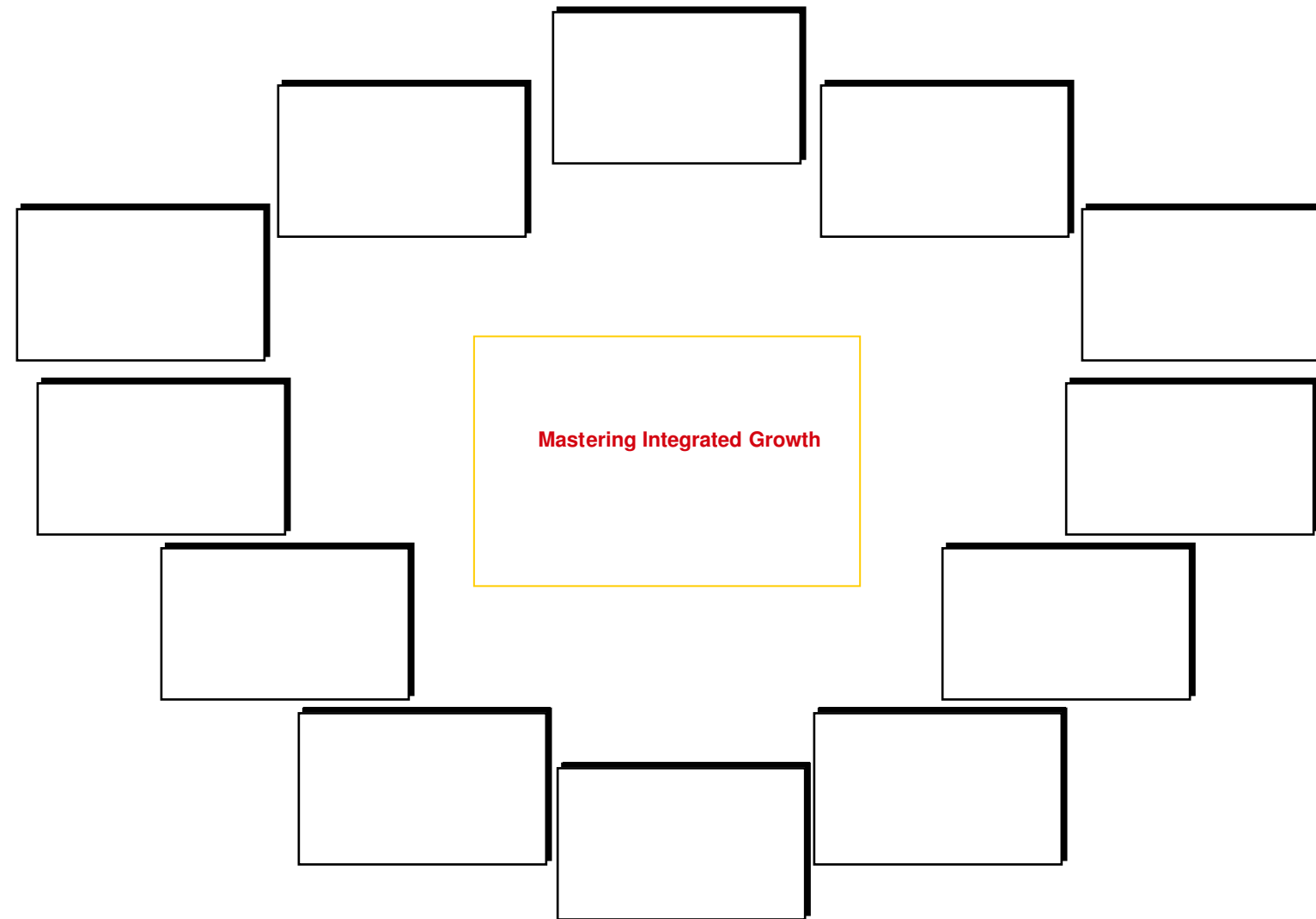
Why?



Mastering Integrated Growth: Shaping our Future...

	End this year	End next year	End ...	End ...
Strategy	X xxx x x xx xxx xxx x xxx x x xxx x x xxx xxx xx x	X xxx x x xx xxx xxx x xxx x x xxx x x xxx xxx xx x	X xxx x x xx xxx xxx x xxx x x xxx x x xxx xxx xx x	X xxx x x xx xxx xxx x xxx x x xxx x x xxx xxx xx x
Culture				
Structure				
Execution				

Commitment is what turns Promise into Reality



Business cards and signatures

Business Enhancement Plan: The making of ...

The development and further roll out of this Business Enhancement Plan follows three major steps:

1. Completion and agreement of the Business Enhancement Plan within Senior Management Team.
2. Development of next years Action Plan based on the input of Functional and Regional Management Teams.
3. Communication and further roll out both Plans to the next managerial and organisational levels