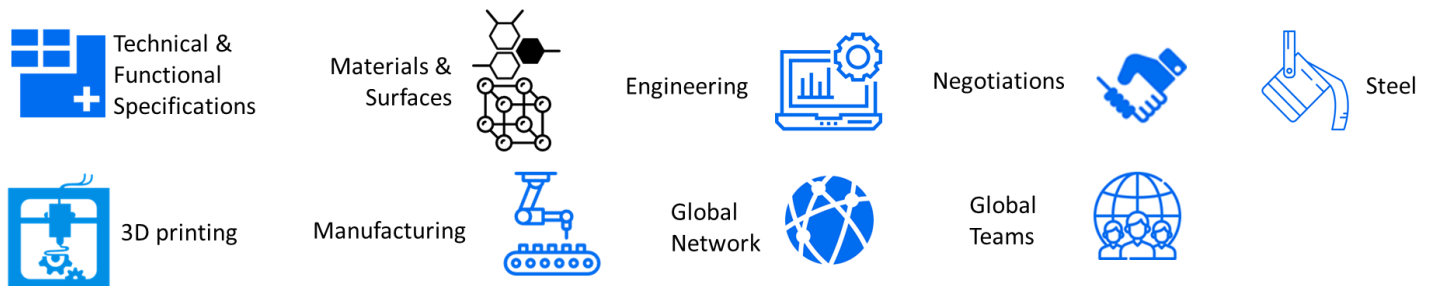


External Business Optimization.

Organization.

European engineering company

Assignment Category.



Initial Assignment.

Poor specs and lack of direction are jeopardizing the survival of the business.

Collecting and Definition of the Definitive Assignment.

We were granted freedom to start collecting information through the organization. The main issues to be addressed were:

- Irrational specs (25 different specs to buy the same steel)
- Old managerial generation without a view of where to lead the business.
- Absence of references from other companies with similar problems (inner view & focus)

From now onwards all actions of the assignment will be referred to the three above points.

Sources of Conflict.

- Supplier quality approval process opposed to business plan proposals for profitability
- Older generation with an end-of-business view vs. a younger interconnected view of the business
- Any alternative view coming from inside the company view as aggressive to them.

Organizational Elements of the Assignment.

- Associate return-cost to business equation engineer and reward purchasing for successful sales. Cross-responsibility.

- b) After the assignment, a new managerial structure (integrating the European and the American branches) was deployed. Developments assigned to where the competences were.
- c) Assigning to junior management to European meetings with colleagues from other companies to share challenges and solutions (even from very dissimilar businesses).

Managerial Aspects of the Assignment.

- a) Avoidance of local specs. Development of global responsibilities in non-conformances.
- b) Specific process to collect and merge anonymous contributions of the view of the business now and in 10 year time. Identification of qualified resources that could bring the company to the next level. Identification of competence gaps and similar needs in the group for critical mass and management attention.
- c) None directly link to the assignment.

Technical Aspects of the Assignment.

- a) Technical and knowledge base specs matching market needs and functions.
- b) From pure mechanical pumping engineering to sensing, asset management, IoT, and intelligent interfaces.
- c) None.

Action Planning, Alignment and Integration.

Local realities and sourcing are difficult to correct. Accountability was key for the improvement but deviations still exist and required management attention. Number of specs down as well as number of suppliers. Profitability up. Regarding the new business vision (and with a new younger management) the unit went to deploy pilots in customer's plant (productivity, profitability and IP grew by an order of magnitude). A more international management structure with an outside network leads to sound and flexible management.

Learning Points.

Responsibility is not transferable. When new management (with vision) is in place new dynamics occur. A more international and networked management leads to higher efficiency by applying better thinking even from diverse industries. Do not transfer data/knowledge to authority; transfer authority to knowledge. New competence gap emerging for new business may require different HR approaches or venturing/M&A approaches.