Chapter 9 Reinventing The Organization

Summary

In this chapter you have been introduced to Reinventing The Organization

- ## Reinventing The Organization
The concept of an organization
"...organization is a particular pattern of structure, people, tasks and techniques.. "
Features of an organization
Composed of individuals and groups of individuals
Oriented towards achievement of common goals
Differential functions
Intended rational coordination
Continuity through time

- ## Restructuring the organization:
In order to cope up with changes they face, companies are being advised to redesign their business process. The major Feature of this global approach is its shift from Micro vision to Macro vision of the organization.
One of the major ingredients in managing any business is the creation of structure to link the various elements that comprise the organization.

- ## What is Organizational Structure
An organizational structure is formal network by which jobs/tasks are divided
The structure provides guidelines for effective employee performance
Features of an organization
Composed of individuals and groups of individuals
Oriented towards achievement of common goals
Differential functions
Intended rational coordination
Continuity through time

- ## What is Organizational Design
Organizational Design
is the overall set of structural elements and relationship among those elements used to mange the total organization
Utility Division of work into activities
Linkage between different functions
Hierarchy
Authority structure
Authority relationships
Coordination with the environment

- ## Relationship between Organizational Design & structure

Clarity
Understanding
De-centralization
Stability and adaptability

- ## Objectives of Organizational Design

The four objectives of Organizational design are:

1.Responding to change: Nothing lasts for ever," Change is inevitable," Ether change or perish", "change is only thing that is permanent", these could be slogans of organizational designers For a firm to remain competitive it must respond to change

2.Integrating New Elements: As organization grow, evolve expand and respond to changes, many new positions & departments will have to be added to deal with new things

3.**Co-Coordinating The Components:** After creating new department s Mangers need to find a way to tie all the departments together to ensure co ordination and collaboration. Departments have to work together Either through reporting or cross-functional teams

4.**Encouraging Flexibility**: Organizational designers want to build into organization with all its authority, chains of command, and flexibility for decision making

Contingency factors Affecting Organizational Design

The Contingency factors are:

•Strategy
•Environment
•Size of Organization
•Age of Organization
•Technology

- ## Organizational Theory

Four key pillars of classical Theory

•Division of labour
•Scalar or functional process such as unity of commands, chain of commands, delegation of authority
•Structure line & staff
•Span of control

•**NEOCLASSICAL (Theory Y) MODERN ORGANIZATION THEORY**

Systems approach
· Socio-technical approach
· Contingency or Situational approach This approach reflects human relation movement as well as behavioral science approach
This theory is people oriented

Taylor's principles of scientific management

· Science, not rule-of-thumb;
· Scientific selection of the worker
· Management and labour cooperation rather than conflict
· Scientific training of workers

Types of Organizational Structure
Formal & informal Organization
Formal organizational structure are categorizes as
•Line organizational structure
•Staff or Functional authority organizational structure
•Line & staff organizational structure
•Committee organizational structure
•Divisional organizational structure
•Project organizational structure
•Matrix organizational structure
•Hybrid organizational structure

- ## Line Organization Structure

Advantages:
1) Tends to simplify and clarify authority, responsibility& accountability
2) Promote Fast decision making
3) Simple to understand
Disadvantages:
1) Neglects specialists in planning
2) Overloads key person

- ## Bureaucratic or divisional organizational structure

Divisional structure is formed when an organization is split up into a number of self-managed units, each of which operates as a profit center. Such a division may occur on the basis of product or market or a combination of the two with each unit tending to operate along functional or product lines, but with certain key function (e.g., finance, personnel, corporate planning) provided centrally, usually at a company headquarters

- ## Matrix Organizational Structure

A matrix structure overlays two organizational forms in order to leverage the benefits of both. Some global corporations adopt a matrix structure that combines geographical with product divisions. The product-based structure allows the company to exploit global economies of scale, whereas the geographic structure keeps knowledge close to the needs of individual countries. Many organizations also have degrees of matrix structure, meaning that each divisional group has specific responsibilities, but some issues must be decided jointly across all of these groups. Instead of combining two divisional structures, some matrix structures overlap a functional structure with project teams.

- ## The Informal Organization

Adhocracy Adhocratic structures are also called 'free form' or organic organization structures. They stress managerial styles which do not depend upon formal structures. They are well suited for complex and non-standard work and rely on informal structures. An adhocratic structure is flexible, adaptive and organized around special problems to be solved by a group consisting of experts with diverse professional skills (Robbins, 1989). These experts have decision-making authority and other powers. The adhocratic Structure is usually small, with an ill-defined hierarchy. Such a design is suitable for high technology and high growth organizations where an arranged and inflexible structure may be a handicap.

- **Learning Management**

The factors that determine success of Learning Organizations

✶ They possess the ability to create an elements of systems thinking in action
✶ They shorten the feedback loop
✶ They improve customer relationship
✶ They improve quality of   services
✶ They improve process of understanding risks
✶ They create synergistic relationship
✶ They improve ability to manage change
✶

Characteristics of   learning Organization

Observations and research identifies four types of factors.

✶ **Learning Culture**: An organizational culture that nurtures learning
✶ **Processe**s: That encourages interaction across boundaries. These are infrastructure, development & management process
✶ **Tools & Techniques** Methods that aid individual and group learning such as creativity and problem solving technique
✶ **Skills & motivations**

- **Holonic concept**

"Holon" is a term that was coined by Arthur Koestler in the 1967 in his book the "Ghost in the Machine". It comes from a combination of the Greek words "holos" meaning "whole" and "on" meaning "entity" and it captures the idea that a holon is something that is both a whole in itself but forms part of another system, which can also be considered a whole. The "whole" is then built up of holons within holons. Nature is full of such examples. Our bodies are one where a cell is considered to be a whole but forms part of a body which can be considered to be another whole. A cell itself is also constructed of other parts, right down to atoms and subatomic particles.

- **Holonic Business system**

Advantages Of holonic Business system

¬Leverage
¬Speed
¬Flexibility
¬Shared risk
¬Independence
¬Taster growth and increased profit
¬Sustainable customers
¬Less capital required
¬Quick failure recognition

- ## **Process Reengineering in Action**
  - ✳ Reengineering at Wasting House

✳ It's hard enough to collect Web content in the best of times. Imagine the challenge when individual content owners - not to mention whole departments or even business units - might disappear overnight. Add to that the difficulty of pumping up enthusiasm and getting employees to provide fresh material when their futures are uncertain.

✳ The intranet development team at Westinghouse Electric Corp. knows these challenges well. Since Westinghouse formally launched its intranet initiative at the close of 1995, the corporation has either sold or spun off a number of business units. Those efforts culminated this past

  - ✳ IBM Fixes Credit Application Process

IBM Credit

✳ IBM Credit Corporation is in the business of financing the computers, software, and services that the IBM Corporation sells. The IBM Credit's operation comprises of five steps as follows:

✳ (1) When an IBM field sales representative called in with a request for financing, one of the operators in the central office wrote down the request on a piece of paper.

✳ (2) The request was then dispatched to the credit department where a specialist checked the potential borrower's creditworthiness, wrote the result on the piece of paper and dispatched to the next link in the chain, which was the business practices department.

✳ (3) The business practices department was in charge of modifying the standard loan covenant in response to customer request. The special terms to the request form would be attached to the request if necessary.

✳ (4) Next, the request went to the price department where a price determined the appropriate interest rate to charge the customer.

✳ (5) Finally, the administration department turned all this information into quote letter that could be delivered to the field sales representative.

✳ This entire process consumed six days on average. From the sales representative's point of view, this turnaround was too long that the customer could be seduced by another computer vendor.

To improve this process, IBM Credit tried several fixes. They decided, for instance, to install a control desk, so they could answer the sale representative's question about the status of the request. That is, instead of forwarding the request to the next step in the chain, each department would return the request to the control desk where an administrator logged the completion of each step before sending out the request again. This fix did indeed solve the problem, however, at the expense of adding more time to the turnaround.

Eventually, two senior managers at IBM Credit took a request and walked themselves through all five steps.

✳ They found that performing the actual work took in total only ninety minutes. Clearly, the problem did not lie in the tasks and the people performing them, but in the structure of the process itself.

✳ In the end, IBM Credit replaced its specialists - the credit checkers, prices and so on - with generalists. Now, a generalist processes the entire request from beginning to end. i.e. No handoffs

✴Reengineering Accounts payable at FORD

✴Hammer illustrates reengineering with the revolution that took place in Ford's system of accounts payable. In the early 1980's, Ford's auditors carefully studied accounts payable activities and concluded that, by consolidating, by rationalizing processes, and by installing new computer systems, staff could be cut twenty percent -- from 500 employees to 400. Ford was pleased with its plan to slim the accounts-payable payroll -- until it looked at Mazda, whose entire accounts-payable organization consisted of five clerks. Consequently, Ford did not "settle for the modest changes it first envisioned. It opted for radical change -- and achieved dramatic improvement." Through reengineering,

✴✴Ford cut the required number of manual accounting transactions and reconciliation's associated with processing and paying for the goods it used from nine to three, thereby producing "a 75 percent reduction in head count, not the twenty percent it would have gotten with a conventional program." Hammer also notes that the changes Ford made in its accounts-payable operation also resulted in improved materials management and more accurate financial information.

✴The principles of reengineering are fairly simple. First, wherever possible, design jobs around an objective or outcome instead of a single function -- functional specialization and sequential execution are inherently inimical to expeditious processing. Second, whenever possible, have those who use the output of activity

Changing layout at Hamilton Standard

✴The Hamilton Standard Electronic Manufacturing Center (HSEMC) has developed a design review program in support of its producibility efforts and integrated product development (IPD) cycle. These reviews are conducted by experts from the design, test, and production departments. Producibility design rules are implemented in HSEMC's design for test practice and includes lessons learned. These mandatory producibility design rules are implemented for testing ease, diagnostics, reliability, and statistical process control (SPC) compatibility. Design for test subjects included in the producibility design rule encompass test access, test control, test observation, diagnostics,

✴connector definitions, software flowcharts, software listings, and input/output address tables.

✴The design review program is presented in a Guidelines for Electronics Design Review document which outlines mandatory participants for each step. Team members must be experts in the area they are representing with a minimum of five years related experience. Lessons learned from the process are accessible to all associates with a VAX account and are periodically incorporated into the design guidelines. The design guideline document is dynamic in nature and therefore is constantly updated to meet the need for improvement.

✴Process management At AT&T

✴In order to satisfy regulators that the cost of a tariff service was correct; AT&T was required to develop sophisticated cost allocation procedures. Thus, an important management process was concerned with how to allocate cost in order to satisfy the political/legal process. The staff worked hard to obtain funding and manage the budget within a framework heavily influenced by outside interests.

¬**The Big Breakup**

¬AT&T's breakup into smaller, more focused business units combined with the advent of price-cap regulation (instead of the predefined return on investment regulation)

✳ Reengineering At BANCA DI AMERICA

✳ **Banca di America e di Italia (Deutche bank)** •After 1993, when you deposited cheques at BAI, the teller ran them through a scanner at the counter, and funds were automatically transferred, there and then, from accounts at the other banks. There was no back office.

•BAI top executives wanted to create a "paperless" bank. 80% of the bank's revenue came from retail operations. •Top executives spent 20% - 60% of their time on the project.

•In Oct. 1988, "two teams systematically diagnosed processes and redesigned them without considering the constraints of the current organization." p.125

•First, the organization team broke down all transaction types into "families", such as payments, deposits, withdrawals, money orders, bills, consumer credit, foreign exchange, credit cards (merchant and card holder), sourcing, and end-of-day processing.

•They documented in detail one process for each family, then redesigned it from scratch.
 •The cheque deposit "transaction", for instance: •Before: 64 activities, 9 forms, and 14 accounts. •After: 25 activities, 2 forms, and   2 accounts. ¬

The redesigned process then became the prototype for all transactions in the family.

•Finally, the organization team handed off the design to the technology team. That team suggested a client-server architecture¬

✳ Reengineering At Mutual Benefit assurance

✳ The Mutual Benefit Life (MBL) company reengineered its processing of insurance applications. The original process involved a long multi-step process. MBL obliterated the existing job definitions and departmental boundaries and created a new position called a case manager, who works autonomously and handles an application from the time it is received to the time the policy is issued. The empowering of the individual has resulted in the reduction of manpower and at the same time, the case managers can handle more than twice the volume of new applications.

✳ A fundamental notion of reengineering is the obliteration of outdated rules, assumptions, and processes. Processes that are weighing down the company must be challenged

✳ Reengineering Travel systems at US department

✳ The Defense Travel System cuts processing time and puts the user in charge.

✳ "DTS is outstanding. It is a more efficient and responsive system than the previous one. It allows service members to have better control of their travel arrangements. I used DTS prior to arriving in Korea and received my reimbursement within three to four days," said Maj. Bret Growth, 8th U.S. Army Logistics Planner.

✳ Within a 72-hour period, service members who use DTS should, in most cases, receive reimbursement for their travel expenses directly into the account designated by the traveler. DTS also supports split disbursement for government travel card usage.

✳ Reengineering South Korea's Bright Star

✳ In 1990, gold Star Company was in deep trouble The largest South Korean manufacture of electrical appliances and consumer electronics has seen the market share slip, losses piled up

✳ However, the healthy and Vibrant company has regained its sales position The chairman Leen Hun –Jo was responsible for this transformation

✳He has shifted Gold Star from family managed business to one enjoying skills and training of professional mangers

✳He organized Gold star into 9 SBU That include twenty-one operational groups.

✳The Plan called decentralizing management as far down possible

¬Hun-jo changed the Product development process concentrating on bringing in a foreign product & reverse engineering it

¬He sent engineers to see what customers wanted.

¬It resulted number one position in its domestic market

✳Rubbermaid's approach to Reengineering

✳Out sourcing, Downsizing, wholesale layoffs and overburdened workers are all too often connected with reengineering and great leaps forward. However as Rubbermaid proves, they don't have to be.

✳Thinking out of box is a hall mark of Wolf Schmitt's and Rubbermaid's approaches to everything. He gets great ideas by observing his kids at play, commuting with nature, trusting his intuition

✳There profitability depends on unleashing the creativity of there employees.

✳Reengineering at sudarshan fasteners

✳**Sudarshan Metal Industries** takes immense pleasure in introducing itself as one of the leading names in the Engineering Industry having Integrated Steel Complex with modern integration to produce Pipe Fittings & Fasteners. The organization has pioneered its operations in **1996** to produce Pipe Fittings & Fasteners, we have experience in this field for past **25 years**. We are the **stockiest & suppliers** of Stainless Steel and Carbon Steel sheets, plates, flanges, flats, rods, round bar, pipes, tubes, fasteners, fittings etc.

Reengineering at INDFOS industries

✳Drastically cut the time taken by raw material to be transported from factory gate to assembly line

✳The old process The process had two components: port 1from the gate to the holding stores and Port 2from holding stores to the assembly line

✳ port 1 involves 16 people and took 540 minutes

✳In modified process all cross references are eliminated

✳Computer terminal installed at gate with Trained security guard

✳As incoming material is logged in at gate the final document is created on spot

✳The new time for clearance was reduced to 31 minutes

Reengineering at Hindustan Motors

✳The old Process The old process was designed for only one kind of machinery. The same assembly line was used for all products resulting in confusion

✳Reengineered process: Three mini plants have been formed, one each for dumper equipment Holder equipment & tract vehicles.

✳Each cell is responsible for fabricating& assembling the entire product cutting out delays that resulted from handoffs that used to occur when jobs were passed from one worker to other

✳Work in progress is reduced by 20%

✴ Reengineering at Siemens
✴ Siemens Nixdorf Service

DM 3.4B (=US $2.1B) revenue Siemens Nixdorf Service (SNS) installs, services, maintains, and networks software and hardware sold by Siemens Nixdorf.

•By late 1990, the 12,900-person company was still making profits but forecasting losses by 1995.

•General manager, Gerhard Radtke assembled a ten-person team to restructure headquarters to reduce personnel by 50%.

¬ •September-December 1991: The team confirmed the profit forecasts but argued that reducing HQ staff would not be sufficient. Instead, they suggested the entire 11,400 person field-servicing organization needed to be streamlined.

•SNS had 30 support centers in Germany, fully staffed with specialists continuously available for telephone enquiries. Some specialists only received a few phone calls per day. Most times when technicians visited a site, they identified the problem, then returned to base for parts (two trips per call).

¬**Redesign proposals for SNS**•Reduce the number of support centers 30 to 5.

•Found that in 80% of cases, and expert could diagnose the problem over the phone. Once diagnosed, could airfreight parts to customer or place in technician's car a most repairs could be completed on first service call.

•Team also proposed •Reducing management hierarchy by two levels, •Creating a new team structure for field technicians, •Reducing HQ personnel from 1,600 to 800.

¬**November 1992 - December 1993**: Rollout

¬**Results**:

•% of problems solved remotely 10% to 25%

•Profit and cost improvements in excess of 10%

•Employee headcount reduced by 20% (through voluntary retirement and severance packages)

•Plan to service other non-SN equipment in future

✴ Reengineering at Hewlett –Packard

✴1.1 Motivation ¬Several years ago, the process engineering department at the Vancouver Division of Hewlett Packard was planning to build a new large automated manufacturing system. They had already committed to a flow line design with the added complication of multiple subassembly input flow lines (SA) feeding it at various points through buffers (B) as shown in Figure 1-2. The group built financial models to calculate the viability of the investment with an estimate of the system throughput rate as a key input. Third party simulation to estimate system throughput would have delivered results too late to influence the

¬Design given the aggressive project schedule. Simulation benefits were therefore greatly diminished for this phase of the program

¬To keep the project moving forward, HP utilized analytic modeling as a tool to help analyze and modify the line architecture and predict the resulting effects on throughput.

¬The HP story highlights typical problems faced by process engineers. Our goal is to make this entire process easier and better in the future. Product introductions and changes are occurring so rapidly that process engineers are faced with increasing pressure to reduce development cycles.

Colgate rethink a supply chain

✴When it comes to toothpaste in China, Colgate is the market leader, according to a recent AC Nielsen Media International survey on China's emerging consumer society. But in the shampoo category, a Colgate-Palmolive rival tops the list.

✴Driving sales through brand-building and smart marketing is as necessary for fast-moving consumer products companies in China and the rest of Asia as it is in the mature markets of North America and Europe. But in Asia, with its fickle tastes, falling prices and unpredictable competitors, the pressure to keep ahead of the pack—and make a proper return—is relentless.

In the past two years Colgate-Palmolive has rolled out an ambitious program to do just that in the Asia Pacific region. The company's entire supply chain was reengineered and new back-office systems were put in place with stunning speed—all the more remarkable considering that the undertaking involved 57 sites across 11 different markets, including China.

Colgate-Palmolive's entire business-process reengineering effort—code-named Project Dragon—was accomplished without missing a single self-imposed deadline. All the while the company had to do battle in a furiously competitive marketplace that was being rocked by regional economic turmoil.

Well Positioned

Today Colgate-Palmolive is following a new model. Subsidiaries throughout Asia use the same automated systems, whether they are handling orders or managing credit. Sourcing has become more economical, with selected countries being the primary suppliers of products for the region. Supporting each market is a shared service organization providing region-wide information technology and financial functions.

The first step was to decide where to base Project Dragon. Given the region's cultural diversity and operational quirks, the question was crucial. Australia was too far away. Hong Kong and Singapore were convenient, but their markets were too small Malaysia was finally chosen because Colgate-Palmolive produced all categories of goods there, and the market was large enough to provide a valid test bed. The Malaysian government was also actively seeking IT investments in the country.

The strategy was to develop the overall plan from Kuala Lumpur and then roll out in Malaysia. Simpson assembled a core team in Asia to run the project. The company brought together.

From the beginning the idea was to avoid the notion of imposing a solution from "on high" and instead to encourage involvement from the subsidiaries. "We brought people from local subsidiaries to Kuala Lumpur for training and to be involved in the Malaysian rollout," says Simpson. Having enthusiastic staff from one market support their colleagues in another became a feature of the entire program

✴**Firm Deadlines**As soon as Malaysia was up and running, attention moved to other markets. The unfolding regional economic crisis in mid-1997 encouraged Colgate-Palmolive to drive the project faster. Instead of doing one market after another, markets were rolled out simultaneously.

✴To Simpson, the key to successful implementation is "to copy, copy, copy" rather than reinvent. He estimates that 85 percent of Colgate experiences in the United States and Europe fit Asia. But he advocated accepting the "80 percent rule": It was better to achieve

80 percent of the design requirement now than to wait for 100 percent and miss deadlines.

✴And deadlines were set in stone. "As part of the change-management process, we set up clear communications with country managers," says Simpson. "They were told what was expected of them and were given a set of dates two years out."

The rollout was aggressive. The final two markets, China and Hong Kong, went live in May 1999.

Each market offered its own challenges, although many had been identified in advance in Kuala Lumpur during visits by staff from the local markets. And in every market, systems had to be adapted to take account of local taxes and other official requirements In the wider picture, Project Dragon will allow Colgate-Palmolive to take advantage of the revival of Asia's economies. The Economist poll of forecasters has predicted that GDP growth in 2000 for the likes of India, Singapore, Taipei and Malaysia should top rates achieved in 1999. With confidence returning, the battle for consumers' wallets will intensify. Colgate-Palmolive will be ready.

✴Rebuilding Mahindra

✴Mahindra & Mahindra Ltd.

✴ Mahindra & Mahindra is a part of the Mahindra Group and was established in 1945 to manufacture general-purpose utility vehicles. It later moved into manufacturing tractors and light commercial vehicles, and is today the tenth largest private sector company in India.

Having increased the scope of work, the company's business is divided into four divisions viz. automotive, tractor, inter trade and MSL. These divisions handle steel, trading and manufacturing of ash handling plants and traveling water screens.

✴The Company has rapidly expanded itself and today has seven state-of-the-art factories and 33 sales offices supported by a network of more than 500 dealers throughout the country. The company employs over 17,000 technical and non - technical personnel and is situated on an area of over 5,00,000 square meters.

With an experience of over 52 years in extensive manufacturing and engineering development, it has a strong technological base, and is supported by a team of experienced personnel.

The onset of 1994 saw the company branch itself in the field of business process re - engineering at its manufacturing locations. Its product development centers are located at Kandivili and Nasik. There already are plans to move this center to a new and more spacious site with more facilities, in a conducive environment.

✴Six principles of management followed at Mahindra

¬Build product units

¬Create cellular systems

¬Deploy flexible process

¬Try to cut cycle time

¬Customaries your shop floor

¬Let your workers own the factory

✴ Change Management at CMC Hospital

 CMC Hospital has provided the residents of Canara district with high quality health services from 1945.It is 150 bed, non-profit, intensive care hospital. In spite of success, the CMC hospitals top management felt that the hospital must change to meet challenges of today and future.

The board and medical staff responded to the changing needs of CMC hospital and expressed their commitments by

1) Continuing to provide basic inpatient & outpatient Health care services 2) Beginning to collaborate with other health care providers 3) Striving to improve heath of community at large4) seeking to develop better methods of consumer needs

Change is difficult and painful initially; to be successful they have to overcome large resistance.

BPR at Escort

✴*Escorts Limited's, Agro Machinery Group had deployed Avalon's ERP systems and faced challenges like inability to upgrade, lack of vendor support, and buggy software. It used tools from the Oracle 11i suite and now performs its critical operations with better productivity levels. by Shipra Arora*

✴Escorts Limited's Agro Machinery Group (EL-AMG) manufactures agricultural machinery, and has four manufacturing plants in Faridabad. It manufactures three lines of tractors, imports and sells various other farm equipment, and consequently accounts for around almost two-third of Escort's revenues (Rs. 900 crore in FY 2002-2003). .

BPR at Escort

Business challenges

Despite using an ERP, the toughest challenge was the inability to draw a future roadmap by leveraging the latest technologies. This was impeding the scope for future growth. The company could not leverage the benefits of the Internet by offering e-commerce and other Web initiatives. Since the Avalon ERP could not be Web-enabled. To make matters worse, Avalon had shut shop in India, shutting down chances of upgrades and making use of the latest technology developments.   "The Avalon ERP system had outlived itself and had become a dead product," said Vinay Mehta, IT Head, EL-AMG. The product had inadequate documentation, which made maintenance very difficult. It was a headache to incorporate frequent changes in the application.

Choosing the ERP system

In early 2001, EL-AMG began to look for a new ERP system to replace the existing one. The company chose Oracle among other vendors keeping in mind the organization's functional and technical requirements. Since the ERP project was very significant for company, it was named, 'Pragati'.

A lot of time was spent in planning and deciding upon the right software. And the entire proceedings were conducted in an elaborate and phased manner to ensure efficiency. The company laid down three ground rules for vendors willing to participate They were:

❿The vendor had to conduct a three-month Business Process Re-engineering (BPR) exercise at EI-AMG.

❿The ERP vendor would be the technology implementation partner and handle the sole responsibility of the project.

❿The ERP systems had to integrate seamlessly with the company's legacy software systems.

An important highlight in the selection process was the involvement of end users. A team of around 70 members was created during evaluation. Almost 80 percent of the members belonged to functional areas. The rest were from the IT department

"This was a key learning from the earlier ERP implementation, which was largely IT-driven. If the selection process is not end-user-driven, you'll have a hard time convincing users about the benefits. In our new ERP implementation, we made sure that it was the choice of the end users, so that they accepted the decision easily," explained Mehta. The Gartner group was also involved in providing consultancy at each stage.

Each member of the team gave ratings to the vendor. The evaluation was finally done on the following criteria: ❿Functionality

❿The ability to integrate third party software

✴Restructuring Malnad Manufacturing Company

✴Malnad company manufacturing company manufactures pneumatic valves The problem arise when new control valve has to be produced Development of electronics replace old valve technology every year

✴Case of control valve code numbered CV505 .In producing new valve following departments involved

✴Research & development,Engineering,Materials

✴Production,marketing

✴Marketing wants to provide input to R&D so that design will meet the customer needs production insists that the design fits machine limitation and be cost effective for production.

It also needs final plans so that it can acquire tooling.

Engineering on the other hand wants to slow down development to ensure that specifications are correct

All these problems with the CV505 exist at present and department mangers are frustrated and becoming uncommunicative

The R&D keep there plans a closely guarded secret for other department

CEO of the Company receives memo from Marketing:

The CV505 must go to market Immediately This is urgent because our competitors already have that product & fear of loosing three more orders unless new valve is ready by 30 days

Royal Dutch Shell plc is a multinational oil company of British and Dutch origins. It is one of the largest private sector energy corporations in the world, and one of the six "supermajors" (vertically integrated private sector oil exploration, natural gas, and petroleum product marketing companies). The company's headquarters are in The Hague, Netherlands, with its registered office in London, United Kingdom (Shell Center).[1]

✴The company's main business is the exploration for and the production, processing, transportation and marketing of hydrocarbons (oil and gas). Shell also has a significant petrochemicals business (Shell Chemicals), and an embryonic renewable energy sector developing wind,

Exide Technologies a global leader in stored electrical-energy solutions,

About Exide Technologies

Exide Technologies, with operations in more than 80 countries, is one of the world's largest producers and recyclers of lead-acid batteries. The Company's four global business groups -- Transportation Americas, Transportation Europe and Rest of World, Industrial Energy Americas and Industrial Energy Europe and Rest of World -- provide a comprehensive range of stored electrical energy products and services for industrial and transportation applications.

Transportation markets include original-equipment and aftermarket automotive, heavy-duty truck, agricultural and marine applications, and new technologies for hybrid vehicles and 42-volt automotive applications. Industrial markets include network power applications such as telecommunications systems, electric utilities, railroads, photovoltaic (solar-power related) and uninterruptible power supply (UPS), and motive-power applications including lift trucks, mining and other commercial vehicles

(a) projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the effect of currency translations, capital structure and other financial items, (b) statements of plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors.

The question posing top management is how to organize this company in 21st century

Certainly designing the right organizational structure should be easier than designing new products

For example under the "Ford2000" plan ford tried to consolidate its functional departments

Unfortunately with geographic structure excide has found itself in similar situation to Ford. Financial losses increased & companies share price dropped

Burger King Loosens up

Burger King Holdings is the parent company of Burger King; in the US it operates under the Burger King Brands title while internationally it operates under the Burger King Corporation banner. It is a publicly traded company with investment firms of Texas Pacific Group, Bain Capital, and Goldman Sachs each owning about 25% of the company.[14]

Historically, Burger King has been the second largest burger chain in North America, behind McDonald's. However, Burger King's revenues and market share have been declining. In the early 2000s, Burger King fell to a near tie for second place with Wendy's. Burger King has been closing under-performing stores and changing its marketing strategy in an attempt to turn its fortunes around.

Procter & Gamble Trails in Innovation

With all the advertisements that the packaged-goods industry hurls at consumers on TV, Procter & Gamble (PG) might not seem to be a place where innovation is paramount. But in recent years, especially under the leadership of Chief Executive Alan G. Lafley, the Cincinnati-based giant has focused as much on honing its process of innovation as on marketing, hoping to recharge growth. So far, it's working well: In its fourth quarter ended June 30, profits shot up 44%, to $1.4 billion, on a 10% rise in sales before acquisitions.

In particular, says G. Gilbert Cloyd, P&G's chief technology officer, the company has encouraged various departments to work together more closely to trade ideas.

At the same time, it has reached outside to tap experts at other companies. In a recent conversation with *Business Week's* Silicon Valley Bureau Chief <u>Robert D. Hof</u>, Cloyd explained how a seemingly lumbering giant is using cutting-edge methods to accelerate innovation

How has the way Procter & Gamble innovates changed in recent years?

What they have done in recent times is to put more emphasis to what we call the desired consumer experience. That takes in broader thinking than a specific product attribute. It can be the concept, what it looks like, what it smells like, what it feels like. We have industrial design much more integrated into the innovation process than we had in the past.

They have also putting a lot more attention on what we call 360-degree innovation. That has meant that we've brought our commercial and our technical groups together even more closely.

They have put more emphasis on serving an even broader base of consumers. We have the goal of serving the majority of the world's consumers someday. Today, we probably serve about 2 billion-plus consumers around the globe, but there are 6 billion consumers out there. That has led us to put increased emphasis on low-end markets and in mid- and low-level pricing tiers in developed geographies. That has caused us to put a lot more attention on the cost aspects of our products.

What changes in society and industry are altering the way P&G innovates?

One, we're facing an ever-faster pace of innovation in consumer-product markets. We think the pace of innovation has roughly doubled in the past 10 years. So when we make an innovation and bring it into the marketplace, it has a much shorter market life than what it had previously. We need to be moving to upgrade our brands even more frequently.

Second, the competition is very fierce. Fifteen years ago, when we had a lot of generic brands or private labels, they were often not true brands; they were products. Now the brands that we face from retailers, from regional competitors, are very well developed brands.

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However, the actual total readerships are of course much higher than these circulation numbers - again more information can be found at www.rdglobaladvertising.com.

Huson will be delighted to provide information on standard advertising including special and privileged positions. However in addition, Reader's Digest offers outstanding flexibility and impressive creative ideas which can allow you to approach these markets with flair, innovation, and individuality. You can see examples from such global brands as Shell, Nokia, HSBC, and a number of tourist organizations on the website noted above. Some of these show adversarial approaches designed by Reader's Digest, as well as case studies detailing the objectives and targets of the campaign.

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Huson is proud to have been appointed the advertising partner for Reader's Digest in North America, responsible for marketing all of the international (excluding USA) Reader's Digest is able to offer some excellent research including European trusted brands and Asian super brands - please inquire for more details. We will also be happy to provide in-depth analysis and market data that will amply demonstrate the superb audiences which advertisers can reach via the pages of Reader's Digest worldwide. Perhaps one surprising such snippet of information is that the average age of those receiving Reader's Digest in Asia is 40. Most editions of Reader's Digest will deliver you audiences with above average purchasing power and therefore enhanced ability to buy more of your product