

Systematic Management CASE STUDY

Aligning Business Focus

Harnessing autonomous and independent businesses to a common vision

Profile

Siemens Shared Services is the result of efforts to centralise all of the non-core activities (such as accounting, facilities, purchasing, IT, intellectual property, pensions, tax, legal etc.) within Siemens plc. The organisation acts as a contractor to supply and manage all of these services, thereby freeing the operating divisions to concentrate on their core business, and also introducing economies of scale to keep the cost of the service to a minimum. Initially the organisation focused on providing a purely internal service, but more recently it has been contracting-out its services to other third-party companies outside of the group.

Issues

Until recently, Siemens Shared Services had been a collection of individual businesses working independently to sell their services within the parent organisation, and outside. Many of the heads of these individual business units were appointed for their entrepreneurial flair as well as their technical expertise.

With the drive to solicit more work externally, and to secure a greater percentage of the business within the parent group, it had become clear that there was now a greater need for the separate service businesses to work together. Where the market seeks to buy two or more services from the portfolio it expects a consistency between the offerings and approaches provided by the organisation, and in a competitive market there is also a need to ensure that a lead for one service is also recognised as an opportunity for others. In addition, some organisations outsource their services en-masse and there is clearly a need to coordinate a coherent, even seamless, response to such opportunities.

Objective

QFD* provides an excellent means to pull the organisation behind a coherent set of objectives. However, the organisation was culturally still very much a collection of independent (and sometimes fiercely independent) businesses and it was necessary therefore to adapt the QFD approach in order to provide much of the insight and opportunities while avoiding the formal QFD's intense dependency on consensus.

The goal therefore was to use an adapted form of QFD to gain agreement on a common vision and to develop/define some basic common processes to support its achievement. At the same time, the adapted QFD had to allow the commitment of the business unit heads to evolve at their own pace.

Approach

In 2001, Siemens Shared Services appointed a new Managing Director who is particularly skilled in QFD, and in systematic and facilitative approaches to management. In preparation for the work on QFD he established a small core team to develop four Common Processes to support each of the service businesses: business development; finance; HR and IT (shown in the diagram on the right). These provide a practical means by which approaches can be harmonised in a supportive and non-

QFD is a powerful methodology for determining objectives and for mapping out appropriate strategies to deliver them. For a more complete explanation of QFD, read the accompanying overview: 'Transforming Management Performance' available without charge from www.tesseractacts.com



Fig. 1 How the common processes support Shared Services intrusively.

On the basis of a number of interviews with the heads of the various service businesses, and also with the owners of the Common Processes, two two-day workshops were developed. In the first workshop, the service business heads worked together to develop a common vision for the organisation, to translate that into clear measures and

targets, and to understand the implications for the Common Processes. In the second workshop the service business heads reconciled their own performance targets to the overall vision and objectives.

Drawing out a common vision

Many of the business heads believed that the business was so diverse that a common vision was likely to be either impossible or expressed in trivial platitudes. However, by starting with a collective SWOT* analysis of the business, they were able to identify a number of clear common goals for the organisation to be successful, and were able to translate these into agreed measures and targets for the business as a whole. The approach was as follows.

- The workshop was divided up into three syndicates, addressing services to: 3rd parties; headquarters; and the operating divisions, respectively. Each syndicate developed sticky-notes (each group used a different colour) looking at the strengths, weaknesses, opportunities and threats facing the business in their area of concern, and stuck these in each of the four SWOT quadrants on a large grid.
- Following feedback from each syndicate, the group as a whole explored which strengths should be developed, or which opportunities should be pursued to address the key areas of weaknesses and threats. New sticky-notes were added to the SWOT grid as required. (The SWOT diagram at this point is shown below).



Fig. 2 SWOT analysis for Siemens Shared Services

- The group then took the sticky-notes that were included under 'strengths' and 'opportunities' and grouped them using an affinity diagram. The groups were prioritised using sticky dots, and the most important ones were fashioned into appropriate elements of a vision by separate syndicate groups.

SWOT is an acronym for strengths, weaknesses, opportunities and threats. It is a simple tool for exploring an entity (whether organisation, product, strategy,...) in regard to any impending situation with respect to: its strengths, its weaknesses, the opportunities that it presents, and the risks that threaten its effectiveness.

- The elements of the vision were then further refined by developing appropriate measures and performance targets.

Developing a common approach

By means of this stepwise approach, the organisation developed an agreed vision that for the first time brought the disparate service businesses under a set of common and shared objectives. The importance of this achievement should not be underestimated, since it was pivotal to the service business heads' engagement with the rest of the process.

Having agreed the objectives, the group moved on to develop a sticky-note QFD. It was felt that even with a rudimentary common vision, there was not sufficient buy-in to a 'collective model' to sustain the engagement and commitment necessary to develop a normal QFD grid. The sticky-note QFD, however, enabled the group to see the potential of the four Common Processes to supporting them in their delivery of the objectives, and it did this while maintaining a sense of energy and engagement in the group.



Fig. 3 Sticky-note QFD for Siemens Shared Services

The sticky-note QFD was a large matrix of the four Common Processes (columns) and the five objectives (rows) with each cell being a sheet of flipchart paper (as seen above). People wrote green sticky-notes to reflect the opportunity of a positive contribution by the process to the objective, and pink sticky-notes to reflect potential risks and negative contributions. These they stuck in the relevant cells. Individuals were free to place sticky-notes where they felt most appropriate, but in order to maintain some level of discipline, different groups looked at each of the columns to explore the potential of each process, and different groups looked at each of the rows to evaluate the extent to which each objective would be supported.

Cascading the objectives

Following the first workshop, the Common Process teams took away the columns of the QFD, and all the associated sticky-notes, and held workshops to develop appropriate performance measures and targets for their process. At the same time the service business heads looked at their, more direct, contribution to achieving the

organisation's objectives (the organisation's performance would necessarily be the sum of the service business's performance). Each group were also required to develop a forward plan for how they were intending to deliver the performance improvements. A device that worked very well in this regard was to create a table of the objectives to be achieved, against the months of the year, and then to create sticky-notes of the activities needed to deliver the objectives and to schedule them on the plan by placing them under the relevant month (see photograph below). This approach enabled all the team members to take part in agreeing the plan, and also allowed for tasks to be rescheduled in order to balance individual workloads.



Fig. 4 Sticky note forward plan for the Financial Processes

At the second workshop, all of the service businesses and the four Common Processes had translated their intended contributions into clear measures and targets in line with the organisational measures and targets. These had been presented in a common format and stuck up on flipchart sheets on the wall of the room in which the workshop was being held.

Reconciliation of the service business and process proposals to the organisation's objectives was achieved by means of a three step process.

- Everybody reviewed the service business proposals (flipcharts); visiting each one of them in turn and providing direct feedback by writing on and sticking up pink sticky-notes (see photograph below). These were subsequently reviewed by the service business heads, and used to adjust their proposals.



Fig. 5 Providing feedback on process proposals

- Having understood more clearly what was being required of them, the business service heads split into four groups and were conducted around the Common Process proposals, providing feedback as

appropriate. These were subsequently reviewed by the process owners.

- Finally, the impact of the proposals on the organisation's objectives was evaluated and reconciled using a 'clothesline'*. People stood along the clothes line at the point where they believed the sum of the Common Process and service business proposals would take them, and debated their positions. Where consensus was below the original target, the group was asked what changes needed to be made to specific Common Process and service business proposals for them to move to the target. These changes were either made and 'accepted', or the organisational target was reconsidered as appropriate.

Managing progress

These workshops have done much to establish the organisation as a collective commercial force both within the parent organisation, and within the contracted-services market. Progress has been managed through regular meetings and disciplined performance reporting.

The organisation was already very familiar with the balanced scorecard format of performance reporting and so it was felt inappropriate to introduce quadrant charts because of the potential resentment and confusion this might engender. Instead, they built on the balanced scorecard format to ensure that each manager's response to performance issues would be systematic. This was achieved by requiring a monthly forecast against target, and by introducing supplementary sheets

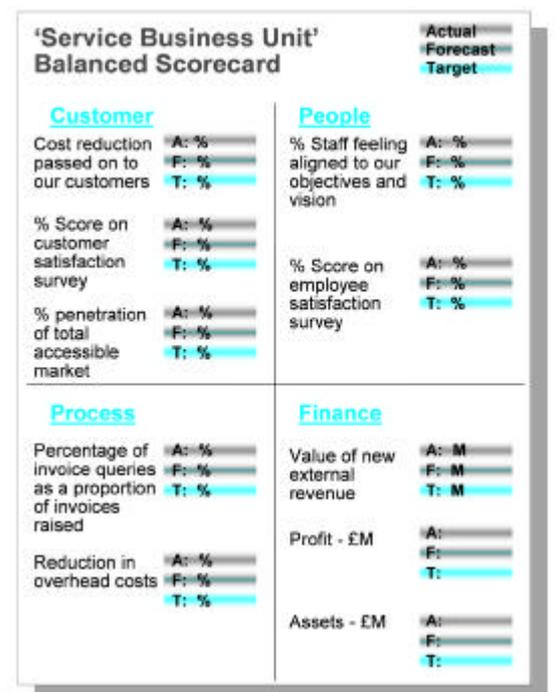


Fig. 6 Template for Siemens Shared Services balanced scorecard

The clothesline is a simple but very effective mechanism for developing group consensus on a numerical value. For more information, see page 100 of 'Managing by Design' available through www.tesseractacts.com

which summarised analysis and actions against any measures where the performance was below forecast.

The forecast against each measure was developed by assessing the impact for each planned improvement on the measure, and scheduling these performance increases according to the planned programme; in effect creating a 'flag plan' where problems in either performance or progress register as deficiencies against forecast.

My experience of organisations in need of surgery is that they don't usually lack people with enthusiasm, creativeness and drive. The key to creating their success is very often the creation of a common vision and a systematic approach to management, which channels all efforts in one direction to achieve this vision. QFD has helped me personally achieve this in several different organisations

Juergen Maier, Managing Director, Siemens Shared Services Ltd

To learn more about systematic approaches to management visit www.tesseract.com

This case study has been extracted from 'Managing by Design: Transforming Management Performance through QFD' published by Tesseract November 2002, ISBN 0 9543021 0 9, with permission of the publishers.

'Managing by Design: Transforming Management Performance through QFD' can be obtained through the Tesseract website: www.tesseract.com, or purchased from Amazon.co.uk.

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