

The following graphic illustrates various dimensions of change from a tradition craft model to the new process manufacturing model.



When the Tool Maker was King...

<u>Traditional Tool Making</u>	<u>Tool Making Today</u>
◆ Tool Maker is king	◆ Specialized functions rule
◆ Individualized approach	◆ Standardized approach
◆ More tool details	◆ Fewer tool details
◆ Seat of the pants management	◆ Managed processes
◆ Many tool shops	◆ Fewer tool shops
◆ Less global competition	◆ More global competition
◆ Longer lead times	◆ Shorter lead times
◆ Richer margins	◆ Leaner margins

We recently conducted a *Delta Edge Survey* in a die shop that is making the transition to a process model. Here is what the members of this organization identified as their most difficult problems:

- Poor communications
- Lack of information
- Lack of systems and procedures
- Lack of planning

These problem areas illustrate the lack of a well-designed and implemented management system to replace the older seat-of-the-pants approach, and provide the needed integration among departments.

All these problem areas have to do with the lack of a structured or consistent approach for managing the business. It's management's responsibility to foster effective communications, establish the means to provide timely and accurate information to people so they can do their jobs, and establish a consistent way of operating instead of changing the process around to meet the demands of the job or customer. (This is another manifestation of seat-of-the-pants management, and a slippery slope that is responsible for the out-of-control conditions experienced by many shops.) Failure to follow procedures also runs afoul of ISO in a major way. Lack of planning can be interpreted as organization members saying, "We don't plan and wind up tripping over ourselves and wasting time and money."

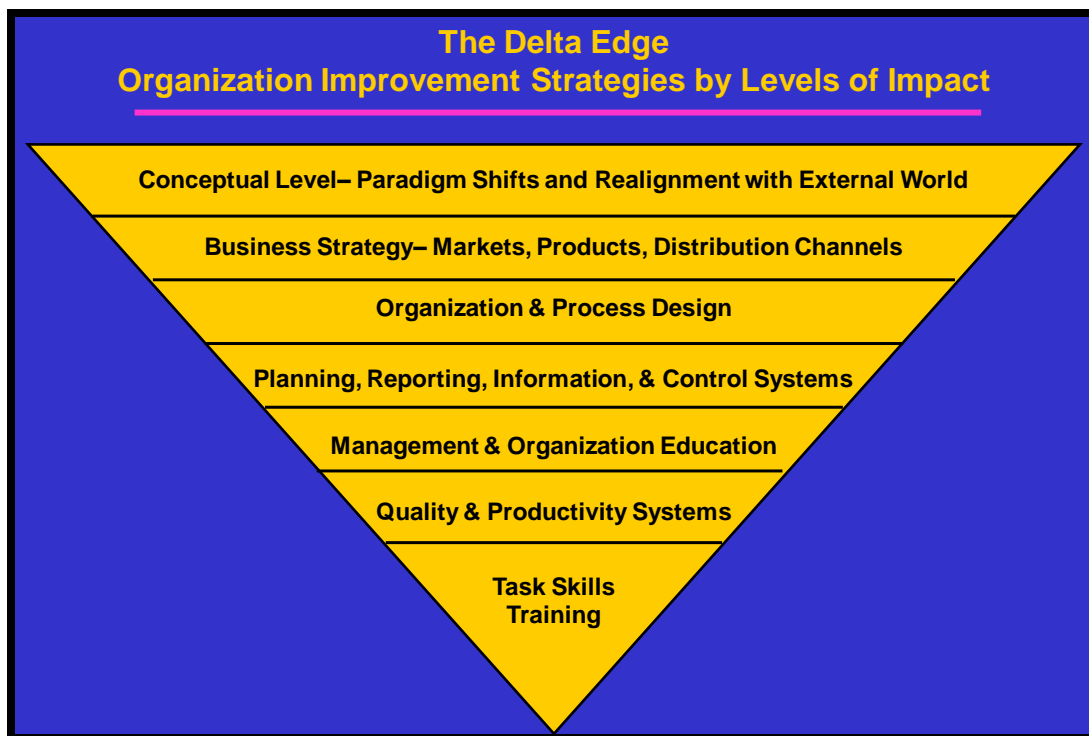
The next three items have to do with the organization and leadership:

- Lack of clearly defined responsibilities
- Lack of accountability
- Lack of clear direction

Lack of clearly defined responsibilities and lack of accountability go together. If an organization is continually in flux around how to do things, and changes its processes and procedures to suit the job or customer, then people will never know what is expected of them because it changes all the time. When bosses meddle in areas they are not responsible for, this undermines the whole concept of responsibility. If the boss makes decisions that have an impact on a supervisor's department without consulting him first, this is demoralizing, and can seriously reduce the supervisor's commitment and sense of responsibility. This is obviously not a good thing to do, and is another characteristic of seat-of-the-pants management

Some Changes are Easier than Others There are more and less difficult changes to accomplish in the transition from a craft to a process model. For example, it is not difficult to determine the sequence of steps required to design and build a die, and then to establish departments that specialize in these functions. Where the real difficulty lies is in designing the "connective tissue" that links the organization to the work flow so that it can be managed, and provides the necessary coordination among departments.

The Delta Edge ..Speed to Market Readers may recall the article in the February 2007 issue of Speed To Market, *The View from the Side*. We offered a perspective that illustrated various organization levels from the conceptual to concrete skills training on the floor.



When the Delta Edge is applied to the transition we are discussing, you can see 1) a paradigm shift from craft to process has already occurred; 2) a new business strategy has likely been formulated; 3) a new organization and process design has been implemented. This is generally where it stops. What is often lacking is a system, built on **The Management Cycle**, that includes the necessary planning, reporting, information, and control process steps.

The Management Cycle is a process that defines what it means to manage. It is the discipline that all well-trained managers follow in the practice of management.



The management cycle is the foundation for the design and implementation of a managed process. It requires an understanding of the various steps in the process, as well as the organizational discipline required to follow it. It is the exact opposite of seat-of-the-pants management.

Lack of Management and Organization Education When an organization is making a change from a craft to a process model, there is a definite need to educate everyone in how the new organization and systems are designed to work, including organizational responsibilities of its members. Managers and supervisors need to know what management tools they have available and how to use them. We saw in the *Delta Edge* Survey (Page 3) what happens when this education is lacking.

Creation of a Matrix Organization It may not always be clear that the transition to a process-based organization creates a matrix organization by default. That is, there are both horizontal and vertical processes involved that must be understood and managed. *Vertical* refers to departmental hierarchies and how work is to be accomplished in a particular way.

Horizontal refers to the movement of work across departments from engineering to final testing and quality checks. Sometimes project managers are responsible to ensure work moves from department to department on schedule. In other cases, the work is allowed to “drift” through the quotes to cash process. In these cases, there is a mistaken belief that work will flow from department to department automatically. This cannot be counted on however, and can be major reason for late shipments and deteriorating customer service.

Summary This article provides a perspective on one of the most difficult organizational and management issues to resolve in the transition from a craft to managed process organization. This transition requires attention be paid to every level illustrated by the Delta Edge. Typically, organization development is incomplete, and a gap exists between the departmentalized organization structure and the work process itself (e.g., the lack of a well-developed planning, reporting, information, & control system). Without this “connecting tissue” in place, there is a tendency to fall back on seat-of-the-pants management to deal with the many problems and disconnects that arise from the inability to manage the work flow from quotes to cash. This becomes a degenerative dynamic where the lack of disciplined process management creates problems which are addressed by ad hoc, seat-of-the-pants management decisions which then further undermine the discipline required to manage a process based organization.

Typically, seat-of-the-pants management results in a variety of organization ills such as the ones identified through the Delta Edge Survey reported previously, as well as an inability to ship on time, excessive costs, a chaotic floor environment, dealing with the same problems over and over, arbitrary changes to process and procedures, missing important steps in the process, poor decisions, deteriorating profitability, and disgruntled customers to name a few.

If this sounds familiar and you are experiencing these types of symptoms in your company, recognize it as a case of “arrested development.” You need to move on though the levels illustrated by the Delta Edge and continue your organization development work beyond the Organization and Process Design level if you are able.

Note If you are stuck at some point in the transition from a craft to a managed process, you can get back on track and save yourself a lot of time, grief, and money (especially lost profitability) by giving us a call at 248-333-0482. As you can tell from this article, we have a lot of experience working with job shops that are seeking to adapt to new business realities, and we understand what is required to be successful.