

AMERICAN INDUSTRY IS FACING A MOMENTOUS PROBLEM

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Thomas A. M. Smith, R/Admiral (Ret) is president of T.A.M. Smith, Inc. He has a BA degree in education from the University of Toronto.

As R/Admiral, he was in charge of all Canadian Reserve Forces and in industry he was active in manpower development for major Canadian automotive, petroleum and chemical companies. He has designed and conducted successful programs for the military and industry.

Mr Smith is a member of the Conference of Defense Associates (Canada) and is a member and past chairman of the Maritime Defense Association of Canada. He holds the Commander of Military Merit, Canada's highest military honor.

ABSTRACT

This paper illustrates the relationship between the topics of the three previous papers, Value Analysis and Team Formation, Product Cost Estimating, and the Conflict Between Quality and Value.

Foreign competition is everywhere, and the global scene dominates much of OUR THINKING.

However, the most significant challenges are not foreign, but are within our own industrial cultures. We must deal with our own processes and most of all with some obsolescent thinking.

Repeatedly, leaders and managers call for a paradigm "shift". That means a major overhaul of an organization that will produce quantum leaps in productivity. The "shift" requires new processes, new products, and major production break-throughs. Now, change is forced on us, but we are saying that change is not easy. Our systems that have made us the most prosperous nation in the world. We have been successful in what we have done. We are world leaders in so many ways and the envy of many others. Yet change we must, and now we must change or "get out of the way".

Is this change to something new, or is it returning to the basics from which we have strayed?

There are, simply put, three major areas of change:

1. The organization (the structure).
2. The technology (the task and the tools).
3. The people (those who do the task).

Changing an organizational structure is a quick fix in many organizations. We have found that most organizations that are floundering or inefficient become that way as a result of a succession of managers who have altered the structure to accommodate strong or weak managers, or face cutbacks (or placate active power seekers). Managers, especially those on a high potential list, indulge in a quick fix - they alter the organization. This results in an immediate improvement but causes problems in the long range (over three years). The manager who has caused the problem by making the changes, however, is long gone.

In short, changing the organization structure is like a third world revolution - the players and titles are reshuffled but the same tasks are performed.

The technology is really what is being done on the job. Some technologies are tried and true, but they are always in need of improvement. And in this era of massive and rapid change, technology itself is subject to major scrutiny.

Finally, people change. This is the field of the most effective results. These changes may be long range, or subject to postponement or cancellation as short range survival goals are exercised in an organization. Selection, training, and development are the most rewarding activities in changing people. It takes dedication and commitment to accomplish

people change. It takes real leadership to harness and implement the factors necessary to change people.

Success in accomplishing any task is reached only through the proper co-ordination of these three factors.

Only a year ago we were engaged in a major war, and while war is reprehensible to most of us, it can serve as a drastic example of a task that is faced and conquered by a leader.

This recent war showed us how leadership can use good management to accomplish unprecedented success.

Let me assure you from an outside view how we think of this recent success in the Gulf. Leadership clearly saw the task and went to work motivating all forces. You knew where you were going and what you needed. The enemy fortunately, was clearly identifiable. There was consensus among the leadership and within the US. The forces were gathered from such diversified groups and powers that this war will serve as an example for future international activities.

In essence: The task was clearly defined and parameters set. This clarity of direction permitted others to lead their sector with intelligence, enthusiasm, and determination.

An organization was quickly established, and in an astounding fashion, the allied forces reached halfway around the globe. The US, geniuses for logistics, and marshalled the equipment, provided the technology (superior technology in weapons and communications), and transported the people to the site.

Most of all, the correct strategy was provided. Those in the field, using the basic, clearly disseminated strategy, could provide a sound tactical effort which overwhelmed the enemy.

Now we face another war. Global, industrial, competitive forces present us with another tremendous task. This task forces us into a major dilemma.

The questions faced by any leadership are:

1. What confronts us? Who is the "enemy"?
2. Can we carry on doing the same things the same old way?
3. Do we have the right people?
4. Are people motivated, and are they doing the right things?
5. Are we properly organized?

In essence, do we have the right resources for a "paradigm shift"?

Repeating: We face a dilemma, but a dilemma is the source of learning. As we face it we can respond in four ways. Traditionally we have come to believe that fight or flight are our main alternatives. What that means is that we must choose to face the task, or we avoid solving the task.

There are, however, two other ways to face a dilemma. One is called invention, and the other is called discovery.

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Invention calls for seeking the correct and improved process, and the right tools and right combination of people to produce major improvements. Discovery calls for an inspirational solution to a problem, and much effort, and to use the human brain to find solutions to a dilemma.

These two efforts are required to handle a dilemma. Invention and discovery are now getting much attention as we search for breakthroughs in industry.

There is one glaring lesson to be learned from winning a war, or any successful operation. We must have the right procedure to achieve the goals.

The three previous speakers have discussed Teamwork, Cost, and the relation of Quality and Value. These presentations have provided you with some knowledge of a solution to the great dilemma that American industry is facing. The information you have been given is valuable in any problem solving setting.

We must have accurate and correct information, and we must understand the concepts of Burden (overhead), and fixed variable costs. We must have a clear definition of value and quality. Richard Chancellor has put these two terms into clear focus and Dick Park has put the spotlight on the value engineering (VE) and group process to give our organization the tools to make major changes required in this battle for economic success today.

VALUE ANALYSIS (VA) OFFERS A SUCCESSFUL PROCESS. The Fast diagram offers a Point of Entry to the solution of a problem. It provides discipline to build on. Every coach has a "system"- it is instilled and followed by the entire team. After the "system" is working, individual styles or actions may be used effectively. But initially individual performance and initiative (however colorful) assures anarchy. The "system" must be in place for eventual success. VE is that system - that discipline. The communications between people and groups, the group process, and coaching skills of the instructors are combined with the know how of the participants to achieve a major breakthrough in any operation. The key to forming a group is to form the participants into an effective team to accomplish the chosen task.

V/A is a vital process in assisting the group to become creative and to reach for that elusive paradigm shift often needed by an organization.

Our speakers also mentioned several mental blocks to creative activity, and the VA process enables the members of the group to use the rational processes.

The team building process is the use of synergy. This word has been used and abused for the past 25 years in organizations.

Recently sociologists have examined the so-called "Japanese process". In a simplistic way we can see that the Japanese believe that groups are benign, creative and not threatening to authority; while we may still be dominated by rugged individualism and groups are seen as subversive, and perhaps break down authority or control. Many higher managers want to form groups for the synergy, motivation, and change that can be obtained from groups, but they have trouble working within groups themselves. Of course, it is clear from our three previous speakers that the correct combination of people, using a sound process and given the appropriate task and tools, can really attain the full value synergy, which has been defined as *the combination of the group exceeds the sum of the individuals*.

The breakthrough is accomplished by a team building process which involves interpersonal skills, task and rational skills.

VA uses all three of the skills in its application to real problems. Participants are left with a real solution to a real problem.

Fostering, and enabling an organization to conduct a VA program and to sustain its operation, is an act of leadership. And as Warren Bennis notes in his new book, the leader is differentiated from the manager by his use of leadership tools like VA.¹ He says, as does Demming, that good managers, to

become leaders, must progress from doing things right, to doing the right things.

In conclusion: American industry must accept the challenge of this new war. We must start at home and VA offers our leaders a tool to compete here and worldwide.

REFERENCE

1. *On Becoming a Leader* - Warren Bennis, 1989, Addison-Wesley Publishing Company, Inc.