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PROVIDING SOLUTIONS FOR PEAK PERFORMANCE

“Business Transformation vs. Operational Restructuring”

Business transformation is about making fundamental changes in how business is conducted in order to help cope with a shift in market environment. Operational restructuring is often initiated due to market conditions, strategy implementations, unforeseen or unplanned changes and drive for internal improvements.

But in essence, aren't they really the same thing?

The need for business transformation may be caused by external changes in the market such as products or services being out of date, funding or income streams being changed, market competition becoming more intense or new regulations. Often a transformation may be conducted to improve customer satisfaction and overall market share, to increase revenue or cut costs.

Restructuring is made when there are significant issues in a company that are putting the overall business in jeopardy. The goal of restructuring is to improve the business and eliminate financial harm.

Restructuring or business transformation symptoms may include:

- Inconsistent, inefficient or fragmented communications
- Significant organizational structure or external market changes
- New technology, new innovation or increased competition
- Problems with workforce productivity, morale, employee retention and turnover

While the reasons and symptoms may vary, the fundamental requirements are the same:

- Recognition of need for change and consensus that change is absolutely necessary
- Agreement the objective and vision describes a better future
- Clear perspective of where you are coming from and where you are going
- New way of thinking; how it is going to be organizationally supported and what is the required management
- Operational improvement; new skills, workflow changes and revised processes
- To achieve the intended benefits, the changes need to be embraced, long term and sustainable

In summary, restructuring plan or business transformation are achieved through a realignment of the organization structure, how the staff works, how technology is used, core product or service portfolio adjustments, process and workflow changes. While experienced executives can normally implement either type; changes initiated as a “rescue tool” often benefit by having the help of outside resources. Business transformation or restructuring consulting firms can typically implement drastic changes more swiftly and ensure they are sustainable as they are unbiased, totally objective, focused, highly skilled and experienced.

Case Study – Business Transformation

Situation Analysis: C-Suite was highly committed to the success and future growth of the company but they knew that a business transformation was necessary to optimize and gain synergies due to existence of significant organizational gaps. Racca Solutions Group was brought in to conduct a Baseline Assessment that identified their strengths, vulnerabilities and gaps. The gaps were prioritized as to where immediate focus was required in order to transform the business as quickly as possible.

Improvements Identified: After meeting with key team members to access the organizational structure, review the processes and evaluate their use of technology; it was determined that a complete restructuring was necessary. Key improvements identified included:

- Full change management plan to ensure organizational alignment
- Development of comprehensive job descriptions for all roles, review of job classification based on job descriptions, gap analyses for individuals in current roles based on new job descriptions and development of individual training plans for those requiring re-tooling.
- Creation of a risk model and identification of remediation plans for at risk roles – Failure Modes Effect Analysis (FMEA)
- Development of a sound and pragmatic approach to achieve Operational Excellence (Lean Six Sigma Approach $Y=f(X)$ and use of DMAIC Process)
- Identification of an ERP systems that can support the business including functional specifications, development of an application roadmap and project management plan.

Overall Results: As a result of the organization structural changes that included headcount and salary reductions, incentive program adjustments, inventory reductions, improved procurement and operation processes – \$3M in savings are expected within first year resulting in a 10X ROI.

