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Education is the Key to Organisational Change

To stay ahead of the competition all companies have to engage in organisational change. When these changes are made they are normally in response to issues with delivering to customers what they want and when they want it.

The causes of these issues are always a mixture of vision, strategy, the ways of working, and sometimes systems, and in many cases internal behaviour and attitudes. But the success of making these changes happen always rests in the people changing their behaviours.

It has been said that in today's world, the only sustainable competitive advantage any company has, lies in the ability of its people to learn and adapt in the face of a continuously changing environment and continuously changing customer expectations. It was Darwin who said

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”

Many companies believe they are learning organisations. But are they really? Without continuous learning, any improvement and resulting competitive advantage is momentary, at best.

With it, people create a legacy of sustained change and improvement that make their companies consistent top performers for shareholders and employees alike.

This white paper lays out a well-tried and tested means of embedding education in an organisation so that it learns to adapt and survive.

Contents

The Challenge.....	3
The Role of External and Internal Education	3
The Delos Journey	5
Cascade Education	8
Difference Between Education and Training	10
Education Comes First.....	12
Assessment	12
Educating the Design Teams	13
How Does the Cascade Process Work?.....	13
Challenges for Cascade Education	15
Cascade Education as a Foundation for Sustaining Results	16
Conclusion	17

The Challenge

Our clients typically are facing issues in being competitive. Their customers are constantly looking for better service, lead times and responsiveness and better value, prices and costs. They need to grow, expand market share and meet the demand of their shareholders.

Their response is sometimes to acquire new systems, as their current system structure is based around spreadsheets, ad hoc databases leading to inaccurate and out of date data, and vulnerability to losing the people who wrote the systems/spreadsheets. Sometimes they see the need to document and change the processes that support the business, because they are not robust, with things falling between the cracks. Sometimes they need to change the organisation. Sometimes it is all three. But in all cases the change always requires a change in behaviour. A common example is the need to get a more accurate forecast to support the statement of requirements for the supply chain to make supply clients buy forecasting systems. They rapidly find they need to develop formal processes for creating a statistical forecast, adding in market intelligence, and agreeing a consensus demand plan. However, firstly it is essential for sales and marketing to take responsibility for the forecast, and secondly the forecast must accurately represent the truth about current market conditions, and be an honest statement of the company's position . not just a restatement of the budget. This can be a significant behavioural change. That is where the education requirement is essential.

The Role of External and Internal Education

The Delos Partnership sees it as crucial that a company engages in a formal education programme which consists of both external public education and private workshops and internal education led by the Senior Team and subject matter experts.

External education provides a company insight into best practices usually in the form of concepts and principles with the objective of helping people broaden their understanding of the art of the possible. Delivered correctly, it creates an immediate level of discontent with the status quo and sows the seeds of change by providing a vision of what is possible and by creating agents of change within a company. We often find that people who go on public courses interact with other companies, and realise that they are not unique, and that many of the problems which are viewed as unique are actually very common. This phase of knowledge transfer is also supported by private in-house tailored workshops

External education is necessary, but only for planting new ideas and possibilities within the company amongst a vital few people in the business who will then act as agents of change.

This is illustrated in Figure 1, which shows how our external expertise is directed at the Senior Team, Process Owners and Key Managers. This enables them to share and agree a vision of the future . we call this 'Company Ilq' and to lay out the foundations for process and organisational redesign.

Cascade education

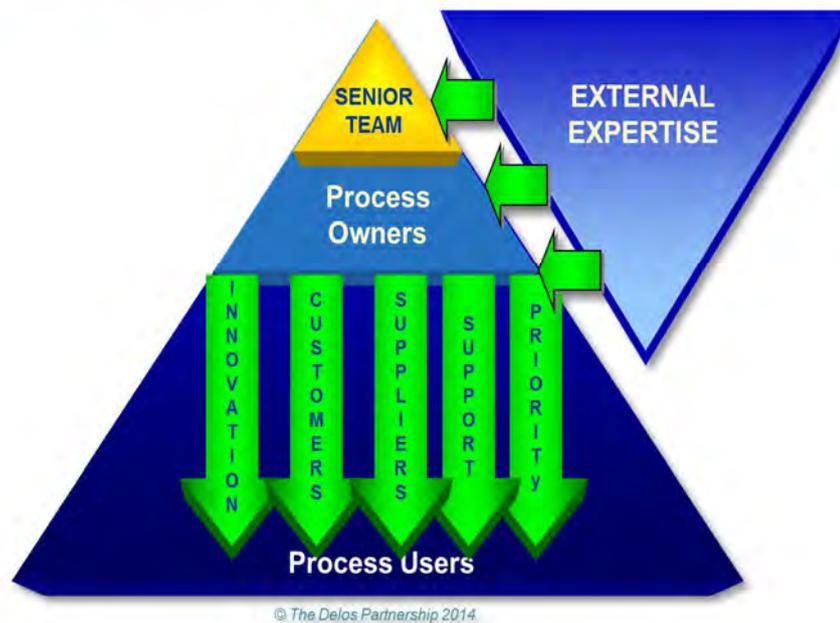


Figure 1 – Focus of External Education

Internal education, which we call **£Cascade Education** as it is designed to travel like a waterfall and river through the whole organisation, is reflected by the green arrows inside the large triangle in Figure 1, and which is aimed at each of the key processes (Innovation, Customers etc.)

Within this structure the Process Owners are/should be the Senior Executives who take responsibility for the development of the business processes. Hence in this model the internal education is delivered by the company's executives, managers and subject matter experts based upon the redesigned processes, systems, behaviour and organisation.

The purpose of the internal education is to achieve six key objectives:

1. To reference best practices in your and similar industries, which will be discovered through generic external education process.
2. To explain how these best practices will be applied within the company
3. To explain the behaviour change that is required to implement and apply these new processes or to improve existing processes
4. To relate the new ways of working with the tools (systems) that will need to be utilized.
5. To explain the organisational changes that will be required to support the new ways of working.
6. To ensure that everyone buys in to the new ways of working as they see they will be good for them and the company.

The key to successful education is for people collectively to understand the complete picture and the completely integrated nature of a business. This helps people to get away from a silo mentality type of organisation, to one which works in the full knowledge of how the whole company operates.

It is also critical that cascade education (because it is trying to drive behaviour change) be delivered by those who have the authority and credibility to make change; in other words, by your company's management.

Thus if we take the example of forecasting, it is sometimes (even often) that sales people who have little or no knowledge of supply chain will chase after and win business with no understanding of lead times, capacity or capability of the supply chain to react. When the business is won they will simply expect the supply chain to deliver, and when they cannot, will engage in all sorts of behaviour to get their product delivered over others.

Our education will show that they should be responsible for the forecast, and that they will be responsible and accountable for the accuracy. This message has to be delivered by the Sales and Marketing Director through a formal set of meetings which will describe the issues, the processes, the responsibilities and the measure. The software only plays a small part in all of this.

The Delos Journey

The idea that the process of making changes in an organisation is a journey is very familiar. However, the value we have found we bring to clients is that over 25 years of experience in this area allows us to walk along the way with our clients and facilitate that change. We can also act as a catalyst for change by bringing to bear our knowledge of how other companies have tackled issues.

It also means we have developed a methodology for bringing about change which recognises the stages nearly every company goes through, and helps them recognise and overcome the barriers to making a change.

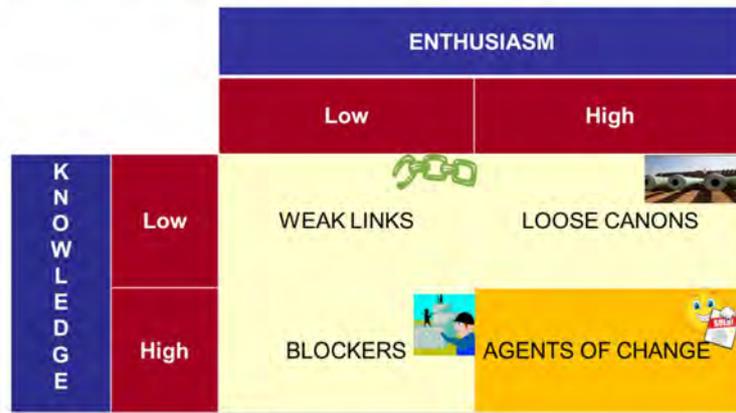
The fundamental issue in making a change is the degree of knowledge and enthusiasm which different people have in the company towards embracing the changes required. Thus some people will be highly knowledgeable about what needs to change; they will be highly enthusiastic about the need to change. These people are Agents of Change. At the beginning of this type of project they tend to be few and far between. They are often a new CEO or MD taking over an organisation and wanting to lead a process of transformation.

There are many who are enthusiastic for change, but really do not understand what needs to change or how to make the changes required. They set off lots of hares . or initiatives . and as a result the organisation becomes stressed by these loose cannons.

The most difficult are those that are blockers . they know but don't want to know about the changes. They like too much today's environment where they understand the rules of the game. Where firefighting is the norm, they are the princes of pyromania!

These different types of people are summarised in the figure 2:

When faced with change people are..

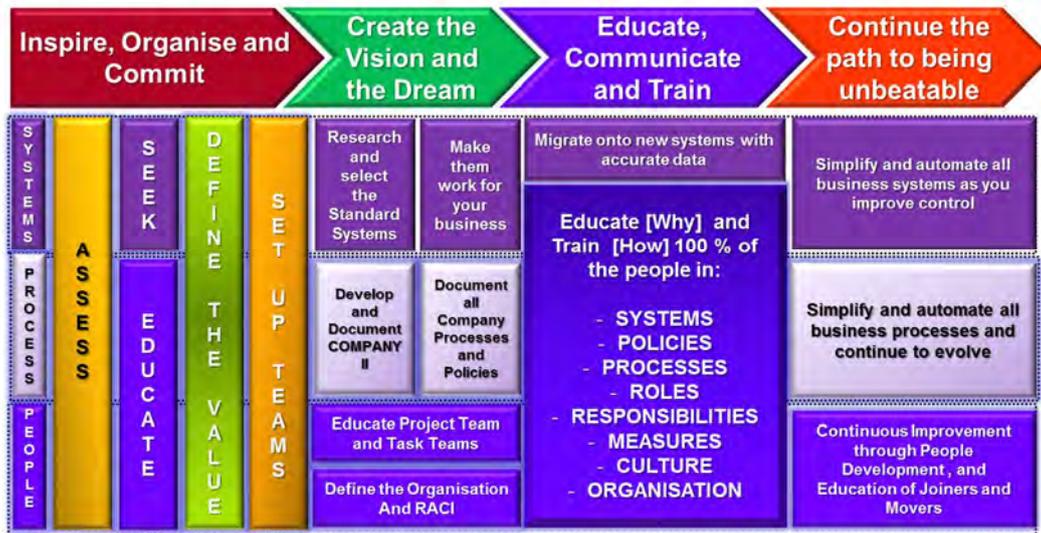


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Figure 2 - Type of people

Hence the process must seek to create universal agents of change. It is the knowledge and enthusiasm that must be spread to gain commitment to the new ways of working. The following figure illustrates the steps to becoming a World Class organisation:

The Delos Journey



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Figure 3 The stages to perfection

We believe that the critical task of the journey is for the Leadership of the organisation to create the vision for the organisation, and then through a thinking phase develop the details of how the organisation, systems, processes and people will act and behave, and then finally

transferring ownership through the organisation. The Cascade Education process is therefore critical to creation of the ownership of the new company

The following diagram illustrates the key stages in the journey

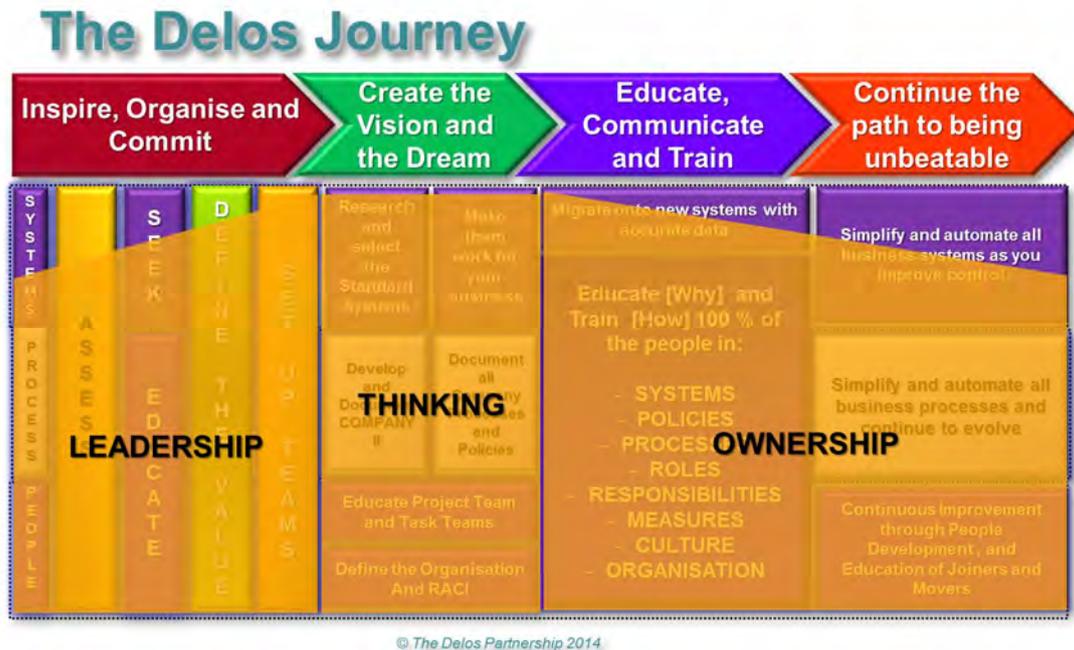


Figure 4 : The stages in the journey.

Hence the criteria for the successful implementation for a change activity of this sort within the organisation are:

- **Active, visible, informed leadership and participation by top management and line accountability in the whole project.** If the Leadership Team do not show active commitment, then there is no compelling reason for their people to follow
- **Total immersion for key people,** particularly key managers and opinion formers in the education process, providing the inspiration for change and the thinking behind the development of new processes, systems, behaviour, measurement and organisation.
- **All of the people being educated in all parts of the new ways of working.** If you are going to create an organisation in which people do not work in their individual silos, then all must understand, appreciate and participate in the ways of working that all will engage in.
- **Sustained reinforcement for the new ways of working, from the Senior Management team.** It is pointless introducing a new demand planning process which states that a forecast is a formal request from sales and marketing to the supply chain to have product made supplied, emphasising the responsibility of sales and marketing in creating the forecast and then for the Manufacturing Director to ignore the forecast

saying it is only a forecast

- **The Senior Management Team must show enthusiasm and commitment for the new ways of working.** Leadership is about ensuring that people do the right thing. But followership comes from people seeing that the leadership team believes that the right things to do, are the best for them and the organisation.

Hence it is essential that the senior management must have enough education to make an informed decision to support the change, and then modify their behaviours. In many cases we find that the biggest changes in behaviour have to come from the Senior Management Team.

It is also key that the description and education of actual changes required must be led by line management, not by a central project team consisting of people who by their very nature do not have line responsibility, if the change process is going to have the required leadership, support and discipline. They, also, therefore need the education in the concepts, tools and techniques, behaviours and measures that will support the new way of working. If, for instance, you are going to measure the accuracy of forecasts using the Mean Average Percentage Error method, it is vital that everyone understands how this works, why it is used, and what the actions are that will result from this new measure.

Project team members who will design the new processes and train others in using them must be afforded the time and detailed education required to transform the organization. They have the responsibility to work out exactly how the processes should work, and then translate into the new ways of working for your organisation.

Finally, those who are affected by the changes must be educated and trained in the new processes and procedures. Above all, everyone involved in the change effort must have credibility throughout the organization and must enthusiastically support the change in order to develop the critical mass of people required to execute the change and sustain the improved results.

Cascade Education

From the above we can see that the concept of Cascade Education is the key to how the overall process works. But there are some key elements which are often missed, in the desperate hurry to get the organisational and system changes to happen.

What Is Cascade Education?

The word cascade emphasizes a **'process that occurs in successive stages, each of which is dependent on the preceding one, producing a cumulative effect.'** It is like a waterfall falling from the top and then spreading out over a whole area. In the Delos Journey, education is shown to happen in every phase.

There are two sources of the education. There is education provided by outside resources .

the Delos Partnership . which is provided for the Senior Management Team and Extended Leadership Team help them understand what is required to successfully define and achieve the required changes implied by what our clients call **Integrated Business Leadership**

Then there is much more detailed education for the Project and Design Task Teams, again normally provided by outside resources, to help them understand best practices and the gaps to be closed. Thus there are courses and design workshops on Sales Forecasting and Demand Management, Supply Chain Management, Performance Measurement and Data accuracy.

This type of education needs to take place in the design phase.

The second source of education comes from internal resources . the Senior Management Team, Extended Leadership Team and the core Project Team. They will deliver the education internally, so that all of the people affected by the change are provided Cascade Education delivered by business leaders and design team members.

This three stage approach ensures the development of a common understanding and commitment to change across the entire organization. It also ensures that a dialog occurs between the business leaders and the business associates, or employees, to answer questions, discuss issues, and foster the openness required to provide feedback to one another on individuals' needs and concerns and business leaders' needs and concerns.

Hence this can be summarised by showing the cascade chart earlier appearing over the whole process, as in the following diagram:

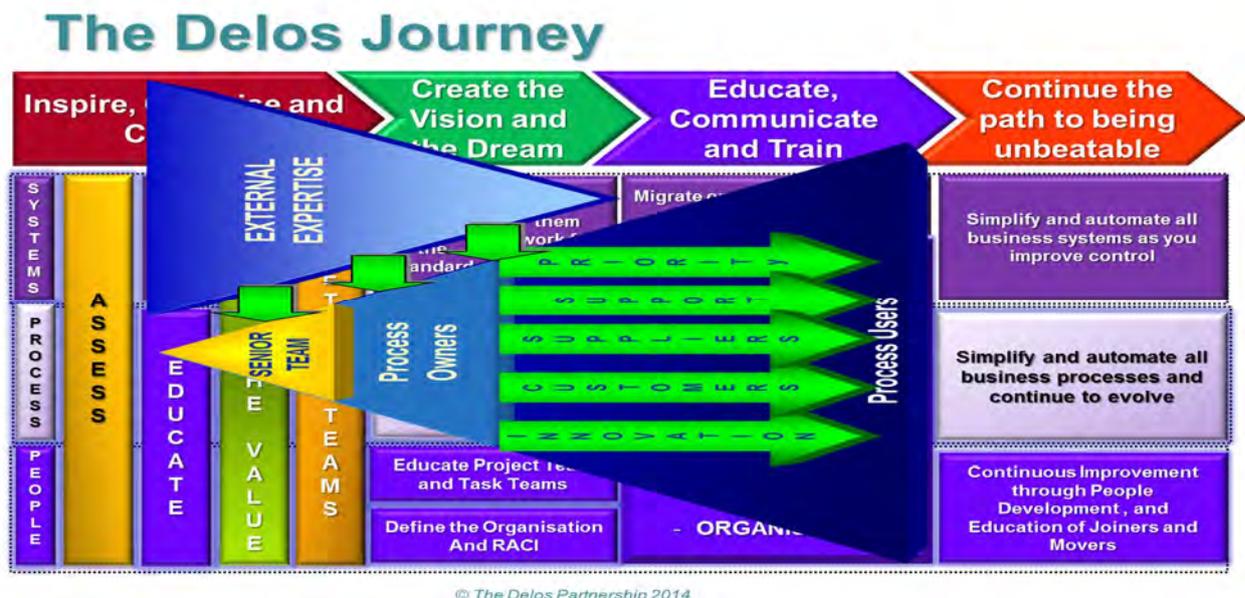


Figure 5 - Cascade Education Flows

The Difference between Education and Training

In many companies and executives minds there is no distinction between education and training.

Sometimes it is useful to go to the original roots of a word to find some understanding of its meaning. Interestingly the word *education* comes from the original Latin word *educare* which means to *lead*. The letter *e* comes from the word *ex* which means *from*. Hence the origins of the word are around leading people from one state to another, through the transfer of knowledge.

In fact, education is often overtly neglected. In executives' minds, helping their people to perform better is all about training: "We'll send our people to do some training;" "We trained our sales force;" "That would be the job of the Training Director." Education, to them, takes place in colleges and universities, not in their companies. We agree that all of the above comments may be correct relating to training.

But have the executives ever provided their people education? Have they educated their sales force? Do they even have an Education or Knowledge Management Director? The answers to these last three questions are most likely "yes," "maybe," and "no," respectively.

Education and training are significantly different.

Education addresses and answers 'why' we need to behave and work in particular ways.

Training focuses on 'how' we behave and work in those particular ways.

In a change programme, we might see companies wanting to improve the interaction between themselves and their customers. To do this they want the supply chain to be driven by a vision of the future, rather than purely historical trends. This leads to recognition that the sales and marketing function should take responsibility for providing a forecast, adding in market intelligence to an existing base statistical forecast. This will require a formal monthly and/or weekly process for reviewing the forecast and the impact of the market place on the assumptions behind the forecast. In some cases, clients recognise that the responsibility for inventory should actually reside with the sales and marketing function.

When presented with these principles we have seen many Sales Directors and Sales Managers ask the question *why* should I be responsible for the forecast? Surely that is an operational responsibility?+ It is an effective education process that will provide the answer to the question.

To carry out this process, there is every likelihood that the company will need some kind

of system. This is where training comes in. The software training will teach users how to use the keys and mouse on the computer and how to produce the forecast.

In business, and more specifically in changing your business behaviours, both education and training are needed in large, focused doses.

During a Cascade Education programme, the people who will need to perform their work differently in order to support other redesigned business processes are educated in the new business process requirements. They learn the concepts and principles that drive the business process improvement or change. They also learn from the business leaders why the change is needed and why the change is advantageous to them and to the company. Many companies that we have seen actually do not do education and try and short-circuit this step in the process of bringing about changed ways of working.

One typical excuse for short-cutting Cascade Education is time pressure to implement the change. There is so much going on, and the cost of the software implementation is such that the company cannot afford the time to do the education piece. However, without Cascade Education, any business process or technology improvement, such as an enterprise planning system, will fail completely, fall short of targeted objectives or fail to be sustained over the long term. We have seen this so many times, and this . we believe . is one of the biggest contributors for companies failing to get success from ERP/Business system changes.

Without Cascade Education people who are part of the day-to-day business processes don't understand the new way of operating or the change imperative. They will resist the change or go "underground", continuing to perform their jobs in the same way they always have while they appear to support the change, such as feeding data into an enterprise planning system while running their part of the business with familiar spreadsheets..

Another common reason for sacrificing Cascade Education is the failure to include the cost of Cascade Education in the project plan and budget. All too often, these costs are sacrificed to offset upward cost pressures of software and data conversion.



Figure 6 - is Education expensive?

Education Comes First

In the learning process, people normally need to be convinced of the answer to the question **Why** first, before they will engage in the time to learn the **How**. It is the way human minds work!

Hence the first step in an education programme is for the company's Senior Leadership Team to be educated in the best practise business processes and behaviours, which are contained in the Delos Partnership's model of Integrated Business Leadership. It will always be the case that different people in the Senior Leadership Team have come from different backgrounds, and from different routes through the organisation, and not everyone will have the same understanding of the concepts behind Integrated Business Leadership. The concepts are being constantly developed through practical interaction with organisations, so what was **Sales and Operations Planning** in 1980 is no longer true for **Integrated Business Leadership** in the 21st Century. It is also unlikely that managers will have picked up the ideas in colleges and universities, as they are only recently catching up with the concepts.

Critically, though, business leaders at the Senior Team level will benefit from the education and understanding in order to help them to lead the changes in ways of working, systems and behaviours and practices and to weave them into the fabric of their company. Even if they have acquired this knowledge from a college or university, it is a very different activity to explain and enthuse about new ways of working. This learning can come from third-party firms specializing in educating, coaching and mentoring, who understand the concepts behind Integrated Business Leadership. This is the first and most critical step in cascading required knowledge throughout the company. Education doesn't start at the bottom and work its way up; it starts at the top.

Assessment

Once the first step education is complete, the executive leaders will need to build an honest and compelling case for change which always emerges from discontent with the current state. Building the case for change is not always easy, even when customers, shareholders, employees, and suppliers are all voicing dissatisfaction with your company's performance. It is sometimes better to try all sorts of initiatives, which tackle the fires, but does not get down to the root causes. A too common reaction to that dissatisfaction is, "Yes, we are experiencing difficulties, but the current business environment is difficult. It will soon get better. Everybody is in the same boat." This, of course, is half true. Business is always tough, but not everybody is in the same boat.

Hence we find that a quick, high level, business diagnostic, conducted by a knowledgeable third party, can specifically pinpoint the problems with business processes and issues causing the disappointing business performance, and a path forward of recommended corrective actions.

The path forward is then augmented with a view of what the future can and should be when those actions have been completed. Call it a **vision** if you like, but this future view makes

sense only if the leaders truly understand the new way of doing business and understand the change is achievable when they follow the Delos Journey..

We have a standard assessment that will achieve this.

Educating the Design Teams

A core part of our approach is to create a core Project Team who will be responsible for developing the initial Vision or Company IQ. They will do this by understanding the principles of Integrated Business Leadership and working out how to apply this to their company. Following this we suggest that clients set up detailed Design Teams built around key operating processes . e.g. Sales Forecasting and Demand Management, Master Scheduling, Performance Measurement etc. These teams should be set up so that they are cross-functional . to enable them to design the future ways of working to suit everyone, and not just the needs of one function.

Hence, the commitment to change, when demonstrated by the company's leadership sets the stage for educating the design teams, who are provided more detailed education enabling them to design the Integrated Business Processes required to deliver leadership's vision of the future. Beyond just designing the new processes, they must prepare operating and functional leaders to cascade the new procedures throughout the organization. Hence it is essential for these design teams all understand all of the concepts that apply to their areas, so they can effectively participate in the development of the processes, and also develop the education and training material to be cascaded out to the organisation.

How Does the Cascade Process Work?

In cascading the education throughout the organization, a business meeting approach works well.

The purpose of these departmental meetings led by the department managers is to describe and discuss the need for change and the required new procedures and behaviours. Sometimes this also requires re-educating in order for people to unlearn existing behaviours.

Achieving consistency by cascading Education throughout the organization is essential in successful change initiatives. People must be able to talk with others about what they have learned. They need to hear, in the business meetings, terminology defined in the same way and a consistent reason for making the change.

The essential element of ownership dictates that the presentation is made by managers who own the process, not by the Project Team, IT organization, or the Training Department.

Education works best in a business meeting environment



Figure 7 - Education meeting

All education programmes are likely to be different. However, in principle there are two phases. The first phase of the Cascade Education is an extensive and comprehensive process taking functional managers through a series of 'business meetings' to build their expertise, understanding and ownership of the improvements or new process models. This will be carried out by the Project Team and Design Team members who are experts in the new processes. This can sometimes be split into two, depending on the size of the organisation. The first will be to the Senior Team; the second will be to the Extended Leadership Team. The maximum number should be around 20 people, because of the dynamics of the teaching process. It is important that everyone should be able to have their say in the education sessions.

The second phase is for those business leaders to lead functional and cross functional business meetings to enable everyone to understand how they will do their jobs in the new organisation.

For example, considering an implementation of Integrated Business Leadership with all of the associated technology, then functional management education typically requires 30 to 40 two-hour business meetings in cross-functional groups of 12 to 18 people over a two- to three-month period.

It is essential for this to be carried out over a period of time, in order to allow time between sessions for participants to discuss what they are learning, to express concerns, and to reflect upon their growing knowledge. The presenters also need time to prepare material and to develop presentation skills for the follow-on cascade education sessions!

Two key phases of internal education and training



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Figure 8 - The phases of Cascade Education

In fact, ensuring that the change agents have effective presentation skills is important to ensuring those affected by the new processes understand and commit to following them. Equally important in developing that commitment is the passion of the management presenters regarding the importance of successfully executing the changes. The responsibility for delivering Cascade Education must never be delegated.

The most effective Cascade Education programs utilize a standard set of materials for those presenting the education. Allowing time for discussion is equally important; presenters must have the ability to engage people in candidly and constructively discussing the information presented.

A multimedia approach utilizing video, computer based modules, pre-reading, role playing, and PowerPoint presentations, are very effective in keeping people engaged, creating excitement and enthusiasm for the new ways of working.

Challenges for Cascade Education

A significant Cascade Education challenge is providing a formal process with sufficient high quality time/opportunity for people to address their fear of the coming change. For that reason it is critical that the Cascade Education be presented by managers who have the knowledge, understanding, commitment, passion and authority to implement the changes.

A small percentage of the population naturally embraces change; a silent majority of the population may be skeptical but will normally accept change. The most interesting group, perhaps 5% of the population, is generally negative and resists change at the outset. When the Cascade Education process allows the time and opportunity for discussion, these individuals often experience a transformation and become the vocal advocates. This group is usually outspoken and openly challenge any change, appearing to undermine the change process. In being outspoken, however, they actually facilitate the change process by raising many of the issues that the silent majority is reluctant to surface. The resulting discussion, skillfully facilitated, also results in converting many of the silent majority to active supporters.

Nevertheless, it is not unusual for a few individuals to reject the new way of operating and to refuse to adopt the required new behaviors. Providing they received the necessary education and training to meet the new requirements, their resistance to change must be dealt with through the disciplinary process. Confronting such unacceptable behaviors sends a very clear message to the rest of the organization that this change is not optional. The final step, if they continue to refuse to adopt, is to terminate their employment.

Cascade Education as a Foundation for Sustaining Results

Cascade Education addresses the knowledge and skill required to successfully implement new or changed processes. But there is another education issue that often leads to eroding business results over time. That issue is knowledge dilution caused by the lack of a formal plan for educating new team members and for refreshing the knowledge of long term members. Well planned and documented Cascade Education modules can become the foundation for such education and for sustaining business results. Ongoing education is especially critical in companies experiencing turnover in people at all levels, including executives, and in companies that embrace continuous improvement

The solution is to educate, educate, and educate. Education modules encompassing concepts and principles of best practices as well as specific descriptions of how those best practices are applied by specific departments can be extensions of the Cascade Education modules and process used to effect change. To survive in today's competitive environment, companies must create a culture of continuous learning and must develop a formalized, structured education process tied to vision, mission, strategic objectives, business results and performance systems for managers and their direct reports alike. In essence, companies must become learning organizations in order to ensure a successful future.

Conclusion

The Cascade Education process is the most significant factor in executing effective and sustainable change. To properly structure the Cascade Education process, a company should:

1. Develop the process redesign based on an understanding of the current situation and the actions that needed to improve
2. Create a set of Cascade Education modules and materials and prepare managers and other agents of change to deliver the materials
3. Deliver the series of cascade modules in business meetings to build the team of experts
4. Deliver the series of cascade modules for all process owners and users
5. Ensure that the Cascade Education is consistently presented and that the presentations address the following:
 - a. Reinforce best practice
 - b. Explain the new ways of working, the new processes and why change is necessary
 - c. Explain what's in it for individuals to make the change
 - d. Explain how the new way of working will be supported by systems and tools, as appropriate
 - e. Allow time for discussion
 - f. Allow time for reflection to internalize change
6. Monitor effectiveness of the cascade process

Properly designed and executed, Cascade Education will provide your company with an avalanche of new learning, and enthusiasm, and will bring about desired and sustainable change. It is the difference between success and failure in achieving the desired results from the investment in time and money in making the change -- and in delivering the improvements in the company's financial and operational performance to the bottom line of the company.