DISTINCTIONS
RCR ASSOCIATES MANAGEMENT CONSULTANTS
Transforming Vision into Value
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# *Can Your Infrastructure* Support Changes & Growth?

Many individuals and organizations resist change. Others see it as a necessary component of organizational growth and success. They have realized that without change, growth is impossible. Without change, success is impossible.

Today, even change is changing, according to business experts. They see that organizational change is occurring differently and demanding different things from everyone involved. But one thing has not changed - an organization's infrastructure must support change if an enterprise hopes to evolve successfully.

**Top Executives Identify Trends**
At the recent Association for Corporate Growth (ACG) 2006 Economic Conference, a panel of experts addressed the topic of opportunities and challenges facing today's corporations. Experts included: *David Barger, President & COO, Jet Blue; Edward J. Ludwig, Chairman & CEO, Becton, Dickson & Company; Ronald E. Logue, Chairman & CEO, State Street Corporation; and John F. Lundgren, Chairman & CEO, The Stanley Works.*

When asked about growth, all panelists agreed that companies aren't growing in traditional ways. They also concur that after years of cutting back on capital investments in response to the 2001 recession, companies have some money to spend. But they're spending it wisely, investing in processes, people and technology that will enhance their productivity.

Infrastructure, they say, is critical to growth success. The smart companies are focusing on core business and building infrastructures that support them. Younger companies, like Jet Blue and Southwest Airlines, that have committed to simple infrastructures and low overhead costs have found success. All their growth is controlled, strategic and methodical and supported by their infrastructures.

How are they doing this? They are:

- Ensuring that critical processes, i.e. product development, sales and customer relationship management process, etc., are in place.
- Spending considerable time hiring the right people and making sure they fit the organization's culture.
- Investing in employee training.
- Investing in systems, i.e. automation, business applications, Internet infrastructures, to leverage their assets for core business purposes.
- Looking to control costs and keep overhead structures low. For example, Stanley has taken its manufacturing offshore, while Jet Blue has set up call centers in employees' homes.

Successful organizations are seeking new ways to grow. They may expand into new markets, produce products or services less expensively by taking some operations offshore, consolidate, and/or undergo a merger or acquisition. Because their infrastructures support these changes, they're able to respond quickly and keep the business moving forward.

Even when a company is not seeking to grow, but is just struggling to survive, its infrastructure is critical. They may file for bankruptcy, like several of the airlines, or downsize and streamline, like Ford Motor Company recently announced it would do. If the company can't respond to the necessary changes successfully, it doesn't stand a chance.

**Inner Workings of a Strong Infrastructure**
What does it mean to have a strong infrastructure? How can you ensure that your organization is ready and able to respond to any changes or growth that occurs - intentionally or unexpectedly?

Here are some components of a strong infrastructure.

- The organization understands its strategy and has clearly defined objectives and goals.
- A plan for growth or downsizing exists and includes clear objectives, metrics and milestones.
- Processes are integrated, measured and continually

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# Customer Focus: Rapid Growth Challenges Infrastructure

## SITUATION

For two years, a 10-year-old company realized unprecedented growth. The growth stemmed from a combination of internal changes and acquisitions. A market leader in several product lines, the firm had been very aggressive in its pricing and offerings.

The firm found it couldn't hire key people fast enough to accommodate their growth; in addition their staff became increasingly discontent. A major complaint was heard all too often - there was too much to do in too little time, and priorities kept shifting. The company found itself in a position unable to meet customer expectations. They began losing employees and customers, and others were threatening to leave.

While conducting a stakeholder analysis with members of senior management, employees from all functional areas, customers and vendors, it became clear to RCR Associates that several key issues existed and were categorized as follows:

**Communication**
Poor communication practices existed across the organization. Starting from the top, the CEO was inconsistent in his messages to the organization, often sending conflicting messages.

**Lack of Integrated Processes**
Processes such as account management and product development were inwardly focused, not viewed from the enterprise or customer perspective.

**Unclear Account Mgmt Roles & Responsibilities**
With so many new hires and no formal orientation training, account management personnel were left on their own to learn on the job - resulting in very inconsistent learning and practices.

**Inadequate Account Management Tools**
With the turnover of account management personnel and lack of tool documentation, standard tools within account management did not exist.

***The Problem: It's easy to get distracted when focus is lacking.***

## PROCESS

After working with senior management to establish priorities, RCR Associates undertook several initiatives.

- Worked with senior management to develop a communication strategy and implement a communication plan.
- Developed and implemented functional operating models with Sales, Account Management and Operations, including defining roles and responsibilities, competencies, organizational structure and tool kits.
- Facilitated a cross-functional team to reengineer the account management process, including definition of roles, tool requirements and process measures.
- Developed new hire orientation and training for account management personnel.
- Facilitated regular team meetings with individual functional departments and cross functional departments.

## RESULTS

The firm is now in a stronger position to service its customers, maximize its employees and optimize its profits. Even though this program has rolled out only recently, the organization has realized several positive outcomes, and they anticipate many more, including:

- A clear consistent message from senior management.
- Minimization of employee turnover (essentially none now).
- Standardization of an enterprise account management process with clear accountabilities and metrics.
- Elimination of redundant tools, including reports, computer applications, and support agreements.
- Establishment of clearly defined cross functional roles and expectations.
- Reallocation of account management books of business, which means a more balanced workload and more equitable rewards for all involved.
- An orientation training program for account management personnel.

***The Bottom Line: A strong foundation helps keep everyone on the same page, working toward success.***

***Editor's Note: In a testament to the constant state of change in today's organizations, the company above was recently acquired and is undergoing massive changes. Some of the infrastructure work they've done is proving to be valuable in the transition.*** ❖

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# Mistakes That Weaken Your Infrastructure

## *Remember These 24 Tips*

*Infrastructure mistakes can occur in every area or your organization.*
*Here are some key areas and what to look for when examining your infrastructure.*

### *Strategic Mistakes*

- Lack of a vision, mission or strategic plan.
- Failure to communicate the company's strategy, vision and growth plan to employees.
- Failure to listen to stakeholders (employees, customers, competitors, etc.).
- Failure to work with senior management team to continuously define, refine, measure progress and gain buy in.
- Micromanagement and failure to delegate decision-making authority.
- Failure to use the talents or advice of the Board of Directors.

### *Operational Mistakes*

- Failure to develop and measure efficient processes.
- Failure to develop an operating model.
- Lack or redundancy of tools and technology.
- Mismanagment of projects, failure to link projects to strategy, having redundant projects.

### *Human Resource Mistakes*

- Failure to hire the right people for the culture.
- Lack of clearly defined roles and responsiblilities.
- Failure to hold people accountable.
- Lack of coaching or mentoring.
- Lack of appropriate reward structures.

### *Financial Mistakes*

- Failure to manage budgets, burning through cash.
- Lack of long-term investing.
- Excess spending, too much on R&D without returns.
- Setting of unrealistic expectations with analysts.
- Continuous episodes of missed earnings expectations.

### *Marketing Mistakes*

- Lack of focus on the core business.
- Being out of touch with the competition.
- Inability to leverage existing clients.
- Failure to develop appropriate products.

***After reviewing this list, consider the areas where you have the most opportunity and begin building or strengthening your infrastructure there.***

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improved upon.

- Technology supports processes and business needs. Short-term and long-term needs are balanced. The organization has a vision when implementing solutions and avoids overcomplicating its technology.
- People have a clear understanding of roles and responsibilities and are held accountable for their actions/behaviors.
- Risk and contingency plans are in place, and the company has the nerve to execute them when needed.
- A good communication plan and process is in place at all levels within the organization.
- Financial expectations, including all budgets, are clarified and understood. It's easy to burn through money when growing or downsizing.
- The needs of the client are balanced with the needs of the organization, which prevents over-promising/under-delivering situations.
- Plans are adjusted as necessary based on needs of employees, customers and the company.

Where do most companies falter in building their infrastructure?

The biggest infrastructure-related mistake companies make when undergoing change is that they focus on only one element, like process or technology or people, while ignoring others.

Companies that have a comprehensive plan, adapt it as necessary and commit to it will build infrastructures that successfully support any change, growth or evolution. ❖

# April 2006

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Remember to set your clocks ahead one hour on Sunday, April 2nd. You'll lose a precious hour, which makes it more important than ever to manage your business more effectively!

*Y*our people are a critical component of your infrastructure. For an in-depth look at how to maximize this key resource, visit our Distinctions archives at **www.rcr-associates.com!**

RCR Associates is an expert in redefining business processes, streamlining merged operations, revitalizing foundering projects, tightening operations and stimulating growth. To learn more about how we can help your organization, call us at 978-456-7377.

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