Enabling Agility in the Manufacturing Industry

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The industry of manufacturing is machine-intensive and often highly structured in terms of business protocols. Thus, any change in the manufacturing industry is often time-consuming and arduous. Unlike the service industry, which is already handling change on a day-to-day basis, manufacturing industry prides itself for standardised processes. Here the value chain is primarily driven by the efficient working of its supply chain.

In a typical manufacturing organization, the functional departments are geographically distributed – the operational staff working at the plant or site locations, the marketing department located at the back-office locations, senior management and leadership based at the headquarter, while the sales offices are distributed at various customer proximity areas; also, the warehouse and logistics functions are distributed.

For the supply chain to function properly, it is very important that everyone contributing to the supply chain must strictly adhere to the job responsibilities and work efficiently. Hence the work protocols are very much ingrained in every person - otherwise the operational efficiency will be hampered. In such a situation – any change in the supply chain requires a lot of “un-learning of the old ways” for the participants.

So who helps the participants to adapt to the new ways?

Organizational Change Management (OCM) principles enable the organization to prepare, conduct and sustain the changes, so that the entire supply chain gets seamlessly transitioned from the old way of working to the new way. OCM listens to the apprehensions, confusions and grievances of the affected participants, it facilitates to alleviate their fears and bring stability and maturity to the entire organization.

There has been many instances wherein manufacturing projects have been thrashed because proper attention was not given to the significant enabler of any change – “the people management,” which OCM rightly addresses.

In 2010, BP Oil Spill in Gulf of Mexico made the headlines as one of the worst oil spill disasters in the history of the modern world. The major reasons behind that failure were - poor risk management, lack of planning, delayed decisions, not giving enough importance to the crisis with the added difficulty of working in extreme geo-location, etc. Who should be responsible for the lack of communication? In 2009, Chrysler merged with Fiat. Fiat was an Italian company and Chrysler was American. The merged entity struggled with the cultural differences between them to achieve merger synergy. They gradually achieved the stable state by adequate training and aligning the leadership, employees and management with various cultures so that all can work in harmony.

So what are the situations wherein OCM can be instrumental in manufacturing projects?
Industry trend forces management to introduce a new business model

When an organization decides to change the business model – every entity in the organization is impacted by that change. In such scenario, sincere communication to every impacted individual is important. A recent example is the Marks & Spencer decision to overhaul the entire supply chain wherein the retailer's aims to move to a “single-tier” logistics system, instead of the stocks being routed through different warehouses which delay the item availability.

The aspects of OCM that can be crucial to handle such a business model change include:

**Communication & Resistance Management**

Everyone will need to be made aware of the changes happening in the supply chain overhaul. Selected “Key Messaging” will enable the organization to align everyone with the impact of the change, and their roles in helping the execution of the change. Most of the changes fail because of the resistance from the key stakeholders. OCM helps to mitigate such resistance by repeated stakeholder alignment and improving the value propositions of the stakeholders.

**Project Charter & Roles/Responsibilities Clarification**

Project management methods will ensure the timelines and actions required for the change - however, who shall give clarity on the roles and responsibilities vital for the successful execution of the change? OCM enables leadership to communicate the timelines, the expectations from the team to adhere to the time, highlight discrepancies and limitations.

**Risk Management**

Each function monitors and mitigates the risks at their level. However, during the business model overhaul, the role of OCM will be to monitor the overall risk in the program. This holistic risk monitoring enables the organization to address anything that has been missed out at the functional level, and to proactively address any risk or compliance issue.

**Adherence to RACI**

In any such holistic program, the key stakeholders are usually onboarded during the kick-off. However, during the program execution, it is very important to maintain operational transparency for each activity. However due to pressure of completing the tasks, functions start to operate in silos leading to supply chain integration issues later. OCM addresses the situation by strict adherence to the RACI matrix prepared and updated during the program. This ensures that all the key stakeholders are aware and updated about the project situation.
There can be numerous other examples of business model overhaul – however, the aspects of the project wherein OCM is crucial, will continue to exist along similar lines.

Merger & Acquisition for business growth

To grow organically, big manufacturing companies often enter a merger situation, or conducts the acquisition of a new company. In such scenarios, OCM becomes the indispensable enabler of the change in the organization in more ways than one. In 2015-2016, the two giant construction companies entered a merger situation, wherein one company was highly process-oriented with localised process autonomy, while the other was a global process-oriented company. The aspects of OCM that played crucial role in such a situation were:

**Expectation Management**

During a merger, the employees of one company often feel superior or neglected in the newly created organization. Aspects of the program management other than OCM like project management, training, operations management etc. do not address this situation. It comes under the purview of OCM to conduct persona-based analysis to understand the motivations, behaviors of a persona and highlight any resultant conflicts. This will help in predictive conflict management and expectation alignment for the entire organization.

**Training & Assessment Planning**

Any manufacturing project will fail if proper training has not been conducted. The crucial role of OCM in creating a training and assessment plan is to identify the relevant trainings required for the project success and the correct candidates for the training. There have been situations wherein lack of proper training has caused huge loss to the company.

The above-mentioned situations - A and B are not exhaustive – there can be many situations where OCM plays vital role for the success of the project. Like other industry projects, the manufacturing industry projects also face resource conflicts, diffused decision making, misalignment between projects and their business objective, dependency conflicts,
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overlapping responsibilities, fragmentation, non-accountability etc. The larger the project – the bigger is the scope for failure. The major reasons of failure of the manufacturing projects lie in:

· Inadequate involvement of all management layers, especially senior management

· Poor clarity of the vision of the project, which reduces the value delivered by the project

· Communication gaps causing improper prioritization of tasks and lose governance

· Unavailability of end-to-end project status visibility

With further inclusion of disruptive technologies, automation, information technology aspects – the manufacturing industry is gradually making itself more flexible. However, the intrinsic obligation for this industry is to have its processes highly standardized. OCM enables the industry to maintain the balance between robustness and agility to gain the required adaptability. Its principles largely ensure suitable governance at various phases of the projects that the manufacturing industry goes through be it ideation, design, feasibility study, installation, production, sales and maintenance.

Finally, OCM connects the dots, enabling the manufacturing industry to achieve the agility required in its projects to deliver the envisioned business value - while the related project entities reaping the change benefits.

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Sulagna comes with 9 years of international experience in technology and digital transformation consulting. A passionate process improvement champion, with a proven track record of implementing new procedures and technologies to reduce response time, enhance operational efficiency and control costs. Cheerful and influencing at a senior management level – facilitating end-to-end project execution meeting quality and budget limitations.