

# Lean & Agile Value Chain Management (LAVCM): A Guide for the Next Level of Improvement

Ehap Sabri, Ph.D., CFPIM  
 Salim Shaikh, CPIM, CSCP



Lean & Agile Value Chain Management (LAVCM)

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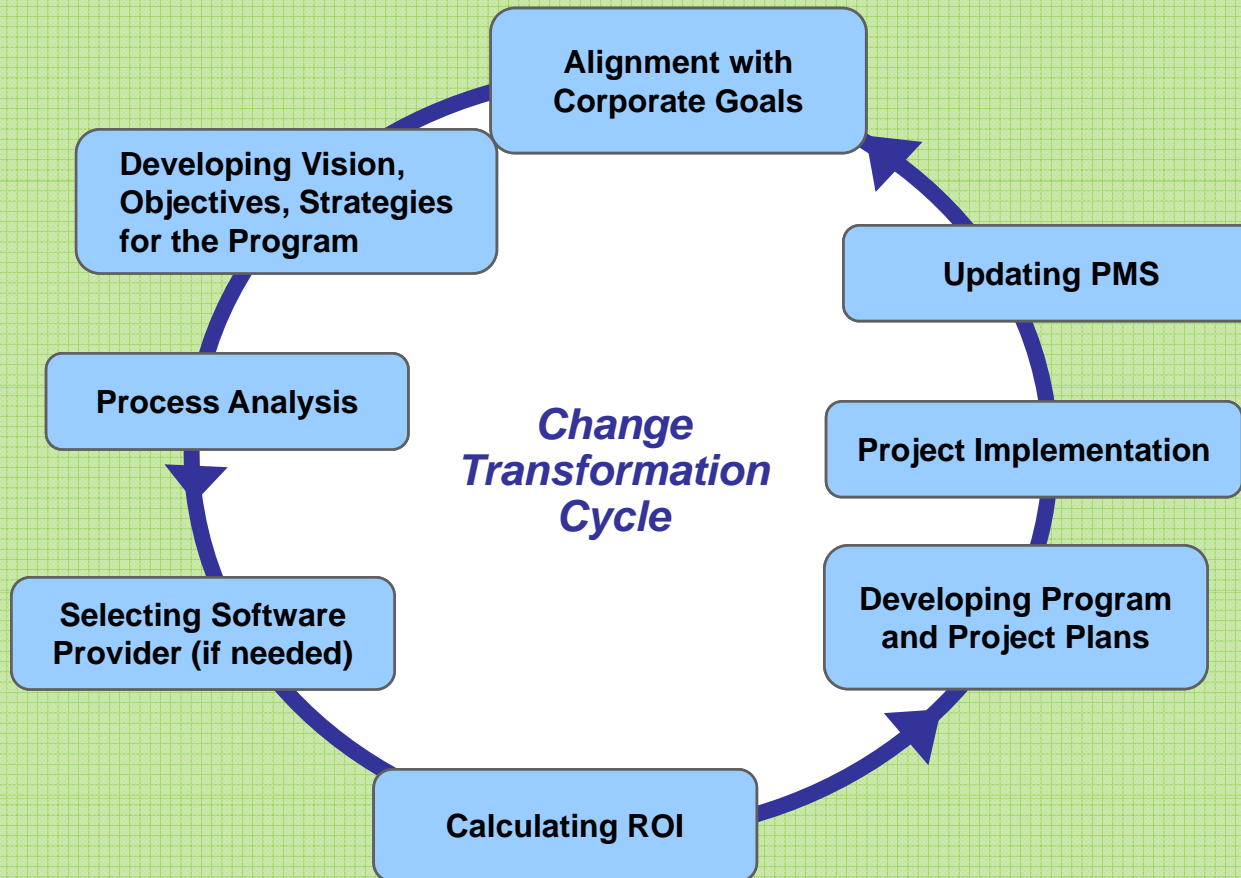
# Recipe for 10x improvements

“The real challenge today is unlearning, which is much harder than learning. Each of us has a ‘mental model’ that we’ve used to make sense of the world. But the new world of business behaves differently from the world in which we grew up. Before any of us can learn new things, we have to make our current assumptions explicit and find ways to challenge them.”

**John Besaw**

“Two stonecutters were working on the reconstruction of St. Paul's in London when Sir Christopher Wren asked each what he was doing. The first replied, "I am cutting stone." The second answered, "I am building a cathedral.”

**Christopher Wren**



**Change Management Supported Processes**

- Developing a Winning Transformation Team
- Education and Cultural Support
- Communication Management
- Tracking and Controlling
- Effective Performance Management System



# Mapping LAVC metrics to SCOR and Balanced Score Card

LAVC Metrics (Top/Corporate Level)	LAVC Metric Attribute	SCOR Metric Attribute	BSC Metric attribute
Perfect Order	Agility	Supply Chain Reliability	Customer Perspective
Order Cycle Time	Agility	Supply Chain Responsiveness	Innovation and Learning Perspective
Time to Recovery	Agility	Supply Chain Agility	Customer Perspective
Demand Forecast Accuracy	Agility	Not Determined	Internal Business Perspective
Value Chain Management (VCM) Cost	Lean	Supply Chain Costs	Financial Perspective
Cash-to-Cash Cycle Time	Lean	Supply Chain Asset Management	Financial Perspective
VCM Profit	Lean	Not Determined	Financial Perspective

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- Research has shown that 70% of all transformation initiatives fail because the people related aspects are poorly addressed or altogether neglected. ("Leading Change: Why Transformation Efforts Fail" by John Kotter. Harvard Business Review, March-April 1995.)
- Effective organizational change, of any kind, requires three phases: (Sabri, E., A. Gupta, and M. Beitler. 2006. *Purchase Order Management Best Practices*. Fort Lauderdale, FL: J. Ross Publishing.)
  1. Planning Change
  2. Implementing Change
  3. Sustaining Change



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## Planning Change

### **THE BEITLER STRATEGIC CHANGE MODEL**

(Sabri, E., A. Gupta, and M. Beitler. 2006. *Purchase Order Management Best Practices*. Fort Lauderdale, FL: J. Ross Publishing.)

- Strategy-Driven Change – Commitment from the organizational resources in terms of time, energy and money. Importance of having all organizational changes aligned with a strategic plan.
- Structural Support - Restructure the organization around the new processes.
- Cultural Support - Review existing reward systems to make sure the new behaviors are rewarded and reinforced.
- Human Process Support - Team building exercises, Conflict management , Organizational learning, Knowledge management, Leadership development, Training and skills acquisition (KSA-Knowledge, Skills and Attitude) to align with organizational strategy.



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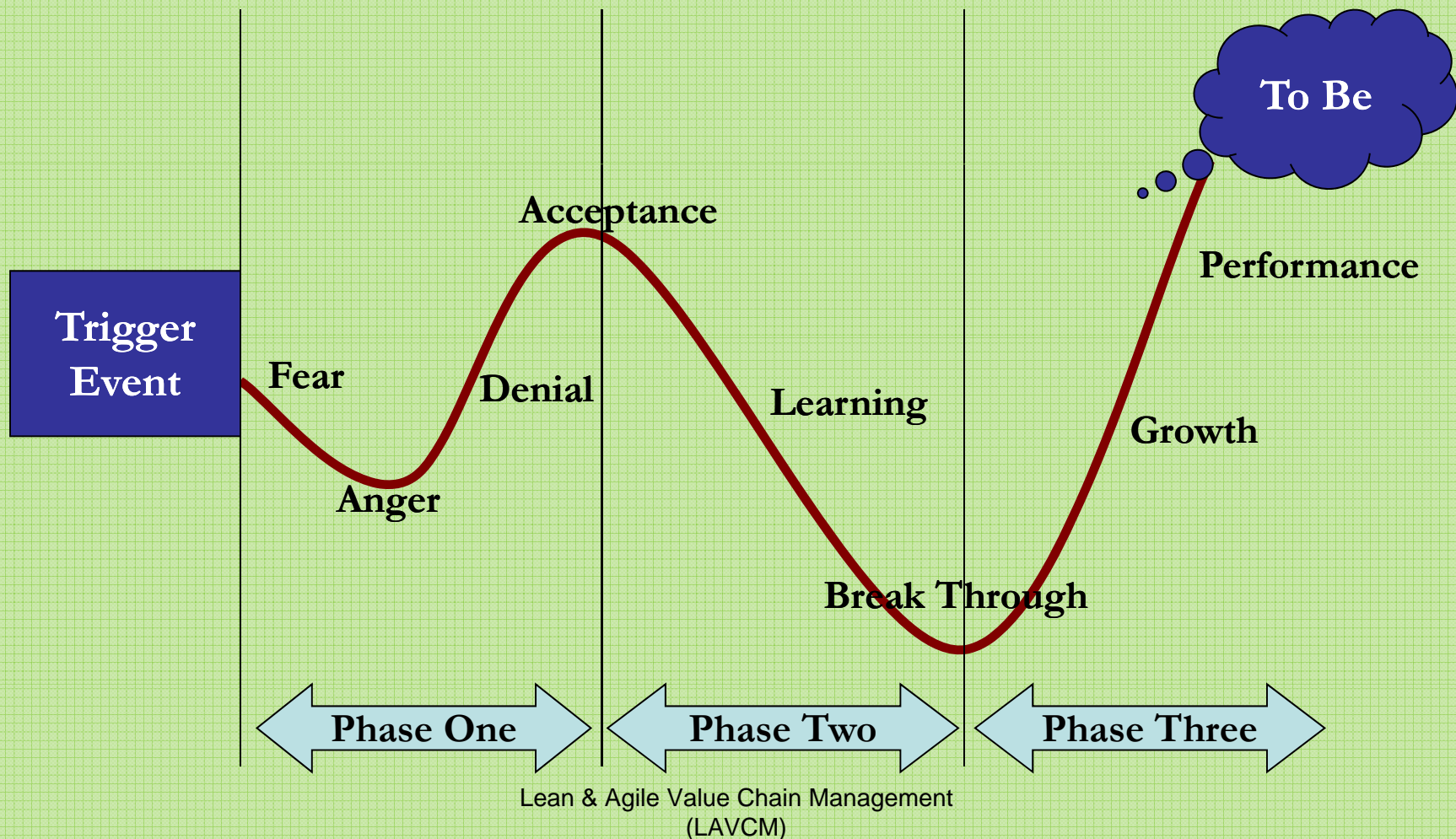
## Implementing Change (Sabri, E., A. Gupta, and M. Beitler. 2006. *Purchase Order Management Best Practices*. Fort Lauderdale, FL: J. Ross Publishing.)

- Although the Planning Phase is critical, the implementing and sustaining phases are more difficult.
- All individuals in an organization are diverse in their style of functioning, priorities, and attitudes. They experience intellectual and emotional responses differently and therefore will also experience change differently.
- Some individuals may become apprehensive, angry, defensive, and then behave in a wide variety of unproductive ways.

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## Implementing Change

Besaw has depicted the emotional adjustment process as an emotional rollercoaster. (Sabri, E., A. Gupta, and M. Beitler. 2006. *Purchase Order Management Best Practices*. Fort Lauderdale, FL: J. Ross Publishing.)





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## **Guidelines for sustaining change** (Sabri, E., A. Gupta, and M. Beitler. 2006. *Purchase Order Management Best Practices*. Fort Lauderdale, FL: J. Ross Publishing.)

- Putting a reputed person in charge of the change and getting key players to buy in (Responsible person should believe in the change and must walk the talk)
- Creating transition management teams ( internal and external stakeholders)
- Providing training (continuous training will help users to feel competent and embrace the change rather than force the change)
- Bringing in outside help ( change agent who will provide objective guidance and is not emotionally involved)
- Rewarding people (financial and non-financial like Parking Space, Employee of Month etc.)