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EXPERT OPINION

Speed and Sustainability: Creating Value Through a Balanced Approach

By: Shawn Coffman

As economic pressures increase the need to reduce costs and transform business models, decision makers everywhere are searching for quick-hit opportunities to deliver significant improvement. The real challenge may be obtaining lasting results, but at a speed needed to satisfy the overwhelming sense of urgency.

Need for Speed

Nothing creates a sense of urgency within a business like the realizations that revenues continue to decline and the current ways of doing business are not viable. Demonstrating immediate improvement and getting a “big win” quickly is essential for gaining momentum and winning the confidence of key stakeholders. Speed creates momentum and eliminates short-term frustrations; produces quick results that provide some short-term relief; and increases confidence in the team’s ability to deliver.

Unfortunately, acting with only speed in mind can lead to increased chaos within the organization, effectively reducing the confidence of the very stakeholders decision makers are desperate to

satisfy. The chaos created by a “pure speed” approach is the leading factor behind the failure of many large improvement projects. Acting too quickly causes a lack of cross-functional managerial commitment and unclear objectives for transformation within the company. Moreover, it can cause an incomplete or poor business case without facts to back the need for change as well as hidden political agendas.

In addition, “pure speed” can limit the ability for decision makers to articulate the proper framework or structure for reorganization projects; development of unrealistic timelines; and poor communication between decision makers and stakeholders, rapidly leading to growing unfavorable perceptions.

When faced with the increased strain of trying to produce immediate results, avoiding these traps can become increasingly difficult for even the most seasoned decision makers.

Need for Sustainability

As an example, building a new operating model while responding to current demands cannot be achieved simply by reducing head-

count. Fundamental, sustainable changes are derived by taking a more holistic approach; one that includes an understanding of the people, processes, technology, and financial interdependencies. In fact, by focusing on sustainability through a process-driven approach, greater cost savings can be achieved without sacrificing the quality or customer experience that a business delivers.

In the early stages of organizational change, a solid understanding of the business’ processes influences the quality of the business case and helps decision makers fully articulate the challenges leading to the need for change within the company. As the transformation continues, detailed process analysis influences the redesign of business procedures, technology architecture, and organizational structures—which can all be linked to a financial impact.

Of course, the challenge of a methodical process-driven approach is the time it takes to execute. Avoiding the normal pitfalls and diligently defining the objectives, developing a solid business case, gaining cross-functional

buy-in, and assembling the right team have a cost. And, as decision makers delve into these important tasks, the sense of urgency that initially sparked the cost reduction effort often disappears or at least feels absent.

Taking a Balanced Approach

The answer is a balanced approach in which the science of a well-crafted plan and project structure is coupled with the art of layering interim results throughout the plan to gain momentum and increase confidence. Balancing these two intertwined concepts leads to conscious decisions about the risk a company is willing to accept. A balanced approach addresses the need for quick “wins” with built-in cost savings while executing a well-structured program that delivers significant and lasting improvements.

To wit, the 14th largest wireline communications provider in the country was looking to significantly increase the company’s value and obtain a superior purchase price within a short period of time—18 months. It had multiple operation centers, redundant processes and systems, declining revenue, and a leadership team that needed assistance identifying, prioritizing, and implementing the right opportunities to maximize value.

A relatively small, experienced external team performed a quick holistic assessment to identify opportunities for improvement. Each improvement opportunity was prioritized based on financial impact, delivery timeline, and overall change capacity. Once approval was received, a delivery team quickly began the process of implementation.

A delivery team comprised of both external, industry- and process-specific specialists and a complement of internal decision makers were able to:

- Examine every core “quote to cash” process within the business, discovering opportunities to reduce costs and increase revenue while maintaining superior service quality;
- Examine all support and planning functions such as HR, IT, and supply chain management;
- Identify over 150 opportunities for significant cost reduction or revenue generation;
- Prioritize improvement opportunities to maximize value within the 18-month period; and
- Implement a repeatable approach to quickly prioritize, approve, staff, and implement improvements.

It’s worth noting that pairing external experts with internal experts is a highly successful, if often overlooked, approach.

The measurable results of the speed-sustainability approach taken in this instance:

- Consolidated four operation centers into one centralized shared services environment (processes and systems);
- Increased cash flow by 44%;
- Decreased cost per call within the call center by 42%;
- Increased revenue by \$3M per year through revenue assurance and targeted product marketing campaigns;
- Shortened fulfillment cycle time by 83% while increasing rev-

enue within various product lines; and

- Helped the company achieve a purchase price that was 2.5 times greater than expected.

While the specific industry, size of company, engagement scope, and approach may change, the lessons of balancing speed and sustainability are clear, especially when it comes to building in interim results.

Not Either/Or

Focusing purely on speed will lead to a quick cost reduction; however, it risks the need for further work and may lead to short-lived results. Focusing purely on sustainability will build a viable operating model; but it risks losing stakeholder support and leads to cost reductions that are too distant to respond to the current sense of urgency (and may in fact occur too late).

All told, decision makers today require immediate and lasting results to satisfy stakeholders and build an operating model that is viable. Addressing challenges with a pure focus on speed or sustainability will simply—and inevitably—leave decision makers with a new set of issues rather than solutions.

About the Author(s)

Shawn Coffman is a cofounding partner of Innovar Partners, an operational improvement firm. Prior to his current role in professional services, Coffman spent 15 years in senior management with several companies, including TXU Communications and Sprint. His professional designations include Certified Project Management Professional and Six Sigma Analyst.