

Improvement Initiatives

"Change – for the better!"

MANAGEMENT NEWSLETTER

Quotable Quote:

"Life is change. Growth is optional. Choose wisely."

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Hat's Off to the Change Acceleration Process (CAP) *but, ... spare the meatball*

by Albert J. Perotti, III

GE's Change Acceleration Process (CAP) represents the very best of experiential learning. The successor to the Work-Out Program, CAP grew from CEO Jack Welch's realization that the future was inherently uncertain — and was likely to stay that way. Surprises were inevitable, and, it was impossible to anticipate upcoming events. But it was possible to manage the change process more effectively. What was needed was a set of concepts, tools, and techniques for making rapid adjustments and adaptations. Welch assigned the task of developing a state-of-the-art model to four well-known consultants and CAP was born.

Participants come to CAP in teams of eight to twelve people with a real problem to solve. At Welch's insistence, the problems are "need to do; not nice to do." Each team works with a coach, a process expert knowledgeable about the problem at hand who guides them through the problem. The coaches are constantly present, working with the teams at the home site before training begins, during training, and after CAP classes. The training alternates between learning the CAP framework— straightforward and easy to apply guidelines that divide the change process into seven steps: leading change, creating a shared need, shaping a vision, mobilizing

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A Little Bit 'O History: What is WorkOut About?

'WorkOut', developed at GE in the late 1980's, is being used with dramatic results at hundreds of organizations world wide.

The focus is on fast implementation of measurable improvements with clear lines of accountability - obtained with speed, simplicity, and self confidence. Used repeatedly, GE Work Out can help your organization become more lean, efficient, and responsive to changing market conditions.

GE WorkOut brings a cross-functional group of people closest to the work together to develop actionable recommendations to a business challenge that has been identified by leadership as a priority for improvement. Recommendations are tied to action plans that, if approved by leadership, will be implemented within 90 days.

The GE WorkOut process builds cooperation between functional silos and organizational levels, and increases morale by instilling values of excellence, involvement, and growth.

What is cost reduction?

It is a broad program where everyone is focused on reducing cost from each area of manufacturing activity.

Cost reduction can be achieved through reduction, elimination, modification, substitution, or innovation.

All cost drivers are taken into account and with thorough analysis the best and least cost path is adopted for each activity. The best methods to achieve results are to benchmark operating parameters to world class companies.

This drives everyone to match or even surpass these figures.

Major parameters for most manufacturing units include:

cost per unit (\$/unit)
 labor-hours/ unit
 units produced/unit time
 break down time (%)
 change over time (min/hrs)
 waste (%)
 defectives (%)
 fuel consumption (k therms/unit)
 electricity consumption (kwh/unit)
 water consumption (kltrs /unit)
 inventory turnover (%)
 lead time (min/hrs / days)

Change Acceleration Process (continued from page 1)

commitment, making change last, monitoring progress, and changing systems and structures — and applying it to the problem they've brought with them. Does CAP impact the bottom line? Yes. At GE Plastics Japan there was nothing but red ink from 1989 to 1993. Managers signed up for CAP training as a last resort in 1994. By the end of the year the business was breaking even. In 1995 net income was \$18 million and the company was on solid footing for the first time.

Planning, implementing and managing change in a fast-changing environment is increasingly the situation in which most organizations now work.

Dynamic environments such as these require dynamic processes, people, systems and culture, especially for managing change successfully.

Quick elements for success:

- **Plan long-term broadly - a sound strategic vision, not a specific detailed plan (the latter is impossible to predict reliably). Focus on detail for establishing and measuring delivery of immediate actions, not medium-to-long-term plans.**
- **Establish forums and communicating methods to enable immediate review and decision-making. Participation of interested people is essential. This enables their input to be gained, their approval and commitment to be secured.**
- **Empower people to make decisions at a local operating level - delegate responsibility and power as much as possible (or at least encourage people to make recommendations which can be quickly approved).**
- **Remove (as far as is possible) from strategic change and approval processes and teams (or circumvent) any ultra-cautious, ultra-autocratic or compulsively-interfering executives.**
- **Encourage, enable and develop capable people to be active in other areas of the organization via 'virtual teams' and 'matrix management'.**
- **Scrutinize and optimize ICT (information and communications technology) systems to enable effective information management and key activity team-working.**
- **Use workshops as a vehicle to review priorities, agree broad medium-to-long-term vision and aims, and to agree short term action plans and implementation method and accountabilities.**
- **Adjust recruitment, training and development to accelerate the development of people who contribute positively.**

Areas for cost reduction

include:

- energy
- human resources (outsourcing)
- raw material procurement
- sales & marketing
- logistics
 - inbound and outbound
- finance
- production (process, time and work study, maintenance, automation)

Learn more at:

<http://www.manufacturingcost.blogspot.com/>



Proven steps for ... project success:

1. Planning project work well.
2. Determining the exact scope of the work and the required/desired outcomes.
3. Developing a proper fact-based understanding of the problem.
4. Leveraging creative tools to develop the highest quality imaginative ideas.
5. Leveraging selection tools and decision making tools to identify the most appropriate solutions.
6. Managing stakeholders well, involving them and planning their involvement.
7. Planning and executing implementation with great care.
8. Ensuring that benefits are calculated and extracted.
9. Handing over a complete sustainable finished product to the business.
10. Saying "Thank You" (and meaning it) to the team.

Life isn't predictable, and as the old saying goes, "When life hands you lemons, make lemonade." You just have to make the best of it, no matter what comes your way. To help make good transitions, follow these tips.

Approach change with a positive outlook.

Even if the change is something you're not in agreement with, try to keep a positive attitude. By focusing on the positive aspects, it'll make the transition a lot smoother.

Apply what works in the new situation.

Whether it's a hint of routine or a certain characteristic, take what you value and incorporate those qualities in the new situation. For example, if your secret to being productive in an old position was a midmorning break, apply that same habit at your new job.

Don't overanalyze it.

Don't set the stage for every single pitfall that may occur. If you consume yourself with all of the negative possibilities and scenarios, you'll become even more resistant to change. Instead, just roll with it. Overthinking it can be paralyzing and will just make the situation harder.

Expect some adjustment.

Know that sometimes things don't go according to plan. There are sure to be little bumps in the road and it's better to know they're coming, rather than to expect a perfect transition.

Find support from family and friends.

Going through change on your own can be hard. It's helpful to find support from others who have a positive outlook. Talking with friends and family, and getting their encouragement, will help you adjust to a new situation.

Remember to take good care of yourself.

Don't put your health on the back burner during a time of change. Make sure you're getting a good night's rest and adequate exercise. It will help buffer the stress and give your mind some clarity, *no matter how chaotic the change may be.*



*Relax, Review, Renew,
Rethink, Recharge (Rinse and repeat!)*

Smart Cost Cutting Strategies as Advised by Steven Woods

With fast paced changes in a business environment companies had to take fast decisions with little time for finer details to look for any deviation or error in selecting wrong strategies could lead to disaster for the business. Here are 5 basic steps for cost cutting:

- **Baseline**

To know exactly where the business stands and what are the best practices in that particular industry. It's like fact finding and to know their baseline.

- **Identify quick wins**

Companies should identify the opportunities available with possibilities of savings with minimum of investment and are sure of quick results.

- **Quantify and communicate cost reductions**

Any cost cutting needs to be quantified. No assumptions or vague figures. Facts and figures need to be figured out before planning for cost reduction strategies and achievements to be highlighted to all.

- **Aligning cost reduction with [business strategy](#)**

The larger business context needs to be considered in conjunction with any cost reduction exercise, because it is vital to understand how changes will impact utilization and demand for IT resources.

- **Simplify operations**

Building on the need to improve business efficiency, reducing the complexity of operations can help organizations to leverage savings without cutting service levels. Organizations often run excessive number of applications, data centers and the like, many of which may be outdated, unused, or unneeded.

Off the page ... with Love (*Jim Love*)

It is often said that the only things in life that are inevitable are death and taxes. Well, you can add a third item to the things that are inevitable, and that is change. And change is happening faster than at any time in human history.

When the Berlin Wall came down and the Worldwide Web went up, the world changed forever. The Industrial Age came to an end and the Communication Age began. If "the good old days" ever did exist, they are gone forever. We are caught up in a perpetual motion of change, swirling all around us, that we will never be able to avoid. In other words, this rate of change is here to stay.

To deal effectively with change you cannot let it frustrate or upset you. You cannot attempt to minimize or avoid change. Instead, you have to learn how to deal with change, and use it to your advantage.

It begins with acceptance. Change is an essential element of life itself, yet we almost instinctively resist it. Most people believe that if they ignore change, it won't happen. That if they ignore change, somehow time will turn back to the way things were years ago. But that is not going to happen.

Change is occurring so quickly, in fact, that we no longer have the luxury of adapting to it gradually. Instead of resisting change, we have to develop the habit of welcoming and working with it. The future belongs to those who anticipate change and have a plan to respond to it. We'll never be able to completely control change, but we can manage our participation in it and our reaction to it.

The most valuable quality you can ever develop to deal with change is flexibility. You must form the habit of remaining open-minded and adaptable to new information and circumstances. When things go wrong and problems come up, as they often do, instead of becoming upset and frustrated, look for the benefit that is always contained in the change.

In order to be able to master change, you always have to remain calm and keep your wits about you in the midst of unexpected turbulence. First, take a deep breath, relax, and then assess the situation objectively. It is always important to keep yourself calm and unemotional. You can do this, by asking questions and seeking information when things don't work out the way you would like them to.

Whenever an unexpected change or setback occurs, successful people immediately focus their mind on where they want to be at a future time. This future vision is something that he or she has planned and given a lot of thought to, so it is fairly easy to conjure up at a moment's notice.

Since your conscious mind can only hold one thought at a time, when you make a habit of continuously thinking about your goal or your future vision, your mind immediately becomes calm and positive. You feel in control of the situation and your life. Successful men and woman always choose the future over the past. They never lose time and energy by looking around for someone to blame or criticize. They keep themselves performing at their best by thinking and talking about their desired future.

The critical issue in dealing with change is having control. Most of your stress and unhappiness in life comes as a result of feeling out of control in a particular area in your life. If you think about the times or places where you feel the very best about yourself, you will notice a high degree of control in those places. One of the reasons why you like to come home after a trip is because, after you walk through your front door, you feel completely in control of your environment.

The only thing you have complete control over is content of your conscious mind. So, for you to effectively deal with change, you must have full control over thoughts. Since change is inevitable and continuous, it is how you think about what is happening to you that will be the most important factor in determining how change will affect you. How you think about what is happening to you will determine whether you will use change to your advantage or let it work to your disadvantage.

To succeed in the Communication Age, you must become a "change master." You have to learn to welcome and embrace change. You must be able to ride the tides of change rather than trying to swim against them. You can do this by taking control of the direction of change in your life and assuring that it is predominantly positive and brings about the improvements you want in your life.

You can greatly increase your stability during these often turbulent times of change by setting goals and then making a detailed written plan to achieve them. Goals enable you to control the direction of change. When you have goals, change becomes planned and deliberate, instead of random and haphazard. Goals assure that the changes that take place in your life are primarily self-determined to be positive and move you toward what you want to achieve, rather than blow you off course.

When you have a clear vision of where you're going and what you want to accomplish, you develop resilience, which is the ability to bounce back rather than break. You develop a positive attitude and you become the type of person who is resistant to the negative emotions that affect people who do not have goals or any direction in their life.

One of the best ways to deal with change is to simply to accept the change as a reality. Acceptance is the opposite of rejection or resistance. Acceptance keeps your mind calm and positive. The minute you accept that a change has occurred, you immediately become more capable of dealing with the change and turning it to your advantage.

Often, a change signals that your plans are incomplete or that you might be heading in the wrong direction. Serious changes, which seemingly create real problems, are often signals that you are on the wrong track. Instead of resisting change, like a pine tree that snaps in a strong wind, you need to learn to bend with change, like willow tree. Once you learn to do this, you'll find that change is a healthy and positive step toward achieving your goals.

If you look at any change, you will always find something good and beneficial in it for you. Always look for the valuable lesson that is contained within every change. What is the hidden advantage that you can turn into your benefit? Could this change save you from a much bigger problem in the future?

Since your mind can hold only one thought at a time, always force yourself to look for the positive aspect of any change. When you do this, you'll keep your mind clear, and you'll keep your attitude optimistic and confident.

Successful men and women are always able to deal effectively in a rapidly changing situation. The higher up you go, the greater your income and responsibilities will be and in turn, the faster change will be all around you. Your ability to function with calmness, clarity, and quiet assurance in every situation will determine your success in times of change more than anything else.

If you are going to be successful in the Communication Age, you have to accept change, improve upon it, and then move on to the next situation. As you continue to do this, you will have such a wonderful feeling of self-control and self-determination that your whole life will be bright and positive. The results you can achieve in every area of your life will be unlimited.

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Joe Love draws on his 25 years of experience helping both individuals and companies build their businesses, increase profits, and achieve total success. A former ad agency executive and marketing consultant, Joe's work in personal development focuses on helping his clients identify hidden marketable assets that create windfall opportunities and profits, as well as sound personal happiness and peace.

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